

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

**REGULAR MEETING
Monday, July 20, 2020
9:30 a.m.**

MINUTES

Chair Hilton called the meeting to order at 9:35 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; Shari Freidenrich, Jeremy Vallone, Adele Tagaloa, Charles Packard, 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

Absent:

Frank Eley and Wayne Lindholm

CONSENT AGENDA

MOTION by Packard, **seconded** by Dewane, 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.

- Joseph Hoskins

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes June 15, 2020
Special Board Meeting Minutes June 24, 2020

Recommendation: Approve minutes.

C-3 OUTCOMES OF THE GOVERNANCE COMMITTEE MEETING ON JUNE 9, 2020

Recommendation: The Governance Committee recommends that the Board approve the Membership Eligibility Requirements Policy as presented.

The motion passed **unanimously**.

CONSENT ITEMS: DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT ITEMS

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

DC-1 JOSE FRANCO
Fire Apparatus Engineer, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of December 20, 2019. (Safety Member)

DC-2 ARLENE GARCIA
Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of December 10, 2017. (General Member)

DC-3: DONALD HAYS
Firefighter, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 29, 2019. (Safety Member)

DC-4: THOMAS HOKLOTUBBE
Firefighter, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 29, 2019. (Safety Member)

DC-5: KELLY PAAKKONEN
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 July 5, 2019. (Safety Member)

DC-6: JOHN SPRAGUE
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 January 31, 2020. (Safety Member)

DC-7: RENEE BROWN
Eligibility Supervisor, Orange County Social Services Agency

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

DC-8: JOHN DURAN
Bindery Technician, Registrar of Voters

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

DC-9: CHRISTY WATSON
Fire Community Relations/Education Specialist, Orange County Fire Authority

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

The motion passed **unanimously**.

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: BENEFIT APPEAL – DAVID V. SHERWOOD

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 June 8, 2020 (Recommendations) wherein the Hearing Officer determined that the yearly service credits of Applicant David Sherwood (Applicant) were properly calculated by OCERS based on OCERS’ policy of converting hours worked into service years, thus reconciling payroll periods with calendar years; and as such, the calculation was not arbitrary or capricious.

MOTION by Packard, **seconded** by Dewane, 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 June 8, 2020 (Recommendations) wherein the Hearing Officer determined that the yearly service credits of Applicant David Sherwood (Applicant) were properly calculated by OCERS based on OCERS’ policy of converting hours worked into service years, thus reconciling payroll periods with calendar years; and as such, the calculation was not arbitrary or capricious.

The motion passed **unanimously**.

ACTION ITEMS

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

N/A

A-2 EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS PROGRAM – 2021

Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations and Molly Murphy, Chief Investment Officer, CFA, OCERS

Recommendation: Approve the terms of a prepayment discount program for the advance payment of employer contributions, including a 5.8% discount rate to be used for contribution year July 2021 through June 2022.

Ms. Shott and Ms. Murphy presented the Early Payment of Employer Contributions Program to the Board.

Because of recent change in asset allocation goals, staff recommended the Board approve an increase over the prior year’s discount, and provide a 5.8% discount to those employers making a full year’s prepayment.

After Board discussion, a **MOTION** by Dewane, **seconded** by Prevatt to approve the terms of a prepayment discount program for the advance payment of employer contributions, including a 5.8% discount rate to be used for contribution year July 2021 through June 2022.

The motion passed **unanimously**.

A-3 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 to members who have not established reciprocity 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.

Ms. Ratto presented the suspension of administrative hearings involving the issue of the application of the disability offset.

MOTION by Dewane, **seconded** by Prevatt to approve staff recommendation.

Michael Tregar, attorney, opposed staff recommendation and stated that the writ hearing is not scheduled until January 24, 2022 and it is not reasonable, just or fair for the members to wait a year and a half to start their appeal process.

The motion passed **unanimously**.

The Board recessed for break at 10:11 a.m.
The Board reconvened from break at 10:25 a.m.

Ms. Torres administered a Roll Call attendance.

All Board members were present except for Mr. Vallone.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

July 20, 2020

Death Notices

July 20, 2020

I-2 COMMITTEE MEETING MINUTES

- March 13, 2020 Governance 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 SECOND QUARTER 2019 TRAVEL AND TRAINING EXPENSE REPORT

Written Report

I-8 CONTRACT STATUS FOR NAMED SERVICE PROVIDERS

Written Report

I-9 IMPACT OF VARIABILITY OF SALARY CHANGES ON UAAL AS OF DECEMBER 31, 2019 FOR THE DIFFERENT RATE GROUPS

Written Report

Although this item was a “written report,” Mr. Angelo and Mr. Yeung discussed the “Impact of Variability of Salary Changes on UAAL as of December 31, 2019 for the Different Rate Groups.”

I-10 ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS

Presentation by Paul Angelo and Andy Yeung, Segal Consulting

Mr. Angelo and Mr. Yeung presented the “Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio Under Alternative Investment Return Scenarios” to the Board.

I-11 SENSITIVITY ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INFLATION AND INVESTMENT RETURN ASSUMPTIONS

Presentation by Paul Angelo and Andy Yeung, Segal Consulting

Mr. Angelo and Mr. Yeung presented the “Sensitivity Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio Under Alternative Inflation and Investment Return Assumptions” to the Board.

I-12 ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2019 ACTUARIAL VALUATION

Presentation by Paul Angelo and Andy Yeung, Segal Consulting

Mr. Angelo and Mr. Yeung presented the “Actuarial Risk Assessment based on the December 31, 2019 Actuarial Valuation” to the Board.

I-13 2020 STRATEGIC PLANNING WORKSHOP – PROPOSED FORMAT AND AGENDA TOPICS

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented the proposed Strategic Planning Agenda. He will poll the Board Members on preferred times and topics and will report back with the final Agenda at the August Board meeting.

I-14 COVID-19 UPDATE

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney presented the COVID-19 update for the month of July. He informed the Board that while OCERS staff continue to work remotely through Friday, August 28, in line with current County

Health Department advice emphasizing telework wherever possible, that decision is revisited by himself and the Crisis Management team every month.

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

BOARD MEMBER COMMENTS

N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

N/A

COUNSEL COMMENTS

N/A

Chair Hilton adjourned in memory of the active members, retired members, and surviving spouses who passed away during the past month. The meeting **ADJOURNED** at 12:07 p.m.

Submitted by:

Approved by:

DocuSigned by:

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Steve Delaney
Secretary to the Board

DocuSigned by:

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Roger Hilton
Chairman