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

Attendance was as follows:

Present: Chris Prevatt, Vice Chair; Eric Gilbert, Chuck Packard, Russell Baldwin, Wayne Lindholm, Shawn Dewane, Roger Hilton; 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; Molly Murphy, Chief Investment Officer; Jenny Sadoski, Director of Information Technology; Gina Ratto, General Counsel; Lee Fink, Deputy General Counsel; Anthony Beltran, Visual Technician; Megan Cortez; Disability Coordinator; Cammy Danciu, Recording Secretary.

Guests: Harvey Leiderman and Andy Yeung

Absent: David Ball, Chair

Mr. Dewane led the Pledge of Allegiance.

ACTION CONSENT AGENDA

All matters on the Action 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.

Items C-3 and C-6 were pulled for discussion.

Following discussion, a motion was made by Mr. Dewane seconded by Mr. Eley to move the remainder of the action consent agenda.

Motion passed unanimously.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION
Recommendation: Grant election of retirement benefit payment, Option 4, based on Segal Consulting's actuarial report.
(1) Darren Sandberg
(2) Andrew Ferguson

ADMINISTRATION

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Regular Board Meeting Minutes  October 16, 2017
Audit Committee Meeting Minutes  October 16, 2017
Governance Committee Minutes  October 24, 2017

Recommendation: Authorize meeting and approve minutes.

C-3 GOVERNANCE COMMITTEE OUTCOMES FROM OCTOBER 24, 2017 MEETING

Recommendation:
The Governance Committee recommends that the Board of Retirement adopt:
(1) Revisions to the Securities Litigation Policy as approved by the Committee;
(2) Revisions to the Investment Committee Charter as approved by the Committee; and
(3) Revisions to the OCERS Rules of Parliamentary Procedure as approved by the Committee; and
(4) Revisions to the Actuarial Valuation Policy.

C-4 PROPOSED SACRS BY-LAWS AMENDMENT AND DIRECTION TO VOTING DELEGATE

Recommendation: Direct the SACRS voting delegate and alternate delegates to vote “yes” on the proposed amendments to the SACRS By-Laws, which will be presented to the SACRS membership for a vote at the SACRS business meeting on November 17, 2017.

INFORMATION CONSENT AGENDA

The following matters are informational only and no action by the Board is necessary.

C-5 MATERIAL DISTRIBUTED

Application Notices  November 13, 2017
Death Notices  November 13, 2017

C-6 WORKFORCE ANALYSIS OBSERVATIONS BY MANAGEMENT PARTNERS

C-7 CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN
INDIVIDUAL ITEMS AGENDA

ACTION ITEMS

I-1

INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDAS

C-3

Ms. Freidenrich asked staff for clarification on the protocols for voting when an appointed Board member is absent. Ms. Ratto explained that under the statute, the alternate seventh member votes in place of any elected Board member who is absent; however, the statute does not provide for anyone to vote in place of an absent appointed member.

Ms. Ratto explained that the proposed changes to the OCERS Rules of Parliamentary Procedure, approved by the Governance Committee, will express OCERS' interpretation of Government Code section 31520.1 as follows: when an elected Board member is absent, the alternate seventh member will vote in place of the absent/vacant board member, and the seventh member will vote as the safety member, even on retirement applications of OCERS members who are of the same service as the alternate seventh member. This interpretation best preserves the Legislature's intent to create a balance on the retirement board of elected and appointed members (four each) voting on OCERS member determinations, and results in voting by all board members present at the meeting. It also represents an interpretation of the statute that is shared by half of the CERL systems that have alternate seventh board members.

The Governance Committee approved, and recommended that the Board approve the proposed changes to the OCERS Rules of Parliamentary Procedure. Following discussion, a motion was made by Ms. Freidenrich seconded by Mr. Eley to approve the Governance Committee recommendation.

Motion passed unanimously.
Ms. Freidenrich asked for clarification for the new agenda format for item C-6.

Ms. Ratto discussed the new format of the agenda.

Mr. Leiderman suggested changing the label from “information consent agenda” to “information items.”

Mr. Dewane suggested taking this item and new agenda format back to the Governance Committee meeting and address the concern of the Treasurer.

Vice Chair Prevatt directed staff to review the new agenda format at the Governance Meeting and to bring it back to the Regular Board Meeting at a later time.

Item C-6 was left as a pulled item.

I-2 OCERS’ ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2018
Presentation by Brenda Shott, Assistant Chief Executive Officer of Internal Operations, and Tracy Bowman, Director of Finance

Recommendation:
1. Fiscal Year 2018 Staffing Plan
   Approve the 2018 Staffing Plan of 92 authorized positions, included as Appendix C of the 2018 Administrative Budget, which includes the addition of 12 positions (one of which is Extra Help) and new salary ranges for three new OCERS Direct positions as listed in Section III, page 7 of the 2018 Administrative Budget.

2. Approve Compensation Philosophy Related Items
   a. Performance/Salary Adjustments for OCERS’ direct employees based on a rating scale of 3% for meets expectations, up to 5% for exceeds expectations, and up to 6% for exceptional performance;
   b. Pay item of 5.5% of salary for CFA, CPA, and future Board approved professional certifications.

3. Adopt the Administrative Budget for Fiscal Year 2018 in the amount of $25,508,054 which includes:
   a. Personnel costs in the amount of $13,925,194
   b. Services and supplies in the amount of $10,487,860
   c. Capital expenditures in the amount of $1,095,000

Brenda Shott and Tracy Bowman presented the OCERS’ Administrative Budget for Fiscal Year 2018.

Ms. Freidenrich stated that it’s difficult managing a budget where every year the budget vs actuals trend is so far off. She would like to see the Board approve a proposed budget that would more accurately represent past year “actuals”.

Mr. Eley stated that he too would like for the budget to be closer in numbers to the actual budget. He thinks we’re on the right track with this budget.
Mr. Baldwin stated that he sees the budget as a moving target and that you will never get to the exact number.

Mr. Packard stated that OCERS should be looking at major changes made to the budget for next year not minor changes, as the budget has been vetted in detail at the budget workshop on October 16, 2017.

**Mr. Hilton stepped out at 10:03 a.m.**  
**Mr. Hilton returned at 10:05 a.m.**

**Vice Chair Prevatt stepped out at 10:07 a.m.**  
**Vice Chair Prevatt returned at 10:09 a.m.**

**Mr. Gilbert stepped out at 10:11 a.m.**  
**Mr. Gilbert returned at 10:13 a.m.**

**Mr. Lindholm stepped out at 10:16 a.m.**  
**Mr. Lindholm returned at 10:18 a.m.**

Mr. Dewane asked Mr. Delaney if he 100% agrees with the three staff recommendations brought to the Board.

Mr. Delaney stated yes, he agrees 100% with the three recommendations brought to the Board by staff.

Following discussion, a **motion** was made by Mr. Dewane **seconded** by Mr. Packard to approve all three recommendations.

Mr. Prevatt stated that the Board will vote separately for each recommendation.

**Recommendation #1:**  
Motion passed **unanimously.**

Mr. Hilton asked Mr. Delaney to report back on how many people will receive a 3%, 5%, or 6% increase without names added to the positions.

**Recommendation #2:**  
Part A – Motion passed **unanimously.**  
Part B – Motion passed **7-1** with Ms. Freidenrich voting “No”.

**Recommendation #3:**  
Motion passed **unanimously.**

*The Board recessed for break at 10:53 a.m.*  
*The Board reconvened from break at 11:05 a.m.*

1-3 2018 OCERS BOARD MEETING CALENDAR  
Presentation by Steve Delaney, Chief Executive Officer
Recommendation: Approve the 2018 OCERS Board Meeting Calendar as well 2018 Calendar for the Investment Committee.

Mr. Dewane asked if this matter can be sent back to staff to poll individual Board members offline and determine the most efficient 2018 Board meeting calendar.

The board concurred and no was taken for this item.

The Board recessed for lunch 12:01 p.m.
The Board reconvened from lunch 12:45 p.m.

INFORMATION ITEMS

The following matters are informational only and no action by the Board is necessary.

I-4 CYPRESS PARKS AND RECREATION DISTRICT – OCERS UAAL
Presentation by Brenda Shott, Assistant Chief Executive Officer of Internal Operations

Mr. Packard arrived at 12:48 p.m.

Ms. Shott presented the Cypress Parks and Recreation District – OCERS UAAL and discussed the parameters of a funding agreement that will meet the needs and responsibilities of OCERS. Once a mutually agreeable funding agreement has been drafted it will be brought forward to the Board for approval.

I-5 PEPRA OVERVIEW
Presentation by Suzanne Jenike, Assistant Chief Executive Officer of External Operations and Andy Yeung, Segal Consulting

Ms. Jenike and Mr. Yeung presented an overview of what PEPRA does, distinguished from the Legacy plans, and current status of hires and costs.

Mr. Eley asked if under PEPRA a retiree working as a contractor would be subject to the same limitation of hours as retiree working extra help or limited term.

Mr. Leiderman stated that PEPRA addressed the contractor question and set the same limitation to the allowed number of hours worked by a retiree.

I-6 DISCUSSION OF NEW 2017 MORTALITY PROJECTION SCALE AND IMPACT TO ACTUARIAL ASSUMPTIONS ADOPTED BY THE BOARD AT ITS OCTOBER MEETING
Presentation by Andy Yeung, Segal Consulting

Mr. Yeung presented the discussion of New 2017 Mortality Projection Scale and Impact to Actuarial Assumptions Adopted by the Board at its October Meeting and discussed the MP-2017 and its potential impact on the actuarial assumptions adopted by the Board in October.

Mr. Hilton stated that he requested this item and he would like this item to come back to the Board for further discussion at a future date.
Mr. Packard asked for clarification if the Board is re-looking at all the assumptions or only the mortality impact portion.

Mr. Delaney stated that in this focused presentation; Mr. Yeung is specifically discussing the mortality assumptions.

Mr. Packard stated that if the OCERS Board will revisit this item, then all the assumptions and not just the mortality part should be re-looked at.

Mr. Dewane stated that the Board has already deliberated this item and made its decision and it should not be brought back to the Board for re-deliberation.

Mr. Hilton stated that the outcome of these discussions could lower employee and employer contribution rates and the Board has a duty to its taxpayers to discuss this item again.

Mr. Yeung stated that his observation is that Segal presents their items with the information they have at the time and he stated that the MP-2016 scales were the ones available when the item was presented last month to the Board.

Mr. Prevatt stated that even though the new MP-2017 scales table came out four days after the Board made the decision, the process started back in July of 2017 and the most up to date information then available was presented back then and was brought to the Board.

Mr. Lindholm did not agree to reopen this discussion at the next Board meeting.

Mr. Eley stated that we owe it to the employees and retirees to look at the MP-2017 scales.

Mr. Dewane stated that once you open this item again, every person will have a different opinion.

Mr. Hilton wants the minutes to state that this would be an estimated savings to the planned sponsors.

Mr. Prevatt stated that the Board took an extraordinary amount of time working through this process and we need to respect the process. He also said in conversations with Chair Ball that Mr. Ball was not in favor of placing this item on a future agenda.

Following discussion, a motion was made by Mr. Hilton seconded by Mr. Eley to have Segal report back to the Board on the new assumptions using the new MP-2017 scales.

Motion fails 6-2 with Mr. Hilton and Mr. Eley voting “Yes”.

*The Board recessed for break at 1:52 p.m.*
*The Board reconvened from break at 1:57 p.m.*

*Board adjourned to closed session at 1:57 p.m.*
*Mr. Lindholm recused himself from closed session at 1:57 p.m.*
*Mr. Lindholm joined closed session at 2:03 p.m.*
*Board reconvened from closed session: 2:30 p.m.*
**END OF INDIVIDUAL ITEMS AGENDA**

**DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA**

11:00 A.M.

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

**DISABILITY CONSENT AGENDA**

All matters on the Disability 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.

Megan Cortez, Disability Coordinator, presented the Disability Consent Agenda.

**D-1: Elizabeth Ortiz**
Office Technician, Orange County Social Services Agency
Date of employer filed application for service and non-service connected disability retirement: 05/12/2017

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member’s failure to cooperate. (General Member)

A motion was made by Mr. Dewane, seconded by Mr. Baldwin to approve the Disability Consent Agenda. The motion carried unanimously.

**DISABILITY INDIVIDUAL AGENDA**

**D-2: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA**

Megan Cortez, Disability Coordinator, presented item D-3.

**D-3: Herman Carter**
Date of employee filed application for non-service connected disability retirement: 09/08/2015

Recommendation: Grant service connected disability retirement with an effective date of September 8, 2015. (General Member)

Mr. Hilton asked if Mr. Herman can later file a non-service connected disability.

Ms. Cortez said yes, he can.

Following discussion, a motion was made by Mr. Dewane, seconded by Mr. Baldwin to grant service connected disability retirement with an effective date of September 8, 2015. The motion carried 8-0 with voting as follows:

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Megan Cortez, Disability Coordinator, presented item D-4.

D-4: Matthew Cetera
Senior Mechanic, Orange County Sanitation District
Date of employer filed application for service and non-service connected disability retirement: 03/23/2016
Date of employee filed application for service and non-service connected disability retirement: 05/12/2016

Recommendation: Grant service connected disability retirement with an effective date of January 10, 2011, the day following the last day of regular compensation as a Senior Mechanic. Find the Applicant is capable of performing other duties in the service of the County of Orange pursuant to Government Code Section 31725.65. Grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions effective January 10, 2011, the date of the position change until the last day of compensation, November 27, 2014. (General Member)

Following discussion, a motion was made by Mr. Dewane, seconded by Mr. Eley to grant service connected disability retirement with an effective date of January 10, 2011, the day following the last day of regular compensation as a Senior Mechanic. Find the Applicant is capable of performing other duties in the service of the County of Orange pursuant to Government Code Section 31725.65. Grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions effective January 10, 2011, the date of the position change until the last day of compensation, November 27, 2014. The motion carried 8-0 with voting as follows:
Megan Cortez, Disability Coordinator, presented item D-5.

**D-5: Shaleen McDonald**  
Sheriff’s Special Officer II, Orange County Sheriff’s Department  
Date of employer filed application for service and non-service connected disability retirement: 10/28/2016  
Date of employee filed application for service and non-service connected disability retirement: 11/29/2016

**Recommendation:** Grant service connected disability retirement with an effective date of the day after the last day of regular compensation. (General Member)

Following discussion, a motion was made by Mr. Hilton, seconded by Mr. Dewane to grant service connected disability retirement with an effective date of the day after the last day of regular compensation. The motion carried 8-0 with voting as follows:

**AYES**
- Mr. Baldwin
- Mr. Packard
- Mr. Prevatt
- Mr. Hilton
- Ms. Freidenrich
- Mr. Dewane
- Mr. Eley
- Mr. Lindholm

**ABSTAIN**

Megan Cortez, Disability Coordinator, presented item D-6.

**D-6: Justina Soriano**  
Coach Operator, Orange County Transportation Authority  
Date of employer filed application for service and non-service connected disability retirement: 08/15/2016  
Date of employee filed application for service connected disability retirement: 09/28/2016

**Recommendation:** Grant service connected disability with an effective date of August 22, 2016. (General Member)

Following discussion, a motion was made by Mr. Dewane, seconded by Mr. Eley to grant service connected disability retirement with an effective date of August 22, 2016. The motion carried 8-0 with voting as follows:

**AYES**
- Mr. Baldwin
- Mr. Packard
- Mr. Prevatt
- Mr. Hilton
- Ms. Freidenrich
- Mr. Dewane
- Mr. Eley
- Mr. Lindholm

**ABSTAIN**

Chair Ball
D-7: Jacki Livingston
Eligibility Technician, Orange County Social Services Agency
Date of employee filed application for service and non-service connected disability retirement: 10/28/2015

Recommendation: Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

Following discussion, a motion was made by Mr. Dewane, seconded by Mr. Packard to deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity.

Ms. Livingston stated that the County of Orange blackballed her and she can no longer work due to exhaustion, fear, emotional trauma that has occurred.

Ms. Cortez explained the physician’s statement and outcomes provided in the material presented to the Board.

Mr. Baldwin wanted to verify that there were multiple times Ms. Livingston failed to do what the OCERS staff asked her to do regarding doctor’s visits. He also stated that this member requires and deserves more time and attention.

Following discussion, a substitute motion was made by Mr. Baldwin, seconded by Mr. Packard to send this item back to staff for further evaluation and to gather additional records that are not referred to in the medical evaluation.

The motion carried 7-1 with voting as follows:

AYES
Mr. Baldwin
Mr. Packard
Mr. Prevatt
Mr. Hilton
Ms. Freidenrich
Mr. Dewane
Mr. Eley
Mr. Lindholm

NAYS
Mr. Dewane

ABSTAIN

ABSENT
Chair Ball
Megan Cortez, Disability Coordinator, presented item D-8.

D-8: Dana Ohanesian

**Recommendation:** Affirm staff’s determination to deny Mr. Ohanesian’s request to have his 4.4730 years of Plan B (1.667% @ 57.5) while at the Orange County Vector Control District (OCVCD) upgraded to Plan J (2.7% @ 55).

Item D-8 was removed from the agenda. The Board unanimously agreed for OCERS staff to communicate with the member and return this item back to the Board at a later date.

**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

**BOARD MEMBER COMMENTS**

N/A

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

Mr. Delaney updated the Board that four out of the five OCERS positions were filled.

Ms. Shott stated that OCERS has been contacted by the QC Commission on Children and Families and their Board has approved to pay off their UAAL of approximately $1.6 million this month.

**COUNSEL COMMENTS**

N/A

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**CLOSED SESSION ITEMS**

**E-1 CONCERN 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 PUBLIC EMPLOYEE PERFORMANCE EVALUATION (GOVERNMENT CODE §54957(b))
Title: Chief Executive Officer

The Board reported that they are extremely satisfied with the performance of OCERS CEO Steve Delaney.

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

Active Members
N/A

Retired Members
Amorim, Salete
Arnold, Paul
Baker, Margaret
Carro, Abel
Conwell, Douglas
Daniel, Ruth
Delgado, Manuel
Fife, William
Gaggioli, Fred
Garcia, Joan
Gorospe, Ignacio
La Mond, Stephen
Mack, Clarence
Moore, Marian
PAGE, EARL
Roberts, Germaine
Shumate, Mary
Stenson, Reo
Stettler, Robert
Stone, Allen
Tate, Nancy
Varela, Cristella
Vining, William

Surviving Spouses
Davis, Germaine
Diedrich, Inez
Dowrey, Irene
Talmage, Frances
Winchester, Eileen

There being no further business to bring before the Board, the meeting adjourned at 2:34 p.m.
Submitted by:

[Signature]

Steve Delaney
Secretary to the Board

Approved by:

[Signature]

David Ball
Chairman