

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

**GOVERNANCE COMMITTEE MEETING
November 29, 2017
1:00 p.m.**

MINUTES

The Chair called the meeting to order at 1:20 p.m. Attendance was as follows:

Present: Roger Hilton, Chair; Shawn Dewane, Vice Chair; David Ball; Chris Prevatt

Staff: Steve Delaney, Chief Executive Officer; Gina Ratto, General Counsel; Lee Fink, Deputy General Counsel; Suzanne Jenike, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operation; Sonal Sharma, Recording Secretary; Anthony Beltran, Audio Visual Technician

PUBLIC COMMENTS:

Manohar "Mark" Sukumar, Lead Staff Attorney at the Public Law Center, presented a summary of his client's case to the Committee. Mr. Sukumar provided the Committee with hardcopies of his client's appeal to disability benefits for review at a later time.

A. PROPOSED REVISIONS TO THE ADJUDICATION POLICY AND ADMINISTRATIVE HEARING RULES (DISABILITY AND NON-DISABILITY BENEFITS)

Presented by Gina M. Ratto, General Counsel and Lee K. Fink, Deputy General Counsel

Recommendation: Approve, and recommend that the Board of Retirement approve, the Adjudication Policy and Administrative Hearing Rules for Disability and Non-Disability Benefits, which will superseded the existing Administrative Hearing Procedure Policy and OCERS Administrative Procedure (OAP) on Appeals.

Ms. Ratto presented the Committee with proposed revisions to the Adjudication Policy and Administrative Hearing Rules (Disability and Non-Disability Retirement Benefits). At the September 5, 2017 Governance Committee Meeting, staff presented recommendations to reform the OCERS Administrative Hearing Procedures and the Adjudication Process for both Disability and Non-Disability benefits. At the October 24, 2017 Governance Committee Meeting, staff reviewed and presented changes to the previous proposal based on the Committee's direction and additional staff research. The Committee then directed that a number of components of the adjudication process be brought back for further review, including:

- Board options for disability applications recommended for approval by the Disability Committee;
- Standards for OCERS to offer applicants an Expedited Administrative Review; and
- Additional information regarding the process for staff review/appeals of the non-disability benefit applications.

Ms. Ratto addressed each of these items in staff's revised proposal:

- In the event that the Disability Committee had recommended approval, the Board would not disapprove an application, but could adopt the Committee recommendation or refer it to a Hearing Officer;
- Standards for Expedited Administrative Review were included in the revised Adjudication Policy and Hearing Rules and would be based on whether there was a factual dispute and on the timing needs of the member;
- For non-disability benefits, a member who disagreed with an OCERS staff decision could request a written review by the CEO or his/her designee. Typically, that designee would be the Director of Member Services, but consistent with current practice, if there is a broader issue or legal concern, she would confer with the Legal Department, Ms. Jenike, and Mr. Delaney as needed.

Mr. Delaney expressed that it might be useful to present these recommendations to stakeholders once there was initial Board feedback. The Committee therefore directed that this item should be brought before the full Board at the December 18th Regular Board Meeting. The Board will thoroughly review this item on a “first read” and finalize the item in 2018.

Following discussion, a **motion** was made by Mr. Dewane, **seconded** by Mr. Ball, to approve and recommend that the Board of Retirement approve the proposed revisions to the Adjudication Policy and Administrative Hearing Rules (Disability and Non-Disability Benefits).

Ms. Ratto also presented that there were changes to the Draft Disability Committee Charter that included the Committee’s ability to go into closed session, and asked that the Committee recommend the Board approve the Disability Committee Charter with these changes as part of the process reforms.

A **motion** was made by Mr. Dewane, **seconded** by Mr. Ball, to approve and recommend that the Board of Retirement approve the revised Disability Committee Charter.

B. REGULAR REVIEW OF POLICIES – RESERVES AND INTEREST-CREDITING POLICY (FORMERLY KNOWN AS THE UNDISTRIBUTED EARNINGS POLICY)

Presented by Brenda Shott, Assistant CEO, Internal Operations

Recommendation: Approve, and recommend that the Board of Retirement approve, the proposed revisions to the Reserves and Interest-Crediting Policy (formerly known as the Undistributed Earnings Policy).

Brenda Shott presented the proposed revisions to the Reserves and Interest-Crediting Policy which includes significant changes that include a description of the existing reserve structure created and maintained by OCERS and flow charts to illustrate both the distribution of available earnings and interest-crediting to the reserve accounts, and the allocation of undistributed earnings and available earnings.

During discussion, Ms. Shott ensured the Committee that this policy change will not have any cost impacts and was revised for the purposes of improving documentation of what is already in place. The Committee agreed to review the purpose and use of each of the reserves in detail at a future Board Meeting.

Governance Committee Meeting
November 29, 2017

Following discussion, a **motion** was made by Mr. Dewane, **seconded** by Mr. Prevatt, to approve and recommend that the Board of Retirement approve the proposed revisions to the Reserves and Interests-Crediting Policy, including the change in the title of the policy.

The meeting adjourned at 2:00pm.

COMMITTEE MEMBER COMMENTS

None.

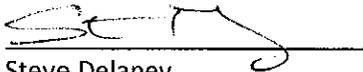
CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

None.

COUNSEL COMMENTS:

None.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Roger Hilton, Chair