

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

**REGULAR MEETING
Monday, June 15, 2020
9:30 a.m.**

MINUTES

Chair Hilton called the meeting to order at 9:34 a.m.

Cammy Torres administered the Roll Call attendance.

Attendance was as follows:

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Roger Hilton, Chair; Shawn Dewane, Vice-Chair; Frank Eley, Shari Freidenrich, Jeremy Vallone, Adele Tagaloa, Charles Packard, Wayne Lindholm, Chris Prevatt and Arthur Hidalgo

Also Present via Zoom:

Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Jenny Sadoski, Director of Information Technology, Anthony Beltran, Visual Technician; Cammy Torres; Recording Secretary

Guests via Zoom:

Harvey Leiderman, ReedSmith

PUBLIC COMMENTS:

Jamie Singleton, daughter and Power of Attorney of retired member Mr. James Singleton, addressed the Board and asked to approve her request to change her father's benefit payment option from Unmodified to Option 2. Mr. Hilton directed staff to develop and return this issue for Board Consideration at the time of the Board's Investment Committee meeting next week.

CONSENT AGENDA

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

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- MICHAEL BLAWN

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

May 18, 2020

Recommendation: Approve minutes.

The motion passed **unanimously**.

CONSENT ITEMS: DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT ITEMS

MOTION by Eley, **seconded** by Dewane, to approve staff’s recommendation on all of the following items on the Consent Agenda:

DC-1: TABETHA BLACK
Deputy Sheriff I, Orange County Sheriff’s Department

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

DC-2: DEBORAH BORBOA
Deputy Sheriff I, Orange County Sheriff’s Department

Recommendation: The Disability Committee recommends that the Board deny service and non-service connected disability retirement due to the member’s failure to cooperate. (Safety Member)

DC-3: CHRISTOPHER EMERSON
Deputy Sheriff II, Orange County Sheriff’s Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of the day after the last day of regular compensation. (Safety Member)

DC-4: BRENT HALE
Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of June 24, 2018. (General Member)

DC-5: JOSEPH LEOS
Firefighter, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 17, 2019. (Safety Member)

DC-6: WILLIAM LEVERENZ
Fire Captain, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of December 31, 2017. (Safety Member)

The motion passed **unanimously**.

The Board adjourned into Closed Session to consider DA-2 and E-1 at 9:53 a.m.

CLOSED SESSION

(Government Code sections 54957 and 54956.9)

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

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

DISABILITY/MEMBER BENEFITS AGENDA

DA-2: DISABILITY APPEAL – KIMBERLY CORMANY

Recommendation: Approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated April 20, 2020 (Recommendations), and deny the Applicant’s application for both service and non-service connected disability retirement.

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

Nicholas Casson v. OCERS, California Superior Court, Orange County (Case No. 30-2020-01140757-CU-WM-CJC)

Adjourn pursuant to Government Code section 54956.9(d)(1)

Recommendation: Take appropriate action.

The Board recessed for a break at 10:28 a.m.
The Board reconvened at 10:43 a.m.
The Board reconvened into Open Session at 10:43 a.m.

Cammy Torres administered Roll Call attendance.

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

Chair Hilton reported that the Board took the following actions in Closed Session:

DA-2: DISABILITY APPEAL – KIMBERLY CORMANY

MOTION by Eley, **seconded** by Packard to approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated April 20, 2020 (Recommendations), and deny the Applicant’s application for both service and non-service connected disability retirement. The motion passed **unanimously.**

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

Nicholas Casson v. OCERS, California Superior Court, Orange County (Case No. 30-2020-01140757-CU-WM-CJC)

Adjourn pursuant to Government Code section 54956.9(d)(1)

The Board voted **unanimously** to retain Reed Smith to represent OCERS in the Nicholas Casson v. OCERS California Superior Court case.

ACTION ITEMS

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

A-2 DECEMBER 31, 2019 ACTUARIAL VALUATION

Presentation by Andy Yeung, Segal Consulting

Recommendation: Approve the Actuarial Valuation and Review as of December 31, 2019 and adopt contribution rates for Fiscal Year 2021 – 2022 as recommended by Segal Consulting.

Paul Angelo and Andy Yeung presented the December 31, 2019 Actuarial Valuation.

Following Board discussion, a **MOTION** was made by Eley, **seconded** by Dewane to approve the Actuarial Valuation and Review as of December 31, 2019 and adopt contribution rates for Fiscal Year 2021 – 2022 as recommended by Segal Consulting. The motion passed **unanimously**.

I-12 DISCUSSION OF SENSITIVITY ANALYSIS OF ALTERNATIVE ECONOMIC ASSUMPTIONS

Presentation by Andy Yeung, Segal Consulting

Paul Angelo and Andy Yeung presented the Discussion of Sensitivity Analysis of Alternative Economic Assumptions. Among the four assumption changes that Segal proposed modeling was one suggested by the County of Orange to assist in their budget projections. The Board directed Segal to produce the four suggested models and return with the results in July.

A-3 2019 AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORTS

Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Recommendation: Approve the following recommendations presented to the Audit Committee during a meeting held on June 4, 2020:

1. Approve OCERS' audited financial statements for the year ended December 31, 2019
2. Direct staff to finalize OCERS' 2019 Comprehensive Annual Financial Report (CAFR)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2019
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2019" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*"

Ms. Bowman presented the 2019 Audited Financial Statements and Comprehensive Annual Financial Reports.

At Mr. Delaney's request, Ms. Linda Hurley, Partner of MGO, shared with the Board the same comments of commendation she had shared the week prior with the Board's Audit Committee. She stated that going into this audit at the very start of the COVID 19 pandemic she was concerned how it would proceed as all work would have to be done remotely. She praised Ms Shott and Ms Bowman and their team for having done excellent work, with no delays. She was also impressed with OCERS' disaster recovery preparedness which had even included previous practice for a possible pandemic, something she has not encountered with any other client.

Following Board discussion, a **MOTION** was made by Freidenrich, **seconded** by Eley to approve staff recommendation. The motion passed **unanimously**.

A-4 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Recommendation: Approve the following recommendations from the Audit Committee during a meeting held on June 4, 2020:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2019.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2019 for distribution to employers.

Ms. Bowman presented the GASB 68 Valuation and Audit Report.

Following Board discussion, a **MOTION** was made by Freidenrich, **seconded** by Packard to approve staff recommendation. The motion passed **unanimously**.

A-5 SUSPENSION OF ADMINISTRATIVE HEARINGS INVOLVING THE ISSUE OF THE APPLICATION OF THE DISABILITY OFFSET UNDER GOVERNMENT CODE SECTION 31838.5

Presentation by Gina M. Ratto, General Counsel, OCERS

Recommendation: Pursuant to the Board's retained authority under the Board's Adjudication Policy and Administrative Hearing Rules, **order** that all pending administrative hearings and administrative hearings requested in the future involving the issue of the application of the disability offset under Government Code section 31838.5 be suspended pending a final decision in pending litigation captioned, Nicholas Casson v. OCERS, Orange County Superior Court, Case No. 30-2020-01140757-CU-WM-CJC.

This item was **pulled** from the June 15, 2020 agenda.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

June 15, 2020

Death Notices

June 15, 2020

I-2 COMMITTEE MEETING MINUTES

- April 20, 2020 Audit Committee Minutes

I-3 CEO FUTURE AGENDAS AND 2020 OCERS BOARD WORK PLAN

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-5 BOARD COMMUNICATIONS

Written Report

I-6 STATE AND FEDERAL LEGISLATIVE UPDATE

Written Report

I-7 2020 ANNUAL BUSINESS PLAN PROGRESS – MID YEAR REIVEW

Written Report

I-8 OCERS 2020-2022 STRATEGIC PLAN PROGRESS – MID YEAR REVIEW

Written Report

I-9 UPDATE ON OCERS' APPLICATION TO SERVICEMARK OCERS' NAME AND LOGO

Presentation by Manuel Serpa, Staff Attorney, OCERS

Mr. Serpa presented an update on OCERS' Application to servicemark OCERS' name and logo.

I-10 2020 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented the 2020 Strategic Planning Workshop – proposed format and agenda topics. A discussion was generated by the Board on the various options in hosting this years' Strategic Planning Workshop due to the Coronavirus Pandemic.

At the Boards direction the Strategic Planning workshop will remain scheduled for Wednesday, September 9 and Thursday, September 10, but it will be held virtually via Zoom. Each day will be reduced to an approximately three hour Zoom session. Mr. Delaney will return to the Board in July with a proposed agenda.

I-11 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented the COVID-19 updates to the Board for the month of June.

Mr. Delaney informed the Board that while OCERS staff continue to work remotely through Friday, June 26, in line with current County Health Department advice emphasizing telework wherever possible, that decision is revisited by himself and the Crisis Management team every two weeks. He further informed the Board that his next revisit would be on Thursday, June 18,

and he fully anticipated extending his mandatory telework directive to staff well into July to get past the Fourth of July holiday and its possible impact on spikes in COVID Cases.

He also gave an update on what other retirement systems are doing in terms of returning physically back to work and/or prolonging working from home. Discussion was generated by the Board relating to child care as well as emphasizing the safety and wellness of staff once the time comes to return back to the office.

* * * * * END OF INFORMATION ITEMS AGENDA * * * * *

BOARD MEMBER COMMENTS

N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

N/A

COUNSEL COMMENTS

Ms. Ratto informed the Board that the election of the SACRS Board of Directors will be held via electronic voting. Staff will submit OCERS' ballot consistent with the action and direction of the Board at its April 2020 meeting.

MOTION by Eley, **seconded** by Packard to adjourn in memory of the active members, retired members, and surviving spouses who passed away during the past month. The meeting **ADJOURNED** at 12:49 p.m.

Submitted by:

Approved by:

DocuSigned by:

C00D5744EE39463
Steve Delaney
Secretary to the Board

DocuSigned by:

555A903001904F8...
Roger Hilton
Chairman