

AMENDED

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

**REGULAR MEETING
 Monday, March 20, 2023
 9:30 A.M.**

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the OCERS Boardroom or (2) via the Zoom app or telephone (information below) from any location.

OCERS Zoom Video/Teleconference information	
<p>Join Using Zoom App (Video & Audio)</p> <p>https://ocers.zoom.us/j/83239129228</p> <p>Meeting ID: 818 5631 6867 Passcode: 480961</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only)</p> <p>Dial by your location</p> <p>+1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York)</p> <p>Meeting ID: 818 5631 6867 Passcode: 480961</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AMENDED

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 may take action on any item included in the following agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Board of Retirement may consider matters included on the agenda in any order, and not necessarily in the order listed.

CALL MEETING TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad. Members of the public who participate in the meeting from the OCERS Boardroom and who wish to provide comment during the meeting may do so from the podium located in the OCERS Boardroom. When addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Committee; and (2) any matter appearing on the Consent Agenda.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

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.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- Perea, Julie
- Henningham, La Vette

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

February 21, 2023

Recommendation: Approve minutes.

DISABILITY/MEMBER BENEFITS AGENDA

9:30 AM

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF 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.

OPEN SESSION

CONSENT ITEMS

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 in closed session during agenda item DA-1.

DC-1: JANNIE BAUTISTA

Information Processing Technician, Orange County Health Care Agency (General Member)

Recommendation: Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement, without prejudice, because the member opted not to join in on the employer filed application.

DC-2: ALDENISE BELCER

Office Specialist, Orange County Child Support Services (General Member)

Recommendation: Disability Committee recommends that the Board:

- Grant non-service connected disability retirement.
- Set the effective date as March 25, 2022.

DC-3: NATHAN BROWN

Firefighter/Paramedic, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as the day after last day of regular compensation.

DC-4: MARK BUBERL

Senior Public Works Specialist, City of San Juan Capistrano (General Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as the day after last day of regular compensation.

DC-5: AMIJO CHIPPARI

Group Counselor I, Orange County Social Services Agency (General Member)

Recommendation: Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement, without prejudice, because the member opted not to join in on the employer filed application.

DC-6: BRET CLARK
Firefighter/Paramedic, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as December 16, 2022.

DC-7: JOEL CUNNINGHAM
Sheriff Special Officer, Orange County Sheriff's Department (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement, without prejudice, because the member opted not to join in on the employer filed application.

DC-8: DELBERT FARLEY
Fleet Technician II, Orange County Public Works Department (General Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as July 9, 2021.

DC-9: LISA FETTIS
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 11, 2022.

DC-10: RUSSELL GARCIA
Firefighter, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as April 8, 2022.

DC-11: MICHELLE JACKSON

Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as June 7, 2020.

DC-12: JAMES MC ALPIN

Battalion Chief, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 11, 2022.

DC-13: LISA PEDROZA

Coach Operator, Orange County Transportation Authority (General Member)

Recommendation: Disability Committee recommends that the Board:

- Grant non-service connected disability retirement.
- Set the effective date as May 10, 2020.

DC-14: JUSTIN SMITH

Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as the day after last day of regular compensation.

CLOSED SESSION

Government Code section 54957

Adjourn to Closed Session under Government Code section 54957 to consider member disability applications and to discuss member medical records submitted in connection therewith. The applicant may waive confidentiality and request his or her disability application to be considered in Open Session.

DA-1: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE DISABILITY/MEMBER BENEFITS CONSENT AGENDA

DA-2: MIN TAM THI LUONG - PULLED

Senior Public Health Nurse, Orange County Health Care Agency

Recommendation: Disability Committee recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations, dated December 12, 2022 (Recommendations) wherein the Hearing Officer recommended that the Board deny the Applicant (Minh Tam Thi Luong) service-connected disability retirement.

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

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. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called. Persons attending the meeting in person and wishing to provide comment on a matter listed on the agenda should fill out a speaker card located at the back of the Boardroom and deposit it in the Recording Secretary’s box located near the back counter.**

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

A-2 2023 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, 2023 through March 31, 2024 in the amount of \$447,841.

A-3 DISABILITY PROCESS OVERSIGHT IN THE COMING DECADE

Presentation by Steve Delaney, Chief Executive Officer, Suzanne Jenike, Assistant CEO, OCERS

Recommendation: Staff recommends that the Board of Retirement approve the addition of a Director of Disability to the 2023 Staffing Plan and drop the position of Disability Supervisor.

INFORMATION ITEMS

Each of the following informational items will be presented to the Board for discussion.

Presentations

I-1 UPDATE OF STAFF WORK AS A RESULT OF COUNTY RESOLUTION IMPACTING THE ALAMEDA IMPLEMENTATION

Presentation by Suzanne Jenike, Assistant CEO, OCERS

I-2 VISION 2030 – AN UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

I-3 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Board requests discussion.

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

March 20, 2023

Death Notices

March 20, 2023

R-2 COMMITTEE MEETING MINUTES

- November 2022 - Building Committee Minutes

R-3 CEO FUTURE AGENDAS AND 2023 OCERS BOARD WORK PLAN

Written Report

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

R-5 BOARD COMMUNICATIONS

Written Report

R-6 LEGISLATIVE UPDATE

Written Report

R-7 FIRST QUARTER REVIEW OF OCERS 2023-2025 STRATEGIC PLAN

Written Report

R-8 FOURTH QUARTER 2022 BUDGET VS. ACTUALS REPORT

Written Report

R-9 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Written Report

R-10 OCERS CONFLICT OF INTEREST CODE – DETERMINING WHO MUST FILE A FORM 700

Written Report

R-11 QUARTERLY BUSINESS CONTINUITY DISASTER RECOVERY UPDATES

Written Report

CLOSED SESSION ITEMS

**E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1))**

Adjourn pursuant to Government Code section 54956.9(d)(1).
Nicholas Casson v. OCERS; California Court of Appeal, 4th Appellate District, Case No. G060950

Recommendation: Take appropriate action.

CIO COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

BOARD MEMBER COMMENTS

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

NOTICE OF NEXT MEETINGS

GOVERNANCE COMMITTEE MEETING

March 23, 2023

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

DISABILITY COMMITTEE MEETING

April 17, 2023

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

April 17, 2023

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

INVESTMENT COMMITTEE MEETING

April 19, 2023

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS website: <https://www.ocers.org/board-committee-meetings>. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

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 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.



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Jonathea Tallase, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – JULIE PEREA**

Recommendation

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

Background/Discussion

This member elected Option 4 as the benefit payment option for her service retirement allowance as required by her Domestic Relations Order (DRO), effective January 27, 2023. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the 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:



J. T. – APPROVED

Jonathea Tallase
Member Services Manager



February 27, 2023

Julie A. Perea



Re: Retirement Election Confirmation – Option 4

Dear Ms. PEREA:

You have elected Option 4 as your retirement option. This option will provide a 27.12% of your monthly benefit for the life of the benefit, to: Philip Greifelt

This designation is irrevocable; you will not be allowed to change your retirement option or designated beneficiary.

Please complete this form and return to OCERS as soon as possible.

I understand that my retirement option is irrevocable; by choosing Option 4 I will take a monthly reduction in order to provide a 27.12% continuance to Philip Walter Greifelt

Julie A. Perea 2/28/2023
Member Signature/Date

Sincerely,

Ana Lomeli
Retirement Program Specialist



Molly Calcagno, ASA, MAAA, EA
Actuary
T 415.263.8254
mcalcagno@segalco.com

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

Personal and Confidential

March 13, 2023

Jonathea Tallase
Member Services Manager
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Option 4 Calculation for Julie Perea**

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to Julie Perea and her ex-spouse based on the unmodified benefit and other information provided in the System's request dated March 6, 2023.

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	
Ex-Spouse's Date of Birth	
Date of Retirement	January 27, 2023
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$4,854.12
Ex-Spouse's Share of Monthly Unmodified Benefit	27.12%
Retirement Type	Service Retirement

Jonathea Tallase
 March 13, 2023
 Page 2

We calculated the adjustment to the member's unmodified benefit to provide a 27.12% continuance to the ex-spouse. As instructed by OCERS, the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member		
Annuity:	\$1,279.02	
Pension:	<u>2,258.66</u>	
Total:	\$3,537.68	\$0.00
Monthly benefit payable to ex-spouse ¹	\$1,206.02	\$1,206.02

Actuarial Assumptions

We have calculated the Option 4 benefits based on the following actuarial assumptions:

Interest:	Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.
Mortality Table:	<p>Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 associated with a retirement year of 2024, weighted 40% male and 60% female for members.</p> <p>Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 associated with a retirement year of 2024, weighted 60% male and 40% female for beneficiaries.</p>

¹ This is equal to 27.12% of the member's unmodified benefit (i.e., 27.12% * \$4,854.12 or \$1,316.44) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

Jonathea Tallase
March 13, 2023
Page 3

The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion 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,



Molly Calcagno, ASA, MAAA, EA
Actuary

JY/hy



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Jonathea Tallase, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – LA VETTE HENNINGHAM**

Recommendation

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

Background/Discussion

This member has requested Option 4 as the benefit payment option for her service retirement allowance, effective December 30, 2022.

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 spouse and child upon her death.

Submitted by:



J. T. – APPROVED

Jonathea Tallase
Member Services Manager



Molly Calcagno, ASA, MAAA, EA
Actuary
T 415.263.8254
mcalcagno@segalco.com

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

Personal and Confidential

March 17, 2023

Jonathea Tallase
Member Services Manager
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Option 4 Calculation for La Vette Henningham**

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to La Vette Henningham, her daughter, and her current spouse, based on the unmodified benefit and other information provided in the System’s request to Segal on March 14, 2023.

The monthly benefits payable to the member, daughter, and current spouse and the data we used for our calculations are as follows:

Member’s Date of Birth	
Date of Retirement	December 30, 2022
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$3,679.38
Retirement Type	Service Retirement
Daughter’s Date of Birth	
Current Spouse’s Date of Birth	

Jonathea Tallase
 March 17, 2023
 Page 2

We have been requested to calculate the Option 4 benefit (including the member and two beneficiaries) that provides after the death of the member a 95% continuance to the member's daughter and a 5% continuance to the member's current spouse, with no reversion to the beneficiaries upon the death of the other beneficiary. In addition, the cost to provide this continuance benefit would be paid for entirely by the member.

It is our understanding that pursuant to Regulation §1.401(a)(9)-6, the maximum percentage continuance benefit that can be provided to a non-spouse beneficiary may be limited if the difference in the member's age and the non-spouse beneficiary's age is greater than ten years. Consistent with calculations previously performed for OCERS, we have used the Member's age and the youngest beneficiary's age in determining such age difference. The actual calculation is as follows:

- Step 1:** Calculate the difference in age between the member and the youngest beneficiary based on their ages on their birthdays during the calendar year of retirement (58-21=37).
- Step 2:** If the member is retiring before age 70, the age difference determined in Step 1 is reduced by the number of years that the member is retiring before age 70 (37-(70-58)=25).
- Step 3:** The maximum percentage continuance benefit can be found in the table provided in §1.401(a)(9)-6 which for an adjusted age difference of 25 years is 66%.

Therefore, for the purposes of this calculation, we have determined the maximum continuance to be 66%, or 61% to the daughter and 5% to the current spouse based on direction from OCERS.

Benefit Amounts

Option 4 Benefit with continuance to Daughter and Current Spouse

	Payable while the Member is Alive	Payable after the Member's Death
Monthly benefit payable to member		
Annuity:	\$1,539.87	
Pension:	<u>1,464.97</u>	
Total:	\$3,004.84	\$0.00
Monthly benefit payable to daughter	\$0.00	\$1,832.95
Monthly benefit payable to current spouse	\$0.00	\$150.24

Jonathea Tallase
 March 17, 2023
 Page 3

Actuarial Assumptions

We have calculated the Option 4 benefits based on the following actuarial assumptions:

Interest: Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.

Mortality Table: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 associated with a retirement year of 2024, weighted 40% male and 60% female for members.

Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 associated with a retirement year of 2024, weighted 60% male and 40% female for beneficiaries.

The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion 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,



Molly Calcagno, ASA, MAAA, EA
 Actuary

JY/hy

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

**REGULAR MEETING
Tuesday, February 21, 2023
9:30 A.M.**

MINUTES

Chair Dewane called the meeting to order at 9:32 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present in Person: Shawn Dewane, Chair; Adele Tagaloa, Vice Chair; Charles Packard, Chris Prevatt, Richard Oates, Arthur Hidalgo, Shari Freidenrich, Wayne Lindholm, Roger Hilton

Present via Zoom: Jeremy Vallone

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, Chief Investments Officer; Manuel Serpa, Deputy General Counsel; David Kim, Director of Internal Audit; Tracy Bowman, Director of Finance; Jeff Lamberson, Director of Member Services; Silviu Ardeleanu, Director of Member Services; Fong Tse, Operations Manager; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

Guests: Harvey Leiderman, ReedSmith; Maytak Chin, ReedSmith; Andy Yeung, Segal; Paul Angelo, Segal; Todd Tauzer, Segal

Absent:

ACTION ITEM

A-4 2023 COST OF LIVING ADJUSTMENT

Presentation by Suzanne Jenike, Assistant CEO of External Operations, OCERS; Andy Yeung, and Paul Angelo, Segal

Recommendation: Adjust all applicable benefit allowances by 3% effective April 1, 2023, and bank 4.5%, in accordance with Government Code section 31870.1, resulting from the 7.45% change to CPI in calendar year 2022 (rounded to 7.5%).

MOTION by Mr. Hilton, **SECONDED** by Ms. Tagaloa, to approve staff recommendation.

The motion passed **unanimously**.

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.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- Lewis, Demetra
- Rozenberg, Monica

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes January 17, 2023

Recommendation: Approve minutes.

C-3 AMEND OCERS CONFLICT OF INTEREST CODE TO ADD TWO POSITIONS AS FORM 700 FILERS

Recommendation: Approve amendments to the OCERS Conflict of Interest Code to designate the Director of Member Services and the Senior Manager of Facilities and Operations as positions required to file a Form 700.

Ms. Freidenrich pulled C-3 for discussion to A-1.

MOTION by Mr. Lindholm, **SECONDED** by Mr. Hilton, to approve the Consent Agenda items, C-1 and C-2.

The motion passed **unanimously**.

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

C-3 AMEND OCERS CONFLICT OF INTEREST CODE TO ADD TWO POSITIONS AS FORM 700 FILERS

Recommendation: Approve amendments to the OCERS Conflict of Interest Code to designate the Director of Member Services and the Senior Manager of Facilities and Operations as positions required to file a Form 700.

Ms. Freidenrich asked if we should review the list of filers for the Form 700 to determine if there are additional filers are needed as there are additional staff who submit materials and suggestions to the Board. Mr. Serpa explained that Form 700 filers have been determined to be staff that are

decision makers. With that discussion, **MOTION** by Ms. Freidenrich, **SECONDED** by Mr. Dewane, to approve C-3.

The motion passed **unanimously**.

DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT ITEMS

DC-1: MICHAEL BAKER

Heavy Equipment Technician II, Orange County Fire Authority (General Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as May 6, 2022.

DC-2: ROBERT BIALOBRESKI

Fire Captain, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as May 3, 2022.

DC-3: KENNETH BLOCK

Investigator, Orange County District Attorney’s Office (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant non-service connected disability retirement.
- Set the effective date as June 5, 2020.
- Deny service connected disability retirement due to insufficient evidence of job causation.

DC-4: JUANITA BRACAMONTES

Deputy Juvenile Correctional Officer II, Orange County Probation Department (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as February 12, 2021.
- 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 pay allowance effective March 12, 2021.

DC-5: GARRETT DEGIORGIO

Captain, Orange County Sheriff's Department (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 11, 2022.

DC-6: CHRISTOPHER ESPOSITO

Firefighter/Paramedic, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 25, 2022.

DC-7: ANTHONY MILLER

Sheriff Deputy II, Orange County Sheriff's Department (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as the day after last day of compensation.

DC-8: PEDRO PEREZ-ESTRADA

Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 25, 2022.

DC-9: GREGORY RISKO

Investigator, Orange County Sheriff's Department (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as the day after the last date of regular compensation.

DC-10: STEVEN WELCH

Fire Captain, Orange County Fire Authority (Safety Member)

Recommendation: Disability Committee recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as March 25, 2022.

MOTION by Ms. Tagaloa, **SECONDED** by Mr. Lindholm, to approve items, DC-1 through DC-10 on the Disability Consent Agenda.

The motion passed **unanimously**.

CLOSED SESSION

DA-2: EDNA HERNANDEZ

Coach Operator, Orange County Transportation Authority

Recommendation: Disability Committee recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Findings and Decisions in an OCERS Service-Connected Disability Retirement Case, dated December 18, 2022 (Recommendation) wherein the Hearing Officer recommended that the Board grant the Applicant (Edna Hernandez) service-connected disability retirement.

The Board determined that a closed session was not necessary as there were no questions.

MOTION by Mr. Lindholm, **SECONDED** by Mr. Packard, to approve staff recommendation.

The motion passed **unanimously**.

ACTION ITEMS

A-2 SUPERIOR COURT NEW PLAN FORMULA – CONTRIBUTION RATE CHANGE FOR FY2023/2024

Presentation by Suzanne Jenike, Assistant CEO, OCERS and Segal

Recommendation: Approve and adopt updated employer and employee contribution rates for the FY2023/2024 based on the December 31, 2021 actuarial valuation applicable to rate group 2 Plan U and T based on Superior Court’s benefit enhancement effective July 1, 2023.

Charles Barfield, General Manager of OCEA, spoke to the board to suggest that the effective date to be July 1, 2024.

After discussion, **MOTION** by Prevatt, **SECONDED** by Packard, to amend recommendation and continue with existing rates and make no changes until the 2022 valuation with the effective date of July 1, 2024.

With further discussion and clarification, **SUBSTITUTE MOTION** by Mr. Lindholm, **SECONDED** by Ms. Freidenrich, to approve as staff recommendation as presented.

Amber Poston, Vice President of Orange County Attorneys Association, gave the perspective of how it would impact the existing members of Plan U, and requests to delay the decision to make the change till 2024.

The Board recessed for break at 11:14 a.m.

The Board reconvened from break at 11:29 a.m.

Recording Secretary administered the Roll Call attendance.

Additional discussion and clarification was provided by ReedSmith, Segal and OCERS Legal to OCERS Board of Retirement.

ALTERNATE SUBSTITUTE MOTION by Mr. Hilton, **SECONDED** by Ms. Tagaloa, to on July 1, 2023, new court employees joining the Plan U will pay the increased amount using the old demographic information; existing Plan U members would maintain current rates until the new December 2022 valuations are published.

The Alternate Substitute Motion fails, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Ms. Tagaloa	Mr. Oates		
Mr. Prevatt	Mr. Dewane		
Mr. Hilton	Ms. Freidenrich		
	Mr. Hidalgo		
	Mr. Lindholm		
	Mr. Packard		

The Substitute Motion in support of staff recommendation as presented passed, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Oates	Ms. Tagaloa		
Mr. Dewane	Mr. Prevatt		
Ms. Freidenrich	Mr. Hilton		
Mr. Hidalgo			
Mr. Lindholm			
Mr. Packard			

The Board recessed for a lunch break at 12:06 p.m.

The Board reconvened at 12:50 p.m.

Recording Secretary administered the Roll Call attendance.

A-3 DELEGATING DISABILITY GRANTS PROCESS TO OCERS CEO

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Delegate to the OCERS CEO the responsibility to fully develop Disability Benefit grant recommendations for the OCERS Board’s consideration and approval.

MOTION by Mr. Lindholm, **SECONDED** by Mr. Packard, to approve staff recommendation.

The motion passed, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane	Mr. Oates		
Ms. Freidenrich			
Mr. Hidalgo			
Mr. Hilton			
Mr. Lindholm			
Mr. Packard			
Mr. Prevatt			
Ms. Tagaloa			

A-5 BOARD APPROVAL OF SELECTION AND ENGAGEMENT OF HEARING OFFICERS

Presentation by Manuel Serpa, Deputy General Counsel, OCERS

Recommendation: On behalf of the Hearing Officer Selection Panel, staff recommends the Board approve the appointment of and the award of a contract (subject to negotiation of satisfactory contract terms) with, the following individuals to serve as OCERS hearing officers for a term of seven years beginning March 1, 2023.

- Stephen Biersmith
- Michael Dilberto
- Robert Snider
- Deborah Wissley

MOTION by Mr. Oates, **SECONDED** by Ms. Tagaloa, to approve staff recommendation.

The motion passed **unanimously**.

A-6 SACRS BOARD OF DIRECTORS ELECTIONS 2023-2024

Presentation by Manuel Serpa, Deputy General Counsel, OCERS

Recommendation: Identify one or more nominees for the SACRS Board of Directors election to be conducted on May 12, 2023; and direct staff to submit the nomination(s) to the SACRS Nominating Committee on or before March 1, 2023.

MOTION by Mr. Hilton, **SECONDED** by Mr. Dewane, to support Ms. Tagaloa’s service to the SACRS Board in any position she selects.

The motion passed **unanimously**.

A-7 DIRECTOR OF DISABILITY - 2023 STAFFING PLAN CHANGE

Presentation by Steve Delaney, Chief Executive Officer, Suzanne Jenike, Assistant CEO, OCERS

Recommendation: Staff recommends that the Board of Retirement approve the addition of a Director of Disability to the 2023 Staffing Plan and drop the position of Disability Supervisor.

Action item A-7 was tabled to be return for further discussion at the March 20 Board Meeting. The Board wished to see more details for an organization chart as well as the long-term plan for the Disability Division.

INFORMATION ITEMS

Presentations

I-1 2022 EMPLOYEE, MANAGER AND INNOVATOR OF THE YEAR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

CEO Delaney presented Employee of the Year, John T Nguyen, Manager of the Year, Manuel Serpa, and Innovator of the Year, Duc Nguyen, to the Board and shared about their contributions to the OCERS team.

I-2 FUTURE BOARD AND COMMITTEE MEETINGS UNDER AB 2449

Presentation by Manuel Serpa, Deputy General Counsel, OCERS

Mr. Serpa shared about AB 2449 and the associated rules for remote attendance for Board Members. Additionally, under advisement from Deputy General Counsel, the Board directed staff to continue to post Zoom links for all meetings to the public.

I-3 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

CEO shared that with the end of the Governor’s Emergency Order, the OCERS Crisis Management Team had its last meeting. Additionally, while the Governor’s Emergency Order expires, OCERS is still monitoring and following CalOSHA recommendations.

WRITTEN REPORTS

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

February 21, 2023

Death Notices

February 21, 2023

R-2 COMMITTEE MEETING MINUTES

- December 2022- Audit Committee Meeting Minutes

R-3 CEO FUTURE AGENDAS AND 2023 OCERS BOARD WORK PLAN

Written Report

- R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS**
Written Report
- R-5 BOARD COMMUNICATIONS**
Written Report
- R-6 LEGISLATIVE UPDATE**
Written Report
- R-7 OVERPAID AND UNDERPAID PLAN BENEFITS – 2022 REPORT**
Written Report
- R-8 2023 STAR COLA COST POSTING**
Written Report
- R-9 2022 BUSINESS PLAN – END OF YEAR REPORT**
Written Report
- R-10 ANNUAL REPORT OF CONTRACTS GREATER THAN \$100,000**
Written Report
- R-11 2022 POLICY COMPLIANCE REPORT**
Written Report

CLOSED SESSION ITEMS

Adjourn to closed session at 1:46 pm.

- E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1))**
Adjourn pursuant to Government Code section 54956.9(d)(1).
Nicholas Casson v. OCERS; California Court of Appeal, 4th Appellate District, Case No. G060950

Recommendation: Take appropriate action.

Return to open session at 2:03pm.

No reportable action taken

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS- CEO Delaney, in full transparency, shared that OCERS will be renewing their contract with Sally Choi for another year to assist in the Alameda implementation efforts.

COUNSEL COMMENTS- None

BOARD MEMBER COMMENTS- Ms. Freidenrich welcomed ReedSmith to OC.

Orange County Employees Retirement System
January 17, 2023
Regular Board Meeting – Minutes

Page 10

Meeting **ADJOURNED** at 2:12pm in memory of active members, retired members, and surviving spouses who passed away this passed month.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Shawn Dewane
Chairman

The Board recessed for break at 10:30 a.m.

The Board reconvened from break at 10:46 a.m.

Recording Secretary administered the Roll Call attendance.



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Suzanne Jenike, Assistant CEO, External Operations
SUBJECT: 2023 STAR COLA COST FINAL APPROVAL

Recommendation

Approve payment of STAR COLA for the period April 1, 2023 through March 31, 2024 in the amount of \$447,841.

Background/Discussion

STAR COLA stands for Supplemental Targeted Adjustment for Retirees, Cost of Living Adjustment. Unlike the regular COLA the STAR COLA is discretionary and the Board of Retirement has the sole authority to grant or deny the benefit and considers it on an annual basis. The purpose of the STAR COLA is to restore purchasing power for retirees who have lost more than 20% of their purchasing power since retirement due to inflation. The STAR COLA brings those individuals back to 80% of purchasing power. It applies to those who have been retired the longest – currently, those members who retired on or before April 1, 1980.

The projected cost for the period April 1, 2023 through March 31, 2024 is \$447,841. The breakdown between Employers with STAR COLA recipients is as follows:

County	\$443,676 (138 recipients)
UCI (closed to new participants)	\$ 1,042 (1 recipients)
Orange County Sanitation District	\$ <u>3,123 (2 recipients)</u>
Total	\$447,841 (141 total)

The 2023-2024 STAR COLA, if approved, is \$95,938 higher than 2022-2023 and the total number of recipients has declined by 20 payees from 2022 to 2023.

The STAR COLA provides a much needed cushion to the oldest retirees, whose benefit has been most diminished by inflation. In accordance with California Government Code Section 7507, the Board has already disclosed the financial impact of continuing the STAR COLA at the February 21, 2023 Board meeting.

Staff will send letters to each affected Employer after the Board takes action advising of the outcome, and if approved, of the cost to each Employer.

Based on the significant impact discontinuation of STAR COLA would have on the individuals who receive it and the relatively small impact payment would have on contribution rates it is staff's recommendation to approve the STAR COLA for April 1, 2023 through March 31, 2024 in the amount of \$447,841.

Before the Board votes on whether to grant the STAR COLA, the costs must be posted at a separate public meeting, in accordance with Government Code Section 7507. As such, this item is providing the required notice that on March 20, 2023, the Board will consider the granting of the STAR COLA. The total cost is projected to be \$447,841 and applies to 141 payees.

As in the past, the Board will provide each employer with STAR COLA recipients the opportunity to pay their share of the cost in a lump sum, over a period of 12 months or add it to the unfunded liability for that employer.

Submitted by:



S. J. – APPROVED

Suzanne Jenike
Assistant CEO, External Operations



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
T 415.263.8283
ayeung@segalco.com

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com

Via Email

February 9, 2023

Mr. Steve J. Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment
(STAR COLA) Payment Projections as of April 1, 2023**

Dear Steve:

As requested by the System, we have projected the cost of continuing the STAR COLA benefit over the next ten years from April 1, 2023.

BACKGROUND

The Retirement Board grants a STAR COLA benefit to maintain a minimum of 80% of a retiree's or beneficiary's purchasing power. The STAR COLA benefit is calculated by first taking the balance in a member's COLA bank that is in excess of 20% and multiplying that times the member's benefit.

The 1937 Act allows the Board either to advance fund the STAR COLA benefit subject to the availability of excess earnings above 1% of OCERS' assets or to grant this benefit on an annual basis. We understand that the Board's current practice has been to grant this benefit on an annual basis.

RESULTS AND ANALYSIS

On April 1, 2023, only those members who retired on or before April 1, 1980 have COLA banks in excess of 20%¹ and hence are eligible to receive the STAR COLA.

The attached Exhibit A shows a ten-year projection of the STAR COLA benefits, expressed as a percentage of the benefit payable effective April 1 of the next ten years. In Exhibit B, we show the annual benefit payment based on who is eligible for the STAR COLA benefit as of

¹ We note that members who retired from April 2, 1980 to April 1, 1981 have lost exactly 20% purchasing power and are not eligible for the STAR COLA as of April 1, 2023.

Mr. Steve J. Delaney
 February 9, 2023
 Page 2

April 1, 2023 (i.e., members who retired on or before April 1, 1980) and those who may become eligible after April 1, 2023. In Exhibit C, we have included a schedule that provides the breakdown of the anticipated STAR COLA benefits from April 1, 2023 to March 31, 2024 based on members who retired from each employer.

Our projections are based on the following assumptions provided below.

1. The existing 80% purchasing power cap will remain unchanged.
2. In adjusting the purchasing power banks after April 1, 2023, we have used the assumed retiree COLA assumption of 2.75% previously adopted by the Board for the upcoming December 31, 2022 valuation. As OCERS provides a maximum annual COLA of 3.0%, the COLA banks will decrease in the future under the 2.75%² retiree COLA assumption (see attached Exhibit A) and thus no other additional members will be expected to become eligible.³ We assume that future STAR COLA benefits, adjusted to reflect inflation for the prior calendar year, will be paid commencing April 1 of the subsequent year.
3. Our projections were based on the latest membership data used in the valuation as of December 31, 2021, but updated through mid-January 2023 to exclude those members who have passed away and to include the associated beneficiary records, if applicable, since the prior valuation. For conservatism, we assumed no deaths would have occurred among retirees and beneficiaries from mid-January 2023 to April 1, 2023. Effective April 1, 2023, we applied the life expectancies previously adopted by the Board for the upcoming December 31, 2022 valuation in projecting members who will be entitled to payments in the ten-year period.
4. The projections are based on proprietary actuarial modeling software. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

I'm a member of the American Academy of Actuaries and I meet the Qualification Standard of the American Academy of Actuaries to render the actuarial opinion herein.

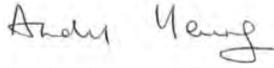
² It should be noted that 2.75% is assumed to be the average annual COLA during the next ten years. In practice, actual COLAs are granted annually in increments of 0.5% according to the 1937 Act.

³ It should be noted that in determining the liabilities for those retirees with COLA banks in the funding valuation, we have been assuming that a COLA of 3.00% would be paid on each April 1 following the date of the valuation until their COLA banks are depleted.

Mr. Steve J. Delaney
February 9, 2023
Page 3

Please give us a call if you have any questions.

Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

JY/bbf
Enclosures

cc: Suzanne Jenike
Brenda Shott

Ten-Year Projection of STAR COLA Benefits

(Expressed as a Percent of the Benefit Payable Effective April 1 of the Year Indicated)

Date of Retirement	April 1, 2023	April 1, 2024	April 1, 2025	April 1, 2026	April 1, 2027	April 1, 2028	April 1, 2029	April 1, 2030	April 1, 2031	April 1, 2032
On or Before 04/01/1972	32.00%	31.75%	31.50%	31.25%	31.00%	30.75%	30.50%	30.25%	30.00%	29.75%
04/02/1972 to 04/01/1974	31.50%	31.25%	31.00%	30.75%	30.50%	30.25%	30.00%	29.75%	29.50%	29.25%
04/02/1974 to 04/01/1975	31.00%	30.75%	30.50%	30.25%	30.00%	29.75%	29.50%	29.25%	29.00%	28.75%
04/02/1975 to 04/01/1976	25.50%	25.25%	25.00%	24.75%	24.50%	24.25%	24.00%	23.75%	23.50%	23.25%
04/02/1976 to 04/01/1977	20.00%	19.75%	19.50%	19.25%	19.00%	18.75%	18.50%	18.25%	18.00%	17.75%
04/02/1977 to 04/01/1978	16.50%	16.25%	16.00%	15.75%	15.50%	15.25%	15.00%	14.75%	14.50%	14.25%
04/02/1978 to 04/01/1979	12.50%	12.25%	12.00%	11.75%	11.50%	11.25%	11.00%	10.75%	10.50%	10.25%
04/02/1979 to 04/01/1980	7.50%	7.25%	7.00%	6.75%	6.50%	6.25%	6.00%	5.75%	5.50%	5.25%

Based on the ten-year projection, members who retired after April 1, 1980 are not eligible for STAR COLA.

PROJECTED BENEFIT PAYMENTS

The expected benefit payments for the current and new STAR COLA recipients for the next ten years, commencing April 1, 2023, are provided in the following table:

	Benefit Payments		
	(1) Eligible for STAR COLA as of April 1, 2023	(2) Not Yet Eligible for STAR COLA as of April 1, 2023	(1) + (2)
1. April 1, 2023 - March 31, 2024	\$447,841	\$0	\$447,841
2. April 1, 2024 - March 31, 2025	411,979	0	411,979
3. April 1, 2025 - March 31, 2026	376,155	0	376,155
4. April 1, 2026 - March 31, 2027	341,726	0	341,726
5. April 1, 2027 - March 31, 2028	309,372	0	309,372
6. April 1, 2028 - March 31, 2029	279,372	0	279,372
7. April 1, 2029 - March 31, 2030	251,765	0	251,765
8. April 1, 2030 - March 31, 2031	226,465	0	226,465
9. April 1, 2031 - March 31, 2032	203,333	0	203,333
10. April 1, 2032 - March 31, 2033	<u>182,208</u>	<u>0</u>	<u>182,208</u>
Total Benefit Payments	\$3,030,216	\$0	\$3,030,216
Discounted Benefit Payments ⁴	\$2,320,596	\$0	\$2,320,596

⁴ At 7.00% annual investment return assumption.

PROJECTED BENEFIT PAYMENTS BY EMPLOYER

The expected benefit payments for the current STAR COLA recipients from April 1, 2023 to March 31, 2024 broken down by employer, are provided in the following table:

	Benefit Payments			
	Orange County	U.C.I. (Bi-weekly)	Sanitation District	Total
April 1, 2023 - March 31, 2024	\$443,676	\$1,042	\$3,123	\$447,841
Number of Recipients	138 ⁵	1	2	141

⁵ Includes 137 payees reported in the OCERS STAR COLA file plus one surviving spouse beneficiary of a recently deceased member.

§31874.3. Determination; application of excess to allowances; effect on subsequent increases

(a)(1) Whenever the percentage of annual increase in the cost of living as of January 1 of each year as shown by the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers exceeds the maximum benefit increase provided in Section 31870, 31870.1, 31870.2, or 31870.3, whichever is applicable, the board of retirement may provide that all or part of the excess percentage increase shall be applied to the retirement allowances, optional death allowances, or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3. The board shall determine the amount of the excess to be applied, which amount shall not exceed an amount that can be paid from earnings of the retirement fund that are in excess of the total interest credited to contributions and reserves plus 1 percent of the total assets of the retirement fund.

(2) The supplemental increases in excess of the increases applied to the retirement allowances, optional death allowances, or annual death allowances pursuant to Section 31870, 31870.1, 31870.2, or 31870.3 shall not become a part of the retirement allowances, optional death allowances, or annual death allowances to be increased by subsequent increases under Section 31870, 31870.1, 31870.2, or 31870.3.

(3) This subdivision shall be operative in any county that has elected by a majority vote of the board of supervisors to make either Section 31870, 31870.1, 31870.2, or 31870.3 applicable in that county.

(b)(1) The board of retirement may, instead of taking action pursuant to subdivision

(a), provide supplemental cost-of-living increases, effective on a date to be determined by the board, to the retirement allowances, optional death allowances, or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3; provided however, that only those members shall be eligible for this increase whose accumulations established by Section 31870, 31870.1, 31870.2, or 31870.3 shall equal or exceed 20 percent as of January 1 of the year in which the board of retirement adopts an increase under this subdivision.

(2) The supplemental increases to the retirement allowances, optional death allowances or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3 shall not become a part of the retirement allowances, optional death allowances or annual death allowances to be increased by subsequent increases under Section 31870, 31870.1, 31870.2, or 31870.3.

(3) This subdivision shall be operative in any county that has elected by a majority vote of the board of supervisors to make either Section 31870, 31870.1, 31870.2, or 31870.3 applicable in that county.

(c)(1) The board of retirement may, instead of taking action pursuant to subdivision (a) or (b), provide supplemental cost-of-living increases, on a prefunded basis and effective on a date to be determined by the board, to the retirement allowances, optional death allowances, or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3; provided however, only those members shall be eligible for this increase whose accumulations established by Section 31870, 31870.1, 31870.2, or 31870.3 equal or exceed 20 percent as of January 1 of the year in which the board of retirement takes action pursuant to this subdivision.

(2) The supplemental increases to the retirement allowances, optional death allowances, or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3 shall become a part of the retirement allowances, optional death allowances, or annual death allowances and shall serve to reduce the accumulations established by Section 31870, 31870.1, 31870.2, or 31870.3, as applicable, by the same percentage as the payment that is made pursuant to this Section.

(3) Before the board of retirement provides benefits pursuant to this subdivision, the costs of the benefits shall be determined by a qualified actuary and the board of retirement shall, with the advice of the actuary, provide for the full funding of the benefits utilizing funds in the reserve against deficiencies established pursuant to Section 31592.2, using surplus earnings that exceed 1 percent of the total assets of the retirement system.

(4) This subdivision shall be operative in any county that has elected by a majority vote of the board of supervisors to make either Section 31870, 31870.1, 31870.2, or 31870.3 applicable in that county.

(d) Upon adoption by any county providing benefits pursuant to this section, of Article 5.5 commencing with Section 31610) of this chapter, the board of retirement shall, instead, pay those benefits from the Supplemental Retiree Benefit Reserve established pursuant to Section 31618.

(Amended (as amended by Stats. 1983, Ch. 147, Sec. 2) by Stats. 1983, Ch. 886, Sec. 11)

(Amended by Stats. 2000, Ch. 317 (AB 2176), Sec. 4)

CA Govt Code § 7507 (2017)

(a) For the purpose of this section:

(1) "Actuary" means an actuary as defined in Section 7504.

(2) "Future annual costs" includes, but is not limited to, annual dollar changes, or the total dollar changes involved when available, as well as normal cost and any change in accrued liability.

(b) (1) Except as provided in paragraph (2), the Legislature and local legislative bodies, including community college district governing boards, when considering changes in retirement benefits or other postemployment benefits, shall secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability, before authorizing changes in public retirement plan benefits or other postemployment benefits.

(2) The requirements of this subdivision do not apply to:

(A) An annual increase in a premium that does not exceed 3 percent under a contract of insurance.

(B) A change in postemployment benefits, other than pension benefits, mandated by the state or federal government or made by an insurance carrier in connection with the renewal of a contract of insurance.

(c) (1) (A) With regard to local legislative bodies, including community college district governing boards, the future costs of changes in retirement benefits or other postemployment benefits, as determined by the actuary, shall be made public at a public meeting at least two weeks prior to the adoption of any changes in public retirement plan benefits or other postemployment benefits. If the future costs of the changes exceed one-half of 1 percent of the future annual costs, as defined in paragraph (2) of subdivision (a), of the existing benefits for the legislative body, an actuary shall be present to provide information as needed at the public meeting at which the adoption of a benefit change shall be considered. The adoption of any benefit to which this section applies shall not be placed on a consent calendar.

(B) The requirements of this paragraph do not apply to:

(i) An annual increase in a premium that does not exceed 3 percent under a contract of insurance.

(ii) A change in postemployment benefits, other than pension benefits, mandated by the state or federal government or made by an insurance carrier in connection with the renewal of a contract of insurance.

(2) With regard to the Legislature, the future costs as determined by the actuary shall be made public at the policy and fiscal committee hearings to consider the adoption of any changes in public retirement plan benefits or other postemployment benefits. The adoption of any benefit to which this section applies shall not be placed on a consent calendar.

(d) Upon the adoption of any benefit change to which this section applies, the person with the responsibilities of a chief executive officer in an entity providing the benefit, however that person is denominated, shall acknowledge in writing that he or she understands the current and future cost of the benefit as determined by the actuary. For the adoption of benefit changes by the state, this person shall be the Director of Human Resources.

(e) The requirements of this section do not apply to a school district or a county office of education, which shall instead comply with requirements regarding public notice of, and future cost determination for, benefit changes that have been enacted to regulate these entities. These requirements include, but are not limited to, those enacted by Chapter 1213 of the Statutes of 1991 and by Chapter 52 of the Statutes of 2004.

(Amended by Stats. 2016, Ch. 415, Sec. 4. (AB 2375) Effective January 1, 2017.)



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **DISABILITY PROCESS OVERSIGHT IN THE COMING DECADE**

Recommendation

Staff recommends that the Board of Retirement approve the addition of a Director of Disability to the 2023 Staffing Plan and drop the position of Disability Supervisor.

Background/Discussion

The Director of Disability will be responsible for oversight of the Disability Department which includes the disability retirement process from intake to initial decision, development of the annual budget and strategic plan initiatives, management of staff and presenting cases to the CEO, Disability Committee and Board of Retirement. Ms. Jenike is the Senior Executive responsible for this area and she has struggled to recruit a qualified individual at the level of Supervisor. Ms. Jenike's justification memo reflects additional details of the position requirements.

We believe that the position of Director is needed to meet the needs of the agency and ensure we recruit and retain a diverse and high performing workforce.

The budget impact is anticipated to begin in the first quarter of 2023.

In summary, I am requesting the Board change the 2023 staffing play by Adding a Director of Disability and dropping a Disability Supervisor position in the Disability department (no change to headcount).

Attachement:

- Justification Memo

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: March 20, 2023
TO: Steve Delaney, Chief Executive Officer
FROM: Suzanne Jenike, Asst. CEO, External Operations
SUBJECT: **DISABILITY PROCESS OVERSIGHT IN THE COMING DECADE**

Request

Add a Director of Disability to the 2023 staffing plan and drop current position of Disability Supervisor (previously Manager).

Background/Discussion

As you know there has been a significant amount of recruiting and reorganization going on in External Operations the last several years. When Ms. Marie Wood resigned in May 2022 I underfilled her Sr. Retirement Analyst position as a Manager and transferred her quality assurance duties to Mr. Mike Persi. This created a need in Member Services for a Manager to oversee the call center and customer service teams within the department. In late 2022 I transferred Ms. Megan Cortez from Disability Manager to Member Services Manager to provide that oversight. At that time I underfilled Ms. Cortez's Manager position as a Supervisor to provide a promotional opportunity for a staff person who had excelled in the Next Level Leadership program and who was ready for advancement. Immediately after his promotion to Supervisor he accepted a higher paying position with the State and left OCERS employment. Subsequently, we have been actively recruiting to fill the vacant Disability Supervisor position and made two job offers. Both candidates declined; the first for a promotional opportunity within their current County department, and the other for a significant pay increase with one of OCERS Employers.

Oversight of the Disability Department is a significant responsibility and I believe that a Director position is warranted at this time. We need a seasoned professional to oversee the department, train the two new Disability Investigators and fully develop the cases for presentation to the CEO, Disability Committee and ultimately the Board. We have had a Manager in the oversight position for a number of years and only downgraded it to provide a talented long term employee with a promotional opportunity. Given the challenge of hiring a supervisor from outside of OCERS with the skills needed to successfully manage the Disability Team I respectfully request to DROP the position of Supervisor and ADD a Director.

1. Title of Position being requested (OCERS direct or County) – Director of Disability – OCERS Direct
 - a. This will be an ADD/DROP, no addition to head count
 - b. Existing classification is Disability Supervisor (formerly Manager)
2. Justification for need
 - a. What new work will be done – The Director will be expected to recruit new panel physicians to expand the pool of doctors doing independent medical examinations. They will work on enhancing the working relationship with representatives of our Employers. They will provide regular trainings to the Board and Disability Committee, and evaluate the application process for potential improvements.
 - b. What growth in workload is anticipated – OCERS Disability team processed 113 new disability retirement applications in 2022 (compared to 66 in 2021, January 17, 2023 Board of Retirement

agenda item R-9) and if we receive a large number of service retirement applications again this year we can expect to see the same high number of disability applications. The Department has two brand new Disability Investigators who need training and significant oversight.

- c. Is there any savings that will be achieved (eliminate temp/contractor or avoid hiring new contractor/vendor) – We are currently contracting with the former Disability Manager from San Diego County Employees Retirement Association (SDCERA) for assistance with training and process review. If a Director is hired the contractor would no longer be needed.
 - d. Will the position do work that will eliminate current risks? If so what and how? – N/A
3. Proposed organization chart that incorporates new position – since this is an add/drop there are not any organizational chart changes
 4. Estimated hiring salary – Director range is \$139,292 - \$215,903. Compensation will be determined based on qualifications. We believe that the cost will be covered within the current budget but will monitor it closely and if necessary, come back to the Board with a budget amendment.
 5. Timing of when the position is anticipated to be filled if approved – Open Recruitment as soon as Board approves the position to be filled in the first quarter 2023.

Positions Title (ADD/DROP Classification)	Department	Position Type	Position Salary Range	2023 Budget Impact 2023 (Salary and Benefits)
ADD Director of Disability	Disability	OCERS	\$139,292 - \$215,903	\$275,275
DROP Disability Manager	Disability	OCERS	\$104,302 - \$161,668	\$206,127
DROP Disability Supervisor	Disability	County	\$56,721 - \$75,982	\$117,692 (157,583 added annual cost)

Submitted by:



SJ-APPROVED

Suzanne Jenike
Asst. CEO, External Operations

2011



Disability Process Oversight in the Coming Decade

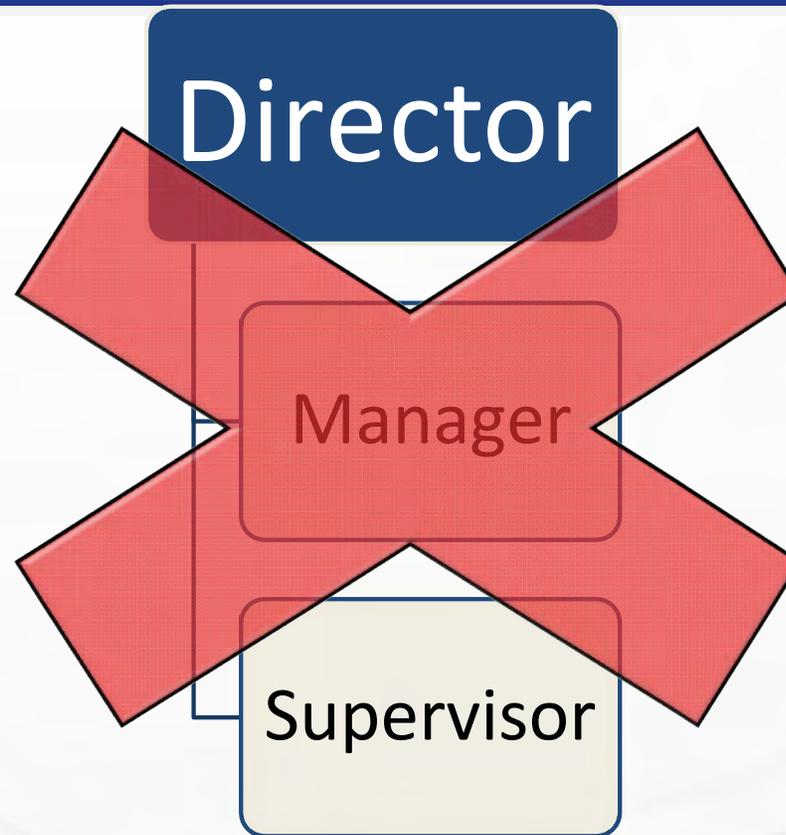
Presented on March 20, 2023

by

Steve Delaney, CEO and Suzanne Jenike, Asst. CEO External Ops



February 19th Board Meeting





March 20th Board Meeting

- **Director of Disability Key Strengths:**

- Expertise
- Ability
- Outreach
- Innovative
- Vision



TARGET: A professionally run Disability Benefits Program



Director vs. Manager Job Descriptions

Director

- Manage business plan initiatives with a plan for achievement
- Maintain a high level of oral and written communication
- Act as a model for OCERS culture
- Maintain a high level of accountability
- Focus on the strategy and long term goals of the organization

Manager (Supervisor)

- Manages the Disability staff by planning, coordinating, prioritizing, and monitoring staff activities
- Responsible for overall development, training, and evaluation of staff
- Participates in hiring decisions, disciplinary actions, performance evaluations and other personnel activities
- Responsible for performing other specialized duties related to the overall management of the disability division



Director of Disability

Directors bring a depth of expertise and professionalism beyond that required of managers.

Prior Board approved examples:

- Director of Communications
- Director of Cyber Security



Director of Disability

- **The Expected Depth of a New Director's Role:**
 - Visioning “Best of Class” services for our members
 - Lead new disability grants development process with CEO
 - Work directly with the OCERS Board’s Disability Committee to ensure Trustees are fully trained and supported in their fiduciary duty to our most vulnerable members
 - Keep up on the latest in applicable medical services
 - Keep up on latest in applicable legislative and legal development
 - Fully develop and expand OCERS contracted medical advisers/evaluators
 - Maintain professional program of Hearing Officer engagement



Disability Retirement Statistics

Summary of Disability Applications and Results, 2018-2022

	2018	2019	2020	2021	2022	Total
Disability Applications Filed (Total)	82	90	84	66	113	435
Service Connected Disability	29	17	37	22	45	150
Non Service Connected Disability	2	2	0	1	2	7
Both	51	71	47	43	66	278
New Applications by Safety Members	33	41	49	38	76	237
by General Members	49	49	35	28	37	198
Disabilities Granted	81	70	56	91	80	378
Disabilities Denied	20	32	20	20	24	116



Summary

- What we believe you will see with the Director of Disability:
 - Professionalism
 - Caring/Empathy
 - Expertise
 - Innovation
 - Long Term Strategic Goals
- Disability process oversight in the coming decade
 - This is as much a “Succession Planning” expansion of the Disability Benefits program oversight as much as it is an “immediate move to upgrade” the program’s oversight.



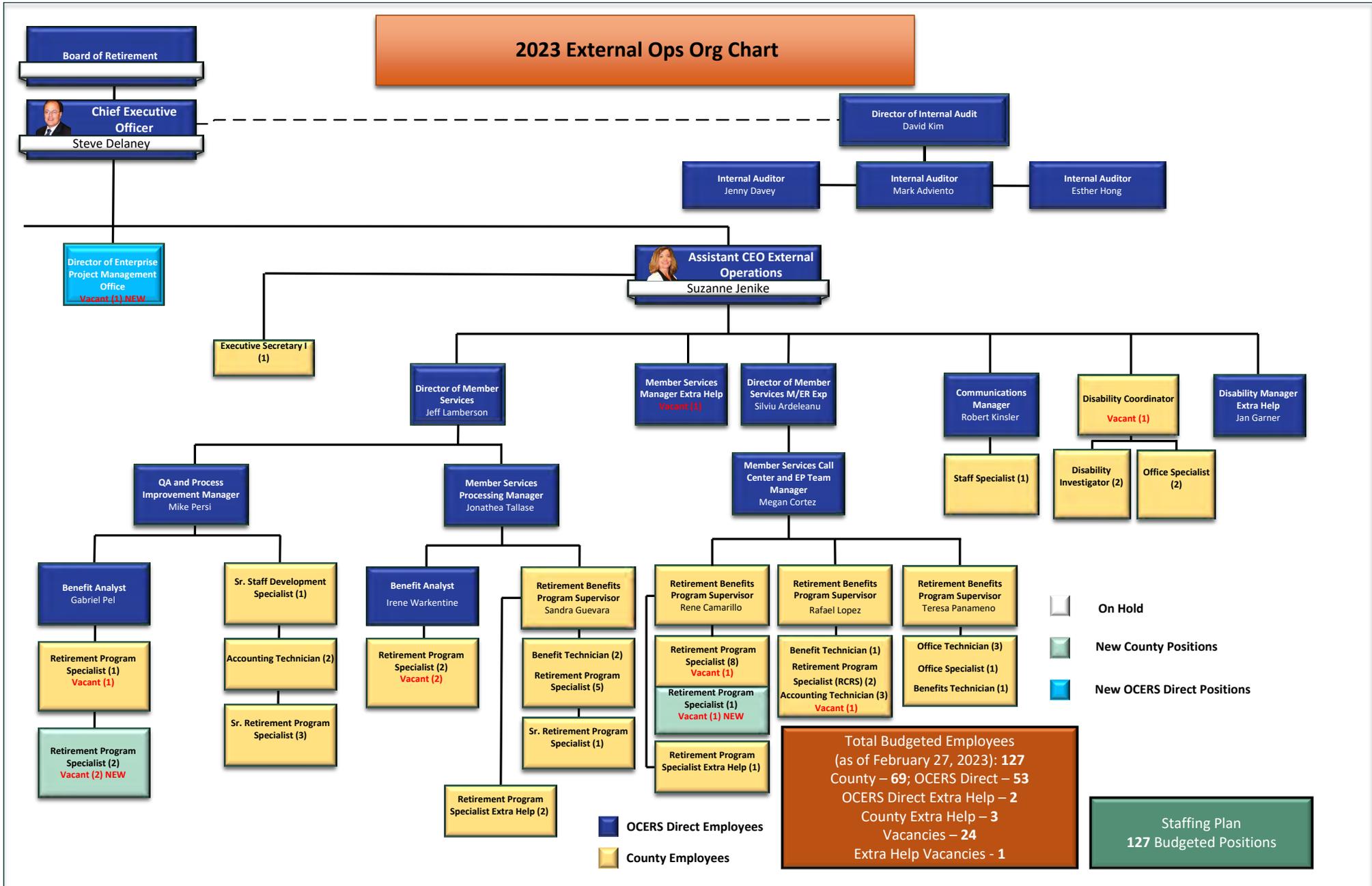
Budget Impact

Positions Title (ADD/DROP Classification)	Department	Position Type	Position Salary Range	2023 Budget Impact 2023 (Salary and Benefits)
ADD Director of Disability	Disability	OCERS	\$139,292 - \$215,903	\$275,275
DROP Disability Manager	Disability	OCERS	\$104,302 - \$161,668	\$206,127
DROP Disability Supervisor	Disability	County	\$56,721 - \$75,982	\$117,692 (157,583 added annual cost)



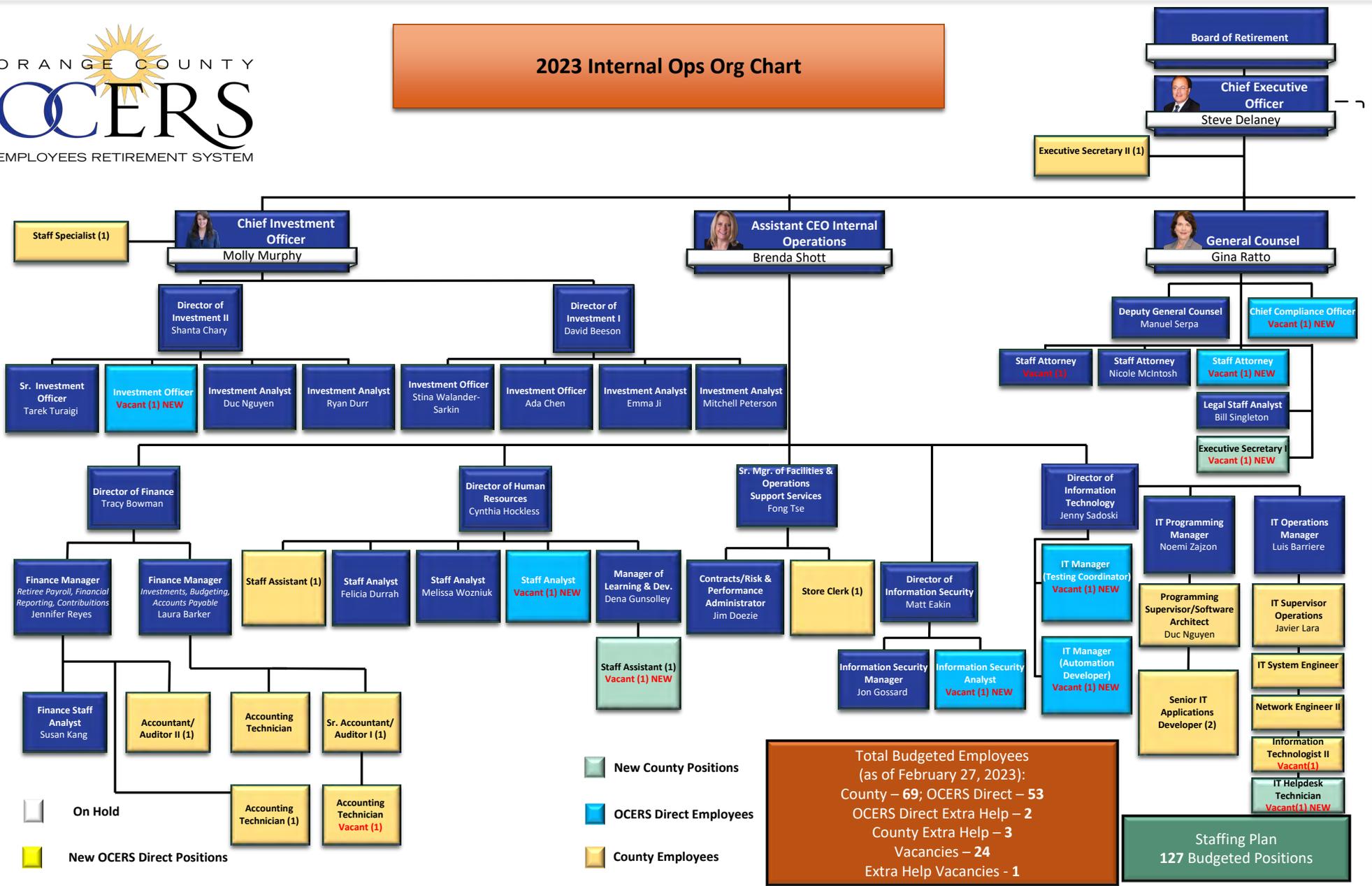
The Motion

Staff recommends that the Board of Retirement approve the addition of a Director of Disability to the 2023 Staffing Plan and drop the position of Disability Supervisor.





2023 Internal Ops Org Chart



Total Budgeted Employees (as of February 27, 2023):
 County – 69; OCERS Direct – 53
 OCERS Direct Extra Help – 2
 County Extra Help – 3
 Vacancies – 24
 Extra Help Vacancies - 1

Staffing Plan
127 Budgeted Positions

- New County Positions
- OCERS Direct Employees
- County Employees

On Hold

New OCERS Direct Positions



2022 Disabilities Organization Chart

Org Chart
2022

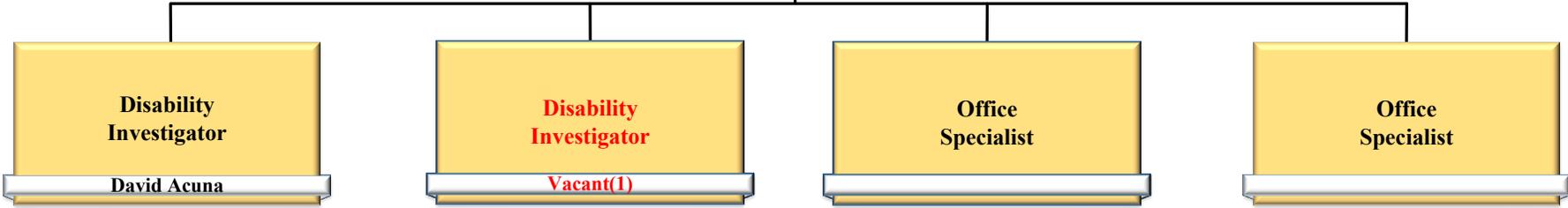
Total Budgeted Disabilities Employees
(as of June 20, 2022): 5
County – 4; OCERS Direct – 1
Vacancy: 1

Assistant CEO
External Operations
Suzanne Jenike

Disability
Manager
Megan Cortez

OCERS Direct Employees

County Employees





2023 Disabilities Organization Chart

(Current)

Org Chart
Effective 03/01/2023

Total Budgeted Disabilities Employees
(as of March 01, 2023): 6
County – 5; OCERS Direct – 1
Vacancy: 1



Assistant CEO
External Operations
Suzanne Jenike

-  OCERS Direct Employees
-  County Employees

Retirement Benefits Program
Supervisor (Disability Coordinator)
(Prior Incumbent: David Acuna)
Vacant (1)

Disability Manager
Extra-Help
Jan Garner

Disability Investigator

Disability Investigator

Office Specialist

Office Specialist



2023 Disabilities Organization Chart

Total Proposed Budgeted Disabilities Employees
5
County – 4; OCERS Direct – 1
Vacancy: 1

(Proposed)

- OCERS Direct Employees
- County Employees

Assistant CEO
External Operations
Suzanne Jenike

DROP

Retirement Benefits
Program Supervisor
(Disability
Coordinator)

Disability Manager
Extra-Help



ADD
Director of
Disabilities
***PROPOSED**

Disability
Investigator

Disability
Investigator

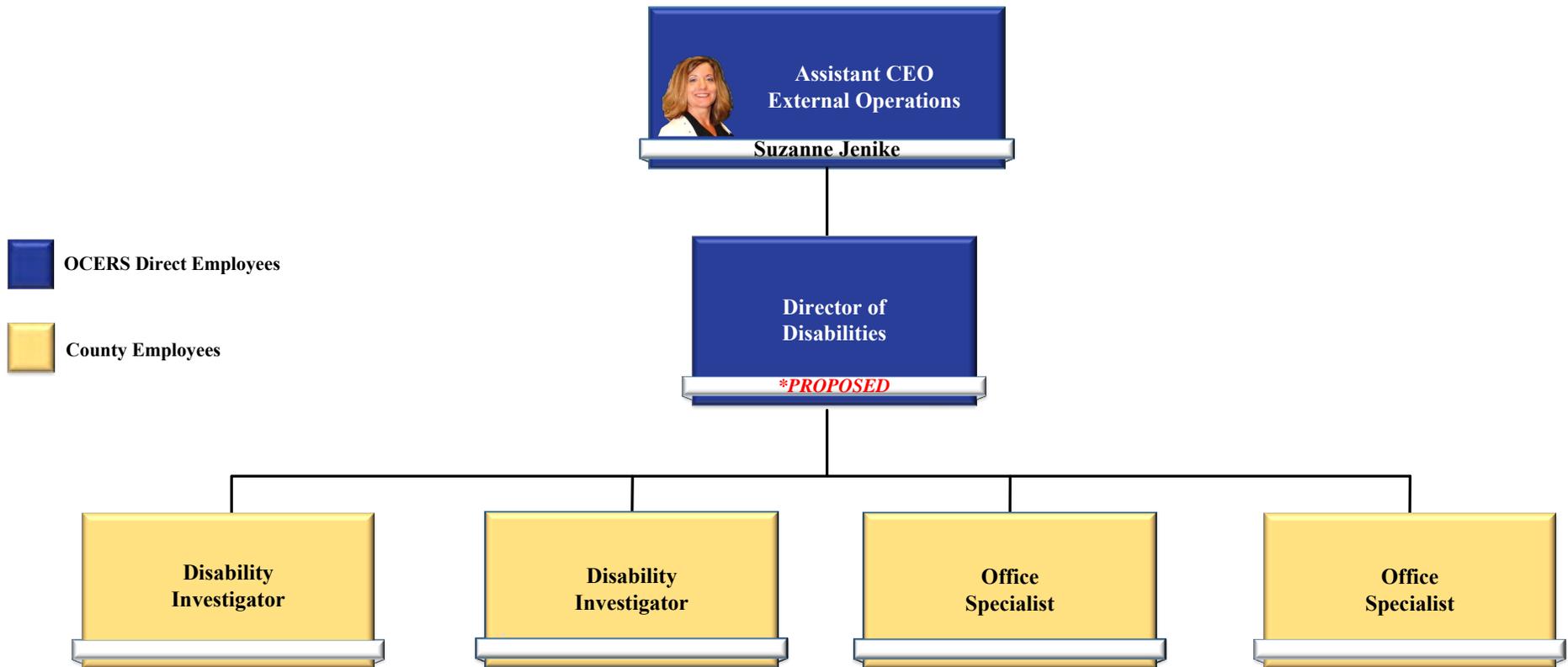
Office
Specialist

Office
Specialist



2023 Disabilities Organization Chart (Proposed)

Total Proposed Budgeted Disabilities Employees
5
County – 4; OCERS Direct – 1
Vacancy: 1



DISABILITY RETIREMENT STATISTICS 2022 REPORT

Total Filed 2022:		
By Type:	#	%
SCD	45	40%
NSCD	2	2%
BOTH	66	58%
	113	100%
By Employer:		%
Assessor	0	0%
Community Resources	0	0%
Child Support Services	3	3%
City of San Juan Capistrano	2	2%
District Attorney	0	0%
Fire Authority	39	35%
Health Care Agency	5	4%
Probation	4	4%
Sheriff	47	42%
Social Service Agency	7	6%
Superior Court	0	0%
Transportation Authority	5	4%
Transportation Corridor	1	1%
	113	100%
By Member Type:		%
General	37	33%
Safety	76	67%
	113	100%

<u>Disabilities In Process Overview</u>	
Total filings pending Board presentation:	97
Pending Filed within the past 12 months:	89
Pending Filed over 12 months:	8

Total Granted 2022:		
By Type / Stage:	#	%
SCD (Initial Board Decision)	74	93%
NSCD (Initial Board Decision)	6	8%
SCD (Hearings)	0	0%
NSCD (Hearings)	0	0%
SCD (Writ)	0	0%
	80	100%
By Employer:		%
Assessor	1	1%
Community Resources	2	3%
District Attorney	1	1%
Fire Authority	24	30%
IHSS Public Authority	1	1%
Probation	5	6%
Public Works	1	1%
Sanitation	0	0%
Sheriff	33	41%
Social Services Agency	4	5%
Superior Court	1	1%
Transportation Authority	7	9%
	80	100%
By Member Type:		%
General	25	31%
Safety	55	69%
	80	100%

Total Denied 2022:		
By Type / Stage:	#	%
SCD/NSCD (Initial Board Decision)	16	67%
SCD (Initial Board Decision)	6	25%
NSCD (Initial Board Decision)	0	0%
SCD (2nd Board Decision)	1	4%
SCD/NSCD (Hearing)	1	4%
NSCD (2nd Board Decision)	0	0%
	24	100%
By Employer:		%
City of SJ	1	4%
Child Support Services	1	4%
Fire Authority	3	13%
Superior Court	2	8%
Public Works	1	4%
Sanitation	1	4%
Sheriff	2	8%
Social Services Agency	4	17%
Probation	1	4%
OC Transportation Authority	8	33%
	24	100%
By Member Type:		%
General	18	75%
Safety	6	25%
	24	100%

OCERS by the Numbers

**Count of Active Members by Status
As of December 31, 2021**

	General	Safety	Total Count
Active	18,128	3,883	22,011



**Count of Active Members by Plans and by Employers
As of December 31, 2021**

Retirement Plans

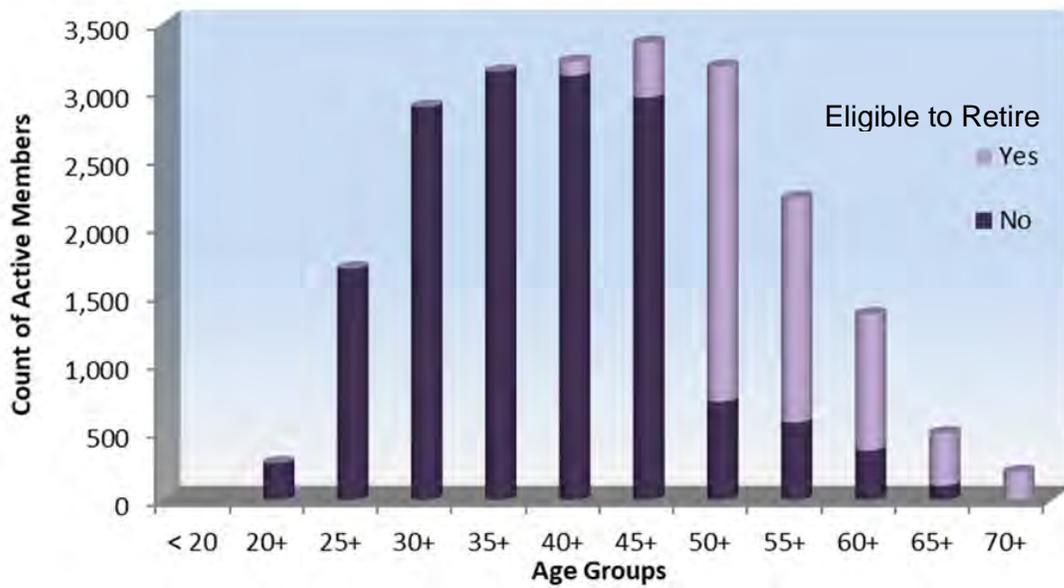
Employers	A/B	G/H 2.5%@55	I/J 2.7%@55	M/N 2%@55	P 1.62%@65	S 2%@57	E/F Probation Safety 3%@50	E/F Safety 3%@50	Q/R Safety 3%@55	T PEPR Compliant 1.62%@65	U PEPR 2.5%@67	V PEPR Probation Safety 2.7%@57	V PEPR Safety 2.7%@57	W PEPR Alt 1.62%@65	Total
City of SJC			15			13					22			1	51
Local Agency Formation Commission			2							3					5
Cemetery District				14							11				25
Children & Families			4								10				14
OCFA			97	42				593	168		183		425		1,508
IHSS Public Authority	5										20				25
Public Law Library		11									3				14
OCERS			40							29	21				90
Superior Court			823		15					546					1,384
OCTA	841										474				1,315
County of Orange	565		6,804		154		570	832	395	5,309	1,370	92	808		16,899
Sanitation District	55	266									299				620
Transportation Corridor Agencies				24							37				61
Total	1,466	277	7,785	80	169	13	570	1,425	563	5,887	2,450	92	1,233	1	22,011

OCERS by the Numbers

Count of Active Members Eligible to Retire by Age Groups As of December 31, 2021

Age Groups

Eligible to Retire	<20	20+	25+	30+	35+	40+	45+	50+	55+	60+	65+	70+	Total
No	2	270	1,695	2,884	3,143	3,114	2,953	722	570	363	105		15,821
Yes						102	402	2,458	1,641	1,000	384	203	6,190
													22,011





Memorandum

DATE: March 20, 2023
TO: Members of the Board
FROM: Suzanne Jenike, Asst. CEO, External Operations
SUBJECT: UPDATE OF STAFF WORK AS A RESULT OF COUNTY RESOLUTION IMPACTING THE ALAMEDA IMPLEMENTATION PROJECT

Background:

On January 17, 2023 the Board had a discussion regarding the Orange County Board of Supervisors resolution affecting members retirement allowances subject to OCERS compensation earnable policy. The Board directed staff to:

- (1) Accept the County's Resolution as authoritative;
- (2) Confer with their counterparts in County administration, the Sheriffs' Office and AOCDS to obtain the necessary data to enable OCERS to reexamine whether affected law enforcement retirees and employees may now qualify for the inclusion of their on-call and canine handler maintenance pay as part of the "compensation earnable" on which their retirement allowances are calculated; and
- (3) Provide to the Board at its meeting on March 20, 2023 Staff's plan for re-adjusting affected members' benefits consistent with the Compensation Earnable Policy, and a projected timetable for accomplishing those adjustments.

The purpose of this item is to provide the Board with an update on the work staff has done as a result of the County resolution impacting the Alameda implementation project.

Submitted by:



SJ-APPROVED

Suzanne Jenike
Asst. CEO, External Operations



Orange County Resolution Potentially Affecting Members' Retirement Allowances

March 20, 2023

Suzanne Jenike
Assistant CEO



Background

- In June, 2021, the Board revised the Compensation Earnable Policy to exclude on-call and canine handler pay compensation earnable pursuant to the *Alameda* decision.
- On December 20, 2022, the County Board of Supervisors passed a Resolution that could impact the treatment of on-call and canine handler pay several specialized units of law enforcement.
- The Resolution established that ten enumerated specialized assignments were considered unique job grades, each of which requires all the employees serving in those assignments to provide certain amounts on-call or canine handler maintenance service as part of their normal working hours.
- On January 17, 2023, the OCERS Board directed staff to evaluate whether and how the County Resolution might affect members' retirement allowances subject to OCERS' Compensation Earnable Policy.





Review of Board's Direction

1 Confer with their counterparts in County administration, the Sheriffs' Office and AOCDS to obtain the necessary data to enable OCERS to reexamine whether affected law enforcement retirees and employees may now qualify for the inclusion of their on-call and canine handler maintenance pay as part of the "compensation earnable" on which their retirement allowances are calculated.

2 Provide to the Board Staff's plan for re-adjusting affected members' benefits consistent with the Compensation Earnable Policy, and a projected timetable for accomplishing those adjustments.



Status of Carrying out the Board's Direction

Obtain the necessary data to enable OCERS to reexamine whether affected law enforcement retirees and employees may now qualify for the inclusion of their on-call and canine handler maintenance pay as part of the “compensation earnable” on which their retirement allowances are calculated

Constraints:

- Employer reporting does not include assignment data so there is no way to distinguish job assignments from the payroll records
- On-call pay code is used for all County positions
- Dependent on the Sheriff's Department and District Attorney's Office to provide assignment details for impacted members in the specialized assignments specified in the Board of Supervisors Resolution. (Manual process for the employers)





Phased Approach

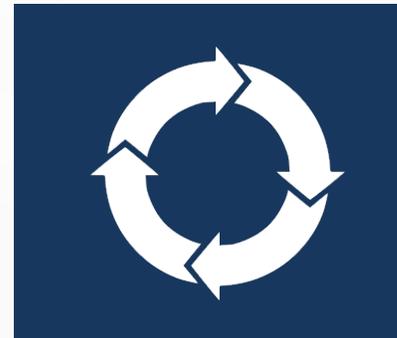
Staff is taking a phased approach to develop a plan for re-adjusting affected members' benefits



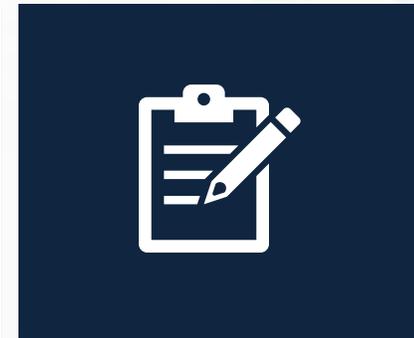
Review documentation from the County regarding specialized assignments and on-call requirements



Gather and analyze data to identify members assigned to the specialized units and the of on-call and canine handler maintenance served



Determine if "ordinarily served by all other employees in the same grade" and the appropriate amount for inclusion in compensation earnable



Recommend best course of action and proceed accordingly



What We Have Done

- Met with Sheriff's Department, District Attorney's (DA's) Office and AOCDS to discuss data necessary to complete analysis.
- Completed analysis of documentation from the County regarding the specialized assignments listed in the County Resolution.
- Identified members in the Peace Officers and Supervising Peace Officers bargaining unit who received on-call and or canine pay during the relevant time periods.
- Organized the data for the employers to identify members in the specialized assignments.
- Requested the Sheriff's Department and DA' Office to specify the members' assignments, the time period in the specialized assignment and hours worked by each member on-call.





Documentation Review and Analysis

Sample

Specialized Units with On-Call Pay							
Department	Unit	Positions Assigned to On-Call	On-Call Hours	On-Call Schedule	Notes	On-Call Required?	MOU On-Call Pay
Sheriff's	Homicide Detail	Sergeant	Every weekend Close of business Friday until business resumes on Monday			Recruitment memo requires investigators to commit to the on-call schedule and participate in the call outs	One-fourth (1/4) of his/her basic hourly rate for the entire period of on-call assignment. Employee must be informed in writing, in advance whenever practicable, of the dates and inclusive hours of such assignment.
Sheriff's	Homicide Detail	Two (2) Investigators	Every weekend Close of business Friday until business resumes on Monday	Planned monthly. Each investigator is assigned approximately one weekend a month.	Investigators can swap weekends with Sergeant's approval and not forced to adhere to the schedule as long as the required coverage exists.	Recruitment memo requires investigators to commit to the on-call schedule and participate in the call outs	One-fourth (1/4) of his/her basic hourly rate for the entire period of on-call assignment. Employee must be informed in writing, in advance whenever practicable, of the dates and inclusive hours of such assignment.
Sheriff's	Special Victims Detail	Sergeant	Every weekend Close of business Friday until business resumes on Monday			Recruitment memo requires investigators to commit to the on-call schedule and participate in the call outs	One-fourth (1/4) of his/her basic hourly rate for the entire period of on-call assignment. Employee must be informed in writing, in advance whenever practicable, of the dates and inclusive hours of such assignment.
Sheriff's	Special Victims Detail	Two (2) Investigators	Every weekend Close of business Friday until business resumes on Monday	Planned annually. Each investigator is assigned approximately one weekend a month.	Investigators can swap weekends with Sergeant's approval and not forced to adhere to the schedule as long as the required coverage exists.	Recruitment memo requires investigators to commit to the on-call schedule and participate in the call outs	One-fourth (1/4) of his/her basic hourly rate for the entire period of on-call assignment. Employee must be informed in writing, in advance whenever practicable, of the dates and inclusive hours of such assignment.
Sheriff's	Traffic Investigations / Major Accidents Reconstruction Team (MART)	Sergeant	Every weekend Close of business Friday until business resumes on Monday			Internal memos do not specify that on-call is required.	One-fourth (1/4) of his/her basic hourly rate for the entire period of on-call assignment. Employee must be informed in writing, in advance whenever practicable, of the dates and inclusive hours of such assignment.



Actions Pending Analysis

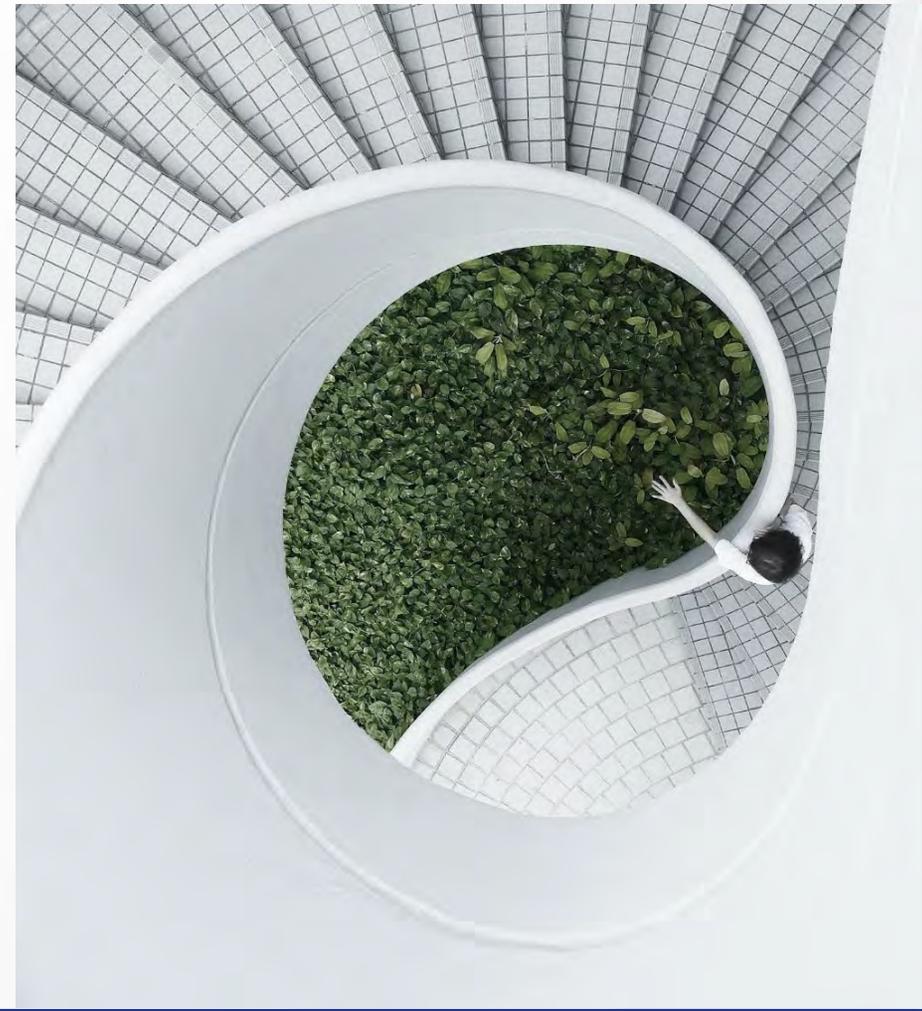
Staff has taken the following actions for members in the Peace Officers and Supervising Peace Officers bargaining unit pending our analysis of on-call/canine handler pay:

- ✓ Halted processing of benefit recalculations for Alameda impacted pay items
- ✓ Suspended recovery of any overpayments for those members whose benefits have been recalculated
- ✓ Communicating to those members who have appealed that appeals will be suspended until final determination is made



What's Next

- 1 As soon as data is provided by the employers, complete analysis of individual members in the specialized assignments and the amount of on-call and canine handler maintenance hours each worked.
- 2 Confirm with the employers whether all members in the specialized units ordinarily served the same amount of on-call.
- 3 Determine appropriate amount of pensionable on-call pay for each affected member in each specialized unit.
- 4 Report back to the Board with progress and any recommendations.





Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **VISION 2030 – AN UPDATE**

Presentation

CEO will share with the Board an update on Vision 2030.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Vision 2030- An Update

OCERS Board of Retirement
March 20, 2023



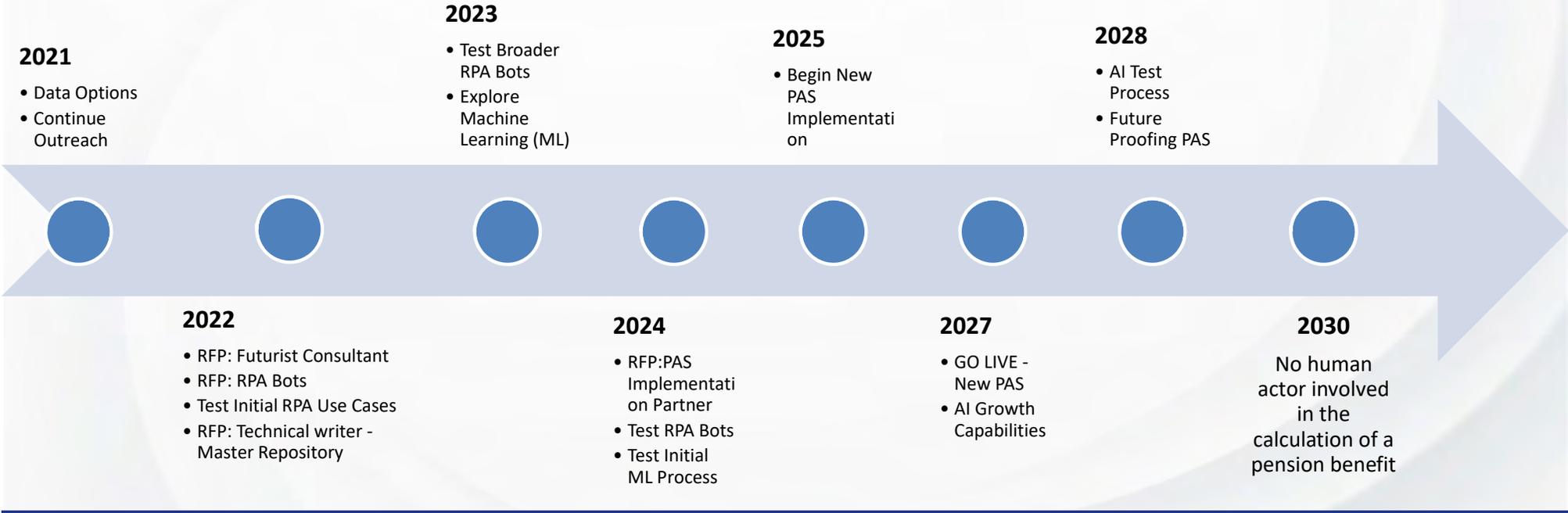
Vision 2030

- ❖ The Vision
- ❖ Robotic Process Automation (RPA)
- ❖ Master Repository of Policies and Procedures
- ❖ Simplification Initiative
- ❖ The Future is Now



The Vision

Vision 2030 Timeline





The Vision

- AI ad hoc Committee (weekly)
- AI Multi-Employer Round Table (Monthly)
- California Outreach
 - CALAPRS 2022
 - CALAPRS 2023
 - CALAPRS 2024
- A Futurist- Current Status



The Vision

MODERNIZATION

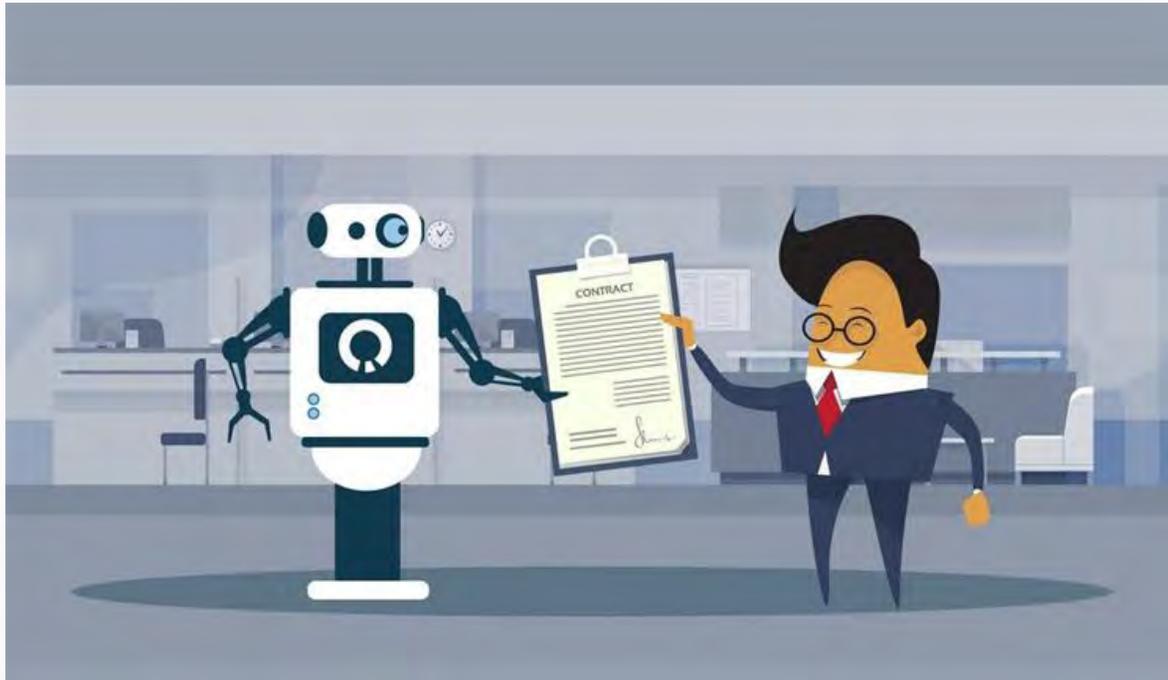
Tennessee launches new round of statewide automation projects

Tennessee automation director Bob Pucci said he's hoping to kick off a "grassroots movement" that could save 250,000 annual hours of work.

BY COLIN WOOD • OCTOBER 4, 2022



Robotic Process Automation (RPA)



March 2023- OCERS signs contract with Roboyo



Master Repository of Policies and Procedures

- Create Desk Manuals
- Lay Foundation for New Pension Administration System
- January 2023- OCERS signs contract with ORBIS



Simplification Initiative

The Question Has OCERS made issues or tasks more difficult than necessary?

The Tool In December, formed committed of Gina Ratto, Manuel Serpa, Suzanne Jenike, Steve Delaney to meet monthly to discuss

Early Example Mandatory Reciprocity

Future Issues Board may need to decide if OCERS approach continues despite cost impact.



The Future is Now





Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **COVID-19 UPDATE**

Presentation

I will provide a verbal update of any timely COVID-related information items to the Board on March 20.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

ORANGE COUNTY
 **Retirement Board Meeting**
March 20, 2023
Application Notices

MEMBER NAME	AGENCY/EMPLOYER	RETIREMENT DATE
Alvarado, Elizabeth	Social Services Agency	01/27/2023
Bealer, Clayton	Assessor	01/27/2023
Bills, Ana	Health Care Agency	12/30/2022
Caouette, Ross	Sheriff's Dept	01/13/2023
Carrera, Ted	Social Services Agency	01/27/2023
Chiu, Nhi	Superior Court	01/20/2023
Concepcion, Maria	Probation	01/27/2023
Condolff, Debora	Social Services Agency	01/27/2023
Condon, Heather	OC Community Resources	01/13/2023
Crellin, Christine	Sheriff's Dept	01/13/2023
Dang, Anh	Superior Court	01/06/2023
Dante, Shelly	Public Defender	01/13/2023
Delaby, Michael	Health Care Agency	01/05/2023
Diederichs, Brenda	County Executive Office (CEO)	12/30/2023
Echavarria, Margaret	Sanitation District	01/06/2023
Edwards, Nannette	Fire Authority (OCFA)	01/13/2023
Efron, Sandra	Superior Court	01/18/2023
Escobar, Evelyn	Health Care Agency	01/27/2023
Faria, Elizabeth	District Attorney	12/30/2022
Funke, Lori	Health Care Agency	01/13/2023
Gambina, Linda	Social Services Agency	01/13/2023
Gamboa, Clyde	County Executive Office (CEO)	12/30/2022
Garcia, Martha	Sheriff's Dept	12/30/2022
Givone Konop, Josi	Social Services Agency	01/13/2023
Gonzalez, Margaret	Social Services Agency	12/8/2022
Ho, Truc	OC Community Resources	01/27/2023
Hong, Duc	Superior Court	01/13/2023
Hou, Vichheka	Social Services Agency	01/05/2023
Jackson, Toni	Superior Court	01/01/2023
Jurewich, William	Fire Authority (OCFA)	01/02/2023
Kilgour, Catherine	Social Services Agency	01/27/2023
Kim, Kacey	OC Community Resources	01/13/2023
King, Robert	Sheriff's Dept	12/30/2022
Krstich, Carla	Social Services Agency	01/27/2023
Lamont, Robin	OC Public Works	01/27/2023
Lin, Fei-Ching	OC Community Resources	01/13/2023
Livingston, Lorelei	Assessor	12/30/2022
Lopez, Alicia	District Attorney	01/13/2023



Retirement Board Meeting

March 20, 2023

Application Notices

Magdaleno, Arthur	Sheriff's Dept	12/30/2022
Mannello, Sherri	Sheriff's Dept	01/14/2023
Martinez, Rogelia	Auditor Controller	01/27/2023
Martinez, Rogelia	Auditor Controller	01/27/2023
Martinez, Sherry	Sheriff's Dept	01/13/2023
Melendez, Hugo	Social Services Agency	01/13/2023
Miller, Susan	OC Community Resources	12/30/2022
Minn, John	District Attorney	01/13/2023
Park, Jason	Sheriff's Dept	01/13/2023
Paz, Magdalena	Social Services Agency	01/27/2023
Peters, Michael	Sheriff's Dept	01/13/2023
Phillips, Chad	Sheriff's Dept	01/13/2023
Phommasa, Arounsy	Auditor Controller	01/27/2023
Prescott, Jeremiah	Sheriff's Dept	01/13/2023
Price, Susan	Health Care Agency	12/31/2022
Roberge, Steven	OC Community Resources	01/13/2023
Rosenkranz, David	OCTA	12/31/2022
Ross, Andrew	District Attorney	12/30/2022
Rozenberg, Monica	Social Services Agency	11/18/2022
Salgado, John	Child Support Services	01/27/2023
Sanders, Tracy	Auditor Controller	01/13/2023
Sholl, Vincent	Health Care Agency	01/05/2023
Singh, Kanwal	OCTA	12/25/2022
Smith, Anthony	Sheriff's Dept	12/30/2022
Stevens, Teresa	Social Services Agency	01/13/2023
Tan, Vantrina	OC Community Resources	01/27/2023
To, Cathy	OC Community Resources	01/13/2023
Toossi, Vahid	Fire Authority (OCFA)	01/13/2023
Torres, Richard	Sheriff's Dept	01/13/2023
Tran, Do	OCTA	01/01/2023
Tran, Tri	OCTA	01/06/2023
Valdovinos, Victor	OC Public Works	01/05/2023
Vega, Patricia	Sheriff's Dept	12/4/2022
Vu, Marie	OC Community Resources	01/13/2023
White, John	OC Public Works	01/13/2023



Retirement Board Meeting

February 21, 2023

Death Notices

ACTIVE DEATHS	AGENCY/EMPLOYER
Garcia Rizo, Jose Miguel	Sheriff's Dept
Haney, Brian	Sheriff's Dept
Slaughter, Tammy Annette	OCTA

RETIRED MEMBERS	AGENCY/EMPLOYER
Acker, Robert	OC Public Works
Baker, James	OC Public Works
Ballantyne, Michael	Fire Authority (OCFA)
Barber, Shelly	District Attorney
Bates, Ronald	Registrar of Voters
Bauman, Cleo	Superior Court
Campbell, Glen	OCTA
Clair, Edward	Sheriff's Dept
Coad, Cynthia	Board of Supervisors
Consentino, Nancy	Registrar of Voters
Downing, Constance	OC Community Resources
Drake, Vera	Superior Court
Drozda, William	UCI
Elder, Linda	Social Services Agency
Ferlauto, Vito	Sheriff's Dept
Fratto, Jeanette	Probation
Gonzalez, Isabel	OC Community Resources
Grimes, Steven	Sheriff's Dept
Henderson, Susan	Auditor Controller
Howland, Myron	Health Care Agency
Hulshof, Linda	Sheriff's Dept
Hunter, Jerold	Fire Authority (OCFA)
Johns, Sarah	Auditor Controller
Kunar, Mark	Sheriff's Dept
Lakits, Lois	Child Support Services
Louria, Henry	Fire Authority (OCFA)
Minnick, Lawrence	OCTA
Narvaez, Argelia	County Clerk/Recorder
Armitage, Michael	Probation
Fischer, Marcia	Probation
Keys, Marlene	Probation
Kuerth, Anna	Registrar of Voters
Saldivar, Jesus	Cemetery District
Stokes, Lori	OCTA
Wilcken, Carol	OC Community Resources



Retirement Board Meeting

February 21, 2023

Death Notices

O'Neill, Alice	Assessor
Perez, Juan	Health Care Agency
Pister, Charles	Fire Authority (OCFA)
Quinn, John	Sheriff's Dept
Raver, Kenneth	Fire Authority (OCFA)
Roberts, Ronald	Fire Authority (OCFA)
Sakurai, George	Health Care Agency
Sandoval, Angelina	Health Care Agency
Smith, William	Health Care Agency
Turner, James	County Counsel
Wright, Thomas	Probation

SURVIVING SPOUSES	
Aros, Andrew	
Dale, Trevor	
Delfin, Natividad	
Funicello, Margaret	
Gerhardt, Colletta	
Harness, Elizabeth	
Lujan, Ezequiel	

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

**BUILDING COMMITTEE MEETING
Tuesday, November 29, 2022
9:30 A.M.**

Members of the Committee

Wayne Lindholm, Chair
Chris Prevatt, Vice Chair
Charles Packard
Frank Eley

MINUTES

Chair Lindholm called the meeting to order at 9:30 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Wayne Lindholm, Chair; Chris Prevatt, Vice Chair; Charles Packard; Frank Eley

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Anthony Beltran, Visual Technician; Carolyn Nih, Recording Secretary

Guests via Zoom: Fong Tse

CONSENT AGENDA

MOTION by Packard, **seconded** by Eley, to approve staff's recommendation on the following items on the Consent Agenda:

C-1 COMMITTEE MEETING MINUTES:

Building Committee Meeting Minutes	March 14, 2022
Special Building Committee Meeting Minutes	June 24, 2022
Building Committee Meeting Minutes	July 27, 2022

Recommendation: Approve minutes.

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

Orange County Employees Retirement System
November 29, 2022
Building Committee Meeting – Minutes

AYES

NAYS

ABSTAIN

ABSENT

Mr. Eley
Mr. Packard
Mr. Prevatt
Chair Lindholm

ACTION ITEMS

None

INFORMATION ITEMS

I-1 UPDATE ON OCERS HEADQUARTERS PROJECT

Discussion by Brenda Shott, Assistant CEO, OCERS

WRITTEN REPORTS

None

COMMITTEE MEMBER/CEO/CONSULTANT/COMMENTS

Mr. Lindholm would like to tour Newport Beach and Laguna Niguel City Hall buildings.

Mr. Delaney thanked Mr. Tse for joining the meeting and providing insight and ideas for the new building.

STAFF

Ms. Shott will return to the Committee with a revised procurement and project delivery recommendation.

The meeting **ADJOURNED** at 11:01 a.m.

Submitted by:

Submitted by:

Approved by:

Brenda Shott
Staff Liaison to the Committee

Steve Delaney
Secretary to the Committee

Wayne Lindholm
Chair



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS AND 2023 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

APRIL

Harassment Prevention Training
SACRS Board of Directors Election
Quarterly Travel and Training Expense Report
Form 700 Due

MAY

Annual Fiduciary Training
Preliminary December 31, 2022 Valuation
Review of OCERS Multiple Plans
Quarterly Unaudited Financial Statements
Quarterly Budget vs Actual Report
CIO Comments

JUNE

December 31, 2022 Actuarial Valuation- Final Approval
OCERS 2023 Business Plan and 2023-2025 Strategic Plan: Mid-year Review
Strategic Planning Workshop – Proposed Agenda
GASB 68 Valuation and Audit Report
Audited Financial Statements and Annual Comprehensive Financial Reports
CIO Comments

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2023 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
System Oversight	Receive Quality of Member Services Report (I)	STAR COLA Posting (I)	Approve 2023 STAR COLA (A)	SACRS Board of Directors Election (A)	Preliminary December 31, 2022 Valuation (I)	Mid-Year Review of 2023 Business Plan Progress (I)	Approve Early Payment Rates for Fiscal Year 2023-25 (A)	Review 2nd Quarter Budget to Actuals Financial Report (I)	Strategic Planning Workshop (I)	Approve 2024-2026 Strategic Plan (A)	Review 3rd Quarter Budget to Actuals Financial Report (I)	
	Receive OCERS Innovation Report (I)	Approve 2023 COLA (A)	Quarterly 2023-2025 Strategic Plan Review (A)			Approve December 31, 2022 Actuarial Valuation & Funded Status of OCERS (A)	Approve Actuarial Experience Study 2020-2022 (A)	Receive OCERS by the Numbers (I)	Annual OCERS Employer Review (I)	Approve 2024 Business Plan (A)	Approve 2024 Administrative (Operating) Budget (A)	
						Approve 2022 Comprehensive Annual Financial Report (A)		Receive Evolution of the UAAL (I)	State of OCERS (I)	Employer & Employee Pension Cost Comparison (I)	Annual CEO Performance Review and Compensation (A)	
						Quarterly 2023-2025 Strategic Plan Review (A)						
											Adopt 2024 Board Meeting Calendar (A)	
Board Governance												Adopt Annual Work Plan for 2024 (A)
												Vice-Chair Election (A)
												Receive 2024 Board Committee Assignments (A)
Regulation / Policies	Communication Policy Fact Sheet (I)											
Compliance	Status of Board Education Hours for 2022 (I)			Form 700 Due (A)		Receive Financial Audit (I)						

(A) = Action (I) = Information



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report Background/Discussion

1. **Quiet Period Policy Guidelines**

The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for any contract to be awarded by OCERS:

“...Board Members and OCERS staff shall not knowingly communicate with any party financially interested in any prospective contract with OCERS regarding the contract, the services to be provided under the contract or the selection process;”

2. **Quiet Period Guidelines**

In addition, 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 subject to the quiet period until such time as a contract is finalized.

- We sent out an RFP for a Robotic Process Automation platform and associated services in September. This RFP is to hire a qualified firm to provide software and services to automate processes to increase productivity, efficiency, and accuracy. We received eight Proposals. A final vendor was selected, and we are currently in contract negotiations.
- An RFP for Administrative Hearing Officer Services was released in October. Contracts for some of our current Hearing Officers are set to expire and so we must bid-out these services. We received five (5) proposals that are currently being evaluated.
- We distributed an RFP in early January for Securities Litigation Monitoring Services. Our current contracts with three firms are set to expire in July 2023. This RFP is to select firms to provide the needed services. Twenty Proposals were received that are currently being evaluated.
- A Request for Qualification (RFQ) was distributed in February to select three to five qualified firms that will receive an invitation to bid to become OCERS Building Representative/Program Manager related to the planning and construction of a new OCERS headquarters building. We are currently waiting for responses.



Memorandum

- A Request for Proposal (RFP) was distributed in February to select a firm that will provide External Quality Assessment Services related to the Internal Audit department of OCERS. We are currently waiting for responses.
- We distributed an RFP for an Executive Recruiting Firm in February. This service is needed in the event OCERS wants to use an Executive Recruiting firm for upcoming position vacancies. We are currently waiting for responses.

Submitted by:



JD - Approved

Jim Doezie
Contracts, Risk and Performance Administrator



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD COMMUNICATIONS

Written Report

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 following news and informational item was provided by the CEO for distribution to the entire Board:

From Steve Delaney:

- NASRA News Clips

Other Items: (See Attached)

- Monthly summary of OCERS staff activities and updates, starting with an overview of key customer service metrics, for the month of JANUARY 2023.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Monthly Team Status

January 2023

To the members of the OCERS Board of Retirement,

The following is my regular monthly summary of OCERS' team activity, starting with an overview of key customer service statistics as well as activity highlights followed by updates for JANUARY 2023.

MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received				Customer Service Statistics						
Month	2020	2021	2022	Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Calls Received via Call Center	Calls Direct to Extension	Calls Received by Operator	Total Calls (monthly)
January	240	117	346	January	1	98%	1,648	3,348	849	5,845
February	152	91		February						
March	95	51		March						
April	37	39		April						
May	43	52		May						
June	59	49		June						
July	262	64		July						
August	190	59		August						
September	117	70		September						
October	51	67		October						
November	48	95		November						
December	66	93		December						
Grand Total	1360	847	346	Grand Total	1	98%	1,648	3,348	849	5,845

MEMBER SURVEY RESPONSE

"I want to express my gratitude to two of your OCERS representatives for their efforts in helping me purchase service credit. My case was very complicated as my records had to be retrieved from microfiche. Additionally, I had went from extra help to part time, back to extra help so this complicated things even further. I recognize that I was relentless but both representatives were courteous and patient with the numerous emails from me inquiring about the status as well as the process of my request. I recognize and am so appreciative of their outstanding efforts in helping me, and finally, I just looked online and my account has been credited with the service credit.

Thank you so very much. They are outstanding!!!"

January 2023

"I wanted to thank you for all your help, I had a productive meeting with one of your customer representatives and they were excellent in navigating me through the process. With their help, I believe I have all the information that I need to finalize my retirement."

December 2022

"Thank you for all your help, I had a productive meeting with one of your customer support representatives and they excellent in navigating me through the process. I believe I have all the information that I need to finalize my retirement."

November 2022



Monthly Team Status

January 2023

ACTIVITIES

PLAN U PREPARATION

To provide the Trustees with a sense of the effort that can at times be going on in the background. With receipt of Segal materials showing the cost and impact of the various implementation dates related to the Superior Court's making a switch to PLAN U PEPPRA benefits, it was important to have a fulsome conversation with each impacted entity. On January 10 Ms. Jenike and I reached out both via Zoom as well as traveling to various offices for some meetings in person, to discuss the issue in detail and respond to any questions. We met with key representatives of the County of Orange, the Orange County Superior Court, the Orange County Employees Association, and the Association of Orange County Deputy Sheriffs. The meetings were well received, and ensured that all were equally informed of the nuances of this item.

MEMBER SERVICES OUTREACH

Mr. Ardeleanu reports on January activities:

We had a relatively busy month for outreach. The various seminars are listed below, and I wanted to point out that we restarted our monthly in-person pre-retirement seminars at OCERS in January (as well as a 2nd virtual seminar). The in-person seminar was well attended (22 attendees), and I'm sure the numbers will grow in the next couple of months.

- 1.9.2023 – AOCDS in-person pre-retirement seminar
- 1.12.2023 – AOCDS in-person pre-retirement seminar

- 1.12.2023 – OCEA in-person and virtual pre-retirement seminar – very well attended seminar. OCEA was expecting 40 members attending virtually and 65 in person. They ended up having 125 viewers on Zoom at one point, and they had to use an overflow room for members attending in person exceeding the anticipated 65 members!

- 1.11.2023 – OCERS in-person pre-retirement seminar
- 1.25.2023 – OCERS virtual pre-retirement seminar

- 1.25.2023 – REAOC Luncheon – Assist retired members with information

BUILDING COMMITTEE

The Building Committee met on January 31, 2023. Ms. Shott reports the following:

Members of the Building Committee and the new HQ Project staff toured the City of Laguna Niguel and Newport Beach City Halls on Jan 31st. Much was learned on these facilities' functions and their Do's and Do Not's.



Monthly Team Status

January 2023

Staff also had a pre-project meeting with the City of Santa Ana's Current Planning and Public Works partners at City Hall. The City is very much aware and interested in assisting OCERS in making this Project a success.

With the gathered information, staff has developed and presented a preliminary project schedule (Schedule) for the Building Committee's information. Staff intends to fine-tune and future compress said Schedule as the Project progresses.

Additionally, staff is ready to launch this Project into the professional vertical construction community and begin the HQ project through a Request For Qualifications for an Owner's Representative/Program Manager as an extension of our in-house professional engineering staff. Below is a likely organization setup of this project.



FINANCE DEPARTMENT MODERNIZES

Ms. Bowman reports on progress in the Finance Department's modernization of their processes:

During January, Finance made the transition from paying vendors and employee reimbursements via paper check to ACH electronic payments. We also now have the ability to outsource the printing and mailing of checks for those vendors that are unable to accept ACH payments. This will result in timelier payments and nearly eliminate the need to process paper checks in-house.

RECENT HIRING ACTIVITY IN MEMBER SERVICES

Knowing the large COLA to be paid effective April 1 will lead to a larger number of retirements than usual, the Member Services team has been actively hiring, as reported by Mr. Lamberson:

The Member Services Team has been preparing to handle our heavy retirement processing season in 2023 by working to ensure we are fully staffed, strategizing our assignments to work ahead of demand, and by cross training staff to ensure we have proper staffing across our departments for our anticipated



Monthly Team Status January 2023

retirement requests. We completed our interviews to fill all of our open Retirement Program Specialist positions at the beginning of the month of February. We are also bringing on additional temporary employees for our service teams to help answer phones and assist our members. We would like to thank the Board for their support in providing the Member Services team with the resources we need to meet the increased workloads each year.

REAOC QUARTERLY LUNCHEON

With the Retiree Group once again holding a quarterly luncheon, I was honored on January 25 to be asked to serve as their keynote speaker at their new luncheon facility, the Moose Lodge in Santa Ana. I spoke for more than 30 minutes on OCERS current issues, with many questions from the audience. I was pleased to be accompanied by Ms. Cervantez and Ms. Martinez, two Member Services team members who came to respond to member questions at the end of the luncheon..





Monthly Team Status January 2023

UPDATES

INVESTMENTS

Mr. Beeson reports on January's Investment Team activities:

OCERS' portfolio declined 2.1% net of fees in December and finished 2022 down 7.8%. The fund value ended 2022 at \$20.5 billion. The OCERS Investment Team closed on one private equity re-up investment during January. OCERS' Investment Team, together with the OCERS Finance Team, conducted semifinalist Zoom interviews for the Global Custody Services RFP in January. The OCERS Investment Team held its 2023 goal setting meeting during the month. This process involved the entire OCERS Investment Team getting together to discuss team goals for the year across the following categories: technology, operations/compliance/legal, communications/reporting, portfolio management, team development, strategy and vision, and automation. On a lighter note, OCERS' Investment Team had an infrastructure portfolio manager visiting from London for a meeting in January. The portfolio manager was enjoying the Orange County weather so much that the OCERS Investment Team hosted the meeting outside at one of the picnic tables.

HR DEPARTMENT

Ms. Hockless provides an update on last month's actions:

The Human Resources department promoted two (2) internal employees in the month of January. The promoted employees filled the following positions. One career ladder for a Sr. Internal Auditor and one employee in the Member Services department filled a Retirement Contribution Reconciliation Specialist. The employee who was promoted in the Member Services department, created a backfill for an Accounting Technician position.

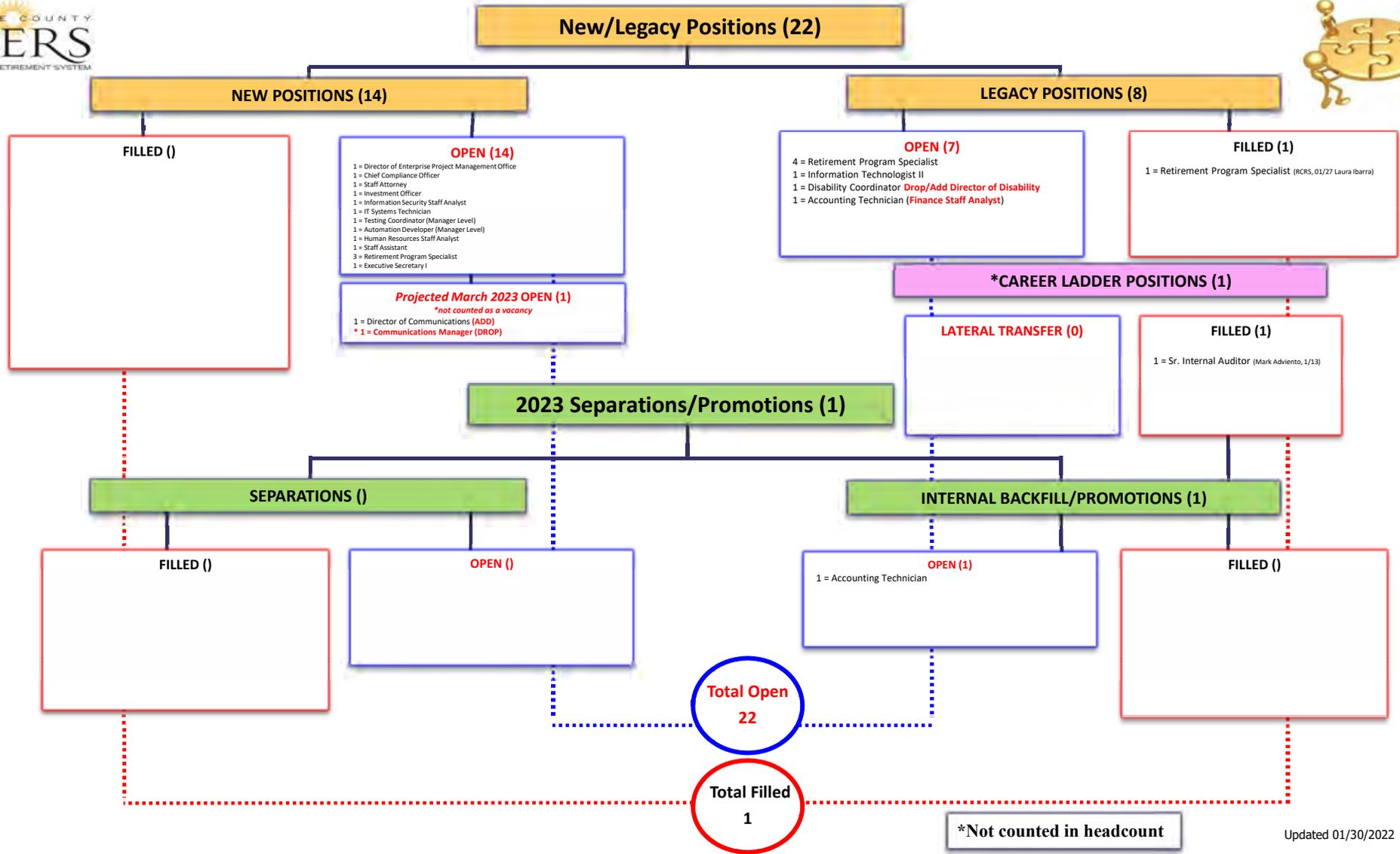
At the time of this report, the department has processed 567 applications. This includes inviting over 108 candidates to participate in pre-employment testing and scheduling thirteen (13) interviews. OCERS started the year with one hundred twenty-seven (127) budgeted positions. We have a total of one hundred and five (105) employees on payroll and twenty-two (22) vacancies. At the time of this report, there are no separations to report. The current vacancy rate is estimated at 17%. The vacancy rate is calculated by taking the number of vacant positions, multiplying that number by 100, and dividing that result by the total number of budgeted positions



As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the March 20, 2023 meeting of the OCERS Board of Retirement.



2023 Recruitment Activity





Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: LEGISLATIVE UPDATE

Written Report

State Legislative Update

The California Legislature reconvened on January 4, 2023, for the first year of the 2023 – 2024 Legislative Session. The last day to introduce new bills was February 17, 2023. The Legislature will adjourn for spring recess on March 30 and reconvene on April 10.

SACRS Sponsored Bills

None to report. The SACRS Legislative Committee is working on a CERL housekeeping bill for introduction this year.

Bills That Would Amend the CERL or Other Laws (PEPRA, the Brown Act, etc.) That Apply to OCERS

AB 557 (Hart)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with the above-noted requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health, as specified. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. Existing law requires a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an

opportunity for all persons to attend via a call-in option or an internet-based service option. Existing law prohibits a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time.

This bill would extend the above-described abbreviated teleconferencing provisions when a declared state of emergency is in effect, or in other situations related to public health, as specified, indefinitely. The bill would also extend the period for a legislative body to make the above-described findings related to a continuing state of emergency and social distancing to not later than 45 days after the first teleconferenced meeting, and every 45 days thereafter, in order to continue to meet under the abbreviated teleconferencing procedures.
(STATUS: Introduced 02/08/23. Referred to Com. on L. GOV. on 02/17/23.)

AB 739 (Lackey) -- (“Intent” or “Spot” Bill – substantive language pending)

The California Public Employees’ Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act. PEPRA prohibits a public employer’s contribution to a defined benefit plan, in combination with employee contributions to the plan, from being less than the normal cost rate, as defined, for the plan in a fiscal year. Existing law authorizes a public retirement system to suspend contributions if certain conditions are satisfied, one of which is that the plan be funded by more than 120%, based on a computation by the retirement system actuary in accordance with specified standards, that is included in the annual valuation. This bill would revise the conditions for suspending contributions to a public retirement system defined benefit plan to increase the threshold percentage amount of plan funding to more than 130%.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. P.E. & R. on 02/23/23.)

AB 817 (Pacheco, Wilson) – (“Intent” or “Spot” Bill – substantive language pending)

This bill would make nonsubstantive changes to the Brown Act.

(STATUS: Introduced; Read first time on 02/13/23.)

AB 1020 (Grayson) – (“Intent” or “Spot” Bill – substantive language pending)

The CERL prescribes the rights, benefits, and duties of members of the retirement systems established pursuant to its provisions. Existing law requires, if a safety member, a firefighter member, or a member in active law enforcement who has completed five years or more of service develops heart trouble, that the heart trouble be presumed to arise out of and in the course of employment. This bill would make nonsubstantive changes to those provisions.

(STATUS: Introduced 02/15/23.)

AB 1637 (Irwin)

The Information Practices Act of 1977 requires an agency that owns or licenses computerized data that includes personal information, as defined, to disclose any breach of the security of the system following discovery or notification of the breach in the security of the data to any resident of California, as prescribed. The act defines “agency” to not include a local agency, as specified. This bill would express the intent of the Legislature to enact

legislation that would relate to the security of information maintained by local governments and special districts.

(STATUS: Introduced; Read first time on 02/17/23.)

SB 411 (Portantino, Menjivar, Assembly Member Rivas)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a legislative body to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would alternatively define "legislative body" for this purpose to mean a board, commission, or advisory body of a local agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the act. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on GOV. & F. and JUD. 02/22/23.)

SB 537 (Becker) -- ("Intent" or "Spot" Bill – substantive language pending)

This bill would state the intent of the Legislature to enact subsequent legislation that expands local government's access to hold public meetings through teleconferencing and remote access.

(STATUS: Introduced; read first time on 02/14/23. Referred to Com. on RLS on 02/22/23.)

Other Bills of Interest

AB 699 (Weber, Ward)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a rebuttable presumption that specified injuries, such as meningitis, tuberculosis, or hernia, sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. Existing law creates a rebuttable presumption that skin cancer that develops or manifests in the course of employment of a lifeguard, as specified, arose out of and in the course of employment. Existing law authorizes a lifeguard to file a claim for skin cancer after employment has terminated for a specified period based on years of employment, not to exceed 60 months. This bill would expand presumptions for hernia, pneumonia, heart trouble, cancer, tuberculosis, bloodborne infectious disease, methicillin-resistant *Staphylococcus aureus* skin infection, and meningitis-related illnesses and injuries to a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department. The bill would increase the period of time after termination of employment that a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department can file a claim for skin cancer. The bill would expand the presumptions for illness or injury related to post-traumatic stress disorder or exposure to biochemical substances, as defined, to a lifeguard employed in the Boating Safety Unit by the City of San Diego Fire-Rescue Department.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on INS. on 02/23/23.)

AB 1025 (Dixon)

Existing law requires a county board of supervisors, upon request of the county assessor or sheriff, to contract with legal counsel to assist the assessor, auditor-controller, or sheriff with duties for which the district attorney or county counsel would have a conflict of interest in representing the assessor, auditor-controller, or sheriff. In the event the board of supervisors does not concur with the assessor, auditor-controller, or sheriff that a conflict of interest exists, existing law authorizes the county assessor, auditor-controller, or sheriff to initiate an ex parte proceeding before the presiding judge of the superior court, as provided. This bill would extend these provisions to additionally require the board of supervisors to contract with legal counsel to assist the elected treasurer-tax collector, as described above. By adding to the duties of county boards of supervisors with respect to contracts for legal counsel, this bill would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(STATUS: Introduced 02/15/23. Referred to Com. on L. GOV. on 03/02/23.)

AB 1145 (Maienschein)

Under existing law, a person injured in the course of employment is generally entitled to receive workers' compensation on account of that injury. Existing law, until January 1, 2025, provides that, in the case of certain state and local firefighting personnel and peace officers, the term "injury" includes post-traumatic stress

disorder that developed or manifested during a period while the member is in the service of the department or unit, and establishes a disputable presumption in this regard. This bill would provide, only until January 1, 2030, that in the case of certain state nurses, psychiatric technicians, and various medical and social services specialists, the term "injury" also includes post-traumatic stress that develops or manifests itself during a period in which the injured person is in the service of the department or unit. The bill would apply to injuries occurring on or after January 1, 2024. The bill would prohibit compensation from being paid for a claim of injury unless the member has performed services for the department or unit for at least six months, unless the injury is caused by a sudden and extraordinary employment condition.

(STATUS: Introduced; Read first time on 02/16/23. Referred to Com. on INS. on 03/02/23.)

SB 265 (Hurtado, Umberg)

Existing law requires the California Office of Emergency Services (Cal OES) to establish the California Cybersecurity Integration Center (Cal-CSIC) with the primary mission of reducing the likelihood and severity of cyber incidents that could damage California's economy, its critical infrastructure, or public and private sector computer networks in the state. Existing law requires Cal-CSIC to provide warnings of cyberattacks to government agencies and nongovernmental partners, coordinate information sharing among these entities, assess risks to critical infrastructure information networks, enable cross-sector coordination and sharing of best practices and security measures, and support certain cybersecurity assessments, audits, and accountability programs. Existing law also requires Cal-CSIC to develop a statewide cybersecurity strategy to improve how cyber threats are identified, understood, and shared in order to reduce threats to California government, businesses, and consumers, and to strengthen cyber emergency preparedness and response and expand cybersecurity awareness and public education.

This bill would require Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2025, a strategic, multiyear outreach plan to assist critical infrastructure sectors, as defined, in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of funding to, and potential voluntary actions that do not require funding and that assist, that sector in their efforts to improve cybersecurity preparedness.

(STATUS: Introduced; read first time on 01/31/23. Referred to Com. on G.O. on 02/09/23. Set for hearing 03/14.)

SB 391 (Blakespear)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law provides, among other things, that skin cancer developing in active lifeguards, as defined, is presumed to arise out of and in the course of employment, unless the presumption is rebutted. This bill would expand the scope of those provisions to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. L., P.E. & R. on 02/22/23.)

Bills that Apply to CalPERS and/or CalSTRS Only**AB 621 (Irwin)**

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment, which, in the case of the death of an employee, includes a death benefit. Existing law provides, however, that no benefits, except reasonable expenses of burial not exceeding \$1,000, shall be awarded under the workers' compensation laws on account of the death of an employee who is an active member of CalPERS, unless the death benefits available under the Public Employees' Retirement Law are less than the workers' compensation death benefits. In that case, the surviving spouse and children of the employee are also entitled to the difference between the two death benefit amounts. Existing law exempts local safety members and patrol members, as defined, from this limitation. This bill would expand that exemption to include state safety members, peace officers, and firefighters for the Department of Forestry and Fire Protection who are members of Bargaining Unit 8.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on INS. on 02/22/23.)

AB 658 (Fong)

The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, authorizes the CalPERS board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. PEMHCA prescribes requirements for the contributions of contracting agencies and their employees and annuitants and entitles a contracting agency annuitant to a single employer contribution. This bill would make a nonsubstantive change to the restrictions on the employer contribution for a contracting agency annuitant.

(STATUS: Introduced; read first time on 02/09/23.)

SB 300 (Seyarto Niello, Ochoa-Bogh, Wilk)

This bill would require any bill, introduced on or after January 1, 2024, that is referred to the Senate Labor, Public Employment and Retirement Committee and relates to CalPERS to include a fiscal impact analysis from the Legislative Analyst's Office that describes the fiscal impact of the bill on CalPERS and what the outcome of the bill would be if implemented.

(STATUS: Introduced. Read first time. To Com. on RLS. for assignment on 02/02/23. May be acted upon on or after March 5. Referred to Coms. on L., P.E. & R. and APPR. on 02/22/23.)

SB 327 (Laird)

Existing law authorizes a member of CalSTRS who is eligible and applies for a disability allowance or retirement to apply to receive a service retirement pending the determination of their application for disability, subject to meeting certain conditions. These include that the member submit an application on a form prescribed by the system and, if the application for disability benefits is denied or canceled, the service retirement date of a member who submits an application for retirement under these provisions may not be earlier than January 1, 2014. This bill would instead prohibit the service retirement date of a member who submits an application for retirement under these provisions from being earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law, with respect to an application for disability benefits that is denied or canceled, prohibits the service retirement date from being earlier than one day after the date on which a retirement allowance was terminated, as specified, provided that the retirement allowance is terminated on or after January 1, 2014. This bill would instead provide that the retirement allowance under the above-described circumstances is terminated no earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law provides that a service retirement allowance under CalSTRS becomes effective on a date designated by the member, provided all of specified conditions are met, including that the member executes an application for service retirement allowance no earlier than 6 months before the effective date of retirement allowance. This bill would provide that the effective date of a member who files an application for service retirement under a specified formula applicable to members 55 years of age or older is no earlier than 180 calendar days prior to when the application for service retirement is received by the system. The bill, with respect to the above members, would delete a provision specifying that the retirement date of a member who files an application for retirement on or after January 1, 2012, is no earlier than January 1, 2012.

The bill would require the board to determine a date when CalSTRS has the capacity to implement the above-described changes and to post the date on the CalSTRS website no later than January 1, 2026. The bill would make those provisions operative on the date determined by the board, and would repeal those existing provisions on January 1, 2026. By changing the method for calculating the service retirement date of certain members of STRS, the bill would affect moneys in a continuously appropriated fund, thereby making an appropriation.

(STATUS: Introduced and read first time on 02/07/23. Referred to Com. on L., P.E. & R. and APPR. on 02/22/23.)

SB 432 (Cortese)

The Teachers' Retirement Law establishes CalSTRS and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Cash Balance Benefit Program to provide a retirement plan for the benefit of participating employees who perform creditable service for less than 50% of full time.

Existing law commits the administration of CalSTRS and its defined benefit program and the Cash Balance Benefit Program to the CalSTRS Board. Existing law generally prohibits adjustments in new rates of contribution adopted by the board on the basis of an investigation, valuation, and determination or because of an amendment to the Teachers' Retirement Law with respect to the Defined Benefit Program, for time prior to the effective date of the adoption or amendment. Existing law prohibits an action of the board, other than for correction of errors in calculating the allowance or annuity at the time of retirement, disability, or death of a member, from changing the allowance or annuity payable to a retired member or beneficiary prior to the date the action is taken. Existing law prescribes various duties for CalSTRS, as well as for employers participating in the system and members and their beneficiaries, in connection with law relating to the applicability of creditable compensation and creditable service. Existing law, for purposes of audits or other system actions, requires that

employers be responsible for the rules in effect at the time the compensation is reported, except when expressly superseded by state or federal law or an executive order of the Governor.

Under existing law, new or different interpretations related to creditable compensation and service are required to take effect after notice is issued to employers and exclusive representatives and are prohibited from being applied retroactively to compensation reported prior to that notice, unless a retroactive interpretation is expressly required by state or federal law or an executive order of the Governor. Existing law requires that, if compensation is reported in accordance with CalSTRS rules and is later determined by CalSTRS to have been reported in error, the resulting overpayment be deemed to be an error by the system. Existing law requires that overpayments made due to an error by the system be recovered pursuant to a specified process, and a portion of this recovery is funded by a continuous appropriation from the General Fund.

This bill would revise those provisions to specify that compensation reported in accordance with CalSTRS' rules includes rules relating to timeliness and accuracy and would eliminate the requirement that supersession by other law or order be express, as described above. By broadening the circumstances that may lead to recovery pursuant to the above-described continuous appropriation, this bill would make an appropriation.

Existing law also prohibits those changes in interpretations from applying before the next July 1, unless changes to state or federal law, an executive order of the Governor, an advisory letter, or programs require application or revision of the creditability of compensation on an earlier basis. This bill would delete the prohibition against changes in interpretations applying before the next July 1.

The bill would require CalSTRS to provide a prescribed written notice if it determines that compensation has been reported in error. The bill would require that a determination of error be based on the law applicable at the time that the compensation was reported. The bill would require that the prescribed notice be in writing, identify the pertinent error, document the basis of the error, and specify the total amount, if any, overpaid due to the error. The bill would specify that overpayments, in this context, are those made to the member.

Existing law authorizes an employer or an exclusive labor representative to submit a request to CalSTRS for an advisory letter, which is defined as a formal written guidance relating to the proper reporting of compensation in publicly available agreement consistent with laws governing creditable compensation. These provisions require, if compensation that is reported in accordance with the advisory letter is later determined by CalSTRS to have been reported in error, that a resulting overpayment be deemed an error by the system.

This bill would require notice of determination of an error in compensation reported to the system in accordance with a system advisory letter be provided in writing. The bill would require that a determination of error in this context be based on the law that was applicable at the time that the compensation was reported. Existing law prescribes various requirements and methods for the repayment of amounts that have been overpaid by CalSTRS.

This bill would require that amounts that have been overpaid resulting from compensation that is determined to have been paid to enhance a member's benefits, as specified, be recovered from the member, participant, former participant, or beneficiary receiving the allowance or annuity benefit, or the employer, or both. (STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L., P.E. & R. on 02/22/23.)

SB 548 (Niello)

The PERL requires, for counties that contract for retirement benefits through CalPERS for eligible employees, as of the implementation date of the Trial Court Employment Protection and Governance Act, that a trial court and a county in which the trial court is located jointly participate in the system by joint contract. Existing law requires the CalPERS board to do one-time, separate computations of the assets and liabilities of two counties and the trial courts in the counties. PEPRA establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans, including limiting the benefits that may be provided to new members.

This bill would authorize a county and the trial court located within the county to elect to separate their joint CalPERS contract into individual contracts, if the county and the trial court make that election voluntarily, and would prescribe a process for this. The bill would prohibit the separation from being a cause for modification of employee retirement benefits, as specified. The bill would require the CalPERS board, within its existing resources, to do a specified computation of assets and liabilities for a county and trial court seeking to separate their joint contract. For purposes of PEPRA, the bill would authorize a county and a trial court to provide employees the defined benefit plan or formula that those employees received from their respective employers prior to the exercise of the option to separate, as specified.

(STATUS: Introduced; read first time on 02/15/23. Referred to Com. on L., P.E. & R. on 02/22/23.)

Divestment Proposals (CalPERS and CalSTRS Only)

SB 252 (Gonzalez, Stern, and Weiner)

Existing law prohibits the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a thermal coal company, as defined. Existing law requires the boards to liquidate investments in thermal coal companies on or before July 1, 2017, and requires the boards, in making a determination to liquidate investments, to constructively engage with thermal coal companies to establish whether the companies are transitioning their business models to adapt to clean energy generation. Existing law provides that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would prohibit the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, as defined. The bill would require the boards to liquidate investments in a fossil fuel company on or before July 1, 2030. The bill would temporarily suspend the above-described liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets, as specified, and would make this suspension provision inoperative on January 1, 2035. The bill would provide that it does not require a board to

take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would require the boards, commencing February 1, 2025, and annually thereafter, to file a report with the Legislature and the Governor, containing specified information, including a list of fossil fuel companies of which the board has liquidated their investments. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.

(STATUS: Introduced and read first time on 01/30/23. Referred to Coms. on L., P.E. & R. and JUD. on 02/09/23.)

Federal Legislative Update

At the end of 2022, Congress passed the Consolidated Appropriations Act of 2023, which includes the SECURE 2.0 Act of 2022 ("SECURE 2.0"). SECURE 2.0 includes many significant changes for retirement plans. Set forth below are the main changes impacting governmental defined benefit plans:

Required Minimum Distributions (RMD)

- Section 107 increases the RMD age to: (i) 73 for a person who attains age 72 after December 31, 2022 and age 73 before January 1, 2033; and (ii) 75 for an individual who attains age 74 after December 31, 2032. It is effective for distributions made after December 31, 2022, for individuals who attain age 72 after that date.
- Section 302 reduces the excise tax for failure to take RMDs from 50% of the shortfall to 25%. It further reduces the excise tax to 10% if the individual corrects the shortfall during a two-year correction window. It is effective for taxable years beginning after the date of enactment.
- Section 327 allows a spousal beneficiary to irrevocably elect to be treated as the employee for RMD purposes, and if the spouse is the employee's sole designated beneficiary, the applicable distribution period after the participant's year of death is determined under the uniform life table. It is effective for calendar years beginning after December 31, 2023.

Correction and the IRS Employee Plans Compliance Resolution System (EPCRS)

- Section 301 provides that a 401(a), 403(a), 403(b), and governmental plan (but not including a 457(b) plan) will not fail to be a tax favored plan merely because the plan fails to recover an "inadvertent benefit overpayment" (a defined term in the bill) or otherwise amends the plan to permit this increased benefit. In certain cases, the overpayment is also treated as an eligible rollover distribution. It is effective upon enactment with certain retroactive relief for prior good faith interpretations of existing guidance.
- Section 305 allows any "eligible inadvertent failure" (a defined term in the bill) to be self-corrected under EPCRS at any time (regardless of whether the error is significant or insignificant) unless (i) the IRS

identified the failure before self-corrective measures commenced, or (ii) the self-correction was not completed in a reasonable period after the failure was identified. It is effective upon enactment.

Tax Treatment of Distributions

- Section 328 amends the HELPS Act by allowing the plan to distribute funds to pay for qualified health insurance premiums (1) directly to the insurer or (2) directly to the participant (but the participant must include a self-certification that such funds did not exceed the amount paid for premiums in the year of the distribution when filing the tax return for that year). It is effective for distributions made after the date of enactment.
- Section 309 excludes service-connected, disability pension payments (from a 401(a), 403(a), governmental 457(b), or 403(b) plan) from gross income of first responders after reaching retirement age up to an annualized excludable disability amount. The term “qualified first responder service” means service as a law enforcement officer, firefighter, paramedic, or emergency medical technician. It is effective for plan years beginning after December 31, 2023.
- Section 323 clarifies that the exception to the 10% tax on early distributions from tax-preferred retirement accounts for substantially equal periodic payments continues to apply after certain rollovers and for certain annuities. It is effective for transfers, rollovers, and exchanges after December 31, 2023, and effective for annuity distributions on or after the date of enactment.
- Section 329 extends the age 50 exception to the 10% early withdrawal penalty to those qualified public safety employees who have separated from service and have attained age 50 or 25 years of service, whichever comes first. It is effective for distributions made after the date of enactment.
- Section 330 expands the definition of qualified public safety employee to include certain corrections officers and forensic security employees, thus making them eligible for the age 50 exception to the 10% early withdrawal penalty. It is effective for distributions made after the date of enactment.

Amendment Deadlines

- Section 501 allows plan amendments made pursuant to the bill to be made by the end of the 2027 plan year for governmental plans as long as the plan operates in accordance with such amendments as of the effective date of a legislative or regulatory requirement or amendment. If a plan operates as such and meets the amendment timeline and requirements of this bill, then the plan will be treated as being operated in accordance with its terms. It also extends the plan amendment deadlines under the SECURE Act, CARES Act, and Taxpayer Certainty and Disaster Relief Act of 2020 to these new remedial amendment period dates, as previously reflected in IRS notices. It is effective upon enactment.

Attachment:

Legislative Update

2023 Tentative Legislative Calendar

Submitted by:



Gina M. Ratto
General Counsel



**OCERS BOARD OF RETIREMENT
March 20, 2023 MEETING**

**LEGISLATIVE UPDATE – ATTACHMENT
2023 - 2024 CALIFORNIA STATE LEGISLATIVE SESSION
BILLS OF INTEREST**

New or updated information in bold text

AB 557 (Hart)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with the above-noted requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health, as specified. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. Existing law requires a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option. Existing law prohibits a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time.

This bill would extend the above-described abbreviated teleconferencing provisions when a declared state of emergency is in effect, or in other situations related to public health, as specified, indefinitely. The bill would also extend the period for a legislative body to make the above-described findings related to a continuing state of emergency and social distancing to not later than 45 days after the first teleconferenced meeting, and every 45 days thereafter, in order to continue to meet under the abbreviated teleconferencing procedures.

(STATUS: Introduced 02/08/23. Referred to Com. on L. GOV. on 02/17/23.)

AB 621 (Irwin)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment, which, in the case of the death of an employee, includes a death benefit. Existing law provides, however, that no benefits, except reasonable expenses of burial not exceeding \$1,000, shall be awarded under the workers' compensation laws on account of the death of an employee who is an active member of CalPERS, unless the death benefits available under the Public Employees' Retirement Law are less than the workers' compensation death benefits. In that case, the surviving spouse and children of the employee are also entitled to the difference between the two death benefit amounts. Existing law exempts local safety members and patrol members, as defined, from this limitation. This bill would expand that exemption to include state safety members, peace officers, and firefighters for the Department of Forestry and Fire Protection who are members of Bargaining Unit 8.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on INS. on 02/22/23.)

AB 658 (Fong)

The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, authorizes the CalPERS board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. PEMHCA prescribes requirements for the contributions of contracting agencies and their employees and annuitants and entitles a contracting agency annuitant to a single employer contribution. This bill would make a nonsubstantive change to the restrictions on the employer contribution for a contracting agency annuitant.

(STATUS: Introduced; read first time on 02/09/23.)

AB 699 (Weber, Ward)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a rebuttable presumption that specified injuries, such as meningitis, tuberculosis, or hernia, sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. Existing law creates a rebuttable presumption that skin cancer that develops or manifests in the course of employment of a lifeguard, as specified, arose out of and in the course of employment. Existing law authorizes a lifeguard to file a claim for skin cancer after employment has terminated for a specified period based on years of employment, not to exceed 60 months. This bill would expand presumptions for hernia, pneumonia, heart trouble, cancer, tuberculosis, bloodborne infectious disease, methicillin-resistant *Staphylococcus aureus* skin infection, and meningitis-related illnesses and injuries to a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department. The bill would increase the period of time after termination of employment that a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department can file a claim for skin cancer. The bill would expand the presumptions for illness or injury related to post-traumatic stress disorder or exposure to biochemical

substances, as defined, to a lifeguard employed in the Boating Safety Unit by the City of San Diego Fire-Rescue Department.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on INS. on 02/23/23.)

AB 739 (Lackey)

The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act. PEPRA prohibits a public employer's contribution to a defined benefit plan, in combination with employee contributions to the plan, from being less than the normal cost rate, as defined, for the plan in a fiscal year. Existing law authorizes a public retirement system to suspend contributions if certain conditions are satisfied, one of which is that the plan be funded by more than 120%, based on a computation by the retirement system actuary in accordance with specified standards, that is included in the annual valuation. This bill would revise the conditions for suspending contributions to a public retirement system defined benefit plan to increase the threshold percentage amount of plan funding to more than 130%.

(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. P.E. & R. on 02/23/23.)

AB 817 (Pacheco, Wilson)

This bill would make nonsubstantive changes to the Brown Act.

(STATUS: Introduced; Read first time on 02/13/23.)

AB 1020 (Grayson)

The CERL prescribes the rights, benefits, and duties of members of the retirement systems established pursuant to its provisions. Existing law requires, if a safety member, a firefighter member, or a member in active law enforcement who has completed five years or more of service develops heart trouble, that the heart trouble be presumed to arise out of and in the course of employment. This bill would make nonsubstantive changes to those provisions.

(STATUS: Introduced 02/15/23.)

AB 1025 (Dixon)

Existing law requires a county board of supervisors, upon request of the county assessor or sheriff, to contract with legal counsel to assist the assessor, auditor-controller, or sheriff with duties for which the district attorney or county counsel would have a conflict of interest in representing the assessor, auditor-controller, or sheriff. In the event the board of supervisors does not concur with the assessor, auditor-controller, or sheriff that a conflict of interest exists, existing law authorizes the county assessor, auditor-controller, or sheriff to initiate an ex parte proceeding before the presiding judge of the superior court, as provided. This bill would extend these provisions to additionally require the board of supervisors to contract with legal counsel to assist the elected treasurer-tax collector, as described above. By adding to the duties of county boards of supervisors with respect to contracts for legal counsel, this bill would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission

on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(STATUS: Introduced 02/15/23. Referred to Com. on L. GOV. on 03/02/23.)

AB 1145 (Maienschein)

Under existing law, a person injured in the course of employment is generally entitled to receive workers' compensation on account of that injury. Existing law, until January 1, 2025, provides that, in the case of certain state and local firefighting personnel and peace officers, the term "injury" includes post-traumatic stress disorder that developed or manifested during a period while the member is in the service of the department or unit, and establishes a disputable presumption in this regard. This bill would provide, only until January 1, 2030, that in the case of certain state nurses, psychiatric technicians, and various medical and social services specialists, the term "injury" also includes post-traumatic stress that develops or manifests itself during a period in which the injured person is in the service of the department or unit. The bill would apply to injuries occurring on or after January 1, 2024. The bill would prohibit compensation from being paid for a claim of injury unless the member has performed services for the department or unit for at least six months, unless the injury is caused by a sudden and extraordinary employment condition.

(STATUS: Introduced; Read first time on 02/16/23. Referred to Com. on INS. on 03/02/23.)

AB 1637 (Irwin)

The Information Practices Act of 1977 requires an agency that owns or licenses computerized data that includes personal information, as defined, to disclose any breach of the security of the system following discovery or notification of the breach in the security of the data to any resident of California, as prescribed. The act defines "agency" to not include a local agency, as specified. This bill would express the intent of the Legislature to enact legislation that would relate to the security of information maintained by local governments and special districts.

(STATUS: Introduced; Read first time on 02/17/23.)

SB 252 (Gonzalez, Stern, and Weiner)

Existing law prohibits the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a thermal coal company, as defined. Existing law requires the boards to liquidate investments in thermal coal companies on or before July 1, 2017, and requires the boards, in making a determination to liquidate investments, to constructively engage with thermal coal companies to establish whether the companies are transitioning their business models to adapt to clean energy generation. Existing law provides that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would prohibit the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, as defined. The bill would require the boards to liquidate investments in a fossil fuel company on or before July 1, 2030. The bill would temporarily

suspend the above-described liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets, as specified, and would make this suspension provision inoperative on January 1, 2035. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would require the boards, commencing February 1, 2025, and annually thereafter, to file a report with the Legislature and the Governor, containing specified information, including a list of fossil fuel companies of which the board has liquidated their investments. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.

(STATUS: Introduced and read first time on 01/30/23. Referred to Coms. on L., P.E. & R. and JUD. on 02/09/23.)

SB 265 (Hurtado, Umberg)

Existing law requires the California Office of Emergency Services (Cal OES) to establish the California Cybersecurity Integration Center (Cal-CSIC) with the primary mission of reducing the likelihood and severity of cyber incidents that could damage California's economy, its critical infrastructure, or public and private sector computer networks in the state. Existing law requires Cal-CSIC to provide warnings of cyberattacks to government agencies and nongovernmental partners, coordinate information sharing among these entities, assess risks to critical infrastructure information networks, enable cross-sector coordination and sharing of best practices and security measures, and support certain cybersecurity assessments, audits, and accountability programs. Existing law also requires Cal-CSIC to develop a statewide cybersecurity strategy to improve how cyber threats are identified, understood, and shared in order to reduce threats to California government, businesses, and consumers, and to strengthen cyber emergency preparedness and response and expand cybersecurity awareness and public education.

This bill would require Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2025, a strategic, multiyear outreach plan to assist critical infrastructure sectors, as defined, in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of funding to, and potential voluntary actions that do not require funding and that assist, that sector in their efforts to improve cybersecurity preparedness.

(STATUS: Introduced; read first time on 01/31/23. Referred to Com. on G.O. on 02/09/23. Set for hearing 03/14.)

SB 300 (Seyarto Niello, Ochoa-Bogh, Wilk)

This bill would require any bill, introduced on or after January 1, 2024, that is referred to the Senate Labor, Public Employment and Retirement Committee and relates to CalPERS to include a fiscal impact analysis from the Legislative Analyst's Office that describes the fiscal impact of the bill on CalPERS and what the outcome of the bill would be if implemented.

(STATUS: Introduced. Read first time. To Com. on RLS. for assignment on 02/02/23. May be acted upon on or after March 5. Referred to Coms. on L., P.E. & R. and APPR. on 02/22/23.)

SB 327 (Laird)

Existing law authorizes a member of CalSTRS who is eligible and applies for a disability allowance or retirement to apply to receive a service retirement pending the determination of their application for disability, subject to meeting certain conditions. These include that the member submit an application on a form prescribed by the system and, if the application for disability benefits is denied or canceled, the service retirement date of a member who submits an application for retirement under these provisions may not be earlier than January 1, 2014. This bill would instead prohibit the service retirement date of a member who submits an application for retirement under these provisions from being earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law, with respect to an application for disability benefits that is denied or canceled, prohibits the service retirement date from being earlier than one day after the date on which a retirement allowance was terminated, as specified, provided that the retirement allowance is terminated on or after January 1, 2014. This bill would instead provide that the retirement allowance under the above-described circumstances is terminated no earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law provides that a service retirement allowance under CalSTRS becomes effective on a date designated by the member, provided all of specified conditions are met, including that the member executes an application for service retirement allowance no earlier than 6 months before the effective date of retirement allowance. This bill would provide that the effective date of a member who files an application for service retirement under a specified formula applicable to members 55 years of age or older is no earlier than 180 calendar days prior to when the application for service retirement is received by the system. The bill, with respect to the above members, would delete a provision specifying that the retirement date of a member who files an application for retirement on or after January 1, 2012, is no earlier than January 1, 2012.

The bill would require the board to determine a date when CalSTRS has the capacity to implement the above-described changes and to post the date on the CalSTRS website no later than January 1, 2026. The bill would make those provisions operative on the date determined by the board, and would repeal those existing provisions on January 1, 2026. By changing the method for calculating the service retirement date of certain members of STRS, the bill would affect moneys in a continuously appropriated fund, thereby making an appropriation.

(STATUS: Introduced and read first time on 02/07/23. Referred to Com. on L., P.E. & R. and APPR. on 02/22/23.)

SB 391 (Blakespear)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law provides, among other things, that skin cancer developing in active lifeguards, as defined, is presumed to arise out of and in the course of employment, unless the presumption is rebutted.

This bill would expand the scope of those provisions to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. L., P.E. & R. on 02/22/23.)

SB 411 (Portantino, Menjivar, Assembly Member Rivas)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a legislative body to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would alternatively define "legislative body" for this purpose to mean a board, commission, or advisory body of a local agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the act. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on GOV. & F. and JUD. 02/22/23.)

SB 432 (Cortese)

The Teachers' Retirement Law establishes CalSTRS and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Cash Balance Benefit Program to provide a retirement plan for the benefit of participating employees who perform creditable service for less than 50% of full time.

Existing law commits the administration of CalSTRS and its defined benefit program and the Cash Balance Benefit Program to the CalSTRS Board. Existing law generally prohibits adjustments in new rates of contribution adopted by the board on the basis of an investigation, valuation, and determination or because of an amendment to the Teachers' Retirement Law with respect to the Defined Benefit Program, for time prior to the effective date of the adoption or amendment. Existing law prohibits an action of the board, other than for correction of errors in calculating the allowance or annuity at the time of retirement, disability, or death of a member, from changing the allowance or annuity payable to a retired member or beneficiary prior to the date the action is taken. Existing law prescribes various duties for CalSTRS, as well as for employers participating in the system and members and their beneficiaries, in connection with law relating to the applicability of creditable compensation and creditable service. Existing law, for purposes of audits or other system actions, requires that employers be responsible for the rules in effect at the time the compensation is reported, except when expressly superseded by state or federal law or an executive order of the Governor.

Under existing law, new or different interpretations related to creditable compensation and service are required to take effect after notice is issued to employers and exclusive representatives and are prohibited from being applied retroactively to compensation reported prior to that notice, unless a retroactive interpretation is expressly required by state or federal law or an executive order of the Governor. Existing law requires that, if compensation is reported in accordance with CalSTRS rules and is later determined by CalSTRS to have been reported in error, the resulting overpayment be deemed to be an error by the system. Existing law requires that overpayments made due to an error by the system be recovered pursuant to a specified process, and a portion of this recovery is funded by a continuous appropriation from the General Fund.

This bill would revise those provisions to specify that compensation reported in accordance with CalSTRS' rules includes rules relating to timeliness and accuracy and would eliminate the requirement that supersession by other law or order be express, as described above. By broadening the circumstances that may lead to recovery pursuant to the above-described continuous appropriation, this bill would make an appropriation.

Existing law also prohibits those changes in interpretations from applying before the next July 1, unless changes to state or federal law, an executive order of the Governor, an advisory letter, or programs require application or revision of the creditability of compensation on an earlier basis. This bill would delete the prohibition against changes in interpretations applying before the next July 1.

The bill would require CalSTRS to provide a prescribed written notice if it determines that compensation has been reported in error. The bill would require that a determination of error be based on the law applicable at the time that the compensation was reported. The bill would require that the prescribed notice be in writing, identify the pertinent error, document the basis of the error, and specify the total amount, if any, overpaid due to the error. The bill would specify that overpayments, in this context, are those made to the member.

Existing law authorizes an employer or an exclusive labor representative to submit a request to CalSTRS for an advisory letter, which is defined as a formal written guidance relating to the proper reporting of compensation

in publicly available agreement consistent with laws governing creditable compensation. These provisions require, if compensation that is reported in accordance with the advisory letter is later determined by CalSTRS to have been reported in error, that a resulting overpayment be deemed an error by the system.

This bill would require notice of determination of an error in compensation reported to the system in accordance with a system advisory letter be provided in writing. The bill would require that a determination of error in this context be based on the law that was applicable at the time that the compensation was reported. Existing law prescribes various requirements and methods for the repayment of amounts that have been overpaid by CalSTRS.

This bill would require that amounts that have been overpaid resulting from compensation that is determined to have been paid to enhance a member's benefits, as specified, be recovered from the member, participant, former participant, or beneficiary receiving the allowance or annuity benefit, or the employer, or both.

(STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L., P.E. & R. on 02/22/23.)

SB 537 (Becker)

This bill would state the intent of the Legislature to enact subsequent legislation that expands local government's access to hold public meetings through teleconferencing and remote access.

(STATUS: Introduced; read first time on 02/14/23. Referred to Com. on RLS on 02/22/23.)

SB 548 (Niello)

The PERL requires, for counties that contract for retirement benefits through CalPERS for eligible employees, as of the implementation date of the Trial Court Employment Protection and Governance Act, that a trial court and a county in which the trial court is located jointly participate in the system by joint contract. Existing law requires the CalPERS board to do one-time, separate computations of the assets and liabilities of two counties and the trial courts in the counties. PEPRA establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans, including limiting the benefits that may be provided to new members.

This bill would authorize a county and the trial court located within the county to elect to separate their joint CalPERS contract into individual contracts, if the county and the trial court make that election voluntarily, and would prescribe a process for this. The bill would prohibit the separation from being a cause for modification of employee retirement benefits, as specified. The bill would require the CalPERS board, within its existing resources, to do a specified computation of assets and liabilities for a county and trial court seeking to separate their joint contract. For purposes of PEPRA, the bill would authorize a county and a trial court to provide employees the defined benefit plan or formula that those employees received from their respective employers prior to the exercise of the option to separate, as specified.

(STATUS: Introduced; read first time on 02/15/23. Referred to Com. on L., P.E. & R. on 02/22/23.)

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised 11/4/2022

DEADLINES

JANUARY						
S	M	T	W	TH	F	S
<u>1</u>	2	3	<u>4</u>	5	6	7
8	9	<u>10</u>	11	12	13	14
15	<u>16</u>	17	18	19	<u>20</u>	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	<u>17</u>	18
19	<u>20</u>	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	<u>30</u>	<u>31</u>	

APRIL						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	<u>10</u>	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	<u>28</u>	29
30						

MAY						
S	M	T	W	TH	F	S
	1	2	3	4	<u>5</u>	6
7	8	9	10	11	<u>12</u>	13
14	15	16	17	18	<u>19</u>	20
21	22	23	24	25	26	27
28	<u>29</u>	<u>30</u>	<u>31</u>			

- [Jan. 1](#) Statutes take effect (Art. IV, Sec. 8(c)).
- [Jan. 4](#) Legislature reconvenes (J.R. 51(a)(1)).
- [Jan. 10](#) Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- [Jan. 16](#) Martin Luther King, Jr. Day
- [Jan. 20](#) Last day to submit **bill requests** to the Office of Legislative Counsel

- [Feb. 17](#) Last day for bills to **be introduced** (J.R. 61(a),(1)(J.R. 54(a)).
- [Feb. 20](#) Presidents' Day.

- [Mar. 30](#) **Spring recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).

- [Mar. 31](#) Cesar Chavez Day.

- [Apr. 10](#) Legislature reconvenes from **Spring recess** (J.R. 51(a)(2)).

- [Apr. 28](#) Last day for **policy committees** to hear and report to **fiscal committees** **fiscal bills** introduced in their house (J.R. 61(a)(2)).

- [May 5](#) Last day for **policy committees** to hear and report to the floor **non-fiscal bills** introduced in their house (J.R. 61(a)(3)).

- [May 12](#) Last day for **policy committees** to meet prior to June 5 (J.R. 61(a)(4)).

- [May 19](#) Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)).

Last day for **fiscal committees** to meet prior to June 5 (J.R. 61(a)(6)).

- [May 29](#) Memorial Day.

- [May 30-June 2](#) **Floor Session Only.** No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(7)).

*Holiday schedule subject to Senate Rules committee approval

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised 11/4/2022

JUNE						
S	M	T	W	TH	F	S
				<u>1</u>	<u>2</u>	3
4	<u>5</u>	6	7	8	9	10
11	12	13	14	<u>15</u>	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

June 2 Last day for each house to pass bills introduced in that house (J.R. 61(a)(8)).

June 5 Committee meetings may resume (J.R. 61(a)(9)).

June 15 Budget must be passed by **midnight** (Art. IV, Sec. 12(c)(3)).

JULY						
S	M	T	W	TH	F	S
						1
2	3	<u>4</u>	5	6	7	8
9	10	11	12	13	<u>14</u>	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

July 4 Independence Day.

July 14 Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).

Summer Recess begins upon adjournment of session provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	<u>14</u>	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Aug. 14 Legislature reconvenes from **Summer Recess** (J.R. 51(a)(3)).

SEPTEMBER						
S	M	T	W	TH	F	S
					<u>1</u>	2
3	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	9
10	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Sept. 1 Last day for **fiscal committees** to meet and report bills to Floor (J.R. 61(a)(11)).

Sept. 4 Labor Day.

Sept. 5-14 **Floor session only.** No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(12)).

Sept. 8 Last day to **amend** on the floor (J.R. 61(a)(13)).

Sept. 14 Last day for **each house to pass bills** (J.R. 61(a)(14)).
Interim Study Recess begins at the end of this day's session (J.R. 51(a)(4)).

*Holiday schedule subject to Senate Rules committee approval

IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS

2023

Oct. 14

Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 14 and in his possession after Sept. 14 (Art. IV, Sec.10(b)(1)).

2024

Jan. 1

Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3

Legislature reconvenes (J.R. 51(a)(4)).



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **FIRST QUARTER REVIEW OF OCERS 2023-2025 STRATEGIC PLAN**

Written Report

Background

For more than a decade OCERS has been working with and modifying the use of a multi-year strategic plan. The formal plan was completely revamped four years ago and we continue that format for this Strategic Plan which covers the period of January 1, 2023 through December 31, 2025.

OCERS presently has three primary day-to-day work goals:

- Advance the VISION 2030 goal of attaining a pension system that leverages Artificial Intelligence, ensuring data integrity while removing human interaction with the calculations themselves.
- Complete the recalculation of those members impacted by the ALAMEDA court decision
- Maintain 100% accuracy in benefit calculations

The core goals of the organization as outlined in the 2023-2025 Strategic Plan assist in those first two work goals:

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management
- Effective Governance

The OCERS Executive Management team met in February 2023 to better track the demands of staff and resources needed to accomplish all our business goals in 2023, which serve to support the Strategic Plan. We continue to work on that identifying task, which may ultimately lead to a suggested change in future strategic goals to ensure successful completion.

A reminder, the Strategic Plan is not allowed to age. At the Board's direction we review this document every quarter to ensure it continues relevant and reflective of the OCERS Board's direction.

Attached: 2023-2025 Strategic Plan

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

2023-2025 STRATEGIC PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

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

VISION STATEMENT:

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

VALUES:

- **O**pen and Transparent
- **C**ommitment to Superior Service
- **E**ngaged and Dedicated Workforce
- **R**eliable and Accurate
- **S**ecure and Sustainable

STRATEGIC PLAN

2023-2025 STRATEGIC GOALS

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management
- Effective Governance

FUND SUSTAINABILITY

STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Objective A: Mitigate the risk of significant investment loss

Objective B: Prudent Use and Security of Resources

EXCELLENT SERVICE AND SUPPORT

ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND EMPLOYERS

- Objective A:** Provide accurate and timely benefits
- Objective B:** Provide education to our members and employers
- Objective C:** Continuously improve business processes and procedures to be efficient and effective

RISK MANAGEMENT

CULTIVATE A RISK-INTELLIGENT ORGANIZATION

- Objective A:** Enhance governance of technology risk
- Objective B:** On enterprise scale, continuously assess technology environment and address risks
- Objective C:** Ensure compliance with industry frameworks and best practices
- Objective D:** Ensure a safe and secure workplace and public service facility

TALENT MANAGEMENT

RECRUIT, RETAIN AND EMPOWER A HIGH-PERFORMING WORKFORCE

- Objective A:** Recruit and retain a diverse, high-performing, knowledgeable workforce to meet organizational priorities
- Objective B:** Develop and empower every member of the team
- Objective C:** Cultivate a collaborative, inclusive and creative culture

EFFECTIVE GOVERNANCE

IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND STAFF BY IMPLEMENTING BEST PRACTICES IN BOARD AND ORGANIZATIONAL GOVERNANCE

Objective A: Identify and Implement Leading Practices in Board Governance, Pension Administration, and Investment Management

LOOKING AHEAD 5-10 YEARS

Objective A: Investment best practices as fund approaches \$35 billion

Address by developing investment technology and team resources needed to manage the anticipated Portfolio

Objective B: Preparing for the new pension administration system

Address by determining how to maximize current pension administration system while determining level of next generation technology, including Artificial Intelligence (AI) capabilities to be added to new system.

Objective C: Short Term (Next 5 Years) – Multi-Factor Authentication for Member and Employer Accounts

Objective D: Long Term (Next 10 Years) – Use of Artificial Intelligence and Machine Learning to Detect Fraudulent Activity and Transactions



ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
www.ocers.org



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **FOURTH QUARTER 2022 BUDGET TO PRELIMINARY ACTUALS REPORT**

Written Report

Highlights

Fourth Quarter Target: 100% Used /0% Remaining

	Actuals to Date	Amended Budget	Budget Remaining (\$)	Budget Remaining (%)
Administrative Expenses				
Personnel Costs	\$ 17,040,789	\$ 19,287,569	\$ 2,246,780	11.6 %
Services and Supplies	10,214,439	13,503,415	3,288,976	24.4 %
Capital Expenditures	647,257	1,092,000	444,743	40.7 %
Grand Total	\$ 27,902,485	\$ 33,882,984	\$ 5,980,499	17.7 %

Background/Discussion

The Board of Retirement approved OCERS' Administrative Budget for Fiscal Year 2022 (FY22) on November 15, 2021, for \$33,100,984 to fund administrative expenses. Subsequently on January 18, 2022, the Board of Retirement approved a budget amendment of \$782,000 to carryover costs related to two 2021 Business Plan initiatives that were delayed; the upgrade of board room audio/visual equipment for \$532,000 and implementation of new backup solutions to enhance recovery of on-premises and cloud systems in the amount of \$250,000. This amendment increased the 2022 budget for capital expenditures from \$310,000 to \$1,092,000 and the overall 2022 Administrative Budget from \$33,100,984 to \$33,882,984. In addition, on February 22, 2022, the Board approved an amendment to transfer \$25,000 from the Services and Supplies category to the Personnel Costs category related to the 2022 Business Plan initiative for a comprehensive review of MOUs for all OCERS Participating Employers which utilized Extra Help positions, instead of a third-party consultant.

OCERS' budgeting authority, which is regulated by California Government Code Sections 31580.2 and 31596.1, includes a provision that limits the OCERS' budget for administrative expenses to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system. This provision (commonly referred to as the 21-basis points test) excludes investment related costs and expenditures for computer software, hardware, and related technology consulting services. The approved amended FY22 administrative budget represents 9.75 basis points of the projected actuarial accrued liability.

The Chief Executive Officer, or the Assistant CEO, has the authority to transfer funds within the three broad categories of the budget: 1) Personnel Costs, 2) Services and Supplies, and 3) Capital Expenditures. Funds may not be transferred from one broad category to another without approval from the Board of Retirement.

Administrative Summary

For the year ended December 31, 2022, year-to-date actual administrative expenses were \$27,902,485 or 82.3% of the \$33,882,984 amended administrative budget and below budget at the end of the year by approximately \$6.0 million. A summary of all administrative expenses and explanations of significant variances are below:

	Actual to Date	Amended Budget	Budget Remaining (\$)	Budget Used (%)
Administrative Expenses				
Personnel Costs	\$ 17,040,789	\$ 19,287,569	\$ 2,246,780	88.4 %
Services and Supplies				
Building Property Management and Maintenance	690,763	750,000	59,237	92.1 %
Due Diligence Expenses	13,445	100,000	86,555	13.4 %
Equipment - Rent and Leases	48,925	54,500	5,575	89.8 %
Equipment and Software	858,985	1,192,000	333,015	72.1 %
Infrastructure	880,033	1,196,300	316,267	73.6 %
Legal Services	878,228	960,000	81,772	91.5 %
Meetings and Related Costs	28,753	66,950	38,197	42.9 %
Memberships	53,025	81,735	28,710	64.9 %
Office Supplies	86,909	110,000	23,091	79.0 %
Postage and Delivery Costs	132,384	134,000	1,616	98.8 %
Printing Cost	73,329	61,000	(12,329)	120.2 %
Professional Services	5,843,066	7,861,810	2,018,744	74.3 %
Subscriptions and Periodicals	38,950	49,900	10,950	78.1 %
Telephone and Internet	329,042	307,000	(22,042)	107.2 %
Training and Related Costs	258,602	578,220	319,618	44.7 %
Total Services and Supplies	10,214,439	13,503,415	3,288,976	75.6 %
Administrative Expense - Subtotal	27,255,228	32,790,984	5,535,756	83.1 %
Capital Expenditures*	647,257	1,092,000	444,743	59.3 %
Administrative Expense Total	\$ 27,902,485	\$ 33,882,984	\$ 5,980,499	82.3 %

*Capital expenditures represent purchase of assets to be amortized in future periods.

Personnel Costs

Personnel Costs as of December 31, 2022, were approximately \$17.0 million or 88.4% of the annual amended budget for this category and under budget by \$2,246,780. Personnel Costs are under budget due to positions that were budgeted for the entire year which remained vacant during the first half of the year. During the third and fourth quarters of the year, many of the vacancies were filled, including a Senior Manager of Operations Support Services, two investment analysts and two retirement benefit analysts. Other recruitments included several internal staffing movements creating additional vacant positions. Annual leave expense and liability accounts adjust each quarter based on the annual leave balances of OCERS employees. The annual leave liability and the associated expense for the year increased by approximately \$165,000. Personnel costs are within budget for the year.

Services and Supplies

Expenditures for services and supplies were approximately \$10.2 million or 75.6% of the annual amended budget for this category. The positive variance of \$3.3 million between the annual amended budget and year-to-date actuals in this category is primarily due to the following:

- Building Property Mgmt./Maintenance costs utilized 92.1% of the annual amended budget and were lower than the budget by \$59,237. The lower than budgeted costs are primarily due to costs incurred for the installation of a new touchscreen kiosk for \$47,000, which has been reclassified from building and maintenance costs to capital expenditures. Additionally, overall building costs were slightly lower than expected.
- Due Diligence costs are \$13,445 or 13.4% of the annual budget. The lower than budgeted cost is due to the investment team conducting limited in-person meetings and travel during the first half of the year. Most due diligence meetings continued by telephone or video conference, but as travel restrictions related to COVID-19 lifted, this category increased slightly during the last half of the year.
- Equipment Lease expenditures are at 89.8% of the annual amended budget, and lower than the budget by \$5,575. The lower than budgeted cost is attributed to the reduction in the use of the office copiers and printing fewer paper copies.
- Equipment/Software expense utilized 72.1% of the annual amended budget, and lower than the budget by \$333,015. The lower-than-expected expenditures are the result of various projects budgeted for the year which were not implemented, including the IT Help Desk Solution and Imaging System. Other projects which were budgeted based on a full year of amortization were implemented in the last half of the year.
- Infrastructure costs are at 73.6% of the annual amended budget resulting in an unused budget of \$316,267. The lower than budgeted costs are due to the timing of maintenance agreement renewals, which renew throughout the year, as well as various costs associated with software and hardware support services which were lower than expected. Support services are utilized on an as-needed basis.
- Legal Services are at 91.5% of the budget and are lower than the budget by \$81,772. Legal services for investments, litigation and tax counsel are utilized on an as-needed basis. Investment legal services and other litigation costs were lower than the amount allocated to these services for the year, while general board, tax counsel and outside counsel services were slightly higher than anticipated for the year. Total legal fees were within budget for the year.
- Meetings and Mileage costs are \$28,753 or 42.9% of the total amended budget, and under budget by \$38,197. This category represents expenditures related to Board and Committee meetings which resumed in-person during the second quarter. Also included in this category are team member meetings, which are being held both virtually and in-person. Additionally, fewer in-person meetings were held than anticipated.
- Memberships expense is at 64.9% of the annual amended budget, and under budget by \$28,710. This category included costs that were budgeted, but not used at year-end.
- Office Supplies are at 79% of the amended budget and lower than budget by \$23,091. Usage of this category has increased as new team members have on-boarded and existing OCERS team members have returned to the office resulting in the need for additional office supplies.

- Postage is at 98.8% of the annual amended budget and slightly under budget by \$1,616. The costs incurred include postage for the quarterly newsletters and mailing of retiree 1099s, along with regular daily usage.
- Printing Services is at 120.2% of the annual amended budget and over budget by \$12,329. Printing costs primarily include the costs for the quarterly newsletters, additional mailings concerning the *Alameda* Case and the Annual Comprehensive Financial Report. Printing costs for the quarterly newsletters have increased as the number of members increased. Although this category is over budget for the year, a budget amendment is not required as the total category for services and supplies is underbudget for the year.
- Professional Services utilized 74.3% of the annual amended budget and are lower than budget by \$2,018,744 due to several consulting and professional services projects incurring little to no costs. Some of the professional services that were under budget include consulting services for a technical writer and project manager; board election costs; pension administrative system consulting; Robotic Process Automation (RPA) pilot project; and other consulting services for human resources and information security. Many of these services were not utilized during the year, and some have been delayed into the next year.
- Subscriptions and Periodicals were at 78.1% of the amended budget, under budget by \$10,950. Subscriptions and periodicals are purchased on a department basis as needed.
- Telephone and Internet expenditures were 107.2% of the amended budget and over budget by \$22,042. The increase is the result of issuing additional cell phones related to a new security provision that only allows access to OCERS email with an authorized OCERS issued device. Additionally, telecom service plans and internet service costs have trended higher than budgeted. Although this category is over budget for the year, a budget amendment is not required as the total category for services and supplies is underbudget for the year.
- Training and Related Costs are at 44.7% of the annual amended budget and lower than budget by \$319,618. Training costs are significantly below budget since travel-related training and conferences were primarily virtual during the half of the year and are typically less expensive than in-person training or conferences. During the last half of the year, conferences requiring travel resumed, and various team and board members attended several out-of-town conferences and training sessions.

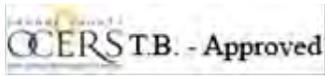
Capital Expenditures

Total costs incurred for capital projects at the end of the year are \$647,257, 59.3% of the amended budget. The Capital Expenditures budget includes \$532,000 for the board room audio/visual equipment project, which incurred \$339,470 as of the end of the year. The capital expenditures budget also includes \$110,000 for a roof replacement that was completed during the second quarter and incurred costs of \$82,909. The data center SANS replacement was budgeted at \$200,000 and has incurred costs of \$168,140. The remaining costs of \$56,738 incurred relate to the enterprise backup solution and the touchscreen kiosk.

Conclusion:

As of the end of the year, the actual administrative expenses are at 82.3% of the annual amended budget. As actual administrative expenses are under the annual amended budget, OCERS complies with the 21 basis point test.

Submitted by:



Tracy Bowman
Director of Finance



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **FOURTH QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022**

Written Report

Background/Discussion

The attached financial statements reflect the unaudited financial activity for the year ended December 31, 2022. These reports are preliminary and do not reflect the reclassification of certain investments for financial reporting purposes and timing/market differences between investment manager statements and custodian bank statements. These, and other potential year-end adjustments that may result from the upcoming year-end audit, will be recorded if it is determined to have a material impact in the final Annual Comprehensive Financial Report (ACFR). The ACFR, the official financial statements of OCERS, will be available on our website, www.ocers.org, after the anticipated completion of the audit at the end of June 2023.

Summary

Statement of Fiduciary Net Position (Unaudited)

As of December 31, 2022, the net position restricted for pension, other postemployment benefits and employer is \$20.2 billion, a decrease of \$2.3 billion, or -10.2%, from December 31, 2021. The change is a result of a decrease in total assets of \$2.2 billion and an increase in total liabilities of \$112.4 million as described below:

The \$2.2 billion decrease in total assets can be attributed to decreases of \$2.3 billion in investments at fair value and \$2 million in capital assets, offset by increases of \$49.1 million in total cash and short-term receivables and \$67.1 million in total receivables.

The increase of \$49.1 million in total cash and short-term investments is related to an increase in cash and cash equivalents, which increased \$42.3 million due to the timing of investing employee and employer contributions received during the quarter.

The increase of \$67.1 million in total receivables is related to the timing of pending security sales, which increased by \$76.3 million, offset by a decrease in contributions receivable of \$10.5 million due to the timing of when contributions were received.

Total investments at fair value decreased \$2.3 billion, or -10.2%, from December 31, 2021 to December 31, 2022. The total portfolio reported a net loss of -7.8% for the one-year period. 2022 was a challenging year for asset classes, driven by macro-economic factors and geopolitical events. Investors' fears of a recession, contractionary

monetary policy from central banks and inflation pressures persisted throughout the year, which led to significant decreases in the majority of asset classes at year end. Global public equity decreased by \$1.9 billion, private equity decreased by \$51 million, core fixed income decreased by \$784.6 million, risk mitigation decreased by \$225.2 million and unique strategies decreased by \$2.8 million. These decreases were offset by increases in credit of \$81.9 million and real assets of \$573.5 million. Global public equity continued its decline and reported a loss of -18.5% for the one-year period. Private equity reported a one-year return of 0.6% for 2022. Significant private equity distributions helped enhance the performance numbers as private equity is not mark-to-market and the turmoil in public markets is not yet fully reflected. Fund of funds managers have started writing down their books. The core fixed income portfolio was down -10.5% for the one-year period due to high inflation and aggressive interest rate hikes. Corporate bonds and high yield bonds underperformed government bonds as spreads widened. Risk mitigation, designed to protect the portfolio during down periods, returned 7% for the one-year period. The decrease in 2022 is due to the termination of two investment managers. Unique strategies reported a one-year return of 0.8% for 2022 compared to a one-year return of 6.2% in 2021. The credit portfolio reported a loss of -5.6% for the one-year period, which outperformed the benchmark of -9.43%. The private credit portfolio held up better than public credit. Real assets returned 18.7% for the one-year period, benefitting from high oil and energy prices, as well as rising prices in real estate, which are assets used by investors to hedge against inflation.

The decrease in capital assets of \$2 million from the prior year represents depreciation expense, which is primarily attributed to the Pension Administration System Solution (PASS) Project.

Total liabilities increased \$112.4 million, or 15.2%, from December 31, 2021 to December 31, 2022, primarily due to the timing of securities purchased, which increased \$81.2 million and unearned contributions, which increased \$15.5 million due to increases in prepaid employer contributions received for the 2022-2023 prepayment program compared to the prior year's prepayment program.

Statement of Changes in Fiduciary Net Position (Unaudited)

The ending net position restricted for pension, other postemployment benefits and employer as of December 31, 2022, decreased by \$2.3 billion or -10.2%, when compared to the same period ending December 31, 2021.

Total additions to fiduciary net position decreased -124.9% or \$5.4 billion from the previous year. Net investment losses for the year ended December 31, 2022, were -\$2.1 billion versus income of \$3.3 billion for the year ended December 31, 2021, a decrease of \$5.4 billion or -164.1%. The main cause of the decrease is due to the net appreciation/(depreciation) in fair value of investments, which decreased \$5.5 billion from the prior year and was slightly offset by an increase in dividends, interest, and other investment income of \$142.2 million. The fourth quarter in 2022 reported a year-to-date loss of -7.8%, compared to a year-to-date return of 16.6% for the fourth quarter in 2021. The majority of asset classes reported low to negative returns in 2022 compared to significantly higher returns in 2021. Public market portfolios posted negative returns while the private portfolios held up better, with global public equities reporting a year-to-date loss of -18.5% and private equities reporting a year-to-date return of 0.6%. As mentioned previously, significant distributions from the private equity class helped enhance performance. Core fixed income reported a year-to-date loss of -10.5% due to high inflation and aggressive interest rate hikes, which hit longer duration bonds harder. Credit reported a year-to-date loss of

-5.6%. Total investment fees and expenses increased by \$17.1 million in December 2022 primarily due to a \$9.2 million increase in investment management fees with the addition of over 32 new investment managers since December 2021 and security lending rebate fees which increased \$3.4 million due to the increase in the “risk free rate” for the Fed Funds Target which moved higher all throughout 2022 compared to 2021.

Total contributions increased \$6.6 million over the prior year mainly due to employer contributions which increased \$7.9 million. This increase can be attributed to an increase in employer contribution rates, offset by a decrease of \$1.3 million in employee contributions to the pension plan. This decrease is attributed to the reduction and/or gradual phase-out of employee reverse pick-up rates for various OCEA (Orange County Employees Association) represented employees.

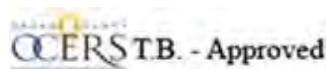
Total deductions from fiduciary net position increased 8.7%, or \$96.5 million, from the previous year. Participant benefits increased by \$86.1 million, which is expected due to the continued growth in member pension benefit payments, both in the total number of OCERS’ retired members receiving a pension benefit and an increase in the average benefit received. In December 2022, there were 20,391 payees with an average benefit payment of \$4,653 compared to 19,542 payees with an average benefit payment of \$4,487 in December 2021. Total death benefits and members withdrawals and refunds will fluctuate from year-to-year based on the occurrence of these events.

Other Supporting Schedules

In addition to the basic financial statements for the year ended December 31, 2022, the following supporting schedules are provided for additional information pertaining to OCERS:

- Total Plan Reserves
- Schedule of Contributions
- Schedule of Investment Expenses
- Schedule of Administrative Expenses
- Administrative Expense Compared to Actuarial Accrued Liability

Submitted by:



Tracy Bowman
Director of Finance



Orange County Employees Retirement System

Unaudited Financial Statements

For the Year Ended December 31, 2022

Orange County Employees Retirement System

Unaudited Financial Statements For the Year Ended December 31, 2022

Table of Contents

Statement of Fiduciary Net Position (Unaudited).....	1
Statement of Changes in Fiduciary Net Position (Unaudited).....	2
Total Plan Reserves.....	3
Schedule of Contributions.....	4
Schedule of Investment Expenses.....	5
Schedule of Administrative Expenses.....	6
Administrative Expense Compared to Actuarial Accrued Liability.....	7

Statement of Fiduciary Net Position (Unaudited)

As of December 31, 2022

(with summarized comparative amounts as of December 31, 2021)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2021
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	\$ 401,410	\$ 9,156	\$ 1,039	\$ 517	\$ 412,122	\$ 369,867
Securities Lending Collateral	197,090	4,496	510	-	202,096	195,239
Total Cash and Short-Term Investments	598,500	13,652	1,549	517	614,218	565,106
Receivables						
Investment Income	14,940	341	39	-	15,320	14,932
Securities Sales	137,973	3,147	357	-	141,477	65,186
Contributions	15,437	-	-	-	15,437	25,981
Other Receivables	7,685	175	20	-	7,880	6,906
Total Receivables	176,035	3,663	416	-	180,114	113,005
Investments at Fair Value						
Global Public Equity	8,598,753	196,138	22,263	11,459	8,828,613	10,708,968
Private Equity	3,236,426	73,823	8,380	-	3,318,629	3,369,659
Core Fixed Income	1,594,028	36,360	4,127	5,245	1,639,760	2,424,314
Credit	1,698,326	38,739	4,397	-	1,741,462	1,659,609
Real Assets	2,818,191	64,283	7,297	-	2,889,771	2,316,246
Risk Mitigation	1,713,631	39,088	4,437	-	1,757,156	1,982,386
Unique Strategies	72,251	1,648	187	-	74,086	76,904
Total Investments at Fair Value	19,731,606	450,079	51,088	16,704	20,249,477	22,538,086
Capital Assets, Net	9,088	-	-	-	9,088	11,067
Total Assets	20,515,229	467,394	53,053	17,221	21,052,897	23,227,264
Liabilities						
Obligations Under Securities Lending Program	197,091	4,496	510	-	202,097	195,239
Securities Purchased	199,339	4,547	516	-	204,402	123,165
Unearned Contributions	320,009	-	-	-	320,009	304,504
Foreign Currency Forward Contracts	2,308	53	6	-	2,367	942
Retiree Payroll Payable	92,303	5,064	958	-	98,325	90,948
Other	22,502	513	58	-	23,073	23,039
Total Liabilities	833,552	14,673	2,048	-	850,273	737,837
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$19,681,677	\$ 452,721	\$ 51,005	\$ 17,221	\$20,202,624	\$22,489,427

Statement of Changes in Fiduciary Net Position (Unaudited)

For the Year Ended December 31, 2022

(with summarized comparative amounts for the Year Ended December 31, 2021)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2021
Additions						
Contributions						
Employer	\$ 719,691	\$ 41,889	\$ 2,932	\$ -	\$ 764,512	\$ 756,613
Employee	269,999	-	-	-	269,999	271,334
Employer OPEB Contributions	-	-	-	655	655	605
Total Contributions	989,690	41,889	2,932	655	1,035,166	1,028,552
Investment Income						
Net Appreciation/(Depreciation) in Fair Value of Investments	(2,417,680)	(46,465)	(5,611)	(3,399)	(2,473,155)	3,063,469
Dividends, Interest, & Other Investment Income	495,110	11,294	1,282	-	507,686	365,536
Securities Lending Income						
Gross Earnings	4,297	98	11	-	4,406	1,189
Less: Borrower Rebates and Bank Charges	(3,523)	(80)	(9)	-	(3,612)	(233)
Net Securities Lending Income	774	18	2	-	794	956
Total Investment Income/(Loss)	(1,921,796)	(35,153)	(4,327)	(3,399)	(1,964,675)	3,429,961
Investment Fees and Expenses	(145,138)	(3,311)	(376)	(3)	(148,828)	(131,724)
Net Investment Income/(Loss)	(2,066,934)	(38,464)	(4,703)	(3,402)	(2,113,503)	3,298,237
Total Additions	(1,077,244)	3,425	(1,771)	(2,747)	(1,078,337)	4,326,789
Deductions						
Participant Benefits	1,115,918	37,013	6,658	-	1,159,589	1,073,495
Death Benefits	1,557	-	-	-	1,557	1,055
Member Withdrawals and Refunds	22,240	-	-	-	22,240	14,449
Employer OPEB Payments	-	-	-	1,466	1,466	1,419
Administrative Expenses	23,546	23	22	23	23,614	21,543
Total Deductions	1,163,261	37,036	6,680	1,489	1,208,466	1,111,961
Net Increase/(Decrease)	(2,240,505)	(33,611)	(8,451)	(4,236)	(2,286,803)	3,214,828
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	21,922,182	486,332	59,456	21,457	22,489,427	19,274,599
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	\$ 19,681,677	\$ 452,721	\$ 51,005	\$ 17,221	\$ 20,202,624	\$ 22,489,427

Total Plan Reserves

For the Year Ended December 31, 2022

(with summarized comparative amounts for the Year Ended December 31, 2021)

(Dollars in Thousands)

	2022	2021
Pension Reserve	\$ 11,947,376	\$ 11,361,687
Employee Contribution Reserve	3,794,047	3,715,463
Employer Contribution Reserve	3,443,584	3,114,767
Annuity Reserve	2,625,821	2,332,253
Health Care Reserve	503,726	545,788
Custodial Fund Reserve	17,221	21,457
County Investment Account (POB Proceeds) Reserve	140,991	167,745
OCSD UAAL Deferred Reserve	14,399	15,643
Contra Account and Actuarial Deferred Return	<u>(2,284,541)</u>	<u>1,214,624</u>
Total Net Position Restricted for Pension, Other Postemployment Benefits and Employer	<u>\$ 20,202,624</u>	<u>\$ 22,489,427</u>

Schedule of Contributions

For the Year Ended December 31, 2022

(with summarized comparative amounts for the Year Ended December 31, 2021)

(Dollars in Thousands)

	2022		2021	
	Employee	Employer	Employee	Employer
Pension Trust Fund Contributions				
County of Orange	\$ 202,014	\$ 572,012	\$ 204,559	\$ 538,483
Orange County Fire Authority	30,119	89,729 ¹	29,624	97,706 ¹
Orange County Superior Court of California	14,961	41,375	15,276	37,645
Orange County Transportation Authority	11,226	33,081	10,212	30,262
Orange County Sanitation District	8,371	8,686	8,399	8,609
Orange County Employees Retirement System	1,141	3,614	1,155	3,302
UCI - Medical Center and Campus	-	3,223 ²	-	3,277 ²
City of San Juan Capistrano	718	2,139	705	8,866 ³
Transportation Corridor Agencies	769	895	750	868
Cypress Recreation and Parks District	-	596 ⁴	-	-
Orange County Department of Education	-	367 ²	-	345 ²
Orange County Cemetery District	191	285	182	243
Orange County Local Agency Formation Commission	46	195	48	197
Orange County In-Home Supportive Services Public Authority	147	197	129	174
Children and Families Commission of Orange County	131	208	136	199
Orange County Public Law Library	165	128	159	135
Contributions Before Prepaid Discount	269,999	756,730	271,334	730,311
Prepaid Employer Contributions Discount	-	(37,039)	-	(31,520)
Total Pension Trust Fund Contributions	269,999	719,691	271,334	698,791
Health Care Fund - County Contributions	-	41,889	-	41,049
Health Care Fund - OCFA Contributions	-	2,932	-	16,773
Custodial Fund - OCTA OPEB Contributions	-	655	-	605
Total Contributions	\$ 269,999	\$ 765,167	\$ 271,334	\$ 757,218

¹ Unfunded actuarial accrued liability payments were made in 2022 for \$11.8 million and 2021 for \$14.6 million for the Orange County Fire Authority.

² Unfunded actuarial accrued liability payments have been made in accordance with a separate 20-year level dollar payment schedule to include liabilities for employee benefits related to past service credit.

³ Unfunded actuarial accrued liability payments were made in 2021 for \$6.58 million for the City of San Juan Capistrano

⁴ This balance reflects the unfunded actuarial accrued liability obligation payment made in July 2022 to fund the obligations for the ongoing benefits owed to Cypress Recreation & Parks District's retired and disabled employees and their survivors and beneficiaries.

Schedule of Investment Expenses

For the Year Ended December 31, 2022

(with summarized comparative amounts for the Year Ended December 31, 2021)

(Dollars in Thousands)

	2022	2021
Investment Management Fees*		
Global Public Equity	\$ 13,787	\$ 22,958
Core Fixed Income	2,423	2,647
Credit	9,833	11,603
Real Assets	32,830	26,724
Absolute Return	-	1
Private Equity	31,365	24,643
Risk Mitigation	19,188	12,843
Unique Strategies	1,049	1,308
Short-Term Investments	192	336
Total Investment Management Fees	110,667	103,063
Other Fund Expenses¹	31,823	22,656
Other Investment Expenses		
Consulting/Research Fees	2,310	2,162
Investment Department Expenses	2,865	2,773
Legal Services	539	468
Custodian Services	580	580
Investment Service Providers	41	19
Total Other Investment Expenses	6,335	6,002
Security Lending Activity		
Security Lending Fees	204	238
Rebate Fees	3,408	(5)
Total Security Lending Activity	3,612	233
Custodial Fund - OCTA Investment Fees and Expenses	3	3
Total Investment Expenses	\$ 152,440	\$ 131,957

* Does not include undisclosed fees deducted at source.

¹ These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

Schedule of Administrative Expenses

For the Year Ended December 31, 2022

(with summarized comparative amounts for the Year Ended December 31, 2021)

(Dollars in Thousands)

	2022	2021
Pension Trust Fund Administrative Expenses		
Expenses Subject to the Statutory Limit		
Personnel Services		
Employee Salaries and Benefits	\$ 14,578	\$ 13,286
Board Members' Allowance	13	15
Total Personnel Services	<u>14,591</u>	<u>13,301</u>
Office Operating Expenses		
Depreciation/Amortization	2,626	2,577
Professional Services	2,179	2,037
General Office and Administrative Expenses	1,841	1,485
Rent/Leased Real Property	<u>740</u>	<u>687</u>
Total Office Operating Expenses	<u>7,386</u>	<u>6,786</u>
Total Expenses Subject to the Statutory Limit	<u>21,977</u>	<u>20,087</u>
Expenses Not Subject to the Statutory Limit		
Information Technology Professional Services	558	676
Information Security Professional Services	123	132
Finance Professional Services	52	-
Actuarial Fees	339	275
Equipment/Software	<u>497</u>	<u>303</u>
Total Expenses Not Subject to the Statutory Limit	<u>1,569</u>	<u>1,386</u>
Total Pension Trust Fund Administrative Expenses	23,546	21,473
Health Care Fund - County Administrative Expenses	23	23
Health Care Fund - OCFA Administrative Expenses	22	24
Custodial Fund - OCTA Administrative Expenses	<u>23</u>	<u>23</u>
Total Administrative Expenses	<u><u>\$ 23,614</u></u>	<u><u>\$ 21,543</u></u>

Administrative Expense Compared to Actuarial Accrued Liability

For the Year Ended December 31, 2022

(Dollars in Thousands)

Actuarial Accrued Liability (AAL) as of 12/31/21	\$ 25,091,400
Maximum Allowed for Administrative Expense (AAL * 0.21%)	52,692
Actual Administrative Expense ¹	<u>21,977</u>
Excess of Allowed Over Actual Expense	<u>\$ 30,715</u>
Actual Administrative Expense for the year ended 12/31/22 as a Percentage of Actuarial Accrued Liability as of 12/31/21	0.09%
Actual Administrative Expense for the year ended 12/31/21 as a Percentage of Actuarial Accrued Liability as of 12/31/21	0.08%
¹ Administrative Expense Reconciliation	
Administrative Expense per Statement of Changes in Fiduciary Net Position	\$ 23,546
Less: Administrative Expense Not Considered per CERL Section 31596.1	<u>(1,569)</u>
Administrative Expense Allowable Under CERL Section 31580.2	<u>\$ 21,977</u>



Memorandum

DATE: March 20, 2023
TO: Members of the Board of Retirement
FROM: Manuel Serpa, Deputy General Counsel
SUBJECT: OCERS CONFLICT OF INTEREST CODE – DETERMINING WHO MUST FILE A FORM 700

Written Report

The Board approved amendments to the OCERS Conflict of Interest Code ("OCERS Code") at its February 2023 meeting. Necessary changes had been made to the OCERS Code due to changes to the agency's job titles and positions. When approving the changes to the OCERS Code, the Board requested that additional information be provided on the rules for determining which positions must be included in the OCERS Code as Form 700 designated filers. The following is an overview of those rules.

The Political Reform Act of 1974, Government Code sections 81000, et. seq. (the "Act"), requires certain local public agencies, including OCERS, to adopt conflict of interest codes that identify the officials of the agency who must file financial disclosures. The Act is enforced by the Fair Political Practices Commission (the "FPPC"). The requirements of a conflict of interest code are set out in FPPC Regulation 18730, which contains the elements of a standard model code. Section 18730 may be adopted by reference and supplemented by a listing of the designated agency officials subject to the code and the categories of economic interests the officials must disclose. In addition, section 87200 of the Act contains special disclosure requirements for officials who manage public investments. Officials subject to section 87200 are not technically subject to the OCERS Code, but agency codes typically identify those officials for informational purposes. The Act requires that every local agency adopt a code and that the code contain a specific "enumeration of the positions" within the local agency that are involved in the making, or participate in the making, of decisions that may foreseeably have a material effect on any financial interest (Government Code section 87302(a)).

Designated Filer Positions

The Act requires that every position within OCERS that makes, participates in making, or influences, governmental decisions be designated in the OCERS Code. Persons holding the positions designated in the code ("Designated Filers") must annually disclose their financial interests on a Form 700. Guidance from the FPPC for developing a list of Designated Filers indicates that an agency should include the broad policy/decision makers in the code and eliminate positions whose duties are clerical, secretarial, ministerial, or manual. Then the agency should review the organizational chart and the duty statements of everyone between these two levels, looking closely at how many levels of substantive review these positions have.

Section 18700 of the FPPC regulations set forth the basic rule on conflict of interest as follows:

A public official at any level of state or local government has a prohibited conflict of interest and may not make, participate in making, or in any way use or attempt to use his or her official position to influence a governmental decision when he or she knows or has reason to know he or she has a disqualifying financial interest. A public official has a disqualifying financial interest if the decision will have a reasonably foreseeable material financial effect,

distinguishable from the effect on the public generally, directly on the official, or his or her immediate family, or on any financial interest described in subdivision (c)(6)(A-F) herein.

Section 18704 defines making and participating in making a governmental decision as follows:

(a) Making a Decision. A public official makes a governmental decision if the official authorizes or directs any action, votes, appoints a person, obligates or commits his or her agency to any course of action, or enters into any contractual agreement on behalf of his or her agency.

(b) Participating in a Decision. A public official participates in a governmental decision if the official provides information, an opinion, or a recommendation for the purpose of affecting the decision without significant intervening substantive review.

Examples of making a decision include:

- Voting on a matter
- Approving the budget
- Adopting policy
- Making purchasing decisions
- Entering into contracts

Examples of participating in a decision include:

- Negotiating, without significant substantive review, the terms of a contract
- Writing the specifications of a bid
- Advising or making recommendations to the decision-maker or governing body without significant intervening substantive review

An employee is thus designated in the code because the position entails making or participating in making decisions that may foreseeably have a material effect on any financial interest (Government Code Section 82019). This covers agency members, officers, and employees in positions where it is reasonably foreseeable that the decisions they make or participate in making will have financial impacts. Employees who make or participate in making governmental decisions must be designated as Form 700 filers if it is reasonably foreseeable that those decisions will have an effect on any financial interests, regardless of whether they are the financial interests of the officer or employee in question.

The Act further prohibits code reviewing bodies from approving codes that fail to differentiate between designated positions with different powers and responsibilities (Government Code section 87309). This ensures that only positions required to be designated are listed, and that disclosure requirements relate to the duties of the position to which they are assigned.

In recommending the changes to the OCERS Code, staff conducted a comprehensive review of the OCERS Code for compliance with the Act, FPPC regulations, and various FPPC advice letter rulings. Based on that review, staff recommended the revisions to the OCERS Code at last month’s regular board meeting.

Submitted by:



MDS-Approved

Manuel Serpa
Deputy General Counsel



Memorandum

DATE: March 20, 2023

TO: Members of the Board of Retirement

FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations, and
Jim Doezie, Contracts, Risk, and Performance Administrator

SUBJECT: BUSINESS CONTINUITY AND DISASTER RECOVERY UPDATES

Written Report

Background/Discussion

Recognizing that business continuity and disaster recovery planning is a critical component of meeting our obligation to generate member payments each month and perform other core processes, OCERS has a business continuity and disaster recovery program.

Updates

The following items are the most recent significant activities of the program:

- OCERS conducted an annual tabletop exercise in July 2022, that was reported to the Board of Retirement during the October 2022 Board meeting
- The contract for business continuity and disaster recovery computer and consulting services has expired. OCERS Team Members conducted a competitive review for these services and selected Riskconnect (the incumbent), to continue supplying the software and consulting services needed. The contract for these services is currently being negotiated.
- The monthly Crisis Management Team Covid-response meetings have been discontinued due to Governor Newsom ending the State of Emergency for the pandemic effective February 28, 2022.

Summary

The program continues to be administered to great success and will continue to provide direction and response when needed. The next upcoming event is a yearly program refresh and tabletop exercise schedule for July 2023.

Submitted by:

 **B.S. - Approved**

Brenda Shott
Assistant CEO, Internal Operations

 **JD - Approved**

Jim Doezie
Contracts, Risk and Performance Administrator