

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

**REGULAR MEETING  
Monday, August 21, 2023  
9:30 A.M.**

**MINUTES**

Chair Dewane called the meeting to order at 9:30 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, Arthur Hidalgo, Richard Oates, Roger Hilton, Chris Prevatt; Jeremy Vallone, Wayne Lindholm, Shari Freidenrich

Present via Zoom (under Government Code Section 54953(f)): Chris Prevatt

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Manuel Serpa, Interim General Counsel; David Kim, Director of Internal Audit; Cynthia Hockless, Director of Human Resources; Jim Dozie, Contract Administrator; Rosie Baek, Staff Attorney; Joon Kim Staff Attorney; Anthony Beltran, Audio-Visual Technician; Marielle Horst, Recording Secretary; Rebeca Gonzalez-Verdugo, Executive Secretary

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

Absent: None

**CONSENT AGENDA**

<b>BENEFITS</b>
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**C-1 OPTION 4 RETIREMENT ELECTION**

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

- Lopez, Jesus
- McKenzie, Dan

**ADMINISTRATION**

**C-2 BOARD MEETING MINUTES**

Regular Board Meeting Minutes

July 17, 2023

**Recommendation:** Approve minutes.

**C-3 2023 PENSION FUNDS FORUM- TRAVEL APPROVAL**

**Recommendation:** Approve Mr. Packard’s attendance of the 2023 Public Funds Forum to be held September 7-9 at the Montage, Palmetto Bluff, South Carolina.

Anticipated cost is approximately \$3,000 [Registration: \$950; Airfare: \$700; Hotel: \$900 [3 nights x \$279]; Meals: \$200; Transportation to and from airport: \$200]

Ms. Freidenrich pulled C-4 for discussion.

**MOTION** by Ms. Tagaloa, **seconded** by Mr. Lindholm, to approve the Consent Agenda items, C-1-C-3.

The motion passed **unanimously**.

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**DISABILITY/MEMBER BENEFITS AGENDA**

**CONSENT ITEMS**

**A. Disability Committee Recommendations:**

**DC-1: ZORINA CATUNA**

Public Health Nurse III, Orange County Health Care Agency (General Member)

**Recommendation:** The Disability Committee recommends that the Board:

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

**DC-2: MERY VALDEZ**

Data Entry Technician, Orange County Probation (General Member)

**Recommendation:** The Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement without prejudice

because the member has opted not to join in the employer filed application.

**DC-3: AMELIA HEDGES**

Legal Processing Specialist, Orange County Superior Court (General Member)

**Recommendation:** The Disability Committee recommends that the Board:

- Deny service connected disability retirement due to insufficient evidence of job causation.

**B. CEO Recommendations:**

**DC-4: CHRISTIAN BRIGHT**

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

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

- Grant service connect disability retirement.
- Set the effective date as March 10, 2023

**DC-5: DANIELA COSTEA**

Correctional Service Assistant, Orange County Sheriff's Department (Safety Member)

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

- Grant service connect disability retirement.
- Set the effective date as January 27, 2023.

**DC-6: STEPHEN HURDLE**

Fire Battalion Chief, Orange County Fire Authority (Safety Member)

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

- Grant service connect disability retirement.
- Set the effective date as January 27, 2023.

**DC-7: MARK PETZ**

Fire Captain, Orange County Fire Authority (Safety Member)

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

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

**MOTION** by Mr. Packard, **seconded** by Mr. Lindholm, to approve items, DC-1-DC-7, on the Disability Consent Agenda.

The motion passed **unanimously**.

**ACTION ITEMS**

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

**C-4 ORANGE COUNTY AUDITOR-CONTROLLER REQUEST TO FORGO GOVERNMENT CODE 31582 AUDITOR CERTIFICATION**

**Recommendation:** Approve the Orange County Auditor-Controller’s request to forgo the Auditor’s written certification per Government Code Section 31582 as allowed under Government Code Section 31582.1

After discussion, a **MOTION** by Ms. Freidenrich, **seconded** by Mr. Packard, to approve as recommended.

The motion passed **unanimously**.

**A-2 TRIENNIAL STUDY OF ACTUARIAL ASSUMPTIONS**

*Presentation by Paul Angelo and Andy Yeung, Segal Consulting*

**Recommendation:** Approve the recommended economic and demographic and actuarial assumptions provided in the Actuarial Experience Study for the period of January 1, 2020 through December 31, 2022 as presented by Segal.

Mr. Angelino presented the findings of Segals’ Actuarial Experience Study. Segal proposed converting the Assumption Component from Arithmetic to Geometric Real Rate of Return. Mr. Hilton expressed concern regarding the consequences of using a Geometric Rate of Return, noting that future studies could be adversely affected. Mr. Angelo replied that the arithmetic method is out of favor, and by applying the geometric model, there will be a higher level of stability and transparency. Mr. Hilton noted that the geometric model depends on capital market assumptions, which could adversely affect future confidence levels, thus opposing the conversion.

**MOTION** by Mr. Lindholm, **SECONDED** by Mr. Packard, to approve the recommended economic and actuarial assumptions provided in the Actuarial Experience Study, for the period of January 1, 2020 through December 31, 2022.

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

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

Mr. Packard  
Mr. Prevatt  
Ms. Tagaloa

**SUBSEQUENT**

**MOTION** by Mr. Lindholm, **seconded** by Mr. Packard, to approve the recommendations on Demographic Assumptions.

The motion passed **unanimously**.

The Board chose to consider the issue of a “Change in Allocation of the Cost of COLA Benefits for Legacy Safety members with 30 Years of Service” separately and did not include that item in their approval of the Segal demographic assumption. Instead, the Board postponed consideration of that recommendation and directed staff to perform additional legal analysis before bringing it back to the Board at a future meeting.

Specifically, the issue requiring additional legal analysis is Segal’s recommendation for a change to allocate the suspended COLA normal cost contributions for legacy Safety (Probation, Law and OCFA) members with at least 30 years of service to the employers instead of to the remaining legacy Safety members with less than 30 years of service.

**A-3 REVISIONS TO THE CEO PERFORMANCE EVALUATION POLICY – PERSONNEL COMMITTEE RECOMMENDATION**

*Presentation by Steve Delaney, Chief Executive Officer*

**Recommendation:** The Personnel Committee recommends the Board:

1. Approve the following criteria for evaluating the CEO’s performance, effective for the current performance review period:
  - a. Fund Sustainability
  - b. Excellent Service and Support
  - c. Risk Management
  - d. Talent Management
  - e. Effective Governance
  - f. Communications
  - g. Other criteria that the Board determines is appropriate;
2. Adopt the same rating metrics for evaluating the CEO’s performance as the metrics that are used by OCERS in evaluating the performance of OCERS direct employees;
3. Change the review period for the Chief Executive Officer’s (CEO) performance from a January through December review period to a September through August review period;
4. Make the change to the review period for the CEO’s performance effective with a truncated 2023 performance review period of January 2023 through August 2023;
5. Continue to consider the CEO’s salary during the months of October and November; and
6. Approve revisions to the Chief Executive Officer Performance Evaluation Policy as presented to effectuate all of the above.

After discussion, a **MOTION** by Mr. Hilton, **seconded** by Mr. Packard to accept the Personnel Committee’s recommendations as presented.

The motion passed **unanimously**.

*The Board recessed for break at 10:59 a.m.*

*The Board reconvened from break at 11:17 a.m.*

*Recording Secretary administered the Roll Call attendance.*

**A-4 BUILDING COMMITTEE OUTCOMES--- OCERS HEADQUARTERS PROJECT OWNER’S REPRESENTATIVE/PROGRAM AND CONSTRUCTION MANAGER SELECTION**

*Presentation by Brenda Shott, Assistant CEO, Internal Operations*

**Recommendation:** The Building Committee recommends the Board authorize Staff to execute a contract with Griffin Structures for OCERS Headquarters Owner’s Representative/Program and Construction Management services for a term of forty-one (41) months with a fixed fee amount not-to-exceed \$2,180,011 paid monthly (\$53,171/month) with an OCERS option to extend the term by six (6) months at an amount not to exceed an additional \$320,000, paid monthly if and as required.

**MOTION** by Mr. Lindholm, **seconded** by Mr. Packard, to approve as recommended.

The motion passed **unanimously**.

**INFORMATION ITEMS**

**NONE**

**WRITTEN REPORTS**

**R-1 MEMBER MATERIALS DISTRIBUTED**

Written Report

Application Notices

August 21, 2023

Death Notices

August 21, 2023

**R-2 COMMITTEE MEETING MINUTES**

- January 2023- Building Committee Minutes
- June 2023- Personnel 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 SECOND QUARTER 2023 BUDGET TO ACTUALS REPORT**

Written Report

**R-8 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Written Report

**R-9 OCERS BY THE NUMBERS (2023 EDITION)**

Written Report

**R-10 THE EVOLUTION OF OCERS' UAAL (2023 EDITION)**

Written Report

**R-11 2023 OCERS BOARD STRATEGIC PLANNING WORKSHOP – Final Agenda**

Written Report

**R-12 2023 EMPLOYER AND EMPLOYEE CONTRIBUTIONS MATRIX**

Written Report

**Counsel Comments** - Mr. Serpa introduced to the Board, Joon Kim, Staff Attorney and Rosie Baek, Staff Attorney. Mr. Serpa requested permission for the new Staff Attorneys to be present during the closed session meeting, as it is legitimate and essential to their training. Mr. Dewane found no objection from the Board and made the order.

*Adjourn to closed session at 11:23 a.m.*

**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).

*Eder Palma v. Board of Retirement, OCERS; Orange County Superior Court, Case No. 30-2022-01280823-CU-WM-CJC*

**Recommendation:** Take appropriate action.

**E-2 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED  
(GOVERNMENT CODE SECTION 54956.9(d)(1))**

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

*James Morell v. Board of Retirement, OCERS; Los Angeles Superior Court, Case No. 22STCP02345*

**Recommendation:** Take appropriate action.

*Return to open session at 12:07 p.m.*

**REPORT OF ACTIONS TAKEN IN CLOSED SESSION-** Mr. Serpa noted there were no reportable actions taken during closed session.

**CIO COMMENTS** - None

**CHIEF EXECUTIVE OFFICER** - None

**COUNSEL COMMENTS** - None

**STAFF COMMENTS** - Ms. Jenike reported staff’s work to date on the Alameda decision. Presently, a second grade of classification has been found to be pensionable, from the DA homicide groups. Staff is currently working through details with the employer and will continuing to work on the remaining eight grades.

**BOARD MEMBER COMMENTS** - Ms. Freidenrich thanked staff for their work on the OCERS by the Numbers Report, which she found very helpful.


Mr. Dewane welcomed the new Staff Attorney members.

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

Submitted by:

Approved by:

DocuSigned by:  
  
C00D5744F-F39463...  
Steve Delaney  
Secretary to the Board

DocuSigned by:  
  
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Shawn Dewane  
Chairman