

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

**REGULAR MEETING
Monday, May 20, 2019
9:00 a.m.**

MINUTES

Chair Hilton called the meeting to order at 9:02 A.M.

Attendance was as follows:

Present: Roger Hilton, Chair; Chris Prevatt; Shawn Dewane; Frank Eley; Russell Baldwin, Wayne Lindholm, Jeremy Vallone; and David Ball

Absent: Charles Packard, Shari Freidenrich

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; David Kim, Director of Internal Audit; Molly Murphy, CIO; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, General Counsel; Javier Lara, Visual Technician; Cammy Torres; Recording Secretary, and Nichol Forbes; Temporary Assistant Recording Secretary.

Guests: Harvey Leiderman, Michelle Aguirre

Mr. Dewane led the Pledge of Allegiance.

CONSENT AGENDA

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

A **motion** was made by Mr. Dewane, **seconded** by Mr. Eley, to approve the consent agenda.

Motion passed **unanimously** with Ms. Freidenrich and Mr. Packard absent.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

(1) John Golden

- (2) Mark Esquer
- (3) Stephen Hatch
- (4) Karl Dieckman
- (5) Richard Edmond

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

April 15, 2019

Recommendation: Approve minutes.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board's discussion of the item. 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 signing in on the Public Comment Sign-In Sheet located at the back of the room.

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

A-2 REQUEST FROM CITY OF SAN JUAN CAPISTRANO REGARDING RATE GROUP POOLING

Presentation by *Steve Delaney, Chief Executive Officer, OCERS, Paul Angelo, Senior Vice President, Actuary, Segal Consulting*

Recommendation: That the Board determine (1) whether the City of San Juan Capistrano's (City) proposed transfer of the City's Water Department would be considered a triggering event under the Declining Employer Payroll Policy (Policy); and (2) whether application of the Policy to the City should be modified to reflect the City's unique or exigent circumstances.

Chair Hilton stated for the record that Mr. Frank Kim, County CEO, sent a letter to the appointed members of the Board and carbon copied the Treasurer, Shari Freidenrich.

Mr. Steve Delaney addressed the board and clarified the request coming from the City of San Juan does not actually request the Board make a decision at this time, they wish to know what the Board would do if the issue being discussed were to take place. Working with Segal, OCERS has determined that this event would involve a decline in their payroll. Mr. Delaney stated that current policy seem to indicate the City of San Juan Capistrano be depooled from Rate Group 2. Mr. Delaney reviewed the recommendations presented to the Board.

Mr. Hilton stated that for this meeting he would like to hear from all parties and then make a decision at a later time.

Mr. Ken Al-Iman, CFO for the City of San Juan Capistrano presented the transfer of the City of San Juan Capistrano's water and sewer utilities to the Santa Margarita Water District. He requested the Board consider Alternative 1.

Mr. Dewane stated for clarification for the record that item alternative 1 and alternative 2 as identified by Mr. Al-Iman of the City of San Juan Capistrano are the same as alternative 1 and 2 identified by Mr. Angelo of Segal Consulting.

Mr. Angelo, with Segal Consulting addressed the rate group pooling issue and presented alternative options to the board.

Alternative 1: San Juan Capistrano remains in pool in Rate Group 2 and all employers share the change in UAAL rate

Alternative 2: San Juan Capistrano remains in pool in Rate Group 2 and only San Juan Capistrano pays for change in UAAL rate

Additional discussion took place.

Mr. Vallone excused himself at 12:13 p.m.

Mr. Dewane excused himself at 12:14 p.m.

Mr. Dewane reentered at 12:16 p.m.

Mr. Vallone reentered at 12:16 p.m.

Mr. Ball excused himself at 12:17 p.m.

Mr. Vallone reentered at 12:19 p.m.

Mr. Dewane excused himself at 12:26 p.m.

Mr. Dewane reentered at 12:31 p.m.

Ms. Michelle Aguirre, CFO for the County of Orange, addressed the Board regarding the rate group pooling issue and the impact it would have on the County. She indicated the county supported depooling San Juan Capistrano if the utility workers were transferred.

Mr. Hilton stated that he would want to table the issue and have further discussion at the next meeting. He did state he would like to remove alternative #1 and in the next month have more discussion with the planned sponsors that are affected.

Additional discussion took place.

A **motion** was made by Mr. Hilton, **seconded** by Mr. Ball to remove alternative 1 and bring depooling and alternative 2 back before the Board for the June board meeting for further discussion.

Additional discussion took place.

Motion passed **unanimously** with Mr. Packard and Ms. Freidenrich absent.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

May 20, 2019

Death Notices

May 20, 2019

I-2 COMMITTEE MEETING MINUTES

None

I-3 CEO FUTURE AGENDAS AND 2019 OCERS BOARD WORK PLAN

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-5 LEGISLATIVE UPDATE

Written Report

I-6 BOARD COMMUNICATIONS

Written Report

I-7 2019 FIRST QUARTER BUDGET TO ACTUAL REPORT

Written Report

I-8 2019 FIRST QUARTER PRELIMINARY FINANCIAL STATEMENTS

Written Report

I-9 TRAVEL REPORT – PROFESSIONAL VISIT TO LACERA

Written Report

I-10 TRAVEL REPORT – CALIFORNIA RETIRED COUNTY EMPLOYEES ASSOCIATION (CRCEA)

Written Report

I-11 MEKETA PERFORMANCE SURVEY RESULTS

Written Report

I-12 PRELIMINARY DECEMBER 31, 2018 ACTUARIAL VALUATION

Presentation by Paul Angelo, Senior Vice President, Actuary, Segal Consulting

Mr. Paul Angelo presented the Preliminary December 31, 2018 Actuarial Valuation to the Board, discussion regarding assets took place.

The Board recessed for break at 9:36 a.m.

The Board reconvened from break at 10:06 a.m.

I-13 PUBLIC IDENTIFICATION OF REAL PROPERTY SUBJECT TO NEGOTIATIONS AND PERSONS WITH WHOM OCERS NEGOTIATOR MAY NEGOTIATE

Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations

Ms. Gina Ratto presented to the Board that the Brown Act allows the Board to hold a closed session to grant authority to its negotiator regarding the price and terms of payment for the sale of real property by the board. There is a closed session agenda item as Item E-1. The Brown Act also requires that prior to going into closed session, a public session must be held to identify the property being discussed and the person with whom the negotiator may negotiate with. Ms. Ratto stated for the record the property being discussed is 2223 East Wellington Avenue, Santa Ana, CA and the entity with whom negotiations will take place is Legacy Partners, LLC.

The Board adjourned to closed session at 10:09 a.m. for item E-1.

*******END OF INFORMATION 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.

A **motion** was made by Mr. Ball, **seconded** by Mr. Dewane, to approve consent agenda.

Motion passed **unanimously** with Mr. Packard and Ms. Freidenrich absent.

OPEN SESSION

CONSENT AGENDA

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

DC-1: Jesse Oller
Deputy Sheriff II, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (Safety Member)

DC-2: Kelly Rehnberg
Deputy Public Guardian II, Health Care Agency

Recommendation: The Disability Committee recommends that the Board deny service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

DC-3: Darrin Wheaton
Senior Social Worker, Social Services Agency

Recommendation: The Disability Committee recommends that the Board deny service connected disability retirement due to insufficient evidence of job causation. (General Member)

DC-4: Vanessa Callins
Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of June 27, 2018. (General Member)

DC-5: Alberto Gomez
Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of October 4, 2015. (General Member)

DC-6: Arthur Lopez-Hidalgo
Fire Captain, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of November 24, 2017. (Safety Member)

DC-7: Tracy Hohne
Paralegal, Orange County Public Defender

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of February 3, 2017. (General Member)

DC-8: Richard Regambal
Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 30, 2018. (General Member)

DC-9: Jean Yu

Administrative Manager III, Orange County Information Technology

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of August 5, 2016. (General Member)

CLOSED SESSION

(Government Code sections 54957 and 54956.9)

The Board will adjourn to Closed Session pursuant to Government Code sections 54957 or 54956.9 to discuss matters relating to member applications or appeals. The member may request that the discussion relating to his or her application or appeal take place in Open Session.

ACTION ITEMS

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

DISABILITY/MEMBER BENEFITS AGENDA

DA-2: DISABILITY APPEAL – MELISSA T. RAMIREZ

Eligibility Supervisor, Orange County Social Services Agency

Recommendation: Staff recommends that the Board approve and adopt the findings and recommendations of the Referee as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated March 11, 2019 (Recommendations), and grant service connected disability retirement with an effective date of October 4, 2012.

A **motion** was made by Mr. Lindholm, **seconded** by Mr. Dewane, to approve and adopt the findings and recommendations of the Referee as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated March 11, 2019 (Recommendations), and grant service connected disability retirement with an effective date of October 4, 2012.

Motion passed **unanimously** with Mr. Packard and Ms. Freidenrich absent.

CLOSED SESSION ITEMS

**E-1 CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(GOVERNMENT CODE SECTION 54956.8)**

Adjourn to closed session pursuant to Government Code Section 54956.8

Property: 2223 E. Wellington Avenue, Santa Ana, California
Agency Negotiator: Brenda Shott, OCERS Asst. Chief Executive Officer, Internal Operations
Negotiating Parties: Legacy Partners Residential LLC
Under Negotiation: Price and terms of payment

Recommendation: Take appropriate action.

Mr. Dewane excused himself at 10:33 a.m.

The Board reconvened from closed session at 10:34 a.m.

Mr. Dewane reentered at 10:35 a.m.

No reportable action taken.

**E-2 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(Government Code section 54956.9(d)(1).)**

Jeffrey Gross v. OCERS; County of Orange; et al., CA Superior Court, County of Orange (Case No. 30-2017-00944959)

Adjourn to closed session pursuant to Government Code section 54956.9(d)(1).

Recommendation: Take appropriate action.

The Board adjourned to closed session at 10:41 a.m.

Mr. Eley excused himself at 11:21 a.m.

The Board reconvened from closed session at 11:22 a.m.

Mr. Eley reentered at 11:23 a.m.

No reportable action taken.

BOARD MEMBER COMMENTS

None

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Ms. Suzanne Jenike informed the Board that the OCERS website will be launching Wednesday, May 22, 2019. The team worked closely with active members, retiree focus groups and employers in order to get feedback for better usability.

Ms. Jenike also stated that the Governance Committee meeting would be taking place the following day and they will bring forward the Master Pay Items List of about 570 pay items with the configurations. It will list every pay item associated to every plan sponsor and how it is configured.

Mr. Steve Delaney reviewed that registration is open for the upcoming CALAPRS Principles of Pension Governance training class.

COUNSEL COMMENTS

Mr. Dewane left at 12:55 p.m.

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

Active Members

Box, Thomas
Camarena, Ruth
Crow, James
Danielson, Mark
Delaney, Jewel
Evans, Jim
Gates, Jeannine
Johnson, Patricia
Jones, Norma
Kuhter, James
Lopez, Raul
Nash, Charlene
Nichols, Elizabeth
Phillips, Carol
Sanneman, Larry
Tagliapietra, Cary
Washington, James
Watkins, Adrienne
Winninghoff, Janet


Surviving Spouses

Guth, Rachael
Mayer, Leonore
Sims, Helen

Meeting adjourned at 12:57 P.M.

There being no further business to bring before the Board, the meeting adjourned at 12:57 P.M.

Submitted by:


Steve Delaney
Secretary to the Board

Approved by:


Charles E. Packard
Chairman