

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

REGULAR MEETING  
Monday, April 17, 2017  
9:00 a.m.

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 encourages your participation. The public, plan members, beneficiaries, and/or representatives may speak to any subject matter contained in the agenda at the time the item is addressed. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda. Persons wishing to address items on the agenda should provide written notice to the Secretary of the Board prior to the Board's discussion on the item by filling out the Public Comment Form located in the back of the room. Members of the public may also comment during the Public Comment period at the end of Open Session. When addressing the Board, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

Pledge of Allegiance

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Board Member or a member of the public requests separate action on a specific item.

**BENEFITS**

C-1 [MATERIAL DISTRIBUTED](#)

Application Notices  
Death Notices

April 17, 2017  
April 17, 2017

**Recommendation:** Receive and file.

**ADMINISTRATION**

**C-2 OPTION 4 RETIREMENT ELECTION – STANLEY ABRAMOWICZ**

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

**C-3 BOARD MEETINGS AND COMMITTEE MEETINGS**

Regular Board Meeting Minutes  
Audit Committee Meeting Minutes

March 20, 2017  
March 29, 2017

**Recommendation:** Authorize meeting and approve minutes.

**C-4 CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN**

**Recommendation:** Receive and file.

**C-5 QUIET PERIOD – NON-INVESTMENT CONTRACTS**

**Recommendation:** Receive and file.

**C-6 FIRST QUARTER 2017 EDUCATION AND TRAVEL EXPENSE REPORT**

**Recommendation:** Receive and file.

**C-7 2017 OCERS BOARD OF RETIREMENT COMMITTEE ASSIGNMENTS - UPDATED**

**Recommendation:** Receive and file.

**C-8 PROPOSED REVISIONS TO THE RECORD RETENTION POLICY AND GUIDELINES**

**Recommendation:** Approve revisions to the Record Retention Policy and Guidelines.

**C-9 SCHEDULED REVIEW OF BOARD POLICY**

**Recommendation:** Approve the Acceptance and Reporting of Gifts Policy without revision.

**C-10 AUDIT COMMITTEE OUTCOMES**

**Recommendation:** Approve the Audit Committee recommendations for Items A, B, C, D, E, and F as recommended by the Audit Committee on March 29, 2017.

**A. 2016 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE**

**Recommendation:** The Committee voted to receive and file MGO'S 2016 Audit Service Plan.

After discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Gilbert to receive and file Macias Gini & O'Connell, LLP's (MGO) 2016 Service Plan.

The **motion** passed unanimously.

**B. AUDIT OF CITY OF SAN JUAN CAPISTRANO PAYROLL TRANSMITTALS**

**Recommendation:** The Committee voted to receive and file the report Audit of City of San Juan Capistrano Payroll Transmittals.

After discussion, a **motion** was made by Mr. Gilbert, **seconded** by Mr. Eley to receive and file the audit of City of San Juan Capistrano Payroll Transmittals.

The **motion** passed unanimously.

**C. CONSIDERATION OF REVISIONS TO THE INTERNAL AUDIT CHARTER AND AUDIT COMMITTEE CHARTER**

**Recommendation:** The Committee voted to approve changes to the Internal Audit Charter and Audit Committee Charter.

After discussion, a **motion** was made by Mr. Gilbert, **seconded** by Mr. Eley to approve changes to the Audit Committee Charter and Internal Audit Charter and send to the Board for approval.

The **motion** passed unanimously.

**D. DIRECTION FROM THE BOARD OF RETIREMENT – INVESTMENT FEES**

**Recommendation:** The Committee directed Investments staff to present at the April 17, 2017 Regular Board meeting an educational presentation about the construction of OCERS' annual investment fee report and how it may help OCERS comply with California Government Code Section 7514.7 (A.B. No. 2833).

After discussion, the Committee directed staff to bring back to the Regular Board meeting a fee report and the presentation from the Investment staff.

**E. STATUS OF INTERNAL AUDITS AND AUDIT PROJECTS**

**Recommendation:** The Committee voted to receive and file the Update on Status of Internal Audits and Projects.

After discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Gilbert to receive and file.

The **motion** passed unanimously.

**CLOSED SESSION ITEM**

**F. THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT CODE SECTION 54957)**

**Recommendation:** No reportable action taken.

No reportable action.

**C-11 BOARD COMMUNICATION**

**Recommendation:** Receive and file.

\* \* \* \* \* **END OF CONSENT AGENDA** \* \* \* \* \*

**INDIVIDUAL ITEMS AGENDA**

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

**I-2 ANNUAL BROWN ACT AND CONFLICTS OF INTEREST EDUCATION**

*Presentation by Harvey Leiderman, ReedSmith, LLP*

**Recommendation:** Receive and file.

**I-3 OCERS VISION AND VALUES**

*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

**Recommendation:** Take appropriate action.

**I-4 SACRS BOARD OF DIRECTORS ELECTION 2017-2018 – DIRECTION TO VOTING DELEGATE**

*Presentation by Gina Ratto, Chief Legal Officer, OCERS*

**Recommendation:** Consider the candidate slate set forth in the Final Ballot for the election of the SACRS Board of Directors and provide direction to the OCERS voting delegate and alternate delegates for the election to be held at the SACRS meeting on May 19, 2017.

**I-5 PROPOSED AMENDMENT TO SACRS' BY-LAWS**

*Presentation by Gina Ratto, Chief Legal Officer, OCERS*

**Recommendation:** Request that SACRS By-Laws Committee consider an amendment to the SACRS By-Laws to clarify the role of the Nominating Committee in establishing the Recommended and Final ballot for SACRS' Board of Director Elections.

\* \* \* \* \* END OF INDIVIDUAL ITEMS AGENDA \* \* \* \* \*

**DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA**

11:00 A.M.

**NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS, THE BOARD MAY FIND IT NECESSARY TO DISCUSS MATTERS RELATING TO THE EVALUATION OF THE WORK PERFORMANCE OF AN EMPLOYEE WHO HAS APPLIED FOR DISABILITY RETIREMENT, OR DISCUSS COMPLAINTS OR CHARGES MADE AGAINST SUCH EMPLOYEE. IF THIS OCCURS, THE BOARD MAY ADJOURN TO A CLOSED SESSION TO DISCUSS SUCH MATTERS PURSUANT TO GOVERNMENT CODE SECTION 54957, UNLESS THE EMPLOYEE REQUESTS THAT THE DISCUSSION BE IN PUBLIC.**

\*\*\*\*\*

**D-1: Debbie L. Brown-Vasquez**

Group Counselor I, Orange County Social Services Agency

Date of employer filed application for service and non-service connected disability retirement:  
03/10/2016

Date of employee filed application for service and non-service connected disability retirement:  
06/07/2016

**GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MARCH 18, 2016, THE DAY FOLLOWING THE LAST DAY OF REGULAR COMPENSATION AS A GROUP COUNSELOR I. AND TO FIND THE APPLICANT IS CAPABLE OF PERFORMING OTHER DUTIES IN THE SERVICE OF THE COUNTY OF ORANGE PURSUANT TO GOVERNMENT CODE SECTION 31725.65. AND TO GRANT A SUPPLEMENTAL DISABILITY RETIREMENT PAYMENT ALLOWANCE IN THE AMOUNT OF THE SALARY DIFFERENCE BETWEEN THE HIGHER AND LOWER PAYING POSITIONS EFFECTIVE MARCH 18, 2016, THE DATE OF THE POSITION CHANGE UNTIL THE LAST DAY OF COMPENSATION. (GENERAL MEMBER) (D-1)**

**D-2: Janet Colston-Nill**

Park Ranger II, Orange County Community Resources

Date of employee filed application for service connected disability retirement: 02/10/2015

**GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JULY 12, 2013, THE DAY FOLLOWING THE LAST DAY OF REGULAR COMPENSATION AS A PARK RANGER II. AND TO FIND THE APPLICANT IS CAPABLE OF PERFORMING OTHER DUTIES IN THE SERVICE OF ORANGE COUNTY COMMUNITY RESOURCES PURSUANT TO GOVERNMENT CODE SECTION 31725.65. AND TO GRANT A SUPPLEMENTAL DISABILITY RETIREMENT PAYMENT ALLOWANCE IN THE AMOUNT OF THE SALARY DIFFERENCE BETWEEN THE HIGHER AND LOWER PAYING POSITIONS EFFECTIVE JULY 12, 2013, THE DATE OF THE POSITION CHANGE UNTIL THE DATE OF HER SERVICE RETIREMENT ON OCTOBER 14, 2014. (GENERAL MEMBER) (D-2)**

**D-3: Luis Fernandez**

Fire Apparatus Engineer, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 02/27/2015

**GRANT SERVICE CONNECTED DISABILITY RETIREMENT PURSUANT TO GOVERNMENT CODE SECTION 31720.5 (HEART PRESUMPTION) WITH AN EFFECTIVE DATE OF FEBRUARY 27, 2015. (SAFETY MEMBER) (D-3)**

**D-4: Janell Garza**

Comprehensive Care Nurse II, Orange County Social Services Agency

Date of employee filed application for non-service connected disability retirement: 03/16/2016

**STAFF RECOMMENDATION IS TO GRANT NON-SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MARCH 16, 2016. (GENERAL MEMBER) (D-4)**

**D-5: Albert Rouwenhorst**

Utility Worker/Driver, Orange County Community Resources

Date of employee filed application for non-service connected disability retirement: 01/25/2017

**STAFF RECOMMENDATION IS TO GRANT NON-SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MARCH 17, 2017. (GENERAL MEMBER) (D-5)**

**D-6: Carol Thompson**

Institutional Cook, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement: 10/29/2012

**STAFF RECOMMENDATION IS TO DENY SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE TO WARRANT SERVICE CONNECTED DISABILITY. (GENERAL MEMBER) (D-6)**

**D-7: Max Chance**

Sergeant, Orange County Sheriff's Department

Date of employee application for service and non-service connected disability retirement: 09/20/2012

**STAFF RECOMMENDATION IS TO DISMISS WITHOUT PREJUDICE THE APPLICANT'S APPLICATION FOR SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT. (SAFETY MEMBER) (D-7)**

\*\*\*\*\*

**CLOSED SESSION ITEMS**

**E-1 CONFERENCE REGARDING SIGNIFICANT EXPOSURE TO LITIGATION (ONE MATTER) (GOVERNMENT CODE SECTION 54956.9)**

**Adjourn pursuant to Government Code Section 54956.9(d)(2)**

**Recommendation:** Take appropriate action.

- E-2 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED  
(GOVERNMENT CODE SECTION 54956.9(d)(1)) O.C. Department of Education v. OCERS, CA  
Superior Court, Orange County, (Case No. 30-2016-00836897)  
Adjourn pursuant to Government Code Section 54956.9(d)(1).**

**Recommendation:** Take appropriate action.

**PUBLIC COMMENTS:** At this time members of the public may address the Board of Retirement regarding any items within the subject matter jurisdiction of the Board, provided that no action may be taken on non-agendized items unless authorized by law.

**BOARD MEMBER COMMENTS**

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

**COUNSEL COMMENTS**

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

**NOTICE OF NEXT MEETINGS**

**INVESTMENT COMMITTEE MEETING**

**April 24, 2017**

**9:00 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

**2223 E. WELLINGTON AVENUE, SUITE 100**

**SANTA ANA, CA 92701**

**MANAGER MONITORING SUBCOMMITTEE MEETING**

**May 4, 2017**

**9:00 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

**2223 E. WELLINGTON AVENUE, SUITE 100**

**SANTA ANA, CA 92701**

**REGULAR BOARD MEETING**  
**May 15, 2017**  
**9:00 A.M.**

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

*All supporting documentation is available for public review in the retirement office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday and 8:00 a.m. – 4:30 p.m. on Friday.*

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](mailto: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.

C-1

*Orange County Employees Retirement System  
Retirement Board Meeting  
April 17, 2017  
Application Notices*

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
<b>Acuna, Alicia</b>	Health Care Agency	2/11/2017
<b>Barr, Maria Gina</b>	Superior Court	2/8/2017
<b>Beran, Juliana</b>	Fire Authority (OCFA)	1/20/2017
<b>Bernstein, Jennifer</b>	Health Care Agency	2/1/2017
<b>Bigger, Patricia</b>	County Executive Office (CEO)	2/3/2017
<b>Bujalski, Brenda</b>	Superior Court	2/17/2017
<b>Cepeda, Debra</b>	Superior Court	2/17/2017
<b>Chambers, Julie</b>	Superior Court	2/13/2017
<b>Conner, Granville</b>	Sheriff's Department	2/21/2017
<b>Cook, Phillip</b>	OC Public Works	2/3/2017
<b>Cortez, Sipriana</b>	OCTA	2/17/2017
<b>Cox, Donna</b>	Superior Court	2/3/2017
<b>Cox, Gary</b>	OCTA	2/5/2017
<b>Daqhlian-Hernandez, Maria</b>	Superior Court	1/31/2017
<b>D'Amour, Delia</b>	Auditor-Controller	2/3/2017
<b>Dequzman, Corazon</b>	Auditor-Controller	2/3/2017
<b>Dehnavi, Parvaneh</b>	Social Services Agency	2/3/2017
<b>DeLa Llana, Noel</b>	Sheriff's Department	2/17/2017
<b>Dixon, Gary</b>	Child Support Services	2/14/2017
<b>English, Roy</b>	Sanitation	1/20/2017
<b>Etebar, Shawn</b>	OC Public Works	2/17/2017
<b>Ferl, Donald</b>	Sanitation	2/8/2017
<b>Grange, Helen</b>	OC Communtiy Resources	2/3/2017
<b>Harris, Timothy</b>	John Wayne Airport	1/5/2017
<b>Heard, Jeffrey</b>	OC Public Works	2/17/2017
<b>Hernandez, William</b>	OCTA	2/21/2017
<b>Hinkston, Janet</b>	Superior Court	2/10/2017
<b>Holl, Martin</b>	Sanitation	1/6/2017
<b>Holmes, Scott</b>	OCTA	12/29/2016
<b>Hunt, Thomas</b>	Sanitation	2/3/2017
<b>Jarquin, Flor</b>	Social Services Agency	2/16/2017
<b>Kangas, Sandra</b>	Social Services Agency	2/17/2017
<b>Kennedy, John</b>	OCTA	11/10/2016
<b>Knoble, Kimberly</b>	Fire Authority (OCFA)	2/3/2017
<b>Koerner, Douglas</b>	Superior Court	2/3/2017
<b>Kondru, Kevin</b>	OC Waste and Recycling	2/3/2017
<b>Laqaret, Elena</b>	Health Care Agency	1/4/2017
<b>L'Allier, Darin</b>	OC Communtiy Resources	1/1/2017
<b>Lally, Bhajan</b>	Child Support Services	2/3/2017
<b>Landis, Donald</b>	Public Defender	2/8/2017
<b>Law, Evelyn</b>	Auditor-Controller	2/1/2017
<b>Le, Helena</b>	Superior Court	2/1/2017
<b>Mac Laren, Beverly</b>	Superior Court	2/17/2017
<b>Metcalf, Shawn</b>	Fire Authority (OCFA)	1/20/2017
<b>Mona, Carol</b>	District Attorney	2/3/2017
<b>Moore, Bruce</b>	District Attorney	2/17/2017
<b>Moran, Bruce</b>	Sheriff's Department	12/31/2016
<b>Munoz, Isabel</b>	Health Care Agency	2/2/2017
<b>Munson, Shane</b>	Fire Authority (OCFA)	2/16/2017

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
<b>Murray, Michael</b>	District Attorney	1/30/2017
<b>Myers, Ann</b>	Social Services Agency	2/3/2017
<b>Nguyen, Minh</b>	Social Services Agency	2/17/2017
<b>Pacheco, Richard</b>	Superior Court	1/4/2017
<b>Pommier, Sylvia</b>	Social Services Agency	2/17/2017
<b>Raish, Alicia</b>	OC Public Works	1/20/2017
<b>Rushing, Timothy</b>	Sheriff's Department	2/3/2017
<b>Schmutz, Karl</b>	Fire Authority (OCFA)	2/3/2017
<b>Searcy, Anna</b>	Child Support Services	2/3/2017
<b>Seqovia, Rita</b>	CEO/ Human Resources	2/3/2017
<b>Simmons, Sharon</b>	Health Care Agency	2/24/2017
<b>Simpson, Donald</b>	Sanitation	2/3/2017
<b>Solorza, Linda</b>	Sheriff's Department	2/17/2017
<b>Stephens, John</b>	Sanitation	2/3/2017
<b>Styring, Judith</b>	Health Care Agency	2/17/2017
<b>Taranqa, Jacqueline</b>	OCTA	1/30/2017
<b>Tarrant, Hope</b>	Social Services Agency	2/17/2017
<b>Tran, Jane</b>	Sanitation	1/6/2017
<b>Truong, Jacqueline</b>	Superior Court	2/17/2017
<b>Valdez, Mary</b>	CEO/ Human Resources	2/3/2017
<b>Von Winckelmann, Michael</b>	Sanitation	2/3/2017
<b>Vuoso, Frances</b>	CEO/ Human Resources	12/31/2016
<b>White, Mattie</b>	Probation	2/3/2017
<b>Wiebel, John</b>	John Wayne Airport	2/17/2017
<b>Wilson, Christopher</b>	Sheriff's Department	1/31/2017
<b>Wooden, David</b>	Public Defender	2/17/2017
<b>Yen, Emmy</b>	Superior Court	3/3/2017
<b>Zimmerman, Michael</b>	Social Services Agency	2/3/2017
<b>Zink, Michelle</b>	Health Care Agency	2/2/2017

*Orange County Employees Retirement  
Retirement Board Meeting  
April 17, 2017  
Death Notices*

<i>Active Members</i>	<i>Agency/Employer</i>	<i>Date of Death</i>
<b>Gonzalez, Beatriz</b>	Social Services Agency	1/16/2017

<i>Retired Members</i>	<i>Agency/Employer</i>	<i>Date of Death</i>
<b>Abernathy, Barbara</b>	UCI	2/18/2017
<b>Bigger, Patricia</b>	County Executive Office (CEO)	2/20/2017
<b>Bowen, Levin</b>	District Attorney	2/28/2017
<b>Campbell, Dorris</b>	Social Services Agency	3/7/2017
<b>Castorena, Janet</b>	County Clerk/Recorder	1/16/2017
<b>Clark, Jean</b>	Social Services Agency	1/26/2017
<b>Coburn, Douglas</b>	OC Public Works	2/3/2017
<b>Dao, Tuong</b>	Sheriff's Department	1/26/2017
<b>Davis, Betty</b>	Social Services Agency	3/4/2017
<b>Fernandez, Bertha</b>	Social Services Agency	2/14/2017
<b>Ford, Ramona</b>	OC Public Works	1/16/2017
<b>Germain-Wachs, Susan</b>	Social Services Agency	4/3/2017
<b>Glaab, Paul</b>	Transportation Corridor Agency (TCA)	1/26/2017
<b>Goad, Vernon</b>	County Executive Office (CEO)	12/28/2016
<b>Hartnett, Patricia</b>	Health Care Agency	3/26/2017
<b>Henderson, Arlie</b>	OC Public Works	3/14/2017
<b>Henderson, Harold</b>	Fire Authority (OCFA)	3/26/2017
<b>Hunt, Patricia</b>	Health Care Agency	3/26/2017
<b>Hurd, Donna</b>	Superior Court	3/18/2017
<b>Kettenburg, Norma</b>	OC Public Works	3/21/2017
<b>Kott, Kathleen</b>	Health Care Agency	2/18/2017
<b>Krazinski, Sandra</b>	County Clerk/Recorder	2/28/2017
<b>Lawrence, Joan</b>	Health Care Agency	4/4/2017
<b>Leake, George</b>	OCTA	3/7/2017
<b>Lephram, Trina</b>	Social Services Agency	2/3/2017
<b>Mahady, William</b>	OC Public Works	2/4/2017
<b>Martinez, Emma</b>	Health Care Agency	3/25/2017
<b>Masuda, Marjorie</b>	Superior Court	2/2/2017
<b>Miller, Jeffrey</b>	Sheriff's Department	3/27/2017
<b>Mizu, Alyce</b>	OC Community Resources	2/27/2017
<b>Mower, Philip</b>	Probation	3/15/2017
<b>Nichols, Marina</b>	Superior Court	3/27/2017
<b>Olson, Milton</b>	Probation	3/11/2017
<b>Overby, Robert</b>	County Counsel	2/23/2017
<b>Palomarez, Rosa</b>	Health Care Agency	2/28/2017
<b>Penkoff, Stephen</b>	Public Defender	1/30/2017
<b>Picazo, Delia</b>	District Attorney	3/6/2017

<b>Rounds, Sharon</b>	Sheriff's Department	2/14/2017
<b>Schwartz, Mark</b>	Health Care Agency	2/2/2017
<b>Towns, Shane</b>	Sanitation District	3/21/2017
<b>Williams, Elvin</b>	District Attorney	2/27/2016
<b>Willingham, donald</b>	Social Services Agency	2/24/2017

<i>Surviving Spouses</i>		<i>Date of Death</i>
<b>Adelsperger, Nannette</b>		3/4/2017

C-2

## Memorandum

---

**DATE:** April 13, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Suzanne Jenike, Assistant CEO, External Operations  
**SUBJECT:** **OPTION 4 RETIREMENT ELECTION – STANLEY ABRAMOWICZ**

---

**Recommendation:**

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

**Background:**

This member has requested Option 4 as the benefit payment option for his service retirement allowance effective March 17, 2017. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the Domestic Relations Order (DRO), the member’s ex-spouse was awarded a lifetime continuance as a percentage of the member’s allowance.

The approval of Option 4 will not increase OCERS liability because the cost of this Option 4 benefit is proportional to the cost of the other benefit plans. Segal Consulting has calculated the member’s monthly allowance as indicated in the attached letter as well as the allowance payable to the member’s ex-spouse.

**Submitted by:**



\_\_\_\_\_  
S. J. – APPROVED

Suzanne Jenike  
Assistant CEO, External Operations

**OCERS Retirement Benefit Payment Option Election**

Please verify the information below, check the boxes, then sign and date.

I, Stanley R. Abramowicz, understand that my retirement option is irrevocable. As required by my DRO, I must elect **Benefit Payment Option 4** upon retirement, in order to provide a continuance to my former spouse, and the reduction amount is supported by her.

I choose to add no other beneficiary(ies) under Option 4 and understand that, should I become married upon retirement, my current spouse will receive no continuance in the event I predecease him/her.

Stanley R. Abramowicz<sup>1</sup>  
Member Signature

APRIL 13, 2017  
Date



100 Montgomery Street Suite 500 San Francisco, CA 94104-4308  
T 415.263.8283 www.segalco.com

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

PERSONAL and CONFIDENTIAL

April 12, 2017

Ms. Adina Bercaru  
Member Services Manager  
Orange County Employees Retirement System  
2223 Wellington Avenue  
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System  
Option 4 Calculation for Stanley Ambramowicz**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Stanley Ambramowicz and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated April 5, 2017.

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

Member's Date of Birth	November 18, 1949
Ex-Spouse's Date of Birth	May 13, 1953
Date of Retirement	March 17, 2017
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$1,908.54
Ex-Spouse's Share of Monthly Unmodified Benefit	4.14%
Type of Retirement	Service Retirement

Ms. Adina Bercaru  
April 12, 2017  
Page 2

**Option 4 Benefit**

<b>The ex-spouse bears the cost of Option 4 reduction for the DRO benefit</b>	<b><u>Payable while the Member is Alive</u></b>	<b><u>Payable After the Member's Death while the Ex-Spouse is Alive</u></b>
Monthly Benefit Payable to Member		
Annuity	\$897.72	
Pension	<u>931.81</u>	
Total	\$1,829.53	\$0

Monthly Benefit Payable to Ex-Spouse (or to the estate of the ex-spouse if the ex-spouse predeceases the member)	\$64.13*	\$64.13
--	----------	---------

\* This is equal to 4.14% of the member's unmodified benefit (i.e., 4.14% \* \$1,908.54 or \$79.01) adjusted further to provide a benefit payable over the ex-spouse's lifetime.

**ACTUARIAL ASSUMPTIONS**

Effective interest rate of 4.126214% per year, which is calculated using an investment return assumption of 7.25% per year together with a cost-of-living adjustment assumption of 3.00% per year.

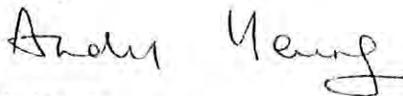
RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 40% male and 60% female for members.

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 60% male and 40% female for beneficiaries.

The actuarial calculations contained in this letter were performed under the supervision of Andy Yeung, ASA, Enrolled Actuary, who is a member of the American Academy of Actuaries and who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

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

Sincerely,



Andy Yeung

AW/bqb

C-3

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

**REGULAR MEETING  
Monday, March 20, 2017  
9:00 a.m.**

**MINUTES**

Chair Ball called the meeting to order at 9:00 a.m.

Attendance was as follows:

Present: David Ball, Chair; Chris Prevatt, Vice Chair; Eric Gilbert, Chuck Packard, Russell Baldwin, Shawn Dewane, Roger Hilton, Wayne Lindholm; Frank Eley and Shari Freidenrich

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Finance and Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; David James, Director of Internal Audit; Gina Ratto, Chief Legal Officer; Anthony Beltran, Visual Technician; Megan Cortez; Disability Coordinator; Cammy Danciu, Recording Secretary.

Guests: Harvey L. Leiderman, ReedSmith LLP

*Mr. Hilton led the Pledge of Allegiance.*

Hugh Nguyen, Orange County Clerk Recorder, administered the Swearing in Ceremony of OCERS new Board Member Mr. Dewane.

**CONSENT AGENDA**

All matters on the Consent Agenda are to be approved by one action unless a Board Member or a member of the public requests separate action on a specific item.

Mr. Ball pulled item C-5 for discussion.

Ms. Freidenrich pulled item C-7 and C-4 for discussion.

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Packard to move the remainder of the consent calendar. The motion carried **unanimously**.

**C-1 MATERIAL DISTRIBUTED**

Application Notices  
Death Notices

March 20, 2017  
March 20, 2017

**Recommendation:** Receive and file.

<b>ADMINISTRATION</b>
-----------------------

**C-2 BOARD MEETINGS AND COMMITTEE MEETINGS**

Regular Board Meeting Minutes	February 7, 2017
Governance Committee Minutes	February 8, 2017
Audit Committee Minutes	February 28, 2017

**Recommendation:** Authorize meetings and approve minutes.

**C-3 CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN**

**Recommendation:** Receive and file.

**C-4 4<sup>th</sup> QUARTER UNAUDITED FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2016**

**Recommendation:** Receive and file.

**C-5 4<sup>th</sup> QUARTER 2016 BUDGET VS PRELIMINARY ACTUALS REPORT**

**Recommendation:** Receive and file.

**C-6 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE**

**Recommendation:** Receive and file.

**C-7 GOVERNANCE COMMITTEE OUTCOMES FROM FEBRUARY 8, 2017 MEETING**

**Recommendation:** The Governance Committee recommends that the Board of Retirement adopt:

- (1) Revisions to the OCERS Securities Litigation Policy; and
- (2) The OCERS Board Policy on Membership Eligibility Requirements, with an effective date of January 1, 2018.

**C-8 AUDIT COMMITTEE OUTCOMES FROM FEBRUARY 28, 2017 MEETING**

**Recommendation:** The Audit Committee recommends that the Board of Retirement approve the Audit Committee recommendations for:

**A. AUDIT COMMITTEE ORIENTATION**

**Recommendation:** Receive and file the *Audit Committee Orientation*.

Following discussion, a motion was made by Mr. Eley and seconded by Mr. Packard to receive and file the *Audit Committee Orientation*. The motion passed unanimously.

**B. CONSIDERATION OF INTERNAL AUDIT CHARTER AND AUDIT COMMITTEE CHARTER**

**Recommendation:** Take appropriate action.

Following discussion, a motion was made by Mr. Eley and seconded by Ms. Freidenrich to receive and file with the direction to Internal Audit to bring back a red line version of the Internal Audit Charter and Audit Committee Charter to the next Audit Committee meeting. The motion passed unanimously.

**C. REVIEW OF THE CHIEF INVESTMENT OFFICER (CIO) POSITION**

**Recommendation:** Receive and file the report *Review of the CIO Position*.

Following discussion, a motion was made by Mr. Eley and seconded by Mr. Gilbert to receive and file the report *Review of the CIO Position* with staff direction to revise the report for presentation to the Investment Committee. The motion passed unanimously.

**D. RFP FOR AN ACTUARIAL FIRM TO PERFORM AN AUDIT OF OCERS' CONSULTING ACTUARY**

**Recommendation:** Approve the RFP for an actuarial firm to perform an audit of OCERS' consulting actuary.

Following discussion, a motion was made by Mr. Eley and seconded by Ms. Freidenrich to approve the RFP for an actuarial firm to perform an audit of OCERS' consulting actuary with direction to make discussed changes. The motion passed unanimously.

**E. REVIEW OF 2016 AUDIT PLAN**

**Recommendation:** Receive and file the *2016 Audit Plan*.

Following discussion, a motion was made by Ms. Freidenrich and seconded by Mr. Eley to receive and file the 2016 Audit Plan. The motion passed unanimously.

**F. CONSIDERATION OF 2017 RISK ASSESSMENT AND 2017 AUDIT PLAN**

**Recommendation:** Approve the *2017 Risk Assessment and 2017 Audit Plan*.

Following discussion, a motion was made by Mr. Eley and seconded by Ms. Freidenrich to approve the 2017 Risk Assessment and 2017 Audit Plan. The motion passed unanimously.

**G. OVERVIEW OF AUDIT COMMITTEE OVERSIGHT OF OCERS' SECURITY**

**Recommendation:** Receive and file.

Following discussion, a motion was made by Ms. Freidenrich and seconded by Mr. Eley to receive and file the 2016 Audit Plan. The motion passed unanimously.

**C-9 CEM GLOBAL PENSION ADMINISTRATION CONFERENCE**

**Recommendation:** Approve Steve Delaney’s attendance and related expenses including overnight accommodations for the CEM Global Pension Administration Conference, May 8-11, 2017, at the Westin Chicago River North, Chicago, Illinois.

**C-10 SERVICE PROVIDER PERFORMANCE REVIEW - ReedSmith**

**Recommendation:** Direct staff to begin the performance review process for ReedSmith as directed by OCERS Procurement & Contracting policy.

**C-11 BOARD COMMUNICATION**

**Recommendation:** Receive and file.

**\*\*\*\*\* END OF CONSENT AGENDA \*\*\*\*\***

**INDIVIDUAL ITEMS AGENDA**

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

C-4

Ms. Freidenrich stated that the depreciation expense section of the V-3 project was labeled under the category of “office expense” and it should be labeled as “operating expense.”

Ms. Shott said she will make a note and change the title in the future.

Ms. Freidenrich asked why the rebate fees of the security lending activities are significantly higher this year from last year.

Ms. Shott will do some research and get back to the Board at a later time.

C-7

Regarding securities litigation, Ms. Freidenrich asked for clarification of how OCERS conducts a two to five year RFP contract.

Ms. Ratto stated that conducting the RFP before the term's expiration date is forward looking. OCERS currently has four Securities Litigation firms under contract without an expiration date. OCERS released a RFP during the first half of this year. OCERS will have a new set of firms with a maximum 6-year term under the new contract.

Ms. Freidenrich asked how often does OCERS anticipate having an emergency board meeting.

Ms. Ratto replied that she anticipates this to be a rare event in which OCERS would be presented with a settlement that would have to be completed before the next Regular Board meeting. This item was intended to be a stop-gap measure in the event that OCERS would be faced with such a situation in which case the CEO can confer with the Chair and Vice-Chair and take direction from them in proceeding with the process.

Following discussion, a **motion** was made by Ms. Freidenrich, **seconded** by Mr. Packard to move items C-4 and C-7 of the consent calendar. The motion carried **unanimously**.

C-5

Mr. Ball wanted to Board to be aware that items C-5 and I-5 are connected.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Packard to move item C-5 of the consent calendar. The motion carried **unanimously**.

#### **I-2 2017 STAR COLA FINAL APPROVAL**

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

**Recommendation:** Approve payment of STAR COLA for the period April 1, 2017 through March 31, 2018.

Ms. Jenike presented the 2017 STAR COLA Financial Analysis for the period April 1, 2017 through March 31, 2018.

Mr. Dewane stated that the Segal document has an inflation rate of 3% and asked which rate of inflation is the source.

Ms. Jenike stated that it is an OCERS inflation rate assumption.

Ms. Sara Ruckle Harms from REAOC encouraged the Board to approve STAR COLA. She also discussed health care rates and cost of living in Orange County.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Packard to approve payment of STAR COLA for the period April 1, 2017 through March 31, 2018. The motion carried **unanimously**.

#### **I-3 2017 STATE OF OCERS ANNUAL REPORT**

*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

**Recommendation:** Receive and file.

Mr. Delaney presented the 2017 State of OCERS Annual Report.

Mr. Prevatt asked when Segal projects their forecast to nine years out, do they project that there's going to be an increase in contributions over a period of time or do they anticipate that the contributions will be stable.

Mr. Delaney will check with Segal and get back to the Board.

Mr. Packard stated that it would be helpful to merge graphs from the presentation to see the correlation and relationship of the graphs.

Mr. Packard asked for the reason for the spike in administrative costs in 2006.

Mr. Delaney will address this question and bring it back to the Board.

Ms. Chary presented the Prior Allocation and New Allocation information of the presentation.

Ms. Hockless discussed staffing and vacant positions.

Mr. Ball asked what the reason for delay is for filling positions.

Ms. Jenike stated that OCERS faces challenges because by promoting from within, OCERS creates a new vacancy with each internal hire.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to receive and file the 2017 State of OCERS Annual Report. The motion carried **unanimously**.

***The Board recessed for break at 10:13a.m.***

***The Board reconvened from break at 10:30a.m.***

***Mr. Packard returned at 10:33a.m.***

#### **I-4 OCERS VISION AND VALUES**

*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

**Recommendation:** Take appropriate action.

Mr. Delaney presented the OCERS Vision and Values report.

Mr. Ball asked each board member what the Board would like to do regarding having either a vision or both a vision and values statement.

The Board directed Mr. Delaney to take the Board's suggestions and come back at the April Board meeting with an updated proposal for Vision and Values statements.

#### **I-5 2016 BUDGET AMENDMENT**

*Presentation by Tracy Bowman, Director of Finance, OCERS*

**Recommendation:** Approve an amendment to OCERS' Administrative and Investment Budget for 2016 in the amount of \$28.0 million, increasing the 2016 investment budget from \$41,666,661 to \$69,666,661 and the overall amended budget from \$59,559,303 to \$87,559,303.

Ms. Shott presented the 2016 Budget Amendment.

Ms. Shott explained that the requested budget amendment of \$28 million reflects an administrative correction to the 2016 budget to account for investment management fees that, in accordance with Generally Accepted Accounting Principles, are required to be reported in OCERS' financial statements as an expense instead of a direct reduction of investment income. The amendment is not the result of unplanned or an over run of expenses. The budget amendment is simply a reclassification of certain investment management fees between revenues (which is not budgeted) and expenses. The reclassification has no impact on the bottom line of the year's financial performance. Ms. Shott explained that the primary reason for the reclassification is to address a recommendation by internal audit to report investment fees that were disclosed by investment managers in their statements, but netted against returns in the monthly reporting packages provided by our custodian bank, State Street.

Ms. Shott reminded the Board that the Annual Fee Report, that will be presented by investment staff at the Investment Committee meeting this summer, will provide a comprehensive view of fees paid for all investment managers in 2016, including the fees reported as an expense as well as at-source fees that are netted with investment returns. This report will provide full transparency and at the time it is presented, will create an opportunity for a public discussion regarding investment management fees.

Ms. Shott acknowledged that as budgeted, investment management fees represent only a portion of the actual fees that are incurred and reported in the annual fee report and as such are not very meaningful when it comes to managing costs. She indicated that finance and investment staff will be working together to evaluate ways that they can improve the usefulness of how investment management fees are budgeted and reported.

Mr. Ball asked Mr. Leiderman to discuss AB2833 and its legislative mandates regarding disclosure of fees.

Mr. Leiderman gave an overview of AB2833.

Mr. Ball also emphasized that this \$28 million amendment reflects fees that were always paid and that OCERS is now just reporting in a different manner in order to promote transparency. Mr. Ball suggested moving this item to the Audit Committee and for that Committee to return to the Board with suggestions. Also, he stated that outside auditors should be involved in order to develop an efficient and effective way of reporting investment management fees on a regular basis so that they can be managed.

Mr. Packard commented that it would be helpful and beneficial for the Board to understand fixed and performance fees. He added that it would be appropriate to include OCERS outside auditors to see what their experiences have been with other pension plans and if they are able to assist OCERS. He further stated that he is concerned about the headline risk. From an outside

perspective, the media is not financially oriented and therefore will portray the wrong message to the members and the general public and therefore, OCERS needs to proceed with caution.

Mr. Hilton emphasized the fact that the budget amendment is a transfer of funds between revenue and expense that does not impact the bottom line.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Ball to approve an amendment to OCERS' Administrative and Investment Budget for 2016 in the amount of \$28.0 million, increasing the 2016 investment budget from \$41,666,661 to \$69,666,661 and the overall amended budget from \$59,559,303 to \$87,559,303. The motion carried **unanimously**.

A **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to move the topic of budgeting and reporting of investment fees to the Audit Committee for further discussion. The motion carried **unanimously**.

#### I-6 OCERS BOARD PERFORMANCE SELF-REVIEW

*Presentation by David Ball, Chair, OCERS Board or Retirement*

**Recommendation:** Request the Governance Committee review the current policy directive that the OCERS Board of Retirement annually "review the performance of the Board."

Mr. Ball made a request to move this for conversation to the Governance meeting.

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Eley to request the Governance Committee review the current policy directive that the OCERS Board of Retirement annually "review the performance of the Board." The motion carried **unanimously**.

#### I-7 SACRS BOARD OF DIRECTORS ELECTIONS 2017-2018 – RECOMMENDED SLATE AND OPPORTUNITY TO SUBMIT WRITE-IN CANDIDATES

*Presentation by Gina Ratto, Chief Legal Officer*

**Recommendation:** Determine whether to submit write-in candidates to be included on the SACRS Nominating Committee's final ballot for the SACRS Board of Directors 2017-2018 Election. If the Board does not wish to submit any write-in candidates, then receive and file.

Ms. Ratto presented SACRS Nominating Committee's recommended slate of candidates for the SACRS Board of Directors elections 2017-2018.

Mr. Baldwin expressed his interest to be on the SACRS Board.

The SACRS Nominating Committee has recommended the following slate for the 2017-2018 election:

President	Dan McAllister, San Diego CERA
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	(Nominee has withdrawn – See attached memorandum dated March 6, 2017)
Secretary	Kathryn Cavness, Mendocino CERA

Mr. Hilton stated that he would like to put the same slate forward except substitute the current Secretary with Mr. Art Goulet.

Ms. Freidenrich stated that she will abstain from this vote as she does not have enough information.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to support the current slate except substitute the current Secretary to Mr. Art Goulet. The motion carried **8-0** with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan		Ms. Freidenrich	
Mr. Eley			
Mr. Lindholm			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

**\*\*\*\*\* END OF INDIVIDUAL ITEMS AGENDA \*\*\*\*\***

**DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA**

**11:00 A.M.**

**NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS, THE BOARD MAY FIND IT NECESSARY TO DISCUSS MATTERS RELATING TO THE EVALUATION OF THE WORK PERFORMANCE OF AN EMPLOYEE WHO HAS APPLIED FOR DISABILITY RETIREMENT, OR DISCUSS COMPLAINTS OR CHARGES MADE AGAINST SUCH EMPLOYEE. IF THIS OCCURS, THE BOARD MAY ADJOURN TO A CLOSED SESSION TO DISCUSS SUCH MATTERS PURSUANT TO GOVERNMENT CODE SECTION 54957, UNLESS THE EMPLOYEE REQUESTS THAT THE DISCUSSION BE IN PUBLIC.**

Megan Cortez, Disability Coordinator, presented D-1 to the Board along with the staff recommendation.

**D-1: Louann R. Clark**  
Deputy Sheriff II, Orange County Sheriff's Department  
Date of employee filed application for service and non-service connected disability retirement:  
02/18/2016

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF DECEMBER 9, 2016. (SAFETY MEMBER) (D-1)**

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of December 9, 2016. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

Megan Cortez, Disability Coordinator, presented D-2 to the Board along with the staff recommendation.

**D-2: Ronnie Epperson**

Deputy Sheriff II, Orange County Sheriff's Department

Date of employee filed application for service connected disability retirement: 01/12/2016

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JANUARY 12, 2016. (SAFETY MEMBER) (D-2)**

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Prevatt to grant service connected disability retirement with an effective date of January 12, 2016. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

Megan Cortez, Disability Coordinator, presented D-3 to the Board along with the staff recommendation.

**D-3: Albert Hart**

Building Inspector IV, Orange County Public Works

Date of employee filed application for service connected disability retirement: 06/19/2015

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JUNE 19, 2015. (GENERAL MEMBER) (D-3)**

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of June 19, 2015. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

Megan Cortez, Disability Coordinator, presented D-4 to the Board along with the staff recommendation.

**D-4: Mitch Hawk**

Equipment Operator, Orange County Public Works

Date of employer filed application for service and non-service connected disability retirement:  
09/18/2014

Date of employee filed application for service and non-service connected disability retirement:  
06/19/2015

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MAY 29, 2015. (GENERAL MEMBER) (D-4)**

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of May 29, 2015. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

Megan Cortez, Disability Coordinator, presented D-5 to the Board along with the staff recommendation.

**D-5: Judy Jackson**

Deputy Sheriff II, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:  
11/12/2015

Date of employee filed application for service and non-service connected disability retirement:  
01/19/2016

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF SEPTEMBER 30, 2016. (SAFETY MEMBER) (D-5)**

Mr. Lindholm asked staff to elaborate on the degenerative disease aspect of the diagnosis in the report.

Megan stated that Ms. Jackson experienced a pop in her back as she put on her gun belt. And although she has a degenerative disease, her job exacerbated her pre-existing condition.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of September 30, 2016. The motion carried **8-1** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan	Mr. Lindholm		
Mr. Eley			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

Megan Cortez, Disability Coordinator, presented D-6 to the Board along with the staff recommendation.

**D-6: Debra Morris**

Correctional Services Technician, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement:  
08/24/2015

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MARCH 18, 2016. (GENERAL MEMBER) (D-6)**

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of March 18, 2016. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			

Chair Ball

Megan Cortez, Disability Coordinator, presented D-7 to the Board along with the staff recommendation.

**D-7: Amelia Perez**

Custodian, Orange County Public Works

Date of employee filed application for service and non-service connected disability retirement:  
09/11/2015

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF APRIL 20, 2016. (GENERAL MEMBER) (D-7)**

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of April 20, 2016. The motion carried **9-0** with the voting was as follows:

**AYES**

**NAYS**

**ABSTAIN**

**ABSENT**

Mr. Flanigan  
Mr. Eley  
Mr. Lindholm  
Ms. Freidenrich  
Mr. Hilton  
Mr. Packard  
Mr. Baldwin  
Mr. Prevatt  
Chair Ball

Megan Cortez, Disability Coordinator, presented D-8 to the Board along with the staff recommendation.

**D-8: Ana Portillo**

Deputy Probation Counselor, Probation Department

Date of employee filed application for service connected disability retirement: 09/10/2014

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JULY 8, 2005, THE DAY FOLLOWING THE LAST DAY OF REGULAR COMPENSATION AS A DEPUTY PROBATION COUNSELOR. AND TO FIND THE APPLICANT IS CAPABLE OF PERFORMING OTHER DUTIES IN THE SERVICE OF THE COUNTY OF ORANGE PURSUANT TO GOVERNMENT CODE SECTION 31725.65. AND TO GRANT A SUPPLEMENTAL DISABILITY RETIREMENT PAYMENT ALLOWANCE IN THE AMOUNT OF THE SALARY DIFFERENCE BETWEEN THE HIGHER AND LOWER PAYING POSITIONS EFFECTIVE JULY 8, 2005, THE DATE OF THE POSITION CHANGE UNTIL THE LAST DAY OF COMPENSATION, JANUARY 26, 2014. (SAFETY MEMBER) (D-8)**

Mr. Hilton and Mr. Lindholm asked staff to walk them through the process of this case and to discuss the presumptive risk portion of the report.

Ms. Jenike explained the compensation, contribution and salary calculations process of this case as well as injuries sustained on the job. Also due to this case being difficult, the legal department was involved to ensure that the process was handled correctly.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Baldwin to grant service connected disability retirement with an effective date of July 8, 2005 the day following the last day of regular compensation as a deputy probation counselor. And to find the applicant is capable of performing other duties in the service of the county of orange pursuant to Government Code section 31725.65. And to grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions effective July 8, 2005, the date of the position change until the last day of compensation, January 26, 2014. (Safety member). The motion carried 9-0 with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

Megan Cortez, Disability Coordinator, presented D-9 to the Board along with the staff recommendation.

**D-9: Billie Rowe**

Coach Operator, Orange County Transportation Authority

Date of employer filed application for non-service connected disability retirement: 10/15/2014

Date of employee filed application for service and non-service connected disability retirement: 05/27/2015

**STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MAY 18, 2014. (GENERAL MEMBER) (D-9)**

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of May 18, 2014. The motion carried 9-0 with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

Megan Cortez, Disability Coordinator, presented D-10 to the Board along with the staff recommendation.

**D-10: Joyce Simon**

Financial Counselor II, Orange County Auditor Controller

Date of employee filed application for service and non-service connected disability retirement:  
12/22/2014

Mr. Prevatt asked staff to discuss the issues of Ms. Simon's denial of disability retirement.

Ms. Cortez discussed the outcomes and recommendations of the three different physicians that examined Ms. Simon.

Mr. Singer, speaking on behalf of Ms. Simon, disagrees with staff recommendation and discussed Ms. Simon's condition and the reasons why he disagrees with the physician's diagnosis.

Ms. Cortez explained that there is a disagreement between physicians and treatment.

**STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY. (GENERAL MEMBER) (D-10)**

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Lindholm to deny service and non-service connected disability retirement due to insufficient evidence of permanent disability. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

Megan Cortez, Disability Coordinator, presented D-11 to the Board along with the staff recommendation.

**D-11: Martha Aragon (deceased)**

Coach Operator, Orange County Transportation Authority

**STAFF RECOMMENDATION IS TO GRANT SURVIVOR BENEFITS PURSUANT TO GOVERNMENT CODE SECTION 31787 (OPTIONAL DEATH ALLOWANCE). (GENERAL MEMBER) (D-11)**

Following discussion, a **motion** was made by Mr. Baldwin, **seconded** by Mr. Dewane to grant survivor benefits pursuant to Government Code section 31787. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			

Mr. Lindholm  
Ms. Freidenrich  
Mr. Hilton  
Mr. Packard  
Mr. Baldwin  
Mr. Prevatt  
Chair Ball

Megan Cortez, Disability Coordinator, presented D-12 to the Board along with the staff recommendation.

**D-12: Larry Colgan**

Fire Captain, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 08/22/2012

**STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE HEARING OFFICER AND GRANT APPLICANT'S APPLICATION FOR SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF FEBRUARY 22, 2013. (SAFETY MEMBER) (D-12)**

Following discussion, a **motion** was made by Mr. Gilbert, **seconded** by Mr. Packard to adopt the findings and recommendations of the hearing officer and grant applicant's application for service connected disability retirement with an effective date of February 22, 2013. The motion carried **9-0** with the voting was as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Flanigan			
Mr. Eley			
Mr. Lindholm			
Ms. Freidenrich			
Mr. Hilton			
Mr. Packard			
Mr. Baldwin			
Mr. Prevatt			
Chair Ball			

***The Board recessed for break at 12:21p.m.***

***The Board reconvened from break at 12:26p.m.***

***The adjourned for closed session at 12:26p.m.***

***The Board reconvened from break at 12:35p.m.***

**CLOSED SESSION ITEMS**

**E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED  
(GOVERNMENT CODE SECTION 54956.9(d)(1)) O.C. Department of Education v. OCERS, CA**

**Superior Court, Orange County, (Case No. 30-2016-00836897)**  
Adjourn pursuant to Government Code Section 54956.9(d)(1).

**Recommendation:** Take appropriate action.

No reportable action taken.

**E-2 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED  
(GOVERNMENT CODE SECTION 54956.9(d)(1)) Fereshteh Shafiee v. OCERS, CA Superior Court,  
Orange County (Case No. 30-2017-00902840-CU-WM-CJC)**  
Adjourn pursuant to Government Code section 54956.9(d)(1).

**Recommendation:** Take appropriate action.

The Board voted unanimously to hire ReedSmith LLP to defend OCERS in the Shafiee case.

***Mr. Lindholm recused himself – 12:32p.m.***

**PUBLIC COMMENTS:** At this time members of the public may address the Board of Retirement regarding any items within the subject matter jurisdiction of the Board, provided that no action may be taken on non-agendized items unless authorized by law.

N/A

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:**

Ms. Jenike updated the Board on the SECOVA issue. She stated that things have improved from a member services perspective in which less staff time has been devoted handling SECOVA issues.

**BOARD MEMBER COMMENTS:**

N/A

**COUNSEL COMMENTS:**

Ms. Ratto reminded the Board of the required Form 700 and Annual Disclosure Policy that must be filled and filed by April 3<sup>rd</sup>.

Ms. Ratto discussed a recent article in the press regarding CalPERS. There was an action taken to cut pension benefits and the reason why they are able to cut benefits in this situation was because of the statute under the Public Employees Retirement Law.

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

**Active Members:**

Rose, Anthony  
Wick, Doris

**Retired Members:**

Booth, Vernon  
Brown, Janice  
Bywaters, Nelson  
Cole, Timothy  
Hatten, Erwin  
Honomichl, Donald  
Marsh, Willard  
Mc Clain, Johnny  
Mc Guire, Katherine  
Newcomb, Jimmy  
O'Neal, Ina  
Parker, Dorothy  
Pell, Marjorie  
Penkoff, Stephen  
Pero, Joyce  
Riddell, Beverley  
Sauvageau, Harvey  
Weiss, Peter  
Zale, Teresa

**Surviving Spouses:**

Bailey, Phyllis  
Bengston, Takako  
Benson, Colleen  
Lorenz, Joan

There being no further business to bring before the Board, the meeting adjourned at 12:40p.m.

Submitted by:

Approved by:

---

Steve Delaney  
Secretary to the Board

---

David Ball  
Chairman

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

**BOARD OF RETIREMENT  
2223 WELLINGTON AVENUE, SUITE 100  
SANTA ANA, CA 92701**

**AUDIT COMMITTEE MEETING**

**March 29, 2017**

**9:00 a.m.**

**MINUTES**

The Chair called the meeting to order at 9:02 a.m. and read the opening statement for the record. Attendance was as follows:

Present: Charles Packard, Chair; Frank Eley, Vice Chair; Eric Gilbert; Shari Freidenrich

Staff: Brenda Shott, Assistant CEO; Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, Chief Legal Officer; David James, Director of Internal Audit; Mark Adviento, Internal Auditor; Anthony Beltran, Audio/Visual Technician; Brenda Vazquez, Recording Secretary

Guest Linda Hurley, Macias, Gini & O'Connell, LLP (MGO), Presenter

**A. 2016 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE**

*Introduction by Tracy Bowman, Director of Finance, and Presentations by Linda Hurley, Macias Gini & O'Connell*

**Recommendation:** Receive and file Macias Gini & O'Connell, LLP's (MGO) 2016 Service Plan.

Linda Hurley, from Macias Gini & O'Connell (MGO), presented its 2016 Audit Service Plan, which identified the engagement service team for the audit; timeline for deliverables; highlights of MGO's audit approach, scope and objectives; and overall summary of audit responsibilities.

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Gilbert to receive and file *Macias Gini & O'Connell, LLP's (MGO) 2016 Service Plan*.

The **motion passed unanimously.**

**B. AUDIT OF CITY OF SAN JUAN CAPISTRANO PAYROLL TRANSMITTALS**

*Presentation by David James, Director of Internal Audit*

**Recommendation:** Receive and file.

Mr. James presented the report *Audit of City of San Juan Capistrano Payroll Transmittals*. He discussed recommendations for the audit.

Ms. Freidenrich directed staff to request San Juan Capistrano's updated written procedures of manual payroll transmittals that resulted from the audit report findings.

Mr. Packard suggested that Internal Audit should have written findings statements that should be signed off by the auditee as a point of reference for follow-up purposes to audits.

Mr. James also noted that OCERS' current procedures regarding reciprocity forms prevent the error noted in the audit report's finding #4 from occurring today.

Following discussion, a **motion** was made by Mr. Gilbert, **seconded** by Mr. Eley to receive and file the audit of City of San Juan Capistrano Payroll Transmittals.

The **motion passed unanimously.**

**C. CONSIDERATION OF REVISIONS TO THE INTERNAL AUDIT CHARTER AND AUDIT COMMITTEE CHARTER**

*Presentation by David James, Director of Internal Audit*

**Recommendation:** Take appropriate action.

Mr. James presented the Audit Committee Charter and Internal Audit Charter with revisions from Committee feedback provided at the February 2017 Audit Committee meeting. Mr. James noted that the charters' revisions asked for by Committee Members clarified existing practices at OCERS.

Ms. Freidenrich asked for one further revision in the Audit Committee Charter under "Responsibilities and Duties, 5. d. 6."

Following discussion, a **motion** was made by Mr. Gilbert, **seconded** by Mr. Eley to approve changes to the Audit Committee Charter and Internal Audit Charter and send to the Board for approval.

The **motion passed unanimously.**

**D. DIRECTION FROM THE BOARD OF RETIREMENT – INVESTMENT FEES**

*Presentation by David James, Director of Internal Audit*

**Recommendation:** Take appropriate action.

Mr. James discussed direction from the February 2017 Regular Board meeting that the issue of investment fees be transferred to the Audit Committee for further study and recommendation.

Shanta Chary, Director of Investment Operations and Stina Walander-Sarkin, Investment Analyst answered questions from the Committee regarding the Investments Division's annual investment fee report.

Following discussion, the Committee directed Investments staff to present at the April 17, 2017 Regular Board meeting an educational presentation about the construction of OCERS' annual investment fee report and how it may help OCERS comply with California Government Code Section 7514.7 (A.B. No. 2833).

**E. STATUS OF INTERNAL AUDITS AND AUDIT PROJECTS**

Audit Committee Meeting  
March 29, 2017

*Presentation by David James, Director of Internal Audit*

**Recommendation:** Receive and file.

Mr. James presented the status of current audit projects. In progress audit projects include the Actuarial Audit RFP, the Finance and Investments Transfer Review, the Reciprocity Claims Audit, and the V3 Data Conversion Audit.

Following discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Gilbert to receive and file the Update on Status of Internal Audits and Projects.

The **motion passed unanimously.**

The committee moved to closed session at 11:25 a.m.

**\*\*\*\*\* END OF INDIVIDUAL ITEMS AGENDA \*\*\*\*\***

**CLOSED SESSION ITEM**

**F. THREAT TO PUBLIC SERVICES OR FACILITIES  
(GOVERNMENT CODE SECTION 54957)**

*Consultation with Jon Gossard, OCERS Security Operations Manager, and Gina M. Ratto,  
OCERS Chief Legal Officer*

**Recommendation:** Receive and file.

The Committee reconvened at 12:10 p.m.

The Chair reported **no reportable action.**

Meeting adjourned at 12:11 p.m.

**PUBLIC COMMENTS:**

None

**COMMITTEE MEMBERS COMMENTS:**

None

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:**

**Submitted by:**

**Approved by:**

Audit Committee Meeting  
March 29, 2017

---

Steve Delaney  
Secretary to the Committee

---

Charles Packard  
Committee Chair

C-4

## Memorandum

---

**DATE:** April 17, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN

---

### Recommendation

Receive and file.

### AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

#### MAY

Preliminary December 31, 2016 Actuarial Valuation  
Triennial Review Informational  
Member Services Annual Report  
Disability Program Review  
PEPRA Informational (Suzanne Jenike)  
\*Cost and Savings (Segal Consulting)  
Review Budget to Actuals Financial Report  
Resolve Board to Audit Committee Delegation  
April 5, 2017 Governance Committee Outcomes

#### JUNE

Approve December 31, 2016 Actuarial Valuation  
2017 – 2019 Strategic Plan – Quarterly Review  
2017 Annual Business Plan – Mid-Year Review  
Segal GASB 68 Material  
2016 Audited Financial Statements And Comprehensive Annual Financial Report  
Strategic Planning Workshop – Proposed Agenda

#### JULY

2016 Actuarial Experience Study (Economic and Demographic)  
Travel and Training Expense – Final  
Strategic Planning Agenda – Final  
Early Payment of Contributions for fiscal year 2018-2019

**Submitted by:**

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style and is positioned above a horizontal line.

Steve Delaney  
Chief Executive Officer

**OCERS RETIREMENT BOARD - 2017 Work Plan**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
<b>System Oversight</b>		STAR COLA Posting (I)	Approve 2017 STAR COLA (A)		Review Budget to Actuals Financial Report (I)	Mid-Year Review of 2017 Business Plan Progress (I)	Approve Early Payment Rates for Fiscal Year 2017-18 (A)	Review Budget to Actuals Financial Report (I)	Strategic Planning Workshop (I)	Overview of 2017 Administrative Budget and Investment (Workshop) (I)	Review Budget to Actuals Financial Report (I)	CEO Compensation (A)
		Approve 2017 COLA (A)	Quarterly 2016-2018 Strategic Plan Review (A)		Receive Preliminary December 31, 2016 Actuarial Valuation & Funded Status of OCERS (A)	Approve December 31, 2016 Actuarial Valuation & Funded Status of OCERS (A)	Actuarial Experience Study (A)	Receive OCERS by the Numbers (I)		Approve 2017-2019 Strategic Plan (A)	Approve 2018 Administrative (Operating) Budget (A)	
			Review 2017 Administrative (Operating) Budget (A)			Approve 2016 CAFR (A)		Receive Evolution of the UAAL (I)		Approve 2017 Business Plan (A)	Annual CEO Performance Review (A)	
						Quarterly 2016-2018 Strategic Plan Review (A)		Quarterly CEO Performance Review (A)				
						Approve Financial Statements (A)						
<b>Board Governance</b>	Board Self-Review Process 2017 (I)	Board Self-Review Delivered (A)		Brown Act Training (I)							Adopt 2017 Board Meeting Calendar (A)	Adopt Annual Work Plan for 2017 (A)
				Conflict of Interest Training (I)								Vice-Chair Election (A)
												Appointment of Committee Members & Committee Chairs / Vice Chairs (A)
<b>Regulation / Policies</b>			Quarterly CEO Performance Review (I)			Quarterly CEO Performance Review (I)	Membership Policy (A)	Review Staff Retention Program (I)		Membership Policy (A)		
<b>Compliance</b>		State of OCERS (A)		Form 700 and OCERS Annual Disclosure Due (A)		Receive Financial Audit (I)					Overview of 2017 Training Courses (I)	

(A) = Action (I) = Information

C-5

## Memorandum

---

**DATE:** March 31, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** QUIET PERIOD – NON-INVESTMENT CONTRACTS

---

### Recommendation

Receive and file.

### Background/Discussion – Options

#### 1. Quiet Period Policy Guidelines – Named Service Providers

The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for Named Service Providers:

*“All Board and Investment Committee Members, and staff not directly involved in the search process, shall refrain from communicating with Service Provider candidates regarding any product or service related to the search offered by the candidate throughout the quiet period,...”*

#### 2. Quiet Period Guidelines – Non-Named Service Providers

There are no policy guidelines regarding a quiet period for non-Named Service Providers. However, 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 currently outstanding and are subject to the quiet period until such time as a contract(s) is finalized.

- An RFP for Actuarial Auditor services was sent out March 1<sup>st</sup>. The responses are due back from the candidates April 3<sup>rd</sup>.
- An RFP for Securities Litigation Monitoring services was distributed March 15<sup>th</sup>. The responses are due back April 7<sup>th</sup>.



## Memorandum

---

**Submitted by:**

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style and is positioned above a horizontal line.

Steve Delaney  
Chief Executive Officer

C-6

## Memorandum

---

**DATE:** April 5, 2017  
**TO:** Board of Retirement  
**FROM:** Tracy Bowman, Director of Finance  
**SUBJECT:** **FIRST QUARTER 2017 EDUCATION AND TRAVEL EXPENSE REPORT**

---

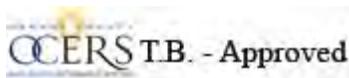
### Recommendation

Receive and file.

### Background/Discussion

In accordance with OCERS' Travel Policy, the Chief Executive Officer is required to submit a quarterly report to the Board of Retirement on conference attendance and related expenditures incurred by OCERS' Board Members and staff. Attached is the First Quarter 2017 Education and Travel Expense Report that includes all expenses submitted through March 31, 2017.

### Submitted by:



OCERS T.B. - Approved

---

Tracy Bowman  
Director of Finance

**EDUCATION AND TRAVEL EXPENSE REPORT**  
**FIRST QUARTER 2017**  
 Submitted Through March 31, 2017\*\*

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Req. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2017 YTD Total	2016 Total*
BALDWIN	1/25-1/26/17	Institutional Real Estate Conference	Carlsbad, CA	Conference	-	-	21.42	-	-	74.36	-	95.78	-
	5/16-5/19/17	SACRS Spring Conference	Napa, CA	Conference	-	120.00	-	-	-	-	-	120.00	-
<b>Sub Total</b>					-	120.00	21.42	-	-	74.36	-	215.78	-
BALL	3/29-3/31/17	CALAPRS Principles of Pension Management	Los Angeles, CA	Conference	-	3,100.00	-	-	-	-	-	3,100.00	-
	9/24-9/28/17	IFEBPAdvanced Investments Management	Philadelphia, PA	Conference	-	5,530.00	-	-	-	-	-	5,530.00	-
<b>Sub Total</b>					-	8,630.00	-	-	-	-	-	8,630.00	1,137.26
ELEY	5/16-5/19/17	SACRS Spring Conference	Napa, CA	Conference	-	120.00	-	-	-	-	-	120.00	-
<b>Sub Total</b>					-	120.00	-	-	-	-	-	120.00	120.00
FLANIGAN					-	-	-	-	-	-	-	0.00	-
<b>Sub Total</b>					-	-	-	-	-	-	-	0.00	3,964.05
FREIDENRICH	1/25-1/26/17	Institutional Real Estate Conference	Carlsbad, CA	Conference	-	-	-	-	250.23	25.00	-	275.23	-
<b>Sub Total</b>					-	-	-	-	250.23	25.00	-	275.23	2,497.18
GILBERT					-	-	-	-	-	-	-	0.00	-
<b>Sub Total</b>					-	-	-	-	-	-	-	0.00	180.88
HILTON	1/29-1/31/17	NCPERS (1)	Washington, D.C.	Conference	26.75	-	40.86	-	-	110.59	10.00	188.20	-
	3/4-3/7/17	CALAPRS General Assembly	Monterey, CA	Conference	-	-	-	97.88	-	-	-	97.88	-
<b>Sub Total</b>					26.75	-	40.86	97.88	-	110.59	10.00	286.08	11,552.53
LINDHOLM					-	-	-	-	-	-	-	0.00	-
<b>Sub Total</b>					-	-	-	-	-	-	-	0.00	120.00
PACKARD	2/3/17	CALAPRS Trustee Roundtable	San Jose, CA	Conference	-	-	-	255.90	-	27.28	-	283.18	-
<b>Sub Total</b>					-	-	-	255.90	-	27.28	-	283.18	120.00
PREVATT	2/25-2/28/17	NASRA/NIRS Winter Conference	Washington, D.C.	Conference	-	600.00	41.30	382.40	555.53	372.86	15.00	1,967.09	-
	3/4-3/7/17	CALAPRS General Assembly	Monterey, CA	Conference	-	-	129.36	237.40	-	200.63	5.00	572.39	-
	5/16-5/19/17	SACRS Spring Conference	Napa, CA	Conference	-	120.00	-	-	-	-	-	120.00	-
	9/24-9/28/17	IFEBPAdvanced Investments Management	Philadelphia, PA	Conference	-	5,530.00	-	-	-	-	-	5,530.00	-
<b>Sub Total</b>					-	6,250.00	170.66	619.80	555.53	573.49	20.00	8,189.48	6,651.00
<b>BOARD Total</b>					26.75	15,120.00	232.94	973.58	805.76	810.72	30.00	17,999.75	26,342.90
DANCIU					-	-	-	-	-	-	-	0.00	-
<b>Sub Total</b>					-	-	-	-	-	-	-	0.00	1,618.74
DELANEY	11/14-11/20/17	SACRS Fall Conference	San Francisco, CA	Conference	-	-	-	197.40	-	-	-	197.40	-
	2/25-2/28/17	NASRA	Washington, D.C.	Conference	-	600.00	57.34	315.20	580.53	67.12	-	1,620.19	-
	3/4-3/7/17	CALAPRS General Assembly	Monterey, CA	Conference	-	-	-	285.60	-	-	-	285.60	-
	5/16-5/19/17	SACRS Spring Conference	Napa, CA	Conference	-	-	-	237.20	609.57	-	-	846.77	-
	5/5-5/11/17	CEM Benchmarking Conference	Chicago, IL	Conference	-	-	-	439.40	-	-	-	439.40	-
	9/15-9/19/17	LAPERS Visit	New Orleans, LA	Meeting	-	-	-	349.40	193.66	-	-	543.06	-
<b>Sub Total</b>					-	600.00	57.34	1,824.20	1,383.76	67.12	-	3,932.42	10,045.11
JENIKE	3/5-3/7/17	CALAPRS General Assembly	Monterey, CA	Conference	-	-	-	141.40	-	111.78	-	253.18	-
	4/30-5/05/17	IFEBP Portfolio and Management	Philadelphia, PA	Conference	-	5,095.00	-	818.88	-	-	-	5,913.88	-
	5/16-5/19/17	SACRS Spring Conference	Napa, CA	Conference	-	-	-	278.41	-	-	-	278.41	-
<b>Sub Total</b>					-	5,095.00	-	1,238.69	-	111.78	-	6,445.47	7,982.39
SHOTT	3/5-3/7/17	CALAPRS General Assembly	Monterey, CA	Conference	8.83	-	62.49	127.40	544.49	100.00	-	843.21	-
	3/8-3/10/17	Liebert Cassidy Whitmore Annual Conference	Anaheim, CA	Conference	26.00	500.00	-	-	-	-	-	526.00	-
<b>Sub Total</b>					34.83	500.00	62.49	127.40	544.49	100.00	-	1,369.21	7,148.53
VAZQUEZ					-	-	-	-	-	-	-	0.00	-
<b>Sub Total</b>					-	-	-	-	-	-	-	0.00	1,720.06
<b>EXECUTIVE Total</b>					34.83	6,195.00	119.83	3,190.29	1,928.25	278.90	-	11,747.10	28,514.83
BEESON	1/30/17	GMO Investment Presentation	Beverly Hills, CA	Training	27.34	-	-	-	-	10.00	-	37.34	-
<b>Sub Total</b>					27.34	-	-	-	-	10.00	-	37.34	4,826.14
CHARY					-	-	-	-	-	-	-	0.00	-
<b>Sub Total</b>					-	-	-	-	-	-	-	0.00	571.46
CHENG	1/10-1/12/17	Argo, Blackrock, and JPMorgan	New York, NY	Due Diligence	-	-	129.39	573.20	352.96	198.30	-	1,253.85	-
<b>Sub Total</b>					-	-	129.39	573.20	352.96	198.30	-	1,253.85	1,486.50
WALANDER-SARKIN	1/19/17	IMN Real Estate Opportunity & Private Fund Investing	Laguna Beach, CA	Conference	22.26	-	-	-	-	-	-	22.26	-
	1/20/17	CALAPRS Investment Roundtable	San Jose, CA	Conference	-	-	-	349.88	-	20.00	-	369.88	-
	1/30/17	GMO Investment Presentation	Beverly Hills, CA	Training	27.34	-	-	-	-	10.00	-	37.34	-
<b>Sub Total</b>					49.60	-	-	349.88	-	30.00	-	429.48	204.30
<b>Educational Forum</b>					-	-	-	-	-	-	-	0.00	-
<b>Sub Total</b>					-	-	-	-	-	-	-	0.00	6,616.90
<b>INVESTMENTS Total</b>					76.94	-	129.39	923.08	352.96	238.30	-	1,720.67	13,705.30
KINSLER					-	-	-	-	-	-	-	0.00	-
<b>Sub Total</b>					-	-	-	-	-	-	-	0.00	4,430.33
RITCHEY					-	-	-	-	-	-	-	0.00	-

**EDUCATION AND TRAVEL EXPENSE REPORT**  
**FIRST QUARTER 2017**  
 Submitted Through March 31, 2017\*\*

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Req. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2017 YTD Total	2016 Total*
Sub Total					-	-	-	-	-	-	-	0.00	953.25
<b>COMMUNICATIONS Total</b>					-	-	-	-	-	-	-	0.00	5,383.58
<b>MATSUO</b>	2/21-2/24/17 3/8-3/10/17	NAPPA Liebert Cassidy Whitmore Annual Conference	Tempe, AZ Anaheim, CA	Conference Conference	-	535.00 500.00	59.40	127.90	715.23	-	-	1,437.53 500.00	
Sub Total					-	1,035.00	59.40	127.90	715.23	-	-	1,937.53	5,098.02
<b>RATTO</b>	2/21-2/24/17 5/16-5/19/17	NAPPA SACRS Spring Conference	Tempe, AZ Napa, CA	Conference Conference	-	535.00 130.00	-	281.90 212.40	735.78	-	-	1,552.68 342.40	
Sub Total					-	665.00	-	494.30	735.78	-	-	1,895.08	808.87
<b>SINGLETON</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	1,121.21
<b>WEISSBURG</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	200.00
<b>LEGAL Total</b>					-	1,700.00	59.40	622.20	1,451.01	-	-	3,832.61	7,228.10
<b>BERCARU</b>	4/3/17	CALAPRS Leadership Academy	Pasadena, CA	Training	-	3,000.00	-	-	-	-	-	3,000.00	
Sub Total					-	3,000.00	-	-	-	-	-	3,000.00	1,209.18
<b>HALBUR</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	6,666.58
<b>MERIDA</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	693.49
<b>PANAMENO</b>	4/25/17	CALAPRS Reciprocity Roundtable	Pasadena, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					-	125.00	-	-	-	-	-	125.00	120.00
<b>PERSI</b>	4/25/17	CALAPRS Reciprocity Roundtable	Pasadena, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					-	125.00	-	-	-	-	-	125.00	-
<b>TALLASE</b>	4/25/17	CALAPRS Reciprocity Roundtable	Pasadena, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					-	125.00	-	-	-	-	-	125.00	-
<b>MEMBER SERVICES Total</b>					-	3,375.00	-	-	-	-	-	3,375.00	8,689.25
<b>BOWMAN</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	1,719.43
<b>DILLARD</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	161.84
<b>HUYNH</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	4,309.40
<b>REYES</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	550.30
<b>FINANCE Total</b>					-	-	-	-	-	-	-	0.00	6,740.97
<b>CORTEZ</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	890.71
<b>G. GARCIA</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	50.62
<b>GROSS</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	120.00
<b>SANDOVAL</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	144.00
<b>DISABILITY Total</b>					-	-	-	-	-	-	-	0.00	1,205.33
<b>E. GARCIA</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	45.00
<b>HOCKLESS</b>	3/8-3/10/17	Liebert Cassidy Whitmore Annual Conference	Anaheim, CA	Conference	-	500.00	-	-	-	-	-	500.00	
Sub Total					-	500.00	-	-	-	-	-	500.00	4,517.44
<b>MORALES</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	851.10
<b>ADMINISTRATION Total</b>					-	500.00	-	-	-	-	-	500.00	5,413.54
<b>GOSSARD</b>	4/9/17 4/28/17	PRISM Association Conference CALAPRS IT Round Table	Nashville, TN Glendale, CA	Conference Conference	-	550.00 125.00	-	-	-	-	-	550.00 125.00	
Sub Total					-	675.00	-	-	-	-	-	675.00	7,494.17
<b>LARA</b>	4/9/17 4/28/17	PRISM Association Conference CALAPRS IT Round Table	Nashville, TN Glendale, CA	Conference Conference	-	550.00 125.00	-	-	-	-	-	550.00 125.00	
Sub Total					-	675.00	-	-	-	-	-	675.00	4,651.97
<b>IT Total</b>					-	1,350.00	-	-	-	-	-	1,350.00	12,146.14
<b>ADVIENTO</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	483.54
<b>JAMES</b>					-	-	-	-	-	-	-	0.00	
Sub Total					-	-	-	-	-	-	-	0.00	5,495.21
<b>INTERNAL AUDIT Total</b>					-	-	-	-	-	-	-	0.00	5,978.75

**EDUCATION AND TRAVEL EXPENSE REPORT**  
**FIRST QUARTER 2017**  
 Submitted Through March 31, 2017\*\*

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2017 YTD Total	2016 Total*
<b>Total</b>					138.52	28,240.00	541.56	5,709.15	4,537.98	1,327.92	30.00	40,525.13	121,348.69

Footnotes:  
 \* Prior year totals only presented for 2017 active staff & Board members.  
 \*\* Excludes expenses for non-travel related training conferences including: misc. lunches, meetings, mileage, strategic planning, and tuition reimbursement.  
 1 Registration, airfare, and hotel charges were paid in 2016.

C-7

## Memorandum

---

**DATE:** March 22, 2017  
**TO:** Members, Board of Retirement  
**FROM:** David Ball, OCERS Board Chair  
**SUBJECT:** **2017 OCERS BOARD OF RETIREMENT COMMITTEE ASSIGNMENTS (UPDATED)**

---

### Recommendation

Receive and file.

### Background/Discussion

Mr. Flanigan's recent departure from the OCERS Board of Retirement has left a number of openings among the Board's committees:

- A seat and the Vice-Chair position are both now open on the Governance Committee.
- A seat and the Vice-Chair position are also both now open on the Manager Monitoring Subcommittee.

With Mr. Dewane's appointment to the OCERS Board now complete with his swearing in on Monday, I would like to make the following adjustments to the committee assignments:

Mr. Dewane can take Mr. Flanigan's seat on both committees. Not wanting to burden him immediately with too many duties, I am appointing him to the Vice Chair position of the Governance Committee, and asking Mr. Packard to take on the Vice Chair duties of the Manager Monitoring Subcommittee, as highlighted below:

#### **Audit Committee**

Chuck Packard, Chair  
Frank Eley, Vice Chair  
Shari Freidenrich  
Eric Gilbert

*Staff Coordinator:* David James

#### **Governance Committee**

Roger Hilton, Chair  
Shawn Dewane, Vice Chair  
Chris Prevatt  
David Ball

*Staff Coordinator:* Gina Ratto

#### **Investment Committee**

Chris Prevatt, Chair  
Wayne Lindholm, Vice Chair  
All Other Trustees

*Staff Coordinator:* Shanta Chary

#### **Manager Monitoring Subcommittee**

Frank Eley, Chair  
Chuck Packard, Vice Chair  
Russell Baldwin  
Shawn Dewane

*Staff Coordinator:* David Beeson



## Memorandum

---

My continued thanks to each of you for the service you provide to this system and its members.

C-8

## Memorandum

---

**DATE:** April 17, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, Chief Legal Officer  
**SUBJECT:** PROPOSED REVISIONS TO THE RECORD RETENTION POLICY AND GUIDELINES

---

### Recommendation

Approve revisions to the *Record Retention Policy and Guidelines*.

### Background/Discussion

The *Record Retention Policy and Guidelines* were adopted by the Board of Retirement on October 23, 2003, and were last reviewed and revised on December 19, 2016 (Policy).

Staff received a suggestion from a Board member that the Policy could be strengthened with respect to the need to preserve records that may be relevant in future litigation involving the system. Under the law, OCERS has a duty to preserve records when litigation is reasonably anticipated or threatened, not only when the litigation is actually pending.

Staff recommends revisions to Section 5 of the Policy to specify that:

- Records will be preserved and a litigation hold will be issued whenever litigation against OCERS is reasonably anticipated, threatened or pending;
- Any such records will be preserved until the later of (i) the applicable time period set forth for preservation of the record under the Policy, or (ii) the date the litigation hold is no longer in effect; and
- Photographs and video recordings are included in the types of documents to be preserved.

A copy of the Policy with revisions in redlined and strikeout text is attached.

### Attachment

### Submitted by:



Gina M. Ratto  
Chief Legal Officer

# Record Retention Policy and Guidelines

---

## Authority and Purpose

1. The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction. (Gov. Code § 31537)
2. The Records Retention Policy and Guidelines are intended to establish timeframes for the retention and destruction of retirement system records in compliance with legal and regulatory authority.

## Policy Objectives

3. The objectives of the policy are to ensure that:
  - a. OCERS properly maintains its business records for the appropriate time period; and
  - b. OCERS assigns proper levels of confidentiality to records; and
  - c. OCERS properly destroys records once the appropriate time period has passed; and
  - d. OCERS staff is apprised of the retention periods and destruction method for the records entrusted to their care.

## Policy Review

4. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

## Policy History

5. The Board of Retirement adopted the Records Retention Policy and Guidelines on October 23, 2003. The Policy and Guidelines were amended on June 18, 2007; reviewed on June 21, 2010; and reviewed and amended on November 19, 2012, October 21, 2013, January 21, 2014 and December 19, 2016.

## Secretary's Certificate

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



12/19/16

Steve Delaney  
Secretary of the Board

Date

# Record Retention Guidelines

---

## Authority

1. The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction. (Gov. Code § 31537)

## Record Definition

2. Record is defined as “any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by a state or local agency regardless of physical form or characteristics.” (Gov. Code § 6252 (e))
3. Writing is defined to include “any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored.”

All electronic mail and other electronically stored documents shall be subject to the same retention guidelines as paper documents containing the same or similar subject matter. Gov. Code § 6252 (g))

## Confidentiality

4. OCERS has identified four general levels of confidentiality for its records. Confidentiality levels identify the availability of documents to the public and OCERS staff, and provide guidance regarding record destruction methods. Employees should use discretion in handling and destroying all records in order to protect OCERS’ data.

Special handling of particular documents types will be noted in the “Confidentiality” column.

- a. Public – generally available to the public via OCERS publications or website. No special destruction method.
- b. Protected – available by specific written request under the Public Records Act. Destroy in secure shredding bins.
- c. Staff Only – readily available to staff but will not be disclosed to the public except by court order. Destroy in secure shredding bins.
- d. Highly Confidential – limited staff access, not discloseable to the public except by court order. Destroy in secure shredding bins.

## Litigation Holds

5. Whenever a department within OCERS learns ~~of pending litigation~~ that litigation against OCERS is reasonably anticipated, threatened or pending, the department manager shall notify the Legal Department. The Legal Department will inform managers of the appropriate department which documents should be held.

The litigation hold applies to electronic and hard copy documents including email correspondence, work drafts, notes, memoranda, correspondence, photographs, videotape recordings and other documents pertaining to the litigation as determined by the Legal Department and / or outside counsel if appropriate. All documents pertaining to the litigation in the possession of the department ~~should~~ must be preserved until the later of (i) the applicable time period set forth for preservation of the record under these guidelines, or (ii) the date the Legal Department informs the department manager that the litigation hold is no longer in effect. (CCP §§ 2035.010 *et. seq.*; *Zubulake v. UBS Warburg* (S.D.N.Y. 2003) 220 F.R.D. 212, 216.)

## Trade Secrets

6. Consultants, investment managers, and other vendors used by OCERS may provide information and documents to OCERS that contain trade secrets. Generally, a trade secret is information, including programs, methods, technology, and processes, that has independent economic value from not being generally known to the public or others who can obtain value from disclosure and which the owner has taken reasonable steps to protect.

Prior to disclosure of any documents or information supplied by a consultant, manager, or vendor, the manager of the department that possesses the document or information shall consult the Legal Department for an opinion regarding whether the material to be disclosed is a trade secret. The Legal Department will then contact the consultant, manager, or vendor to determine whether the document or information contains trade secrets. If a document contains trade secrets, the Legal Department will request that the consultant, manager, vendor redact the document prior to disclosure.

# Record Retention Guidelines

## Department Record Retention

### *Board/Executive*

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Board Agendas (with materials presented) Regular Meetings Committee Meetings Portfolio Reviews Special Meetings	Permanent	Public	Cal. const. Art. XVI, § 17 Gov. Code §54957.5 ERISA §209 <sup>1</sup>  1 Hard Copy and Electronic
Board Minutes Regular Meetings Committee Meetings Portfolio Reviews Special Meetings	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209  1 Hard Copy and Electronic
Digital Recordings of Board Meetings	Permanent	Public	Gov. Code § 54953.5(b) allows for destruction of recordings 30 days after the recording is made. Board voted on October 21, 2013 to change retention to permanent.
Applications and Notices	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209  1 Hard Copy and Electronic
Board Policy	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209  1 Hard Copy and Electronic

**OCERS Board Policy**

## Record Retention Guidelines

Board Resolutions	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic
Plan Sponsor Agreements Correspondence Resolutions BOS AIT Early Retirement Incentive ARBA Agreement (w/MOUs) RMBR Agreement	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic
Actuary  Correspondence Reports	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic

# Record Retention Guidelines

## Investments

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Capital Call Letters Wire Transfers	Active + 5 years	Protected	CCP §337 Gov.Code. §§26202, 26907, 26907.2 (advisory only - apply to county auditor and other officers)
Real Estate Contracts	Active + 10 years	Protected	CCP §§337, 337.1(a), 337.15, Gov. Code §§26202, 26907, 26907.2
Portfolio Reviews	7 years	Public	ERISA §§107, 209
Financial Reports – Investments Only	7 years	Protected	ERISA §§107, 209
Correspondence from Investment Managers, Custodian, Consultants	7 years	Protected	CCP §§ 337, 338 ERISA §§107, 209
Form ADV	7 years	Protected	CCP §§ 337, 338 ERISA §§107, 209
Work papers and pacing studies from Investment Consultants	7 years	Highly Confidential	CCP §§ 337, 338 ERISA §§107, 209
Manager Search Materials from Consultants	7 years	Highly Confidential	CCP §§ 337, 338 ERISA §§107, 209
Investment Manager Contracts (including RFP for successful applicant)	Active + 6 years	Protected	CCP §336a, 337, 338 Check all contracts and RFP responses for Trade Secret information prior to disclosure
Investment RFP (Unsuccessful Applicants)	5 years	Protected	CCP §§ 337, 338 Check all RFP responses for Trade Secret information

# Record Retention Guidelines

## *Administrative Services*

<b>Record Category</b>	<b>Retention Period</b>	<b>Confidentiality Level</b>	<b>Authority/Comments</b>
Agreements/Contracts (including OCERS RFP and the successful bidder's RFP Response)	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Unfilled RFPs and RFP Responses of unsuccessful bidders	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Employee Personnel Files Including: <ul style="list-style-type: none"> <li>▶ Merit</li> <li>▶ Probation</li> <li>▶ Annual Review</li> </ul>	Active + 4 years	Highly Confidential	CCP §§313, 335.1, 339, 340, 340.2, 343 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code. §§911.2, 911.4, 29 CFR §§516.5, 1602.14, 1627.3 29 USC §§ 211, 626 42 USC §2000e(EEO)
Payroll & Attendance Reports/Timesheets	Current + 4 years	Highly Confidential	Unemp. Ins. Code §1085 22 CCR §1085-2 29 USC §§211, 626 29 CFR §1627.3 Lab.Code §§1174, 1197.5 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77

## Record Retention Guidelines

Personnel Requisitions & Interview Notes	Current + 3 years	Highly Confidential	CCP §338 42 USC §§2000e-5 to 2000e-17 29 USC §§626 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77
Form I-9  Employment eligibility/Verification for Employees Hired After 1/6/86 [should be kept in a file separate from other personnel records]	Whichever is <b>later:</b> Date of Hire + 3 years Termination +1 year	Highly Confidential	8 USC 1324a, et. seq. ( Immigration Reform & Control Act)
Printing Requisitions	Active + 4 years	Protected	CCP §337
Purchasing Requisitions	Active + 4 years	Protected	CCP §337
Employee Training Records	Active +3 years	Protected. Redact all personal information such as SSN, address, etc. prior to disclosure	42 USC §§2000e-5 to 2000e-17 29 USC §§626 Lab.Code §1197.5
Wage Attachment or Garnishment Records	Active + 6 years	Highly Confidential	Civ.Code §§1798.3, 1798.21, 1798.27, 1798.27, 1798.77
Emergency Evacuation Plans	Current + 2 years	Protected	Gov.Code. §26202
OSHA and CAL/OSHA Records including injury logs and employer Workers' Compensation Records	Injury date + 5 years	Protected	Lab. Code § 6401.7 29 USC § 657 29 CFR §§1904.2, 1904.4, 1904.33, 1904.41, 1904.42 CCR Title 8 Civ.Code §§1798.3, 1798.21, 1798.24 1798.27, 1798.77



## Record Retention Guidelines

Employee Relations File	Active + 4 years	Highly Confidential	CCP §§ 313, 335.1, 339, 340, 340.2, 343 Civ. Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code §§911.2, 911.4, 29 CFR §§ 516.5, 1602.14, 1627.3 29 USC §§ 211, 626 42 USC §2000e (EEO)
-------------------------	------------------	---------------------	---

### Finance

Retirement Payroll Records (all)	15 years	Highly Confidential	ERISA § 107 26 USC §6502(a) (IRS Levy limitation period)
Budgets	Active + 4 years	Public	CCP §§337, 338, 343 Permanently archived as Board material when attached to Board agendas and minutes
Contribution Reports 1. OCERS Employee Contribution Reports 2. Contribution Balancing Reports 3. Reserve Interest Report	1 and 3: Permanent Electronic copy in Pension Gold and V3  <b>Hard Copies:</b> 1. Active + 2 years 2. Active + 2 years 3. Active + 2 years	Protected  Hard copies to be destroyed in bins.)	1 and 3 (Permanent electronic copy) Cal. Const. Art. XVI, § 17 ERISA §209  1-3 (Hard Copies): Professional Standards
Journal Vouchers ▶ Batch books ▶ Batch control reports Bank Reconciliations	5 years	Protected	General accounting principles CCP §§337, 338, 343

## Record Retention Guidelines

<p>Investments</p> <ul style="list-style-type: none"> <li>▶ Form S-Fed Reserve; Bank of New York</li> <li>▶ Security on loan</li> <li>▶ Investment Distribution Report</li> <li>▶ Dom. &amp; Int'l Equities; Fixed income managers recon.</li> <li>▶ Investment transfers - capital calls and reconciliation</li> <li>▶ Joint Venture investment activities</li> <li>▶ State Street and Treasurer cash analysis</li> <li>▶ Contribution transfer reports</li> <li>▶ Quarterly performance report</li> <li>▶ Annual performance report</li> <li>▶ 401 (h)/115 Medical Trust Statements</li> <li>▶ Quarterly County</li> <li>▶ Investment Accounting Report</li> </ul>	<p>7 years</p>	<p>Protected</p>	<p>ERISA §107</p>
<p>Accounts Payable</p> <ul style="list-style-type: none"> <li>▶ Accounts payable (hard copy and scanned copy)</li> <li>▶ Batch control reports</li> <li>▶ Detail vendor files</li> <li>▶ 1099 files</li> </ul> <p>Cash Receipts          Retirees Journalized Report</p>	<p>Active + 6 years (AP hard copy – 2 years)</p>	<p>Protected</p>	<p>CCP §337, 338, 343          ERISA §107          General accounting principles</p>

## Record Retention Guidelines

Miscellaneous ▶ Reserve Analysis ▶ U.S. Census Qtr. and Annual survey ▶ Reimbursement payments (Board and Staff)	Active + 4 years	Protected	CCP §§ 338, 343 ERISA §107
Actuarial Reports	Permanent	Public	Cal. Const. Art. XVI, § 17 ERISA §§ 209 1 Hard Copy and Electronic
Financial Statements Audited Reports/CAFR	Permanent	Public	Cal. Const. Art. XVI, § 17 ERISA §§ 209 1 Hard Copy and Electronic
Fixed Asset Inventory	5 years + Professional Judgment	Protected	26 USC §168(e) (IRS depreciation rules)

### *Member Services*

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Member File	Permanent  All Members: Member file is electronically imaged and maintained permanently upon destruction of hard copy.	Staff Only  Subpoenas or other court orders for production of member information should be routed to the Legal department for review	Gov. Code § 31532 ERISA §§ 107, 209 CCP § 338 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77  Hard Copies: Active Members: Until right to payment of benefits to member and any beneficiaries ceases + 5 years  Deferred/Inactive Members: 1. Elected Deferred Status: Same as for

## Record Retention Guidelines

Record Category	Retention Period	Confidentiality Level	Authority/Comments
			Active Members 2. Inactive Status: Members who have not elected deferred status but whose contributions remain on file: Same as for Elected Deferred until contributions refunded, then scan and destroy 3. Termination & Withdrawn Contributions: scan and destroy
Dissolution Matters <ul style="list-style-type: none"> <li>▶ Joinder</li> <li>▶ Conformed DRO</li> <li>▶ Final Judgment</li> </ul>	Permanent in Member File  Hard copy in Legal – 5 years from termination of all benefits	Staff Only	Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532 ERISA §§ 107, 209
Support Orders and Tax Levies	Permanent in Member File  Hard copy in Legal – 5 years from termination of order	Staff Only	CCP §§ 704.110, 706.031 (Support Orders) Gov. Code § 31532 26 USC §§ 6322, 6333 (IRS Levies) ERISA §§ 107, 209
1099's	Permanent – Archived after 2 years (Electronic Form Only)	Staff Only	ERISA §§ 107, 209 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532
Death Certificates	Permanent- Archived in Member File	Public	California Office of Vital records



**OCERS Board Policy**

**Record Retention Guidelines**

Microfiche/misc payroll records	Permanent	Staff Only	ERISA §§ 107, 209 CCP § 338 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532
---------------------------------	-----------	------------	--

# Record Retention Guidelines

## Disability

<p>Disability File          Medical records and Reports          Correspondence          Workers' Compensation Reports          Related materials          Investigator Reports</p>	<p>Active + 6 years*</p>	<p>Highly Confidential</p>	<p>Gov. Code § 911.2, 911.4, 31532          CCP §§ 338, 1094.6ERISA §§107, 209</p> <p>For Disability, cases are considered “Active” until all administrative proceedings have concluded and the Board has made a final decision.</p> <p>*Cannot destroy if member has a <i>pending</i> request for records prior to destruction</p> <p>*In conjunction with Legal Department’s requirement for a 5 year retention period</p> <p>Some documents in the disability file are scanned into Liberty and retained permanently in the member file.</p> <ul style="list-style-type: none"> <li>▶ Employee application</li> <li>▶ Employer statement</li> <li>▶ Physician’s statement</li> <li>▶ Attorney designation form (if applicable)</li> <li>▶ Workers’ Compensation statement</li> <li>▶ Supervisor’s statement</li> <li>▶ Board Ordered Examination reports</li> <li>▶ Earlier effective date request (if applicable)</li> <li>▶ Employer accommodation letter (if applicable)</li> <li>▶ Misc. correspondence</li> </ul>
---	--------------------------	----------------------------	---

## Record Retention Guidelines

Medical Provider Information Contracts CVs Fee Schedules	Active + 4 years	Protected	CCP §337
---	------------------	-----------	----------

### Legal

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Research Memoranda	Various	Staff Only	Research material and memoranda shall follow the retention period applicable to the subject matter (i.e. contract reviews and notes – Active + 4 years under Admin. Services retention guidelines). Attorney notes and memoranda should be reviewed for privilege prior to disclosure.
Disability Hearings, Writs, and Appeals <ul style="list-style-type: none"> <li>▶ Administrative Record Correspondence Briefs</li> <li>▶ Hearing Transcripts Finding and Objections Petitions</li> <li>▶ Motions</li> </ul>	Active + 5 years	Highly Confidential	CCP §§ 337, 338, 1094.6 Gov. Code §§ 911.2, 911.4, 31532 ERISA §§ 107, 209  *In Conjunction with disability Record Retention  For Legal, cases are considered “Active” until all writs and appeals have been fully adjudicated.
Securities Litigation Reports	7 years	Highly Confidential	CCP § 336a

### Communications

Comprehensive Annual Financial Report	Permanent Reports dating back to 1999 available online	Public	Best practices. Also retained permanently by Finance Department pursuant to Cal. const. Art. XVI § 17 and ERISA §§ 107, 209
---------------------------------------	--	--------	---

## Record Retention Guidelines

At Your Service magazine	Indefinitely Archived electronically	Public	Best Practices
OCERS Extra eZine	Indefinitely Archived electronically	Public	Best Practices
Media releases	Indefinitely Archived electronically	Public	Best Practices
OCERS Today	Indefinitely Archived electronically	Public	Best Practices
Video FAQ's	YouTube removes old versions when updates received	Public	You Tube platform rules
OCERS by the Numbers	Indefinitely Archived electronically	Public	Best Practices

# Record Retention Guidelines

## Internal Audit

Record Category	Retention Period	Confidentiality Level	Authority/Comments
<p>Audit Work Papers, including but not limited to:</p> <ul style="list-style-type: none"> <li>▶ Planning Memo</li> <li>▶ Audit Program</li> <li>▶ Statement of Independence</li> <li>▶ Consideration of Fraud</li> <li>▶ Entrance Conference Sign-in Sheet</li> <li>▶ Entrance Conference Notes</li> <li>▶ Interview Notes</li> <li>▶ Process Descriptions</li> <li>▶ Testwork</li> <li>▶ Analyses</li> <li>▶ Memoranda</li> <li>▶ Letters of Confirmation</li> <li>▶ Letters of Representation</li> <li>▶ Abstracts of Company Documents</li> <li>▶ Schedules</li> <li>▶ Commentaries Prepared or Obtained</li> <li>▶ Exit Conference Sign-in Sheet</li> <li>▶ Exit Conference Notes</li> </ul>	<p>7 years</p>	<p>Highly Confidential</p>	<p>PCAOB – Auditing Standard No. 3.</p> <p>Securities and Exchange Commission, RIN 3235-A174, Retention of Records Relevant to Audits and Reviews.</p>

## Record Retention Guidelines

Record Category	Retention Period	Confidentiality Level	Authority/Comments
<ul style="list-style-type: none"> <li>▶ Management Representation Letter</li> <li>▶ Draft Report</li> <li>▶ Final Report</li> <li>▶ Management Response</li> </ul> Follow-up on Recommendations			

# Record Retention Guidelines

## Information Technology

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Contracts (including Service Level Agreements)	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Software Licenses, End User License Agreements, Software Serial Numbers	Life of Product + 4 years	Protected	CCP §337
Hardware Licenses, End User License Agreements, Hardware Serial Numbers	Life of Product + 4 years	Protected	CCP §337
Activation Keys	Life of Product	Highly Confidential	Gov. Code § 6254.19
Project Status Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Deliverable Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Configuration Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Requests for Proposals and Vendor Submissions	5 years	Protected	CCP §337 Check all RFPs for Trade Secret information prior to disclosure
Quotations	4 years	Protected	CCP § 337
Purchase Orders	5 years	Protected	CCP § 337
Invoices	5 years	Protected	CCP § 337
Data Backups (Tape Backups)	1 year	Highly Confidential	Best practices. Tape backups may contain privileged and / or confidential information and documents. Tape backups should not be relied upon in lieu of regular document preservation.

# Record Retention Policy and Guidelines

---

## Authority and Purpose

1. The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction. (Gov. Code § 31537)
2. The Records Retention Policy and Guidelines are intended to establish timeframes for the retention and destruction of retirement system records in compliance with legal and regulatory authority.

## Policy Objectives

3. The objectives of the policy are to ensure that:
  - a. OCERS properly maintains its business records for the appropriate time period; and
  - b. OCERS assigns proper levels of confidentiality to records; and
  - c. OCERS properly destroys records once the appropriate time period has passed; and
  - d. OCERS staff is apprised of the retention periods and destruction method for the records entrusted to their care.

## Policy Review

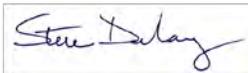
4. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

## Policy History

5. The Board of Retirement adopted the Records Retention Policy and Guidelines on October 23, 2003. The Policy and Guidelines were amended on June 18, 2007; reviewed on June 21, 2010; and reviewed and amended on November 19, 2012, October 21, 2013, January 21, 2014 and December 19, 2016.

## Secretary's Certificate

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



Steve Delaney  
Secretary of the Board

12/19/16

Date

# Record Retention Guidelines

---

## Authority

1. The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction. (Gov. Code § 31537)

## Record Definition

2. Record is defined as “any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by a state or local agency regardless of physical form or characteristics.” (Gov. Code § 6252 (e))
3. Writing is defined to include “any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored.”

All electronic mail and other electronically stored documents shall be subject to the same retention guidelines as paper documents containing the same or similar subject matter. Gov. Code § 6252 (g))

## Confidentiality

4. OCERS has identified four general levels of confidentiality for its records. Confidentiality levels identify the availability of documents to the public and OCERS staff, and provide guidance regarding record destruction methods. Employees should use discretion in handling and destroying all records in order to protect OCERS’ data.

Special handling of particular documents types will be noted in the “Confidentiality” column.

- a. Public – generally available to the public via OCERS publications or website. No special destruction method.
- b. Protected – available by specific written request under the Public Records Act. Destroy in secure shredding bins.
- c. Staff Only – readily available to staff but will not be disclosed to the public except by court order. Destroy in secure shredding bins.
- d. Highly Confidential – limited staff access, not discloseable to the public except by court order. Destroy in secure shredding bins.

## Litigation Holds

5. Whenever a department within OCERS learns that litigation against OCERS is reasonably anticipated, threatened or pending, the department manager shall notify the Legal Department. The Legal Department will inform managers of the appropriate department which documents should be held.

The litigation hold applies to electronic and hard copy documents including email correspondence, work drafts, notes, memoranda, correspondence, photographs, videotape recordings and other documents pertaining to the litigation as determined by the Legal Department and / or outside counsel if appropriate. All documents pertaining to the litigation in the possession of the department must be preserved until the later of (i) the applicable time period set forth for preservation of the record under these guidelines, or (ii) the date the Legal Department informs the department manager that the litigation hold is no longer in effect. (CCP §§ 2035.010 *et. seq.*; *Zubulake v. UBS Warburg* (S.D.N.Y. 2003) 220 F.R.D. 212, 216.)

## Trade Secrets

6. Consultants, investment managers, and other vendors used by OCERS may provide information and documents to OCERS that contain trade secrets. Generally, a trade secret is information, including programs, methods, technology, and processes, that has independent economic value from not being generally known to the public or others who can obtain value from disclosure and which the owner has taken reasonable steps to protect.

Prior to disclosure of any documents or information supplied by a consultant, manager, or vendor, the manager of the department that possesses the document or information shall consult the Legal Department for an opinion regarding whether the material to be disclosed is a trade secret. The Legal Department will then contact the consultant, manager, or vendor to determine whether the document or information contains trade secrets. If a document contains trade secrets, the Legal Department will request that the consultant, manager, vendor redact the document prior to disclosure.

# Record Retention Guidelines

## Department Record Retention

### *Board/Executive*

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Board Agendas (with materials presented) Regular Meetings Committee Meetings Portfolio Reviews Special Meetings	Permanent	Public	Cal. const. Art. XVI, § 17 Gov. Code §54957.5 ERISA §209 <sup>1</sup>  1 Hard Copy and Electronic
Board Minutes Regular Meetings Committee Meetings Portfolio Reviews Special Meetings	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209  1 Hard Copy and Electronic
Digital Recordings of Board Meetings	Permanent	Public	Gov. Code § 54953.5(b) allows for destruction of recordings 30 days after the recording is made. Board voted on October 21, 2013 to change retention to permanent.
Applications and Notices	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209  1 Hard Copy and Electronic
Board Policy	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209  1 Hard Copy and Electronic

## OCERS Board Policy

# Record Retention Guidelines

Board Resolutions	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic
Plan Sponsor Agreements Correspondence Resolutions BOS AIT Early Retirement Incentive ARBA Agreement (w/MOUs) RMBR Agreement	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic
Actuary  Correspondence Reports	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic

# Record Retention Guidelines

## *Investments*

<b>Record Category</b>	<b>Retention Period</b>	<b>Confidentiality Level</b>	<b>Authority/Comments</b>
Capital Call Letters Wire Transfers	Active + 5 years	Protected	CCP §337 Gov.Code. §§26202, 26907, 26907.2 (advisory only - apply to county auditor and other officers)
Real Estate Contracts	Active + 10 years	Protected	CCP §§337, 337.1(a), 337.15, Gov. Code §§26202, 26907, 26907.2
Portfolio Reviews	7 years	Public	ERISA §§107, 209
Financial Reports – Investments Only	7 years	Protected	ERISA §§107, 209
Correspondence from Investment Managers, Custodian, Consultants	7 years	Protected	CCP §§ 337, 338 ERISA §§107, 209
Form ADV	7 years	Protected	CCP §§ 337, 338 ERISA §§107, 209
Work papers and pacing studies from Investment Consultants	7 years	Highly Confidential	CCP §§ 337, 338 ERISA §§107, 209
Manager Search Materials from Consultants	7 years	Highly Confidential	CCP §§ 337, 338 ERISA §§107, 209
Investment Manager Contracts (including RFP for successful applicant)	Active + 6 years	Protected	CCP §336a, 337, 338 Check all contracts and RFP responses for Trade Secret information prior to disclosure
Investment RFP (Unsuccessful Applicants)	5 years	Protected	CCP §§ 337, 338 Check all RFP responses for Trade Secret information

## OCERS Board Policy

# Record Retention Guidelines

### *Administrative Services*

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Agreements/Contracts (including OCERS RFP and the successful bidder's RFP Response)	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Unfilled RFPs and RFP Responses of unsuccessful bidders	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Employee Personnel Files Including: <ul style="list-style-type: none"> <li>▶ Merit</li> <li>▶ Probation</li> <li>▶ Annual Review</li> </ul>	Active + 4 years	Highly Confidential	CCP §§313, 335.1, 339, 340, 340.2, 343 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code. §§911.2, 911.4, 29 CFR §§516.5, 1602.14, 1627.3 29 USC §§ 211, 626 42 USC §2000e(EEO)
Payroll & Attendance Reports/Timesheets	Current + 4 years	Highly Confidential	Unemp. Ins. Code §1085 22 CCR §1085-2 29 USC §§211, 626 29 CFR §1627.3 Lab.Code §§1174, 1197.5 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77

## Record Retention Guidelines

Personnel Requisitions & Interview Notes	Current + 3 years	Highly Confidential	CCP §338 42 USC §§2000e-5 to 2000e-17 29 USC §§626 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77
Form I-9  Employment eligibility/Verification for Employees Hired After 1/6/86 [should be kept in a file separate from other personnel records]	Whichever is <b>later:</b> Date of Hire + 3 years Termination +1 year	Highly Confidential	8 USC 1324a, et. seq. ( Immigration Reform & Control Act)
Printing Requisitions	Active + 4 years	Protected	CCP §337
Purchasing Requisitions	Active + 4 years	Protected	CCP §337
Employee Training Records	Active +3 years	Protected. Redact all personal information such as SSN, address, etc. prior to disclosure	42 USC §§2000e-5 to 2000e-17 29 USC §§626 Lab.Code §1197.5
Wage Attachment or Garnishment Records	Active + 6 years	Highly Confidential	Civ.Code §§1798.3, 1798.21, 1798.27, 1798.27, 1798.77
Emergency Evacuation Plans	Current + 2 years	Protected	Gov.Code. §26202
OSHA and CAL/OSHA Records including injury logs and employer Workers' Compensation Records	Injury date + 5 years	Protected	Lab. Code § 6401.7 29 USC § 657 29 CFR §§1904.2, 1904.4, 1904.33, 1904.41, 1904.42 CCR Title 8 Civ.Code §§1798.3, 1798.21, 1798.24 1798.27, 1798.77

## OCERS Board Policy

# Record Retention Guidelines

---

OSHA Records – Hazardous Condition Reports/Exposures	Active + 3 years	Protected	29 USC §657 29 CFR §§1904.2, 1904.4, 1904.33, 1904.41, 1904.42 CCR Title 8 Civ. Code §§1798.3, 1798.21, 1798.27, 1798.77
County Executive Office (not otherwise specified)	Current + 2 years	Protected	Gov. Code §§26202
Employee Medical File Including: <ul style="list-style-type: none"> <li>▶ Family Leave Requests &amp; Records</li>   <li>▶ Employee Workers’ Comp/Industrial Injury Reports &amp; Records</li> </ul>	<p>Date of Request + 3 years</p> <p>Active + 5 years</p>	Highly Confidential	<p>29 CFR § 825.500 (FMLA) 29 USC § 2616 Gov. Code §§ 12945, 12945.2 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77</p>

## Record Retention Guidelines

Employee Relations File	Active + 4 years	Highly Confidential	CCP §§ 313, 335.1, 339, 340, 340.2, 343 Civ. Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code §§911.2, 911.4, 29 CFR §§ 516.5, 1602.14, 1627.3 29 USC §§ 211, 626 42 USC §2000e (EEO)
-------------------------	------------------	---------------------	---

### Finance

Retirement Payroll Records (all)	15 years	Highly Confidential	ERISA § 107 26 USC §6502(a) (IRS Levy limitation period)
Budgets	Active + 4 years	Public	CCP §§337, 338, 343 Permanently archived as Board material when attached to Board agendas and minutes
Contribution Reports 1. OCERS Employee Contribution Reports 2. Contribution Balancing Reports 3. Reserve Interest Report	1 and 3: Permanent Electronic copy in Pension Gold and V3  <b>Hard Copies:</b> 1. Active + 2 years 2. Active + 2 years 3. Active + 2 years	Protected  Hard copies to be destroyed in bins.)	1 and 3 (Permanent electronic copy) Cal. Const. Art. XVI, § 17 ERISA §209  1-3 (Hard Copies): Professional Standards
Journal Vouchers ▶ Batch books ▶ Batch control reports Bank Reconciliations	5 years	Protected	General accounting principles CCP §§337, 338, 343

## Record Retention Guidelines

<p>Investments</p> <ul style="list-style-type: none"> <li>▶ Form S-Fed Reserve; Bank of New York</li> <li>▶ Security on loan</li> <li>▶ Investment Distribution Report</li> <li>▶ Dom. &amp; Int'l Equities; Fixed income managers recon.</li> <li>▶ Investment transfers - capital calls and reconciliation</li> <li>▶ Joint Venture investment activities</li> <li>▶ State Street and Treasurer cash analysis</li> <li>▶ Contribution transfer reports</li> <li>▶ Quarterly performance report</li> <li>▶ Annual performance report</li> <li>▶ 401 (h)/115 Medical Trust Statements</li> <li>▶ Quarterly County</li> <li>▶ Investment Accounting Report</li> </ul>	<p>7 years</p>	<p>Protected</p>	<p>ERISA §107</p>
<p>Accounts Payable</p> <ul style="list-style-type: none"> <li>▶ Accounts payable (hard copy and scanned copy)</li> <li>▶ Batch control reports</li> <li>▶ Detail vendor files</li> <li>▶ 1099 files</li> </ul> <p>Cash Receipts          Retirees Journalized Report</p>	<p>Active + 6 years (AP hard copy – 2 years)</p>	<p>Protected</p>	<p>CCP §337, 338, 343          ERISA §107          General accounting principles</p>

## Record Retention Guidelines

Miscellaneous ▶ Reserve Analysis ▶ U.S. Census Qtr. and Annual survey ▶ Reimbursement payments (Board and Staff)	Active + 4 years	Protected	CCP §§ 338, 343 ERISA §107
Actuarial Reports	Permanent	Public	Cal. Const. Art. XVI, § 17 ERISA §§ 209 1 Hard Copy and Electronic
Financial Statements Audited Reports/CAFR	Permanent	Public	Cal. Const. Art. XVI, § 17 ERISA §§ 209 1 Hard Copy and Electronic
Fixed Asset Inventory	5 years + Professional Judgment	Protected	26 USC §168(e) (IRS depreciation rules)

### *Member Services*

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Member File	Permanent  All Members: Member file is electronically imaged and maintained permanently upon destruction of hard copy.	Staff Only  Subpoenas or other court orders for production of member information should be routed to the Legal department for review	Gov. Code § 31532 ERISA §§ 107, 209 CCP § 338 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77  Hard Copies: Active Members: Until right to payment of benefits to member and any beneficiaries ceases + 5 years  Deferred/Inactive Members: 1. Elected Deferred Status: Same as for

## Record Retention Guidelines

Record Category	Retention Period	Confidentiality Level	Authority/Comments
			Active Members 2. Inactive Status: Members who have not elected deferred status but whose contributions remain on file: Same as for Elected Deferred until contributions refunded, then scan and destroy 3. Termination & Withdrawn Contributions: scan and destroy
Dissolution Matters <ul style="list-style-type: none"> <li>▶ Joinder</li> <li>▶ Conformed DRO</li> <li>▶ Final Judgment</li> </ul>	Permanent in Member File  Hard copy in Legal – 5 years from termination of all benefits	Staff Only	Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532 ERISA §§ 107, 209
Support Orders and Tax Levies	Permanent in Member File  Hard copy in Legal – 5 years from termination of order	Staff Only	CCP §§ 704.110, 706.031 (Support Orders) Gov. Code § 31532 26 USC §§ 6322, 6333 (IRS Levies) ERISA §§ 107, 209
1099's	Permanent – Archived after 2 years (Electronic Form Only)	Staff Only	ERISA §§ 107, 209 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532
Death Certificates	Permanent- Archived in Member File	Public	California Office of Vital records



**OCERS Board Policy**

**Record Retention Guidelines**

Microfiche/misc payroll records	Permanent	Staff Only	ERISA §§ 107, 209 CCP § 338 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532
---------------------------------	-----------	------------	--

# Record Retention Guidelines

## Disability

<p>Disability File          Medical records and Reports          Correspondence          Workers' Compensation Reports          Related materials          Investigator Reports</p>	<p>Active + 6 years*</p>	<p>Highly Confidential</p>	<p>Gov. Code § 911.2, 911.4, 31532          CCP §§ 338, 1094.6ERISA §§107, 209</p> <p>For Disability, cases are considered “Active” until all administrative proceedings have concluded and the Board has made a final decision.</p> <p>*Cannot destroy if member has a <i>pending</i> request for records prior to destruction</p> <p>*In conjunction with Legal Department’s requirement for a 5 year retention period</p> <p>Some documents in the disability file are scanned into Liberty and retained permanently in the member file.</p> <ul style="list-style-type: none"> <li>▶ Employee application</li> <li>▶ Employer statement</li> <li>▶ Physician’s statement</li> <li>▶ Attorney designation form (if applicable)</li> <li>▶ Workers’ Compensation statement</li> <li>▶ Supervisor’s statement</li> <li>▶ Board Ordered Examination reports</li> <li>▶ Earlier effective date request (if applicable)</li> <li>▶ Employer accommodation letter (if applicable)</li> <li>▶ Misc. correspondence</li> </ul>
---	--------------------------	----------------------------	---

## Record Retention Guidelines

Medical Provider Information Contracts CVs Fee Schedules	Active + 4 years	Protected	CCP §337
---	------------------	-----------	----------

### Legal

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Research Memoranda	Various	Staff Only	Research material and memoranda shall follow the retention period applicable to the subject matter (i.e. contract reviews and notes – Active + 4 years under Admin. Services retention guidelines). Attorney notes and memoranda should be reviewed for privilege prior to disclosure.
Disability Hearings, Writs, and Appeals <ul style="list-style-type: none"> <li>▶ Administrative Record Correspondence Briefs</li> <li>▶ Hearing Transcripts Finding and Objections Petitions</li> <li>▶ Motions</li> </ul>	Active + 5 years	Highly Confidential	CCP §§ 337, 338, 1094.6 Gov. Code §§ 911.2, 911.4, 31532 ERISA §§ 107, 209  *In Conjunction with disability Record Retention  For Legal, cases are considered “Active” until all writs and appeals have been fully adjudicated.
Securities Litigation Reports	7 years	Highly Confidential	CCP § 336a

### Communications

Comprehensive Annual Financial Report	Permanent Reports dating back to 1999 available online	Public	Best practices. Also retained permanently by Finance Department pursuant to Cal. const. Art. XVI § 17 and ERISA §§ 107, 209
---------------------------------------	--	--------	---

## Record Retention Guidelines

At Your Service magazine	Indefinitely Archived electronically	Public	Best Practices
OCERS Extra eZine	Indefinitely Archived electronically	Public	Best Practices
Media releases	Indefinitely Archived electronically	Public	Best Practices
OCERS Today	Indefinitely Archived electronically	Public	Best Practices
Video FAQ's	YouTube removes old versions when updates received	Public	You Tube platform rules
OCERS by the Numbers	Indefinitely Archived electronically	Public	Best Practices

# Record Retention Guidelines

## Internal Audit

Record Category	Retention Period	Confidentiality Level	Authority/Comments
<p>Audit Work Papers, including but not limited to:</p> <ul style="list-style-type: none"> <li>▶ Planning Memo</li> <li>▶ Audit Program</li> <li>▶ Statement of Independence</li> <li>▶ Consideration of Fraud</li> <li>▶ Entrance Conference Sign-in Sheet</li> <li>▶ Entrance Conference Notes</li> <li>▶ Interview Notes</li> <li>▶ Process Descriptions</li> <li>▶ Testwork</li> <li>▶ Analyses</li> <li>▶ Memoranda</li> <li>▶ Letters of Confirmation</li> <li>▶ Letters of Representation</li> <li>▶ Abstracts of Company Documents</li> <li>▶ Schedules</li> <li>▶ Commentaries Prepared or Obtained</li> <li>▶ Exit Conference Sign-in Sheet</li> <li>▶ Exit Conference Notes</li> </ul>	<p>7 years</p>	<p>Highly Confidential</p>	<p>PCAOB – Auditing Standard No. 3.</p> <p>Securities and Exchange Commission, RIN 3235-AI74, Retention of Records Relevant to Audits and Reviews.</p>

## Record Retention Guidelines

Record Category	Retention Period	Confidentiality Level	Authority/Comments
<ul style="list-style-type: none"> <li>▶ Management Representation Letter</li> <li>▶ Draft Report</li> <li>▶ Final Report</li> <li>▶ Management Response</li> </ul> Follow-up on Recommendations			

# Record Retention Guidelines

## Information Technology

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Contracts (including Service Level Agreements)	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Software Licenses, End User License Agreements, Software Serial Numbers	Life of Product + 4 years	Protected	CCP §337
Hardware Licenses, End User License Agreements, Hardware Serial Numbers	Life of Product + 4 years	Protected	CCP §337
Activation Keys	Life of Product	Highly Confidential	Gov. Code § 6254.19
Project Status Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Deliverable Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Configuration Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Requests for Proposals and Vendor Submissions	5 years	Protected	CCP §337 Check all RFPs for Trade Secret information prior to disclosure
Quotations	4 years	Protected	CCP § 337
Purchase Orders	5 years	Protected	CCP § 337
Invoices	5 years	Protected	CCP § 337
Data Backups (Tape Backups)	1 year	Highly Confidential	Best practices. Tape backups may contain privileged and / or confidential information and documents. Tape backups should not be relied upon in lieu of regular document preservation.

C-9

## Memorandum

---

**DATE:** April 17, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, Chief Legal Officer  
**SUBJECT: SCHEDULED REVIEW OF BOARD POLICY**

---

### Recommendation

Approve the *Acceptance and Reporting of Gifts Policy* without revision.

### Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 40 Board policies and has established a policy review schedule that requires review of every policy every three years.

At its February 2015 and June 2015 meetings, on recommendation of the Governance Committee, the Board approved a streamlined procedure to more efficiently manage the scheduled review of the Board's policies. Pursuant to this process, certain of the Board's policies do not need to be reviewed and approved by a committee prior to presentation to the Board for review and approval. Instead, staff reviews these policies and proposes any revisions directly to the Board for approval, on the Board's consent agenda. Generally, the policies that are reviewed by the staff without committee involvement include:

- Policies that reflect a legal requirement where the Board has little or no discretion and that are appropriate for review by Legal Department staff to ensure they remain in compliance with applicable legal requirements; and
- Policies that mostly govern staff functions in which the Board is not heavily involved.

The *Acceptance and Reporting of Gifts Policy* is scheduled for review by staff and approval by the Board in 2017. Staff has reviewed the policy and does not recommend any revisions at this time. A copy of the policy is attached.

### Submitted by:



Gina M. Ratto  
Chief Legal Officer

# Acceptance and Reporting of Gifts

---

## Background

1. The Orange County Employees Retirement System is subject to the Political Reform Act of 1974 and the regulations promulgated by the California Fair Political Practices Commission (FPPC). In addition, on June 21, 2010, the Board adopted a Disclosure Policy that requires an annual disclosure by Board members and designated management staff of any and all financial and other interests they or their immediate family may have that may affect the Board's deliberations and votes, OCERS' operations and any other matter that may affect OCERS' interests. As fiduciaries, the Board of Retirement wishes to assure compliance with FPPC standards, state law and Board policies.

## Guidelines

2. Members of the Board of Retirement and designated staff of OCERS will observe the limitations and reporting requirements with respect to gifts, as required by the Political Reform Act of 1974 and regulations of the FPPC.
3. The Board of Retirement will maintain a current list of Designated Filers, approved by the Orange County Board of Supervisors pursuant to its policy adopted December 17, 2002.
4. Members of the Board of Retirement and designated management staff will comply with the Disclosure Policy on an annual basis.
5. The Board of Retirement will maintain the annual disclosures of all Board members and designated staff in accordance with OCERS' Records Retention Policy.
6. The CEO will designate an OCERS Form 700 Filing Officer who is responsible for ensuring that the Form 700's are timely filed with the appropriate agency.
7. OCERS General Counsel or Chief Legal Officer is responsible for ensuring Board members and designated management staff comply with the Board Disclosure Policy annually.

## Policy Review

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

## Policy History

9. The Board of Retirement adopted this policy on May 16, 2005.
10. The policy was revised May 19, 2008, ~~and. The policy was further revised on~~ May 17, 2011. The policy was reviewed on March 17, 2014, ~~and April 17, 2017.~~



# Acceptance and Reporting of Gifts

---

## 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 black ink that reads "Steve Delaney". The signature is written in a cursive style and is contained within a rectangular box.

3/17/144/17/17

Steve Delaney  
Secretary of the Board

Date

# **Acceptance and Reporting of Gifts**

---

## **Background**

1. The Orange County Employees Retirement System is subject to the Political Reform Act of 1974 and the regulations promulgated by the California Fair Political Practices Commission (FPPC). In addition, on June 21, 2010, the Board adopted a Disclosure Policy that requires an annual disclosure by Board members and designated management staff of any and all financial and other interests they or their immediate family may have that may affect the Board's deliberations and votes, OCERS' operations and any other matter that may affect OCERS' interests. As fiduciaries, the Board of Retirement wishes to assure compliance with FPPC standards, state law and Board policies.

## **Guidelines**

2. Members of the Board of Retirement and designated staff of OCERS will observe the limitations and reporting requirements with respect to gifts, as required by the Political Reform Act of 1974 and regulations of the FPPC.
3. The Board of Retirement will maintain a current list of Designated Filers, approved by the Orange County Board of Supervisors pursuant to its policy adopted December 17, 2002.
4. Members of the Board of Retirement and designated management staff will comply with the Disclosure Policy on an annual basis.
5. The Board of Retirement will maintain the annual disclosures of all Board members and designated staff in accordance with OCERS' Records Retention Policy.
6. The CEO will designate an OCERS Form 700 Filing Officer who is responsible for ensuring that the Form 700's are timely filed with the appropriate agency.
7. OCERS General Counsel or Chief Legal Officer is responsible for ensuring Board members and designated management staff comply with the Board Disclosure Policy annually.

## **Policy Review**

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

## **Policy History**

9. The Board of Retirement adopted this policy on May 16, 2005.
10. The policy was revised May 19, 2008, and May 17, 2011. The policy was reviewed on March 17, 2014, and April 17, 2017.



# Acceptance and Reporting of Gifts

---

## 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". The signature is written in a cursive style and is contained within a thin black rectangular border.

4/17/17

---

Steve Delaney  
Secretary of the Board

Date

C-10

## Memorandum

---

**DATE:** April 4, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** David James, CPA, Director of Internal Audit  
**SUBJECT:** **AUDIT COMMITTEE OUTCOMES FROM MARCH 29, 2017 MEETING**

---

### Recommendation

Approve the Audit Committee recommendations for Items A, B, C, D, E, and F as recommended by the Audit Committee on March 29, 2017.

### Background/Discussion

#### **ITEM A: 2016 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE**

Linda Hurley, Partner at Macias Gini & O’Connell (MGO), presented its 2016 Audit Service Plan, which identified the engagement service team for the audit; timeline for deliverables; highlights of MGO’s audit approach, scope and objectives; and overall summary of audit responsibilities.

Recommendation: The Committee voted to receive and file MGO’S 2016 Audit Service Plan.

#### **ITEM B: AUDIT OF CITY OF SAN JUAN CAPISTRANO PAYROLL TRANSMITTALS**

The Director of Internal Audit presented the report *Audit of City of San Juan Capistrano Payroll Transmittals*. Internal Audit recommends improvements to City of San Juan Capistrano’s (SJC) payroll system for uploading salary records for employees on leave status and for employees subject to IRS pensionable salary limitations, and for corrections of repeated errors with contribution basis dates for certain members. Also OCERS should work with SJC to correct one member’s contribution rate and begin collection efforts for underpaid contributions.

Ms. Freidenrich said OCERS should ask SJC’s management for written procedures describing how SJC’s staff will manually update their payroll transmittal files, describing who is responsible for reviewing and updating the file. Mr. James said he will follow up with SJC staff to request these procedures.

Mr. Packard said OCERS’ Internal Audit should have a written findings statement, which lists recommendations for each finding and the planned correction by auditees. The document should be signed by the auditee and the auditor, describing the fix that will be provided and due date. Mr. James said he will follow up with SJC staff regarding this document.

Ms. Freidenrich asked about Finding 4 regarding an incorrect entry age for a member being entered from another agency’s reciprocity form. Mr. James noted that OCERS’ procedures have changed regarding reciprocity forms, preventing this error from occurring today. Today the entry age from the reciprocal agency’s form is not used but rather calculated by OCERS’ staff before it is entered into the pension administration system.

## Memorandum

---

Recommendation: The Committee voted to receive and file the report *Audit of City of San Juan Capistrano Payroll Transmittals*.

### **ITEM C: CONSIDERATION OF REVISIONS TO THE INTERNAL AUDIT CHARTER AND AUDIT COMMITTEE CHARTER**

The Director of Internal Audit presented the Audit Committee Charter and Internal Audit Charter with revisions from Committee feedback provided at the February 2017 Audit Committee meeting. Mr. James noted that the charters' revisions asked for by Committee Members clarified existing practices at OCERS.

Ms. Freidenrich asked for one further revision in the Audit Committee Charter under "Responsibilities and Duties, 5. d. 6." regarding recommendations from audits, noting that the Audit Committee reviews *all* audits and audit recommendations.

Recommendation: The Committee voted to approve changes to the Internal Audit Charter and Audit Committee Charter.

### **ITEM D: DIRECTION FROM THE BOARD OF RETIREMENT – INVESTMENT FEES**

The Director of Internal Audit discussed direction from the February 2017 Regular Board meeting that the issue of investment fees be transferred to the Audit Committee for further study and recommendation. Additionally, the Director of Investment Operations and the Investments Analyst answered questions from the Committee regarding the Investments Division's annual investment fee report.

Recommendation: The Committee directed Investments staff to present at the April 17, 2017 Regular Board meeting an educational presentation about the construction of OCERS' annual investment fee report and how it may help OCERS comply with California Government Code Section 7514.7 (A.B. No. 2833).

**Note:** While the Audit Committee requested the annual fee report be forwarded to the full Board for review at the April 17 Board meeting, Audit Committee Chair Packard will pull this item from consent to request that instead the issue of "budgeting for investment fees" be directed to the Governance Committee for review, as the budgeting policy lies within their scope of authority.

### **ITEM E: STATUS OF INTERNAL AUDITS AND AUDIT PROJECTS**

The Director of Internal Audit presented the status of current audit projects. In progress audit projects include the Actuarial Audit RFP, the Finance and Investments Transfer Review, the Reciprocity Claims Audit, and the V3 Data Conversion Audit.

Mr. Packard said an Audit Committee meeting should be scheduled for the Committee to review finalists for the actuarial audit RFP selection.



## Memorandum

---

Ms. Freidenrich asked about time spent on administration by Internal Audit. Mr. James said he would do a survey of internal auditors at pension systems to learn what percentage of their time is spent on administration and report the results to the Committee.

Recommendation: The Committee voted to receive and file the Update on Status of Internal Audits and Projects.

### CLOSED SESSION ITEM

#### **ITEM F: THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT CODE SECTION 54957)**

Consultation with Jon Gossard, OCERS Security Operations Manager, and Gina M. Ratto, OCERS Chief Legal Officer.

Recommendation: No reportable action taken.

#### **Submitted by:**

The OCERS logo is repeated here, with the text "D.J. - Approved" to its right.

D.J. - Approved

---

David James, CPA  
Director of Internal Audit

C-11



# Memorandum

---

**DATE:** April 17, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** BOARD COMMUNICATION

---

## Recommendation

Receive and file.

## 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 various news and informational articles that have been shared with the full Board are being provided to you here by web link address. By providing the links in this publicly available report, we comply with both the Brown Act public meeting requirements, as well as avoid any copyright issues.

The following news and informational links were received by OCERS staff for distribution to the entire Board:

### From Mr. Lindholm

- **What is the Average Pension for a Retired Government Worker in California?**  
<http://californiapolicycenter.org/what-is-the-average-pension-for-a-retired-government-worker-in-california/>

### From Russell Baldwin

- **Seven Things That Need to Happen to Keep Global Temperature Rise Below 2C**  
<http://www.truth-out.org/news/item/39938-seven-things-that-need-to-happen-to-keep-global-temperature-rise-below-2c>

+++++

**From Steve Delaney**

- **Oregon seeks to embark on a big overhaul**

[http://www.pionline.com/article/20170403/PRINT/304039978/oregon-seeks-to-embark-on-a-big-overhaul?newsletter=issue-alert&issue=20170403#utm\\_medium=email&utm\\_source=newsletters&utm\\_campaign=pi-issue-alert-20170403ccir=74971](http://www.pionline.com/article/20170403/PRINT/304039978/oregon-seeks-to-embark-on-a-big-overhaul?newsletter=issue-alert&issue=20170403#utm_medium=email&utm_source=newsletters&utm_campaign=pi-issue-alert-20170403ccir=74971)

**Other Items: (See Attached)**

1. Monthly summary of OCERS staff activity, starting with an overview of key customer service as well as highlights and updates for the month of January.

**Submitted by:**



Steve Delaney  
Chief Executive Officer

## Memorandum

---

**DATE:** March 31, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT: OCERS ACTIVITIES AND UPDATES – FEBRUARY 2017**

The following is my regular monthly summary of OCERS staff activity, starting with an overview of key customer service statistics as well as activity highlights followed by updates for the month of FEBRUARY 2017.

### **CUSTOMER SERVICE**

The top three questions in the month of February as received by OCERS' counseling staff:

How do I register for the online member portal? (Bumping out the #1 topic in January which had been questions on the Secova medical insurance challenge)

The new pension software created a Member Self Service (MSS) portal, myOCERS, which requires users to register into the portal for the first time. OCERS created landing page instructions, user guides and link updates accessible on the OCERS website home page. Callers are guided through the instructions from Member Services staff and walk them through the process. As of today we have 15,541 accounts registered in MSS.

When were the 1099-R tax forms mailed? (a repeat from Jan)

The 2016 1099-R tax forms that reports pension income and taxability were mailed to all payees on January 31, 2017. In addition, the forms were posted online in the member self-service portal on January 25, 2017. Payees were able to view and print copies of the form which can also be used to file their personal tax returns. .

What is the process to purchase service credit?

Staff explains that the process gets started with the member filling out the Request to Purchase Service credit form. Members can

### MEMBER SERVICE STATS FOR FEBRUARY 2017

**Member Approval 94 %**

**Unplanned Recalcs 1**

#### **Retirement Apps Received**

<i>Feb 2017</i>	<b>107</b>
<i>Jan 2017</i>	<b>151</b>
<i>Dec 2016</i>	<b>62</b>
<i>Nov 2016</i>	<b>64</b>
<i>Oct 2016</i>	<b>53</b>
<i>Sept 2016</i>	<b>45</b>
<i>Aug 2016</i>	<b>61</b>
<i>July 2016</i>	<b>62</b>
<i>June 2016</i>	<b>65</b>
<i>May 2016</i>	<b>51</b>
<i>April 2016</i>	<b>61</b>
<i>Mar 2016</i>	<b>61</b>
<i>Feb 2016</i>	<b>95</b>
<i>Jan 2016</i>	<b>98</b>

submit the request online through the member portal or download the form from our website, complete and mail. It's common that members call and speak with a retirement benefit technician to confirm they have eligible service they can purchase. Once they send us the completed form, OCERS confirms eligibility to purchase service and sends request for documentation to respective agency. When OCERS receives requested information, staff calculates the cost to purchase service. Correspondence and a cost contract are both mailed to the member providing the time frame, cost and method they can choose to pay for their service. Once the contract is paid in full, service credit is added to the member's account with the exception of public service, with service credited to member's account with each payment.

## **ACTIVITIES**

### **Annual informational meeting with Retired Firefighters**

Each February I am invited to an annual breakfast meeting of the Retired Orange County Firefighters Association, to review OCERS events over the past year, and to focus especially on the upcoming COLA distribution. I was unable to make the February 14 meeting this year as events arose at the Hall of Administration requiring my presence, so Ms. Suzanne Jenike went on my behalf. The meeting coordinator called later to rave about Ms. Jenike's broad knowledge – I think I may have been replaced.

### **RETIREMENTS RUNNING AHEAD OF NORM**

Heavy workloads continue in Member Services. Ms. Catherine Fairley estimates they presently have about 200 retirement applications requiring active servicing and calculations, one of the heaviest work loads she has experienced in her long years at OCERS. We recently received an invitations from one of our labor unions to set up an informational booth at an upcoming car show they were hosting – a rarity for us, as communications is so key, we had to decline, as we literally had no one to spare with all hands working full hours and overtime to stay on top of the retirement workload.

## **UPDATES**

### **SECOVA Health Insurance Conversion**

A positive to this report – the County of Orange really did step up and add a number of assets on their side to tackle this issue, and our phone call load decreased significantly. At one point I had to forbid OCERS IT staff from doing any further work in assisting on the transition, as we had our own annual actuarial valuation activities needing to take precedent. County CEO Frank Kim and I spoke recently. Mr. Kim asked how the process has been working since he redirected county resources, and I sincerely thanked him for his support and effort, as we could see the dramatic difference.

## **CIO Search**

Staff spent long hours reviewing the 140+ applications received. With a priority on those candidates that had prior public service investment experience, together with those public or private that could already demonstrate via their work history that they were taking on the generalist duties of a CIO, we arranged for approximately 20 Skype interviews to take place in March. The Skype interviews will be only 20 minutes in length, with no questions. The candidates will simply talk to the interview team about their observations of the OCERS portfolio based on materials we will provide ahead of time. The thinking being that we will know within 20 minutes whether we want to hear more from this individual in a face-to-face interview.

## **February Staffing Summary**

OCERS Administrative staff was in full recruitment mode this month. With the addition of four new positions, the recruitment team jumped in full throttle to get the positions filled.

OCERS had five vacancies for the Accounting Technician position at the start of the year. The agency filled two of those positions with internal promotions and three positions with candidates new to government service. To date, all five positions are filled with two Accounting Technicians scheduled to start this month and the last one scheduled to start in March. Additionally, we are happy to report that the Finance department is now fully staffed due to the recent hires.

The Deputy Chief Counsel interviews took place this month. OCERS is currently pursuing a qualified candidate and plans to make an official offer in the month of March. The approved Extra Help Deputy Chief Counsel recruitment was completed and the selected candidate will join the agency in a part-time role in March.

In addition, we finalized job offers for an Office Technician in Member Services (to backfill a recent promotion) and a Senior Applications Developer in the Information Technology department. We completed the month with the promotion of an employee who joined OCERS in a temporary role to assist with the V-3 project, was hired permanently last April and was promoted to Member Services Supervisor. All the aforementioned positions are scheduled to start in the month of March.

As of February 28, 2017, the agency had a total of four (4) employees leave OCERS employment (three voluntary resignations and one probationary release) The current annual turnover rate is rounded to 6%. This is calculated by dividing the number of employees that left the agency by the number of employees on payroll. OCERS has 79 budgeted positions and 68 employees on payroll, which includes 27 OCERS Direct and 52 County positions.

Please find the details of our most recent recruitment activity below:

Position Type	Position Title	Department	Comments
OCERS	Chief Investment Officer	Investments	Skype Interviews scheduled March 15 & 16, 2017
OCERS	Deputy Chief Counsel	Legal	Completed interviews
OCERS	Sr. Member Services Manager	Member Services	New position 01/01/2017 (pending open date)
County	Five (5) Accounting Technicians	(3) Member Services (2) Finance	Filled three positions, last two positions scheduled to start in March
County	Sr. IT Applications Developer	Information Technology	Scheduled to start March 17, 2017
County	Office Technician	Member Services	Scheduled to start March 17, 2017
County	Retirement Benefits Supervisor- Internal Only	Member Services	Internal promotion scheduled to start March 03, 2017
County	Retirement Benefits Technician	Member Services	SME process
County	Retirement Program Specialist	Member Services	SME process
County	(2) Sr. Retirement Program Specialist	Member Services	New positions 01/01/2017 (pending open date)
County	IT Business Analyst	Information Technology	New position 01/01/2017 (pending open date)

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

## Danciu, Cammy

---

**From:** Shawn Dewane <Shawn.Dewane@RaymondJames.com>  
**Sent:** Friday, February 17, 2017 10:44 AM  
**To:** Leiderman, Harvey L.; Delaney, Steve  
**Subject:** Dewane Broker Check  
**Attachments:** Dewane Broker Check.pdf

Hi Steve and Harvey:

This document may also be helpful. Attached is the FINRA, public disclosure of my license and association with Raymond James. Outside business affiliations are disclosed herein, OCERS does not yet show up as FINRA is slow to update. The screen shot below is the relevant part of the email chain of questions and answers where approval is granted to me by the Firm for the requested "Outside Business Affiliation".

Hello Shawn,

Thank you for your responses.

After review, there appear to be no conflicts from fixed income or in the pay-to-play arena. Please complete a disclosure "Member..." Please let me know if you have any questions.

Thank you,

Gerri Kavouklis Price  
Regional Supervision Officer - West Region

RJFS ICD Branch Supervision  
T 727.567.3949 // F 727.567.8009  
880 Carillon Parkway, St. Petersburg, FL 33716

**RAYMOND JAMES**

Please let me know if you have any questions or concerns.

Shawn Dewane



Shawn Dewane | Registered Principal  
Investment Management Consultant  
2429 West Coast Highway Suite 207 Newport Beach, CA 92663  
888-880-7537 | 949-631-7200 | 949-631-7272 Fax

Securities offered through Raymond James Financial Services, Inc.  
Member FINRA/SIPC  
CA Insurance License: 0B69897

[shawn.dewane@raymondjames.com](mailto:shawn.dewane@raymondjames.com)

[www.dewaneis.com](http://www.dewaneis.com)

**Raymond James Financial Services does not accept orders and/or instructions regarding your account by e-mail, voice mail, fax or any alternate method.** Transactional details do not supersede normal trade confirmations or statements. E-mail sent through the Internet is not secure or confidential. Raymond James Financial Services reserves the right to monitor all e-mail. Any information provided in this e-mail has been prepared from sources believed to be reliable, but is not guaranteed by Raymond James Financial Services and is not a complete summary or statement of all available data necessary for making an investment decision. Any information provided is for informational purposes only and does not constitute a recommendation. Raymond James Financial Services and its employees may own options, rights or warrants to purchase any of the securities mentioned in e-mail. This e-mail is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this message in error, please contact the sender immediately and delete the material from your computer.

**The Firm of Choice:** The value Raymond James places on independent thinking, objective advice and individual solutions permeates the firm's culture, promoting an environment where personal choice is held as a fundamental building block of business success. This environment of choice results in the firm being a place professionals choose to advance their careers, which attracts investor-clients who value professionalism and the freedom their advisors have to act in their best interests. In turn, shareholders regard Raymond James as the firm of choice for their investment dollars.

Raymond James Financial, Inc. (NYSE-RJF) is a leading financial services holding company whose subsidiaries engage primarily in securities brokerage, investment banking, asset management and banking services. Its three principal wholly owned broker/dealer subsidiaries are Raymond James and Associates, Inc. (RJ&A), Raymond James Financial Services (RJFS) and Raymond James Ltd., are located in 2,800 locations throughout the United States, Canada and overseas; our advisors provide financial services to more than 2.9 million individual and institutional client accounts. Complementing this distribution network, Raymond James and Associates is a leading national investment banking firm, specializing in specific industry groups. For informational purposes only, and is not a solicitation to buy or sell Raymond James Financial Stock.

Raymond James employs more than 4,000 support associates at its corporate locations, including 3,212 associates at its international headquarters in St. Petersburg, Florida, 274 associates in Southfield, Michigan and approximately 460 associates at the Raymond James Ltd. corporate offices in Greater Vancouver, British Columbia, and Greater Toronto, Ontario.

The firm's asset management subsidiaries manage approximately \$28 Billion of financial assets for individuals, pension plans and municipalities. Total assets under management, including all Private Client Group accounts, were approximately \$604 billion. Established in 1962 and a public company since 1983, Raymond James Financial shares are currently owned by more than 14,000 individual investors and institutions. The shareholders equity, or company net worth is more than \$4.6 billion.

Raymond James has been recognized nationally for its community support and corporate philanthropy. The company has been ranked as one of the best in the country in customer service, as a great place to work and as a national leader in support of the arts.

Information provided as of: 9/30/2016

**If you would like to execute a trade or if you have time-sensitive information for me, please call my office at 888-880-7537 or 949-631-7200. Please do not request the purchase or sale of securities on voicemail.**

**From:** Harvey L. Leiderman  
Direct Phone: +1 415 659 5914  
Email: hleiderman@reedsmith.com

Reed Smith LLP  
101 Second Street  
Suite 1800  
San Francisco, CA 94105-3659  
+1 415 543 8700  
Fax +1 415 391 8269  
reedsmith.com

**By Electronic Mail**

**To:** Members, Board of Retirement  
Steven Delaney, Chief Executive Officer  
Orange County Employees' Retirement System

**Date:** March 17, 2017

**Subject:** Prospective Board Appointee Shawn Dewane

On February 14<sup>th</sup>, the Orange County Board of Supervisors appointed Shawn Dewane to complete the current term of the ninth member of the OCERS Board, presently held by Thomas Flanigan. The term commenced on January 1, 2017 and will end on December 31, 2019. We anticipate that Mr. Dewane will be sworn in at the regular Board meeting to be held on March 20, 2017.

In his professional and public life, Mr. Dewane serves in capacities that on their face could trigger the application of certain "conflict of interest" rules applicable to OCERS Board members. I have had the opportunity to discuss these capacities with him, and understand the fact to be as follows:

Dewane Investment Strategies. Shawn Dewane and his wife, Tracey, are the registered principals and owners of a retail investment firm known as Dewane Investment Strategies. Their firm is an independent contractor for Raymond James Financial Services, Inc., from whom they obtain administrative and investment services on a fee basis, paid either by the firm or its clientele. Their firm is paid a fee (or commission) based on their clients' fees paid to Raymond James. They do not, however, derive income or other monetary consideration from Raymond James' other businesses or operations. They have no ownership interest in Raymond James, and do not participate in or profit from any other aspect of Raymond James' business.

I understand that Raymond James provides services and investment products to California public employee retirement systems, including OCERS. Neither Shawn nor Tracey Dewane directly or indirectly participate in this activity, have any personal financial interest in this activity or influence Raymond James' conduct of this activity.

Separately, I understand that no California public retirement system, or any investment management firm that provides services or products to any California public retirement system, is a client of Dewane Investment Strategies.

Members, Board of Retirement  
Steven Delaney, Chief Executive Officer  
Orange County Employees' Retirement System  
March 17, 2017  
Page 2

For these reasons, it does not appear that Shawn Dewane is likely to run afoul of either California Government Code section 7513.95 or section 31528(b), each of which provide:

A member or employee of the board shall not, directly or indirectly, by himself or herself, or as an agent, partner, or employee of a person or entity other than the board, sell or provide any investment product that would be considered an asset of the fund to any public retirement system...

We would, however, recommend that Mr. Dewane recuse himself and not participate in any deliberations involving Raymond James' relationship with OCERS, to avoid even the appearance of impropriety. This would include any communications with other Board members and staff regarding Raymond James or their allocation as an investment manager for OCERS. Recusal would be consistent with the letter and spirit of OCERS' Board of Retirement Charter, Board Disclosure Policy, Annual Disclosure Policy and Conflict of Interest Code.

Orange County Water District. Shawn Dewane currently is a board member of the Orange County Water District ("Water District") (he also sits on the board of the Mesa Water District.) The Water District was created by the Legislature in 1933 as a district separate and apart from the County of Orange.

The Water District participates in and provides financial support to the Orange County Local Area Formation Commission ("LAFCO"), another independent public agency whose declared mission is to "facilitate constructive changes in governmental structure and boundaries" in Orange County.

LAFCO is a participating employer in OCERS. It has six active employees enrolled in OCERS. For purposes of setting employer and employee contribution rates, LAFCO employees are included in Rate Groups 2 and 3, which also include over 15,000 County and other districts' employees.

California Government Code section 1099 codifies the common law of "incompatible offices." The section bars a public officer from simultaneously holding two public offices that are "incompatible." Public offices are "incompatible" if, among other things, either office exercises supervisory authority over the other, or if "there is a possibility of a significant clash of duties and loyalties between the offices." If two offices are found to be incompatible, the office held by the individual first in time is forfeited.

We can imagine a future situation whereby Mr. Dewane might be put in a difficult position as an OCERS' Board member if required to make decisions (such as contribution rate decisions, or allocation of UAAL obligations to LAFCO under GASB 67 and 68), that could affect LAFCO's finances, and thus the financial obligations of the Water District. Such positions are not uncommon for retirement board members – whether as County Treasurers, Supervisors, active electeds, retired electeds – the law recognizes that nearly all of the individuals serving as retirement board members will, from time to time,

Members, Board of Retirement  
Steven Delaney, Chief Executive Officer  
Orange County Employees' Retirement System  
March 17, 2017  
Page 3

have multiple (and sometimes conflicting) interests in acting on behalf of the retirement systems to which they have pledged exclusive loyalty. So long as each such board member exercises his or her independent judgment in the best interest of the members and beneficiaries of the system, the various outside offices and interests they hold are not considered to be "incompatible" with their board service.

Mr. Dewane has indicated that he would obtain clearance from issues under Govt. Code 1099 from LAFCO's legal counsel, Rutan & Tucker. He noted that there may be specific provisions in the Water Code that waive any concern over incompatible offices and agreed to discuss those with the Water District counsel. Assuming that he has obtained such clearance, it does not appear to be an issue of concern to the OCERS' Board. If, indeed, Shawn Dewane's service on both the OCERS and Water District boards were successfully challenged as "incompatible," the consequence under the law would be forfeiture of his Water District seat, allowing him to continue serving on the OCERS Board.

Conclusion. No facts have come to our attention that would indicate to us that Shawn Dewane should be considered ineligible to be seated as an OCERS Board member. Of course, the obligation to vet his qualifications and resolve any issues falls on the appointing body, the County Board of Supervisors, not on the OCERS Board. The Legislature has not conferred on this Board any authority to affect the appointment process, save as may be necessary to discharge the Board's constitutional and statutory fiduciary responsibility to prudently administer the retirement system.

The Board does have considerable authority to establish its own policies for governing the system, and has adopted several codes and disclosure requirements applicable to the public and private affairs of its members and executive staff (see some topical references above.) We urge all Board members to re-familiarize themselves with these requirements. In April, we'll have our annual "conflict-of-interest" training session with the Board and can address additional questions and hypotheticals at that time.

**Serving the Active and Retired Members of:**

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)

Frank Kim  
County Executive Officer  
County of Orange  
Hall of Administration  
333 W. Santa Ana Blvd.  
Santa Ana, CA 92701

February 17, 2017

Dear Frank:

On February 14th, the Orange County Board of Supervisors appointed Shawn Dewane to complete the current term of the ninth member of the OCERS Board, currently occupied by Thomas Flanigan. The term commenced on January 1, 2017 and will end on December 31, 2019. We presently anticipate that Mr. Dewane will be sworn in at the Board's next regular monthly meeting on March 20, 2017.

In the ordinary course, it is the responsibility of the County Board of Supervisors, with the advice of County Counsel, to evaluate the qualifications of its appointees and satisfy itself that candidates under consideration do not present potential or actual conflicts-of-interest or other disqualifying characteristics. This is an essential pre-requisite to a prospective appointee's ability to take the oath of office required of all public officials. Each board, commission or district to which the Board of Supervisors makes appointments looks to the appointing body to evaluate and approve a candidate's qualifications before making the appointment.

Sometimes, of course, information may come to the attention of a body which, if known by the Board of Supervisors, might impact its consideration of an individual for an appointment. In this vein, we wish to bring to the County's attention certain issues regarding Mr. Dewane's private and public activities that have come to light which might impact the Board of Supervisor's consideration of his qualifications to serve on the OCERS' Board of Retirement.

Dewane Investment Strategies. Mr. Dewane and his wife, Tracey, are the registered principals and owners of a retail investment firm in Newport Beach known as Dewane Investment Strategies. Their firm is an independent contractor for Raymond James Financial Services, Inc., from whom they obtain administrative and investment services on a fee basis, paid either by the firm or its clientele. They derive income from marketing the investment products of Raymond James and other investment firms to their clients, which may include private retirement funds. We understand, however, that they have no ownership interest in Raymond James, and do not participate in any other aspect of Raymond James' business. At the same time, Raymond James provides

services and investment products to many California public employee retirement systems, including OCERS. The fact that

Dewane Investment Services markets the investment products of an investment manager engaged by OCERS (and other California retirement systems) raises questions under both California Government Code section 7513.95 and section 31528(b), each of which provides:

A member or employee of the board shall not, directly or indirectly, by himself or herself, or as an agent, partner, or employee of a person or entity other than the board, sell or provide any investment product that would be considered an asset of the fund to any public retirement system...

The Board of Supervisors may not have been aware of the business connection between Raymond James and OCERS at the time it appointed Mr. Dewane to the OCERS' Board. While Mr. Dewane will have to recuse himself from any proceedings in which Raymond James' relationship with OCERS might be affected, the County may wish to reexamine whether his affiliation with the company could impact his appointment, in light of the statutes cited above.

Orange County Water District. Mr. Dewane currently sits as a board member of the Orange County Water District ("Water District") (he also sits on the board of the Mesa Water District.) The Water District participates in and provides financial support to the Orange County Local Area Formation Commission ("LAFCO.")

LAFCO is a participating employer in OCERS. Its six active employees are enrolled in OCERS. LAFCO and its employees contribute annually to the retirement system, and the cost of their retirement benefits are paid for by the Water District and other constituent agencies. The information we have suggests, however, that these costs represent only a small portion of the District's overall budget.

California Government Code section 1099 codifies the common law of "incompatible offices." The section bars a public officer from simultaneously holding two public offices that are "incompatible." Public offices are "incompatible" if, among other things, either office exercises supervisory authority over the other, or if "there is a possibility of a significant clash of duties and loyalties between the offices." If two offices are found to be incompatible, the office held by the individual first in time is forfeited.

There is a not-remote possibility that at some time during his term on the OCERS' Board Mr. Dewane might be put in a difficult position as an OCERS' Board member if required to make decisions (such as setting employer contribution rates, or allocating unfunded liability obligations to LAFCO under GASB 67 and 68), that could directly affect LAFCO's finances, and in turn the financial obligations of the Water District that Mr. Dewane serves. Recalling last year when the Board of Supervisors passed on appointing the Mayor of an Orange County Fire Authority contract

city to the OCERS Board based on “incompatible offices” advice from County Counsel, we thought it prudent to bring this issue to the County’s attention with regard to Mr. Dewane.

The Board of Supervisors has the ultimate authority to appoint individuals to County boards, commissions and districts. The information contained in this letter came to our attention after the County’s appointment of Mr. Dewane. We bring it to your attention now in the event that it might have been material to the Board of Supervisors’ consideration if known at the time. Absent contrary direction from the County, however, we will proceed to have the County Clerk or equivalent officer administer the oath of office to Mr. Dewane at our March 20<sup>th</sup> meeting and have him take his seat on the OCERS Board at that time.

If we can be of assistance to the County in helping to evaluate these issues, please do not hesitate to call on us.

Sincerely yours,



Steve Delaney  
Chief Executive Officer  
Orange County Employees Retirement System

Cc: Leon Page  
Shawn Dewane

February 16, 2017

**Via Email and U.S. Mail**

Shawn Dewane  
Dewane Investment Strategies  
2429 West Coast Highway  
Suite 207  
Newport Beach, CA 92663

Re: Incompatibility of Offices Question Relating to OCWD  
and OCERS

Dear Shawn:

It was a pleasure speaking with you this morning, and this letter addresses a question you asked me to review during our conversation, relating to your potential appointment as a member of the governing board of the Orange County Employee Retirement System (OCERS). You indicated to me that a question has been raised whether your service as an incumbent member of the Board of Directors of Orange County Water District (OCWD) would create an "incompatibility of offices" should you be appointed to OCERS. As I explained to you when we spoke, while the Orange County Water District Act contains a statutory exemption from the incompatibility doctrine, review of that statute is not necessary because I do not believe that any incompatibility exists in the first instance in relation to concurrent service on the Board of Directors of OCWD and on OCERS.

It is my understanding that the concerns relating to your concurrent service on OCWD and OCERS relates to a third entity, the Orange County Local Agency Formation Commission (LAFCO). You indicated that LAFCO is a member agency employer participant of OCERS. I am aware that OCWD is one of the public agencies in Orange County that provides significant financial support to LAFCO, in accordance with Government Code section 56381 (which requires OCWD and other "independent special districts" to provide funding based on a proportion of each agency's "total revenues," as defined in that statute), and a general agreement that I believe was entered into many years ago between LAFCO, the County of Orange, and cities and special districts in Orange County. As I understand it, a concern has been raised that, because OCWD provides funding to LAFCO as required by the above statute, and LAFCO is a member participant of OCERS, an incompatibility may exist between service on the OCWD Board and on OCERS.

Government Code section 1099 codifies the common law principle against holding "incompatible" offices. That statute provides in pertinent part that "A public officer, including, but not limited to, an appointed or elected member of a government board, commission,

Shawn Dewane  
February 16, 2017  
Page 2

committee, or other body, shall not simultaneously hold two public offices that are incompatible.” Under Government Code section 1099, court decisions and California Attorney General Opinion rulings on common law incompatibility, a person may not concurrently hold two public offices if there is any significant clash of duties or loyalties between them, or if the performance of the duties of either office could have an adverse effect on the other. *See*, 68 Ops.Cal.Atty.Gen. 337, 338-339 (1985). As the California Attorney General has explained:

“Offices are incompatible, in the absence of statutes suggesting a contrary result, if there is any significant clash of duties or loyalties between the offices, if the dual office holding would be improper for reasons of public policy, or if either officer exercises a supervisory, auditory, or removal power over the other.”

38 Ops.Cal.Atty.Gen. 113 (1961); *see also*, *People Ex Rel. Chapman v. Rapsey*, 16 Cal.2d 636, 641-642 (1940).

As the California Attorney General has noted in numerous published opinions, the Legislature has the authority to abrogate the common law prohibition against incompatible offices. *See, e.g.*, 66 Ops.Atty.Gen. 293 (1983); 74 Ops.Atty.Gen. 86 (1991). Section 11 of the Orange County Water District Act provides a general exception to the incompatibility doctrine for persons concurrently serving as members of the OCWD Board of Directors and as officers of other governmental entities. However, this provision need not be employed to address the question you raised, because there is no incompatibility between the offices of OCWD Director and a member of the governing board of OCERS in the first instance.

OCWD is a groundwater management agency that does not use OCERS for any retirement or other benefit purposes. OCWD regulates groundwater production by, and imposes groundwater charges on, governmental agencies and private parties within its boundaries; but OCERS does not pump groundwater within OCWD. OCERS provides defined benefit retirement and related pension benefits to employees of the County of Orange and to those other public agencies (presumably within Orange County) that contract with OCERS for the provision of those benefits to those agencies’ employees. OCWD is not currently (and to my knowledge has never been) a member agency or employer participant of OCERS; OCWD contracts with private financial institutions to provide defined contribution pension benefits for OCWD employees. To the extent that OCERS provides any services or benefits other than retirement and related pension benefits, it is my understanding that OCERS has never provided any such services or benefits to OCWD. In short, I am unaware of any decision that the OCWD Board of Directors has ever made involving or affecting OCERS, and I have never been made aware of any OCERS decision that affects OCWD.

Shawn Dewane  
February 16, 2017  
Page 3

The facts that (a) OCERS manages and invests retirement funds for the benefit of LAFCO employees, and (b) OCWD annually complies with a statutory duty to provide a portion of LAFCO's operational funding, does not give rise to any conflict or incompatibility. This is because the OCWD funding duty and the OCERS retirement fund management and investment activities are entirely distinct and unrelated—no OCWD action regarding its obligations to fund LAFCO can impact OCERS' activities to manage and invest the retirement funds of employees of LAFCO, the County of Orange and other participating agencies; and no OCERS retirement fund or investment decision can impact OCWD's actions as a result of its statutory obligation to provide funding to LAFCO based on a formula in Government Code section 56381. Consequently, there is no basis for determining that an incompatibility of offices exist between the offices of governing board member of OCWD and OCERS.

It is *possible* that an incompatibility of offices would exist between the offices of an OCWD Director and a *LAFCO* Commissioner, if no legislation authorized the concurrent holding of these offices. This results from the fact that LAFCO has the conditional authority under Government Code section 56036.6 to regulate and make decisions with respect to changes of organization (e.g., annexations and detachments of territory) relating to OCWD. In addition, LAFCO is required to establish and periodically review "spheres of influence" for all public agencies within the County, including OCWD and its producer public agencies, and to conduct "municipal service reviews" of those agencies (Government Code sections 56425, 56430). While Government Code section 56337 creates an exemption from the incompatibility doctrine to allow officials of public agencies regulated by LAFCO to concurrently serve on it (such that an OCWD Director could legally serve as a LAFCO Commissioner), it bears emphasis that any theoretical incompatibility between offices of OCWD and LAFCO is irrelevant here – you are not seeking a position with LAFCO, but instead with OCERS, which has no governmental relationship with OCWD.

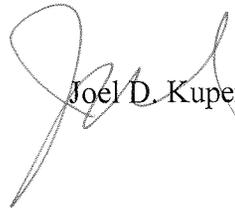
As noted above, *if* there were any significant clash of duties or loyalties between the offices of OCWD Director and a member of the governing board of OCERS, or *if* either OCWD or OCERS exercised a supervisory, auditory or removal power over the other agency, a reasonable argument could be made that holding the two offices would create an incompatibility of offices (in the absence of a statute, such as Section 11 of the OCWD Act, that would authorize the concurrent office holding). However, as explained above, we are aware of no facts indicating the possibility of any significant clash of duties or loyalties between officials of OCWD and OCERS, or any supervisory, auditory or removal power that either OCWD or OCERS holds over the other. For this reason, your concurrent holding of office as a Director of OCWD and as a member of the governing board of OCERS does not create any incompatibility of offices.

Shawn Dewane  
February 16, 2017  
Page 4

As always, should you have any questions regarding this letter, please feel free to contact me.

Very truly yours,

RUTAN & TUCKER, LLP

  
Joel D. Kuperberg

JDK:nd



**BrokerCheck Report**  
**SHAWN PATRICK DEWANE**  
CRD# 2647677

<b><u>Section Title</u></b>	<b><u>Page(s)</u></b>
Report Summary	1
Broker Qualifications	2 - 4
Registration and Employment History	5 - 6



## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <http://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at [brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).

## SHAWN P. DEWANE

CRD# 2647677

### Currently employed by and registered with the following Firm(s):

#### RAYMOND JAMES FINANCIAL SERVICES, INC.

2429 W. COAST HIGHWAY  
SUITE 207  
NEWPORT BEACH, CA 92663  
CRD# 6694

Registered with this firm since: 07/26/2004

## Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

### Broker Qualifications

#### This broker is registered with:

- 1 Self-Regulatory Organization
- 9 U.S. states and territories

#### This broker has passed:

- 2 Principal/Supervisory Exams
- 1 General Industry/Product Exam
- 2 State Securities Law Exams

### Registration History

#### This broker was previously registered with the following securities firm(s):

##### WACHOVIA SECURITIES, LLC

CRD# 19616  
ST. LOUIS, MO  
07/2003 - 07/2004

##### PRUDENTIAL SECURITIES INCORPORATED

CRD# 7471  
NEW YORK, NY  
07/1997 - 07/2003

##### PAINWEBBER INCORPORATED

CRD# 8174  
WEEHAWKEN, NJ  
10/1995 - 07/1997



### Disclosure Events

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? **No**

### Investment Adviser Representative Information

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at <https://www.adviserinfo.sec.gov>

## Broker Qualifications



### Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

**This individual is currently registered with 1 SRO and is licensed in 9 U.S. states and territories through his or her employer.**

### Employment 1 of 1

Firm Name: **RAYMOND JAMES FINANCIAL SERVICES, INC.**

Main Office Address: **880 CARILLON PARKWAY  
ST. PETERSBURG, FL 33716**

Firm CRD#: **6694**

SRO	Category	Status	Date
FINRA	General Securities Representative	APPROVED	07/26/2004
FINRA	General Securities Sales Supervisor	APPROVED	11/01/2004

U.S. State/ Territory	Category	Status	Date
Arizona	Agent	APPROVED	07/26/2004
California	Agent	APPROVED	07/26/2004
Colorado	Agent	APPROVED	11/23/2004
Florida	Agent	APPROVED	01/21/2009
Minnesota	Agent	APPROVED	11/29/2005
New Mexico	Agent	APPROVED	04/21/2014
Oregon	Agent	APPROVED	09/27/2012
Tennessee	Agent	APPROVED	06/01/2016
Texas	Agent	APPROVED	01/03/2013

### Branch Office Locations

**RAYMOND JAMES FINANCIAL SERVICES, INC.**  
2429 W. COAST HIGHWAY

©2017 FINRA. All rights reserved. Report about SHAWN P. DEWANE.

[www.finra.org/brokercheck](http://www.finra.org/brokercheck)

## Broker Qualifications

**Employment 1 of 1, continued**  
SUITE 207  
NEWPORT BEACH, CA 92663

---

User Guidance





## Broker Qualifications

### Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

**This individual has passed 2 principal/supervisory exams, 1 general industry/product exam, and 2 state securities law exams.**

### Principal/Supervisory Exams

Exam	Category	Date
General Securities Sales Supervisor - Options Module Examination	Series 9	10/29/2004
General Securities Sales Supervisor - General Module Examination	Series 10	10/19/2004

### General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination	Series 7	10/20/1995

### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	10/27/1995
Uniform Investment Adviser Law Examination	Series 65	11/03/1995

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).



## Registration and Employment History

### Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
07/2003 - 07/2004	WACHOVIA SECURITIES, LLC	19616	ST. LOUIS, MO
07/1997 - 07/2003	PRUDENTIAL SECURITIES INCORPORATED	7471	NEW YORK, NY
10/1995 - 07/1997	PAINWEBBER INCORPORATED	8174	WEEHAWKEN, NJ

### Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

**Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.**

Employment Dates	Employer Name	Employer Location
07/2015 - Present	PERFECT POINT	NEWPORT BEACH, CA
01/2014 - Present	MESA WATER DISTRICT	COSTA MESA, CA
10/2010 - Present	ORANGE COUNTY WATER DISTRICT	FOUNTAIN VALLEY, CA
01/2009 - Present	RAYMOND JAMES FINANCIAL SERVICES ADVISORS, INC	NEWPORT BEACH, CA
02/2008 - Present	DEWANE CAPITAL MANAGEMENT	NEWPORT BEACH, CA
02/2008 - Present	DEWANE INVESTMENT STRATEGIES	NEWPORT BEACH, CA
07/2005 - Present	BOARD MEMBER LOCAL WATER AGENCY	COSTA MESA, CA
07/2003 - Present	RAYMOND JAMES FINANCIAL SERVICES	NEWPORT BEACH, FL
04/2005 - 01/2009	SOFTWARE SALES	ALISO CREEK, CA
09/2005 - 01/2008	REAL ESTATE	IRVINE, CA

### Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

- 1) INDEPENDENT CONTRACTOR SELLING SOFTWARE FOR SMALL BUSINESS USE IN ALISO CREEK, CA. SINCE

## Registration and Employment History



### Other Business Activities, continued

- 04/01/2005. 1 HR. WEEKLY, 0 DURING TRADING HOURS. NOT INVESTMENT RELATED.
- 2) DIRECTOR OF ORANGE COUNTY WATER DISTRICT - FOUNTAIN VALLEY, CA. STARTED 10/4/2010 TO PRESENT. 20 HOURS MONTHLY, 0 DURING TRADING HOURS. NOT INVESTMENT RELATED. POLITICAL OFFICE. ELECTED OFFICER.
- 3) CITY OF COSTA MESA:NOT INVESTMENT RELATED:3/2013-PRESENT:COSTA MESA, CA:ADVISORY COMMITTEE CHAIRMAN:MUNICIPAL GOVERNMENT:1 HR/WK:0 HRS DURING TRADING:ADVISORY CAPACITY REGARDING CITY FINANCES.
- 4) DEWANE INVESTMENT STRATEGIES:NOT INVESTMENT RELATED:2/2008-PRESENT:NEWPORT BEACH, CA:SUPPORT COMPANY/DBA, (OWNER):160 HRS/MO:160 HRS DURING TRADING:OWNER.
- 5) MESA WATER DISTRICT - COSTA MESA, CA. 01/2014 TO PRESENT. NOT INVESTMENT RELATED. DIRECTOR. POLITICAL OFFICE. ELECTED OFFICER. 20 HOURS MONTHLY, 0 HOURS DURING TRADING.
- 6) PERFECT POINT; NEWPORT BEACH, CA; REFERRAL FEES; NOT INVESTMENT RELATED; 07/2015-PRESENT; 5 HOURS PER MONTH, 0 HOURS DURING TRADING.
-

**End of Report**



**This page is intentionally left blank.**



# County of Orange

---

County Executive Office

March 16, 2017

Mr. Steve Delaney  
County Executive Officer  
Orange County Employees Retirement System  
2223 E. Wellington Ave, Suite 100,  
Santa Ana, CA 92701

Re: Appointment of Shawn Dewane to OCERS Board of Retirement

Dear Mr. Delaney

Thank you for your February 17, 2017, letter concerning the appointment of Shawn Dewane to the Orange County Employees Retirement System (OCERS) Board of Retirement. Having now reviewed the issues raised in your letter with County Counsel, we have concluded that Mr. Dewane is not precluded from serving on the OCERS Board of Retirement by either (1) his work as an investment management consultant, or (2) his service on the board of directors of the Orange County Water District (OCWD). Based on the information presented to the County, and following consultation with County Counsel, we do not believe that Mr. Dewane's work marketing the investment products and services of Eagle Management and Raymond James conflicts with either section 7513.95 or section 31528(b) of the California Government Code. Mr. Dewane has represented to the County that neither he, nor anyone on his behalf, sells or provides investment products or services to any public retirement system in California. As to Mr. Dewane's service on the OCWD board of directors, we do not believe that service on the governing boards of both OCWD and OCERS would give rise to a significant clash of duties so as to render the two offices incompatible under Government Code section 1099.

Thank you again for your letter – and for acknowledging that the Board of Supervisors has the ultimate authority to appoint electors of the County to the OCERS Board of Retirement. We understand that Mr. Dewane will be taking the oath of office for the OCERS Board of Retirement on March 20, 2017. Please contact me if we can be of further assistance.

Sincerely,

Frank Kim  
County Executive Officer

cc: Members, Board of Supervisors  
Leon Page, County Counsel

I-2

## Memorandum

---

**DATE:** April 6, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** ANNUAL BROWN ACT AND CONFLICTS OF INTEREST EDUCATION

---

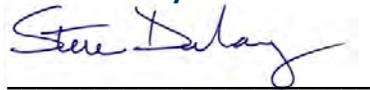
### Recommendation

Receive and file.

### Background/Discussion

Harvey Leiderman will present the Annual Brown Act and Conflicts of Interest Education.

**Submitted by:**



Steve Delaney  
Chief Executive Officer

***Sunshine is the Best Antiseptic”***

**The Ralph M. Brown Act**

**Presentation to the Board of Retirement  
Orange County Employees’ Retirement System**

**Harvey L. Leiderman  
Reed **Smith** LLP  
April 17, 2017**

# **“BUT IT’S SO MESSY!”**

**“Many elected officials find the Brown Act inconsistent with their private business experiences. Closed meetings can be more efficient; they eliminate grandstanding and promote candor. The techniques that serve well in business – the working lunch, the sharing of information through a series of phone calls or emails, the backroom conversations and compromises – are often not possible under the Brown Act.”**

**- League of Cities’ Guide to the Brown Act**

# TWO FUNDAMENTAL PUBLIC POLICIES

- **The public is entitled to meaningful access to elected officials and decision-makers.**
- **All governing bodies and standing committees of local public agencies must conduct their business in noticed, open meetings, giving the public the right to attend, observe and comment.**

# WHAT ARE “MEETINGS”?

## 1. Face-to-face or by teleconference

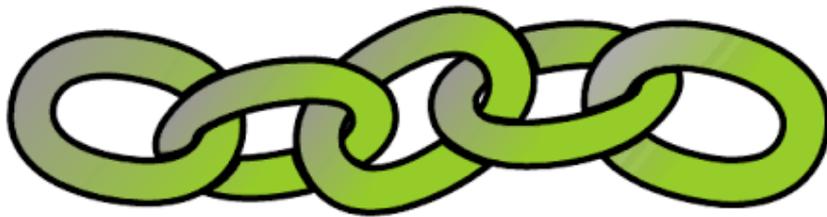
**Any gathering of a quorum of the board, *except* discussions of general interest at conferences and social gatherings (*if no discussion about board business*)**

# WHAT ARE “MEETINGS”?

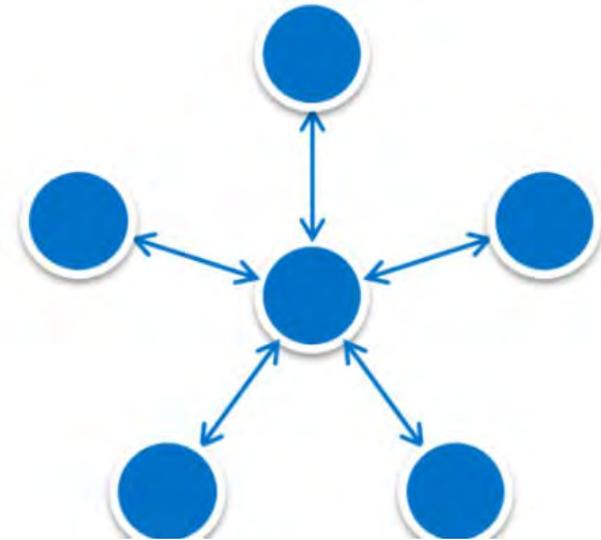
## 2. Serial

- **Chains of communications designed to “hear, discuss, deliberate or take action” on any item within the board’s jurisdiction**
- **“Daisy chains”**
- **“Hubs and spokes”**
- **Actual concurrence unnecessary**
- ***Except staff answering questions or providing information one-way to board members***

# SERIAL MEETINGS



Chain



Hub & Spoke

# WHAT ARE “MEETINGS”?

## 3. Writings

- Any medium can be a “meeting” – letters, emails
- 2001 AG opinion – email exchanges are not sanitized by sending to officers, posting on websites or reporting on later
- SB 1732 (2008) – all writings circulated to board members are disclosable public records. Must be available at relevant meeting  
*Except confidential communications with your attorney*
- Warning: OCERS’ business you conduct on your private device or server is not private – it’s an OCERS public record

# AGENDA REQUIREMENTS

- **Regular meetings – Set per bylaws or resolution. Minimum 72 hours advance notice and posting; must include a brief general description of each item**
- **“Posting” must include on the website, if have one**
- **Special meetings – Minimum 24 hours advance notice and posting; called by Chair or majority of board; no other business may be conducted. Not to be used for executive compensation decisions.**
- **Non-agendized matters may not be discussed, unless a need for immediate action arose since agenda posting. Requires 2/3 vote of board present, or unanimous vote if 2/3 not present, to consider the matter.**

# CLOSED SESSIONS

- **Permitted**
  - **Personnel – hiring, firing, complaints, evaluation of performance, labor negotiations – *but not final action on compensation***
  - **Legal – pending or threatened litigation, or board considering initiating litigation**
  - **Purchase or sale of specific investments**
  - **Real property negotiations**
  - **Security consultation**
- **Confidentiality must be maintained**
- **Reporting out – reportable actions and roll-call votes**

# MOTIONS OR DIRECTION?

- Use a *motion* to have the Board take action on matters within the subject matter jurisdiction of OCERS that affect the public interest (*e.g.*, setting contribution rates, making actuarial assumptions, hiring investment managers, adopting asset allocations)
- Use *direction* when Board requests ministerial acts (*e.g.*, putting a topic on the agenda for a future meeting), or to ask staff to review a matter, change a practice, provide additional information, or report to the Board at a future date

# DISCLOSURE OF PUBLIC RECORDS

- **Writings circulated to Board for meetings are disclosable upon request, unless non-disclosable under Public Records Act**
- **Especially impacts investment deliberations – not all investment-related material is confidential**
- **Best practice is to shift burden to source of material (vendors, managers) to identify, segregate, defend confidential, proprietary information**

# VOTING

- **SB 751 (2013) – Requires that all actions be taken by recorded vote equivalent to a roll call – unless unanimous, the vote of each Board member must be identified publicly at the meeting**
- **Chair can call for oral vote, but if not unanimous, must orally announce ayes, nays and abstentions by name**
- **Abstentions should be avoided – trustees have affirmative duty to administer the plan; strong public policy that you be present, prepared and vote**

# ACTION ON COMPENSATION

- **AB 1344 (2011) – No special meetings (*e.g.*, on short notice) may be called to discuss or adopt executive compensation (the “City of Bell Amendment”)**
- **SB 1436 (2016) – Recommended executive compensation must be announced orally before final action is taken at the same meeting**
- **Board may meet in closed session to discuss employee performance, but not compensation (except a reduction due to discipline)**

# PENALTIES AND REMEDIES

- **Criminal – misdemeanor for knowing actions in violation of the Act**
- **Civil – injunction/declaratory relief; voiding actions**
  - **Anyone can seek – D.A., member of public, by “cease and desist” letter**
  - **30 & 90 day opportunities to cure before suit may be filed**
  - **Attorneys fees and costs against agency (*not* against board member)**
- **Insurance coverage?**

# FOR GUIDANCE

## Good sources:

- **“Open and Public IV: A Guide to the Ralph M. Brown Act,” found at <http://www.cacities.org/Resources/Open-Government>**
- **Your counsel!**

# HYPOTHETICAL #1

**During a SACRS reception, at which others are present, four members of the Board are chatting and agree they should give their hardworking CEO a pay raise. Later that evening, one of the trustees runs into another trustee and floats out the pay raise idea; she readily agrees it's a good idea!**

**At the next meeting, the Board votes to give the CEO a pay raise.**

**Problems?**

# HYPOTHETICAL #2

**The Board is preparing to consider the assumed rate of return at its next meeting. During the comment phase of the current meeting, one board member publicly announces her belief that we are in a “new paradigm” and the rate should be dropped to 6%.**

**A few days later, four other board members get together privately and agree to vote in favor of a 6% assumed rate of return.**

**At the Board meeting, the vote is 5-4 in favor of dropping the rate to 6%.**

**Problems?**

# HYPOTHETICAL #3

**The CIO emails an article to all the board members that praises the skills of a manager then under consideration for a private equity mandate. He asks, “let me know what *you* think.” Six of the board members carefully reply to the CIO alone and say that they agree and intend to vote for the manager at the next meeting.**

**At the meeting, the CIO announces that he has had favorable replies from most of the Board. The Chair calls for the vote, without further discussion.**

**Problems?**

# HYPOTHETICAL #4

**One at a time, the Chair of the Board of Supervisors calls into her office each of the four appointed members of the Retirement Board, and instructs them to vote to set the assumed rate of return at 7 ½% , or she will replace them. Each pledges to do so. One trustee later button-holes the Treasurer, and says, “please vote for 7 ½% or I’ll be thrown off the Board!” The Treasurer agrees. At the Retirement Board meeting, there is no discussion and the Board adopts 7 ½%.**

**Problems?**

# CONFLICTS OF INTEREST

## Presentation to the Board of Retirement Orange County Employees' Retirement System

---

Harvey L. Leiderman  
Reed **Smith** LLP  
April 17, 2017

# GETTING ORIENTED

**“[A] person cannot serve two masters simultaneously. ... If a public official is pulled in one direction by his financial interest and in another direction by his official duties, his judgment cannot and should not be trusted, even if he attempts impartiality. ... Where a prohibited interest is found, ... the official ... is subject to a host of civil and (if the violation was willful) criminal penalties, including imprisonment and disqualification from holding public office in perpetuity.”**

***Lexin v. Superior Court* (2010) 47 Cal.4th 1050**

# QUICK OVERVIEW

- **Financial Conflicts of Interest**
  - **Political Reform Act and FPPC regulations**
  - **Government Code section 1090**
  - **Government Code section 7513.95, 31528(b)**
- **Restrictions on Gifts and Honoraria**
- **Non-Financial Conflicts of Interest**
  - **Common Law**
  - **Board Governance Issues**
- **SEC Rule 206(4)-5**

# POLITICAL REFORM ACT: THE PROHIBITION

**Government Code section 87100: No public official at any level of state or local government shall make, participate in making or *in any way* attempt to use his official position to *influence* a governmental decision in which he knows or has reason to know he has a financial interest.**

# **POLITICAL REFORM ACT: “FINANCIAL INTEREST”**

**Government Code section 87103: ... reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the official, a member of his or her immediate family, or on any of the following:**

- (a) Any business entity in which the public official has a direct or indirect investment worth [\$2,000] or more.**
- (b) Any real property in which the public official has a direct or indirect interest worth [\$2,000] or more.**
- (c) Any source of income ... aggregating [\$500] or more in value provided or promised to, received by, the public official within 12 months prior to the time when the decision is made.**
- (d) Any business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management.**
- (e) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating [\$460] or more in value provided to, received by, or promised to the public official within 12 months prior to the time when the decision is made. ...”**

# FPPC REGULATIONS

**2 Cal. Code Regs. 18700 *et seq.* clarifies:**

- **“Material”**
- **“Reasonably foreseeable”**
- **“Public generally”**
- **Parent/subsidy issues**
- **Exception if participation legally required**
- **Other less common circumstances and exceptions**

# GOVERNMENT CODE SECTION 1090

**[Public officials] *shall not* be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members.**

# GOVERNMENT CODE SECTION 1090

➤ **Similar to the Political Reform Act**

➤ **Some important differences:**

- It applies only to contracts

**But, the prohibited interest may be direct or very indirect: “We must disregard the technical relationship of the parties and look behind the veil which enshrouds their activities in order to discern the vital facts. However devious and winding the trail may be which connects the officer with the forbidden contract, if it can be followed and the connection made, a conflict of interest is established.” *People v. Honig* (1996) 48 Cal.App.4th 289, 315.**

- Sometimes the Board cannot enter into the contract at all (recusal of interested Board member does not remedy the problem)
- There are many specific and technical exceptions in particular circumstances

## **GOVERNMENT CODE SECTIONS 7513.95, 31528(b)**

**A member or employee of the board shall not, directly or indirectly, by himself or herself, or as an agent, partner, or employee of a person or entity other than the board, sell or provide any investment product that would be considered an asset of the fund to any [public] retirement system...**

# CONFLICT OF INTEREST LAWS APPLIED TO THIS BOARD

- **As member of the system: How broadly does the decision apply?**
  - Impacts all members: Usually no problem
  - Impacts just the Board member: Usually a problem
  - In between those extremes: Seek guidance
- **As employee of the County/District: How broadly does the decision apply?**
  - Impacts the whole County or District: Usually no problem
  - Impacts only the department that employs the Board member: Usually a problem
  - In between those extremes: Seek guidance
- **Those in private business: Conflicts can arise in many different ways; each potential conflict should be analyzed on its own facts**
- **Quid Pro Quo: Don't do it.**

# HOW TO RECUSE

- **Withdraw at the earliest possible moment**
- **Do not try to exert influence behind the scenes (e.g., talking to staff or other Board members about the decision)**
- **After the announcement of the agenda item but before the discussion or vote commences:**
  - **Publicly identify each type of financial interest that gives rise to the disqualifying conflict of interest and provide the relevant details of the financial interest and why the decision might impact the that interest**
  - **Recuse, leave the room and ask that the minutes reflect both**
- ***See 2 C.C.R. 18707 for more detail***

# GIFT AND HONORARIA RESTRICTIONS

- **No more than \$470 in gifts from a single source during a calendar year (this is the 2017 limit, which increases annually)**
- **Report \$50 or more during a calendar year from a single source to FPPC**
- **A “gift”: Anything of value that provides a benefit to the official (or family members) for which the donor has not received equal or greater consideration from the official.**

Examples: food, transportation, accommodations, tickets, flowers, items for home, office or recreational use, and discounts in the cost of products or services

- **Cannot receive payments for making speeches, writing articles, attending conferences, or similar activities not part of normal work requirements**
- **There are many exceptions and technical rules that can impact these prohibitions and reporting requirements**
- **Prepare Form 700s and OCERS’ disclosure forms with care and read the instructions**

# NON-FINANCIAL CONFLICTS OF INTEREST

## ➤ Common Law

- Interests of extended family and friends
- Other biases that compromise a trustee's ability to honor the fiduciary duty to put the plan's interests above the trustees' own interests

## ➤ Board Governance

- Not disclosing conflicts to fellow Board members
- Engaging in inconsistent activities, incompatible offices
- Speaking on behalf of the Board without authorization

But, Board members do not lose their free speech rights as individuals by virtue of their Board positions. *See, e.g., Schroeder v. Irvine City Council* (2002) 97 Cal.App.4th 174, 183 fn.3; and Government Code sections 3201 *et seq.*

- Failing to maintain the Board's confidentiality

# PENALTIES FOR VIOLATIONS

- **Reversing the action or voiding the contract**
- **Disgorgement of profits**
- **Administrative penalties of up to \$5,000 per violation**
- **Damages and attorneys' fees in a civil action**
- **Up to three times the value of a gift or honorarium**
- **Criminal sanctions for willful violations, including:**
  - **Up to \$10,000 fine per violation**
  - **Limitations on ability to run for elected office or be a lobbyist**
  - **Felony penalties for willfully violating Government Code sec. 1090**
  - **Potential forfeiture of retirement benefits**

# SPECIAL RULES FOR REGISTERED INVESTMENT ADVISERS

- **SEC “Pay to Play” Rules – Investment Advisers Act of 1940: Generally prohibits investment advisors from:**
  - **Making payments or contributions to officials when the investment advisor is seeking to provide investment services to that official’s governmental entity**
  - **Paying third parties (“bundlers”) to solicit governmental entities or officials on their behalf**
  - **Prohibits being compensated for investment advisory services for a governmental entity within two years after making a prohibited contribution to an official of the entity**
- **Covers direct and indirect activities**
- ***See* 17 CFR 275.206(4)-5**

# PRACTICAL GUIDELINES

- **Review all Board materials with an eye for potential impact on personal interests**
- **When in doubt, seek guidance**
  - **From counsel**
  - **From FPPC Hotline**
- **When in doubt, be cautious**
- **The 2010 Publication by the California Attorney General found at <https://bag.ca.gov/conflict-interest> provides good general guidance**

## **BACK TO BASIC:**

**No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest.**

I-3

## Memorandum

---

**DATE:** April 6, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** **OCERS VISION AND VALUES**

---

### Recommendation

Take appropriate action.

### Background/Discussion

In November 2015 the OCERS Board of Retirement adopted a new Mission Statement for the agency.

Moving from a prior statement that had been more a directive for agency actions and less a statement of purpose:

*The role of the Orange County Employees Retirement System is to provide secure retirement and disability benefits, quality information concerning those benefits, and prompt, professional and courteous service that meets the highest standards of excellence. In carrying out that role, the Board of Retirement and staff are committed to act for the exclusive benefit of the plan and its participants, manage assets of the plan prudently, and administer benefits with impartiality.*

The Board at that November meeting approved the following as OCERS new Mission Statement:

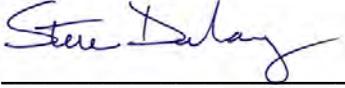
*We provide secure retirement and disability benefits with the highest standards of excellence*

At the OCERS Board's September 2016 Strategic Planning Workshop, assisted by Tom Iannucci of Cortex, the Board then took up discussion of the next step in this journey, and discussed what our system Vision and Values statements might look like.

In March 2017, I received a number of possible Vision and Values statements. Taken the sample statements into consideration the Board requested I return in April with a different slate of possible statements, a slate of statements "more pithy and memorable."

The attached PowerPoint will recall the prior recommendations as well as remind us of what other systems have crafted for a Vision and Values statement, and offer new suggestions for OCERS' first ever Vision and Values statement. This new collection of recommended Vision and Values statements may not yet meet the Board's approval in its entirety, but you may find individual statements that speak to your view of this agency and its mission. The Board could tentatively adopt those statements while continuing to pursue additional statements that more fully elucidate this Board's Vision and Values.

**Submitted by:**

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style and is contained within a rectangular box that has a thin border and a horizontal line at the bottom.

Steve Delaney  
Chief Executive Officer

# Orange County Employees Retirement System

Vision  
Mission  
& Values

Steve Delaney  
March 20, 2017

# Mission, Vision and Values

- ❑ A Mission statement answers the pivotal question “What is OCERS business?”
- ❑ A Vision statement should answer the basic question “What do we wish to become?”
- ❑ A declaration that informs the members and staff of this agency’s top priorities and outlines its core beliefs.

# OCERS Mission Statement

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



# Prior OCERS Board Suggestions

- Quality Service
- Prudent manner
- Reasonable cost
- In a prudent cost effective manner
- Prudently and efficiently
- professional and courteous service

# Prior OCERS Staff Input

- VISION
  - Satisfied customers
  - Unified team
  - Timely Services (w/follow up)
  - Service with highest standard of excellence
- VALUES
  - Dependable – Our word means something
  - Accuracy
  - Integrity
  - Teamwork
  - Respectful



# Last Month's Suggestions – Too Wordy

## Values:

Integrity – We will always act with honesty and integrity, not compromising the truth.

Professionalism – We will always conduct ourselves in a professional manner, demonstrated by our speech, actions and compassion.

Service – We are member focused, recognizing each member as an individual

Stewardship – As stewards we will strive to enhance and increase the value of the fund for current members and for generations to come.

Innovation – We have the courage to forge new paths

# Possible Vision Statement

- We strive to make our members proud to be a part of OCERS.
- We strive to be a public pension provider our members are proud to have managing their most valuable asset.
- Delivering financial security to our members and their families. (Wyoming)
- To excel in public pension operations. (Canada Fund)

# Possible Values Statements

- We consider our members in all we do.
  - We maintain our members confidentiality.
  - We are cost conscious stewards of the fund.
  - We are prompt and courteous in our actions.
  - We are open and transparent
  - We encourage passionate team players
- 
- We are honest, open, ethical and fair  
or
  - We operate with fairness, honesty and the highest ethical standards

# MANY OTHER SYSTEMS HAVE ONE or TWO WORD VALUE STATEMENTS

- Teamwork
- Honesty
- Transparency
- Accuracy
- Excellence
- Commitment
- Integrity
- Quality Service
- Customer Focus
- Ethical Conduct



# EXAMPLES of OTHER SYSTEMS Vision and Values Statements



# Mission | Vision | Values | Key Goals

---

## Mission

DRS provides information, tools, expertise and services that ensure our members receive the retirement benefits they earn while in public service.

## Vision

- Satisfied customers
- Valued team members

## Values

- Customer Focus
- Team Member Engagement
- Valued Relationships
- Performance Excellence
- Resource Stewardship

## Key Goals

**Elated Customers** — At DRS, we are "one team." Regardless of what our specific duties may be, we are all dedicated to one purpose: to serve our customers. We strive to be **Respectful, Responsive and Right** (accurate) in pursuit of 100 percent customer satisfaction. From their first day in public service to retirement and beyond, **we want all of our customers to be elated with their experience with DRS.**

**Vigilant Resource Steward** — DRS consistently seeks to improve the way it does business to make the best possible use of available resources in support of customer service and satisfaction. Innovation and empowerment are woven into a DRS culture that encourages team members to submit their ideas for improving processes, eliminating waste and strengthening services.

**Best Practice Leader** — Washington has been a national leader in designing and maintaining pension plans that are sustainable and provide reasonable retirement benefits to our valued public employees. DRS is proud to be part of this tradition, and places high value on innovative, visionary approaches.

**Reliable Partner** — DRS works with a number of organizations in the administration and governance of Washington's public pension and savings plans. Recognizing the enormous importance of a positive reputation with these partners, DRS strives to be supportive, collaborative, and transparent as we work together to manage the state's retirement systems.

**Engaged Team Members** — All DRS team members are fully engaged and supported in meeting (and exceeding) customer expectations. All DRS leaders are focused on providing coaching, mentoring, resources and support that team members need to be successful in meeting customer needs.

## *Washington State Department of Retirement Services*

## **MISSION**

Securing the financial future and sustaining the trust of California's educators.

## **VISION**

Your Reward—A Secure Retirement

Our Reward—Getting You There

*CalSTRS (Teachers)*

## **CORE VALUES**

The CalSTRS core values are a set of attitudes, beliefs and behaviors that define CalSTRS and its employees.

### **Customer Service**

We never compromise on quality as we strive to meet or exceed the expectations of our customers.

### **Accountability**

We operate with transparency and accept responsibility for our actions.

### **Leadership**

We model best practices in our industry and innovate to achieve higher standards.

### **Strength**

We ensure the strength of our system by embracing a diversity of ideas and people.

### **Trust**

We conduct ourselves with integrity, acting ethically in every endeavor.

### **Respect**

We respect the needs of our members, co-workers and others, treating everyone with fairness, honesty and courtesy.

### **Stewardship**

We recognize our fiduciary responsibility as the foundation for all decision-making.

# Mission Statement



## **MISSION STATEMENT**

The mission of the Georgia Firefighters' Pension Fund is to provide a supplemental pension benefit to Georgia's firefighters and their beneficiaries through prudent stewardship of the assets held in trust.

## **VISION STATEMENT**

The vision of the Georgia Firefighters' Pension Fund is to uphold a tradition of excellence in service, fiduciary responsibility, and accountability through a dedicated and compassionate workforce that employs progressive technology and promotes professionalism.

## **CORE VALUES**

***INTEGRITY*** – We will always act with honesty and integrity, not compromising the truth.

***ACCOUNTABILITY*** – To the firefighters of the State of Georgia, our fund members and their families for performance, dedication, and ethical practices in the administration of the Fund.

***PROFESSIONALISM*** – We will always conduct ourselves in a professional manner, demonstrated by our speech, actions and compassion.

***SERVICE*** – We will always ensure excellent customer service in a courteous manner.

***STEWARDSHIP*** – As stewards of the Georgia Firefighters' Pension Fund, we will strive to enhance and increase the value of the fund for current members and for generations to come.

*Georgia Firefighters  
Pension Fund*

# LACERA VISION

## *Excellence*—Our members deserve the best.

Therefore, we choose to be the best. We choose excellence through innovation. We choose to become unparalleled experts in retirement law, pension administration, and benefit solutions. We choose to be preeminent masters of portfolio management.

## *Commitment*—we are the best.

We will work together to provide the best service. We will continually strengthen our commitment to effective teamwork by contributing our individual strengths, learning new methods and skills, and anticipating the demands of the future.

## *Trust*—our members place trust in LACERA.

Everyday, we will earn this trust by placing their interest first, by giving them easy-to-understand answers, by solving their problems quickly, and by safeguarding and maximizing their investment assets.

## *Service*—Our members deserve the best.

We pledge to improve our member service until 100 percent of our members making inquiries receive courteous, professional, accurate answers with just one call. We have the ability to achieve this if each one of us reaches deep into our strengths and lends a hand. Our strengths are individual; collectively they are unstoppable.



Because members deserve the best,  
LACERA will be the best.

# LACERA VALUES

## *Professionalism*

We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

## *Respect*

Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

## *Open Communications*

Our frank and straightforward expression of ideas fosters a common understanding of purpose — quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

## *Fairness*

Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

## *Integrity*

We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

## *Teamwork*

We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.



Achieving our MISSION through  
shared VALUES and a collective VISION.

193/227

# MISSION, VISION, AND VALUES

---

## MISSION STATEMENT

To provide quality benefits and services that meet the needs of our clients and others we are committed to serve, through our efficient and responsive workforce.

## VISION STATEMENT

- **WE** will achieve customer satisfaction through equitable, effective, responsive service, and clear and accessible communications that meet the needs of our clients.
- **WE** will encourage and support an accomplished workforce that is knowledgeable, flexible, technically proficient and committed to excellence.
- **WE** will be committed to working with executive and legislative agencies and governing boards to improve the design and implementation of benefits programs.
- **WE** will support technologies that simplify procedures and improve services, manage our resources in a responsible and creative manner, and hold contracted service providers to high standards.
- **WE** will work with participating employers to enhance their role in the administration of benefits for their employees through integrated technology that allows them to access and process benefit information directly.

## VALUES STATEMENT

- **WE** are customer-focused, recognizing each client individually.
- **WE** acknowledge as our greatest asset our knowledgeable, hard working, and dedicated staff.
- **WE** are financially responsible in the administration, oversight and delivery of our programs.
- **WE** are committed to providing quality, timely, accurate, efficient, and cost effective benefits services.
- **WE** are committed to creating and developing a quality work environment using state-of-the-art technologies, and processes that foster continuous improvement of our organization through teamwork, motivation, and communication among staff.

*New Jersey State  
Public Pension*

# Mission, Vision & Values

---

## Our Mission

---

Outstanding service and retirement security for our members – today and tomorrow.

## Our Vision

---

Striving to be the world's leading pension plan.

## Our Values

---

- Humility: We temper our accomplishments.
- Integrity: We do the right thing.
- Partnership: We are stronger together.
- Performance: We are driven to succeed.
- Innovation: We have the courage to forge new paths.

*Ontario Teachers  
Pension Fund*

# PENSION BENEFIT GUARANTY CORPORATION (PBGC)

**Vision:** A sustainable pension insurance agency committed to serving its customers and expanding retirement security opportunities.

**Values:** We measure our performance by how we work and how we serve our customers. We are committed to excellence through:

- **Professionalism** and **Integrity** in protecting pensions and the expenditure of resources for our operations
- **Quality** and **Timeliness** in the information and services provided to our customers
- **Teamwork** that taps the diverse talent and disciplines needed to achieve the desired results
- **Investment** in our people and technology
- **Benchmarking** our services across government by comparing our performance with other benefit paying agencies

## Mission Statement and Core Values

We are dedicated to providing the highest level of retirement services and managing system resources in an effective and prudent manner.

In fulfilling our mission as a retirement system, we are committed to:

- The highest levels of professionalism and fiduciary responsibility
- Acting with integrity
- Competent, courteous and respectful service to all
- Open and fair processes
- Safeguarding confidential information
- Cost-effective operations
- Stable funding and minimal contribution volatility
- Effective communication and helpful education
- Maintaining a highly competent and committed staff
- Continuous improvement
- Planning strategically for the future

*Sacramento County Employees  
Retirement System*

## ***TRS VISION, MISSION, PHILOSOPHY, AND CORE VALUES***

### **Vision**

Earning your trust every day.

### **Mission**

Improving the retirement security of Texas educators by prudently investing and managing trust assets and delivering benefits that make a positive difference in members' lives.

### **Philosophy**

Our core values form the basis for our dedication and professionalism.

### **Core Values\***

Our values represent a mutual understanding about responsibilities, expectations and communication in the way we treat each other and those we serve.

---

#### **\*Customer Satisfaction**

*We focus on our customers, both external and internal, by ensuring that their needs are met and their expectations are exceeded.*

#### **\*Collaboration/Teamwork**

*We work together to achieve common goals through a diverse, yet unified team.*

#### **\*Accountability**

*We hold ourselves accountable and take responsibility for our actions, behavior and outcomes.*

#### **\*Respect**

*We treat each other with respect, fairness and kindness in constant pursuit of a trusting environment.*

#### **\*Ethics**

*We will be truthful and act with honesty and integrity in everything we do.*

#### **\*Excellence**

*We commit to demonstrating excellence in our work and look for ways to continuously improve.*

#### **\*Employee Fulfillment**

*We have a workplace where each employee has a sense of purpose, feels good about coming to work and is highly engaged.*



I-4

## Memorandum

---

**DATE:** April 17, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, Chief Legal Officer  
**SUBJECT:** SACRS BOARD OF DIRECTORS ELECTION 2017-2018 – DIRECTION TO VOTING DELEGATE

---

### Recommendation

Consider the candidate slate set forth in the Final Ballot for the election of the SACRS Board of Directors and provide direction to the OCERS voting delegate and alternate delegates for the election to be held at the SACRS meeting on May 19, 2017.

### Background/Discussion

SACRS elects officers at its first meeting each calendar year in May. The 2017-2018 election will be held at the upcoming SACRS Spring Conference during the Annual Business meeting on May 19, 2017.

The Final Ballot for the 2017-2018 election includes the following candidates (see attached memorandum and 2017-2018 Election Report from the SACRS Nominating Committee):

<b>President</b>	<b>Dan McAllister, San Diego CERA</b> Recommended by SACRS Nominating Committee
<b>Vice President</b>	<b>Gabe Rodrigues, Contra Costa CERA</b> Recommended by SACRS Nominating Committee
<b>Treasurer*</b>	<b>Harry E. Hagen, Santa Barbara CERA</b> Recommended by SACRS Nominating Committee <b>and</b> Write-In Candidate
<b>Secretary (contested)</b>	<ol style="list-style-type: none"><li><b>1. Art Goulet, Ventura CERA*</b> OCERS' (and others') nominated Write-In Candidate</li><li><b>2. Kathryn Cavness, Mendocino CERA</b> Recommended by SACRS Nominating Committee</li></ol>

\* Art Goulet's name appears on the Final Ballot as a Write-In Candidate for Treasurer, but he has requested that his name be withdrawn from the election for Treasurer. Mr. Goulet wishes to continue to serve as SACRS' Secretary. At the direction of the OCERS Board at its March meeting, OCERS staff submitted Art Goulet as a write-in candidate for the position of Secretary.

The Final Ballot will be presented to the SACRS' membership during the business meeting on Friday, May 19, 2017, and OCERS' voting delegate will have the opportunity to cast OCERS' vote as directed by the Board. In accordance with OCERS' SACRS Voting Authority Policy, OCERS' voting delegate is the Board Chair, and each

member of the Board and the CEO are alternate delegates. The voting delegate may make a motion to vote by individual officer positions or by complete ballot.

Staff requests that the Board direct the OCERS voting delegate on how to cast OCERS' vote at the May election.

Attachment

**Submitted by:**

A handwritten signature in blue ink that reads "Gina M. Ratto". The signature is written in a cursive style and is positioned above a horizontal line.

Gina M. Ratto  
Chief Legal Officer

March 31, 2017

Attn: SACRS Administrators  
From: Yves Chery, SACRS Nominating Committee Chair  
SACRS Nominating Committee  
Re: SACRS Board of Directors Elections 2017-2018 – **FINAL BALLOT**

---

Per SACRS Bylaws, Article VI ~ Section 2 – Election, Qualification and Term of Office  
“The officers of SACRS shall be regular members of SACRS. The officers shall be elected by majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.”

Per SACRS Bylaws, Article VI ~ Section 4 - Officer Elections

“...The Board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee’s final ballot provided the Nominating Committee receives those write-in candidates prior to March 25, 2017. The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1, 2017.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee’s recommended ballot and final ballot to each trustee and placing the election of SACRS Officers on his or her Board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee...”

Listed below is the SACRS’ Nominating Committee recommended Final Slate and all the write-in candidates submitted by the systems. As in the past, a voting delegate may entertain a motion to vote by individual officer positions or by complete slate. Please be sure to authorize your voting delegate to vote either way.

The elections will be held at the upcoming SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California.

Please distribute the ballot to all standing/eligible board members for approval and authorization for your voting delegate. As stated above, Administrators are required to send acknowledgement of completion to our office at [sulema@sacrs.org](mailto:sulema@sacrs.org).

Continued (Page 1 of 2)

**SACRS Nominating Committee Recommended 2017-2018 Final Slate:**

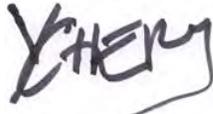
President	Dan McAllister, San Diego CERA
Vice President	Gabe Rodrigues, Contra Costa CERA
Treasurer	Harry E. Hagen, Santa Barbara CERA
Secretary	Kathryn Cavness, Mendocino CERA

**Write-In Candidates:**

Treasurer	Art Goulet, Ventura CERA
Secretary	Art Goulet, Ventura CERA
Treasurer	Harry E. Hagen, Santa Barbara CERA

If you have any questions, please contact me directly at (818) 989-4435 or [ychery2013@gmail.com](mailto:ychery2013@gmail.com). Thank you for your prompt attention to this timely matter.

Best Regards,



Yves Chery, Los Angeles CERA Trustee  
SACRS Nominating Committee Chair

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

March 31, 2017

To: All 37 Act Systems  
From: Yves Chery, Chair SACRS Nominating Committee  
Re: **SACRS NOMINATING COMMITTEE 2017-2018 ELECTION REPORT**

---

**Nominating Committee Members:** Yves Chery, Chairperson (LACERA), Louis Fiorino (San Bernardino CERA), Tracy Towner (Ventura CERA), Vivian Gray (LACERA), Deanna McCormick (Ventura CERA) (absent)

For years the SACRS' Nominating Committee has contributed to the stability and continuity of our association and its election process. Given the diversity of the 37 Act Systems and the importance of ensuring the continuity and collegiality of the SACRS' Board in its work to further the mission of SACRS, and encourage greater participation by the membership, the Nominating Committee considered numerous factors in making its recommendation to the 37 Act Systems.

Prior to the February 1, 2017 deadline, the Nominating Committee received 6 letters of interest from SACRS members for 4 open seats on the SACRS' Board of Directors for the 2017-2018 election.

On February 20, 2017 the Nominating Committee received an email from Marin CERA administrator, Jeff Wickman, suggesting that the committee consider diversifying the SACRS' Board of Directors to ensure it reflects the diversity of the overall SACRS' member systems. **(See Attachment)**

On February 23, 2017 the committee convened via conference call and carefully and thoroughly reviewed all the candidates' information, considered their experience, qualifications, and the following to ensure a broad and diverse representation of the 37 Act memberships on the SACRS' Board of Directors:

- **Size of System – Small, Medium, Large**
- **Location of System – North, Central, South, Urban, Rural**
- **Trustee – Elected, Appointed, Gender**

#### PRESIDENT

**The Nominating Committee recommends, Mr. Dan McAllister, San Diego CERA Trustee for President**

Mr. Dan McAllister, San Diego CERA Trustee (Treasurer & Tax-Collector), was the only candidate that submitted a letter of interest for President. MOTION by Yves Chery and seconded by Louis Fiorino to recommend Dan McAllister for President. MOTION PASSED UNANIMOUSLY.

#### VICE PRESIDENT

**The Nominating Committee recommends, Mr. Gabe Rodrigues, Contra Costa CERA Trustee for Vice President**

Continued (Page 1 of 3)

Mr. Gabe Rodrigues, Contra Costa CERA Trustee, was the only candidate that submitted a letter of interest for Vice President. MOTION by Yves Chery and seconded by Ms. Gray to recommend Gabe Rodrigues for Vice President. MOTION PASSED UNANIMOUSLY.

The Treasurer and Secretary seats were the only contested positions. After unanimously approving the President and Vice President nominees, the committee considered the two contested seats.

Both of the incumbents of the contested seats (Mr. Larry Walker and Mr. Art Goulet) were from systems in the Southern California Region; however, SACRS current Treasurer, Larry Walker (San Bernardino CERA), was completing his first term on the Board while SACRS current Secretary, Art Goulet (Ventura CERA), was finishing his second term.

After weighing all the above factors, including Marin CERA's suggestion to broaden and diversify the representation on the Board, the committee voted to recommend the incumbent Larry Walker as Treasurer and a non-incumbent, Kathryn Cavness, the current Vice Chairwoman of Mendocino CERA as SACRS' Board Secretary

On March 3, 2017 the Nominating Committee's nominee for Treasurer, Larry Walker, withdrew his name to allow Mr. Goulet the opportunity to serve as SACRS' Treasurer. Moreover, Mr. Goulet did not accept Mr. Walker's gracious gesture of suggesting that he considers the Treasurer's position. **(See Attachments)**

On March 30, 2017, the committee reconvened via conference call to review all the candidates' information for the vacant Treasurer seat, make a recommendation for the Treasurer position, and prepare a final ballot for the 37 Act Systems.

The committee received two letters of interest for Treasurer. One from, Harry E. Hagen, Santa Barbara CERA Trustee (Treasurer and Tax-Collector) and another from, Tarrell V. Gamble, Alameda CERA Trustee.

#### TREASURER

**The Nominating Committee recommends, Mr. Harry E. Hagen, Santa Barbara CERA Trustee for Treasurer**

While Mr. Gamble was considered, the committee recommends Harry E. Hagen, Santa Barbara CERA Trustee (Treasurer and Tax-Collector). Mr. Hagen who is the Treasurer and Tax-Collector of Santa Barbara CERA is a Certified Public Accountant (CPA), Certified Public Finance Officer (CPFO), Certified Fixed Income Practitioner (CFIP), and Advanced Certified Public Funds Investment Manager (ACPFIM) and chairman of Santa Barbara CERA.

MOTION by Mr. Fiorino and seconded by Ms. Gray to recommend Harry E. Hagen for Treasurer. MOTION PASSED UNANIMOUSLY.

Continued (Page 2 of 3)

SECRETARY

**The Nominating Committee recommends, Ms. Kathryn Cavness, Mendocino CERA Trustee for Secretary**

Ms. Kathryn Cavness and Mr. Art Goulet were the only candidates who submitted a letter of interest for SACRS' Board Secretary.

Mr. Art Goulet, a trustee from Ventura CERA, who is currently finishing his second term as SACRS' Board Secretary is seeking a third term. Ms. Kathryn Cavness, the Vice Chairwoman of Mendocino CERA, is seeking her first term.

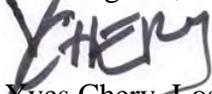
Currently, the bylaws do not preclude any SACRS' Board of Directors from seeking the same position beyond two terms, but historically, SACRS Board of Directors serve for two terms in one seat, then continues to the next seat, until she/he becomes President or resigns from the SACRS' Board. This process allows the Board Member the opportunity to learn and grow while serving on the Board of Directors. However, Mr. Art Goulet has no desire to advance to the next seat, the Treasurer; instead, he wishes to run for a third term as Secretary. **(See Attachment)**

The Nominating Committee voted (3-1) to recommend Ms. Kathryn Cavness, the Vice chairwoman of Mendocino CERA. In addition to possessing the retirement board experience and qualification, Ms. Cavness would broaden and expand the representation on the SACRS' Board, as she is from a rural, relatively small, Northern California County Retirement System. Further, Ms. Cavness would be the **only woman on the SACRS' Board for the upcoming year, and the first since 2015.**

**MOTION by Ms. Gray and seconded by Mr. Fiorino to recommend Ms. Kathryn Cavness for Secretary. [Louis Fiorino – YES (San Bernardino CERA), Vivian Gray – YES (LACERA), Tracy Towner – NO (Ventura CERA), Yves Chery – YES (LACERA). VOTE (3 – 1) MOTION PASSED.**

The elections will be held at the SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California. Should you have any questions, please contact me directly at (818) 989-4435 or [ychery2013@gmail.com](mailto:ychery2013@gmail.com). Thank you!

Best Regards,



Yves Chery, Los Angeles CERA Trustee  
SACRS Nominating Committee Chair

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

(Page 3 of 3)

---

**SACRS Nominating Committee Feedback**

1 message

---

**Wickman, Jeff** <JWickman@marincounty.org>  
To: Yves Chery <ychery2013@gmail.com>

Mon, Feb 20, 2017 at 9:52 AM

Yves Chery

SACRS Immediate Past President

Nominating Committee Chair

SACRS Board of Directors Nominating Committee

Dear Yves,

At their February 8, 2017 meeting the Board of Retirement for the Marin County Employees' Retirement Association (MCERA) reviewed your memorandum regarding the 2017-2018 SACRS Board of Directors election process. On behalf of the Board I want to thank you for providing the opportunity to consider and potentially nominate qualified candidates for the Board of Directors.

At the end of the discussion, the MCERA Board Chair directed me to provide you with some feedback that they would like the Nominating Committee to consider. The MCERA Board believes that the composition of the Board of Directors should reflect the diversity of the overall SACRS member systems. SACRS member systems are broadly dispersed throughout California and vary greatly in size. One thing that all member systems have in common is they are composed of genders and races that represent the broad population within the specific jurisdiction. The MCERA Board of Retirement encourages the Nominating Committee to consider all these factors when deciding on the final ballot that will be presented to the voting member systems.

Please feel free to contact me directly if you have any questions.

**Jeff Wickman**

Retirement Administrator

Marin County Employees' Retirement Association

One McInnis Parkway, Suite 100

San Rafael, CA. 94903

[jwickman@marincounty.org](mailto:jwickman@marincounty.org)

415-473-3733 Office

415-473-4179 Fax

Email Disclaimer: <http://www.marincounty.org/main/disclaimers>

Larry Walker  
POB 968  
Chino, CA 91708  
[larry@larrywalker.us](mailto:larry@larrywalker.us)  
909-628-8000

Yves Chery  
Chair, Nominating Committee, SACRS  
[ychery2013@gmail.com](mailto:ychery2013@gmail.com)  
[delivered as e-mail attachment]

March 3, 2017

Subj: Withdrawal of candidacy for SACRS Treasurer

Dear Yves:

Pursuant to our discussions during the past few days, this is a notice of withdrawal of my candidacy for the position of Treasurer of SACRS for 2017-18. As laid out below, I strongly believe that Art Goulet should replace me on the ballot for that position.

I have thoroughly enjoyed this past year as a member of the SACRS Board of Directors. We have made substantial accomplishments in the area of leading the management of our organization, including the improvement of our information systems and our web presence. We have also established a very positive working relationship among board members, staff, and local systems. I am committed to doing whatever I can to assure that that effort continues.

Looking at the Nominating Committee's proposed list of candidates, I believe the committee responded to a very important issue, that of diversity in the representation of our organization's members. We have no women on the board, and only one board member from Northern California. The committee's action remedies that situation. I have the impression, however, that the Nominating Committee action may have also awakened negative aspects of SACRS history, in particular negative feelings from 2015.

I support the nomination of Kathryn Cavness. I do not know her, but I trust the committee's judgement, and her addition to the board should be a positive. It should not become a battlefield on which ghosts of the past are revived and old battles re-fought. The issue is simply whether Art Goulet or Larry Walker should give way to accommodate the new board member. On this I disagree with the Nominating Committee. I will step back.

I note that the Committee's hands were tied by the fact that each of us nominated ourselves for a specific position. The committee could not therefore take what I believe would be the best course of action — nominate Art Goulet for Treasurer, and Kathryn Cavness for Secretary. My withdrawal paves the way to remedy that situation.

Yesterday, at my request, SBCERA nominated Art Goulet for Treasurer. I propose that you formally seek Art's consent to serve in that capacity. Assuming that he agrees, the Nominating Committee will be in a position to add Art's name to their recommended ballot as part of their final ballot process in late March. I do not withdraw with joy or celebration. However, I volunteered for this position with the goal of making SACRS a better organization, and I now believe that withdrawing in this moment will help avoid a controversy that would be as pointless as it is potentially destructive.

It comes down to this: on one hand, we can stand by and watch another conference overshadowed by a competition in which there is little difference in the candidates, but in which normally constructive leaders fall prey to the temptation to cast opponents as incapable or dishonest, even treacherous, and demand that each system take a side, however uncomfortable the situation. On the other hand, we can take a simple action that places virtually the same group onto the Board of Directors with very little antagonism on the part of anyone (other than whatever has gone on already.)

I urge the second course, and this withdrawal sets the table for the accomplishment of that strategy. My hope is that Art will accept this gesture for what it is – an effort to accomplish the best for our organization. My goal is that 2017-18 will be a year of accomplishment and fulfillment for SACRS, and not another cleanup year spent patching up relationships that have been needlessly damaged.

If there is any further procedural step that I need to undertake in order to accomplish the action outlined above, please so notify me at your convenience.

Thank you for your leadership.

Sincerely,



Larry Walker  
Treasurer, SACRS

Cc: Dan McAllister      President, SACRS  
Sulema Peterson      Administrator, SACRS

March 6, 2017

To: All 37 Act Systems  
From: Yves Chery, Chair SACRS Nominating Committee  
Re: Withdrawal of Treasurer Candidate for SACRS BOD

On Friday, March 3, 2017, Larry Walker, the Nominating Committee's nominee for the position of Treasurer of SACRS for 2017-2018 withdrew his name for consideration from the upcoming elections.

This development in the election process necessitated the Nominating Committee, with guidance from SACRS' legal counsel, to inform you of this matter to ensure that the election process remains fair, transparent and consistent with our bylaws.

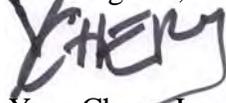
Therefore, the Treasurer's position is now open. Interested candidates should submit their letter of interest and brief bio to the Nominating Committee prior to March 25, 2017.

Additionally, in accordance with our bylaws, the Boards of the regular members may also submit a write-in candidate for the Treasurer's position (or any other office). All submissions must be made prior to March 25, 2017.

The Nominating Committee will report a final slate to all 37 Act Systems prior to April 1, 2017. The elections will be held at the SACRS Spring Conference during the Annual Business meeting on Friday, May 19, 2017 at the Napa Valley Marriott in Napa, California.

If you have any questions, please contact me directly at (818) 989-4435 or [ychery2013@gmail.com](mailto:ychery2013@gmail.com). Thank you for your prompt attention to this important matter.

Best Regards,



Yves Chery, Los Angeles CERA Trustee  
SACRS Nominating Committee Chair

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

---

**SACRS Treasurer**

1 message

---

**Artgou@aol.com** <Artgou@aol.com>  
To: ychery2013@gmail.com

Fri, Mar 24, 2017 at 11:05 AM

Yves,

Please remove my name as a write-in candidate for Treasurer, as nominated by SBCERA.

Larry Walker did not talk to me before he convinced the SBCERA Board to nominate me. He did that and withdrew his nomination because he graciously sought to dampen the controversy you caused.

My goal is to be re-elected Secretary despite your actions.

Art

January 31, 2017

Mr. Yves Chery  
Chairman  
Nominating Committee  
State Association of County Retirement Systems

Dear Mr. Chery,

This is to officially submit my name for consideration by the Nominating Committee for the office of SACRS President.

When I first ran for the Presidency one year ago, I pledged to continue to help move our organization forward with strong, inclusive leadership. I also spoke of my experiences and accomplishments as San Diego County Treasurer-Tax Collector; and of serving as a Trustee on the San Diego County Employees Retirement Association (SDCERA) Board and two successful terms as Board Chair.

Over the past three years it has been my distinct honor and pleasure to serve on the SACRS Board. The first two years as Treasurer and this year as President. During this year our Board has worked closely together to establish and implement goals that will improve our levels of customer service to our members. Some of the key goals include:

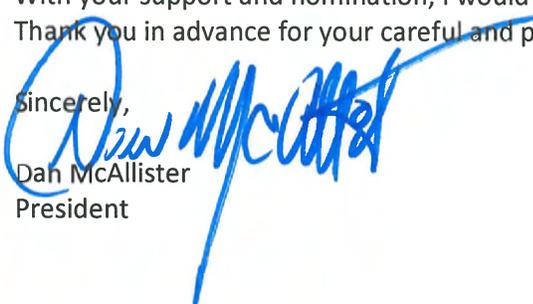
1. Re-branding SACRS with a fresh new logo and look
2. Re-building our website to create more interactive capabilities for members
3. Presenting high quality speakers and topics of interest at each of our conferences
4. Building attendance at the SACRS Berkeley Education program through stronger marketing efforts
5. Reaching out to each '37 Act systems to determine what we can do to build Trustee and staff attendance at SACRS fall and spring conferences.

I am proud of the work our board has accomplished this year under my leadership. It has been a productive year for our Board and we have made a difference for the SACRS membership. Ours has been a team effort and one that can point to positive developments.

SACRS is a special organization and one that must continue to provide educational forums for disseminating knowledge and information to Trustees and system staffs from all '37 Act counties in California. Additionally, SACRS must take an active role in the legislative process as it affects county retirement systems. As SACRS President for the coming year, I will continue to work collaboratively with the SACRS Board and Trustees and system staff statewide to ensure that our educational programs and conferences continue to be of the highest quality.

With your support and nomination, I would be honored to serve a second term as President of SACRS. Thank you in advance for your careful and positive consideration of my candidacy for re-election.

Sincerely,

  
Dan McAllister  
President

To: Yves Chery, SACRS Nomination Committee Chairperson  
From: Gabe Rodrigues, CCCERA and SACRS VP  
Re: 2017-2018 SACRS Elections

Mr. Chery,

I am requesting that my name be included on the 2017-2018 SACRS Nomination Slate for the position of Vice President at the upcoming elections in May 2017.

The past two years as the SACRS Vice President has been a most enjoyable and rewarding journey. It has not only given me the opportunity to work with some of the best and brightest individuals in the Public Pension and Institutional Investment communities, but it has also given me the ability to give back to our members who are made up of good, hardworking public servants.

I have been the Chairperson for three successful SACRS Conferences as well as a contributing member of the SACRS Board of Directors. With the knowledge and experience I have gained from overseeing the conferences and working with our esteemed and highly qualified Board members, Program Committee members and the Shaw/Yoder/Antwih Inc. staff, I feel qualified as well as motivated to be a successful Vice President. My goals are to keep moving SACRS forward as a premier public pension organization by reaching out to our members and understanding what our organization can do for them. My focus will be on our Spring and Fall Conferences, the UC Berkeley Educational Program, our upcoming new website and branding launch and any new, needed legislation.

It would be an honor to serve as the 2017-2018 SACRS Vice President.

Sincerely,  
Gabe Rodrigues  
CCCERA Safety Trustee

**Education:**

- Bachelor of Arts In Management – Saint Mary's College at Moraga, California
- MBA in Marketing Management – California State University, Hayward

**Public Pension Trustee Certificates:**

**State Association of Public Retirement Systems - SACRS:**

- Modern Investment Theory & Practice for Retirement Systems - U.C. Berkeley

**California Association of Public Retirement Systems – CALAPRS:**

- Principles of Pension Management - Stanford University
- Advanced Principles of Pension Management – UCLA

**International Foundation of Employee Benefit Plans – IFEBP:**

- Portfolio Concepts and Management – Wharton School of Business
- Certificate of Achievement in Public Plan Policy I
- Certificate of Achievement in Public Plan Policy II
- International an Emerging Market Investing
- Trustees Masters Program

**National Conference on Public Employees Retirement Systems – NCPERS:**

- Trustee Educational Seminar  
Public Pension Funding Forum - Yale University

March 17, 2017

To Yves Cherry, Chair, SACRS Nominating Committee

I would like to submit my letter of interest in running for the SACRS Board of Directors position of Treasurer. I am the current Treasurer-Tax Collector-Public Administrator for the County of Santa Barbara. I was first elected in 2010 and am currently serving in my second four-year term.

I believe I am well qualified for the position based upon my educational and work experience. I have a Bachelor of Arts degree in Business Economics from UCSB and a certificate in Public Treasury Management from USC. I also hold the following professional designations: Certified Public Accountant (CPA), Certified Public Finance Officer (CPFO), Certified Fixed Income Practitioner (CFIP), and Advanced Certified Public Funds Investment Manager (ACPFIM).

I am a 20-year employee of Santa Barbara County and the current Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for 6 years. I was also an alternate member to the Board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration. I look forward to your positive decision in regards to my expression of interest in becoming SACRS Treasurer.

Harry E. Hagen, CPA, CPFO, CFIP, ACPFIM  
Treasurer-Tax Collector-Public Administrator-Public Guardian  
County of Santa Barbara  
(805) 568-2490  
hhagen@co.santa-barbara.ca.us

Kathryn Cavness

(707) 459-2215  
k24u2figure@gmail.com

January 29, 2017

SACRS Nominating Committee  
1415 L St., Suite 1000,  
Sacramento, CA 95814

Dear Nominating Committee:

Please consider my request to run for secretary in the State Association of County Retirement Systems (SACRS) Board of Directors upcoming election. Currently, I am a Trustee and Vice Chair of the Mendocino County Employee Retirement Association (MCERA) as well as a member of the MCERA audit committee. My educational background and professional experience has provided me with a strong financial background ideally suited for taking on the responsibilities of Secretary of the SACRS Board of Directors.

As a public employee, I have been serving as the Senior Department Analyst for the County of Mendocino District Attorney's Office since 2008. My position encompasses budget and finance administration for the DA's Office, as well as providing grant management for the DA's Victim Advocacy programs, the Mendocino County's Behavioral Health Court, and the Mendocino County Community Corrections Partners AB109 Realignment efforts to decrease recidivism.

Additional responsibilities include:

- SACRS Educational Committee Member

My educational background consists of a Master's Degree in Business Administration as well as an abundance of investment management opportunities while serving on the MCERA Board including:

- Principles of Pension Management for Trustees, Graziadio Business School, Pepperdine University
- Advanced Principles of Pension Management for Trustees, UC Davis

Sincerely,

Kathryn Cavness

Art Goulet  
[artgou@aol.com](mailto:artgou@aol.com)

I am the current SACRS Secretary, first elected in 2015. I am also the Retired Member Trustee of the Ventura County Employees Retirement Association, having recently completed the second year of my fourth term. Every time I have run for the position, I have run unopposed. I am a Past President of the Retired Employees Association of Ventura County (REAVC), after having served 10 years as President. I also serve as the Legislative Chair for the California Retired County Employees Association (CRCEA) and have been a member of the SACRS Legislative and Audit Committees for 12 and 5 years, respectively.

I have Bachelor of Civil Engineering and Master of Public Administration Degrees, and varied public service and private consulting experience, including more than 22 years as County Director of Public Works. While Director of Public Works, I progressed through the offices of the County Engineers Association of California (CEAC), culminating as President. I was also named County Engineer of the year during my career, and received the Circle of Service Award twice from the California State Association of Counties.

I have a reputation for hard work, doing my homework, and being prepared to make meaningful contributions. I have put that reputation to work as Secretary of SACRS for the past year, and would appreciate being nominated again, so I can continue to do so.

I-5

## Memorandum

---

**DATE:** April 17, 2017  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, Chief Legal Officer  
**SUBJECT:** PROPOSED AMENDMENT TO SACRS' BY-LAWS

---

### Recommendation

Request that SACRS By-Laws Committee consider an amendment to the SACRS By-Laws to clarify the role of the Nominating Committee in establishing the Recommended and Final ballot for SACRS' Board of Director Elections.

### Background/Discussion

The SACRS By-Laws (attached) establish and define the authority of nine committees, including the Nominating Committee. With respect to the authority of the Nominating Committee, the SACRS By-Laws (attached) state that "[t]he Nominating Committee shall be responsible for ascertaining the availability and interest of regular members to serve as Directors and officers of SACRS." (SACRS By-Laws, Article XI, §2.) In addition, the By-Laws provide that the Nominating Committee will be responsible for creating a "recommended" and "final" ballot for the election; however, the By-Laws are unclear with respect to the discretion of the Nominating Committee in creating the two ballots. (See, SACRS By-Laws, Article VI, §4.)

Staff recommends that the OCERS Board request the SACRS By-Law Committee to clarify the role of the Nominating Committee in creating the "recommended ballot" and "final ballot" referenced in Article VI, §4 of the SACRS By-Laws. Staff believes both ballots should include the names of all qualified, available and interested candidates who have been nominated by any regular member or board of any regular member County Retirement System. This would ensure that all candidates that express an interest in running will be included on both ballots, and that individuals who are not interested are not included on either ballot.

Staff suggests the following changes to Articles VI and XI of the SACRS By-Laws:

#### **ARTICLE VI – OFFICERS**

Section 4. Officer Elections. Any regular member may submit nominations for the election of officers to the Nominating Committee, provided the Nominating Committee receives those nominations prior to February 1 of each calendar year. . . . Prior to March 1 and subsequent to verification of interest, the Nominating Committee shall report its recommended ballot to each regular member County Retirement System. The recommended ballot shall include all candidates who were nominated and who confirmed an interest in running for the office.

The board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee's final ballot, provided the Nominating Committee receives those write-in candidates prior to March 25.

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1. The final ballot shall include all write-in candidates who confirmed an interest in running for the office.

...

## **ARTICLE XI – STANDING COMMITTEES**

**Section 2. Nominating Committee.** The Nominating Committee shall consist of the following five (5) members: (i) the immediate Past President of SACRS; (ii) one (1) member of the Program Committee appointed by the Program Committee Chair; (iii) one (1) member of the Legislative Committee appointed by the Legislative Committee Chair; (iv) one (1) member of the Bylaws Committee appointed by the Bylaws Committee Chair; and (v) one (1) member of the Education Committee appointed by the Education Committee Chair.

The Program Committee, Legislative Committee, Bylaws Committee and Education Committee Chairs shall appoint members to the Nominating Committee, as previously specified, no later than ninety (90) days prior to the second business meeting of SACRS each calendar year. The immediate Past President shall serve as the Nominating Committee Chair.

The Nominating Committee shall be responsible for ascertaining the availability and interest of regular members to serve as Directors and officers of SACRS. The Nominating Committee shall include the names of all qualified candidates that have confirmed an interest in running for a SACRS officer position in the recommended and final ballots described in Article IV, Section 4 of these By-Laws, and shall not express a preference for any candidate.

Staff recommends the Board direct staff to forward these suggested revisions to the SACRS By-Laws Committee for its consideration.

Attachment

**Submitted by:**

---

Gina M. Ratto  
Chief Legal Officer



Home About Us Affiliates System Members Conference Info Community Directory Text Search Login

by-laws

## About Us

[about](#) [committees](#) [by-laws](#) [articles of incorporation](#)

### Articles

- [I - Name, Mission, Purposes and General Policy](#)
- [II - Offices](#)
- [III - Membership](#)
- [IV - Delegates](#)
- [V - Member Meetings](#)
- [VI - Officers](#)
- [VII - Board Advisors](#)
- [VIII - Board of Directors](#)
- [IX - Meetings of the Board of Directors](#)
- [X - Powers of Committees](#)
- [XI - Standing Committees](#)
- [XII - Corporate Records and Seal](#)
- [XIII - Fiscal Year and Annual Audit](#)
- [XIV - Indemnification](#)
- [XV - Winding Up and Dissolution](#)
- [XVI - Amendments](#)
- [XVII - Construction and Definitions](#)

## SACRS BY-LAWS

### ARTICLE I - NAME, MISSION, PURPOSES AND GENERAL POLICY

Section 1. Name. The name of this corporation is State Association of County Retirement Systems ("SACRS").

Section 2. Mission. The mission of this organization shall be to serve the 1937 Act Retirement Systems by exchanging information, providing education and analyzing legislation.

Section 3. General Purpose. SACRS is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public purposes.

Section 4. Specific Purpose. The specific and primary purposes of SACRS are to provide forums for disseminating knowledge of and developing expertise in the operation of county retirement systems existing under the County Employees Retirement Law of 1937 as set forth in California Government Code section 31450 et. seq., and to foster and take an active role in the legislative process as it affects county retirement systems.

Section 5. Limitations. SACRS is organized exclusively for purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), or the corresponding provisions of any future United States Internal Revenue Law. Notwithstanding any other provision of these Bylaws, SACRS shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of SACRS, and SACRS shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(4) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

Section 6. Private Benefit. All of SACRS' property is irrevocably dedicated to social welfare purposes. No part of the net earnings of SACRS shall inure to the benefit of any of its Directors, or any other person or individual.

[back to top](#)

### ARTICLE II - OFFICES

Section 1. Offices. The principal office for the transaction of the business, activities and affairs of SACRS is located in Sacramento, California. The Board of Directors of SACRS (the "Board") may change the principal office from one location to another.

Section 2. Branch Offices. Branch or subordinate offices may be established at any time by the Board at any place or places.

[back to top](#)

### ARTICLE III - MEMBERSHIP

Section 1. Membership. SACRS shall be composed of regular, associate, nonprofit and affiliate members as hereinafter defined.

1. Regular Membership. Regular membership shall be extended to all duly elected or appointed members of Boards of Retirement and Investments operating under the County Employees Retirement Law of 1937, California Government Code 31450 et seq. Regular membership shall also be extended to the Administrator of a system operating under the County Employees Retirement Law of 1937 when said Administrator is employed by and reports directly to the Retirement Board of the Member county.
2. Associate Membership. Associate membership shall be extended to (i) the staff of County Retirement and/or Investment Boards; (ii) those staff of the County Treasurer whose specific duties are retirement related; and (iii) legal counsel advising County Retirement and Investment Boards.
3. Nonprofit Membership. Nonprofit organizations having an active interest in the purpose of SACRS may be extended nonprofit membership upon (i) the appropriate letter of application approved by the majority vote of the Board, and (ii) payment of the annual Nonprofit membership dues as set forth under Article III, Sections 5 and 6 herein. Nonprofit members will be comprised of two distinct tiers as follows: (i) Nonprofit Retirement Systems - defined as public retirement systems not eligible for regular membership; and (ii) Nonprofit Organizations - defined as nonprofit organization other than public retirement systems.
4. Affiliate Membership. Affiliate membership may be extended to a retirement-related business or institutional investment-related company or firm on a first come, first served basis as follows: (i) submission of an appropriate letter of application approved by a majority vote of the Board; and (ii) payment of the annual Affiliate membership dues as set forth under Article III, Sections 5 and 6 herein.
5. Past Presidents. Past Presidents who are no longer eligible for regular membership under Article III, Section 1(a), and who are not eligible for associate or affiliate membership under Article III, Section 1(b) and (d), shall be afforded lifetime membership and the privileges of membership held in the name of SACRS; and shall have their annual regular membership dues as defined in Article III, Section 5(a) and conference registration fees waived by SACRS.

Section 2. Rights of Regular Membership. Regular member County Retirement Systems shall have the right to vote, as set forth in these Bylaws, on the election of the officers/Directors, on the disposition of all or substantially all of the corporation's assets, on any merger and its principal terms and any amendment of those terms, and on any election to dissolve the corporation. In addition, the regular member County Retirement Systems shall have all rights afforded members under the California Nonprofit Public Benefit Corporation Law.

Section 3. Rights of Associate and Affiliate Membership. Associate and affiliate members shall be accorded all the rights and privileges to which any regular member is entitled except as specifically restricted in the Articles of Incorporation and these Bylaws. Associate and affiliate members are not entitled to vote.

All associate and affiliate memberships shall be held in the name of the County Retirement System, organization or firm. Membership shall not be personal to an individual.

Affiliate member organizations must designate two (2) representatives by name, on their Letter of Application. Only the Affiliate's two (2) designated representatives shall be afforded registration at SACRS meetings unless specific exceptions are made by a majority vote of the Board.

Section 4. Rights of Nonprofit Membership. Nonprofit Retirement Systems may have up to ten (10) delegates attend the regular meetings, and Nonprofit Organizations may have up to two (2) delegates attend the regular meetings. Nonprofit members are not entitled to vote.

#### Section 5. Membership Dues and Fees.

1. Regular Members. Regular member County Retirement Systems shall pay annual dues as approved by the organization's delegates at any noticed meeting. This fee shall, in addition to a regular membership, entitle the member systems to an annual associate membership under Article III, Section 1(b) herein.
2. Nonprofit Members. Nonprofit members shall pay annual dues in any amount determined by the Board.
3. Affiliates. Affiliate members shall pay annual dues in any amount determined by the Board.
4. Registration. Registration fees for meetings may be charged to all members in addition to annual dues.

Section 6. Payment of Annual Dues. Annual dues are due and payable July 1 and are delinquent July 31 of each year. Registration fees are due at the discretion of the Board.

[back to top](#)

#### ARTICLE IV - DELEGATES

Section 1. Delegates. Regular member County Retirement Systems shall be entitled to one (1) voting delegate. The delegate shall be designated in writing by the County Retirement Board and shall be a regular member from the member County Retirement System consistent with Article III, Section 1(a) herein.

Section 2. Alternate Delegates. Alternate delegates may be designated in writing by the member County Retirement Board.

Section 3. Voting by Delegates/Alternate Delegates. Voting delegates serve as a proxy for their respective County Retirement System. The delegate or alternate delegates shall vote as directed by their County Retirement System.

Section 4. Credentials. Credentials for the delegates who are voting participants shall be filed with the Credentials Committee in writing prior to any meeting of SACRS at which voting will take place. Credentials shall include the names of the member County Retirement System, the delegate and alternate delegates, if any, consistent with Article IV, Sections 1 and 2 of these Bylaws.

[back to top](#)

#### ARTICLE V - MEMBER MEETINGS

Section 1. Regular Meetings. The membership shall meet to conduct SACRS business once in the Spring and once in the Fall of each calendar year. These meetings shall be referred to as regular meetings.

Section 2. Special Meetings. Special meetings of the membership may be called by (i) a resolution of the membership at a meeting; or (ii) a majority vote of the Board.

Section 3. Site Selection for Meetings. The meeting sites shall be designated by the Board.

Section 4. Agenda for Business Meetings. The Board shall be responsible for the final agenda of all SACRS meetings. The business meeting agendas shall be mailed by first-class postage or provided by Electronic Transmission (as defined in Section 2 of Article XVII) to all members no later than ten (10) days prior to any meeting.

Section 5. Quorum. The presence of eleven (11) credentialed delegates shall constitute a quorum for the transaction of business at all SACRS meetings. If, however, the attendance at any SACRS meeting, whether in person or by proxy, is less than one-third (1/3) of the voting power, the members may vote only on those matters specified in the meeting agenda described in Article V, Section 4 herein. Meetings may be restricted to regular members only by a majority vote of the quorum present.

Section 6. Voting. Voting at meetings of SACRS shall be the exclusive privilege of the delegates or alternate delegates. Voting delegates or alternate delegates must have proper credentials on file consistent with Article IV, Section 3 herein prior to voting. Each delegate or alternate delegate may cast one (1) vote on each matter submitted to vote of the members. Voting shall be by open roll-call. A simple majority vote of the quorum present shall pass all issues considered by the regular membership unless otherwise specified in the Articles of Incorporation or these Bylaws. A roll-call vote of delegates and alternate delegates shall decide any voice vote in doubt by the regular members present.

Section 7. Proxy. A delegate may issue his or her proxy to an alternate delegate from the same member County Retirement System. All proxies must be in writing, signed and filed with the Credentials Committee prior to voting.

Section 8. Procedures. All meetings of SACRS shall be governed by Robert's Rules of Order unless other rules are specifically provided herein. The rules shall be interpreted at meetings, as necessary, by a parliamentarian appointed by the President prior to the first order of business.

Section 9. Resolutions. Any regular, associate and non-profit member may submit resolutions for consideration by the regular membership at any meetings. Submission of resolutions shall be made in writing and sent by certified mail to the President at least thirty (30) days prior to any meeting of SACRS at which the proposed resolution is to be considered for a vote. The President shall provide a sufficient number of legible copies of the proposed resolutions to allow delegates and alternate delegates to receive one (1) copy each before voting. Additional copies shall be made available to the membership at meetings.

Any resolution not so submitted shall first, in order to be considered by the membership, obtain a consent vote for introduction of two-thirds (2/3) of the voting delegates or alternate delegates present at the session at which such resolution is to be offered from the floor. The member requesting such consent shall have a sufficient number of legible copies of such proposed resolution available, so that the delegates and alternate delegates present may receive one (1) copy each thereof before any vote is taken. The foregoing shall not bar the introduction of resolutions formulated by and originating with the President, or the Board, or at the request of a majority of the members of the Board, or by any standing committee.

Section 10. Travel Expenses. The travel expenses incurred by officers and committee members may be reimbursed according to the current SACRS travel policy.

[back to top](#)

#### ARTICLE VI - OFFICERS

Section 1. Officers. The officers of SACRS, upon being elected, shall comprise the Board. The officers of SACRS shall be the President, the Vice-President, the Secretary, the Treasurer, and the immediate Past President.

Section 2. Election, Qualification and Term of Office. The officers of SACRS shall be regular members of SACRS. The officers shall be elected by a majority vote of the quorum of delegates and alternate delegates present at the first meeting in each calendar year and shall hold office for one (1) year and until a successor is elected.

Section 3. Resignation of Officers. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of SACRS. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The provisions of this Section 3 shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board relating to the employment of any officer of SACRS.

Section 4. Officer Elections. Any regular member may submit nominations for the election of officers to the Nominating Committee, provided the Nominating Committee receives those nominations prior to February 1 of each calendar year. Nominations shall not be accepted from the floor on the day of the election. Prior to March 1 and subsequent to verification of interest, the Nominating Committee shall report its recommended ballot to each regular member County Retirement System.

The board of any regular member County Retirement System may submit write-in candidates to be included in the Nominating Committee's final ballot, provided the Nominating Committee receives those write-in candidates prior to March 25.

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to April 1

The administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's recommended ballot and final ballot to each trustee and placing the election of SACRS officers on his or her board agenda. The administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

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

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

Section 5. President. The President shall be the Chief Executive Officer of SACRS and shall preside over all membership meetings and Board meetings. The President shall appoint committee members and serve as an ex-officio member of all committees with the exception of the Nominating Committee. The President shall be responsible for the general administration of SACRS in the absence of the membership.

Section 6. Vice-President. The Vice-President shall, in the absence or inability of the President, perform the duties of the President.

Section 7. Secretary. The Secretary shall keep, prepare and publish prior to the next immediate regular meeting an accurate record of the proceedings of all SACRS meetings defined under Article V herein. In addition, the Secretary shall prepare and maintain a current list of members in good standing.

Section 8. Treasurer. The Treasurer shall be the Chief Financial Officer of SACRS. The Treasurer shall act as custodian of all funds and financial records of SACRS; collect, deposit and disperse funds consistent with SACRS direction; prepare and present a written detailed financial report at each meeting of SACRS.

Section 9. Immediate Past President. The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board..

[back to top](#)

#### ARTICLE VII - BOARD ADVISORS

Section 1. Chair of Affiliate Committee. The Chair of the Affiliate Membership Committee shall serve as a non-voting advisor and/or consultant to the Board for educational (not legislative) purposes.

Section 2. Vice Chair of Affiliate Committee. The Vice Chair of the Affiliate Membership Committee shall, in the absence or inability of the Chair of the Affiliate Committee, perform the duties of the Chair.

Section 3. Members of the Board. Neither the Chair nor the Vice Chair of the Affiliate Membership Committee is a member of the Board.

[back to top](#)

#### ARTICLE VIII - BOARD OF DIRECTORS

Section 1. General Powers. Subject to limitations of the Articles of Incorporation and these Bylaws, the activities and affairs of SACRS shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of SACRS to any person, persons, management company, or committees however composed, provided that the activities and affairs of SACRS shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. Special Powers. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

1. To select and remove all the agents and employees of SACRS, prescribe powers and duties for them as may not be inconsistent with law, the Articles of Incorporation or these Bylaws, fix their compensation, and require from them security for faithful service.
2. To conduct, manage, and control the affairs and activities of SACRS and to make such rules and regulations that are not inconsistent with the law, the Articles of Incorporation, or these Bylaws, as they may deem best, including, but not limited to, executing all motions, resolutions, association positions and/or direction passed on by the membership at any meeting.
3. To borrow money and incur indebtedness for the purposes of SACRS, and to cause to be executed and delivered, in SACRS' name, promissory notes, bond, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities.

4. To change the principal office or the principal business office of SACRS in Sacramento County, California, from one location to another.
5. To adopt, make, and use a corporate seal and to alter the form of the seal from time to time, as determined by the Board.
6. To accept on behalf of SACRS any contribution, gift, bequest, or devise for the social welfare purposes of SACRS.
7. To report to the regular membership, in writing, as soon as possible, all actions taken by the Board under this Article VIII.

Section 3. Term. The Directors, as the officers of SACRS, shall hold office for one (1) year and until a successor Director has been designated and qualified.

Section 4. Vacancies. Vacancies on the Board shall exist in the event of:

1. the death, resignation or removal of any Director;
2. the declaration by resolution of the Board of a vacancy in the office of a Director who has been (i) declared of unsound mind by a final order of a court; (ii) convicted of a felony; (iii) found by a final order of judgment of any court to have breached any duty arising under Article 3 of the California Nonprofit Public Benefit Corporations Law; or (iv) the Director has been absent without good cause, as determined by the remaining Directors, from regular Board meetings for either two (2) consecutive meetings or four (4) meetings in any one twelve (12) month period; and
3. the vote of a majority of the delegates or alternate delegates to remove the Director(s).

Except for a vacancy created by the removal of a Director by the delegates and alternate delegates, when vacancies occur on the Board such vacancies may be filled by approval of the Board or, if the number of Directors then in office is less than a quorum, by the affirmative vote of a majority of the Directors then in office at a meeting held pursuant to these Bylaws, or a sole remaining Director. The delegates and alternate delegates may fill any vacancy not filled by the Directors.

A person elected to fill a vacancy as provided by this Section shall hold office for the remaining term of the vacating Director, or until his or her death, resignation or removal from office.

Section 5. Resignation of Directors. Except as provided below, any Director may resign effective upon giving written notice to the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be appointed by the Board before such time, to take office when the resignation becomes effective and for the remaining term of the vacating Director. Except on notice to the California Attorney General, no Director may resign if the corporation would be left without a duly elected Director.

Section 6. Conflicts of Interest.

1. All Directors of the Board shall comply with the disclosure requirements of California Corporation Code Section 5234 concerning transactions between SACRS and any other entity in which a Director is an officer or director; and
2. SACRS will make no loan of money or other property, or guarantee the obligation, of any Director or officer, except as authorized by California Corporation Code Section 5236.

Section 7. Compensation/Travel Policy. Directors shall serve without compensation except that they shall be allowed reasonable advancement or reimbursement for food and beverage, transportation, and lodging expenses incurred in the performance of their regular duties as specified in these Bylaws.

Section 8. Non-Liability of Directors. The Directors shall not be personally liable for the debts, liabilities, or other obligations of SACRS.

Section 9. Insurance for Corporate Agents. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of SACRS (including a Director, officer, employee or other agent) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not SACRS would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

[back to top](#)

#### ARTICLE IX - MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Place of Meeting. All meetings of the Board shall be held at SACRS' office or at such other place as may be designated for that purpose in the notice of the meeting or, if not stated in the notice or there is no notice, at such place as may be designated in the Bylaws or by resolution of the Board.

Section 2. Annual Meeting. Immediately following the election of the officers at the first meeting of the calendar year, the Board shall hold a general meeting for the purposes of conducting any business or transactions as shall come before the meeting. Other general meetings of the Board may be held without notice at such time and place as the Board may fix from time to time.

Section 3. Special Meetings. Special meetings of the Board for any purpose or purposes may be called by the President, the Secretary, or any two (2) or more Directors.

Section 4. Notice of Meetings. Written notice of the time and place of any special meeting shall be delivered personally to each Director or sent to each Director by mail or other form of written communication, charges prepaid, addressed to the Director either at his or her address as it is shown on the records or, if not readily ascertainable, to the place in which the Director meets as a regular member of a County Retirement System. Such notice, if mailed, shall be sent at least four (4) days prior to the time of holding the meeting. Said notice shall specify the purpose of the special meeting of the Board. In addition, telephone (including a voice messaging system or other system or technology designed to record and communicate messages, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate that notice promptly to the Director), Electronic Transmission, or other similar means of communication may be used to provide such notice. If given personally, or by telephone, Electronic Transmission, or other similar means of communication, such notice shall be provided at least forty-eight (48) hours prior to the meeting.

Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place of the next meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to Directors absent from the original meeting if the adjourned meeting is held more than twenty-four (24) hours from the time of the original meeting.

Section 5. Meeting by Telephone or Other Telecommunications Equipment. Any Board meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this Section 5 shall constitute presence in person at the meeting if both the following apply:

1. Each member participating in the meeting can communicate concurrently with all other members; and
2. Each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Board.

Section 6. Validation of Meeting. The transactions of the Board at any meeting, however called or noticed, or wherever held, shall be as valid as though the meeting had been duly held after proper call and notice if a quorum is present and if, either before or after the meeting, each voting Director not present signs a written waiver of notice or consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 7. Waiver of Notice. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. Quorum. At all meetings of the Board, a majority of the Directors present in person or pursuant to Section 5 of this Article IX shall be necessary and sufficient to constitute a quorum, except to adjourn as provided in Section 11 of this Article IX. A meeting, at which a quorum is initially present, may continue to transact business notwithstanding the withdrawal of Directors as long as the action is approved by at least a majority of the required quorum for the meeting.

Section 9. Majority Action as Board Action. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless the Articles of Incorporation or Bylaws of SACRS, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section

5212), approval of contracts or transactions in which a Director has a material financial interest (Section 5233) and indemnification of Directors (Section 5238(e)), require a greater percentage or different voting rules for approval of a matter by the Board.

Section 10. Prohibition Against Voting by Proxy. Directors may not vote by proxy.

Section 11. Adjournment A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned, except that if the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

[back to top](#)

#### ARTICLE X - POWERS OF COMMITTEES

Section 1. Powers of Committees. The committees described in these Bylaws shall have the authority described herein, and any additional authority of the Board to the extent provided in a Board resolution. Notwithstanding the preceding sentence, no committee may do the following:

1. Take any final action on any matter that, under the California Nonprofit Corporation Law, also requires approval of the members or approval of a majority of all members;
2. Fill vacancies on the Board or any committee of the Board;
3. Fix compensation of the Directors for serving on the Board or on any committee of the Board;
4. Amend or repeal Bylaws or adopt new Bylaws;
5. Amend or repeal any resolution of the Board that by its express terms cannot be amended or repealed by a committee;
6. Create any other committees of the Board or appoint the members of committees of the Board; and
7. Expend corporate funds to support a nominee for Director if more people have been nominated for Director than can be elected

Section 2. Ratification of Committee Activities. All activities and actions of the committees shall be reported to and ratified by the full Board at a duly scheduled Board meeting.

[back to top](#)

#### ARTICLE XI - STANDING COMMITTEES

Section 1. Legislative Committee. The Legislative Committee shall be comprised of not less than three (3) members but not more than thirteen (13) members. The Legislative Committee Chair shall be appointed by the President, with Board approval. The Legislative Committee membership shall be appointed annually by the President, with Board approval, from names submitted from the Legislative Committee Chair, and shall be seated by September 1st. The President may remove Legislative Committee members who miss twenty-five percent (25%) or more of the Legislative Committee meetings in any given year. The Legislative Committee shall be responsible for the legislative activities of SACRS.

Section 2. Nominating Committee. The Nominating Committee shall consist of the following five (5) members: (i) the immediate Past President of SACRS; (ii) one (1) member of the Program Committee appointed by the Program Committee Chair; (iii) one (1) member of the Legislative Committee appointed by the Legislative Committee Chair; (iv) one (1) member of the Bylaws Committee appointed by the Bylaws Committee Chair; and (v) one (1) member of the Education Committee appointed by the Education Committee Chair.

The Program Committee, Legislative Committee, Bylaws Committee and Education Committee Chairs shall appoint members to the Nominating Committee, as previously specified, no later than ninety (90) days prior to the second business meeting of SACRS each calendar year. The immediate Past President shall serve as the Nominating Committee Chair. The Nominating Committee shall be responsible for ascertaining the availability and interest of regular members to serve as Directors and officers of SACRS.

Section 3. Bylaws Committee. The Bylaws Committee shall be comprised of not less than three (3) members, with at least one (1) regular trustee member, at least one (1) regular administrative member, and one (1) of whom may be an associate member. The president shall appoint the Bylaws Committee Chair, with Board approval. The Bylaws Committee shall be comprised of appointees selected from names submitted by the Bylaws Committee Chair, with Board approval, within forty-five (45) days after the President takes office. The Bylaws Committee shall be responsible for the maintenance of the Articles of Incorporation and the Bylaws.

Section 4. Program Committee The Program Committee shall be comprised of not less than four (4) members but not more than eighteen (18) members from names submitted by the Program Committee Chair, with Board approval, and shall include the Education Committee Chair and Vice Chair and the Affiliate Committee Chair and Vice Chair. The President shall fill mid-term vacancies and shall appoint the Program Committee Chair, with the approval of the Board, within forty-five (45) days of taking office. The Program Committee Chair shall serve a one (1) year term that expires on the last day of the Spring regular meeting. The President may remove Program Committee members missing twenty-five percent (25%) or more of the Program Committee meetings in any given year. The Program Committee shall be responsible for the program of the two (2) annual SACRS conferences.

Section 5. Audit Committee. The Audit Committee shall be comprised of not less than two (2) regular members selected from names submitted by the Audit Committee Chair, with Board approval, within forty-five (45) days of the President taking office. The President shall appoint the Audit Committee Chair, with Board approval. Audit Committee members shall have auditing experience; shall not receive, directly or indirectly, any consulting, advisory, or other compensatory fees from SACRS; and shall not be from the same County as SACRS' Treasurer. The Audit Committee shall be responsible for SACRS' audits, and its duties shall include, but shall not be limited to, the following:

1. Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
2. Negotiating the auditor's compensation;
3. Confering with the auditor regarding SACRS' financial affairs; and
4. Reviewing and accepting or rejecting the audit.

If SACRS establishes a finance committee, a majority of the members of the Audit Committee may not concurrently serve as members of the finance committee, and the Chair of the Audit Committee may not serve on the finance committee.

Section 6. Credentials Committee. The Credentials Committee shall be comprised of SACRS' Secretary as the Chair and SACRS' Treasurer who shall verify designated voting delegates at all meetings where a delegate vote is conducted.

Section 7. Affiliate Membership Committee. The Affiliate Membership Committee shall be comprised of nine (9) affiliate member delegates, selected from names submitted by the Affiliate Committee Chair, with Board approval, to serve three (3) year terms on a staggered basis. If a committee member becomes ineligible to serve or resigns, a successor may be appointed by the Board for the remaining term of the outgoing member. The committee shall provide counsel and advice to the Board regarding educational (not legislative) activities, and shall represent the Affiliate membership.

Section 8. Education Committee The Education Committee shall be comprised of at least three (3) but not more than nine (9) members appointed by the Education Committee Chair, with Board approval. Such appointments shall be made within forty-five (45) days of the President taking office. The President shall appoint the Education Committee Chair, with Board approval. The President may remove Education Committee members who miss twenty-five percent (25%) or more of the Education Committee meetings in any given year. The Education Committee shall be responsible for the educational activities of SACRS.

Section 9. Resolutions Committee. The President may appoint a Resolutions Committee, comprised of regular members, to analyze proposed resolutions and make recommendations for adoption, rejection or amendment prior to consideration by the delegates and alternate delegates.

Section 10. Meetings and Action of Committees. Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings and special meetings of committees may be fixed by the Board or the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws. Any expenditure of SACRS funds by a committee shall require prior approval of the Board.

[back to top](#)

#### ARTICLE XII - CORPORATE RECORDS AND SEAL

Section 1. Maintenance of Corporate Records. SACRS shall keep at its principal office in the State of California:

1. Minutes of all meetings of the Board and the committees, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
2. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses; and
3. A copy of SACRS' Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection at all reasonable times during office hours.

Section 2. Corporate Seal. The Board may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of SACRS. Failure to affix the seal to SACRS instruments, however, shall not affect the validity of any such instrument.

Section 3. Inspection Rights. Every Director and member shall have the right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of SACRS.

Section 4. Right to Copy and Make Extracts. Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

[back to top](#)

#### ARTICLE XIII - FISCAL YEAR AND ANNUAL AUDIT

Section 1. Fiscal Year. The fiscal year of SACRS shall be July 1 thorough June 30.

Section 2. Annual Audit. There shall be an annual audit of SACRS.

[back to top](#)

#### ARTICLE XIV - INDEMNIFICATION

Section 1. Indemnification. SACRS may, to the maximum extent permitted under the Nonprofit Public Benefit Corporations Law and general California Corporation Law, as now or hereafter in effect, indemnify each person who is or was a Director or officer of SACRS against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising against any one or more of them, based on their conduct as Directors or officers, or by reason of the fact that any one or more of them is or was a Director or officer of SACRS. "Proceeding" means any threatened, pending, or completed action or proceeding whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorney's fees and any expenses of establishing a right to receive indemnification from SACRS.

[back to top](#)

#### ARTICLE XV - WINDING UP AND DISSOLUTION

Section 1. Irrevocable Dedication The property of SACRS is irrevocably dedicated to social welfare purposes. Upon the winding up and dissolution of SACRS, its assets remaining after payment or adequate provision for payments of all debts and obligations of SACRS shall be distributed in accordance with the plan of liquidation to an organization which is organized and operated exclusively for social welfare purposes and exempt from federal income tax under Section 501(c)(4) of the Code, as the Board may select. In any event, no assets shall be distributed to any organization if any part of the net earnings of such organization inures to the benefit of any private person or individual, or if the organization carries on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(4) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

[back to top](#)

#### ARTICLE XVI - AMENDMENTS

Section 1. Amendment of Articles of Incorporation and Bylaws. Amendments to the Articles of Incorporation and Bylaws may be proposed by the Board or any regular member of SACRS or by any standing committee. Proposed amendments shall be submitted in writing by certified mail to the President at least sixty (60) days before any meeting of SACRS. The President shall submit the proposed amendments to the membership at least thirty (30) days before any meeting of SACRS. A two-thirds (2/3) vote of a quorum present at any meeting of SACRS is required to adopt an amendment.

Section 2. Certain Amendments. Notwithstanding Section 1 of this Article XVI, SACRS shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation relating to the name and address of its initial agent, except to correct an error in such statement or to delete such statement after SACRS has filed a "Statement of Information" pursuant to Section 6210 of the California Nonprofit Corporation Law.

[back to top](#)

#### ARTICLE XVII - CONSTRUCTION AND DEFINITIONS

Section 1. Construction and Definitions. Except as provided in these Bylaws and/or unless the context requires otherwise, the general provisions, rules of construction, and definitions of the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both SACRS and the natural person.

Section 2. Electronic Transmission. Notice given by SACRS by Electronic Transmission shall be valid only if:

1. delivered by (i) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with SACRS; (ii) posting on an electronic message board or network that SACRS has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered on the later of the posting or delivery of the separate notice of it; or (iii) other means of electronic communications;
2. to a recipient who has provided an unrevoked consent to the use of those means of transmission for communications; and
3. that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

Notwithstanding the foregoing, an Electronic Transmission by SACRS to a recipient is not authorized unless, in addition to satisfying the requirements of this Section 2, the transmission satisfies the requirements applicable to consumer consent to electronic record as set forth in the Electronic Signatures in Global and National Commerce Act (15 United States Code Section 7001(c)(1)). Notice shall not be given by Electronic Transmission by SACRS after either of the following: (i) SACRS is unable to deliver two (2) consecutive notices to the recipient by that means, or (ii) the inability so to deliver the notices to the recipient becomes known to the Secretary or any other person responsible for the giving of the notice.

[back to top](#)

SACRS  
1415 L St., Suite 1000, Sacramento, CA 95814  
[P] 916-441-1850 [F] 916-441-6178  
[sacrs@sacrs.org](mailto:sacrs@sacrs.org)