

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

REGULAR MEETING
Wednesday, April 18, 2018
9:00 a.m.

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.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

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 Board; and (2) any matter appearing on the Consent Agenda.

When addressing the Board, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed. Persons wishing to address items on the agenda should provide written notice to the Secretary of the Board prior to the Board's discussion on the item by signing in on the Public Comment Sign-In Sheet located at the back of the room.

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.

- (1) Scott Jarvis
- (2) Brad Virgoe

ADMINISTRATION

C-2 [BOARD MEETINGS AND COMMITTEE MEETINGS](#)

| | |
|-------------------------------|----------------|
| Governance Committee Minutes | March 7, 2018 |
| Regular Board Meeting Minutes | March 19, 2018 |
| Audit Committee Minutes | March 27, 2018 |

Recommendation: Authorize meeting and approve minutes.

C-3 [GOVERNANCE COMMITTEE OUTCOMES FROM MARCH 7, 2018 MEETING](#)

Recommendation: The Governance Committee recommends that the Board of Retirement:

- (1) Adopt revisions to the Travel Policy as approved by the Governance Committee;
- (2) Adopt revisions to the CEO Charter as approved by the Governance Committee;
- (3) Adopt revisions to the Board Chair Charter as approved by the Governance Committee;
- (4) Adopt revisions to the OCERS Conflict of Interest Code as approved by the Governance Committee; and
- (5) Rescind the Early Retirement Funding Policy.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board’s discussion of the item. Persons wishing to address items on the agenda should provide written notice to the Secretary of the Board prior to the Board’s discussion on the item by signing in on the Public Comment Sign-In Sheet located at the back of the room.

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

A-2 [SACRS BOARD OF DIRECTORS ELECTION 2018-2019 – DIRECTION TO OCERS VOTING DELEGATE](#)

Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: Consider the SACRS Nominating Committee’s recommended slate of candidates and the list of additional candidates interested in running for the election of SACRS Directors; and give direction to OCERS’ Voting Delegate and Alternate Delegates for the SACRS Board of Directors election to be held at the SACRS meeting on May 18, 2018.

A-3 [OCERS FUNDING POLICY](#)

Presentation by Paul Angelo, Segal Consulting

Recommendation: Approve revisions to Appendix A of OCERS Actuarial Funding Policy which incorporate the demographic and economic assumptions approved by the Board of Retirement in October 2017 and affirm all other provisions of the existing policy.

A-4 FIDUCIARY COUNSEL SERVICES CONTRACT WITH REEDSMITH

Presentation by Steve Delaney, Chief Executive Officer, OCERS and Gina Ratto, General Counsel, OCERS

Recommendation: Exercise the optional three-year extension provision of the Board’s contract with ReedSmith for Fiduciary Counsel Services (a Named Service Provider contract) to extend the term of the contract for a period of three additional years, to March 31, 2021.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

[Application Notices](#)

April 18, 2018

[Death Notices](#)

April 18, 2018

I-2 CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN

Written Report

I-3 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-4 LEGISLATIVE UPDATE

Written Report

I-5 CONFERENCE REPORT - GARTNER CIO LEADERSHIP FORUM

Written Report

I-6 DISASTER RECOVERY AND BUSINESS CONTINUITY PROJECT UPDATE

Written Report

I-7 FIRST QUARTER 2018 EDUCATION AND TRAVEL EXPENSE REPORT

Written Report

I-8 BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER

Written Report

I-9 SCHEDULED REVIEW OF BOARD POLICY COMPLIANCE

Written Report

I-10 AUDIT COMMITTEE OUTCOMES FROM MARCH 27, 2018 MEETING

Written Report

I-11 CONTRACT STATUS OF NAME SERVICE PROVIDER

Written Report

I-12 BOARD COMMUNICATION

Written Report

I-13 **ANNUAL BROWN ACT AND CONFLICTS OF INTEREST EDUCATION**

Presentation by Gina Ratto, General Counsel, OCERS and Harvey Leiderman, ReedSmith, LLP

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

11:00 A.M.

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF BENEFIT OR DISABILITY RETIREMENT DETERMINATIONS, THE BOARD MAY ADJOURN TO CLOSED SESSION TO DISCUSS MATTERS RELATING TO THE MEMBER'S APPLICATION OR APPEAL, PURSUANT TO GOVERNMENT CODE SECTIONS 54957 OR 54956.9. IF THE MATTER IS A DISABILITY APPLICATION UNDER SECTION 54957, THE MEMBER MAY REQUEST THAT THE DISCUSSION BE IN PUBLIC.

DISABILITY CONSENT AGENDA

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

D-1: Ronald Kennedy

Lieutenant, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
10/28/2016

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (Safety Member)

D-2: Michael V. Nguyen

Office Specialist, Orange County Community Resources

Date of employer filed application for service and non-service connected disability retirement:
09/19/2016

Date of employee filed application for service connected disability retirement: 03/15/2017

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (General Member)

D-3: Patricia Wiczorek

Senior Office Supervisor, Social Services Agency

Date of employee filed application for service connected disability retirement: 03/05/2012

Recommendation: Dismiss the appeal of service connected disability retirement without prejudice due to the Applicant's failure to cooperate. (General Member)

DISABILITY INDIVIDUAL AGENDA

D-4: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

D-5: James Hobson

Deputy Juvenile Correctional Officer II, Orange County Probation Department

Date of employee filed application for service connected disability retirement: 01/05/2017

Recommendation: Grant service connected disability retirement with an effective date of January 5, 2017. (Safety Member)

D-6: Anthony Manzo

Fire Captain, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 02/27/2017

Recommendation: Grant service connected disability retirement with an effective date of February 27, 2017. (Safety Member)

D-7: Linda Sutton

Staff Assistant, Orange County Sheriff's Department

Date of employee filed application for service connected disability retirement: 03/20/2017

Recommendation: Grant service connected disability retirement with an effective date of March 23, 2017. (General Member)

D-8: Christopher Wax

Investigator, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement: 07/17/2017

Recommendation: Grant service connected disability retirement with an effective date of the day after the last day of regular compensation. (Safety Member)

D-9: Glenn Johnson

Correctional Services Technician, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement: 04/20/2014

Date of employee filed application for service and non-service connected disability retirement: 05/15/2014

Recommendation: Deny service and non-service connected disability retirement for conditions 1 and 2 due to insufficient evidence of permanent incapacity. (General Member)

D-10: Jacki Livingston

Eligibility Technician, Orange County Social Services Agency

Date of employee filed application for service and non-service connected disability retirement: 10/28/2015

Recommendation Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

D-11: Kelly Rehnberg

Deputy Public Guardian II, Health Care Agency

Date of employee filed application for service connected disability retirement: 11/7/2016

Recommendation Deny service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

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

NOTICE OF NEXT MEETINGS

INVESTMENT COMMITTEE MEETING

April 24, 2018

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

DISABILITY COMMITTEE MEETING

April 24, 2018

1:00 P.M. OR AT THE CONCLUSION OF THE INVESTMENT COMMITTEE MEETING

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING
May 14, 2018
9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701

All supporting documentation is available for public review in the retirement office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday and 8:00 a.m. – 4:30 p.m. on Friday.

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.

C-1

Memorandum

DATE: May 18, 2018
TO: Members of the Board of Retirement
FROM: Suzanne Jenike, Assistant CEO, External Operations
SUBJECT: **OPTION 4 RETIREMENT ELECTION – SCOTT A. JARVIS**

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 March 3, 2018. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the Domestic Relations Order (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:



S. J. – APPROVED

Suzanne Jenike
Assistant CEO, External Operations



100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 www.segalco.com

DIRECT DIAL NUMBER
415-263-8254

E-MAIL ADDRESS
mcalcagno@segalco.com

PERSONAL & CONFIDENTIAL

VIA EMAIL & USPS

April 9, 2018

Ms. Adina Bercaru
Member Services Manager
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System
Option 4 Calculation for Scott A. Jarvis**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Scott A. Jarvis and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated April 5, 2018.

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 | March 3, 2018 |
| Plan of Membership | General Plan B & Safety Plan F |
| Monthly Unmodified Benefit | |
| | Plan B: \$39.22 |
| | Plan F: <u>8,037.00</u> |
| | Total: \$8,076.22 |
| Ex-Spouse's Share of Monthly Unmodified Benefit | 20.15% |
| Retirement Type | Service Retirement |

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APR 11 2018

Ms. Adina Bercaru
April 9, 2018
Page 2

Option 4 Benefit

| The ex-spouse bears the cost of Option 4 reduction for the DRO benefit | Payable while the Member is Alive | Payable After the Member's Death while the Ex-Spouse is Alive |
|---|-----------------------------------|---|
| Monthly Benefit Payable to Member | | |
| Plan B Annuity: | \$10.37 | |
| Plan B Pension: | 20.95 | |
| Plan F Annuity: | 1,030.14 | |
| Plan F Pension: | <u>5,387.40</u> | |
| Total: | \$6,448.86 | \$0 |
| Monthly Benefit Payable to Ex-Spouse (or to the estate of the ex-spouse if the ex-spouse pre-deceases the member) | \$1,499.36* | \$1,499.36 |

* This is equal to 20.15% of the member's unmodified benefit (i.e., 20.15% * \$8,076.22 or \$1,627.36) 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.

Actuarial Assumptions¹

Effective interest rate of 4.126214% per year, which is calculated using an investment return assumption of 7.25% per year together with a cost-of-living adjustment assumption of 3.00% per year.

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 set back two years weighted 80% male and 20% female for members.

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 20% male and 80% female for beneficiaries.

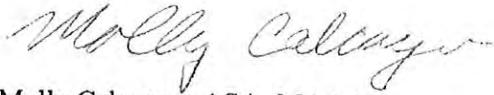
The actuarial calculations contained in this letter were performed under my supervision. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

¹ Since the member last worked as a Safety member, we used Safety assumptions in determining optional benefits even for benefits paid from the General Plan.

Ms. Adina Bercaru
April 9, 2018
Page 3

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
Assistant Actuary

AW/gxk



April 10, 2018

Scott A. Jarvis

Re: Retirement Election Confirmation – Option 4

Dear Mr. JARVIS:

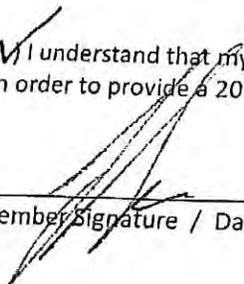
As required by your Domestic Relations Order, you have elected Option 4 as your retirement option. This option will provide a 20.15% of your monthly benefit, for the life of the benefit, to:

DAWN JARVIS

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 20.15% continuance to DAWN JARVIS.

 4-12-18
Member Signature / Date

RECEIVED

APR 12 2018

Orange County Employees Retirement System

Sincerely,

Zaida Miramontes
Retirement Program Specialist

Memorandum

DATE: May 18, 2018
TO: Members of the Board of Retirement
FROM: Suzanne Jenike, Assistant CEO, External Operations
SUBJECT: OPTION 4 RETIREMENT ELECTION – BRAD C. VIRGOE

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 March 16, 2018. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the Domestic Relations Order (DRO), the member’s ex-spouse was awarded a lifetime continuance as a percentage of the member’s allowance.

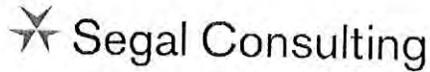
The approval of Option 4 will not increase OCERS liability because the cost of this Option 4 benefit is proportional to the cost of the other benefit plans. Segal Consulting has calculated the member’s monthly allowance as indicated in the attached letter as well as the allowance payable to the member’s ex-spouse.

Submitted by:



S. J. – APPROVED

Suzanne Jenike
Assistant CEO, External Operations



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PERSONAL & CONFIDENTIAL

VIA EMAIL & USPS

April 9, 2018

Ms. Adina Bercaru
Member Services Manager
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System
Option 4 Calculation for Brad C. Virgoe**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Brad C. Virgoe and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated April 5, 2018.

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 | March 16, 2018 |
| Plan of Membership | General Plan B & Safety Plan F |
| Monthly Unmodified Benefit | |
| | PlanB: \$81.42 |
| | PlanF: <u>15,985.47</u> |
| | Total: \$16,066.89 |
| Ex-Spouse's Share of Monthly Unmodified Benefit | 21.40% |
| Retirement Type | Service Retirement |

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APR 11 2018

Orange County Employee Retirement System

Ms. Adina Bercaru
April 9, 2018
Page 2

Option 4 Benefit

| The ex-spouse bears the cost of Option 4 reduction for the DRO benefit | Payable while the Member is Alive | Payable After the Member's Death while the Ex-Spouse is Alive |
|---|-----------------------------------|---|
| Monthly Benefit Payable to Member | | |
| Plan B Annuity: | \$11.46 | |
| Plan B Pension: | 52.54 | |
| Plan F Annuity: | 1,411.71 | |
| Plan F Pension: | <u>11,152.87</u> | |
| Total: | \$12,628.58 | \$0 |
| Monthly Benefit Payable to Ex-Spouse (or to the estate of the ex-spouse if the ex-spouse pre-deceases the member) | | |
| | \$2,985.60* | \$2,985.60 |

* This is equal to 21.40% of the member's unmodified benefit (i.e., 21.40% * \$16,066.89 or \$3,438.31) 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.

Actuarial Assumptions¹

Effective interest rate of 4.126214% per year, which is calculated using an investment return assumption of 7.25% per year together with a cost-of-living adjustment assumption of 3.00% per year.

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 set back two years weighted 80% male and 20% female for members.

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 20% male and 80% female for beneficiaries.

The actuarial calculations contained in this letter were performed under my supervision. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

¹ Since the member last worked as a Safety member, we used Safety assumptions in determining optional benefits even for benefits paid from the General Plan.

Ms. Adina Bercaru
April 9, 2018
Page 3

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
Assistant Actuary

AW/gxk



April 10, 2018

Brad C. Virgoe

Re: Retirement Election Confirmation – Option 4

Dear Mr. VIRGOE:

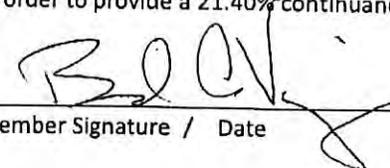
As required by your Domestic Relations Order, you have elected Option 4 as your retirement option. This option will provide a 21.40% of your monthly benefit, for the life of the benefit, to:

ELIZABETH ANNE VIRGOE

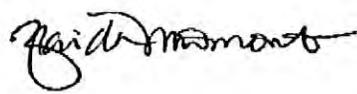
This designation is irrevocable; you will not be allowed to change your retirement option or designated beneficiary.

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 21.40% continuance to ELIZABETH ANNE VIRGOE.

 4-11-18
Member Signature / Date

Sincerely,



Zaida Miramontes
Retirement Program Specialist

RECEIVED

APR 11 2018

Orange County Employees
Retirement System

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. Wellington Avenue, Suite 100, Santa Ana, CA 92701
Telephone (714) 558-6200 Fax (714) 558-6234 www.ocers.org

C-2

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA 92701**

**GOVERNANCE COMMITTEE MEETING
March 7, 2018
9:00 a.m.**

MINUTES

The Chair called the meeting to order at 9:09 a.m. Attendance was as follows:

Present: Shawn Dewane, Chair; Roger Hilton, Vice Chair; David Ball; Chris Prevatt

Staff: Steve Delaney, Chief Executive Officer; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Sonal Sharma, Recording Secretary; Anthony Beltran, Audio Visual Technician

PUBLIC COMMENTS:

None.

A-1. TRIENNIAL REVIEW OF THE TRAVEL POLICY (Second Reading by the Committee)

Presented by Gina M. Ratto, General Counsel and Brenda Shott, Asst. CEO, Internal Operations

Recommendation: Approve, and recommend that the Board approve, revisions to the Travel Policy as presented.

At its January 25, 2018 meeting, the Governance Committee reviewed staff's proposed revisions to the Travel Policy, several revisions, and directed staff to make certain additional changes to the policy and to bring it back to the committee for a second review.

On March 7, 2018, the Governance Committee performed a second review of the Travel Policy with the additional changes proposed by staff subsequent to the January committee meeting.

Mr. Prevatt proposed for the committee's discussion an amendment to paragraph 29 of the Travel Policy as follows:

Regarding meals while attending events that require overnight travel, specify that:

- a. Meals will be reimbursed at the actual and reasonable cost (i) provided that both an itemized receipt and charge receipt are submitted; and (ii) provided further that OCERS will not reimburse meals already paid for by OCERS in the conference registration fee or meals paid for by third parties that are subject to reporting requirements under the Political Reform Act; and
- b. If an itemized receipt is not submitted, OCERS will reimburse the meal up to the GSA rate for that meal.

Staff informed the committee that fiduciary counsel recommended the addition of the following language to the end of paragraph 20 of the Travel Policy, regarding international travel:

Travel to attend a conference, seminar or meeting held outside the continental United States shall not be reimbursed by OCERS unless it can be demonstrated to the

satisfaction of the Board (for travel by a Board member or the Chief Executive Officer) or the Chief Executive Officer (for travel by a staff member) that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period of time.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to approve the revisions to the Travel Policy as presented by staff in the agenda item, with the amendment to paragraph 29 proposed by Mr. Prevatt regarding reimbursement of meals, and the proposed addition to Paragraph 20, regarding international travel.

*The motion passed **unanimously**.*

A-2. PROPOSED AMENDMENTS TO THE OCERS CONFLICT OF INTEREST CODE

Presented by Gina M. Ratto, General Counsel

Recommendation: Approve, and recommend that the Board approve, revisions to the OCERS Conflict of Interest Code as presented.

Staff conducted a comprehensive review of the OCERS Conflict of Interest Code which must be updated every two years. The Code identifies the public officials who are required to disclose their financial interests under the Political Reform Act and the regulations of the Fair Political Practices Commission. Based on the review, staff recommended the following revisions to the Committee:

(1) Add the following positions to the OCERS Code as “Officials Who Manage Public Investments”:

- Chief Executive Officer (previously categorized as a Designated Filer)
- Director of Investment Operations (previously categorized as a Designated Filer)
- Managing Director of Investments (newly added OCERS position; currently vacant)
- Consultants Who Manage Public Investments

(2) Add the following positions whose duty statements rise to the level of participating in governmental decisions to the OCERS Code as “Designated Filers”:

- Director of Internal Audit
- Director of Finance
- Director of Administrative Services
- Director of Information Technology
- Deputy General Counsel
- Contracts, Risk & Performance Manager

The Committee discussed whether OCERS’ actuary should be required to disclose financial interests as a consultant to OCERS. Staff agreed to do further research and inform the Board of the results of that research at a subsequent date.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Hilton to approve, and recommend that the Board approve, revisions to the OCERS Conflict of Interest Code as presented.

*The motion **passed unanimously**.*

A-3 TRIENNIAL REVIEW OF THE CEO CHARTER

Presented by Gina M. Ratto, General Counsel

Recommendation: Approve, and recommend that the Board approve, revisions to the CEO Charter as presented.

Ms. Ratto presented a few revisions to the CEO Charter:

- In Section 6.e., that the CEO has served and continues to serve as OCERS filing officer for purposes of compliance with the Political Reform Act and regulations of the Fair Political Practices Commission.
- In Section 7.e., that the CEO does not implement, but rather ensures implementation of, the investment strategies approved by the Board by establishing manager structures for each investment asset class.
- In Sections 7.h. and 14, that investment manager due diligence is now governed by the Investment Policy Statement, rather than the Due Diligence Policy and Service Provider Selection Policy (both of which were previously rescinded by the Board).
- In Section 7.i, that the authority to hire and terminate investment managers has been delegated to the CIO, and the CEO's role is to oversee the CIO in this regard.
- In Section 8.c., a reference to the role of the new Disability Committee in considering disability retirement applications.
- In Section 14, that due diligence for Board-appointed service providers is governed by the Procurement and Contracting Policy and the Investment Policy Statement.
- Other non-substantive changes to the CEO Charter.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to approve, and recommend that the Board approve, revisions to the CEO Charter as presented.

*The motion **passed unanimously.***

A-4 TRIENNIAL REVIEW OF THE BOARD OF RETIREMENT CHAIR CHARTER

Presented by Gina M. Ratto, General Counsel

Recommendation: Approve, and recommend that the Board approve, revisions to the Board of Retirement Chair Charter as presented.

Staff reviewed the Board Chair Charter and recommended the following revisions:

- Addition of Section 2.c. to express the role of the Board Chair in approving the monthly agendas for meetings of the Board.
- Other non-substantive changes to the Board Chair Charter.

The Committee recessed at 10:03am.

The Committee resumed at 10:10am.

Following discussion, a **motion** was made by Mr. Ball, **seconded** by Mr. Prevatt to approve, and recommend that the Board approve, revisions to the Board of Retirement Chair Charter as presented.

*The motion **passed unanimously.***

A-5 TRIENNIAL REVIEW OF THE EARLY RETIREMENT FUNDING POLICY

Governance Committee Meeting
March 7, 2018

Presented by Suzanne Jenike, Asst. CEO, External Operations

Recommendation: Recommend that the Board rescind the Early Retirement Funding Policy.

Suzanne Jenike, Assistant CEO of External Operations, presented the Triennial Review of the Early Retirement Policy and proposed that the policy be rescinded. The early retirement incentive has not been used in a number of years and the County would face a few challenges if it wanted to offer such a benefit enhancement.

Should an employer want to offer an early retirement incentive, Staff will bring back the Policy to the Committee and recommend that it be reinstated. By rescinding the Policy, it will be removed from the Board's review schedule.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Hilton to recommend that the Board rescind the Early Retirement Funding Policy.

*The motion **passed unanimously.***

COMMITTEE MEMBER COMMENTS

None.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

None.

COUNSEL COMMENTS:

The Governance Committee scheduled its next meeting on March 28, 2018 to discuss the Delegated Authority of the Chief Investment Officer.

The meeting adjourned at 10:15a.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Shawn Dewane, Chair

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

REGULAR MEETING
Monday, March 19, 2018
9:00 a.m.

MINUTES

Chair Prevatt called the meeting to order at 9:01 a.m.

Attendance was as follows:

Present: Chris Prevatt, Chair; Chuck Packard, Vice-Chair; Eric Gilbert; David Ball; Roger Hilton; Wayne Lindholm; Shawn Dewane; Frank Eley; and Russell Baldwin

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Finance and Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, Chief Investment Officer; Jenny Sadoski, Director of Information Technology; Gina Ratto, General Counsel; Lee Fink, Deputy General Counsel; Anthony Beltran, Visual Technician; Megan Cortez; Disability Coordinator; Cammy Danciu, Recording Secretary.

Guests: Harvey Leiderman

Absent: Shari Freidenrich

Mr. Gilbert led the Pledge of Allegiance.

CONSENT AGENDA

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

A **motion** was made by Mr. Packard **seconded** by Mr. Ball to move the consent agenda.

Motion passed **unanimously**.

| |
|-----------------|
| BENEFITS |
|-----------------|

C-1 OPTION 4 RETIREMENT ELECTION

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

(1) N/A

| |
|-----------------------|
| ADMINISTRATION |
|-----------------------|

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Audit Committee Minutes
Regular Board Meeting Minutes

January 30, 2018
February 13, 2018

Recommendation: Authorize meeting and approve minutes.

C-3 AUDIT COMMITTEE OUTCOMES FROM JANUARY 30, 2018 MEETING

Recommendation: The Audit Committee recommends that the Board of Retirement:

- (1) Receive and file the Actuarial Audit of OCERS' 2016 Actuarial Valuation.
- (2) Receive and file the Audit of OCERS' Investment Rebalancing Reporting.
- (3) Receive and file the Status of 2017 Internal Audit Plan.
- (4) Receive and file the Status of 2018 Internal Audit Plan.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board's discussion of the item. Persons wishing to address items on the agenda should provide written notice to the Secretary of the Board prior to the Board's discussion on the item by signing in on the Public Comment Sign-In Sheet located at the back of the room.

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

A-2 2018 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, 2018 through March 31, 2019.

Sara Ruckle Harms, representing the Retired Employees Association of Orange County (REAOC), asked, on behalf of REAOC, the Board to approve and grant STAR COLA for another year.

Following discussion, a **motion** was made by Mr. Eley **seconded** by Mr. Hilton to approve payment of STAR COLA for the period April 1, 2018 through March 31, 2019.

Motion passed **unanimously**.

Mr. Lindholm arrived at 9:06 a.m.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

March 19, 2018

Death Notices

March 19, 2018

I-2 CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN

Written Report

I-3 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-4 FIRST QUARTER REVIEW OF 2018-2020 OCERS STRATEGIC PLAN

Written Report

I-5 LEGISLATIVE UPDATE

Written Report

I-6 TRAVEL REPORT – 2018 NAPO'S 30TH ANNUAL POLICE FIRE EMS AND MUNICIPAL EMPLOYEES PENSION AND BENEFITS SEMINAR

Written Report

I-7 BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER

Written Report

I-8 BOARD COMMUNICATION

Written Report

I-9 2018 STATE OF OCERS ANNUAL REPORT

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney delivered his third State of OCERS Annual Report which fulfills a number of reporting and overview requirements outlined in OCERS Board Policies, or through Board directives.

Paul Angelo explained the actuarial accrued liability portion of the report.

Ms. Hockless explained OCERS staff turnover.

Mr. Gilbert stated that it would be beneficial to see how OCERS compares with other retirement systems that have a split between County and direct employees, and where OCERS stands compared to those systems.

Mr. Delaney concluded his State of OCERS annual report by noting, "With \$16 billion in the bank, a funded status of approximately 70%+ and a plan to get us to 100% over the next 20 years, we have a solid foundation. OCERS is both cash flow positive, as well as having a positive Active to Retiree ratio, both reflections of a system relatively young compared to others nationally, gives

this system the time to plan and prepare for the day both of those measures change. We have a new benefit cost structure – PEPRA, designed to maintain a sustainable benefit cost into the future. Our plan sponsors and employees fund the system with every payroll in the amount required under an independent actuarial valuation. The system is managed by a professional organization of pension administration experts with a good reputation among its members, employers and other stakeholders. Finally, we have a fully engaged Board of Trustees who set a tone that clearly values a quality business and service culture.”

The Board recessed for break at 10:06 a.m.

The Board reconvened from break at 10:23 a.m.

I-10 OCERS’ PLAN SPONSOR – AN ANNUAL REVIEW

Presentation by Mark Adviento, Internal Auditor, OCERS

Mark Adviento presented the OCERS Plan Sponsor annual review.

Mr. Lindholm asked if there are any updates on the City of Irvine.

Mr. Adviento stated there are no changes or updates since the last annual report of May 2017.

The Board recessed for break at 10:48 a.m.

The Board reconvened from break at 11:03 a.m.

I-11 OCERS FUNDING POLICY

Presentation by Paul Angelo, Segal Consulting

The Board adopted the Actuarial Funding Policy in January, 2014 and approved amendments to the Policy in December 2014. The Board has since adopted new actuarial assumptions that need to be incorporated into the policy. Since the policy was due for its regularly scheduled triennial review, Paul Angelo from Segal Consulting discussed the actuarial funding policy components and objectives. Mr. Angelo made clear that he would not recommend any change to the current policy and its use of 20 year amortization. Asking if this item needed to return next month as a consent or discussion item, Chair Prevatt directed that it return as an action item.

Mr. Eley stepped out at 12:16 p.m.

Mr. Eley returned at 12:18 p.m.

******* END OF INDIVIDUAL ITEMS AGENDA *******

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

11:00 A.M.

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF BENEFIT OR DISABILITY RETIREMENT DETERMINATIONS, THE BOARD MAY ADJOURN TO CLOSED SESSION TO DISCUSS MATTERS RELATING TO THE MEMBER’S APPLICATION OR APPEAL, PURSUANT TO GOVERNMENT CODE SECTIONS 54957 OR 54956.9. IF THE MATTER IS A

DISABILITY APPLICATION UNDER SECTION 54957, THE MEMBER MAY REQUEST THAT THE DISCUSSION BE IN PUBLIC.

DISABILITY INDIVIDUAL AGENDA

Megan Cortez, Disability Coordinator, presented item D-1.

D-1: Thomas Hollins

Utility Worker, John Wayne Airport

Date of employee filed application for service and non-service connected disability retirement:
08/13/2015

Recommendation: Refer the matter to a hearing officer for further analysis of the record regarding permanent incapacity and job causation. (General Member)

Jane Oatman representing Mr. Hollins asked the Board to reconsider staff recommendation.

Mr. Baldwin asked staff for clarification of the opinion of the two doctors involved.

Ms. Cortez stated that when Dr. Guellich was asked why his opinion differed from the opinion of Dr. Chiu, Dr. Guellich stated that he didn't have sufficient records to give a different opinion.

After further discussion, a **motion** was made by Mr. Eley, **seconded** by Mr. Packard to refer the matter to a hearing officer for further analysis of the record regarding permanent incapacity and job causation. The motion carried **8-0** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Lindholm
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Hilton

NAYS

ABSTAIN

ABSENT

Ms. Freidenrich

Megan Cortez, Disability Coordinator, presented item D-2.

D-2: Brad Jarrell

Fire Captain, Orange County Fire Authority

Date of employer filed application for service and non-service connected disability retirement:
01/06/2017

Date of employee filed application for service and non-service connected disability retirement:
02/18/2017

Recommendation: Grant service connected disability retirement with an effective date of March 17, 2017. (Safety Member)

A **motion** was made by Mr. Gilbert, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of March 17, 2017. The motion carried **7-1** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Gilbert

NAYS

Mr. Lindholm

ABSTAIN

ABSENT

Ms. Freidenrich

Megan Cortez, Disability Coordinator, presented item D-3.

D-3: David Loaiza

Deputy Sheriff II, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
03/22/2017

Date of employee filed application for service and non-service connected disability retirement:
04/04/2017

Recommendation: Grant service connected disability retirement with an effective date of March 31, 2017. (Safety Member)

A **motion** was made by Mr. Hilton, **seconded** by Mr. Ball to grant service connected disability retirement with an effective date of March 31, 2017. The motion carried **7-1** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Hilton

NAYS

Mr. Lindholm

ABSTAIN

ABSENT

Ms. Freidenrich

Megan Cortez, Disability Coordinator, presented item D-4.

D-4: Jorge Menocal

Senior Mechanic, Orange County Sanitation District

Date of employer filed application for service and non-service connected disability retirement:
04/19/2017

Date of employee filed application for service and non-service connected disability retirement:
05/23/2017

Recommendation: Grant non-service connected disability with an effective date of April 19, 2017 and deny service connected disability retirement due to insufficient evidence of job causation. (General Member)

A **motion** was made by Mr. Baldwin, **seconded** by Mr. Packard to grant non-service connected disability with an effective date of April 19, 2017 and deny service connected disability retirement due to insufficient evidence of job causation. The motion carried **8-0** with voting as follows:

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTAIN</u> | <u>ABSENT</u> |
|--------------------|--------------------|-----------------------|----------------------|
| Chair Prevatt | | | Ms. Freidenrich |
| Mr. Dewane | | | |
| Mr. Ball | | | |
| Mr. Baldwin | | | |
| Mr. Packard | | | |
| Mr. Eley | | | |
| Mr. Hilton | | | |
| Mr. Lindholm | | | |

Megan Cortez, Disability Coordinator, presented item D-5.

D-5: Giang Nguyen

Facilities Mechanic, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
05/25/2017

Date of employee filed application for service and non-service connected disability retirement:
06/12/2017

Recommendation Grant service connected disability retirement with an effective date of July 7, 2017. (General Member)

A **motion** was made by Mr. Ball, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of July 7, 2017. The motion carried **8-0** with voting as follows:

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTAIN</u> | <u>ABSENT</u> |
|--------------------|--------------------|-----------------------|----------------------|
| Chair Prevatt | | | Ms. Freidenrich |
| Mr. Dewane | | | |
| Mr. Ball | | | |
| Mr. Baldwin | | | |
| Mr. Packard | | | |
| Mr. Eley | | | |
| Mr. Hilton | | | |
| Mr. Lindholm | | | |

Megan Cortez, Disability Coordinator, presented item D-6.

D-6: Aaron Richard

Sergeant, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement:
03/07/2017

Recommendation Grant service connected disability retirement with an effective date of March 17, 2017. (Safety Member)

A **motion** was made by Mr. Hilton, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of March 17, 2017. The motion carried **8-0** with voting as follows:

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTAIN</u> | <u>ABSENT</u> |
|---|--------------------|-----------------------|----------------------|
| Chair Prevatt Mr. Dewane Mr. Ball Mr. Baldwin Mr. Packard Mr. Eley Mr. Hilton Mr. Lindholm | | | Ms. Freidenrich |

Megan Cortez, Disability Coordinator, presented item D-7.

D-7: Robert Speigel

Fire Captain, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 01/23/2017

Recommendation Grant service connected disability retirement with an effective date of January 23, 2017. (Safety Member)

A **motion** was made by Mr. Gilbert, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of January 23, 2017. The motion carried **8-0** with voting as follows:

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTAIN</u> | <u>ABSENT</u> |
|--|--------------------|-----------------------|----------------------|
| Chair Prevatt Mr. Dewane Mr. Ball Mr. Baldwin Mr. Packard Mr. Eley Mr. Gilbert Mr. Lindholm | | | Ms. Freidenrich |

Megan Cortez, Disability Coordinator, presented item D-8.

D-8: Amber White

Deputy Probation Officer II, Orange County Probation Department

Date of employee filed application for service and non-service connected disability retirement: 01/13/2017

Recommendation Grant service connected disability retirement with an effective date of August 4, 2017. (Safety Member)

A **motion** was made by Mr. Hilton, **seconded** by Mr. Ball to grant service connected disability retirement with an effective date of August 4, 2017. The motion carried **7-1** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Hilton

NAYS

Mr. Lindholm

ABSTAIN

ABSENT

Ms. Freidenrich

Megan Cortez, Disability Coordinator, presented item D-9.

D-9: Jacki Livingston

Eligibility Technician, Orange County Social Services Agency

Date of employee filed application for service and non-service connected disability retirement:
10/28/2015

Recommendation Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

This item was pulled from the agenda.

Megan Cortez, Disability Coordinator, presented item D-10.

D-10: Brian Petros

Administrative Manager I, Orange County Health Care Agency

Date of employee filed application for service and non-service connected disability retirement:
07/26/2017

Recommendation Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

A **motion** was made by Mr. Hilton, **seconded** by Mr. Ball to deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. The motion carried **8-0** with voting as follows:

A substitute **motion** was made by Mr. Hilton, **seconded** by Mr. Ball to send the matter back to staff and bring the item back to the Board at a later time. The motion carried **8-0** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Hilton
Mr. Lindholm

NAYS

ABSTAIN

ABSENT

Ms. Freidenrich

Megan Cortez, Disability Coordinator, presented item D-11.

D-11: Brian Quinones

Deputy Juvenile Correctional Officer II, Orange County Probation Department

Date of employee filed application for service connected disability retirement: 06/02/2017

Recommendation Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (Safety Member)

A **motion** was made by Mr. Eley, **seconded** by Mr. Lindholm to deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. The motion carried **7-1** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Lindholm

NAYS

Mr. Hilton

ABSTAIN

ABSENT

Ms. Freidenrich

Megan Cortez, Disability Coordinator, presented item D-12.

D-12: Michelle Black

Deputy Sheriff II, Orange County Sheriff's Department

Date of employee filed application for service connected disability retirement: 01/23/2014

Recommendation: Adopt the findings and recommendations of the Hearing Officer and deny Applicant's application for service connected disability retirement. (Safety Member)

A **motion** was made by Mr. Ball, **seconded** by Mr. Packard to deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. The motion carried **7-1** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Lindholm

NAYS

Mr. Hilton

ABSTAIN

ABSENT

Ms. Freidenrich

PUBLIC COMMENTS: At this time members of the public may address the Board of Retirement regarding any items within the subject matter jurisdiction of the Board, provided that no action may be taken on non-agendized items unless authorized by law.

N/A

BOARD MEMBER COMMENTS

N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Ms. Hockless updated the Board on OCERS staffing status as of March 19, 2018.

COUNSEL COMMENTS

Ms. Ratto reminded the Board of the two filing requirements, Form 700 and OCERS Annual Disclosure Form that are due on April 2, 2018.

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

Active Members

Beyl, Matthew
Hitt, Maria Cristina
Miller, Douglas

Retired Members

Balcazar, Juan
Boyd, Ruth
Chow, Maurine
Cloutier, Marguerite
De Vries, Walter
Edwards, Alan
Foster, Albertina
McDonald, Joan
Mitchell, Judith
Mitzel, Ramona
Nute, Constance
Pavlik, John
Scott, Anne
Strachan, Gail
Sulatycki, Jane
Sundquist, Hazel
Terry, Valerie

Vail, Carol
Wellman, John

Surviving Spouses

Gandall, Roselyne
Nesbitt, Patricia Joan
Wilkerson, Janice

There being no further business to bring before the Board, the meeting adjourned at 12:41 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Chris Prevatt
Chairman

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701

AUDIT COMMITTEE MEETING
March 27, 2018
10:30am

MINUTES

The Chair called the meeting to order at 10:31a.m. and read the opening statement for the record.
Attendance was as follows:

Present: Frank Eley, Chair; Charles Packard, Vice Chair; Russell Baldwin; Shari Freidenrich

Staff: Steve Delaney, CEO; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, Chief Legal Officer; Tracy Bowman, Director of Finance; Mark Adviento, Internal Auditor; Eric Woods, Internal Auditor (Temp); Sonal Sharma, Recording Secretary; Anthony Beltran, Audio Visual Technician

PUBLIC COMMENTS:

None.

A. ACTUARIAL AUDIT REPORT FOLLOW-UP

Presentation by Paul Angelo, Segal Consulting

Recommendation: Take appropriate action.

Paul Angelo of Segal Consulting addressed recommendations found in Cheiron's actuarial audit report presented to the Audit Committee in the January 30, 2018 Audit Committee meeting.

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Ms. Baldwin, to receive and file.

The **motion passed unanimously.**

B. 2017 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE

Presentation by Linda Hurley and Amy Chiang, Macias Gini & O'Connell

Information Only

Audit Committee Meeting
March 27, 2018

Linda Hurley of MGO presented the 2017 Audit Service Plan to the Audit Committee and fielded questions from committee members.

COMMITTEE MEMBERS COMMENTS:

None.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS:

None.

The meeting adjourned at 11:23am.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Committee

Frank Eley
Committee Chair

C-3

Memorandum

DATE: April 18, 2018
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: **GOVERNANCE COMMITTEE OUTCOMES FROM MARCH 7, 2018 MEETING**

Recommendation

The Governance Committee recommends that the Board of Retirement:

- (1) Adopt revisions to the **Travel Policy** as approved by the Governance Committee;
- (2) Adopt revisions to the **CEO Charter** as approved by the Governance Committee;
- (3) Adopt revisions to the **Board Chair Charter** as approved by the Governance Committee;
- (4) Adopt revisions to the OCERS Conflict of Interest Code as approved by the Governance Committee; and
- (5) Rescind the **Early Retirement Funding Policy**.

Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 40 charters and policies and has established a review schedule that requires review of every charter and policy every three years. At its February and June 2015 meetings, on recommendation of the Governance Committee, the Board approved a streamlined procedure to more efficiently manage the scheduled review of the charters and policies. Pursuant to this process, certain of the charters and policies are to be first reviewed by the Governance Committee before presentation to the Board for approval.

The following charters and policies are scheduled for review and approval by the Board, after review by the Governance Committee, in 2018:

- The Travel Policy
- The CEO Charter
- The Board Chair Charter.

The Early Retirement Funding Policy was scheduled for review and approval in 2017.

In addition, the Political Reform Act requires an agency's conflict of interest code to be reviewed biennially and updated when titles and positions of the agency are added or changed. Under the Board's charter and policy review schedule, the Governance Committee is charged with reviewing the OCERS Conflict of Interest Code before it is presented to the Board for adoption.

Each of the charters, policies and the OCERS Conflict of Interest Code are discussed in more detail below.

Travel Policy

At its January 25, 2018 meeting, the Governance Committee reviewed staff's proposed revisions to the Travel Policy, approved several revisions, and directed staff to return to the Committee with additional modifications to the policy. On March 7, 2018, the Governance Committee undertook a second review of the Travel Policy. The following revisions are now proposed for the Board's consideration:

- In paragraph 2, the addition of a general provision permitting exceptions to the Policy to be made by the Board Chair or Vice Chair (for an exception to the Policy requested by a Board member) and by the CEO (for an exception requested by staff).
- In paragraphs 10 and 14, the addition of several conferences, the attendance at which is pre-approved.
- The addition of a new paragraph 18 to prohibit reimbursement for overnight lodging for travel within Orange County, unless an exception is granted by the Board Chair or Vice Chair (for an exception to the Policy requested by a Board member) or the CEO (for an exception requested by staff).
- In paragraph 20, the addition of guidance with respect to the conditions or considerations for approving international travel.
- In paragraph 27, clarification that expense reimbursements will be limited to those items and amounts considered to be non-taxable income to the recipient by the IRS.
- In paragraph 29, regarding meals while attending events that require overnight travel, specify that:
 - a. Meals will be reimbursed at the actual and reasonable cost (i) provided that both an itemized receipt and charge receipt are submitted; and (ii) provided further that OCERS will not reimburse meals already paid for by OCERS in the conference registration fee or meals paid for by third parties that are subject to reporting requirements under the Political Reform Act; and
 - b. If an itemized receipt is not submitted, OCERS will reimburse the meal up to the GSA rate for that meal.
- In paragraph 30, regarding reimbursement for meals consumed and purchased during business-purpose meetings where travel is not involved, specify that OCERS will reimburse the actual and reasonable expense of such meals, and specify the requirements for submitting requests for reimbursement including receipts.
- In paragraph 33, add an exception to allow reimbursement for business or first class airfare in extraordinary circumstances and with approval of the Board Chair or Vice Chair where the traveler is a Board member or approval of the CEO where the traveler is a staff member; and permit reimbursement of fees for additional legroom seats or premium economy when travel exceeds four hours.
- In paragraph 35, clarify that mileage will be reimbursed only for those miles incurred beyond the staff member's normal commute to his or her regular worksite.
- In paragraphs 38 and 39, add shared ride services.
- In paragraph 39, add a requirement that Board and staff members purchase Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles during travel.
- In paragraph 41, increase reimbursement for portage, housekeeping and all other (non-meal related) gratuities to \$15 per day.
- The addition of a new paragraph 43, to prohibit reimbursement for charges to attend or participate in networking, social or entertainment type events that are not included in the general conference registration fee, with the exception of NASRA-sponsored networking events that take place during, and are included in the agendas for, NASRA-sponsored conferences.
- Delete the paragraph regarding the FPPC gift rules (previously paragraph 39) as unnecessary to include in this policy.
- Other non-substantive revisions to the policy.

The revisions to the Travel Policy approved by the Governance Committee and recommended to the Board for adoption are set forth in redlined text and attached.

CEO Charter

On March 7, 2018, the Governance Committee undertook the triennial review of the CEO Charter and approved the following revisions for the Board's consideration:

- The addition of Section 6.e., to acknowledge that the CEO has served and continues to serve as OCERS filing officer for purposes of compliance with the Political Reform Act and regulations of the Fair Political Practices Commission.
- Clarification, in Section 7.e., that the CEO does not implement, but rather ensures implementation of, the investment strategies approved by the Board by establishing manager structures for each investment asset class.
- Reflect, in Sections 7.h. and 14, that investment manager due diligence is now governed by the Investment Policy Statement, rather than the Due Diligence Policy and Service Provider Selection Policy (both of which were previously rescinded by the Board).
- Reflect, in Section 7.i, that the authority to hire and terminate investment managers has been delegated to the CIO, and the CEO's role is to oversee the CIO in this regard.
- Add, in Section 8.c., a reference to the role of the new Disability Committee in considering disability retirement applications.
- Reflect, in Section 14, that due diligence for Board-appointed service providers is governed by the Procurement and Contracting Policy and the Investment Policy Statement.
- Other non-substantive changes to the CEO Charter.

The revisions to the CEO Charter approved by the Governance Committee and recommended to the Board for adoption are set forth in redlined text and attached.

Board Chair Charter

On March 7, 2018, the Governance Committee undertook the triennial review of the Board Chair Charter and approved the following revisions for the Board's consideration:

- Addition of Section 2.c. to express the role of the Board Chair in approving the monthly agendas for meetings of the Board.
- Other non-substantive changes to the Board Chair Charter.

The revisions to the Board Chair Charter approved by the Governance Committee and recommended to the Board for adoption are set forth in redlined text and attached.

The OCERS Conflict of Interest Code

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 who are subject to the code and the categories of economic interests that 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.

According to Section 82011(b) of the Act, the Orange County Board of Supervisors serves as the code reviewing body for OCERS; and the County has established certain disclosure categories for the agencies whose codes it reviews and approves. The Act requires an agency's conflict of interest code to be reviewed biennially and updated when titles and positions of the agency are added or changed. The OCERS Code was last reviewed (with no updates necessary) in 2016. Since 2016, one position title has changed (Chief Legal Counsel now General Counsel), and two new titles (Contracts, Risk and Performance Manager and Managing Director of

Investments) have been added. In addition, staff conducted a comprehensive review of the OCERS Code for compliance with the Act, FPPC regulations and various FPPC advice letter rulings, and based on that review, recommended the following revisions to the OCERS Code to the Governance Committee.

The Governance Committee approved all of the changes as presented and now recommends them to the Board for adoption.

Proposed Revisions

On March 7, 2018, the Governance Committee approved staff's recommendations for revisions to the OCERS Code as follows:

(1) Add the following positions to the OCERS Code as "Officials Who Manage Public Investments":

- Chief Executive Officer (previously categorized as a Designated Filer)
- Director of Investment Operations (previously categorized as a Designated Filer)
- Managing Director of Investments (newly added OCERS position; currently vacant)
- Consultants Who Manage Public Investments

and

(2) Add the following positions to the OCERS Code as "Designated Filers":

- Director of Internal Audit
- Director of Finance
- Director of Administrative Services
- Director of Information Technology
- Deputy General Counsel
- Contracts, Risk & Performance Manager

A copy of the OCERS Code, with the proposed revisions indicated in underlined/strikeout text, is attached; and the bases for the staff's recommendations are more fully set forth below.

Section 87200 Officials

Section 87200 of the Act contains special disclosure requirements for officials who manage public investments ("87200 Filers"). Although OCERS is not required to identify the OCERS 87200 Filers in the OCERS Code, it is common for local agency conflict of interest codes to do so for informational purposes, and OCERS has included the 87200 Filers in the OCERS Code in the past.

FPPC Regulation 18700.3(b)(1) defines "officials who manage public investments" as:

(A) Members of boards and commissions, including pension and retirement boards or commissions, or of committees thereof, who exercise responsibility for the management of public investments;

(B) High-level officers and employees of public agencies who exercise primary responsibility for the management of public investments, such as chief or principal investment officers or chief financial managers. This category shall not include officers and employees who work under the supervision of the chief or principal investment officers or the chief financial managers; and

(C) Individuals who, pursuant to a contract with a state or local government agency, perform the same or substantially all the same functions that would otherwise be performed by the public officials described in subdivision (b)(1)(B).

The OCERS Code lists the Board members (including the alternate Board member) and the Chief Investment Officer as officials managing public investments for OCERS, and therefore subject to section 87200.

The Chief Executive Officer (CEO) is currently listed in the OCERS Code as a Designated Filer (see below), not as an 87200 Filer. Staff believes the CEO is more appropriately designated as an 87200 Filer in light of the fact that a number of specific investment duties that fall under the parameters of Section 18700.3(b)(1)(B) are assigned to the CEO by the CEO Charter. In addition, staff recommended to the Governance Committee that the Director of Investment Operations (also currently listed as a Designated Filer) and the newly added but as yet vacant position of Managing Director of Investments be designated as 87200 Filers, based on the Chief Investment Officer's vision for the Investment Department and division of responsibilities among her staff.

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") are required to disclose their financial interests. Guidance from the FPPC for developing a list of Designated Filers indicates that an agency should include in the code the broad policy/decision makers and eliminate positions whose duties are clerical, secretarial, ministerial, or manual. Then the agency should review 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 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

The OCERS Code currently designates the following positions as Designated Filers because they make, participate in making, or influence governmental decisions and who are therefore required to disclose their financial interests:

- Chief Executive Officer
- Assistant Chief Executive Officer, External Operations
- Assistant Chief Executive Officer, Internal Operations
- Chief Legal Counsel
- Director of Investment Operations
- Investment Analyst
- Investment Officer
- Consultant

Staff conducted a review of OCERS' titles and duty statements and recommended to the Governance Committee that (in addition to re-designating the CEO and the Director of Investment Operations) a number of additional OCERS-direct employees be added to the list of Designated Filers in the OCERS Code including the following:

- Deputy General Counsel
- Director of Internal Audit
- Director of Finance
- Director of Administrative Services
- Director of Information Technology
- Contracts, Risk & Performance Manager

According to the job descriptions of each of these positions, the person either has delegated decision making authority or participates in negotiating the terms of a contract, writing the specifications of a bid, or advising or making recommendations to the decision-maker or governing body without significant intervening substantive review. With the exception of the Contracts, Risk and Performance Manager, none of the positions is more than two levels below the CEO in the OCERS organizational chart; and every added position either serves in departmental or division management, or has agency-wide influence. Staff recommended to the Governance Committee adding the Contracts, Risk and Performance Manager because the position has OCERS-wide control over much of OCERS' contracting practices.

Consultants

Perhaps one of most challenging, and at times confusing, aspects of the FPPC conflict of interest regulations is the requirement to include certain consultants as designated positions. FPPC Regulation section 18700.3(a) defines a consultant as an individual who, pursuant to a contract with the agency, either is (1) delegated the authority to make a governmental decision or "(2) Serves in a staff capacity with the agency and in that capacity participates in making a governmental decision . . . or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code under Section 87302."

Through published advice letters, the FPPC has developed the analytical process to determine if a contractor qualifies as a consultant for purposes of the conflict of interest code. As noted in Regulation 18700.3, a contractor will be deemed a consultant if *either* the contractor has been delegated decision-making authority *or* the contractor serves in a staff capacity and participates in the making of a governmental decision.

In Advice Letter A-15-246, the FPPC found that implicit in the phrase "serves in a staff capacity" is an ongoing relationship between the contractor and the public agency. It goes on to set out examples of an on-going relationship where the contract calls for work to be performed "over more than one year" on "high level" projects. This is distinguished from lesser situations where the work is to be performed on one project or a limited number of projects over a limited period of time. In the latter situation, the FPPC found that the contractor did not rise to the status of consultant.

FPPC Regulation section 18700.3 sets forth an exception to "participating in a governmental decision" where there is "significant intervening review" between the advice of the contractor and the decision-maker. However, the FPPC has determined that the mere fact that the contractor's input goes through one or more layers of staff review is not that same as significant intervening review. Rather, the ". . . consultant participates in a decision, even if it is "reviewed" by several of his superiors, if (1) superiors rely on the data or analysis prepared by the consultant without checking it independently, (2) superiors rely on the professional judgment of the [contractor], or (3) the [contractor] may in some other way actually influence the final decision." (FPPC Advice Letter A-82-108).

The OCERS Code currently designates the general category of "Consultant" under the list of Designated Filers, and provides that such consultants will disclose pursuant to the broadest disclosure category subject to the CEO determining that a particular consultant is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements. A written determination is required that includes a description of the consultant's duties, and based upon that description, a statement of the extent of the disclosure required. Although the general category of Consultant has been listed in the OCERS Code, it appears that no OCERS consultants have been required to file financial disclosures in the past.

Based on FPPC Regulations and Advice Letters, staff recommended to the Governance Committee that the category of "Consultants Who Manage Public Investments" be added to the list of OCERS' 87200 Filers, and that OCERS' Investment Consultants and Investment Counsel be required to file financial disclosures in this category. In addition, staff believes OCERS' Fiduciary Counsel and Actuary meet the criteria of Designated Filers. All of the aforementioned consultants have long-standing relationships with OCERS; the individual firm members regularly attend and participate in Board and committee meetings; they have extensive working relationships with various levels of OCERS staff; and OCERS Board members and staff routinely rely upon their advice and analysis without independent review. Staff therefore recommended that they be required to disclose their financial interests.

Early Retirement Funding Policy

On March 7, 2018, the Governance Committee undertook the triennial review of the Early Retirement Funding Policy and determined, based on staff's recommendation, that the policy should be rescinded.

As discussed with the Governance Committee, the Early Retirement Funding Policy authorizes "Districts" (including the County of Orange) to provide up to an additional two years of OCERS service credit to District employees to induce retirement. The Policy details the process for funding the additional years of service and the steps a District must undertake in order to offer the inducement.

Measure J, approved by the voters in 2008 effective January 1, 2009, requires the County of Orange (County) to obtain the approval of the majority of the voters before increasing retirement benefits. Accordingly, the County must take a benefit enhancement like an early retirement incentive to the voters for approval. None of OCERS other participating employers has inquired into offering additional years of service credit to their employees and no one has taken advantage of this benefit in well over ten years.

Given that the early retirement incentive has not been used in a number of years and the challenge the County would face if it wanted to offer such a benefit enhancement, Staff recommended, and the Committee concurred, that the Early Retirement Funding Policy should be rescinded. In the event an employer wanted to offer an early retirement incentive, Staff will bring the Policy back to the Committee and recommend that it be reinstated. By rescinding the Policy, it will be removed from the Board's review schedule.

The Governance Committee therefore recommends that the Board rescind the Early Retirement Funding Policy. A copy of the Early Retirement Funding Policy is attached for the Board's ease in reference.

Attachments

- (1) Travel Policy, redlined and unmarked
- (2) CEO Charter, redlined and unmarked
- (3) Board Chair Charter, redlined and unmarked
- (4) OCERS Conflict of Interest Code, redlined and unmarked
- (5) Early Retirement Funding Policy

Submitted by:



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General Counsel

Purpose

1. Prudent oversight of a public sector pension plan requires that trustees and staff occasionally travel to business meetings and educational conferences or seminars, held in or outside of the state of California. Travel and related costs incurred in doing so not only represent legitimate expenses of the plan, but are a sound investment in the ongoing success of the organization in meeting the needs of the membership.
2. The purpose of the Travel Policy is to encourage and facilitate the pursuit of relevant educational and business related initiatives by trustees and staff. The policy is designed to assist them in meeting their fiduciary duties to administer the pension plan, ensure that expenditures incurred in the education and travel process are prudent and cost-effective, and to mitigate the risk of improprieties arising from travel or business related activities. Exceptions to any provision of this policy for a Board member or the Chief Executive Officer require the pre-approval of the Board Chair or Vice Chair; and require the pre-approval of the Chief Executive Officer in the case of an exception for a staff member.

Content Requirements

3. As a general rule, and with the exception of public retirement system meetings discussed below, unless a conference/seminar agenda contains an average of five (5) hours of substantive educational content per day, attendance at the particular conference/seminar will not be approved and related travel expenses will not be reimbursed. Educational forums, conferences and seminars that routinely and consistently satisfy this requirement will automatically qualify for Board approval for attendance. The Chief Executive Officer will screen and determine those conferences or seminars that meet the five (5) hour requirement and provide a list thereof to the Board members and appropriate staff members. Authorization to attend and receive travel expense reimbursement for a client conference organized or sponsored by a single company or firm shall be restricted to those conferences/forums sponsored by firms who havemaintain a contractualprofessional relationship with OCERS. Board members or staff members who havemaintain independent relationships with a conference sponsor are not automatically entitled to attend such conferences at OCERS' expense. The Board of Retirement shall consider each request individually regardless of any Board or staff affiliation.

Board Member

4. The term "Board Member" shall include a designee of the Treasurer, provided such person is designated in writing to act as the designee, has taken the oath of office and has filed the written designation with the County Clerk, County Auditor and OCERS.

Travel Authorization

5. Except as otherwise provided herein, reimbursement of travel expenses for a Board member to attend an educational conference or seminar (or other type of meeting or event) requires the prior approval of the Board of Retirement.

6. All reimbursement of travel expenses for an employee of OCERS to attend an educational conference or seminar (or other type of meeting or event) or for administrative purposes requires the prior approval of the Chief Executive Officer or his or her designee.
- 5.7. Travel on OCERS' business within the Southern California region by Board members or staff need not be approved in advance provided that as long as overnight accommodations are not required. The Southern California region shall include the counties of Orange, Los Angeles, San Bernardino, Riverside, San Diego, Imperial, Ventura, Santa Barbara and Kern.

Limitation on Meeting for Business Purpose

- 6.8. No more than four members of the Board, or a Committee of the Board, are authorized to meet together for business purposes within the State of California unless there is appropriate public notice of the meeting. Attendance at educational conferences, seminars and social activities by more than four members of the Board is not a violation of this provision.

Cost of Administration

- 7.9. Approved education and travel expenses for Board and staff members shall be direct costs of administration of OCERS (or directly charged to Investments in the case of education and travel expenses for Investments staff) shall be paid by OCERS and shall may not be paid through third party contracts or otherwise without express written authorization of the Board of Retirement. All approved travel and education expenses shall be included in the OCERS annual budget and approved by the Board of Retirement. Due Diligence expenses, as authorized by the Board, shall not be treated as costs of administration.

Pre-Approved Conferences and Attendance at Public Retirement System Meetings

- 8.10. Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:
- a. Regular meetings of the State Association of County Retirement Systems (SACRS);
 - b. The Annual Conference, the Annual Safety Conference, and the Annual Legislative Workshop of the National Conference on Public Employee Retirement Systems (NCPERS);
 - c. CALAPRS annual General Assembly and Round Table meetings;
 - d. Conferences of the National Association of State Retirement Administrators (NASRA);
 - e. Conferences of the National Institute on Retirement Security (NIRS); and
 - f. Conferences sponsored by the Board of Retirement's retained consultants and/or investment managers;
 - g. Conferences sponsored by the California Retired County Employees Association (CRCEA); and
 - f.h. Conferences sponsored by a firm that has a contractual relationship with OCERS.

In addition, the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:

- ~~g.i.~~ Annual Conference of the Public Pension Financial Forum (P2F2);
- ~~h.j.~~ Conferences of the National Association of Public Pension Attorneys (NAPPA); ~~and~~
- ~~k.~~ Conferences sponsored by the Government Finance Officers Association (GFOA); ~~and~~
- ~~l.~~ Conferences sponsored by CEM Benchmarking.

~~9.11.~~ In addition, the sStaff members designated by the Chief Executive Officer and Board members who are appointed to serve on committees and/or the Board of Directors of the organizations named in paragraph ~~108~~ are automatically authorized to attend meetings of the committee(s) to which they have been appointed.

~~10.12.~~ Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized to attend each of the following full curriculum pension management programs and courses on a one-time basis:

- a. Basic and advance educational programs sponsored by CALAPRS;
- b. Basic and advanced educational programs sponsored by SACRS;
- c. Basic and advanced investment programs ~~sponsored by~~ ~~held at~~ the Wharton School; provided, however, if the Wharton School does not offer an advanced investment program, the basic program may be taken a second time after three years of initially completing the program; and
- d. Global Financial Markets Institute, Inc. (various programs available).

~~11.13.~~ New Board members, other than those with prior experience administering a public retirement system or pension fund, are encouraged to attend one of the courses listed in paragraph ~~1240~~ within the first year after their election or appointment, ~~as the case may be.~~

~~12.14.~~ The Chief Executive Officer ~~CEO~~ has identified the following conferences/seminars that Board members and designated staff members are automatically authorized to attend, subject to the limits set forth in paragraph 16, at OCERS expense:

- ~~a. Public Employees Benefits Plan or the Annual Investment Institute conference~~ Conferences and Programs (CAPP) sponsored by the International Foundation of Employee Benefit Plans (IFEBP);
- ~~b. Conferences sponsored by the Institute for Fiduciary Education (IFE);~~
- ~~e.b.~~ Conferences sponsored by the Pension Real Estate Association (PREA);
- ~~d. Annual Public Funds Conference (the Public Fund Boards Forum) sponsored by the International Institute for Research (IIR);~~
- ~~e.c.~~ Conferences sponsored by Pension and Investments;
- ~~f.d.~~ Conferences sponsored by the Pacific Pension Institute (PPI);
- ~~g.e.~~ Forums sponsored by Institutional Investor;
- ~~h.f.~~ Conferences sponsored by the Council of Institutional Investors (CII);

- ~~i.~~ ~~IFEBP CAPP Program (Units 1 & 2);~~
- ~~j.g.~~ Conferences sponsored by Institutional Real Estate, Inc. (IREI);
- ~~k.h.~~ Conferences sponsored by the Opal Financial Group; ~~and~~
- ~~i.~~ Conferences sponsored by The Pension Bridge;
- ~~j.~~ Conferences sponsored by the Investment Management Consultants Association (IMCA);
- ~~k.~~ Conferences sponsored by SuperReturn;
- ~~l.~~ Conferences sponsored by Global ARC;
- ~~m.~~ Conferences sponsored by CIO Magazine;
- ~~n.~~ Conferences sponsored by the Institutional Limited Partners Association;
- ~~o.~~ Conferences sponsored by the Falk Marques Group; and
- ~~l.p.~~ Conferences sponsored by Public Retirement Information Systems Management (PRISM).

~~13.15.~~ The Chief Executive Officer shall provide newly elected or appointed Board members with a list of approved conferences scheduled to take place within the current calendar year.

Limitation on Attendance at Conferences and Seminars

- ~~14.16.~~ A Board member is authorized to attend up to three ~~approved~~ events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging) at OCERS' expense each calendar year. Attendance at the pre-approved events ~~(i.e., conferences, seminars, meetings and courses)~~ listed in paragraphs ~~8, 9 and 10, 11 and 12~~ are not subject to the three-event limit imposed by this paragraph even if they require overnight travel.
- ~~15.17.~~ Board members who want to attend events (i.e., conferences, seminars, meetings ~~and~~ courses) ~~(that require overnight lodging)~~ and that are not automatically authorized under paragraphs ~~8, 9, 10 and 12~~ 10, 11, 12 or 14 require advance approval by the Board. Staff members who want to attend events (i.e., conferences, seminars, meetings ~~and~~ courses) ~~(that require overnight lodging)~~ and that are not automatically authorized under paragraphs ~~8, 9, 10 and 12~~ 10, 11, 12 or 14 require advance approval by the Chief Executive Officer or his or her designee.
- ~~18.~~ OCERS will not reimburse overnight lodging for travel within Orange County, regardless of whether the event is pre-approved under any of the provisions of this policy. An exception to this provision may be granted by the Board Chair or Vice Chair upon the request of, and showing of good cause by, a Board member or the Chief Executive Officer; and by the Chief Executive Officer upon the request of, and showing of good cause by, a staff member.
- ~~16.19.~~ In cases where attendance at a particular conference, seminar or other event is limited, the CEO will identify those trustees who will be authorized to attend as follows:-
- a. first, by giving priority to those trustees who have not previously attended the specific conference, seminar or other event and, if needed, make selections by lottery of the interested trustees in this group;

- b. second, if additional opportunities to attend remain available, make selections by lottery of other interested trustees, and
- c. third, designate the remaining interested trustees as alternate attendees, who may attend in the event the trustees originally selected are unable to attend.

International Travel and Travel Outside the Continental United States

~~17-20.~~ Travel by Board members to a destination outside the continental United States requires pre-approval by the Board. Travel by staff to a destination outside the continental United States requires pre-approval by the Chief Executive Officer and notification to the Board Chair. Travel to attend a conference, seminar or meeting held outside the continental United States shall not be reimbursed by OCERS unless it can be demonstrated to the satisfaction of the Board (for travel by a Board member or the Chief Executive Officer) or the Chief Executive Officer (for travel by a staff member) that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period of time.

Travel Reports

~~18-21.~~ The Chief Executive Officer shall submit a quarterly report on conference, seminar and educational course attendance ~~by and OCERS' expenditures covering~~ Board ~~m~~Members and staff ~~and OCERS' cost~~travel related to such events. Such reports shall identify the individual (Board Member or staff), location, purpose and cost of travel. The Board of Retirement will review these reports in January, April, July and October of each calendar year. The report also shall include scheduled travel for the ensuing quarter.

Report on Conference or Seminar

~~19-22.~~ Board Members and staff who travel to conferences or seminars that are not automatically authorized in paragraphs ~~10, 11, 12 or 148, 9, 10 and 12~~ shall file with the Chief Executive Officer a report that briefly summarizes the information and knowledge gained that may be relevant to other Board Members or staff, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board Member or staff will be made on the Conference/Seminar Report form shown in the appendix. The Chief Executive Officer shall cause a copy of the report to be distributed to each Board Member and to the Chief Investment Officer.

Claims for Reimbursement

~~20-23.~~ Reimbursement for travel by a Board member or staff shall be submitted on OCERS Expense Reimbursement Forms accompanied by all supporting original receipts or documentation of the expense incurred. All expense claim forms will be reviewed and approved (or disapproved) in accordance with the provisions of this policy. The Board Chair shall approve expense claims for Board members and the Chief Executive Officer. The Vice Chair will approve expense claims for the Chair. The Chief Executive Officer or his or her designee will approve all expense claims for staff. All approvals are subject to ultimate review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph ~~2118~~.

Cash Advances

~~21-24.~~ Cash advances will be provided upon request only for those conferences, seminars, meetings, and courses identified in ~~paragraphs 10, 11, 12 or 14~~sections 8, 9, 10, and 12 of this policy as pre-approved by the Board and Chief Executive Officer~~CEO~~. Any and all cash advances for travel and training shall be requested through the Chief Executive Officer~~CEO's office~~. Cash advances are subject to approval by the Chair of the Board of Retirement and the Chief Executive Officer~~CEO~~. Notice of all cash advances for travel and training shall be placed on the Consent Agenda for the next Regular Meeting of the Board of Retirement as an informational item.

Time Limit for Expense Claims

~~22-25.~~ Claims for reimbursement pursuant to this policy must be submitted within 30 days following return to Orange County. In no event will a claim for reimbursement be approved if submitted 90 days after the end of the calendar year in which the expense was incurred.

Expenses for Traveling Companions

~~23-26.~~ Expenses of family members and/or traveling companions are not reimbursable by OCERS.

Limitation on Time and Expense Allowance

~~24-27.~~ Allowance for time and expense shall not exceed that which is reasonable and necessary as claimed by others to that precise destination whether by private automobile or common carrier. Expense reimbursements are limited to those items and amounts considered to be non-taxable income to the recipient by the Internal Revenue Service (IRS). Expense costs for extra days prior to or after a conference will be reimbursed only if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions shall include the cost of salary for any work days lost by the extension.

Travel and Lodging Cancellations

~~25-28.~~ Board ~~m~~Members ~~and as well as~~ staff are responsible for the timely cancellation of registration fees, travel and lodging reservations made on his/her behalf that will not be used, so that no unnecessary expense will be incurred by OCERS.

Meals

29. Meals While Attending Events that Require Overnight Travel. Meals purchased by a Board or staff member while attending an event (i.e., conference, seminar, meeting or course) that requires overnight travel will be reimbursed at the actual and reasonable cost of the meals, including non-alcoholic beverages, tax and tip, (a) provided that both an itemized receipt and a charge receipt (when a payment card is used) are submitted, and (b) provided further that any meals included and already paid for by OCERS (such as through the conference registration fee) and meals paid for by a third party and subject to reporting requirements under the Political Reform Act will not be reimbursed. If an itemized receipt is not submitted, OCERS will reimburse the Board or staff member up to the GSA rate for that meal, upon request.~~Board members and staff will be~~

OCERS Board Policy Travel Policy

~~reimbursed for actual and reasonable expense of meals consumed while traveling on business, including non-alcoholic beverages, tax, and tip for meal service that does not exceed a reasonable percentage. A Board member or staff must provide a receipt for any meal that exceeds \$25.00 (excluding tax and tip).~~

~~26-30. **Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved.** Board and staff members will be reimbursed for the actual and reasonable expense of meals, including non-alcoholic beverages, tax and a reasonable tip, consumed and purchased during meetings where business is conducted during the course of the meal, and no overnight travel is required to attend the meeting. (See paragraph 29 for meal reimbursement during trips with overnight travel.) The Board or staff member must provide both an itemized receipt and a charge receipt (when a payment card is used) for all such meals. The names of the people who attended the business-purpose meeting and a brief description of the business discussed or conducted shall be submitted with the reimbursement request. In the event an itemized receipt is lost or is not available, a Missing Receipt Form must be completed and submitted with the expense reimbursement claim. The Missing Receipt Form includes a certification that only allowable items are included in the request for reimbursement.~~

Hotels

~~27-31. Actual expenses for economical and practical lodging will be reimbursed. Reimbursement will be limited to a room considered to be in a standard class. Whenever possible, a request for a government or conference rate will be made.~~

~~28-32. If, at the conclusion of a business-related trip, it would be impractical for a Board member or staff member to return home the same day and arrive home prior to 10:00 p.m. California time (due to the distance that must be traveled, or the unavailability of a return flight) or if the traveler's work and travel time for the final day will exceed 12 hours, the Board member or staff member will be entitled to be reimbursed for one additional night of lodging.~~

Airline Travel

~~29-33. OCERS' Board members and staff will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse a Board or staff member to fly business or first class except in extraordinary circumstances, and then only with the approval of the Board Chair or Vice Chair where the traveler is a Board member or the Chief Executive Officer, or the approval of the Chief Executive Officer where the traveler is a staff member. In addition, for travel that exceeds four hours in length, additional legroom seats or premium economy fees will be reimbursed. An individual may, at his or her own expense, pay to upgrade travel to business or first class.~~

~~30-34. If a significant savings can be realized on the airline fare by having a Board member or staff member extend their stay to include a Saturday night, the Board or staff member, at his or her option, may extend his or her stay in order to realize such savings. OCERS will reimburse the additional lodging and meal costs resulting from an extended itinerary, not to exceed the savings in airline fare.~~

Automobile Mileage

31-35. A Board member or staff member who uses his/her personal automobile for transportation on OCERS business will keep records of the actual mileage driven on business, and will report such mileage on an OCERS Expense Report Form and will provide documentation of the miles driven (e.g., copy of map and route). Reimbursement will be made at the per-mile rate allowed by the Internal Revenue Service. Mileage will be reimbursed for only those miles incurred beyond the staff member's normal commute to his or her regular worksite (i.e., if an employee departs from or returns to his or her home instead of the regular worksite, only the mileage in excess of the normal daily commute will be reimbursed).

32-36. A Board member or staff member who elects to use his/her personal automobile for travel will be reimbursed for mileage to the point that does not exceed the cost of the most economical (least expensive) round-trip ticket between Orange County and the destination city.

Parking and Tolls

33-37. Parking and tolls will be reimbursed at current rates. A receipt is required for amounts over \$25.00.

Public Transportation

34-38. Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar) and public transportation for OCERS business will be reimbursed at current rates. The most economical mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttle) is not required. ~~Public transportation is preferred.~~ A receipt is required for amounts over \$25.00.

Car Rentals

35-39. The use of a rental car by a Board member or staff will be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars, shared ride services or public transportation. Board members and staff are required to obtain and purchase (and OCERS will reimburse) Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles on OCERS' business. Rental car discounts must be used whenever possible and appropriate. If available, a compact vehicle will be requested, unless several Board members and/or staff will be using the vehicle together.

Incidental Business Expenses

36-40. Incidental business expenses reasonably incurred in connection with OCERS business, such as telephone, fax, Internet access, and similar business expenses, will be reimbursed. Receipts are required for all amounts.

Porterage/Housekeeping/Other

~~37.41.~~ OCERS will reimburse a maximum of reimbursement \$15 per day of travel for porterage, and housekeeping and non-meal related gratuities \$5.00 per day (cumulative) of travel. Receipts are not required for these porterage or housekeeping expenses.

Excluded Expenses

~~42.~~ The following expenses will not be reimbursed: Alcoholic beverages, tobacco, in-room movies, barber shop, beauty shop, gifts, magazines, personal telephone calls and mini-bar charges. In the case of ~~an extended~~ a trip longer than five business days or an emergency situation, laundry and dry cleaning expenses will be reimbursed.

~~38.43.~~ OCERS will not reimburse or pay for charges for attendance at or participation in networking, social or entertainment type events (e.g., golf, cocktail parties, excursions, outings, etc.) that are in addition to or not included in the general conference registration fee, except that OCERS will pay for NASRA-sponsored networking events that take place during, and are included in the agenda for, NASRA-sponsored conferences.

Gifts

~~39.~~ FPPC regulations limit the ability of OCERS, individual Board Members and designated staff to accept gifts of travel, lodging and meals from third parties. In all cases, the evaluation of whether the gift can be accepted and the determination of the FPPC reporting requirements shall be made by the Chief Executive Officer in conjunction with general counsel and communicated to the intended recipient of the gift.

Staff Travel

~~40.44.~~ In furtherance of this policy, the Chief Executive Officer shall have discretionary authority to approve staff travel as necessary to carry out the administrative responsibilities of OCERS, such as attendance at legislative meetings or hearings, conducting on-site visits as part of due diligence evaluation of existing and proposed service providers, participating in continuing education programs, and other duties as directed.

Policy Review

~~41.45.~~ This policy shall be reviewed every three years by the Governance Committee and may be amended by the Board of Retirement at any time.

Policy History

~~42.46.~~ The Retirement Board adopted this policy on December 16, 2002.

~~43.47.~~ This policy was revised on June 18, 2007, March 24, 2008, March 22, 2010, June 21, 2010, June 18, 2012, February 19, 2013, January 21, 2014, February 17, 2015, and November 16, 2015, and April 18, 2018.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



11/16/15

Steve Delaney
Secretary of the Board

Date



Form

Report of Attendance at Conference or Seminar

Name of Member Attending: _____

Name of Conference/Seminar: _____

Location of Conference/Seminar: _____

Conference/Seminar Sponsor: _____

Dates of Attendance: _____

Total Cost of Attendance: _____

Brief Summary of Information and Knowledge Gained:

Evaluation of the Conference or Seminar:

Recommendation Concerning Future Attendance:

Signature

Return to: Executive Assistant

Copies to: Board Members
Chief Executive Officer
Assistant Chief Executive Officers

Purpose

1. Prudent oversight of a public sector pension plan requires that trustees and staff occasionally travel to business meetings and educational conferences or seminars, held in or outside of the state of California. Travel and related costs incurred in doing so not only represent legitimate expenses of the plan, but are a sound investment in the ongoing success of the organization in meeting the needs of the membership.
2. The purpose of the Travel Policy is to encourage and facilitate the pursuit of relevant educational and business related initiatives by trustees and staff. The policy is designed to assist them in meeting their fiduciary duties to administer the pension plan, ensure that expenditures incurred in the education and travel process are prudent and cost-effective, and to mitigate the risk of improprieties arising from travel or business related activities. Exceptions to any provision of this policy for a Board member or the Chief Executive Officer require the pre-approval of the Board Chair or Vice Chair; and require the pre-approval of the Chief Executive Officer in the case of an exception for a staff member.

Content Requirements

3. As a general rule, and with the exception of public retirement system meetings discussed below, unless a conference/seminar agenda contains an average of five (5) hours of substantive educational content per day, attendance at the particular conference/seminar will not be approved and related travel expenses will not be reimbursed. Educational forums, conferences and seminars that routinely and consistently satisfy this requirement will automatically qualify for Board approval for attendance. The Chief Executive Officer will screen and determine those conferences or seminars that meet the five (5) hour requirement and provide a list thereof to the Board members and appropriate staff members. Authorization to attend and receive travel expense reimbursement for a client conference organized or sponsored by a single company or firm shall be restricted to those conferences sponsored by firms who have a contractual relationship with OCERS. Board members or staff members who have independent relationships with a conference sponsor are not automatically entitled to attend such conferences at OCERS' expense. The Board of Retirement shall consider each request individually regardless of any Board or staff affiliation.

Board Member

4. The term "Board Member" shall include a designee of the Treasurer, provided such person is designated in writing to act as the designee, has taken the oath of office and has filed the written designation with the County Clerk, County Auditor and OCERS.

Travel Authorization

5. Except as otherwise provided herein, reimbursement of travel expenses for a Board member to attend an educational conference or seminar (or other type of meeting or event) requires the prior approval of the Board of Retirement.

6. All reimbursement of travel expenses for an employee of OCERS to attend an educational conference or seminar (or other type of meeting or event) or for administrative purposes requires the prior approval of the Chief Executive Officer or his or her designee.
7. Travel on OCERS' business within the Southern California region by Board members or staff need not be approved in advance provided that overnight accommodations are not required. The Southern California region shall include the counties of Orange, Los Angeles, San Bernardino, Riverside, San Diego, Imperial, Ventura, Santa Barbara and Kern.

Limitation on Meeting for Business Purpose

8. No more than four members of the Board are authorized to meet together for business purposes within the State of California unless there is appropriate public notice of the meeting. Attendance at educational conferences, seminars and social activities by more than four members of the Board is not a violation of this provision.

Cost of Administration

9. Approved education and travel expenses for Board and staff members shall be direct costs of administration of OCERS (or directly charged to Investments in the case of education and travel expenses for Investments staff) shall be paid by OCERS and shall not be paid through third party contracts or otherwise without express written authorization of the Board of Retirement. All approved travel and education expenses shall be included in the OCERS annual budget approved by the Board of Retirement. Due Diligence expenses, as authorized by the Board, shall not be treated as costs of administration.

Pre-Approved Conferences and Meetings

10. Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:
 - a. Regular meetings of the State Association of County Retirement Systems (SACRS);
 - b. The Annual Conference, the Annual Safety Conference, and the Annual Legislative Workshop of the National Conference on Public Employee Retirement Systems (NCPERS);
 - c. CALAPRS annual General Assembly and Round Table meetings;
 - d. Conferences of the National Association of State Retirement Administrators (NASRA);
 - e. Conferences of the National Institute on Retirement Security (NIRS);
 - f. Conferences sponsored by the Board of Retirement's retained consultants and/or investment managers;
 - g. Conferences sponsored by the California Retired County Employees Association (CRCEA); and
 - h. Conferences sponsored by a firm that has a contractual relationship with OCERS.

In addition, the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:

- i. Annual Conference of the Public Pension Financial Forum (P2F2);
 - j. Conferences of the National Association of Public Pension Attorneys (NAPPA);
 - k. Conferences sponsored by the Government Finance Officers Association (GFOA); and
 - l. Conferences sponsored by CEM Benchmarking.
11. Staff members designated by the Chief Executive Officer and Board members who are appointed to serve on committees and/or the Board of Directors of the organizations named in paragraph 10 are automatically authorized to attend meetings of the committee(s) to which they have been appointed.
12. Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized to attend each of the following full curriculum pension management programs and courses on a one-time basis:
- a. Basic and advance educational programs sponsored by CALAPRS;
 - b. Basic and advanced educational programs sponsored by SACRS;
 - c. Basic and advanced investment programs sponsored by the Wharton School; provided, however, if the Wharton School does not offer an advanced investment program, the basic program may be taken a second time after three years of initially completing the program; and
 - d. Global Financial Markets Institute, Inc. (various programs available).
13. New Board members, other than those with prior experience administering a public retirement system or pension fund, are encouraged to attend one of the courses listed in paragraph 12 within the first year after their election or appointment.
14. The Chief Executive Officer has identified the following conferences/seminars that Board members and designated staff members are automatically authorized to attend, subject to the limits set forth in paragraph 16, at OCERS expense:
- a. Conferences and Programs (CAPP) sponsored by the International Foundation of Employee Benefit Plans (IFEBP);
 - b. Conferences sponsored by the Pension Real Estate Association (PREA);
 - c. Conferences sponsored by Pension and Investments;
 - d. Conferences sponsored by the Pacific Pension Institute (PPI);
 - e. Forums sponsored by Institutional Investor;
 - f. Conferences sponsored by the Council of Institutional Investors (CII);
 - g. Conferences sponsored by Institutional Real Estate, Inc. (IREI);
 - h. Conferences sponsored by the Opal Financial Group;
 - i. Conferences sponsored by The Pension Bridge;
 - j. Conferences sponsored by the Investment Management Consultants Association (IMCA);
 - k. Conferences sponsored by SuperReturn;

- l. Conferences sponsored by Global ARC;
 - m. Conferences sponsored by CIO Magazine;
 - n. Conferences sponsored by the Institutional Limited Partners Association;
 - o. Conferences sponsored by the Falk Marques Group; and
 - p. Conferences sponsored by Public Retirement Information Systems Management (PRISM).
15. The Chief Executive Officer shall provide newly elected or appointed Board members with a list of approved conferences scheduled to take place within the current calendar year.

Limitation on Attendance at Conferences and Seminars

16. A Board member is authorized to attend up to three events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging at OCERS' expense each calendar year. Attendance at the pre-approved events listed in paragraphs 10, 11 and 12 are not subject to the three-event limit imposed by this paragraph even if they require overnight travel.
17. Board members who want to attend events (i.e., conferences, seminars, meetings or courses) that require overnight lodging and that are not automatically authorized under paragraphs 10, 11, 12 or 14 require advance approval by the Board. Staff members who want to attend events (i.e., conferences, seminars, meetings or courses) that require overnight lodging and that are not automatically authorized under paragraphs 10, 11, 12 or 14 require advance approval by the Chief Executive Officer or his or her designee.
18. OCERS will not reimburse overnight lodging for travel within Orange County, regardless of whether the event is pre-approved under any of the provisions of this policy. An exception to this provision may be granted by the Board Chair or Vice Chair upon the request of, and showing of good cause by, a Board member or the Chief Executive Officer; and by the Chief Executive Officer upon the request of, and showing of good cause by, a staff member.
19. In cases where attendance at a particular conference, seminar or other event is limited, the CEO will identify those trustees who will be authorized to attend as follows:
- a. first, by giving priority to those trustees who have not previously attended the specific conference, seminar or other event and, if needed, make selections by lottery of the interested trustees in this group;
 - b. second, if additional opportunities to attend remain available, make selections by lottery of other interested trustees, and
 - c. third, designate the remaining interested trustees as alternate attendees, who may attend in the event the trustees originally selected are unable to attend.

International Travel and Travel Outside the Continental United States

20. Travel by Board members to a destination outside the continental United States requires pre-approval by the Board. Travel by staff to a destination outside the continental United States requires pre-approval by the Chief Executive Officer and notification to the Board Chair. Travel to

attend a conference, seminar or meeting held outside the continental United States shall not be reimbursed by OCERS unless it can be demonstrated to the satisfaction of the Board (for travel by a Board member or the Chief Executive Officer) or the Chief Executive Officer (for travel by a staff member) that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period of time.

Travel Reports

21. The Chief Executive Officer shall submit a quarterly report on conference, seminar and educational course attendance by Board members and staff and OCERS' costs related to such events. Such reports shall identify the individual (Board Member or staff), location, purpose and cost of travel. The Board of Retirement will review these reports in January, April, July and October of each calendar year. The report also shall include scheduled travel for the ensuing quarter.

Report on Conference or Seminar

22. Board Members and staff who travel to conferences or seminars that are not automatically authorized in paragraphs 10, 11, 12 or 14 shall file with the Chief Executive Officer a report that briefly summarizes the information and knowledge gained that may be relevant to other Board Members or staff, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board Member or staff will be made on the Conference/Seminar Report form shown in the appendix. The Chief Executive Officer shall cause a copy of the report to be distributed to each Board Member and to the Chief Investment Officer.

Claims for Reimbursement

23. Reimbursement for travel by a Board member or staff shall be submitted on OCERS Expense Reimbursement Forms accompanied by all supporting original receipts or documentation of the expense incurred. All expense claim forms will be reviewed and approved (or disapproved) in accordance with the provisions of this policy. The Board Chair shall approve expense claims for Board members and the Chief Executive Officer. The Vice Chair will approve expense claims for the Chair. The Chief Executive Officer or his or her designee will approve all expense claims for staff. All approvals are subject to ultimate review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph 21.

Cash Advances

24. Cash advances will be provided upon request only for those conferences, seminars, meetings, and courses identified in paragraphs 10, 11, 12 or 14 of this policy as pre-approved by the Board and Chief Executive Officer. Any and all cash advances for travel and training shall be requested through the Chief Executive Officer. Cash advances are subject to approval by the Chair of the Board of Retirement and the Chief Executive Officer. Notice of all cash advances for travel and training shall be placed on the Consent Agenda for the next Regular Meeting of the Board of Retirement as an informational item.

Time Limit for Expense Claims

25. Claims for reimbursement pursuant to this policy must be submitted within 30 days following return to Orange County. In no event will a claim for reimbursement be approved if submitted 90 days after the end of the calendar year in which the expense was incurred.

Expenses for Traveling Companions

26. Expenses of family members and/or traveling companions are not reimbursable by OCERS.

Limitation on Time and Expense Allowance

27. Allowance for time and expense shall not exceed that which is reasonable and necessary as claimed by others to that precise destination whether by private automobile or common carrier. Expense reimbursements are limited to those items and amounts considered to be non-taxable income to the recipient by the Internal Revenue Service (IRS). Expense costs for extra days prior to or after a conference will be reimbursed only if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions shall include the cost of salary for any work days lost by the extension.

Travel and Lodging Cancellations

28. Board members and staff are responsible for the timely cancellation of registration fees, travel and lodging reservations made on his/her behalf that will not be used, so that no unnecessary expense will be incurred by OCERS.

Meals

29. **Meals While Attending Events that Require Overnight Travel.** Meals purchased by a Board or staff member while attending an event (i.e., conference, seminar, meeting or course) that requires overnight travel will be reimbursed at the actual and reasonable cost of the meals, including non-alcoholic beverages, tax and tip, (a) provided that both an itemized receipt and a charge receipt (when a payment card is used) are submitted, and (b) provided further that any meals included and already paid for by OCERS (such as through the conference registration fee) and meals paid for by a third party and subject to reporting requirements under the Political Reform Act will not be reimbursed. If an itemized receipt is not submitted, OCERS will reimburse the Board or staff member up to the GSA rate for that meal, upon request.
30. **Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved.** Board and staff members will be reimbursed for the actual and reasonable expense of meals, including non-alcoholic beverages, tax and a reasonable tip, consumed and purchased during meetings where business is conducted during the course of the meal, and no overnight travel is required to attend the meeting. (See paragraph 29 for meal reimbursement during trips with overnight travel.) The Board or staff member must provide both an itemized receipt and a charge receipt (when a payment card is used) for all such meals. The names of the people who attended the business-purpose meeting and a brief description of the business discussed or conducted shall be submitted with the reimbursement request. In the event an

itemized receipt is lost or is not available, a Missing Receipt Form must be completed and submitted with the expense reimbursement claim. The Missing Receipt Form includes a certification that only allowable items are included in the request for reimbursement.

Hotels

31. Actual expenses for economical and practical lodging will be reimbursed. Reimbursement will be limited to a room considered to be in a standard class. Whenever possible, a request for a government or conference rate will be made.
32. If, at the conclusion of a business-related trip, it would be impractical for a Board member or staff member to return home the same day and arrive home prior to 10:00 p.m. California time (due to the distance that must be traveled, or the unavailability of a return flight) or if the traveler's work and travel time for the final day will exceed 12 hours, the Board member or staff member will be entitled to be reimbursed for one additional night of lodging.

Airline Travel

33. OCERS' Board members and staff will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse a Board or staff member to fly business or first class except in extraordinary circumstances, and then only with the approval of the Board Chair or Vice Chair where the traveler is a Board member or the Chief Executive Officer, or the approval of the Chief Executive Officer where the traveler is a staff member. In addition, for travel that exceeds four hours in length, additional legroom seats or premium economy fees will be reimbursed. An individual may, at his or her own expense, pay to upgrade travel to business or first class.
34. If a significant savings can be realized on the airline fare by having a Board member or staff member extend their stay to include a Saturday night, the Board or staff member, at his or her option, may extend his or her stay in order to realize such savings. OCERS will reimburse the additional lodging and meal costs resulting from an extended itinerary, not to exceed the savings in airline fare.

Automobile Mileage

35. A Board member or staff member who uses his/her personal automobile for transportation on OCERS business will keep records of the actual mileage driven on business, and will report such mileage on an OCERS Expense Report Form and will provide documentation of the miles driven (e.g., copy of map and route). Reimbursement will be made at the per-mile rate allowed by the IRS. Mileage will be reimbursed for only those miles incurred beyond the staff member's normal commute to his or her regular worksite (i.e., if an employee departs from or returns to his or her home instead of the regular worksite, only the mileage in excess of the normal daily commute will be reimbursed).
36. A Board member or staff member who elects to use his/her personal automobile for travel will be reimbursed for mileage to the point that does not exceed the cost of the most economical (least expensive) round-trip ticket between Orange County and the destination city.

Parking and Tolls

37. Parking and tolls will be reimbursed at current rates. A receipt is required for amounts over \$25.00.

Public Transportation

38. Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar) and public transportation for OCERS business will be reimbursed at current rates. The most economical mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttle) is not required. A receipt is required for amounts over \$25.00.

Car Rentals

39. The use of a rental car by a Board member or staff will be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars, shared ride services or public transportation. Board members and staff are required to obtain and purchase (and OCERS will reimburse) Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles on OCERS' business. Rental car discounts must be used whenever possible and appropriate. If available, a compact vehicle will be requested, unless several Board members and/or staff will be using the vehicle together.

Incidental Business Expenses

40. Incidental business expenses reasonably incurred in connection with OCERS business, such as telephone, fax, Internet access, and similar business expenses, will be reimbursed. Receipts are required for all amounts.

Porterage/Housekeeping/Other

41. OCERS will reimburse a maximum of \$15 per day of travel for porterage, housekeeping and non-meal related gratuities. Receipts are not required for these expenses.

Excluded Expenses

42. The following expenses will not be reimbursed: Alcoholic beverages, tobacco, in-room movies, barber shop, beauty shop, gifts, magazines, personal telephone calls and mini-bar charges. In the case of a trip longer than five business days or an emergency situation, laundry and dry cleaning expenses will be reimbursed.

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Staff Travel

44. In furtherance of this policy, the Chief Executive Officer shall have discretionary authority to approve staff travel as necessary to carry out the administrative responsibilities of OCERS, such as attendance at legislative meetings or hearings, conducting on-site visits as part of due diligence evaluation of existing and proposed service providers, participating in continuing education programs, and other duties as directed.

Policy Review

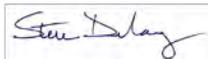
45. This policy shall be reviewed every three years by the Governance Committee and may be amended by the Board of Retirement at any time.

Policy History

46. The Retirement Board adopted this policy on December 16, 2002.
47. This policy was revised on June 18, 2007, March 24, 2008, March 22, 2010, June 21, 2010, June 18, 2012, February 19, 2013, January 21, 2014, February 17, 2015, November 16, 2015, and April 18, 2018.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



Steve Delaney
Secretary of the Board

Date



Form

Report of Attendance at Conference or Seminar

Name of Member Attending: _____

Name of Conference/Seminar: _____

Location of Conference/Seminar: _____

Conference/Seminar Sponsor: _____

Dates of Attendance: _____

Total Cost of Attendance: _____

Brief Summary of Information and Knowledge Gained:

Evaluation of the Conference or Seminar:

Recommendation Concerning Future Attendance:

Signature

Return to: Executive Assistant

Copies to: Board Members
Chief Executive Officer
Assistant Chief Executive Officers

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of ~~the~~ OCERS and is not subject to county civil service and merit system rules (~~§31522.5~~). This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of ~~the~~ OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law Act, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Assist the Board in implementing its governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (~~§~~ "California Government Code Section §§54950, et.seq.").
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board-;
 - d. Sign subpoenas; and
 - d.e. Serve as OCERS' filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.

Investments

7. The CEO will:

- a. Employ a Chief Investment Officer (CIO) with appropriate education and experience in institutional investing;
- b. Carry out the duties described in this section through the CIO and other professional investment staff;
- c. Recommend to the ~~the~~ investment ~~Committees~~ an Investment Policy Statement which will include investment objectives;
- d. Recommend to the ~~the~~ investment ~~Committees~~ strategies for achieving OCERS's investment objectives;
- e. ~~Ensure the implementation of~~ implement the strategies approved by the Board by establishing manager structures for each asset class, which ~~includes~~ among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
- f. Ensure execution of portfolio rebalancing and portfolio transitions;
- g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program ~~of the OCERS~~;
- h. Ensure all necessary investment manager due diligence is performed in accordance with the Investment Policy Statement ~~Due Diligence Policy and Service Provider Selection Policy~~ of the Board; and
- i. Oversee the CIO's hiring and termination ~~recommendation~~ of investment managers ~~for appointment by the Board~~.

Benefits Administration

8. The CEO will:

- a. Recommend to the Board, as necessary, policies to ensure effective and efficient administration of member benefits;
- b. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
- c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their ~~its~~ consideration;
- d. Maintain accurate records of member accounts;
- e. Ensure delivery of high standards of service to members including calculations and counseling; and
- f. Develop staff policies and procedures to ensure effective and efficient administration of member benefits.

Operations

9. The CEO will:
- a. Recommend to the Board, as appropriate, Board policies designed to help ensure effective operations;
 - b. Develop and recommend to the Board a business plan ~~to the Board, as well as~~ and updates to the plan as necessary;
 - c. Recommend the annual Operating Budget to the Board;
 - d. Execute contractual agreements in accordance with the Procurement and Contracting Policy, ~~approve as necessary or advisable by legal counsel~~, and authorize payment-s related to the administration of ~~the~~ OCERS, consistent with the Operating Budget and OCERS' internal controls ~~of the OCERS~~;
 - e. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 - f. Implement internal operational control policies;
 - g. Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer ~~the~~ OCERS;
 - ~~h. Cause to be prepared a comprehensive annual financial report on the operations of the OCERS for Board approval;~~
 - i.h. Maintain the records of ~~the~~ OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
 - j.i. Assist the Audit Committee in coordinating operational audits; and
 - k.j. Maintain an effective working relationship with the County and other plan sponsors of OCERS.

Finance, Actuarial and Accounting

10. The CEO will:
- a. Recommend to the Audit Committee as appropriate, financial and accounting policies;
 - b. Implement appropriate internal financial controls to safeguard the assets of the OCERS;
 - c. Assist the Audit Committee in coordinating the annual financial audit;
 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits; ~~and~~
 - e. ~~Cause to be prepared a comprehensive annual financial report on the operations of OCERS for Board approval; and~~
 - e.f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code (§31597).

Human Resources

11. The CEO will:

- a. Recommend ~~a~~ human resources and compensation ~~policies~~ policy to the Board;
- b. Assess the human resources needs of ~~the~~ OCERS and establish and implement appropriate human resources programs and procedures, consistent with the human resources and compensation ~~policies~~ policy of the Board;
- c. Hire, manage and terminate senior management, and oversee the hiring management and termination of staff; and
- d. Develop training and job development programs for ~~the~~ OCERS as approved in the Operating Budget.

Legislation and Litigation

12. The CEO will:

- a. Recommend for Board approval, legislative proposals to be considered by the Board;
- b. Coordinate with legal counsel on all claims, demands, disputes or legal proceedings involving ~~the~~ OCERS;
- c. In consultation with legal counsel, provide recommendations to the Board concerning the management and disposition of claims, demands, disputes or legal proceedings involving ~~the~~ OCERS; and
- d. Develop and implement plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:

- a. Ensure effective and timely communications with stakeholders on matters relating to the administration of ~~the~~ OCERS. Such communications may include press releases, newsletters, presentations, and internet communications; and
- b. In situations that call for an official spokesperson to speak on behalf of ~~the~~ OCERS, jointly determine with the Chair, on an issue-by-issue basis, who will act in such capacity.

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Board-appointed service providers, as listed in ~~section 12 of~~ the Board Charter, and will provide the Board with appropriate recommendation-s, in accordance with the ~~Due Diligence Policy and Service Provider Selection~~ Procurement and Contracting Policy and the Investment Policy Statement of the Board.

15. The CEO may hire other service providers, consistent with the Operating Budget and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.

Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to ~~the~~OCERS, and provide recommended courses of action as appropriate.
17. The CEO will:
- Review all policies of ~~the~~OCERS on a regular basis to ensure they are being followed and continue to meet OCERS'~~the~~ needs ~~of the OCERS~~;
 - Monitor the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
 - Monitor the funded status of ~~the~~OCERS and all issues that may reasonably have a significant impact on such status;
 - Monitor the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund;
 - Review and respond to the findings of the annual financial audit, and of any internal audits that may be performed;
 - Monitor employees and service providers of ~~the~~OCERS to ensure compliance with the OCERS ~~policies of the OCERS~~;
 - Review the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
 - Monitor and evaluate the activities and performance of senior management;
 - Monitor the accuracy and timeliness of all payments due to and payable by ~~the~~OCERS;
 - Monitor OCERS' compliance with applicable laws and regulations; and
 - In conjunction with legal counsel, monitor the status of all claims, demands, disputes and legal proceedings involving ~~the~~OCERS and report to the Board ~~of Retirement~~ as appropriate.

Charter Review

18. The Governance Committee will review this cCharter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the cCharter remains relevant and appropriate.

19. This charter was adopted by the Board of Retirement on November 18, 2002, and amended on August 25, 2008, ~~and~~ July 20, 2015 and April 18, 2018.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



7/20/15

Steve Delaney, Secretary of the Board

Date

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of OCERS and is not subject to county civil service and merit system rules. This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Assist the Board in implementing its governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (California Government Code §§54950, *et.seq.*).
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board;
 - d. Sign subpoenas; and
 - e. Serve as OCERS' filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.

Investments

7. The CEO will:
 - a. Employ a Chief Investment Officer (CIO) with appropriate education and experience in institutional investing;
 - b. Carry out the duties described in this section through the CIO and other professional investment staff;
 - c. Recommend to the Investment Committee an Investment Policy Statement which will include investment objectives;
 - d. Recommend to the Investment Committee strategies for achieving OCERS' investment objectives;
 - e. Ensure the implementation of the strategies approved by the Board by establishing manager structures for each asset class, which includes among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
 - f. Ensure execution of portfolio rebalancing and portfolio transitions;
 - g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program;
 - h. Ensure all necessary investment manager due diligence is performed in accordance with the Investment Policy Statement of the Board; and
 - i. Oversee the CIO's hiring and termination of investment managers.

Benefits Administration

8. The CEO will:
 - a. Recommend to the Board, as necessary, policies to ensure effective and efficient administration of member benefits;
 - b. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
 - c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their consideration;
 - d. Maintain accurate records of member accounts;
 - e. Ensure delivery of high standards of service to members including calculations and counseling; and
 - f. Develop staff policies and procedures to ensure effective and efficient administration of member benefits.

Operations

9. The CEO will:
 - a. Recommend to the Board, as appropriate, Board policies designed to help ensure effective operations;
 - b. Develop and recommend to the Board a business plan and updates to the plan as necessary;
 - c. Recommend the annual Operating Budget to the Board;
 - d. Execute contractual agreements in accordance with the Procurement and Contracting Policy and authorize payments related to the administration of OCERS, consistent with the Operating Budget and OCERS' internal controls;
 - e. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 - f. Implement internal operational control policies;
 - g. Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer OCERS;
 - h. Maintain the records of OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
 - i. Assist the Audit Committee in coordinating operational audits; and
 - j. Maintain an effective working relationship with the County and other plan sponsors of OCERS.

Finance, Actuarial and Accounting

10. The CEO will:
 - a. Recommend to the Audit Committee as appropriate, financial and accounting policies;
 - b. Implement appropriate internal financial controls to safeguard the assets of the OCERS;
 - c. Assist the Audit Committee in coordinating the annual financial audit;
 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits;
 - e. Cause to be prepared a comprehensive annual financial report on the operations of OCERS for Board approval; and
 - f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code §31597.

Human Resources

11. The CEO will:
 - a. Recommend human resources and compensation policies to the Board;

- b. Assess the human resources needs of OCERS and establish and implement appropriate human resources programs and procedures, consistent with the human resources and compensation policies of the Board;
- c. Hire, manage and terminate senior management, and oversee the hiring management and termination of staff; and
- d. Develop training and job development programs for OCERS as approved in the Operating Budget.

Legislation and Litigation

12. The CEO will:
- a. Recommend for Board approval, legislative proposals to be considered by the Board;
 - b. Coordinate with legal counsel on all claims, demands, disputes or legal proceedings involving OCERS;
 - c. In consultation with legal counsel, provide recommendations to the Board concerning the management and disposition of claims, demands, disputes or legal proceedings involving OCERS; and
 - d. Develop and implement plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:
- a. Ensure effective and timely communications with stakeholders on matters relating to the administration of OCERS. Such communications may include press releases, newsletters, presentations, and internet communications; and
 - b. In situations that call for an official spokesperson to speak on behalf of OCERS, jointly determine with the Chair, on an issue-by-issue basis, who will act in such capacity.

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Board-appointed service providers, as listed in the Board Charter, and will provide the Board with appropriate recommendations, in accordance with the Procurement and Contracting Policy and the Investment Policy Statement of the Board.
15. The CEO may hire other service providers, consistent with the Operating Budget and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.

Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the

CEO will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to OCERS and provide recommended courses of action as appropriate.

17. The CEO will:

- a. Review all policies of OCERS on a regular basis to ensure they are being followed and continue to meet OCERS' needs;
- b. Monitor the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
- c. Monitor the funded status of OCERS and all issues that may reasonably have a significant impact on such status;
- d. Monitor the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund;
- e. Review and respond to the findings of the annual financial audit, and of any internal audits that may be performed;
- f. Monitor employees and service providers of OCERS to ensure compliance with the OCERS policies;
- g. Review the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
- h. Monitor and evaluate the activities and performance of senior management;
- i. Monitor the accuracy and timeliness of all payments due to and payable by OCERS;
- j. Monitor OCERS' compliance with applicable laws and regulations; and
- k. In conjunction with legal counsel, monitor the status of all claims, demands, disputes and legal proceedings involving OCERS and report to the Board as appropriate.

Charter Review

18. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
19. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015 and April 18, 2018.



OCERS Board Charter CEO Charter

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

A handwritten signature in blue ink that reads "Steve Delaney" is enclosed in a thin black rectangular box.

Steve Delaney, Secretary of the Board

Date

Introduction

1. The Chair of the Board of Retirement (Board) will take office in accordance with the Board's By-Laws. The Chair will exercise the powers and will perform the duties and functions specified herein.

Duties and Responsibilities

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of committees of the Board;
 - b. Orient new members of the Board on current issues before the Board and designate an incumbent member of the Board to provide new members an orientation on current Board governance practices;
 - b.c. Approve monthly Board meeting agendas as prepared by the CEO.
 - e.d. Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with The Ralph M Brown Act ("Government Code Sections 54950, et.seq") and the principles embodied in the OCERS Rules of Parliamentary Procedure;
 - d.e. Guide the Board in achieving a harmonious atmosphere, while allowing full and open debate;
 - e.f. Ensure coordination of meetings, agendas, schedules and presentations, in consultation with the CEO;
 - f.g. Facilitate effective and open communications between the Board, the CEO, and other OCERS senior management;
 - g.h. Work to ensure that Board deliberations are conducted with respect and professionalism
 - h.i. Work to ensure that the Board discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Sections 31450-31899.10 as amended, the Board Charter, the By Laws, and the governance policies of the Board,
 - i.j. In situations that call for an official spokesperson to speak on behalf of the OCERS, the CEO and the Chair will jointly determine who will act in such capacity, on an issue-by-issue basis;
 - j.k. Approve in advance all travel of the CEO and review all expense claims by the CEO and other members of the Board;
 - k.l. Sign subpoenas if the CEO (who is Secretary to the Board) is unavailable; ~~(\$31535)~~
 - l.m. Working with the Board Vice Chair, co-ordinate the CEO evaluation process;
 - m.n. Review, revise as necessary, and approve and sign the minutes of the meetings of the Board which shall be part of the permanent records of the Board; and

Board of Retirement Chair Charter

~~#-0.~~ Carry out such other functions and duties as may be prescribed by the Board from time to time.

Charter Review

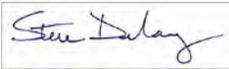
3. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

4. This charter was adopted by the Board of Retirement on November 18, 2002 and amended on July 20, 2015, ~~and~~ February 13, 2018 and April 18, 2018.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



2/13/18

Steve Delaney, Secretary of the Board

Date

Board of Retirement Chair Charter

Introduction

1. The Chair of the Board of Retirement (Board) will take office in accordance with the Board's By-Laws. The Chair will exercise the powers and will perform the duties and functions specified herein.

Duties and Responsibilities

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of committees of the Board;
 - b. Orient new members of the Board on current issues before the Board and designate an incumbent member of the Board to provide new members an orientation on current Board governance practices;
 - c. Approve monthly Board meeting agendas as prepared by the CEO.
 - d. Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with The Ralph M Brown Act (Government Code Sections 54950, *et.seq*) and the OCERS Rules of Parliamentary Procedure;
 - e. Guide the Board in achieving a harmonious atmosphere, while allowing full and open debate;
 - f. Ensure coordination of meetings, agendas, schedules and presentations, in consultation with the CEO;
 - g. Facilitate effective and open communications between the Board, the CEO, and other OCERS senior management;
 - h. Work to ensure that Board deliberations are conducted with respect and professionalism
 - i. Work to ensure that the Board discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, the Board Charter, By Laws, and governance policies of the Board,
 - j. In situations that call for an official spokesperson to speak on behalf of OCERS, the CEO and the Chair will jointly determine who will act in such capacity, on an issue-by-issue basis;
 - k. Approve in advance all travel of the CEO and review all expense claims by the CEO and other members of the Board;
 - l. Sign subpoenas if the CEO (who is Secretary to the Board) is unavailable;
 - m. Working with the Board Vice Chair, coordinate the CEO evaluation process;
 - n. Review, revise as necessary, and approve and sign the minutes of the meetings of the Board which shall be part of the permanent records of the Board; and
 - o. Carry out such other functions and duties as may be prescribed by the Board from time to time.

Board of Retirement Chair Charter

Charter Review

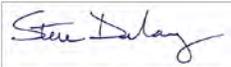
3. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

4. This charter was adopted by the Board of Retirement on November 18, 2002 and amended on July 20, 2015, February 13, 2018 and April 18, 2018.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



Steve Delaney, Secretary of the Board

Date

CONFLICT OF INTEREST CODE FOR THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

The Political Reform Act, Government Code Sections 81000, et seq. (the "Act"), requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission ("FPPC") has adopted a regulation (2 Cal. Code of Regs. Section 18730; ~~Section 18730~~) ~~that~~which contains the terms of a standard Conflict of Interest Code, which may be incorporated by reference in an agency's code. After public notice and hearing, ~~the FPPC may amend~~ Section 18730- may be amended by the Fair Political Practices Commission to conform to amendments in the ~~Political Reform~~ Act. Therefore, the terms of ~~2 California Code of Regulations~~ Section 18730 and any amendments ~~to it duly adopted by the Fair Political Practices Commission thereto, along with the attached Exhibits A and B designating positions and establishing disclosure categories,~~ are hereby incorporated by reference, ~~This regulation and the attached Appendix designating officials and employees and establishing disclosure categories,~~ and shall constitute the Conflict of Interest Code of the Orange County Employees Retirement System ("OCERS").

DESIGNATED POSITIONS

OCERS employees and consultants whose positions are listed in Exhibit A hereto ~~Designated employees~~ shall file statements of economic interests with the OCERS Chief Executive Officer, who serves as the OCERS Board Secretary and Orange County Employees Retirement System (OCERS) Political Reform Act as the OCERS Filing Officer, Board Secretary, and who will make the statements available for public inspection and reproduction (Government Code Section 82008). The applicable Disclosure Category for each Designated Position is set forth in Exhibit A; and the Disclosure Categories are described in Exhibit B.

~~Upon receipt of the statements of the Board Members, Alternate Board Member, Managing Director of Investments, Director of Investments, Chief Executive Officer, Assistant Executive Officer, External and Legal Operations, Assistant Executive Officer, Finance and Internal Operations, and Investment Analysts, the Filing Officer shall make and retain a copy and forward the original of these statements to the Clerk of the Orange County Board of Supervisors as the filing officer for these positions.~~

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701 (b), are not subject to OCERS' the System's Conflict of Interest Code but are listed here for informational purposes. Unlike the Designated Positions, the reporting obligations of these officials are not limited by reference to a disclosure category. It has been determined that the positions listed below are the OCERS officials who manage public investments:

Members of the Board of Retirement including the Alternate Member
Chief Executive Officer
Chief Investment Officer
Director of Investment Operations
Managing Director of Investments
Consultants Who Manage Public Investments

Officials who manage public investments shall file statements of economic interests with the OCERS Chief Executive Officer, who serves as the OCERS Board Secretary and Filing Officer, Board Secretary. Upon receipt of these statements, the OCERS Filing Officer shall make and retain a copy and forward the original of these statements to the Clerk of the Orange County Board of Supervisors as the filing officer for these positions.

The disclosure categories and requirements for these positions are set forth in Article 2 of Chapter 7 of the Political Reform Act, Government Code Section 87200 et seq. They generally require the disclosure of interests in real property in the agency's jurisdiction, as well as investments, business positions and sources of income (including gifts, loans and travel payments).

EXHIBIT A

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
LIST OF DESIGNATED POSITIONS

| Position | Disclosure Category |
|--|---------------------|
| Chief Executive Officer | OC-01 |
| Assistant Chief Executive Officer, External Operations | OC-01 |
| Assistant Chief Executive Officer, Internal Operations | OC-01 |
| Chief Legal Counsel <u>General Counsel</u> | OC-01 |
| Director of Investment Operations | OC-01 |
| <u>Director of Internal Audit</u> | <u>OC-01</u> |
| <u>Director of Finance</u> | <u>OC-01</u> |
| <u>Director of Administrative Services</u> | <u>OC-11</u> |
| <u>Director of Information Technology</u> | <u>OC-08</u> |
| <u>Deputy General Counsel</u> | <u>OC-01</u> |
| Investment Officer | OC-01 |
| <u>Contracts, Risk & Performance Manager</u> | <u>OC-06</u> |
| Investment Analyst | OC-01 |
| Consultant | OC-30 |

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701(b), are NOT subject to the System's code, but are subject to the disclosure requirements of the Act (Government Code Section 87200 et seq.). [Regs. §18730(b)(3)]. These positions are listed here for informational purposes only.

| Position | Disclosure Category |
|--|------------------------|
| Board Member/Alternate Board Member | 87200 Filer |
| Chief Executive Officer | 87200 Filer |
| Chief Investment Officer | 87200 Filer |
| <u>Director of Investment Operations</u> | <u>87200 Filer</u> |
| <u>Managing Director of Investments</u> | <u>87200 Filer</u> |
| <u>Consultants Who Manage Public Investments</u> | <u>87200 Filer</u> |

EXHIBIT B

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
DISCLOSURE CATEGORIES/DESCRIPTIONS

| Disclosure Category | Disclosure Description |
|------------------------------------|---|
| OC-01 | All interests in real property in Orange County, as well as investments, business positions and sources of income (including gifts, loans and travel payments). |
| <u>OC-06</u> | <u>All investments in, business positions with and income (including gifts, loans and travel payments) from sources that provide leased facilities and goods, supplies, equipment, vehicles, machinery or services (including training and consulting services) of the types used by OCERS.</u> |
| <u>OC-08</u> | <u>All investments in, business positions with and income (including gifts, loans and travel payments) from sources that develop or provide computer hardware/software, voice data communications, or data processing goods, supplies, equipment, or services (including training and consulting services) used by OCERS.</u> |
| <u>OC-11</u> | <u>All interests in real property in Orange County, as well as investments in, business positions with and income (including gifts, loans and travel payments) from sources that are engaged in the supply of equipment related to recruitment, employment search & marketing, classification, training, or negotiation with personnel; employee benefits, and health and welfare benefits.</u> |
| OC-30 | Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest category in the code subject to the following limitation: The CEO may determine that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure required. The determination of disclosure is a public record and shall be filed with the Form 700 and retained by the Filing Officer for public inspection. |
| OC-45 {87200 Filer} | It has been determined that this position manages public investments and will file a statement of economic interests pursuant to Government Code Section 87200 with the Clerk of the Board. |

**CONFLICT OF INTEREST CODE FOR THE
ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

The Political Reform Act, Government Code Sections 81000, et seq. (the "Act"), requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission ("FPPC") has adopted a regulation (2 Cal. Code of Regs. Section 18730; "Section 18730") that contains the terms of a standard Conflict of Interest Code, which may be incorporated by reference in an agency's code. After public notice and hearing, the FPPC may amend Section 18730 to conform to amendments in the Act. Therefore, the terms of Section 18730 and any amendments thereto, along with the attached Exhibits A and B designating positions and establishing disclosure categories, are hereby incorporated by reference, and shall constitute the Conflict of Interest Code of the Orange County Employees Retirement System ("OCERS").

DESIGNATED POSITIONS

OCERS employees and consultants whose positions are listed in Exhibit A hereto shall file statements of economic interests with the OCERS Chief Executive Officer, who serves as the OCERS Board Secretary and as the OCERS Filing Officer, and who will make the statements available for public inspection and reproduction (Government Code Section 82008). The applicable Disclosure Category for each Designated Position is set forth in Exhibit A; and the Disclosure Categories are described in Exhibit B.

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701 (b), are not subject to OCERS' Conflict of Interest Code but are listed here for informational purposes. Unlike the Designated Positions, the reporting obligations of these officials are not limited by reference to a disclosure category. It has been determined that the positions listed below are the OCERS officials who manage public investments:

- Members of the Board of Retirement including the Alternate Member
- Chief Executive Officer
- Chief Investment Officer
- Director of Investment Operations
- Managing Director of Investments
- Consultants Who Manage Public Investments

Officials who manage public investments shall file statements of economic interests with the OCERS Chief Executive Officer, who serves as the OCERS Board Secretary and Filing Officer. Upon receipt of these statements, the OCERS Filing Officer shall make and retain a copy and forward the original of these statements to the Clerk of the Orange County Board of Supervisors as the filing officer for these positions.

The disclosure categories and requirements for these positions are set forth in Article 2 of Chapter 7 of the Political Reform Act, Government Code Section 87200 et seq. They generally require the disclosure of interests in real property in the agency's jurisdiction, as well as investments, business positions and sources of income (including gifts, loans and travel payments).

EXHIBIT A

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
LIST OF DESIGNATED POSITIONS**

| Position | Disclosure Category |
|--|----------------------------|
| Assistant Chief Executive Officer, External Operations | OC-01 |
| Assistant Chief Executive Officer, Internal Operations | OC-01 |
| General Counsel | OC-01 |
| Director of Internal Audit | OC-01 |
| Director of Finance | OC-01 |
| Director of Administrative Services | OC-11 |
| Director of Information Technology | OC-08 |
| Deputy General Counsel | OC-01 |
| Investment Officer | OC-01 |
| Contracts, Risk & Performance Manager | OC-06 |
| Investment Analyst | OC-01 |
| Consultant | OC-30 |

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701(b), are NOT subject to the System's code, but are subject to the disclosure requirements of the Act (Government Code Section 87200 et seq.). [Regs. §18730(b)(3)]. These positions are listed here for informational purposes only.

| Position | Disclosure Category |
|---|----------------------------|
| Board Member/Alternate Board Member | 87200 Filer |
| Chief Executive Officer | 87200 Filer |
| Chief Investment Officer | 87200 Filer |
| Director of Investment Operations | 87200 Filer |
| Managing Director of Investments | 87200 Filer |
| Consultants Who Manage Public Investments | 87200 Filer |

EXHIBIT B

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
DISCLOSURE CATEGORIES/DESCRIPTIONS**

| Disclosure Category | Disclosure Description |
|----------------------------|---|
| OC-01 | All interests in real property in Orange County, as well as investments, business positions and sources of income (including gifts, loans and travel payments). |
| OC-06 | All investments in, business positions with and income (including gifts, loans and travel payments) from sources that provide leased facilities and goods, supplies, equipment, vehicles, machinery or services (including training and consulting services) of the types used by OCERS. |
| OC-08 | All investments in, business positions with and income (including gifts, loans and travel payments) from sources that develop or provide computer hardware/software, voice data communications, or data processing goods, supplies, equipment, or services (including training and consulting services) used by OCERS. |
| OC-11 | All interests in real property in Orange County, as well as investments in, business positions with and income (including gifts, loans and travel payments) from sources that are engaged in the supply of equipment or services related to recruitment, employment search & marketing, classification, training, or negotiation with personnel; employee benefits, and health and welfare benefits. |
| OC-30 | Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest category in the code subject to the following limitation: The CEO may determine that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure required. The determination of disclosure is a public record and shall be filed with the Form 700 and retained by the Filing Officer for public inspection. |

Early Retirement Funding Policy

Purpose and Background

1. Section 31641.04 of the California Government Code authorizes “Districts” (including the County) whose employees are members of the Orange County Employees Retirement System to elect to provide up to an additional two (2) years of service to induce retirement. The Code provides that the method of payment to the Retirement System of the actuarial cost of this early retirement payment be mutually agreed to by the District and OCERS. In order to provide guidance to both staff and the member Districts, the Board establishes the following policy:

Policy Guidelines

2. Prior to the implementation of an “Early Retirement Incentive,” the District offering the incentive and OCERS must enter into a signed, written agreement which sets forth the terms and conditions of the incentive offer. Such terms and conditions shall include the following:
 - a. The job classifications, positions, units or other designation included in the District’s resolution;
 - b. The amount of incentive offered, to a maximum of two years;
 - c. The period of time during which the employee must retire; and
 - d. The agreement to pay the cost of the incentive, as determined by OCERS, plus interest at the assumed rate of return, from the date of retirement to payment in full.

As soon as practicable after each June 30, OCERS will provide its actuary with relevant information pertaining to all employees of the District who retired under the terms of the incentive and who were granted additional service credit. Based on the data provided by OCERS, the actuary will calculate, for each such employee, the actuarial equivalent of the difference between the allowance the retired employee received with such additional service credit and the amount the retiree would have received without such service credit.

OCERS will provide the District with a statement that sets forth the amounts calculated by the actuary and the District will pay such amounts to OCERS in accordance with Government Code Section 31641.04.

Policy Review

3. The Board of Retirement will review this policy at least once every three years to ensure that it remains relevant and appropriate.

Policy History

4. The Board of Retirement adopted this policy on December 9, 1996.
5. This policy was revised August 25, 2008, May 17, 2011, and October 20, 2014.



Early Retirement Funding Policy

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

A handwritten signature in blue ink that reads "Steve Delaney".

10/20/14

Steve Delaney
Secretary of the Board

Date

A-2

Memorandum

DATE: April 18, 2018
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: SACRS BOARD OF DIRECTORS ELECTION 2018-2019 – DIRECTION TO OCERS VOTING DELEGATE

Recommendation

Consider the SACRS Nominating Committee's recommended slate of candidates and the list of additional candidates interested in running for the election of SACRS Directors; and give direction to OCERS' Voting Delegate and Alternate Delegates for the SACRS Board of Directors election to be held at the SACRS meeting on May 18, 2018.

Background/Discussion

SACRS elects officers at its first meeting each calendar year in May. The 2018-2019 election will be held at the upcoming SACRS Spring Conference during the Annual Business meeting to be held on May 18, 2018.

The SACRS Nominating Committee's Recommend Ballot for the 2018-2019 election includes the following candidates:

| | |
|-----------------------|---|
| President | Dan McAllister, San Diego CERA |
| Vice President | Vivian Gray, Los Angeles CERA |
| Treasurer | Harry E. Hagen, Santa Barbara CERA |
| Secretary | Kathryn Cavness, Mendocino CERA |
| Regular Member | Roger Hilton, Orange CERS |
| Regular Member | Chris Cooper, Marin CERA |

In addition, the SACRS Nominating Committee received a Submission Form from the following SACRS member(s) applying for the following position(s) on the SACRS Board of Directors:

| | |
|-----------------------|--|
| Regular Member | Larry Walker, San Bernardino CERA |
|-----------------------|--|

Please see the attached memorandum from the SACRS Nominating Committee and candidate submission forms and biographies. Subsequent to the Nominating Committee's memorandum, Mr. Walker sent an email to SACRS stating that he encourages each member agency to attend the May conference prepared to cast a unanimous ballot for the Nominating Committee's proposed slate. A copy of Mr. Walker's email is also attached.

At the SACRS business meeting on Friday, May 18, 2018, OCERS' voting delegate will have the opportunity to cast OCERS' vote as directed by the Board. In accordance with OCERS' SACRS Voting Authority Policy (copy attached), OCERS' voting delegate is the Board Chair, and each member of the Board and the CEO are alternate delegates. If the Board Chair is unable to attend a SACRS business meeting at which a vote is taking place, the

Policy provides that the Vice Chair shall be designated as alternate voting delegate. If both the Chair and Vice Chair are unable to attend, the alternate voting delegate will be determined, among the Board members in attendance, alphabetically by the Board member's last name. The voting delegate may vote by recommended ballot or by each position separately.

Staff requests that the Board direct the OCERS voting delegate/alternate delegates on how to cast OCERS' vote at the May election.

Attachments

Submitted by:

A handwritten signature in cursive script that reads "Gina M. Ratto". The signature is written in black ink and is positioned above a horizontal line.

Gina M. Ratto
General Counsel



March 26, 2018

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Ray McCray, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2018-2019 Elections – Recommended Ballot

SACRS BOD 2018-2019 election process began January 2018. Per the SACRS Bylaws, please distribute the recommended ballot to your Board of Trustees. Elections will be held during the Annual Business meeting on Friday, May 18, 2018 at the Anaheim Marriott, Anaheim, CA.

SACRS Bylaws Election Schedule

| DEADLINE | DESCRIPTION |
|----------------|--|
| March 1, 2018 | Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations prior to the first Business Day after March 1 of each calendar year. Nominations shall not be accepted from the floor on the day of the election. |
| March 25, 2018 | The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25 |
| May 18, 2018 | Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference (May 15-18, 2018) |
| May 18, 2018 | Board of Directors take office for 1 year |

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. *The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediately Past President, and two (2) regular members.*

- A. *Immediate Past President. The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*
- B. *Two (2) Regular Members. Two (2) regular members shall also be members of the Board.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations prior to the first Business Day after March 1 of each calendar year. Nominations shall not be accepted from the floor on the day of the election.*

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25.



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

| | |
|---|--|
| Name of Candidate | Dan McAllister |
| Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included) | (619) 920-0608 (cell) (619) 531-5231 (office) |
| Name of Retirement System Candidate Currently Serves On | San Diego County Employees Retirement Association (SDCERA) |
| Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | Trustee, San Diego County Treasurer Tax Collector |
| Applying for SACRS Board of Directors Position (You may only select one) | <input checked="" type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member |
| Brief Bio | Please see attached. |

Biography of Dan McAllister

San Diego County Treasurer-Tax Collector



Dan McAllister has served San Diego County residents since as the County's Treasurer-Tax Collector since 2002. He was re-elected to his fourth term in June 2014 by an overwhelming 99% majority of the vote. Dan oversees the collection of more than \$6 billion in property taxes each year, the management of more than \$10 billion in the County's Investment Pool, and the administration of the County's over \$1 billion defined contribution program. Since assuming office, he has worked extensively to improve customer service, enhance communications and outreach initiatives, and ensure the fiscal stability of the treasury. Under his direction, his office collected nearly 60% of property tax payments electronically for the first time, while maintaining a 99% collection rate for the past three years. He is also a strong advocate for diversity, a value reflected in his staff that comes from all walks of life

and backgrounds. His office now delivers service in 17 different languages.

As part of his duties, Dan serves as a member of the San Diego County Employees Retirement Association (SDCERA), which manages more than \$10 billion of investments; he also serves as President of CalTRUST, which manages a portfolio of \$2.8 billion. Additionally, he is a former chairman of the Board of Directors of the internationally recognized San Diego Convention Center Corporation. Prior to his election as San Diego County Treasurer-Tax Collector, Dan was a successful financial consultant and investment broker.

Dan contributes considerable time and resources to community service. He serves as Chair of the San Diego Unified School District's Special Audit and Finance Committee, and he is a participating member of the Boards of Directors of the Jackie Robinson YMCA; Habitat for Humanity, San Diego; and New Americans Museum, San Diego. McAllister's strong commitment and involvement in the community dates back to his service as a U.S. Peace Corps volunteer in the Western Pacific country of Micronesia.

A second-generation San Diegan, Dan has completed executive education programs in portfolio concepts and management at Stanford University and the University of Pennsylvania's Wharton School. He also holds a Bachelor's degree (BA) from California State University, Fresno, and a Master's degree in Business Administration (MBA) from United States International University.

February 26, 2018

Mr. Ray McRay
Chairman
Nominating Committee
State Association of County Retirement Systems

Dear Mr. McRay,

This is to officially submit my name for consideration by the Nominating Committee for the office of SACRS President.

When I first ran for the Presidency, I pledged to continue to help move our organization forward with strong, inclusive leadership. I also spoke of my experiences and accomplishments as San Diego County Treasurer-Tax Collector; and of serving as a Trustee on the San Diego County Employees Retirement Association (SDCERA) Board and two successful terms as Board Chair.

Over the past four years, it has been my distinct honor and pleasure to serve on the SACRS Board, first as Treasurer and now as President. I am extremely proud of the work our board has completed during these years in an effort to improve our levels of customer service to our members. This past year for example the Board performed a comprehensive review and update of the Board Policies and Procedures. We added two new seats to the Board in an effort to be more inclusive and give more members an opportunity to serve on the Board. Additionally, we made strong efforts to add new people to a number of our standing committees.

Indeed, it has been a productive year for the Board and we have made a difference for the SACRS membership. Ours has been a team effort and one that can point to positive developments.

SACRS is a special organization and one that must continue to provide educational forums for disseminating information to Trustees and system staffs from all '37 Act counties. Additionally, SACRS must take an active role in the legislative process as it impacts county retirement systems.

As SACRS President for the coming year, I will continue to work collaboratively with the SACRS Board and Trustees statewide to ensure that our educational programs and conferences continue to be of the highest quality and content.

With your support and nomination, I would be honored to serve again as President of SACRS. Thank you in advance for your careful and positive consideration of my candidacy for re-election.

Sincerely,



Dan McAllister
President



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

| | |
|---|---|
| Name of Candidate | VIVIAN GRAY |
| Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included) | Viviangray@aol.com, Vgray@lacera.com 300 N. Lake Ave., Ste. 820 Pasadena, CA 91101 Phone: (213) 440-0142 |
| Name of Retirement System Candidate Currently Serves On | Los Angeles County Employees Retirement Association (LACERA) |
| Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | Chair, Board of Retirement http://www.lacera.com/about_lacera/bor/gray.html |
| Applying for SACRS Board of Directors Position (You may only select one) | <input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member |
| Brief Bio | <ul style="list-style-type: none"> • Chair, LACERA Board of Retirement • Chair, SACRS Bylaws Committee • Elected general member trustee since 2012 <ul style="list-style-type: none"> 34 years of service to Los Angeles County 10 years in Law Enforcement 24 years as an attorney for Los Angeles County • 6 years in private law practice • Education/Pension Trustee Certificates <ul style="list-style-type: none"> - Bachelors of Arts: UCLA - JD: UWLA - New York Law School - Public Pension Trustee Fiduciary Program - Stanford Law School (CALAPRS) - Principles of Pension Management - Harvard Law School Program - Trustee Work Life - UC Berkeley (SACRS) - Modern Investment Theory & Practice for Retirement Systems - IFEBP - Trustee Masters Program - NCPERS - Public Pension Funding Forum - Wharton Business School - Portfolio Concepts and Management (Pending) - National Assoc. of Corporate Directors (NACD) Board Leadership Fellow (Pending) |

VIVIAN GRAY

300 N. LAKE AVENUE, SUITE 820 ~PASADENA, CA 91101 ~ VGRAY@LACERA.COM

February 27, 2018

VIA EMAIL

SACRS Nominating Committee
Mr. Ray McCray, Chair

Dear Mr. McCray:

I would like to express my interest in becoming SACRS' Vice President for 2018/2019.

For the past three years, I have been honored to serve SACRS and its members as Chair of the Bylaws Committee and been member of the Program Committee. I have worked diligently with committee members and the SACRS Board of Directors, Administrative staff and membership to move the SACRS organization forward.

I have attended almost all of SACRS BOD meetings as the Bylaws Chair in order to advise or interpret the bylaws when needed. I believe in the BOD's team concept of management and its mission to include all members to take part in keeping SACRS relevant in the pension environment.

Through continuing its strong leadership, SACRS can become the premier entity in the direct education of trustees. I believe SACRS is a viable organization within the retirement system community. We have secured a presence not only in our CERL 37 Act Systems, but are gaining headway and recognition beyond CERL.

Your consideration of me for vice president would be an honor.

I have attached the SACRS Nomination Form containing my brief bio.

Sincerely,

Vivian Gray

Vivian Gray

cc: Sulema Peterson, SACRS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

| | |
|--|--|
| Name of Candidate | Harry E. Hagen |
| Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included) | -805-568-2490 -hhagen@co.santa-barbara.ca.us - Harry E. Hagen, Treasurer - Taxcollector - PA - PG P.O. Box 579 Santa Barbara, CA 93102-0579 |
| Name of Retirement System Candidate Currently Serves On | Santa Barbara, SBCERS |
| Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | Chair, ex-officio member |
| Applying for SACRS Board of Directors Position (You may only select one) | <ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member |
| Brief Bio | See Attachment |

Harry E. Hagen
Bio for SACRS Nomination Submission Form

I am the current Santa Barbara County Treasurer-Tax Collector-Public Administrator. I was first elected in 2010 and am currently serving in my second four-year term.

I am responsible for overseeing and investing a \$1.5 billion investment pool for local schools, general County government, and special districts. I manage the collection of taxes and general collections, administer Public Administrator estates and Public Guardian conservatorships, and oversee Veterans' Services programs. My duties also include serving as Chair of the County Debt Advisory Committee, implementing and managing the County's municipal financing program, and administering the County's deferred compensation program.

I hold a Bachelor's degree in Business Economics from UCSB, am a 26-year California Certified Public Accountant, and have completed the Certificate in Public Treasury Management from USC. Additionally, I have earned the designations of Certified Public Finance Officer from the Government Finance Officers Association, Advanced Certified Public Funds Investment Manager from the Association of Public Treasurers, and Certified Fixed Income Practitioner from the Fixed Income Academy.

February 2, 2018

To Ray McCray , SACRS Nominating Committee Chair,

I would like to continue serving on the SACRS Board of Directors and am submitting my letter of intent to run for the position of Treasurer.

I believe I am well qualified for the position based upon my educational and work experience. I am a 22-year employee of Santa Barbara County and the current Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for over 7 years. I was also an alternate member to the Board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration.



Harry E. Hagen, CPA, CPFO, CFIP, ACPFIM
Treasurer-Tax Collector-Public Administrator-Public Guardian
County of Santa Barbara
(805) 568-2490
hhagen@co.santa-barbara.ca.us



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

| | |
|---|---|
| Name of Candidate | Kathryn Cavness |
| Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included) | Home Phone: 707-459-2215; Email: k24u2figure@gmail.com Office Phone: 707-463-4194; Email: cavnessk@mendocinocounty.org Cell Phone: 707-354-8105 Home Address & Mailing: 6500 Ridgewood Road, Willits, CA 95490 Work Mailing Address: PO Box 1000, Ukiah, CA 95482 |
| Name of Retirement System Candidate Currently Serves On | Mendocino County Employees Retirement System |
| Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | Vice Chair, General Elected Member |
| Applying for SACRS Board of Directors Position (You may only select one) | Secretary |
| Brief Bio | Kathryn Cavness has been serving as Trustee and representative of the General Membership on the Mendocino County Employees Retirement Association Board since December 1, 2014. She has been a member of the MCERA Audit and Budget Committee since 2014 and was elected Vice Chair of the Board on December 14, 2016. Kathryn is currently serving her first year as Secretary on the State Association of County Retirement Systems (SACRS) Board of Directors. Her objectives as Secretary encompass representing the 1937 Act retirement systems and reaching out to trustees to attain greater participation in SACRS activities. Meaningful events designed for Trustees include the SACRS Spring and Fall Conferences, and the UC Berkeley Educational Program's Executive Education Courses. Other opportunities for Trustees include joining and participating in the SACRS' Educational, Legislative, Program, and Bylaws Committees. Kathryn Cavness is currently filling the position of Administrative Services Manager for the Mendocino County District Attorney's Office. Prior to this, Kathryn enjoyed an extensive career in budget and finance, and holds a MBA/Accounting. |

Ray McCray, SACRS Nominating Committee Chair
SACRS Nominating Committee

February 10, 2018

Dear Ray and Nominating Committee Members,

Please accept my letter of intent to run as Secretary in the SACRS Board of Directors officers' election for the 2018-19. I am currently serving as SACRS Board of Directors Secretary throughout the 2017-18 fiscal year. I also serve as the Vice Chairwoman of the Mendocino County Employees Retirement Association.

My interest in seeking the position of Secretary for a second term is to continue working together with the highly effective SACRS Board in achieving common goals. My focus will be on adding value for Trustees by expanding growth and positive outcomes, increasing diversity, and providing educational opportunities through boosting attendance at the UC Berkeley Educational Program. I will continue working to increase Trustee participation in SACRS Conferences and expand membership in SACRS Committees.

As the Mendocino County Employee Retirement Association Vice Chairwoman and trustee of the smallest rural county system in northern California, I welcome the opportunity to represent the smaller systems as well as all SACRS members.

My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Secretary of the SACRS Board of Directors:

- SACRS Board of Directors Secretary FY 2017/18
- Vice Chairwoman on the MCERA Board and Auditing Committee
 - Public Pension Investment Management Program/ Modern Investment Theory and Practice for Retirement Systems
 - UC Berkeley Hass School of Business
 - Advanced Principles of Pension Management for Trustees
 - UCLA Anderson School of Management
 - Principles of Pension Management for Trustees
 - Pepperdine University, Graziadio Business School
- County of Mendocino District Attorney's Office Administrative Services Manager with Emphasis on Finance & Budget
- Master's Degree in Business Administration with Emphasis on Finance & Accounting

Sincerely,



Kathryn Cavness,
SACRS BOD Secretary,
Mendocino CERA Vice Chairwoman

111/297



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

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| | |
|---|---|
| Name of Candidate | Christopher C. Cooper |
| Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included) | (415) 827-0772 Chriscooperinmarin@yahoo.com 756 Del Ganado Road San Rafael, CA 94903 |
| Name of Retirement System Candidate Currently Serves On | Marin County Employees' Retirement Association |
| Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | Elected Safety Trustee |
| Applying for SACRS Board of Directors Position (You may only select one) | <ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member |
| Brief Bio | <p>I am a Fire Captain/Paramedic in the City of San Rafael and have served on the MCERA Board since 2012. I serve on the Investment Committee and Chair the Governance Committee.</p> <p>I am a Graduate of U.C. Berkeley (Political Economy of Industrial Societies, 1995) and served in the U.S. Army for eight years (active and reserve) as a Mandarin Chinese Linguist Interrogator. I live in San Rafael with my wife and two children (16 and 12).</p> |

CHRISTOPHER C. COOPER

415-827-0772
chriscooperinmarin@yahoo.com

756 Del Ganado Rd.
San Rafael, CA
94903

February 27, 2018

SACRS Nominating Committee
1415 L Street, Suite 1000
Sacramento, CA 95814

Committee Members,

Please accept this Letter of Intent as well as the attached Nomination Submissions Form for the position of Regular Member of the SACRS Board of Directors Elections 2018-2019. I have attended SACRS Conferences since my first in Fall 2013 and have always enjoyed the strong education opportunities as well as meeting other California Trustees. I would like to step up to a leadership position in SACRS to help the organization continue to provide education and insight to those entrusted with managing CA pension funds.

I am a Fire Captain/Paramedic with the City of San Rafael and have served on the MCERA Board since 2012. I serve on the Investment Committee and Chair the Governance Committee. I am a graduate of U.C. Berkeley and an Army Veteran. I have worked in a large corporation as a buyer and have owned a small retail business. I live in San Rafael with my wife Lisa and two children Calvin and Lucy (16,12). Thanks for your consideration. I look forward to seeing you at the Spring Conference.

Sincerely yours,

Christopher C. Cooper



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

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| | |
|---|---|
| Name of Candidate | Roger Hilton |
| Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address) | (714) 325-9295, rhilton@ocers.org , roger@aocds.org 2223 East Wellington Ave. Suite 100 Santa Ana, CA 92701 |
| Name of Retirement System Candidate Currently Serves On | Orange County Employees Retirement System (OCERS) |
| Current Position On Candidates Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | Elected Safety Member |
| Applying for SACRS Board of Directors Position (select only one) | <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member |



| | |
|-------------------------|--|
| <p>Brief Bio</p> | <ul style="list-style-type: none"> ❑ OCERS: served as Chairman of the board, chair of the Investment Committee, and have chaired several committees, elected 2012 - Present. ❑ Association of Orange County Deputy Sheriffs (AOCDS) Board of Directors: Currently serving as Vice President and Political Action Chairman, 2011 - Present. ❑ Trustee on Medical and Benefits Trusts, 2011 - Present. ❑ Trustee on Fraternal Order of Police, Lodge 18, 2011- Present. ❑ Association of Deputy Marshals Board of Directors, 1992-2000 – Served as President 1996-2000, Treasurer 1993-1996. ❑ Public Pension Trustee certificates: <ul style="list-style-type: none"> -Modern Investment Theory & Practice – UC Berkeley; -Portfolio concepts and Management -Wharton School of Business; -Certificate in Public Plan Policy I and II; -Principles of Pension Management - Stanford University; -Advanced Principles of Pension Management - UCLA; -Labor and Worklife Program, Harvard Law School |
|-------------------------|--|

January 15, 2018

2223 East Wellington Ave. Suite 100
Santa Ana, CA 92701

Ray McCray, SACRS Nominating Committee Chair

Dear Mr. McCray:

Please accept this letter as my intent to run for the Board of Directors for the position of Regular Member. I would request that my name be included in the 2018-2019 SACRS Nomination Slate at the upcoming elections in May 2018.

I believe my years of experience leading employee labor organizations and the OCERS Board of Retirement have uniquely prepared me for this challenge. I have over 28 years of experience in law enforcement, 25 years serving in the leadership of employee labor organizations, and over 5 years on the OCERS Board of Retirement. My experience is further outlined on the Nomination Submission form attached to this letter.

Since elected to OCERS, I have made it a point to attend the SACRS conferences. Through these conferences, I have learned a great deal about pensions and have found many friends and mentors. I believe that SACRS is the most effective and important conference '37 Act trustees should attend, because of its relevant content and top-notch presenters. My primary goal is to keep SACRS as the premier public pension organization. I plan to utilize my extensive leadership experience by reaching out to and communicating with our members so they fully understand the many benefits of SACRS. My focus will be on continuing successful conferences and keeping SACRS a professional organization.

It would be an honor to serve on the SACRS Board of Directors and I appreciate the consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Roger Hilton", written in a cursive style.

Roger Hilton

OCERS Board of Directors



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

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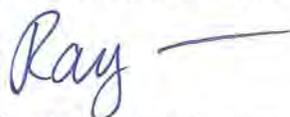
| | |
|---|--|
| Name of Candidate | Larry Walker |
| Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included) | 909-628-8000 larry@larrywalker.us PO BOX 968 Chino, CA 91708 |
| Name of Retirement System Candidate Currently Serves On | San Bernardino County Employees' Retirement Assn. |
| Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc) | Alternate Ex Officio Member |
| Applying for SACRS Board of Directors Position (You may only select one) | <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member Regular Member |
| Brief Bio | 2010-present SBCERA Board of Trustees 2010-11; 2013-14 Managing Trustee 2012; 2015-16 Chair, Investment Committee 2016-17 SACRS Treasurer 2015-present SACRS legislative Committee <hr/> 2010-16 <u>San Bernardino County:</u> 1998-2016 Treasurer, Tax Collector 1998-2010 Auditor-Controller 1986-1998 Recorder, County Clerk County Supervisor 1981-2001 United States Naval Reserve LCDR, JAGC, USNR Navy Reserve Medal Naval Unit Commendation Sharpshooter Ribbon |

Larry Walker
POB 968
Chino, CA 91708
larry@larrywalker.us
909-628-8000

Mr. Ray McCray
Chair, Nominating Committee, SACRS
[delivered as e-mail attachment]:
raym1@sbcglobal.net

February 19, 2018

Subj: Candidacy for SACRS Board of Directors – Regular Member

Dear Mr. McCray: 

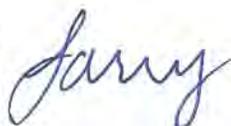
I am pleased to submit my name in nomination for the position of Regular Member of the SACRS Board of Directors. I support the decision the organization has made to expand the board's membership, and I believe I am highly qualified to fill one of the new positions.

I thoroughly enjoyed the year I served as Treasurer and member of the SACRS Board of Directors. We made substantial accomplishments in leading the management of our organization, including the improvement of our information systems and our web presence. We also established a very positive working relationship among board members, staff, and local systems. I am committed to doing whatever I can to assure that that effort continues.

Attached is my application, on the form provided by SACRS. I am also attaching my current resume', in case further detail is helpful. I have served as a member of San Bernardino County Employees' Retirement Association for eight years, including three years as Chair of our Investments Committee. I have also stepped up as Managing Trustee during vacancies in our CEO position which totaled one and one-half years.

I served as an elected official for thirty-eight years, including seventeen as a county department head. I have helped lead statewide associations such as SACA (County Auditors) and CRAC (County Recorders), and my previous service on the SACRS board was focused on service to our members and unity of action by our leaders. I am confident that I am prepared to make a substantial contribution to the success of SACRS in the coming year.

Thank you and the committee for your consideration.

Sincerely, 

Larry Walker
Cc: Sulema Peterson Administrator, SACRS sulema@sacrs.org

Background

1. The State Association of County Retirement Systems (SACRS) is an association of 20 California county retirement systems, established under the County Employees Retirement Law of 1937. SACRS meets as an organization twice a year with all 20 counties participating through attendance by Trustees, Administrators, and staff.
2. Regular member County Retirement Systems shall have the right to vote on the election of the officers/directors of SACRS, amendments to the Articles of Incorporation and By-laws, legislative proposals for SACRS' sponsorship and positions on non-SACRS' sponsored legislation, resolutions, and other items of SACRS' business. Regular member County Retirement Systems shall be entitled to one (1) voting delegate, designated in writing by the County Retirement Board.
3. A voting delegate shall be designated in writing by the member County Retirement Board and shall be a Trustee or Administrator who is employed directly by the County Retirement System. Alternate delegates may be designated in writing by the member County Retirement Board.

Policy Guidelines

4. In order to ensure that OCERS is represented by a voting delegate at each business meeting of SACRS, OCERS will designate the current Board Chair as voting delegate, and each member of the Board and the Administrator as alternate delegates.
5. Credentials for the delegates who are voting participants shall be filed with the SACRS Credentials Committee in writing prior to any meeting of SACRS at which voting will take place, unless there are no changes from the credentials already on file. Credentials shall include the name of the member County Retirement System, and indicate that the Board Chair is the voting delegate and all other Board members and the Administrator are alternate voting delegates.
6. Voting at meetings of SACRS shall be the exclusive privilege of the delegate or alternate delegate. If the Board Chair is unable to attend a SACRS business meeting at which a vote is taking place, the Vice Chair shall be designated as alternate voting delegate. If the Board Chair and Vice Chair are both unable to attend, the alternate voting delegate will be determined, among the Board members in attendance, alphabetically by the Board member's last name. Each voting delegate, or designated alternate delegate if the voting delegate is absent, may cast one (1) vote on each matter submitted to a vote of the membership.
7. Where the OCERS' Board has taken an official Board position on an item to be voted on at a SACRS business meeting, the voting delegate or designated alternate voting delegate must cast a vote consistent with the Board position. If the Board has not taken a position on an item to be voted on, the voting delegate or designated alternate voting delegate must comply with the Board policy or policies that address(es) the subject matter of the item. When the item to be voted on is not addressed in any OCERS' Board policy and the Board has not taken a position, the voting delegate or designated alternate voting delegate may use his or her best judgment to vote in accordance with the position he or she believes the Board would take on the item, or abstain from voting.

OCERS Board Policy
SACRS Voting Authority Policy

Notwithstanding the foregoing, the voting delegate and designated alternate voting delegate shall not vote on any item that would obligate OCERS financially to pay any sums other than SACRS dues.

Policy Review

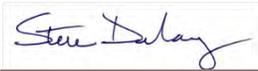
8. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate.

Policy History

9. This policy was adopted on May 9, 1988.
10. This policy was revised on August 25, 2008, May 17, 2011, March 17, 2014 and May 15, 2017.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



5/15/17

Steve Delaney
Secretary of the Board

Date

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5/15/17

Steve Delaney
Secretary of the Board

Date

From: "larry@larrywalker.us" <larry@larrywalker.us>
Date: March 26, 2018 at 8:44:17 PM PDT
To: Sulema Peterson <sulema@sacrs.org>
Cc: "dnelsen@acera.org" <dnelsen@acera.org>, "gstrohl@cccera.org" <gstrohl@cccera.org>, "dkendig@co.fresno.ca.us" <dkendig@co.fresno.ca.us>, "ScottJarvis@co.imperial.ca.us" <ScottJarvis@co.imperial.ca.us>, "dominic.brown@kcera.org" <dominic.brown@kcera.org>, Robert Hill <RHill@lacera.com>, "JWickman@co.marin.ca.us" <JWickman@co.marin.ca.us>, "wilbanksj@co.mendocino.ca.us" <wilbanksj@co.mendocino.ca.us>, "ksantos@co.merced.ca.us" <ksantos@co.merced.ca.us>, "sdelaney@ocers.org" <sdelaney@ocers.org>, "SternE@saccounty.net" <SternE@saccounty.net>, "DWescoe@sdcera.org" <DWescoe@sdcera.org>, "johannas@sjcera.org" <johannas@sjcera.org>, Scott Hood <SHood@samcera.org>, "glevin@sbcers.org" <glevin@sbcers.org>, "Julie.Wyne@sonoma-county.org" <Julie.Wyne@sonoma-county.org>, Rick Santos <santosr@stancera.org>, "dkehler@tcera.org" <dkehler@tcera.org>, "Webb, Linda" <Linda.Webb@ventura.org>, "abradford@acera.org" <abradford@acera.org>, "CDunn@cccera.org" <CDunn@cccera.org>, "eavalos@co.fresno.ca.us" <eavalos@co.fresno.ca.us>, "icers@co.imperial.ca.us" <icers@co.imperial.ca.us>, "aimee.morton@kcera.org" <aimee.morton@kcera.org>, "nminjarez@lacera.com" <nminjarez@lacera.com>, "shemphill@co.marin.ca.us" <shemphill@co.marin.ca.us>, "zellerj@co.mendocino.ca.us" <zellerj@co.mendocino.ca.us>, "rphillips@co.merced.ca.us" <rphillips@co.merced.ca.us>, "agriffith@ocers.org" <agriffith@ocers.org>, "regaliak@saccounty.net" <regaliak@saccounty.net>, "ecalicchio@sbcera.org" <ecalicchio@sbcera.org>, Gladys Smith <GSmith@samcera.org>, "rebecca.lankford@sonoma-county.org" <rebecca.lankford@sonoma-county.org>, Kellie Gomes <gomesk@stancera.org>, "rpendleton@tcera.org" <rpendleton@tcera.org>, "chris.ayala@ventura.org" <chris.ayala@ventura.org>, "Kathy Foster (kfoster@acera.org)" <kfoster@acera.org>, "drentschler@co.fresno.ca.us" <drentschler@co.fresno.ca.us>, "lghazarian@lacera.com" <lghazarian@lacera.com>, Christa James <cjames@sbcera.org>, "gregf@sjcera.org" <gregf@sjcera.org>, "msanderson@co.fresno.ca.us" <msanderson@co.fresno.ca.us>, "bnolley@lacera.com" <bnolley@lacera.com>, "ereagan@sdcera.org" <ereagan@sdcera.org>, "raym1@sbcglobal.net" (raym1@sbcglobal.net) <raym1@sbcglobal.net>, "brian.williams@sonoma-county.org" <brian.williams@sonoma-county.org>, "Fiorino, Louis" <lfiorino@css.sbcounty.gov>, "Begovich, Samantha" <samantha.begovich@sdcca.org>, Tommy Garcia <tgarcia@icso.org>, "Dan McAllister" <Dan.McAllister@sdcounty.ca.gov>, Gabriel Rodrigues <gabrielrodrigues777@gmail.com>, "Hagen, Harry" <Hhagen@co.santa-barbara.ca.us>, Kathryn Cavness <cavnessk@mendocinocounty.org>, Vivian Gray <viviangray@aol.com>, "Roger Hilton" <roger@aocds.org>, "Chriscooperinmarin@yahoo.com" <Chriscooperinmarin@yahoo.com>, Maria Barajas <maria@sacrs.org>
Subject: Re: SACRS Board of Directors Election Notice 2018-2019

Hi, Sulema —

Thank you for the attached information regarding upcoming elections. I will pass it along to our board.

I would also like to congratulate the slate proposed by the Nominating Committee, and encourage each member agency to attend the May conference prepared to cast a unanimous ballot for that slate.

Sincere best wishes,

Larry

A-3



Memorandum

DATE: April 9, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, CEO
SUBJECT: OCERS Actuarial Funding Policy

Recommendation

Approve revisions to Appendix A of OCERS Actuarial Funding Policy which incorporate the demographic and economic assumptions approved by the Board of Retirement in October 2017 and affirm all other provisions of the existing policy.

Background/Discussion

At last month's Board of Retirement meeting, Paul Angelo from Segal presented materials related to OCERS Funding Policy as an informational item. The Board did not indicate any specific terms within the policy that needed to be further discussed, however the policy is due for its triennial review. The existing policy includes an Appendix which lists all of the current actuarial assumptions used in the annual actuarial valuation. The Appendix should be updated to include the most recently adopted assumptions approved by the Board in October 2017. A red-lined and clean version of the Board's Actuarial Funding Policy is attached. In addition, Segal will be present at the April 18, 2018 Board of Retirement to discuss the materials in the attached presentation.

Approved by:

A handwritten signature in cursive script, reading "Steve Delaney", is written over a horizontal line.

Steve Delaney
CEO

Orange County Employees Retirement System

Review of Elements in Current UAAL Amortization Policy - Second Discussion

April 18, 2018

Paul Angelo, FSA

Segal Consulting

San Francisco

5533778v1

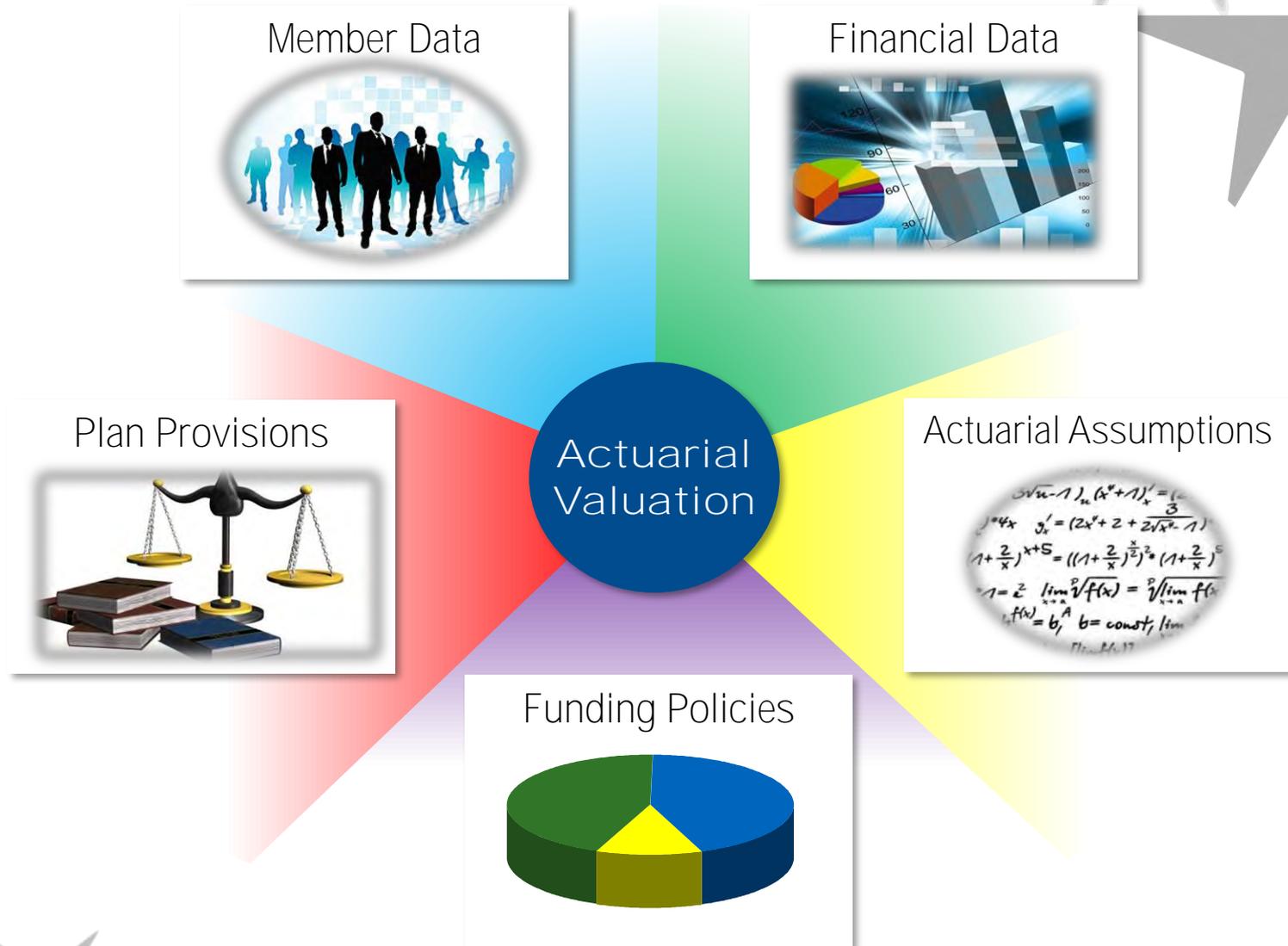
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Agenda

- Same presentation as for March 19 discussion
 - One additional UAAL amortization illustration added

- Review of funding policy components and cost elements
- Review of OCERS funding policy objectives and parameters
- Review of OCERS UAAL amortization policy
 - Reviewed and approved by the Board in 2013 and 2014
 - Effective with December 31, 2013 Valuation
- Illustration of UAAL amortization periods and methods
- OCERS December 31, 2016 UAAL Amortization Schedule
- Recent changes made to CalPERS UAAL amortization policy

What goes into an Actuarial Valuation?



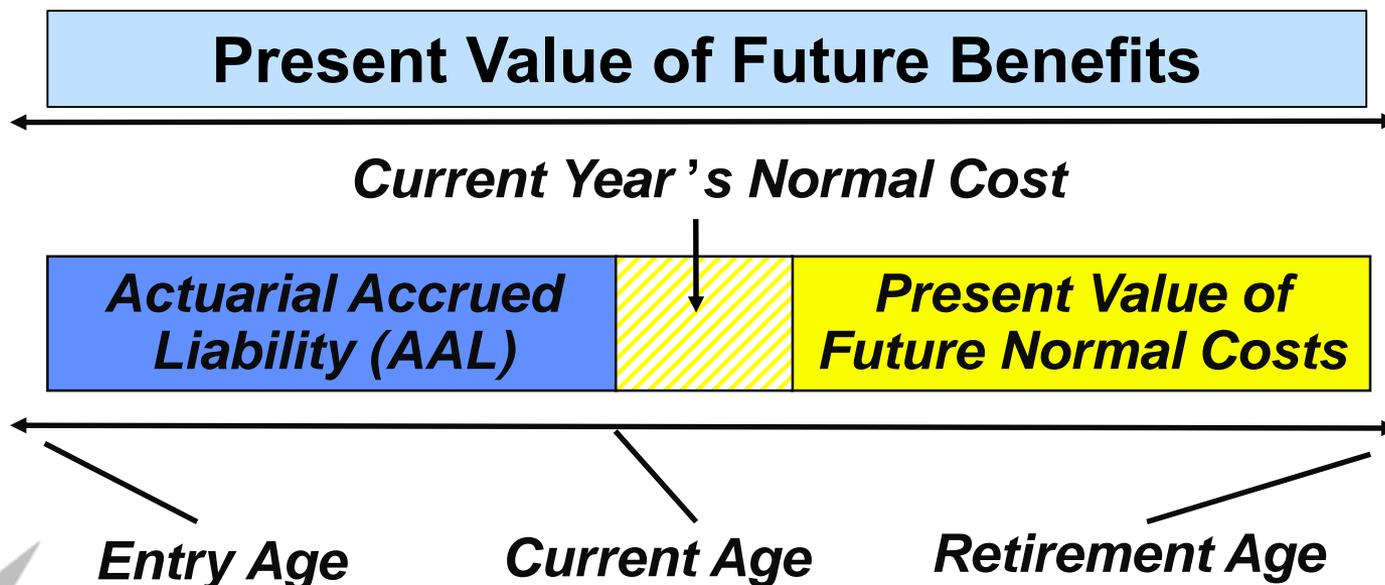
$$\begin{aligned} \frac{d}{dx} \sqrt{x-1} &= \frac{1}{2\sqrt{x-1}} \\ \frac{d}{dx} (x^2+1)^3 &= 3(x^2+1)^2 \cdot 2x \\ \int 4x \, dx &= 2x^2 + C \\ \frac{d}{dx} \left(1 + \frac{2}{x}\right)^5 &= 5 \left(1 + \frac{2}{x}\right)^4 \cdot \left(-\frac{2}{x^2}\right) \\ \lim_{x \rightarrow \infty} \frac{1}{x^2} \sqrt{f(x)} &= \sqrt{\lim_{x \rightarrow \infty} \frac{f(x)}{x^4}} \\ f(x) &= b, \quad b = \text{const}; \lim_{x \rightarrow \infty} \frac{1}{x^2} = 0 \end{aligned}$$

Funding Policy Components

- **Actuarial Cost (or Funding) Method** – allocates present value of member's projected benefits to years of service: past, current and future
 - Defines Normal Cost and Actuarial Accrued Liability (AAL)
- **Asset Smoothing Method** – determines an Actuarial Value of Assets that recognizes investment gains or losses over a period of time
 - Manages short term volatility while tracking market value
 - Defines the Unfunded Actuarial Accrued Liability (UAAL)
- **UAAL Amortization Policy** – sets contributions to systematically reduce any UAAL
 - Includes structure, periods and pattern of payments

Funding Policy – Cost Elements

- **The Normal Cost** is the portion of the value of projected benefits for active members that is allocated to each plan year.
 - Normal Cost is shared between employees and employers
- **The Actuarial Accrued Liability (AAL) measures the Normal Costs from past years**—for retired members, the AAL is the entire value of their benefit.
 - Any unfunded AAL (UAAL) is funded by the employers

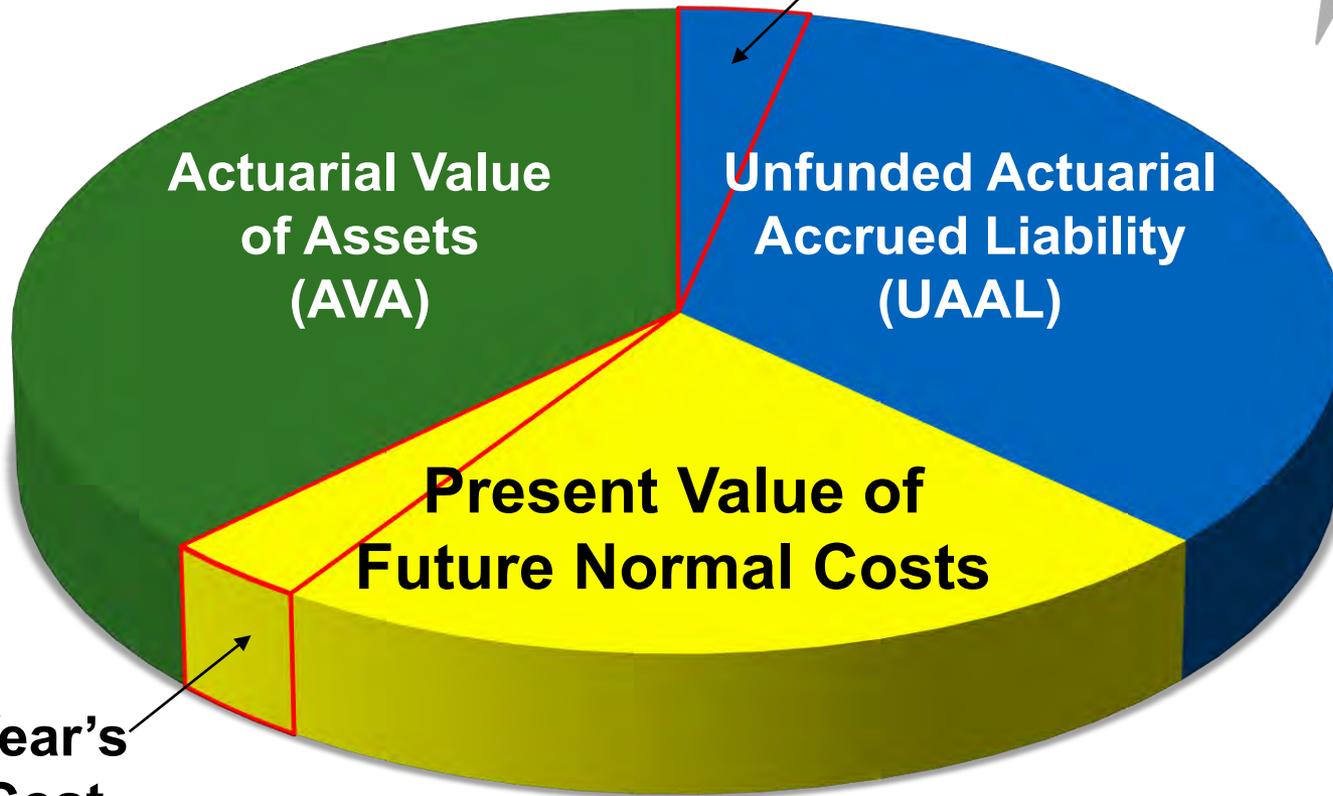


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Funding Policy – Cost Elements

Present Value of Future Benefits

Current Year's Amortization of UAAL



Current Year's Normal Cost

Policy Objectives of Actuarial Funding Policy

1. Achieve long-term full funding of the cost of benefits provided by OCERS
 - Future contributions plus current assets sufficient to fund all benefits for current members
 - Current Contribution = Normal Cost + full UAAL payment
2. Seek a reasonable and equitable allocation of the cost of benefits over time
 - Both expected costs and variations from expected costs
3. Minimize volatility of the plan sponsor's contribution
 - To the extent reasonably possible, consistent with other policy objectives
4. Support public policy goals of accountability and transparency
 - Allow for an assessment of how and when plan sponsors will meet the funding requirements of the plan

Relationship among Policy Objectives

- Policy Objectives 2 and 3 reflect two aspects of the general policy objective of “interperiod equity”
- Policy Objective #2 promotes “demographic matching”
 - Current taxpayers incur cost of benefits for current public employees serving those taxpayers
- Policy Objective #3 promotes “volatility management”
 - Current taxpayers’ cost compares equitably with costs just before and after
- These objectives tend to move funding policy in opposite directions.
 - Policy objectives 2 and 3 combined seek to balance demographic matching vs. volatility management

2013 and 2014 Review of Actuarial Funding Policy

➤ Funding policy elements approved

- Continuation of Entry Age actuarial cost method
- Continuation of 5-year asset smoothing method
- UAAL amortization policy starting with 12/31/2013 valuation
 - Continuation of level percent of payroll amortization
 - 12/31/2012 UAAL layers combined and reamortized over 20 years
 - Amortization policy for changes in UAAL after 12/31/2012

| Source | | Years |
|------------------------------|--|---------|
| Actuarial gains or losses | | 20 |
| Assumption or method changes | | 20 |
| Plan amendments | | 15 |
| Early Retirement Incentives | | Up to 5 |
| Actuarial surplus | | 30 |

Level Percent of Payroll UAAL Amortization

- UAAL payments structured to increase with total payroll
 - Payroll assumed to increase with inflation and real wage growth
 - Assumptions approved for December 31, 2017 valuation
 - 2.75% (inflation) + 0.50% (real wage growth) = 3.25% (total)
 - Assumes constant active head count
 - Shortfall in UAAL contributions if actual payroll increase is less than assumed
 - Mitigated by actuarial gains from individual salaries increases less than expected

Illustration of UAAL Amortization Periods and Methods

➤ \$1,000,000 initial UAAL, 7.00% investment return

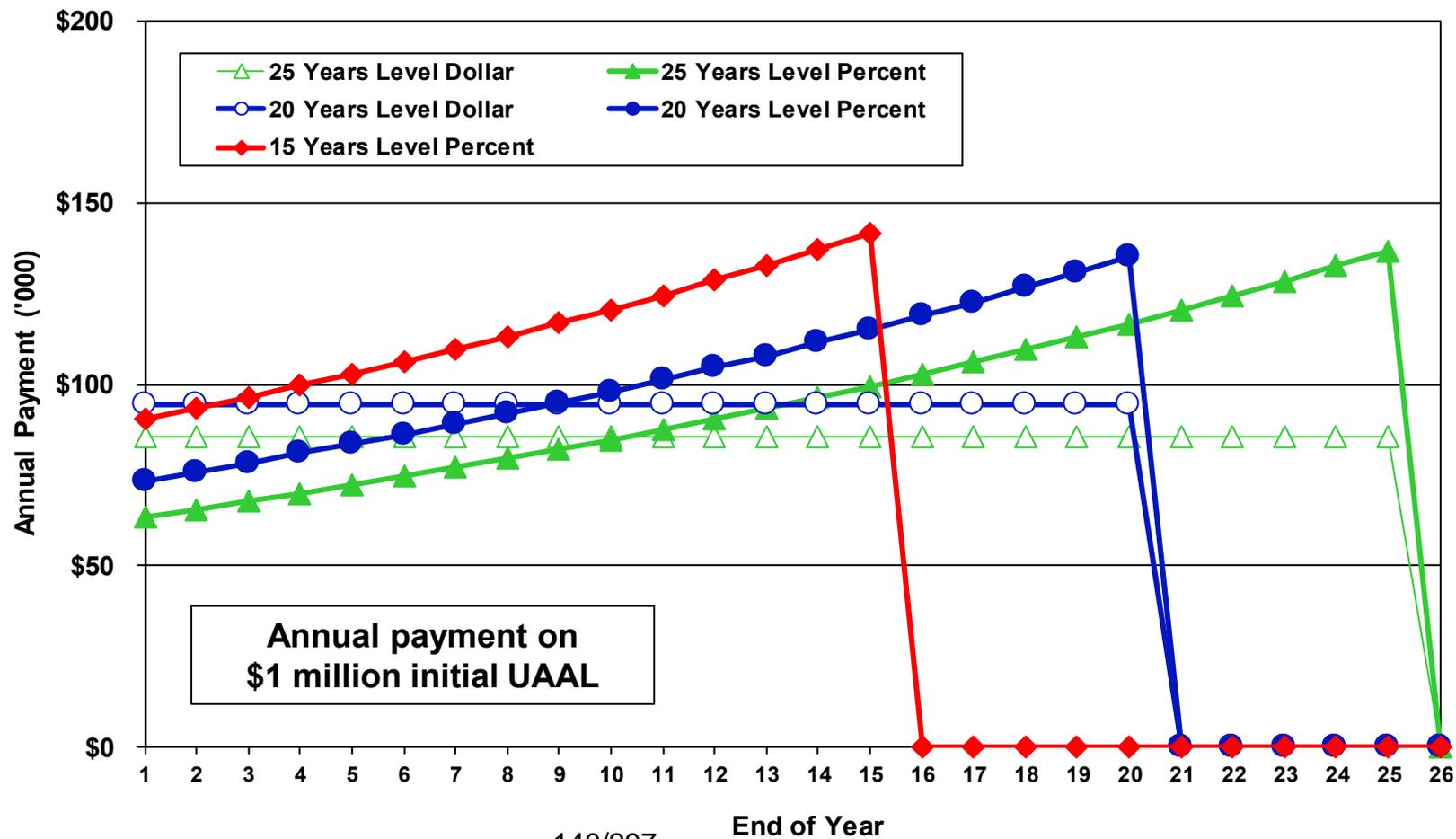
assumption
7.00% interest

3.25% salary incr.

| | 25 years Level dollar | 25 years % of pay | 20 years Level dollar | 20 years % of pay | 15 years % of pay |
|-------------------------------------|--------------------------|----------------------|--------------------------|----------------------|----------------------|
| Increase in AAL | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Amortization factor (first year) | 11.6536 0.085811 | 15.7365 0.063546 | 10.5940 0.094393 | 13.6021 0.073518 | 11.0509 0.090490 |
| Amortization amount | | | | | |
| Year 1 | \$ 85,811 | \$ 63,546 | \$ 94,393 | \$ 73,518 | \$ 90,490 |
| Year 15 | \$ 85,811 | \$ 99,438 | \$ 94,393 | \$ 115,041 | \$ 141,600 |
| Year 20 | \$ 85,811 | \$ 116,682 | \$ 94,393 | \$ 134,991 | \$ 0 |
| Year 25 | \$ 85,811 | \$ 136,916 | \$ 0 | \$ 0 | \$ 0 |
| Total amount paid | | | | | |
| Principal | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| Interest | 1,145,263 | 1,394,425 | 887,859 | 1,026,467 | 714,202 |
| Total | \$ 2,145,263 | \$ 2,394,425 | \$ 1,887,859 | \$ 2,026,467 | \$ 1,714,202 |

Illustration of UAAL Amortization Periods and Methods

- Annual payment amounts for \$1,000,000 initial UAAL
 - Payments increase 3.25% per year

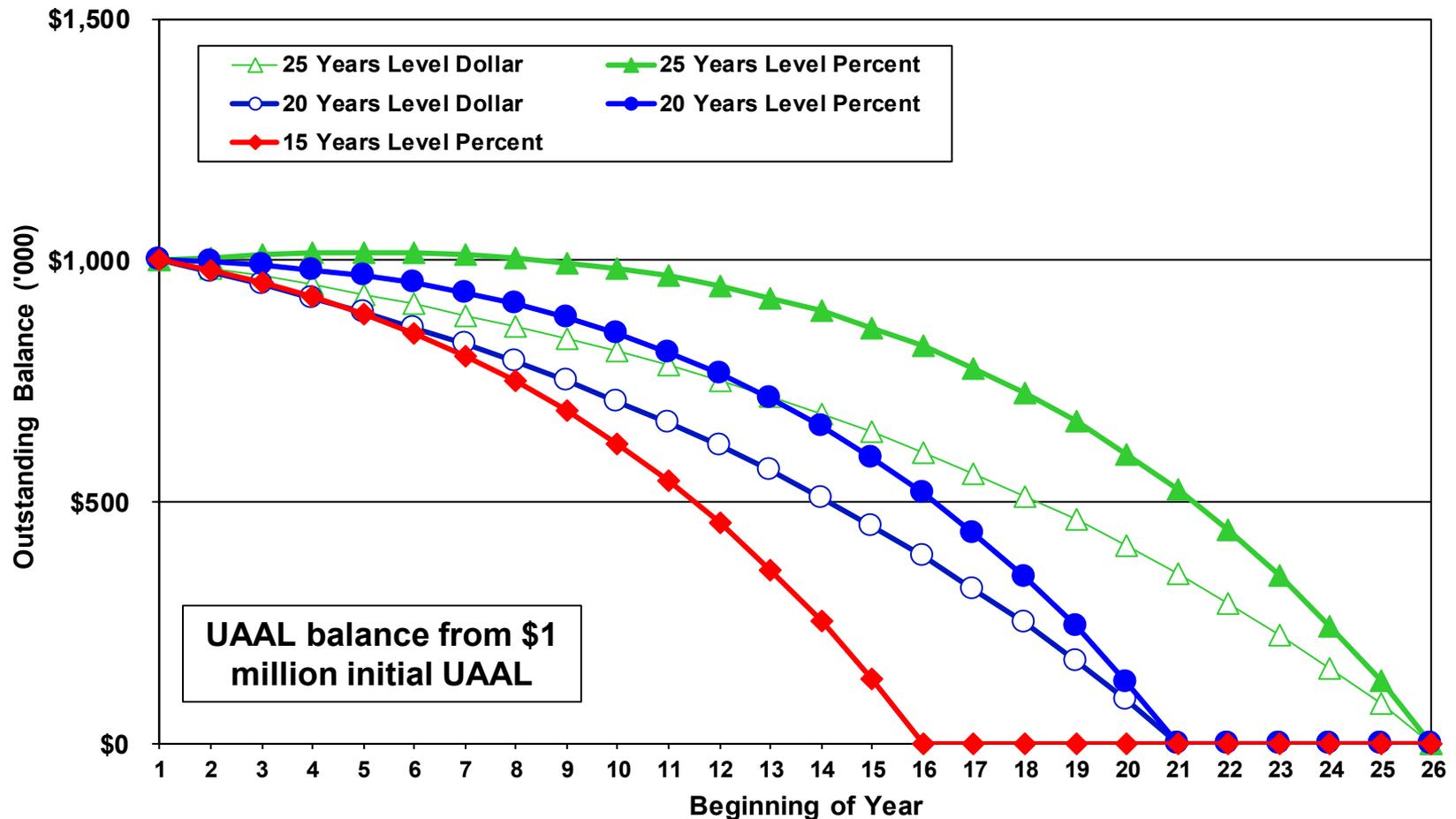


Negative Amortization

- \$1,000,000 liability, 7.00% interest
- First year interest only is \$70,000
- With level dollar payments, payments are always greater than interest
- With level percentage payments, early payments can be less than interest
 - UAAL increases (but not as a percentage of payroll!)
 - Eventually larger payments cover interest plus increased UAAL
- For OCERS, 20 year amortization means no negative amortization even in first year of new layer

Illustration of UAAL Amortization Periods and Methods

➤ Outstanding UAAL balance for \$1,000,000 initial UAAL



OCERS December 31, 2016 Amortization Schedule

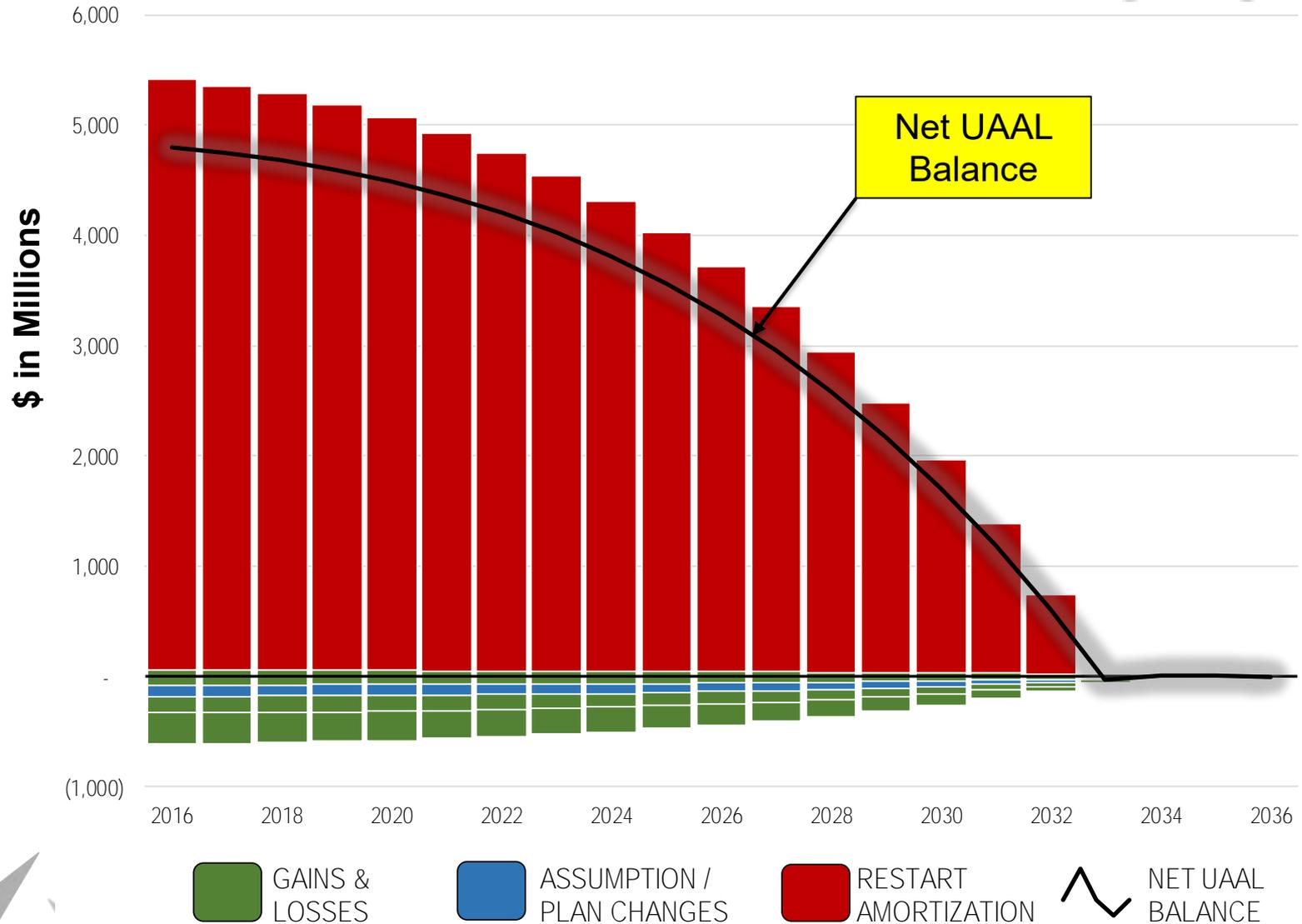
SECTION 4: Reporting Information for the Orange County Employees Retirement System

Appendix A (Continued)

UAAL Amortization Schedule as of December 31, 2016

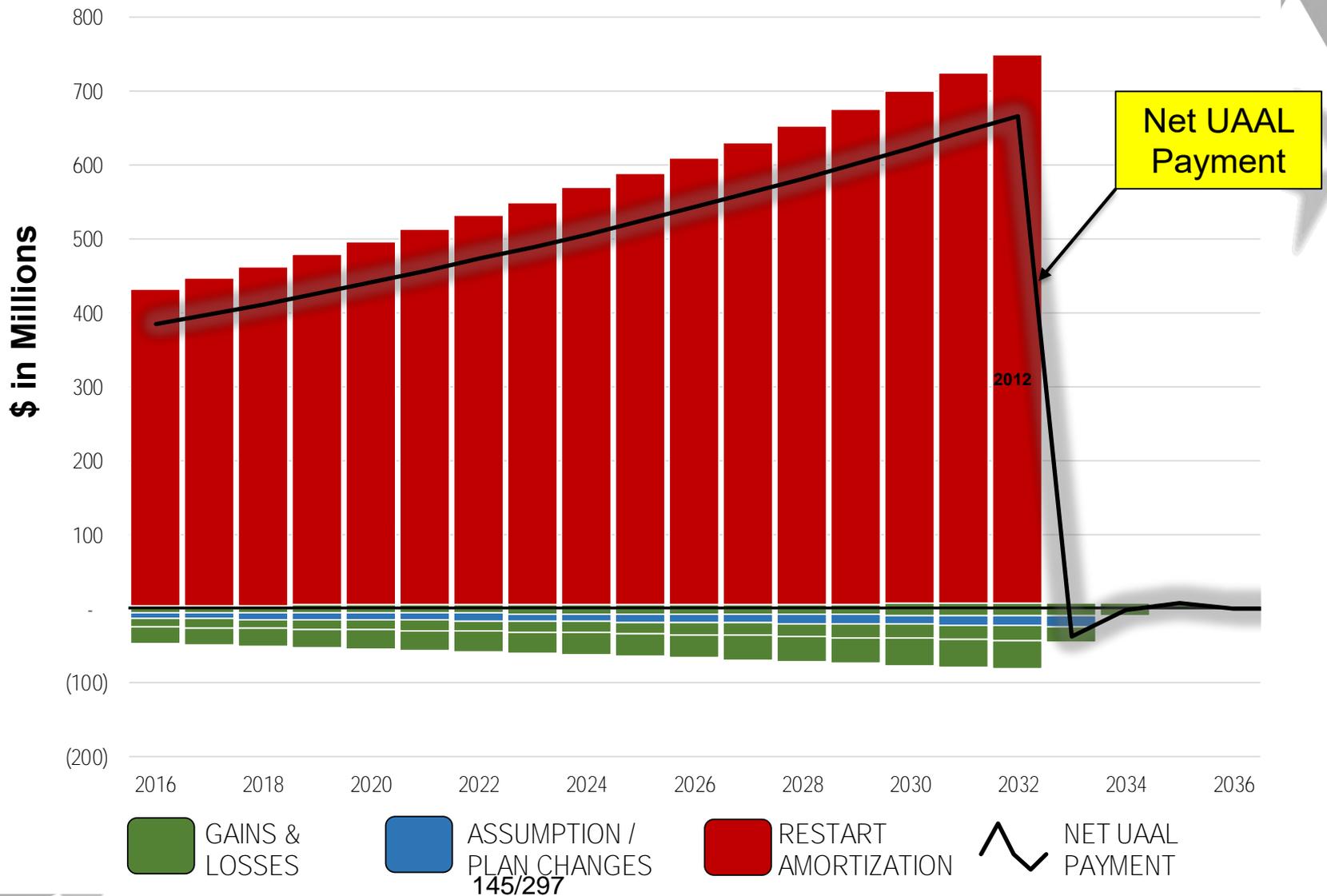
| Rate Groups | Date Established | Source | Initial Base | Years Remaining | Remaining Base | Amortization Amount |
|---|------------------|----------------------------------|-----------------|-----------------|-------------------|---------------------|
| All Rate Groups Combined Excluding OCSD, Cemetery, DOE, U.C.I. and Vector Control | | | | | | |
| | 12/31/2012 | Restart amortization | \$5,408,524,000 | 17 | \$5,353,246,000 | \$428,237,000 |
| | 12/31/2013 | Actuarial (gain) or loss | (282,292,000) | 17 | (279,408,000) | (22,353,000) |
| | 12/31/2014 | Actuarial (gain) or loss | (152,244,000) | 18 | (151,491,000) | (11,629,000) |
| | 12/31/2014 | Assumption changes | (104,333,000) | 18 | (103,818,000) | (7,970,000) |
| | 12/31/2015 | Actuarial (gain) or loss | (75,510,000) | 19 | (75,425,000) | (5,574,000) |
| | 12/31/2015 | Law Library restart amortization | 1,543,000 | 17 | 1,533,000 | 123,000 |
| | 12/31/2016 | Actuarial (gain) or loss | 56,161,000 | 20 | <u>56,161,000</u> | <u>4,006,000</u> |
| Subtotal Total | | | | | \$4,800,798,000 | \$384,840,000 |
| Rate Group #3 (OCSD) | | | | | \$(2,522,000) | |
| Rate Group #11 (Cemetery) | | | | | \$(289,000) | |
| Vector Control | | | | | \$1,115,000 | |
| DOE | | | | | \$2,848,000 | |
| U.C.I. | | | | | \$28,533,000 | |
| Grand Total | | | | | \$4,830,483,000 | |

OCERS Layered UAAL Amortization Balances as of December 31, 2016



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OCERS Layered UAAL Amortization Payments as of December 31, 2016



Recent changes to CalPERS Amortization Policy

- Unlike most systems, CalPERS does not use asset smoothing
 - In April 2013 CalPERS adopted “5 year direct rate smoothing”
 - Mimics asset smoothing without using a smoothed asset value
 - Five year “ramp up / ramp down” of contribution rate impact built into amortization payments
 - Extended smoothing / phase-in to all actuarial experience and assumption changes

- CalPERS 2013 layered amortization periods
 - Actuarial gains or losses: 30 years
 - Similar to 26 year amortization with 5 year smoothing
 - Assumption or method changes: 20 years
 - Similar to 16 year amortization with 5 year phase-in / phase out

Recent changes to CalPERS Amortization Policy

- CalPERS amortization policy revised in February 2018
 - Effective with 6/30/2019 valuation
- For investment gains and losses
 - 20 year UAAL amortization with 5 year ramp up (not down!)
- For non-investment gains and losses
 - 20 year UAAL amortization with no ramp up/down
- For assumption changes
 - 20 year UAAL amortization with no ramp up/down
- New layers will use level dollar amortization



Questions and Discussion



OCERS Board Policy Actuarial Funding Policy

Purpose and Background

The Orange County Employees Retirement System (OCERS) is charged with administering defined benefit plans for its members. Administering the system includes establishing systematic funding of current and future benefit payments for members of OCERS. In doing so, the Board of Retirement engages the services of an actuary to assist in establishing contributions that will fully fund the System's liabilities, and that, as a percentage of payroll, will remain as level as possible for each generation of active members. In order for the actuary to perform the requested services, the Board must approve specific funding objectives, methods, and assumptions to be used in the actuarial valuation for the purpose of funding member benefits.

Policy Objectives

- Achieve long-term full funding of the cost of benefits provided by OCERS;
- Seek reasonable and equitable allocation of the cost of benefits over time;
- Minimize volatility of the plan sponsor's contribution to the extent reasonably possible, consistent with other policy goals; and,
- Support the general public policy goals of accountability and transparency by being clear as to both intent and effect, allowing for an assessment of how and when plan sponsors will meet the funding requirements of the plan.

Definitions

1. **Actuarial Accrued Liability (AAL)** – The portion of the present value of projected benefits that is attributed to past service by the actuarial funding method.
2. **Actuarial Funding Method** – A process used to allocate present value of projected benefits among past and future periods of service.
3. **Actuarial Gains and Losses** – changes in unfunded actuarial accrued liability or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in unfunded actuarial accrued liability, or "actuarial gain" as of the next valuation.
4. **Actuarial Surplus** – the positive difference, if any, between the Valuation Value of Assets and the Actuarial Accrued Liability
5. **Actuarial Value of Assets (AVA)** – The market value of assets less the deferred investment gains or losses not yet recognized by the asset smoothing method.



OCERS Board Policy Actuarial Funding Policy

6. **Entry Age Method** - An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to produce stable employer and employee contributions in amounts that increase at the same rate as the members' payroll (i.e., level % of payroll).
7. **Market Value of Assets (MVA)** – the fair value of assets of the plan as reported under generally accepted accounting principles.
8. **Normal Cost** – The portion of the present value of projected benefits that is attributed to current service by the actuarial funding method.
9. **Unfunded Actuarial Accrued Liability (UAAL)** – the portion of the Actuarial Accrued Liability that is not currently covered by plan assets. It is calculated by subtracting the Valuation Value of Assets from the Actuarial Accrued Liability.
10. **Valuation Value of Assets (VVA)** –the value of assets used in the actuarial valuation to determine contribution rate requirements. It is equal to the Actuarial Value of Assets reduced by the value of any non-valuation reserves.
11. **Valuation Period** – The year for which the actuarial valuation is being performed, which is the calendar year preceding the December 31 actuarial valuation date.

Policy Guidelines

OCERS annual funding requirement is comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this funding policy

- a. Actuarial Cost Method: the process used to allocate the total present value of future benefits to each year (Normal Cost), and all past years (Actuarial Accrued Liability);
- b. Asset Smoothing Method: the process used that spreads the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
- c. Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets (after adjustment for non-valuation reserves) in a systematic manner.

Actuarial Cost Method

The Entry Age cost method with Normal Cost developed as a level percentage of pay of shall be applied to each member's retirement benefit in determining the Normal Cost and the Actuarial Accrued Liability.



OCERS Board Policy Actuarial Funding Policy

Asset Smoothing Method

The investment gains or losses of each Valuation Period, as a result of comparing the actual return on the Market Value of Assets at the end of the period with what the expected return on the Market Value of Assets would have been if the assumed rate of return on assets was realized during the period, shall be recognized in a level amount over a fixed five (5) years in calculating the Actuarial Value of Assets.

Amortization Policy

- a. The Unfunded Actuarial Accrued Liability, the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets (after again adjustment for non-valuation reserves), shall be amortized over various periods of time, depending on how the unfunded liability arose;
- b. The total Unfunded Actuarial Accrued Liability as of December 31, 2013 (which consists of the outstanding balance of the UAAL from the December 31, 2012 valuation and any new actuarial gains or losses from calendar year 2013) shall be amortized over twenty (20) years;
- c. Actuarial Gains or Losses incurred in a single year shall be amortized over twenty (20) years;
- d. Changes in actuarial assumptions and cost methods shall be amortized over twenty (20) years;
- e. Plan amendments other than Early Retirement Incentives shall be amortized over fifteen (15) years;
- f. Early Retirement Incentives shall be amortized over a period not to exceed five (5) years;
- g. Unfunded Actuarial Accrued Liabilities shall be amortized in multiple layers by source over "closed" amortization periods;
- h. Unfunded Actuarial Accrued Liabilities shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase;
- i. If an overfunding or "surplus" exists (i.e., the adjusted Actuarial Value of Assets is greater than the Actuarial Accrued Liability) and the amount of such surplus is in excess of 20% of the AAL per Section 7522.52 of California Public Employee Pension Reform Act, such actuarial surplus in excess of 20% of the AAL and any subsequent surpluses will be amortized over an "open" amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.



OCERS Board Policy Actuarial Funding Policy

Other Policy Considerations

- a. In order to allow Plan Sponsors to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each actuarial valuation (as of December 31) will generally apply to the fiscal year beginning eighteen months after the Actuarial Valuation date. The UAAL contribution rates in the current actuarial valuation are adjusted to account for any shortfall or excess contributions as a result of the implementation lag;
- b. Any change in contribution rate requirement that results from a plan amendment is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible;
- c. When calculating a retirement benefit amount under allowable optional benefit allowances per Government Code sections 31761-31764 (known as Options 2, 3 and 4), the actuary shall include a cost of living assumption;
- d. When calculating both employer and member contribution rates (basic and COLA portions) for Legacy members, the actuary shall include an assumption for the additional cash out of accumulated annual leave, sick leave or compensatory leave both earned and permitted to be cashed out during the final average measuring period, applied on a pooled basis (General, Safety-Probation, Safety-Law and Safety-Fire).
- e. The actuarial assumptions adopted by the Board for use in the actuarial valuation affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expense actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the future contribution requirements.

Actuarial assumptions are generally grouped into two major categories:

- Demographic assumptions – including rates of withdrawal, service retirement, disability retirement, mortality etc.
- Economic assumptions – including price inflation, wage inflation, investment return, salary increase, etc.

The actuarial assumptions represent the Board's best estimate of anticipated experience under OCERS and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only past experience but also trends, external forces and future expectations. The Board will review all assumptions triennially. The current assumptions used by the actuary are listed in Appendix A.

Policy Review

The Board of Retirement will review this policy every three years or more frequently if recommended by the actuary to ensure that it remains relevant and appropriate.



OCERS Board Policy Actuarial Funding Policy

Policy History

The Board adopted this policy on January 21, 2014. This policy was revised on December 15, 2014.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this Policy.

Steve Delaney
Secretary of the Board

~~12/15/14~~04/18/2018

Date



OCERS Board Policy Appendix A

The following are current assumptions used by the actuary when producing the annual actuarial valuation for OCERS.

Economic Assumptions

INFLATION

~~2.753-00%~~ per annum, retiree cost of living adjustments are subject to a 3.0% maximum change per year.

INVESTMENT RETURN

7.~~0025%~~ per annum net of investment and administrative expenses.

EMPLOYEE CONTRIBUTION CREDITING RATE:

~~5.00%~~, compounded semi-annually.

INDIVIDUAL SALARY INCREASES:

- ▶ Inflationary ~~i~~ increases: ~~2.753-00%~~
- ▶ Real “across the board” increases: 0.50%
- ▶ Merit and promotion increases:

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| YEARS OF SERVICE | GENERAL | SAFETY |
|------------------|----------------------|----------------------|
| Less than 1 | 9 10.00% | 14.00% |
| 1 | 7.25 | 10.00 |
| 2 | 6.00 | 7.75 8.50 |
| 3 | 5.00 4.75 | 6.00 75 |
| 4 | 4.00 | 5.50 25 |
| 5 | 3.50 25 | 4.50 |
| 6 | 2.50 25 | 3.75 50 |
| 7 | 2.25 00 | 3.25 |
| 8 | 1.75 50 | 2.50 25 |
| 9 | 1.50 25 | 2.25 |
| 10 | 1.50 25 | 1.75 |
| 11 | 1.50 25 | 1.75 |
| 12 | 1.50 25 | 1.75 |
| 13 | 1.50 25 | 1.75 |
| 14 | 1.50 25 | 1.75 |



OCERS Board Policy Appendix A

| <u>YEARS OF SERVICE</u> | <u>GENERAL</u> | <u>SAFETY</u> |
|-------------------------|----------------------------------|---------------|
| 15 | 1.50 ²⁵ | 1.75 |
| 16 | 1.00 ^{00.75} | 1.50 |
| 17 | 1.00 ^{00.75} | 1.50 |
| 18 | 1.00 ^{00.75} | 1.50 |
| 19 | 1.00 ^{00.75} | 1.50 |
| 20 & over | 1.00 ^{00.75} | 1.50 |

Note: in addition to the individual salary increase assumptions, also assume an average two hours of additional salary annually for leap-year salary adjustment.

ACTIVE MEMBER PAYROLL INCREASES

~~3.25~~⁵⁰% per annum

Non-Economic Assumptions

Post-Retirement Mortality Rates:

HEALTHY

- ▶ ~~For General Members and all Beneficiaries: Headcount-Weighted RP-2014 ~~00-Combined Healthy Annuitant Mortality Table~~, projected generationally with the two-dimensional MP-2016 scale ~~with Scale BB to 2020.~~~~
- ▶ ~~For Safety Members: Headcount-Weighted RP-2014 ~~00-Combined Healthy Annuitant Mortality Table set back four years, projected generationally with the two-dimensional MP-2016 scale.~~~~

DISABLED

- ▶ For General Members: Headcount-Weighted RP-2014 ~~00-Combined Healthy Annuitant Mortality Table~~ set forward five years, projected generationally with the two-dimensional MP-2016 scale ~~with Scale BB to 2020 with ages set forward six years for males and set forward three years for females.~~
- ▶ For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2016 scale, ~~RP-2000-Combined Healthy Mortality Table projected with Scale BB to 2020.~~

BENEFICIARIES

- ▶ Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who is receiving a service (non-disability) retirement.

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OCERS Board Policy Appendix A

EMPLOYEE CONTRIBUTION RATES

- ▶ For General Members: ~~Headcount-Weighted RP-201400 Combined-Healthy Annuitant~~ Mortality Table ~~(separate tables for males and females)~~, projected ~~20 years with the two-dimensional-mortality improvement scale MP-2016 scale~~ ~~with Scale BB to 2020~~, weighted 40% male and 60% female.
- ▶ For Safety Members: ~~Headcount-Weighted RP-201400 Healthy Annuitant Combined-Healthy~~ Mortality Table ~~set back four years (separate tables for males and females)~~, projected ~~20 years with the two-dimensional mortality improvement scale MP-2016 scale~~, ~~ed with Scale BB to 2020~~ ~~with ages set back two years~~, weighted 80% male and 20% female.



OCERS Board Policy Appendix A

PRE-RETIREMENT MORTALITY RATES

Termination Rates Before Retirement

For General and Safety Members; Headcount-Weighted RP-2014 Employee Mortality Table times 80% projected generationally with the two-dimensional MP-2016 projection scale.

Termination Rates Before Retirement

| Age | RATE (%) MORTALITY ¹ | | | |
|-----|---------------------------------|--------|--------|--------|
| | General | | Safety | |
| | Male | Female | Male | Female |
| 25 | 0.054 | 0.02 | 0.054 | 0.02 |
| 30 | 0.054 | 0.02 | 0.054 | 0.02 |
| 35 | 0.057 | 0.034 | 0.056 | 0.034 |
| 40 | 0.0640 | 0.047 | 0.069 | 0.046 |
| 45 | 0.104 | 0.0711 | 0.102 | 0.079 |
| 50 | 0.1720 | 0.116 | 0.178 | 0.114 |
| 55 | 0.2734 | 0.1725 | 0.27 | 0.1721 |
| 60 | 0.4559 | 0.2441 | 0.458 | 0.2433 |
| 65 | 0.78100 | 0.3676 | 0.7882 | 0.3660 |
| 70 | 1.27 | 0.59 | 1.27 | 0.59 |

Note that generational projections beyond the base year (2014) are not reflected in the above mortality rates.

All General pre-retirement deaths are assumed to be non-service connected. For Safety, 90% of pre-retirement deaths are assumed to be non-service connected. The other 10% are assumed to be service connected.

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OCERS Board Policy Appendix A

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OCERS Board Policy
Appendix A

| Age | RATE (%)DISABILITY | | | |
|-----|----------------------------------|-----------------------------|----------------------------------|---------------------------------|
| | General All Other ⁽¹⁾ | General OCTA ⁽²⁾ | Safety-Law & Fire ⁽³⁾ | Safety-Probation ⁽⁴⁾ |
| 20 | 0.00 | 0.00 | 0.00 | 0.00 |
| 25 | 0.00 | 0.00 | 0.01 | 0.03 |
| 30 | 0.01 | 0.03 | 0.04 | 0.08 |
| 35 | 0.03 | 0.20 | 0.14 | 0.10 |
| 40 | 0.08 | 0.36 | 0.236 | 0.130 |
| 45 | 0.134 | 0.43 | 0.402 | 0.2146 |
| 50 | 0.184 | 0.48 | 1.100-92 | 0.280 |
| 55 | 0.2348 | 0.6574 | 2.404-98 | 0.4223 |
| 60 | 0.3129 | 1.2644 | 4.805-20 | 0.240 |

- (1) ~~60~~55% of General All Other disabilities are assumed to be service connected disabilities. The other ~~40~~5% are assumed to be non-service connected.
- (2) 65% of General – OCTA disabilities are assumed to be service connected disabilities. The other 35% are assumed to be non-service connected.
- (3) 100% of Safety – Law Enforcement, Fire and Probation disabilities are assumed to be service connected disabilities.
- ~~(3)~~(4) 75% of Safety Probation disabilities are assumed to be service connected disabilities. The other 25% are assumed to be non-service connected.

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| Years of Service | RATE (%) - TERMINATION | | | |
|------------------|-------------------------------------|-----------------------------|--------------------------------------|--------------------------------------|
| | General All Other ⁽¹⁾ | General OCTA ⁽¹⁾ | Safety- Law & Fire ⁽²⁾ | Safety – Probation ⁽²⁾ |
| 0 | 11.0 | 17.50 | 4.50 00 | 14 6 .00 |
| 1 | 7.50 8-0 | 11.00 13-50 | 2.50 3-00 | 13.00 |
| 2 | 6.50 7-0 | 9.00 10-50 | 2.00 | 10.00 |
| 3 | 5.0 | 8.50 10-00 | 1.50 00 | 5 6 .00 |
| 4 | 4.50 0 | 7.50 09-00 | 1.25 00 | 4.00 |
| 5 | 4.25 3-75 | 7.00 | 1.00 | 3.50 |
| 6 | 3.75 3-50 | 4.55 -00 | 0.95 | 2.75 3-00 |
| 7 | 3.25 00 | 4 5 .00 | 0.90 | 2.00 50 |
| 8 | 3.00 2-75 | 3.50 4-00 | 0.85 | 2.00 25 |
| 9 | 2.75 50 | 3.00 50 | 0.80 | 1.75 2-00 |
| 10 | 2.50 25 | 3.00 50 | 0.75 | 1.75 |
| 11 | 2.00 | 3.00 50 | 0.65 | 1.50 75 |
| 12 | 2.00 | 3.00 | 0.60 | 1.25 50 |
| 13 | 1.75 | 2.50 3-00 | 0.55 0 | 1.00 25 |
| 14 | 1.50 75 | 2.50 3-00 | 0.50 | 0.75 1-00 |
| 15 | 1.40 75 | 2.50 3-00 | 0.45 50 | 0.75 1-00 |
| 16 | 1.30 50 | 2.00 3-00 | 0.40 50 | 0.75 1-00 |
| 17 | 1.20 50 | 1.80 2-75 | 0.35 50 | 0.25 50 |
| 18 | 1.10 50 | 1.60 2-75 | 0.30 50 | 0.25 50 |
| 19 | 1.00 50 | 1.40 2-75 | 0.25 50 | 0.25 50 |
| 20 or more | .90 1-25 | 1.20 1-75 | 0.20 5 | 0.25 50 |

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(1) 40% of all terminated members with less than 5 years of service and 25% of all terminated members with 5 or more years of service will choose a refund of contributions.
 (2) 45% of all terminated members with less than 5 years of service and 35% of all terminated members with 5 or more years of service will choose a refund of contributions.
 (3) 20% of all terminated members with less than 5 years of service and 20% of all terminated members with 5 or more years of service will choose a refund of contributions.
 (4) 40% of all terminated members with less than 5 years of service and 30% of all terminated members with 5 or more years of service will choose a refund of contributions.



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Appendix A

Proportion of Total Termination Assumed to Withdraw Contributions

| | <u>Election for Withdrawal of Contributions (%)</u> | | | |
|-------------------------|---|---------------------|----------------------------|-------------------------|
| <u>Years of Service</u> | <u>General ALL Other</u> | <u>General OCTA</u> | <u>Safety Law and Fire</u> | <u>Safety Probation</u> |
| <u>0-4</u> | <u>35.0</u> | <u>40.0</u> | <u>20.0</u> | <u>25.0</u> |
| <u>5-9</u> | <u>30.0</u> | <u>35.0</u> | <u>20.0</u> | <u>25.0</u> |
| <u>10-14</u> | <u>25.0</u> | <u>30.0</u> | <u>20.0</u> | <u>25.0</u> |
| <u>15 or more</u> | <u>20.0</u> | <u>20.0</u> | <u>20.0</u> | <u>25.0</u> |

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OCERS Board Policy Appendix A

Retirement Rates

| Age | RATE (%) | | | | | | | |
|-----|-----------------------|-------------------------------------|------------------------|---------------------------------------|---------------------------------------|--|--|-----------------------------------|
| | General Enhanced | General-Non-Enhanced ⁽¹⁾ | General SJC (31676.12) | Safety – Law (31664.1) ⁽²⁾ | Safety – Law (31664.2) ⁽²⁾ | Safety – Fire (31664.1) ⁽²⁾ | Safety – Fire (31664.2) ⁽²⁾ | Safety – Probation ⁽²⁾ |
| 48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0 | 0.0 |
| 49 | 30.00 | 25.00 | 0.00 | 12.00 | 0.00 | 2.00 | 0.00 | 0.00 |
| 50 | 2.50 | 2.52.00 | 3.00 | 16.0 18.0 | 11.50 | 6.0 5.00 | 8.00 | 3.0 3.25 |
| 51 | 2.00 | 2.52.00 | 3.00 | 16.0 18.0 | 12.00 | 8.0 7.00 | 10.00 | 3.0 3.25 |
| 52 | 2.02.50 | 2.52.00 | 3.00 | 16.0 17.0 | 12.70 12.7 | 9.0 9.50 | 11.0 11.00 | 4.0 4.25 |
| 53 | 2.50 | 2.52.75 | 3.00 | 16.0 17.0 | 17.90 | 10.50 | 12.00 | 4.25 |
| 54 | 5.50 | 2.75 | 3.00 | 22.0 | 18.80 | 15.00 16.0 | 14.00 | 7.00 6.0 |
| 55 | 15.00 | 3.25 | 4.00 | 22.0 | 30.70 | 18.0 0.0 | 24.00 | 12.00 1.0 |
| 56 | 10.00 | 3.50 | 5.00 | 20.00 | 20.00 | 20.00 | 23.00 | 12.00 1.0 |
| 57 | 10.00 | 5.50 | 6.00 | 20.00 | 20.00 | 21.00 3.0 | 27.00 | 18.00 7.0 |
| 58 | 11.00 10.0 | 5.50 | 7.00 | 20.00 | 25.00 | 28.00 30.0 | 27.00 | 18.00 20.0 |
| 59 | 11.00 | 6.57.0 | 9.00 | 26.00 | 30.00 | 28.00 30.0 | 36.00 | 18.00 20.0 |
| 60 | 12.00 | 9.25 | 11.00 | 34.5.00 | 40.00 100.0 | 30.00 45.0 | 40.00 100.0 | 20.00 |
| 61 | 12.00 | 12.00 0.0 | 13.00 | 34.5.00 | 40.00 100.0 | 30.00 45.0 | 40.00 100.0 | 20.00 |
| 62 | 14.5.00 | 16.00 | 15.00 | 40.5.00 | 40.00 100.0 | 35.00 45.0 | 40.00 100.0 | 25.00 |
| 63 | 16.00 | 16.00 | 15.00 | 40.5.00 | 40.00 100.0 | 35.00 45.0 | 40.00 100.0 | 40.00 50.0 |
| 64 | 16.00 | 18.00 | 20.00 | 40.5.00 | 40.00 100.0 | 35.00 45.0 | 40.00 100.0 | 40.00 50.0 |
| 65 | 22.00 | 22.00 21.0 | 20.00 | 100.00 | 100.00 | 100.00 | 40.00 100.0 | 100.00 |

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| | RATE (%) | | | | | | | |
|----|--------------------------|-----------------------|-----------------------|--------|--------|--------|--------|--------|
| 66 | 22.00 | 28.00 0 | 24.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 67 | 23.00 | 24.00 0 | 24.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 68 | 23.00 | 24.00 0 | 24.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 69 | 23.00 | 20.00 0 | 24.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 70 | 25.40 0.00 | 20.00 0 | 50.00 0 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 71 | 25.40 0.00 | 25.00 0 | 50.00 0 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 72 | 25.40 0.00 | 25.00 0 | 50.00 0 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 73 | 25.40 0.00 | 25.00 0 | 50.00 0 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 74 | 25.00 0 | 25.00 0 | 50.00 0 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 75 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

(1) These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

(2) Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.



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| Age | RATE (%) | | | |
|-----|--|---|---|--|
| | CalPEPRA 2.5% @ 67 General Formula | CalPEPRA Safety – Probation Formula (1) | CalPEPRA Safety – Law Formula (1) | CalPEPRA Safety – Fire Formula (1) |
| 50 | 0.00 | 2.50 | 11.00 | 6.00 .5 |
| 51 | 0.00 | 2.50 | 11.50 | 7.00 8.0 |
| 52 | 4.00 | 3.00 | 12.00 | 9.00 |
| 53 | 1.50 | 3.00 | 16.00 | 10.00 |
| 54 | 1.50 | 5.50 | 17.00 | 11.50 12.0 |
| 55 | 2.50 | 10.00 | 28.00 | 21.00 |
| 56 | 3.50 | 10.00 | 18.00 | 20.00 |
| 57 | 5.50 | 15.00 | 17.50 | 22.00 |
| 58 | 7.50 | 20.00 | 22.00 | 25.00 |
| 59 | 7.50 | 20.00 | 26.00 | 30.00 31.5 |
| 60 | 7.50 | 40.00 100.0 | 40.00 100.0 | 40.00 100.0 |
| 61 | 7.50 | 40.00 100.0 | 40.00 100.0 | 40.00 100.0 |
| 62 | 14.00 | 40.00 100.0 | 40.00 100.0 | 40.00 100.0 |
| 63 | 14.00 | 40.00 100.0 | 40.00 100.0 | 40.00 100.0 |
| 64 | 14.00 | 40.00 100.0 | 40.00 100.0 | 40.00 100.0 |
| 65 | 18.00 | 100.00 | 100.00 | 100.00 |
| 66 | 22.00 | 100.00 | 100.00 | 100.00 |
| 67 | 23.00 | 100.00 | 100.00 | 100.00 |
| 68 | 23.00 | 100.00 | 100.00 | 100.00 |
| 69 | 23.00 | 100.00 | 100.00 | 100.00 |
| 70 | 25.00 30.0 | 100.00 | 100.00 | 100.00 |
| 71 | 25.00 30.0 | 100.00 | 100.00 | 100.00 |
| 72 | 25.00 30.0 | 100.00 | 100.00 | 100.00 |
| 73 | 25.00 30.0 | 100.00 | 100.00 | 100.00 |



OCERS Board Policy Appendix A

| | RATE (%) | | | |
|----|-----------------------|--------|--------|--------|
| 74 | 25.00 30.0 | 100.00 | 100.00 | 100.00 |
| 75 | 100.00 | 100.00 | 100.00 | 100.00 |

(1) Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings-

Retirement Age and Benefit for
Deferred Vested Members:

For deferred vested members, the following
assumptions are made:

General Retirement Age: ~~59~~8

Safety Retirement Age: 53

Assume that ~~15.20~~% of future General and ~~25.30~~% of
future Safety deferred vested members are reciprocal.
For reciprocals, assume 4. ~~25.25~~% compensation
increases for General and ~~5.00~~4.75% for Safety per
annum.

Liability Calculation for Current
Deferred Vested Members:

Liability for a current deferred vested member is
calculated based on salary, service, and eligibility for
reciprocal benefit as provided by the Retirement System.
For those members without salary information that have
3 or more years of service, use an average salary. For
those members without salary information that have
less than 3 years of service or for those members
without service information, assume a refund of account
balance.

Future Benefit Accruals:

1.0 year of service per year of employment. There is no
assumption to anticipate conversion of unused sick leave
at retirement.

Unknown Data for Members:

Same as those exhibited by members with similar known
characteristics. If not specified, members are assumed to
be male.

Form of Payment

All members are assumed to elect the unmodified option
at retirement.



OCERS Board Policy Appendix A

Percent married: 75% of male members and ~~55~~9% of female members are assumed to be married at retirement or time of pre-retirement death.

Age of Spouse: Female (or male) three years younger (or older) than spouse.

~~Employee Contribution Crediting Rate:~~ ~~5.00%, compounded semi-annually.~~

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| <p><u>Additional Cashout Assumptions For Non-CalPEPRA Formulas</u></p> | <p>Additional compensation amounts are expected to be received during a member's final average earnings period. The percentages used in this valuation are:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Final One Year Salary</th> <th style="text-align: center;">Final Three Year Salary</th> </tr> </thead> <tbody> <tr> <td>General Members</td> <td style="text-align: center;">3.0050%</td> <td style="text-align: center;">2.80%</td> </tr> <tr> <td>Safety – Probation</td> <td style="text-align: center;">3.80%</td> <td style="text-align: center;">3.42-80%</td> </tr> <tr> <td>Safety – Law</td> <td style="text-align: center;">5.20%</td> <td style="text-align: center;">4.670%</td> </tr> <tr> <td>Safety – Fire</td> <td style="text-align: center;">2.00%</td> <td style="text-align: center;">1.702.00%</td> </tr> </tbody> </table> <p>The additional cashout assumptions-annual payoffs assumptions are the same for service and disability retirements.</p> | | Final One Year Salary | Final Three Year Salary | General Members | 3.00 50% | 2.80% | Safety – Probation | 3.80% | 3.42 -80% | Safety – Law | 5.20% | 4. 67 0% | Safety – Fire | 2.00% | 1.70 2.00% |
|--|---|----------------------------|--------------------------|----------------------------|-----------------|---------------------|-------|--------------------|-------|----------------------|--------------|-------|---------------------|---------------|-------|-----------------------|
| | Final One Year Salary | Final Three Year Salary | | | | | | | | | | | | | | |
| General Members | 3.00 50% | 2.80% | | | | | | | | | | | | | | |
| Safety – Probation | 3.80% | 3.42 -80% | | | | | | | | | | | | | | |
| Safety – Law | 5.20% | 4. 67 0% | | | | | | | | | | | | | | |
| Safety – Fire | 2.00% | 1.70 2.00% | | | | | | | | | | | | | | |
| <p><u>Additional Cashout Assumptions For CalPEPRA Formulas</u></p> | <p>None</p> | | | | | | | | | | | | | | | |

Purpose and Background

The Orange County Employees Retirement System (OCERS) is charged with administering defined benefit plans for its members. Administering the system includes establishing systematic funding of current and future benefit payments for members of OCERS. In doing so, the Board of Retirement engages the services of an actuary to assist in establishing contributions that will fully fund the System's liabilities, and that, as a percentage of payroll, will remain as level as possible for each generation of active members. In order for the actuary to perform the requested services, the Board must approve specific funding objectives, methods, and assumptions to be used in the actuarial valuation for the purpose of funding member benefits.

Policy Objectives

- Achieve long-term full funding of the cost of benefits provided by OCERS;
- Seek reasonable and equitable allocation of the cost of benefits over time;
- Minimize volatility of the plan sponsor's contribution to the extent reasonably possible, consistent with other policy goals; and,
- Support the general public policy goals of accountability and transparency by being clear as to both intent and effect, allowing for an assessment of how and when plan sponsors will meet the funding requirements of the plan.

Definitions

1. **Actuarial Accrued Liability (AAL)** – The portion of the present value of projected benefits that is attributed to past service by the actuarial funding method.
2. **Actuarial Funding Method** – A process used to allocate present value of projected benefits among past and future periods of service.
3. **Actuarial Gains and Losses** – changes in unfunded actuarial accrued liability or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in unfunded actuarial accrued liability, or "actuarial gain" as of the next valuation.
4. **Actuarial Surplus** – the positive difference, if any, between the Valuation Value of Assets and the Actuarial Accrued Liability
5. **Actuarial Value of Assets (AVA)** – The market value of assets less the deferred investment gains or losses not yet recognized by the asset smoothing method.

OCERS Board Policy

Actuarial Funding Policy

6. **Entry Age Method** - An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to produce stable employer and employee contributions in amounts that increase at the same rate as the members' payroll (i.e., level % of payroll).
7. **Market Value of Assets (MVA)** – the fair value of assets of the plan as reported under generally accepted accounting principles.
8. **Normal Cost** – The portion of the present value of projected benefits that is attributed to current service by the actuarial funding method.
9. **Unfunded Actuarial Accrued Liability (UAAL)** – the portion of the Actuarial Accrued Liability that is not currently covered by plan assets. It is calculated by subtracting the Valuation Value of Assets from the Actuarial Accrued Liability.
10. **Valuation Value of Assets (VVA)** –the value of assets used in the actuarial valuation to determine contribution rate requirements. It is equal to the Actuarial Value of Assets reduced by the value of any non-valuation reserves.
11. **Valuation Period** – The year for which the actuarial valuation is being performed, which is the calendar year preceding the December 31 actuarial valuation date.

Policy Guidelines

OCERS annual funding requirement is comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this funding policy

- a. Actuarial Cost Method: the process used to allocate the total present value of future benefits to each year (Normal Cost), and all past years (Actuarial Accrued Liability);
- b. Asset Smoothing Method: the process used that spreads the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
- c. Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets (after adjustment for non-valuation reserves) in a systematic manner.

Actuarial Cost Method

The Entry Age cost method with Normal Cost developed as a level percentage of pay of shall be applied to each member's retirement benefit in determining the Normal Cost and the Actuarial Accrued Liability.

Asset Smoothing Method

The investment gains or losses of each Valuation Period, as a result of comparing the actual return on the Market Value of Assets at the end of the period with what the expected return on the Market Value of Assets would have been if the assumed rate of return on assets was realized during the period, shall be recognized in a level amount over a fixed five (5) years in calculating the Actuarial Value of Assets.

Amortization Policy

- a. The Unfunded Actuarial Accrued Liability, the difference between the Actuarial Accrued Liability and the Actuarial Value of Assets (after again adjustment for non-valuation reserves), shall be amortized over various periods of time, depending on how the unfunded liability arose;
- b. The total Unfunded Actuarial Accrued Liability as of December 31, 2013 (which consists of the outstanding balance of the UAAL from the December 31, 2012 valuation and any new actuarial gains or losses from calendar year 2013) shall be amortized over twenty (20) years;
- c. Actuarial Gains or Losses incurred in a single year shall be amortized over twenty (20) years;
- d. Changes in actuarial assumptions and cost methods shall be amortized over twenty (20) years;
- e. Plan amendments other than Early Retirement Incentives shall be amortized over fifteen (15) years;
- f. Early Retirement Incentives shall be amortized over a period not to exceed five (5) years;
- g. Unfunded Actuarial Accrued Liabilities shall be amortized in multiple layers by source over “closed” amortization periods;
- h. Unfunded Actuarial Accrued Liabilities shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase;
- i. If an overfunding or “surplus” exists (i.e., the adjusted Actuarial Value of Assets is greater than the Actuarial Accrued Liability) and the amount of such surplus is in excess of 20% of the AAL per Section 7522.52 of California Public Employee Pension Reform Act, such actuarial surplus in excess of 20% of the AAL and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.

Other Policy Considerations

- a. In order to allow Plan Sponsors to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each actuarial valuation (as of December 31) will generally apply to the fiscal year beginning eighteen months after the Actuarial Valuation date. The UAAL contribution rates in the current actuarial valuation are adjusted to account for any shortfall or excess contributions as a result of the implementation lag;
- b. Any change in contribution rate requirement that results from a plan amendment is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible;
- c. When calculating a retirement benefit amount under allowable optional benefit allowances per Government Code sections 31761-31764 (known as Options 2, 3 and 4), the actuary shall include a cost of living assumption;
- d. When calculating both employer and member contribution rates (basic and COLA portions) for Legacy members, the actuary shall include an assumption for the additional cash out of accumulated annual leave, sick leave or compensatory leave both earned and permitted to be cashed out during the final average measuring period, applied on a pooled basis (General, Safety-Probation, Safety-Law and Safety-Fire).
- e. The actuarial assumptions adopted by the Board for use in the actuarial valuation affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expense actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the future contribution requirements.

Actuarial assumptions are generally grouped into two major categories:

- Demographic assumptions – including rates of withdrawal, service retirement, disability retirement, mortality etc.
- Economic assumptions – including price inflation, wage inflation, investment return, salary increase, etc.

The actuarial assumptions represent the Board's best estimate of anticipated experience under OCERS and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only past experience but also trends, external forces and future expectations. The Board will review all assumptions triennially. The current assumptions used by the actuary are listed in Appendix A.

Policy Review

The Board of Retirement will review this policy every three years or more frequently if recommended by the actuary to ensure that it remains relevant and appropriate.



OCERS Board Policy Actuarial Funding Policy

Policy History

The Board adopted this policy on January 21, 2014. This policy was revised on December 15, 2014.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this Policy.

A handwritten signature in black ink that reads "Steve Delaney". The signature is written in a cursive style and is contained within a thin black rectangular border.

04/18/2018

Steve Delaney
Secretary of the Board

Date

The following are current assumptions used by the actuary when producing the annual actuarial valuation for OCERS.

Economic Assumptions

INFLATION

2.75% per annum, retiree cost of living adjustments are subject to a 3.0% maximum change per year.

INVESTMENT RETURN

7.00% per annum net of investment and administrative expenses.

EMPLOYEE CONTRIBUTION CREDITING RATE:

5.00%, compounded semi-annually.

INDIVIDUAL SALARY INCREASES:

- ▶ Inflationary increases: 2.75%
- ▶ Real “across the board” increases: 0.50%
- ▶ Merit and promotion increases:

| YEARS OF SERVICE | GENERAL | SAFETY |
|-------------------------|----------------|---------------|
| Less than 1 | 9.00% | 14.00% |
| 1 | 7.25 | 10.00 |
| 2 | 6.00 | 7.75 |
| 3 | 5.00 | 6.00 |
| 4 | 4.00 | 5.50 |
| 5 | 3.50 | 4.50 |
| 6 | 2.50 | 3.75 |
| 7 | 2.25 | 3.25 |
| 8 | 1.75 | 2.50 |
| 9 | 1.50 | 2.25 |
| 10 | 1.50 | 1.75 |
| 11 | 1.50 | 1.75 |
| 12 | 1.50 | 1.75 |
| 13 | 1.50 | 1.75 |
| 14 | 1.50 | 1.75 |

| YEARS OF SERVICE | GENERAL | SAFETY |
|-------------------------|----------------|---------------|
| 15 | 1.50 | 1.75 |
| 16 | 1.00 | 1.50 |
| 17 | 1.00 | 1.50 |
| 18 | 1.00 | 1.50 |
| 19 | 1.00 | 1.50 |
| 20 & over | 1.00 | 1.50 |

Note: in addition to the individual salary increase assumptions, also assume an average two hours of additional salary annually for leap-year salary adjustment.

ACTIVE MEMBER PAYROLL INCREASES

3.25% per annum

Non-Economic Assumptions

Post-Retirement Mortality Rates:

HEALTHY

- ▶ For General Members and all Beneficiaries: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally with the two-dimensional MP-2016 scale.
- ▶ For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set back four years, projected generationally with the two-dimensional MP-2016 scale.

DISABLED

- ▶ For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward five years, projected generationally with the two-dimensional MP-2016 scale.
- ▶ For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional MP-2016 scale.

BENEFICIARIES

- ▶ Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who is receiving a service (non-disability) retirement.

EMPLOYEE CONTRIBUTION RATES

- ▶ For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) projected 20 years with the two-dimensional mortality improvement scale MP-2016 scale, weighted 40% male and 60% female.
- ▶ For Safety Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set back four years (separate tables for males and females), projected 20 years with the two-dimensional mortality improvement scale MP-2016 scale, , weighted 80% male and 20% female.

PRE-RETIREMENT MORTALITY RATES

For General and Safety Members; Headcount-Weighted RP-2014 Employee Mortality Table times 80% projected generationally with the two-dimensional MP-2016 projection scale.

Termination Rates Before Retirement

| Age | RATE (%) MORTALITY ⁱ | | | |
|-----|---------------------------------|--------|--------|--------|
| | General | | Safety | |
| | Male | Female | Male | Female |
| 25 | 0.05 | 0.02 | 0.05 | 0.02 |
| 30 | 0.05 | 0.02 | 0.05 | 0.02 |
| 35 | 0.05 | 0.03 | 0.05 | 0.03 |
| 40 | 0.06 | 0.04 | 0.06 | 0.04 |
| 45 | 0.10 | 0.07 | 0.10 | 0.07 |
| 50 | 0.17 | 0.11 | 0.17 | 0.11 |
| 55 | 0.27 | 0.17 | 0.27 | 0.17 |
| 60 | 0.45 | 0.24 | 0.45 | 0.24 |
| 65 | 0.78 | 0.36 | 0.78 | 0.36 |
| 70 | 1.27 | 0.59 | 1.27 | 0.59 |

Note that generational projections beyond the base year (2014) are not reflected in the above mortality rates.

All General pre-retirement deaths are assumed to be non-service connected. For Safety, 90% of pre-retirement deaths are assumed to be non-service connected. The other 10% are assumed to be service connected.

| Age | RATE (%) DISABILITY | | | |
|-----|----------------------------------|-----------------------------|----------------------------------|---------------------------------|
| | General All Other ⁽¹⁾ | General OCTA ⁽²⁾ | Safety-Law & Fire ⁽³⁾ | Safety-Probation ⁽⁴⁾ |
| 20 | 0.00 | 0.00 | 0.00 | 0.00 |
| 25 | 0.00 | 0.00 | 0.01 | 0.03 |
| 30 | 0.01 | 0.03 | 0.04 | 0.08 |
| 35 | 0.03 | 0.20 | 0.14 | 0.10 |
| 40 | 0.08 | 0.36 | 0.23 | 0.13 |

OCERS Board Policy Appendix A

| | RATE (%)DISABILITY | | | |
|----|---------------------------|------|------|------|
| 45 | 0.13 | 0.43 | 0.40 | 0.21 |
| 50 | 0.18 | 0.48 | 1.10 | 0.28 |
| 55 | 0.23 | 0.65 | 2.40 | 0.42 |
| 60 | 0.31 | 1.26 | 4.80 | 0.20 |

- (1) 60% of General All Other disabilities are assumed to be service connected disabilities. The other 40% are assumed to be non-service connected.
- (2) 65% of General – OCTA disabilities are assumed to be service connected disabilities. The other 35% are assumed to be non-service connected.
- (3) 100% of Safety – Law Enforcement, Fire and Probation disabilities are assumed to be service connected disabilities.
- (4) 75% of Safety Probation disabilities are assumed to be service connected disabilities. The other 25% are assumed to be non-service connected.

| | RATE (%) TERMINATION | | | |
|-------------------------|----------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| Years of Service | General All Other (1) | General OCTA⁽¹⁾ | Safety- Law & Fire (2) | Safety – Probation (2) |
| 0 | 11.0 | 17.50 | 4.50 | 14.00 |
| 1 | 7.50 | 11.00 | 2.50 | 13.00 |
| 2 | 6.50 | 9.00 | 2.00 | 10.00 |
| 3 | 5.0 | 8.50 | 1.50 | 5.00 |
| 4 | 4.50 | 7.50 | 1.25 | 4.00 |
| 5 | 4.25 | 7.00 | 1.00 | 3.50 |
| 6 | 3.75 | 4.50 | 0.95 | 2.75 |
| 7 | 3.25 | 4.00 | 0.90 | 2.00 |
| 8 | 3.00 | 3.50 | 0.85 | 2.00 |
| 9 | 2.75 | 3.00 | 0.80 | 1.75 |
| 10 | 2.50 | 3.00 | 0.75 | 1.75 |
| 11 | 2.00 | 3.00 | 0.65 | 1.50 |
| 12 | 2.00 | 3.00 | 0.60 | 1.25 |
| 13 | 1.75 | 2.50 | 0.55 | 1.00 |
| 14 | 1.50 | 2.50 | 0.50 | 0.75 |
| 15 | 1.40 | 2.50 | 0.45 | 0.75 |

| | RATE (%) TERMINATION | | | |
|------------|----------------------|------|------|------|
| 16 | 1.30 | 2.00 | 0.40 | 0.75 |
| 17 | 1.20 | 1.80 | 0.35 | 0.25 |
| 18 | 1.10 | 1.60 | 0.30 | 0.25 |
| 19 | 1.00 | 1.40 | 0.25 | 0.25 |
| 20 or more | .90 | 1.20 | 0.20 | 0.25 |

Proportion of Total Termination Assumed to Withdraw Contributions

| | Election for Withdrawal of Contributions (%) | | | |
|------------------|--|--------------|---------------------|------------------|
| Years of Service | General ALL Other | General OCTA | Safety Law and Fire | Safety Probation |
| 0-4 | 35.0 | 40.0 | 20.0 | 25.0 |
| 5-9 | 30.0 | 35.0 | 20.0 | 25.0 |
| 10-14 | 25.0 | 30.0 | 20.0 | 25.0 |
| 15 or more | 20.0 | 20.0 | 20.0 | 25.0 |

Retirement Rates

| Age | RATE (%) | | | | | | | |
|-----|------------------|-------------------------------------|------------------------|---------------------------------------|---------------------------------------|--|--|-----------------------------------|
| | General Enhanced | General-Non-Enhanced ⁽¹⁾ | General SJC (31676.12) | Safety – Law (31664.1) ⁽²⁾ | Safety – Law (31664.2) ⁽²⁾ | Safety – Fire (31664.1) ⁽²⁾ | Safety – Fire (31664.2) ⁽²⁾ | Safety – Probation ⁽²⁾ |
| 48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0 | 0.0 |
| 49 | 30.00 | 25.00 | 0.00 | 12.00 | 0.00 | 2.00 | 0.00 | 0.00 |
| 50 | 2.50 | 2.00 | 3.00 | 18.00 | 11.50 | 5.00 | 8.00 | 3.25 |
| 51 | 2.00 | 2.00 | 3.00 | 18.00 | 12.00 | 7.00 | 10.00 | 3.25 |
| 52 | 2.50 | 2.00 | 3.00 | 17.00 | 12.70 | 9.50 | 11.00 | 4.25 |
| 53 | 2.50 | 2.75 | 3.00 | 17.00 | 17.90 | 10.50 | 12.00 | 4.25 |
| 54 | 5.50 | 2.75 | 3.00 | 22.0 | 18.80 | 15.00 | 14.00 | 7.00 |
| 55 | 15.00 | 3.25 | 4.00 | 22.0 | 30.70 | 18.00 | 24.00 | 12.00 |
| 56 | 10.00 | 3.50 | 5.00 | 20.00 | 20.00 | 20.00 | 23.00 | 12.00 |
| 57 | 10.00 | 5.50 | 6.00 | 20.00 | 20.00 | 21.00 | 27.00 | 18.00 |
| 58 | 11.00 | 5.50 | 7.00 | 20.00 | 25.00 | 28.00 | 27.00 | 18.00 |
| 59 | 11.00 | 6.5 | 9.00 | 26.00 | 30.00 | 28.00 | 36.00 | 18.00 |
| 60 | 12.00 | 9.25 | 11.00 | 35.00 | 40.00 | 30.00 | 40.00 | 20.00 |
| 61 | 12.00 | 12.00 | 13.00 | 35.00 | 40.00 | 30.00 | 40.00 | 20.00 |
| 62 | 14.00 | 16.00 | 15.00 | 40.00 | 40.00 | 35.00 | 40.00 | 25.00 |
| 63 | 16.00 | 16.00 | 15.00 | 40.00 | 40.00 | 35.00 | 40.00 | 40.00 |
| 64 | 16.00 | 18.00 | 20.00 | 40.00 | 40.00 | 35.00 | 40.00 | 40.00 |
| 65 | 22.00 | 22.00 | 20.00 | 100.00 | 100.00 | 100.00 | 40.00 | 100.00 |
| 66 | 22.00 | 28.00 | 24.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 67 | 23.00 | 24.00 | 24.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 68 | 23.00 | 24.00 | 24.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 69 | 23.00 | 20.00 | 24.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 70 | 25.00 | 20.00 | 50.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 71 | 25.00 | 25.00 | 50.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

| | RATE (%) | | | | | | | |
|----|----------|--------|--------|--------|--------|--------|--------|--------|
| 72 | 25.00 | 25.00 | 50.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 73 | 25.00 | 25.00 | 50.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 74 | 25.00 | 25.00 | 50.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 75 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

(1) These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

(2) Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

| | RATE (%) | | | |
|-----|--|---|---|--|
| Age | CalPEPRA 2.5% @ 67 General Formula | CalPEPRA Safety – Probation Formula (1) | CalPEPRA Safety – Law Formula (1) | CalPEPRA Safety – Fire Formula (1) |
| 50 | 0.00 | 2.50 | 11.00 | 6.00 |
| 51 | 0.00 | 2.50 | 11.50 | 7.00 |
| 52 | 4.00 | 3.00 | 12.00 | 9.00 |
| 53 | 1.50 | 3.00 | 16.00 | 10.00 |
| 54 | 1.50 | 5.50 | 17.00 | 11.50 |
| 55 | 2.50 | 10.00 | 28.00 | 21.00 |
| 56 | 3.50 | 10.00 | 18.00 | 20.00 |
| 57 | 5.50 | 15.00 | 17.50 | 22.00 |
| 58 | 7.50 | 20.00 | 22.00 | 25.00 |
| 59 | 7.50 | 20.00 | 26.00 | 30.00 |
| 60 | 7.50 | 40.00 | 40.00 | 40.00 |
| 61 | 7.50 | 40.00 | 40.00 | 40.00 |
| 62 | 14.00 | 40.00 | 40.00 | 40.00 |
| 63 | 14.00 | 40.00 | 40.00 | 40.00 |
| 64 | 14.00 | 40.00 | 40.00 | 40.00 |
| 65 | 18.00 | 100.00 | 100.00 | 100.00 |
| 66 | 22.00 | 100.00 | 100.00 | 100.00 |
| 67 | 23.00 | 100.00 | 100.00 | 100.00 |

| | RATE (%) | | | |
|----|----------|--------|--------|--------|
| 68 | 23.00 | 100.00 | 100.00 | 100.00 |
| 69 | 23.00 | 100.00 | 100.00 | 100.00 |
| 70 | 25.00 | 100.00 | 100.00 | 100.00 |
| 71 | 25.00 | 100.00 | 100.00 | 100.00 |
| 72 | 25.00 | 100.00 | 100.00 | 100.00 |
| 73 | 25.00 | 100.00 | 100.00 | 100.00 |
| 74 | 25.00 | 100.00 | 100.00 | 100.00 |
| 75 | 100.00 | 100.00 | 100.00 | 100.00 |

(1) Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings

Retirement Age and Benefit for
 Deferred Vested Members:

For deferred vested members, the following
 assumptions are made:

General Retirement Age: 59

Safety Retirement Age: 53

Assume that 15% of future General and 25% of future
 Safety deferred vested members are reciprocal. For
 reciprocals, assume 4.25% compensation increases for
 General and 4.75% for Safety per annum.

Liability Calculation for Current
 Deferred Vested Members:

Liability for a current deferred vested member is
 calculated based on salary, service, and eligibility for
 reciprocal benefit as provided by the Retirement System.
 For those members without salary information that have
 3 or more years of service, use an average salary. For
 those members without salary information that have
 less than 3 years of service or for those members
 without service information, assume a refund of account
 balance.

| | |
|---------------------------|---|
| Future Benefit Accruals: | 1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement. |
| Unknown Data for Members: | Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. |
| Form of Payment | All members are assumed to elect the unmodified option at retirement. |
| Percent married: | 75% of male members and 55% of female members are assumed to be married at retirement or time of pre-retirement death. |
| Age of Spouse: | Female (or male) three years younger (or older) than spouse. |

| | | |
|--|--|----------------------------|
| Additional Cashout Assumptions For Non-CalPEPRA Formulas | Additional compensation amounts are expected to be received during a member's final average earnings period. The percentages used in this valuation are: | |
| | Final One Year Salary | Final Three Year Salary |
| | 3.00% | 2.80% |
| General Members | | |
| | 3.80% | 3.40% |
| Safety – Probation | | |
| | 5.20% | 4.60% |
| Safety – Law | | |
| | 2.00% | 1.70% |
| Safety – Fire | | |
| | The additional cashout assumptions are the same for service and disability retirements. | |

| | |
|--|------|
| Additional Cashout Assumptions For CalPEPRA Formulas | None |
|--|------|

A-4

Memorandum

DATE: April 18, 2018
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: FIDUCIARY COUNSEL SERVICES CONTRACT WITH REEDSMITH

Recommendation

Exercise the optional three-year extension provision of the Board's contract with ReedSmith for Fiduciary Counsel Services (a Named Service Provider contract) to extend the term of the contract for a period of three additional years, to March 31, 2021.

Background/Discussion

The Board's Procurement and Contracting Policy (Policy) identifies certain service providers, who are retained primarily to fulfill an independent audit or advisory role for the Board of Retirement, as "Named Service Providers." The Board's fiduciary counsel is listed as a Named Service Provider. Contracts with Named Service Providers must be approved by the Board, upon the recommendation of the CEO.

Under the Policy, contracts with Named Service Providers will include a provision that the contract is subject to renewal at least every three years, for a total term of no more than six years. Upon expiration of the six year term, the CEO or his or her designee is charged with conducting an RFP.

On April 28, 2015, OCERS entered into an Engagement for Legal Services with ReedSmith, effective April 1, 2015, whereby ReedSmith agreed to perform services as fiduciary counsel to the Board. The agreement is now subject to an optional renewal for an additional three-year term.

The CEO recommends that the Board exercise the optional three-year extension provision of the Board's contract with ReedSmith for fiduciary counsel services to extend the term of the contract for a period of three additional years, to March 31, 2021, representing a total contract term of six years.

Submitted by:



Steve Delaney
Chief Executive Officer

*Orange County Employees Retirement System
Retirement Board Meeting
April 18, 2018
Application Notices*

| <i>Member Name</i> | <i>Agency/Employer</i> | <i>Retirement Date</i> |
|------------------------------|----------------------------|------------------------|
| Abedzadeh, Hamid | OC Public Works | 3/2/2018 |
| Attinger, Susan | Sheriff's Dept | 3/2/2018 |
| Avila, Joseph | District Attorney | 2/2/2018 |
| Baisz, Teresa | Sheriff's Dept | 2/16/2018 |
| Barlow, Ann | Human Resources Department | 2/16/2018 |
| Batterton, Guy | OC Public Works | 2/2/2018 |
| Beck, Tammy | Health Care Agency | 2/2/2018 |
| Beerling, John | District Attorney | 2/16/2018 |
| Belit, Teresita | Social Services Agency | 3/2/2018 |
| Beno, Elaine | OCTA | 2/2/2018 |
| Bice, Scott | OC Public Works | 3/2/2018 |
| Brown, Jeffrey | Sheriff's Dept | 2/16/2018 |
| Chang, Chih-Yuan | OCTA | 3/5/2018 |
| Chung, John | Sheriff's Dept | 2/10/2018 |
| Cordova, Maria Teresa | Health Care Agency | 2/16/2018 |
| Curl, Sheryl | Health Care Agency | 2/16/2018 |
| D'Auria, Paul | Sheriff's Dept | 2/24/2018 |
| Diaz, Porfirio | OCTA | 2/13/2018 |
| Dickson, Robin | Social Services Agency | 3/2/2018 |
| Engelhardt, Helen | Health Care Agency | 2/8/2018 |
| Flores, Martina | Health Care Agency | 2/16/2018 |
| French, Lori | Sheriff's Dept | 2/2/2018 |
| Georgevich, Joel | Assessor | 3/2/2018 |
| Hao, Elvin | Superior Court | 3/1/2018 |
| Hilliker, Raymond | OC Waste and Recycling | 2/16/2018 |
| Hsu, William | OC Community Resources | 2/2/2018 |
| Johnson, Joylene | Social Services Agency | 2/16/2018 |
| Johnson, Phyllis | County Clerk/Recorder | 3/2/2018 |
| Karakash, Stephen | Health Care Agency | 2/14/2018 |
| Kingcade, Walter | Sheriff's Dept | 2/23/2018 |
| Kleck, Dwayne | OC Public Works | 2/9/2018 |
| Klug, Katherine | Social Services Agency | 1/11/2018 |
| Korte, Vicky | OCTA | 2/17/2018 |
| Kroner, Deborah | OC Waste and Recycling | 3/2/2018 |
| Lamar, Bernard | OCTA | 3/6/2018 |
| Lane, Douglas | Social Services Agency | 3/2/2018 |
| Lang, Stacy | Sheriff's Dept | 2/16/2018 |
| Litton, Janet | Public Defender | 2/2/2018 |
| Lockerby, Glen | Sheriff's Dept | 2/2/2018 |
| Luna, Diana | Auditor-Controller | 2/16/2018 |
| Manrique, Pablo | Fire Authority (OCFA) | 2/15/2018 |
| Masters, Gregory | Health Care Agency | 3/2/2018 |
| Mcanally, James | OC Public Works | 2/2/2018 |
| Mcbride, Brian | Sheriff's Dept | 1/31/2018 |
| Melendez, Arely | Social Services Agency | 3/2/2018 |
| Mendelson, James | District Attorney | 2/23/2018 |
| Ngo, Minh | Social Services Agency | 3/2/2018 |
| Nguyen, Nina | Social Services Agency | 3/2/2018 |
| Petelo, David | Probation | 2/2/2018 |

| <i>Member Name</i> | <i>Agency/Employer</i> | <i>Retirement Date</i> |
|-----------------------------|------------------------|------------------------|
| Petrovick, Gary | Assessor | 3/2/2018 |
| Phillipi, David | Sheriff's Dept | 2/16/2018 |
| Pluma, Ronald | Fire Authority (OCFA) | 2/21/2018 |
| Powell, Adam | Sheriff's Dept | 3/2/2018 |
| Praisler, Virginia | Fire Authority (OCFA) | 3/2/2018 |
| Ramirez, Jesus | OCTA | 3/3/2018 |
| Ramirez, Luz | Social Services Agency | 2/9/2018 |
| Ranquel, Nancy | Sheriff's Dept | 2/16/2018 |
| Reed, Brandon | Sheriff's Dept | 2/13/2018 |
| Rios, Rosa | Social Services Agency | 2/16/2018 |
| Rivera, Mary | County Clerk/Recorder | 3/2/2018 |
| Robinson, Ann | Social Services Agency | 3/2/2018 |
| Rodriguez, Juan | Probation | 2/16/2018 |
| Roh, Yuni | Health Care Agency | 2/21/2018 |
| Schuch, Gregory | Sheriff's Dept | 2/2/2018 |
| Scott, Marsha | Superior Court | 1/30/2018 |
| Scoville, Scott | District Attorney | 2/9/2018 |
| Seqovia, Maria | Social Services Agency | 3/2/2018 |
| Strickert, Mark | OCTA | 3/9/2018 |
| Stump, David | Health Care Agency | 2/16/2018 |
| Tarvis, Marilyn | Sheriff's Dept | 3/2/2018 |
| Taylor, Trevor | Sheriff's Dept | 2/2/2018 |
| Terrace, Catherine | OC Community Resources | 3/2/2018 |
| Thoms, Marilyn | OC Public Works | 3/2/2018 |
| Trevino, Maria | Social Services Agency | 2/1/2018 |
| Turcato, James | OCTA | 3/3/2018 |
| Turner-Mitani, Nanci | Superior Court | 2/3/2018 |
| Van Auken, Richard | Fire Authority (OCFA) | 2/1/2018 |
| Vinh, Tan | Health Care Agency | 2/2/2018 |
| Weant, Cindy | OCTA | 3/3/2018 |
| Weaver, Denise | OC Public Works | 3/2/2018 |
| Weinman, Connie | Social Services Agency | 3/2/2018 |
| Weitzman, Scott | District Attorney | 3/2/2018 |
| Winter, Janet | Health Care Agency | 2/15/2018 |
| Zuhlke, Paula | OCTA | 3/3/2018 |

*Orange County Employees Retirement
Retirement Board Meeting
April 18, 2018
Death Notices*

| <i>Active Members</i> | <i>Agency/Employer</i> |
|--------------------------|------------------------|
| Galasso, Jennifer | Social Services Agency |
| Rios, Eric | OC Community Resources |
| Thomas, Todd | Probation |
| Vigil, Joseph | Child Support Services |

| <i>Retired Members</i> | <i>Agency/Employer</i> |
|-----------------------------|-------------------------|
| Beckham, Kathryn | Social Services Agency |
| Biggins, Richard | Superior Court |
| Fallon, Noeline | Sheriff's Dept |
| Genovese, Annette | Sheriff's Dept |
| Guido, John | Health Care Agency |
| Guzman, Laura | Health Care Agency |
| Heal, Robert | Fire Authority (OCFA) |
| Hernandez, Bonifacio | OC Public Works |
| Jacques, Irene | Probation |
| Kramer, Reinhold | Treasurer-Tax Collector |
| Krewson, Margaret | OC Public Works |
| Lacher, Rose | UCI |
| Lagache, Joseph | Sanitation |
| Lewandowski, Mary | Social Services Agency |
| Mc Quaid, Mary | Assessor |
| Mcintyre, John | Human Resources |
| Montoya, Wilfred | OCTA |
| Nedza, Joseph | District Attorney |
| Nguyen, Minh | Social Services Agency |
| Page, Glenda | OCTA |
| Patton, Georgia | UCI |
| Recupero, Amy | Superior Court |
| Richardson, Margie | OC Waste and Recycling |
| Sanchez, Carlos | District Attorney |
| Siebert, Eleonor | UCI |
| Sogan-Ray, Patricia | Sheriff's Dept |
| Stout, Terri | Social Services Agency |
| Sullivan, Joseph | Sheriff's Dept |
| Tunstall, Robert | OC Public Works |
| Wright, Carrol | UCI |
| Young, Jimmy | Sheriff's Dept |

| <i>Surviving Spouses</i> | |
|--------------------------|--|
| Hanson, Daniel | |

I-2

Memorandum

DATE: March 28, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

MAY

Preliminary December 31, 2017 Valuation
Quarterly Securities Litigation Update

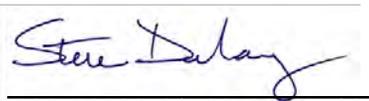
JUNE

Strategic Planning Workshop – Proposed Agenda
December 31, 2017 Actuarial Valuation / Employee Contribution Rates for Fiscal Year 2019-2020
OCERS 2018 Business Plan and 2018-2020 Strategic Plan: Mid-year Review
2017 CAFR
2017 Independent Financial Audit Report

JULY

Travel and Training Expense Report
Strategic Planning Agenda – Final
Early payment of contributions for fiscal year 2018-2019

Submitted by:



Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2018 Work Plan

| | Jan | Feb | Mar | Apr | Jun | Jul | Aug | Sep (Offsite) | Oct | Nov | Dec |
|------------------------------|-----|-----------------------|---|--|--|---|---|---------------------------------|--|---|-------------------------------------|
| System Oversight | | STAR COLA Posting (I) | Approve 2018 STAR COLA (A) | | Mid-Year Review of 2018 Business Plan Progress (I) | Approve Early Payment Rates for Fiscal Year 2018-19 (A) | Review 2nd Quarter Budget to Actuals Financial Report (I) | Strategic Planning Workshop (I) | Overview of 2019 Administrative Budget and Investment (Workshop) (I) | Review 3rd Quarter Budget to Actuals Financial Report (I) | CEO Compensation (A) |
| | | Approve 2018 COLA (A) | Quarterly 2018-2020 Strategic Plan Review (A) | | Approve December 31, 2017 Actuarial Valuation & Funded Status of OCERS (A) | | Receive OCERS by the Numbers (I) | | Approve 2019-2021 Strategic Plan (A) | Approve 2019 Administrative (Operating) Budget (A) | |
| | | | | | Approve 2017 CAFR (A) | | Receive Evolution of the UAAL (I) | | Approve 2019 Business Plan (A) | Annual CEO Performance Review (A) | |
| | | | | | Quarterly 2018-2020 Strategic Plan Review (A) | | | | | | |
| | | | | | | | | | | | |
| Board Governance | | | | Brown Act Training (I) | | | | | | Adopt 2019 Board Meeting Calendar (A) | Adopt Annual Work Plan for 2019 (A) |
| | | | | Conflict of Interest Training (I) | | | | | | | Vice-Chair Election (A) |
| | | | | | | | | | | | |
| Regulation / Policies | | | | | | | | | | | |
| | | | | | | | | | | | |
| Compliance | | | State of OCERS (A) | Form 700 and OCERS Annual Disclosure Due (A) | Receive Financial Audit (I) | | | | | Status of Board Education Hours for 2018 (I) | |

(A) = Action

(I) = Information

I-3

Memorandum

DATE: April 2, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

Background/Discussion

1. Quiet Period Policy Guidelines – Named Service Providers

The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for Named Service Providers:

“All Board and Investment Committee Members, and staff not directly involved in the search process, shall refrain from communicating with Service Provider candidates regarding any product or service related to the search offered by the candidate throughout the quiet period,...”

2. Quiet Period Guidelines – Non-Named Service Providers

There are no policy guidelines regarding a quiet period for non-Named Service Providers. However, 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(s) is finalized.

- An RFP for Employment Counsel Services was distributed January 4th, 2018. We are currently evaluating finalists.
- Distributed an RFP for Website redesign, development, implementation, and hosting services on January 16th. We received six proposals. Finalists are being evaluated.
- We distributed an RFP for Investment Counsel Services April 2nd. Responses are due May 4th.
- An RFP to complete a Compensation Study for the OCERS direct employees was released on March 19th. Proposals are due back April 27th.
- We distributed an RFP on March 30th for a vendor to complete an NTIS Certification Assessment. Responses are due back April 30th.



Memorandum

Submitted by:

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style and is positioned above a horizontal line.

Steve Delaney
Chief Executive Officer

I-4

Memorandum

DATE: April 18, 2018
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: LEGISLATIVE UPDATE

Written Report

Background/Discussion

The California Legislature reconvened on January 3, 2018 to commence the second year of the 2017 - 2018 legislative session. The last day for bills to be introduced was February 16, 2018. The 2018 Legislative Calendar is attached for the Board's information.

A comprehensive list and description of the pending bills that staff is monitoring is attached. Below is a brief summary of the bills that may be of greater interest to the Board. **Updates to the last report to the Board are indicated in bold and underlined text.**

SACRS Sponsored Bills

- **AB 2085 (Cooley)** The County Employees Retirement Law of 1937 (CERL) authorizes counties and districts to establish retirement systems in order to provide pension benefits to their employees and beneficiaries. Existing law requires, after a member's death, any retirement allowance earned but not yet paid to the member to be paid to the member's designated beneficiary, and authorizes the surviving spouse of a member who did not designate a beneficiary prior to death to file an election with the board, to be deemed the beneficiary. This bill would define surviving spouse, for purposes of CERL, as a person legally married to the member, who is neither divorced nor legally separated at the time of the member's death and who meets other relevant requirements, as specified. **(STATUS: In Committee.)**

Bills That Would Amend the CERL or Other Laws That Apply to OCERS

- **AB 283 (Cooper)** would amend the CERL to require, for purposes of determining permanent incapacity of certain peace officers, that those members be evaluated by the existing procedure established by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer. **(STATUS: In Committee.)**
- **AB 1912 (Rodriguez) Amended March 19, 2018. This bill would amend the Joint Exercise of Powers Act to, among other things, specify that if an agency to a joint powers agreement participates in a public retirement system, all parties, both current and former to the agreement, would be jointly and**

severally liable for all obligations to the retirement system. The bill would provide that if a judgment is rendered against an agency or a party to the agreement for a breach of its obligations to the retirement system, the time within which a claim for injury may be presented or an action commenced against the other party that is subject to the liability determined by the judgment begins to run when the judgment is entered. The bill would specify that those provisions apply retroactively to all parties, both current and former, to the joint powers agreement. The bill would also amend the PERL in several respects (see Attachment for more detail). (STATUS: In Committee.)

- **AB 2076 (Rodriguez)** The CERL authorizes the Los Angeles County Employees Retirement Association (LACERA) to adjust retirement payments due to errors or omissions, as specified, permits a member permanently incapacitated for duty to retire for disability only if specified criteria are met, and requires the LACERA board to determine the date of retirement in those cases, as specified. This bill would authorize LACERA to correct a prior board decision determining the date of retirement for a member permanently incapacitated for disability that was made between January 1, 2013, and December 31, 2015, and was based upon an error of law existing at the time of the decision, as specified. The bill would authorize a member seeking correction under these provisions to file an application with the board no later than one year from the date these provision, become operative. **(STATUS: Passed out of Assembly and ordered to the Senate.)**
- **SB 1031 (Moorlach)** Existing law, including the CERL, authorizes the application of cost-of-living adjustments to allowances paid to persons retired under, or survivors or beneficiaries of persons retired under, various public retirement systems. The California Public Employees' Pension Reform Act of 2013 (PEPRA), on and after January 1, 2013, requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, for its purposes, defines pensionable compensation, establishes limits on benefits, and requires the sharing of normal costs between members and employers for the pension systems to which it applies.

This bill would prohibit a public retirement system, including OCERS, from making a cost-of-living adjustment to any allowance payable to, or on behalf of, a person retired under the system, or to any survivor or beneficiary of a member or person retired under the system, for any year beginning on or after January 1, 2019, in which the unfunded actuarial liability of that system is greater than 20%. This bill would require that the determination of unfunded actuarial liability be based on a specified financial report and would apply the prohibition on cost-of-living adjustments, if any, to the calendar year following the fiscal year upon which the report is based. **(STATUS: In Committee; set for hearing April 23, 2018.)**

- **SB 1270 (Vidak)** The CERL authorizes the retirement boards of five specified counties to appoint assistant administrators and chief investment officers who, following appointment, are outside county charter, civil service, and merit system rules, except as specified. The CERL provides that these administrators and officers are employees of the county, as specified, while serving at the pleasure of the appointing boards, and that they may be dismissed without cause. This bill would apply these

provisions to any county if the board of supervisors for that county, by resolution adopted by majority vote, makes those provisions applicable in the county. **(STATUS: In Committee; set for hearing April 9, 2018.)**

Other Bills of Interest

- **AB 2571 (Fletcher)** The California Constitution grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system. The California Constitution qualifies this grant of powers by reserving to the Legislature the authority to prohibit investments if it is in the public interest and the prohibition satisfies standards of fiduciary care and loyalty required of a retirement board.

This bill, if consistent with fiduciary responsibilities of a public investment fund as determined by its board, would restrict new, additional, or renewed investments by a public investment fund to an alternative investment vehicle where, if the investment vehicle is managed by an investment manager, the investment manager has adopted and committed to comply with a race and gender pay equity policy consistent with requirements established in the bill. The bill would require an investment manager, beginning September 1, 2019, to submit at least once annually to the public investment fund a certified report regarding compliance. Because a certified report would be required to be verified under penalty of perjury, this bill would expand the crime of perjury, thereby imposing a state-mandated local program. The bill would require each contractually enforceable instrument for additional or new investments or renewal of existing investments with an investment manager to require that the investment manager take prescribed actions consistent with the bill as a material term of the instrument. The bill would require a public investment fund to disclose pay equity reporting information provided to it pursuant to the bill at least once annually to the State Auditor and in a report presented at a meeting open to the public. The bill would define terms for its purposes. This bill contains other related provisions and other existing laws. **(STATUS: In Committee.)**

- **AB 3084 (Levine)** Existing law requires all state and local public retirement systems to submit audited financial statements to the State Controller at the earliest practicable opportunity within 6 months of the close of each fiscal year. Existing law requires the Controller to review these reports and to publish an annual report on the financial condition of all state and local public retirement systems, as specified. This bill would require each state and local public retirement system to, in its annual audited financial statements submitted to the Controller, in a form prescribed by the Controller, show that the retirement system has met or if it has not met, detail why it has not met, and what the retirement system is doing to meet, specified parameters related to the provision of other postemployment benefits, including (a) Making targeted prefunding contributions on a timely basis; (b) Depositing contributions in an irrevocable qualified trust for the exclusive benefit of plan members; (c) Investing contributions in excess of any pay-as-you-go amounts in a diversified investment portfolio with a defined investment policy; and (d) Ensuring that the discounted rate used to develop the actuarial account liability and normal cost recognizes the expected return of the entire portfolio. **(STATUS: In Committee.)**

- **AB 3150 (Brough)** Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's Internet Web site no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program. **(STATUS: In Committee.)**

Bills that apply to CalPERS and/or CalSTRS Only:

- **SB 964 (Allen) Amended March 14, 2018.** This bill would, until January 1, 2035, require CalPERS and CalSTRS to analyze climate-related financial risk, as defined, to the extent the CalPERS and CalSTRS boards identify the risk as a material risk to the retirement system. The bill, by January 1, 2020, and every 3 years thereafter, would require each board to publicly report on the climate-related financial risk of its public market portfolio, including alignment of each system with a specified climate agreement and California climate policy goals and the exposure of the fund to long-term risks, as specified. The bill would provide that it does not require either board to take action unless the board determines in good faith that the action is consistent with its fiduciary responsibilities. (STATUS: In Committee.)
- **SB 1032 (Moorlach)** The Public Employees' Retirement Law (PERL) authorizes any public agency to participate in and make all or part of its employees members of CalPERS by contract, and authorizes a contracting agency to terminate its contract if the contract has been in effect for at least 5 years. Under existing law, the CalPERS board is required to hold the accumulated contributions from a terminated contract in a terminated agency pool, as specified, for the benefit of the members. Existing law requires the terminating contracting agency to contribute to the terminated agency pool the difference between the accumulated contributions and the board's pension liability for the contracting agency's members, as provided. This bill would authorize a contracting agency to terminate its contract with the CalPERS board at the agency's will and would not require the contracting agency to fully fund the pension liability upon termination of the contract. The bill would authorize the CalPERS board to reduce the member's benefits in the terminated agency pool by the percentage of liability unfunded. The bill would also authorize a contracting agency that terminates its contract with the CalPERS board to transfer the assets accumulated in the system to a pension provider designated by the contracting agency. **(STATUS: In Committee; set for hearing April 23, 2018.)**
- **SB 1033 (Moorlach)** The PERL authorizes retirement systems to enter into agreements to provide certain reciprocal benefits to employees that are employed by other agencies that are parties to the agreement if the employees meet specified requirements, a practice commonly referred to as reciprocity. Reciprocity provides for the application of the final compensation paid by a subsequent employer to service provided to a prior employer. The PERL provides that a public agency that has agreed to reciprocity with CalPERS also has reciprocity with all other agencies that have entered into those agreements with CalPERS, among others. The PERL requires the CalPERS Board to ensure that a

contracting agency that creates a significant increase in actuarial liability as a result of increased compensation paid to a nonrepresented employee bears the associated liability, except as specified, including a portion that would otherwise be borne by another contracting agency. The PERL requires the system actuary to assess an increase in liability, in this regard, to the employer that created it at the time the increase is determined and to make adjustments to that employer's contribution rates to account for the increased liability. This bill would require that an agency participating in CalPERS that increases the compensation of a member who was previously employed by a different agency to bear all actuarial liability for the action, if it results in an increased actuarial liability beyond what would have been reasonably expected for the member. The bill would require, in this context, that the increased actuarial liability be in addition to reasonable compensation growth that is anticipated for a member who works for an employer or multiple employers over an extended time. The bill would require, if multiple employers cause increased liability, that the liability be apportioned equitably among them. The bill would apply to an increase in actuarial liability, as specified, due to increased compensation paid to an employee on and after January 1, 2019. **(STATUS: In Committee; set for hearing April 23, 2018.)**

- **SB 1149 (Glazer)** PEPR generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act, and authorizes a public employer to provide a contribution to a defined contribution plan for compensation in excess of certain federal compensation limits applicable to qualified pension trusts, if the plan and contribution meet the requirements set forth in federal law. PEPR prohibits any of those employer contributions to an employee defined contribution plan from exceeding the employer's contribution rate, as a percentage of pay, required to fund the defined benefit plan. Existing law establishes an alternate retirement program and provides that certain state employees, as defined, who become new members of CalPERS during their first 24 months of employment, do not make contributions to CalPERS or receive service credit for their service. Under existing law, these members are instead required to contribute either 5% or 6% of their monthly compensation, as specified, to the alternate retirement program.

This bill would create a new optional defined contribution plan for new state employees who are eligible to become members of CalPERS and who choose not to make contributions into the defined benefit program under the PERL. The bill would require state employees who opt to participate in this alternate system to contribute the same percent of compensation as similarly situated employees who contribute to the defined pension program, subject to applicable limits of federal law. The bill would authorize an employee in the defined contribution program, after 5 years, to have the right to continue in the program or switch to the defined benefit plan, subject to certain terms and conditions. The bill would require the Department of Human Resources to administer the defined contribution retirement program established by the bill. **(STATUS: In Committee.)**

Divestment Proposals (CalPERS and CalSTRS Only)

- **AB 1597 (Nazarian)** This bill would prohibit new investments and require liquidation of existing investments of CalPERS and CalSTRS in investment vehicles issued, owned, controlled or managed by the government of Turkey. **(STATUS: In Committee.)**

Attachments

Submitted by:



Gina M. Ratto
General Counsel



**2017—2018 LEGISLATIVE SESSION BILLS OF INTEREST
LEGISLATIVE UPDATE (April 18, 2018) – ATTACHMENT**

AB 283 (Cooper): The CERL currently provides that a member who is permanently incapacitated shall be retired for disability despite age if, among other conditions, the member’s incapacity is a result of injury or disease arising out of and in the course of the member’s appointment, and that employment contributes substantially to that incapacity or the member has completed five years of service and not waived retirement in respect to the particular incapacity or aggravation thereof, as specified. The bill would amend the CERL to require, for purposes of determining permanent incapacity of certain peace officers, that those members be evaluated by the existing procedure established by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer. **(STATUS: In Committee.)**

AB 526 (Cooper) This bill would make the Sacramento County Employees Retirement System a district under the CERL. **(STATUS: In Committee.)**

AB 1597 (Nazarian) This bill would prohibit CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, in an investment vehicle in Turkey that is issued by the government of Turkey or that is owned, controlled, or managed by the government of Turkey. The bill would also require the boards to liquidate existing investments in Turkey in these types of investment vehicles within six months of the passage of a federal law imposing sanctions on Turkey. **(STATUS: In Committee.)**

AB 1912 (Rodriguez) Amended March 19, 2018. This bill would amend the Joint Exercise of Powers Act to, among other things, specify that if an agency to a joint powers agreement participates in a public retirement system, all parties, both current and former to the agreement, would be jointly and severally liable for all obligations to the retirement system. The bill would provide that if a judgment is rendered against an agency or a party to the agreement for a breach of its obligations to the retirement system, the time within which a claim for injury may be presented or an action commenced against the other party that is subject to the liability determined by the judgment begins to run when the judgment is entered. The bill would specify that those provisions apply retroactively to all parties, both current and former, to the joint powers agreement.

The bill also amends the PERL to prohibit the CalPERS board from contracting with any public agency formed under the Joint Exercise of Powers Act unless all the parties to that agreement are jointly and severally liable for all of the public agency’s obligation to the retirement system. The bill would specify that those provisions apply retroactively to all parties, both current and former, to the agreement. The bill would also require any current agreement that does not meet these requirements to be reopened to include a provision holding all member agencies party to the agreement jointly and severally liable for all of the public agency’s obligations to the retirement system.

The bill applies the terminating agency provisions of the PERL to agencies formed under the Joint Exercise of Power Act, and provides that if the governing body of a terminating agency or the governing bodies of its member agencies do not enter into a termination agreement with CalPERS, the member agencies would then assume the retirement obligations for their retirement systems. Which the board would be required to apportion equitably among the member agencies. The bill would extend liability for any deficit in funding for earned benefits, interest and costs of collection, and CalPERS' lien on the assets of the terminating agency, to all of the parties of a terminating agency that was formed under the Joint Exercise of Powers Act.

The bill would eliminate the provision of the PERL that authorizes CalPERS to elect not to impose a reduction or to impose a lesser reduction on a terminated plan if the board has made all reasonable efforts to collect the amount necessary to fully fund the liabilities of the plan and the board finds that not reducing the benefits, or imposing a lesser reduction, will not impact the actuarial soundness of the terminated agency pool. Instead, the bill would require CalPERS to bring a civil action against any member agencies to a terminated agency formed by an agreement under the Joint Exercise of Powers Act to compel payment of the terminated public agency's pension obligations. (STATUS: In Committee.)

AB 2076 (Rodriguez) The CERL authorizes a county retirement system in Los Angeles County to adjust retirement payments due to errors or omissions, as specified, and permits a member permanently incapacitated for duty to retire for disability only if specified criteria are met and requires the board to determine the date of retirement in those cases, as specified. This bill would authorize a county retirement system in Los Angeles County to correct a prior board decision determining the date of retirement for a member permanently incapacitated for disability that was made between January 1, 2013, and December 31, 2015, and was based upon an error of law existing at the time of the decision, as specified. The bill would authorize a member seeking correction under these provisions to file an application with the board no later than one year from the date these provision, become operative. **(STATUS: Passed out of Assembly and ordered to the Senate.)**

AB 2085 (Cooley) The CERL requires, after a member's death, any retirement allowance earned but not yet paid to the member to be paid to the member's designated beneficiary. Existing law authorizes the surviving spouse of a member who did not designate a beneficiary prior to death to file an election with the board, as specified, to be deemed the beneficiary. This bill would define surviving spouse, for purposes of CERL, as a person legally married to the member, who is neither divorced nor legally separated at the time of the member's death and who meets other relevant requirements, as specified. **(STATUS: In Committee.)**

AB 2196 (Cooper) (1) Under the PERL, members may make certain elections, including elections to purchase service credit for various types of public service, upon payment of additional contributions. Existing law permits a member who retires before paying off the entire amount for service credit to pay the balance due or total amount if no payroll deductions had been made prior to retirement by deductions from his or her retirement allowance equal to those authorized as payroll deductions, as specified. This bill would permit the member, survivor, or beneficiary, as an alternative, to elect to receive an allowance that is reduced by the actuarial equivalent of any balance remaining unpaid by the member. The bill would also provide that all elections taking effect on or after January 1, 2019, including elections for normal contributions, arrears contributions, absences, or public service, would become due and payable at the time of member's retirement or preretirement death.

The bill would additionally require the member, survivor, or beneficiary to have his or her allowance reduced by the actuarial equivalent of any balance remaining unpaid by the member, except as specified.

(2) Existing law permits a member of CalPERS who has elected to receive credit for service and who retires for disability, including a safety member who retires due to industrial disability, to elect to cancel the installments prospectively, in accordance with certain provisions. This bill would specify that for an election taking place on or after January 1, 2019, the amount of the election remaining for normal contributions, arrears, contributions, absences, or public service would become due and payable at the time of the member's retirement or preretirement death. The bill would provide that in these circumstances the member, survivor, or beneficiary would have his or her allowance reduced by the actuarial equivalent of any balance remaining unpaid by the member.

(3) Existing law specifies that an election by a member to receive credit for service under the PERL is effective only if accompanied by a lump-sum payment or an authorization for payments, in accordance with regulations of the CalPERS board; authorizes a member paying for credit for service in after-tax installments to suspend these payments for a period not to exceed 12 months, with payments automatically resuming at the end of the period or earlier, if requested by the member; and permits a member who retires during the suspension period to make, prior to retirement, a lump-sum payment for the recalculated balance due or cancel installment payments. This bill would permit a member, as an alternative to these two options, to reduce his or her allowance by the actuarial equivalent of the recalculated balance remaining unpaid by the member.

(4) Under the provisions of the PERL governing the payment of additional service credit, a member's failure to elect to make a lump-sum payment of the election to cancel installment payments results in the resumption of installment payments as of the member's retirement date. This bill would revise that provision to instead provide that, effective on or after January 1, 2019, a member's failure to elect to make a lump-sum payment or cancel his or her installment payments would result in the member's allowance being reduced by the actuarial equivalent of the recalculated balance remaining unpaid.

(5) The PERL establishes retirement formulas, known as the Second Tier, modified First Tier, and First Tier, which are applicable to specified members of the retirement system, and a member who elects to be subject to Second Tier benefits is paid his or her accumulated contributions plus interest, subject to specified conditions. Effective January 1, 2000, a member who received service credit subject to Second Tier benefits may elect to become subject to First Tier benefits and contribution rates. That law requires a member who elects to become subject to First Tier benefits to deposit accumulated contributions the member withdrew while he or she was subject to Second Tier benefits, plus interest, as specified, and this deposit requirement may be satisfied by an actuarial equivalent reduction in the member's retirement allowance. This bill would instead specify that this deposit requirement may be satisfied by an election to reduce the member's allowance by the actuarial equivalent of any balance remaining unpaid by the member at the time of the member's retirement or preretirement death. The bill would also specify that, for a member who elects to receive First Tier Credit on or after January 1, 2019, any unpaid balance of that member would become due and payable at the time of the member's retirement or preretirement death, with the member, survivor, or beneficiary's allowance reduced by the actuarial equivalent of any balance remaining unpaid by the member. **(STATUS: In Committee.)**

AB 2571 (Fletcher) The California Constitution grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system. The California Constitution qualifies this grant of powers by reserving to the Legislature the authority to prohibit investments if it is in the public interest and the prohibition satisfies standards of fiduciary care and loyalty required of a retirement board.

This bill, if consistent with fiduciary responsibilities of a public investment fund as determined by its board, would restrict new, additional, or renewed investments by a public investment fund to an alternative investment vehicle where, if the investment vehicle is managed by an investment manager, the investment manager has adopted and committed to comply with a race and gender pay equity policy consistent with requirements established in the bill. The bill would require an investment manager, beginning September 1, 2019, to submit at least once annually to the public investment fund a certified report regarding compliance. Because a certified report would be required to be verified under penalty of perjury, this bill would expand the crime of perjury, thereby imposing a state-mandated local program. The bill would require each contractually enforceable instrument for additional or new investments or renewal of existing investments with an investment manager to require that the investment manager take prescribed actions consistent with the bill as a material term of the instrument. The bill would require a public investment fund to disclose pay equity reporting information provided to it pursuant to the bill at least once annually to the State Auditor and in a report presented at a meeting open to the public. The bill would define terms for its purposes. This bill contains other related provisions and other existing laws. **(STATUS: In Committee.)**

AB 3084 (Levine) Existing law requires all state and local public retirement systems to submit audited financial statements to the State Controller at the earliest practicable opportunity within 6 months of the close of each fiscal year. Existing law requires the Controller to review these reports and to publish an annual report on the financial condition of all state and local public retirement systems, as specified. This bill would require each state and local public retirement system to, in its annual audited financial statements submitted to the Controller, in a form prescribed by the Controller, show that the retirement system has met or if it has not met, detail why it has not met and what the retirement system is doing to meet, specified parameters related to the provision of other postemployment benefits. **(STATUS: In Committee.)**

AB 3150 (Brough) Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's Internet Web site no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws. **(STATUS: In Committee.)**

AB 3245 (Rodriguez, Cooley, Cooper, and O'Donnell) (1) 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 describes pensionable compensation for new members of a public retirement system who

become members of that system on or after January 1, 2013, as consisting of the normal monthly rate of pay or base pay of the member to similarly situated members of the same group or class of employment for services rendered, subject to specified limitations.

The PERL permits a member to retire concurrently from PERS and other specified public retirement systems and defines final compensation for these purposes. Under the PERL, the highest annual average compensation during any consecutive 12- or 36- month period of employment as a member of a retirement system maintained by the University of California or by a county retirement system is considered compensation earnable for purposes of computing the member's final compensation. PERL also prescribes that the compensation earnable during any period of service as a member of the Judges' Retirement System, the Judges' Retirement System II, the Legislators' Retirement System, or the Defined Benefit Program of the State Teachers' Retirement Plan is considered compensation earnable for purposes of computing final compensation for the member, if he or she retires concurrently under both retirement systems. This bill would revise the above provisions of PERL relating to retirement under concurrent systems to specify that the compensation earnable or pensionable compensation as a member of PERS is subject to the restrictions on compensation earnable under PERS and the restrictions on pensionable compensation under PEPRRA.

(2) The PERL authorizes the board to correct errors or omissions of active or retired members or their beneficiaries, subject to certain conditions and the existence of specified facts, and requires corrections of errors or omissions to be accomplished so that the status, rights, and obligations of the parties are adjusted to be the same that they would have been if the act that would have been taken, but for the error or omission, was taken at the proper time. This bill would require that an overpayment made to or on behalf of any member, former member, or beneficiary, including, but not limited to, contributions, interest, benefits of any kind, federal or state tax, or insurance premiums be deducted from any subsequent benefit that may be payable.

(3) For purposes of PERL, a "group or class of employment" means a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping. Under PERL, increases in compensation earnable granted to an employee who is not in a group or class are limited during the final compensation period applicable to the employee, as well as the 2 years immediately preceding that final compensation period, to the average increase in compensation earnable during the same period reported by the employer for all employees who are in the same membership classification, except as otherwise determined by the board. This bill, with respect to an employee who is not in a group or class, would specify that increases in compensation during that final compensation period are limited to the average increase in compensation earnable during the same period reported by the employer for all similarly situated employees who are in the closest related group or class within the same membership classification. The bill, with respect to an employee who is in a group or class would limit increases in compensation earnable during the final compensation period, as well as the 2 years immediately preceding that period, to the average increase in compensation earnable during the same period reported by the employer for all employees who are in the same group or class of employment within the same membership classification, as prescribed.

(4) The PERL defines “compensation earnable” for school members of the system to mean the pay rate and special compensation of the member, as specified, and defines “pay rate” as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours. This bill would revise the definition of “pay rate” above to specify that it applies for services rendered on a full-time basis during normal workhours pursuant to publicly available pay schedules.

(5) The PERL prescribes disability retirement benefits for state members and certain local safety members of PERS, and provides that if a medical examination and other available information show to the satisfaction of the board of PERS that a member in state service is incapacitated physically or mentally for the performance of his or her duties and is eligible to retire for disability, the board shall immediately retire him or her for disability. This bill would provide that a member is ineligible to retire for disability if the member separates from employment for any reason, including termination, voluntary resignation, resignation with disciplinary action pending, rejection on probation, or mutual agreement. Despite that limitation, the bill would specify that a member may be eligible to retire for disability under PERS if the member’s separation from employment was the ultimate result of a disabling medical condition or preemptive of an otherwise valid claim for disability retirement.

(6) The PERL authorizes the governing body of a contracting agency to delegate any authority or duty conferred or imposed with respect to disability retirement provisions under PERS to a subordinate officer of the contracting agency, subject to conditions it may impose. This bill would instead require a governing body of a contracting agency to delegate this authority to a subordinate officer by adopting a resolution to that effect and filing that resolution with the board of PERS. The bill would permit a governing body of a contracting agency to also delegate its authority for other specified actions related to disability retirement to the board of PERS by adopting a resolution and filing it with the board and would require the contracting agency to pay a fee to PERS for those delegated services.

(7) Under the PERL, the board of PERS or, with respect to a local safety member, the governing body of the employer from whose employment the person was retired, may require a recipient of a disability retirement allowance who is under the minimum age for voluntary retirement for service to undergo medical examination. This bill would require the board or the governing board of the employer, as applicable, to also cause a medical examination to be made upon application for reinstatement of a recipient of a disability retirement allowance, if the recipient is at least 6 months less than the age of compulsory retirement for service, as specified. The bill would modify other terms and conditions for medical examinations under these circumstances.

(8) The PERL permits retired members of PERS and their beneficiaries to authorize deductions to be made from their retirement allowance payments and benefits, in accordance with regulations or procedures established by the board, for payment of group insurance premiums and other premiums, credit union payments or shares, dues and other services, and charitable contributions, as specified. This bill would revise and recast those provisions. The bill, among other things, would specify that payments for shares or obligations to any regularly chartered credit union and for charitable contributions apply with respect to those approved by the board as of December 31, 2018.

(9) The PERL prescribes certain postretirement death benefits for beneficiaries and survivors of PERS members. Under PERL, in lieu of a \$500 death benefit generally applicable to all contracting agencies, a contracting agency may elect instead to be subject to an alternative provision entitling a member's beneficiary to a \$600 death benefit, subject to certain conditions. This bill would authorize this benefit by a contracting agency employer if it is designated by the employer in its contract prior to January 1, 2019.

(10) The PERL provides an optional increased retirement death benefit for certain local members of the system, upon election by a contracting agency and amendment of its contract, in amounts of \$2,000, \$3,000, \$4,000, or \$5,000, if designated by the employer in its contract. With respect to school members, PERL also authorizes an optional increased retirement death benefit in amounts of \$3,000, \$4,000, or \$5,000, if designated by the employer in its contract. This bill would recast these provisions for the optional death benefit amounts of \$3,000 or \$4,000 to authorize these sums if that amount is designated by the employer in its contract prior to January 1, 2019. The bill would also make various conforming and nonsubstantive changes to PERL, the Judges' Retirement Law, and the Judges' Retirement System II Law. **(STATUS: In Committee.)**

SB 964 (Allen) Amended March 14, 2018. This bill would, until January 1, 2035, require CalPERS and CalSTRS to analyze climate-related financial risk, as defined, to the extent the CalPERS and CalSTRS boards identify the risk as a material risk to the retirement system. The bill, by January 1, 2020, and every 3 years thereafter, would require each board to publicly report on the climate-related financial risk of its public market portfolio, including alignment of each system with a specified climate agreement and California climate policy goals and the exposure of the fund to long-term risks, as specified. The bill would provide that it does not require either board to take action unless the board determines in good faith that the action is consistent with its fiduciary responsibilities. (STATUS: In Committee.)

SB 1031 (Moorlach) Existing law, including the CERL, authorizes the application of cost-of-living adjustments to allowances paid to persons retired under, or survivors or beneficiaries of persons retired under, various public retirement systems. PEPR, on and after January 1, 2013, requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, for its purposes, defines pensionable compensation, establishes limits on benefits, and requires the sharing of normal costs between members and employers for the pension systems to which it applies. This bill would prohibit a public retirement system, including OCERS, from making a cost-of-living adjustment to any allowance payable to, or on behalf of, a person retired under the system, or to any survivor or beneficiary of a member or person retired under the system, for any year beginning on or after January 1, 2019, in which the unfunded actuarial liability of that system is greater than 20%. The bill would require that the determination of unfunded actuarial liability be based on a specified financial report and would apply the prohibition on cost-of-living adjustments, if any, to the calendar year following the fiscal year upon which the report is based. **(STATUS: In Committee; set for hearing April 23, 2018.)**

SB 1032 (Moorlach) The PERL authorizes any public agency to participate in and make all or part of its employees members of PERS by contract, as provided, and authorizes a contracting agency to terminate its contract if the contract has been in effect for at least 5 years. Under existing law, the board is required to hold the accumulated contributions from a terminated contract in a terminated agency pool, as specified, for the benefit of the members. Existing law requires the terminating contracting agency to contribute to the

terminated agency pool the difference between the accumulated contributions and the board's pension liability for the contracting agency's members, as provided. This bill would authorize a contracting agency to terminate its contract with the board at the agency's will and would not require the contracting agency to fully fund the board's pension liability upon termination of the contract. The bill would authorize the board to reduce the member's benefits in the terminated agency pool by the percentage of liability unfunded. The bill would also authorize a contracting agency who terminates its contract with the board to transfer the assets accumulated in the system to a pension provider designated by the contracting agency. **(STATUS: In Committee; set for hearing April 23, 2018.)**

SB 1033 (Moorlach) The PERL authorizes retirement systems to enter into agreements to provide certain reciprocal benefits to employees that are employed by other agencies that are parties to the agreement if the employees meet specified requirements, a practice commonly referred to as reciprocity. Reciprocity provides for the application of the final compensation paid by a subsequent employer to service provided to a prior employer. The PERL provides that a public agency that has agreed to reciprocity with CalPERS also has reciprocity with all other agencies that have entered into those agreements with CalPERS, among others. The PERL requires the CalPERS Board to ensure that a contracting agency that creates a significant increase in actuarial liability as a result of increased compensation paid to a nonrepresented employee bears the associated liability, except as specified, including a portion that would otherwise be borne by another contracting agency. The PERL requires the system actuary to assess an increase in liability, in this regard, to the employer that created it at the time the increase is determined and to make adjustments to that employer's contribution rates to account for the increased liability. This bill would require that an agency participating in CalPERS that increases the compensation of a member who was previously employed by a different agency to bear all actuarial liability for the action, if it results in an increased actuarial liability beyond what would have been reasonably expected for the member. The bill would require, in this context that the increased actuarial liability be in addition to reasonable compensation growth that is anticipated for a member who works for an employer or multiple employers over an extended time. The bill would require, if multiple employers cause increased liability, that the liability be apportioned equitably among them. The bill would apply to an increase in actuarial liability, as specified, due to increased compensation paid to an employee on and after January 1, 2019. **(STATUS: In Committee; set for hearing April 23, 2018.)**

SB 1060, 1061, 1062 (Mendoza) The PERL requires certain public employers to contribute moneys to CalPERS. Existing law prohibits the state, school employers, and contracting agencies, as defined, from refusing to pay the employers' contribution as required by the PERL. SB 1060 would require a contracting agency that fails to make a required contribution to CalPERS to notify members of the delinquency within 30 days, as specified. The State Teachers' Retirement Law establishes the Defined Benefit Program of the CalSTRS. The law requires certain employers, as defined, to contribute moneys to the CalSTRS). SB 1061 would require an employer that fails to make a required contribution to CalSTRS to notify members of the delinquency within 30 days, as specified. SB 1062 would require certain employers that fail to make a required employer contribution to CalSTRS or CalPERS to notify members of the delinquency within 30 days, as specified. **(STATUS: In Senate; pending referral.)**

SB 1149 (Glazer) PEPRAs generally require a public retirement system, as defined, to modify its plan or plans to comply with the act, and authorize a public employer to provide a contribution to a defined contribution plan for compensation in excess of certain federal compensation limits applicable to qualified pension trusts, if the plan and contribution meet the requirements set forth in federal law. PEPRAs prohibit any of those employer contributions to an employee defined contribution plan from exceeding the employer's contribution rate, as a percentage of pay, required to fund the defined benefit plan. Existing law establishes an alternate retirement program and provides that certain state employees, as defined, who become new members of CalPERS during their first 24 months of employment, do not make contributions to CalPERS or receive service credit for their service. Under existing law, these members are instead required to contribute either 5% or 6% of their monthly compensation, as specified, to the alternate retirement program. This bill would create a new optional defined contribution plan for new state employees who are eligible to become members of CalPERS and who choose not to make contributions into the defined benefit program under the PERL. The bill would require state employees who opt to participate in this alternate system to contribute the same percent of compensation as similarly situated employees who contribute to the defined pension program, subject to applicable limits of federal law. The bill would authorize an employee in the defined contribution program, after 5 years, to have the right to continue in the program or switch to the defined benefit plan, subject to certain terms and conditions. The bill would require the Department of Human Resources to administer the defined contribution retirement program established by the bill. **(STATUS: In Committee.)**

SB 1270 (Vidak) The CERL authorizes the retirement boards of five specified counties to appoint assistant administrators and chief investment officers who, following appointment, are outside county charter, civil service, and merit system rules, except as specified. The CERL provides that these administrators and officers are employees of the county, as specified, while serving at the pleasure of the appointing boards, and that they may be dismissed without cause. This bill would apply these provisions to any county if the board of supervisors for that county, by resolution adopted by majority vote, makes those provisions applicable in the county. **(STATUS: In Committee; set for hearing April 9, 2018.)**

2018 TENTATIVE LEGISLATIVE CALENDAR
 COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE
 Revised 11/16/16

DEADLINES

| JANUARY | | | | | | |
|---------|----|----|----|----|----|----|
| S | M | T | W | TH | F | S |
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| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

- Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 3** **Legislature Reconvenes** (J.R. 51(a)(4)).
- Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- Jan. 12** Last day for **policy committees** to hear and report to **fiscal committees** fiscal bills introduced in their house in the **odd-numbered year** (J.R. 61(b)(1)).
- Jan. 15** Martin Luther King, Jr. Day.
- Jan. 19** Last day for any committee to hear and report to the **floor** bills introduced in that house in the odd-numbered year (J.R. 61(b)(2)). Last day to **submit bill requests** to the Office of Legislative Counsel.
- Jan. 31** Last day for each house to **pass bills introduced** in that house in the odd-numbered year (J.R. 61(b)(3), (Art. IV, Sec. 10(c)).

| FEBRUARY | | | | | | |
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| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | | | |

- Feb. 16** Last day for bills to be **introduced** (J.R. 61(b)(4), (J.R. 54(a)).
- Feb. 19** Presidents' Day.

| MARCH | | | | | | |
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| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

- Mar. 22** **Spring Recess** begins upon adjournment of this day's session (J.R. 51(b)(1)).
- Mar. 30** Cesar Chavez Day observed.

| APRIL | | | | | | |
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| 29 | 30 | | | | | |

- Apr. 2** **Legislature Reconvenes** from Spring Recess (J.R. 51(b)(1)).
- Apr. 27** Last day for **policy committees** to hear and report to **fiscal committees** fiscal bills introduced in their house (J.R. 61(b)(5)).

| MAY | | | | | | |
|-----|----|----|----|----|----|----|
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| 27 | 28 | 29 | 30 | 31 | | |

- May 11** Last day for **policy committees** to hear and report to the floor **nonfiscal** bills introduced in their house (J.R. 61(b)(6)).
- May 18** Last day for **policy committees** to meet prior to June 4 (J.R. 61(b)(7)).
- May 25** Last day for **fiscal committees** to hear and report to the floor bills introduced in their house (J.R. 61(b)(8)). Last day for **fiscal committees** to meet prior to June 4 (J.R. 61(b)(9)).
- May 28** Memorial Day.
- May 29- June 1 Floor Session only.** No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61 (b)(10)).

*Holiday schedule subject to Senate Rules committee approval

2018 TENTATIVE LEGISLATIVE CALENDAR
 COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE
 Revised 11/16/16

| JUNE | | | | | | |
|------|----|----|----|----|----|----|
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- June 1** Last day for each **house to pass bills** introduced in that house (J.R. 61(b)(11)).
- June 4** Committee meetings may resume (J.R. 61(b)(12)).
- June 15** Budget Bill must be passed by **midnight** (Art. IV, Sec. 12(c)(3)).
- June 28** Last day for a legislative measure to qualify for the Nov. 6 General Election ballot (Elections code Sec. 9040).
- June 29** Last day for **policy committees** to hear and report **fiscal bills** to fiscal committees (J.R. 61(b)(13)).

| JULY | | | | | | |
|------|----|----|----|----|----|----|
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- July 4** Independence Day.
- July 6** Last day for **policy committees** to meet and report bills (J.R. 61(b)(14)). **Summer Recess** begins upon adjournment provided Budget Bill has been passed (J.R. 51(b)(2)).

| AUGUST | | | | | | |
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| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

- Aug. 6** **Legislature Reconvenes** (J.R. 51(b)(2)).
- Aug. 17** Last day for **fiscal committees** to meet and report bills (J.R. 61(b)(15)).
- Aug. 20-31** **Floor Session only.** No committees, other than Conference and Rules Committees, may meet for any purpose (J.R. 61(b)(16)).
- Aug. 24** Last day to **amend** on the floor (J.R. 61(b)(17)).
- Aug. 31** Last day for **each house to pass bills**, except bills that take effect immediately or bills in Extraordinary Session (Art. IV, Sec. 10(c), (J.R. 61(b)(18)). **Final Recess** begins upon adjournment (J.R. 51(b)(3)).

*Holiday schedule subject to Senate Rules committee approval

IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS

2018

- Sept. 30 Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor's possession on or after Sept. 1 (Art. IV, Sec. 10(b)(2)).
- Nov. 6 General Election
- Nov. 30 Adjournment *Sine Die* at midnight (Art. IV, Sec. 3(a)).
- Dec. 3 12 Noon convening of the 2019-20 Regular Session (Art. IV, Sec. 3(a)).

2019

- Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

I-5

Memorandum

DATE: March 29, 2018
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: **CONFERENCE REPORT – 2018 GARTNER CIO LEADERSHIP FORUM**

Written Report

Background/Discussion

Brenda Shott, Assistant CEO, Finance and Internal Operations attended Gartner’s Annual CIO (Chief Information Officer) Leadership Forum and the Gartner’s Women CIO Forum in Phoenix, Arizona from February 25 through February 28, 2018. The total cost for attendance was as follows:

| Conference Fee | Hotel | Transportation | Meals | Total |
|----------------|---------------|----------------|--------------|----------------|
| \$2,700 | \$1068 | \$425 | \$107 | \$4,300 |

As it is not presently pre-approved, OCERS’ Travel Policy, Section 19, states:

“Board Members and staff who travel to conferences or seminars that are not automatically authorized in paragraphs 8, 9, 10 and 12 shall file with the Chief Executive Officer a report that briefly summarizes the information and knowledge gained that may be relevant to other Board members, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board Member or staff will be made on the Conference / Seminar Report form shown in the appendix. The Chief Executive Officer shall cause a copy of the report to be distributed to each Board Member and to the Chief Investment Officer.”

The conference agenda as well as the required Trustee/Staff report are attached.

Submitted by:



Brenda Shott
 Assistant CEO, Finance and Internal Operations

Report of Attendance at Conference or Seminar

Name of Member Attending: Brenda Shott

Name of Conference/Seminar: Gartner CIO Leadership Forum (Chief Information Officer)

Location of Conference/Seminar: Phoenix, Arizona

Conference/Seminar Sponsor: Gartner

Dates of Attendance: 02/25-02/28/2018

Total Cost of Attendance: \$4,300

| | | | | |
|----------------------------------|-------------------------|--|-----------------------|-------------------------|
| Conference Fee \$2,700 | Hotel \$1,068 | Transportation (airfare, Lyft, parking) \$425 | Meals \$107 | Total \$4,300 |
|----------------------------------|-------------------------|--|-----------------------|-------------------------|

Brief Summary of Information and Knowledge Gained:

The Gartner CIO Leadership Forum is an event that is open to top executives of Gartner clients. The four day event (including the Women’s CIO event on the last day) was filled with sessions in several different tracks which included:

Think Business

This track focused on innovating the business model in order to adjust to the maturing and expansion of digital business, offering new ways to engage with customers/members, optimize costs and take advantage of disruption to the fullest.

Design Capabilities

Digital capabilities have grown tremendously which creates many opportunities for IT and business leaders to rethink organizational structure, operating models and ways to improve the interaction with customers (or members in OCERS case). In this track sessions provided insight on the workplace of the future, artificial intelligence, virtual assistants and blockchain as well as risk and security management.

Build the Foundation

This track included sessions on how to establish an agile and dynamic operating model, how to implement robust security measures, and how to create and cultivate an authentic digital culture.

Report of Attendance at Conference or Seminar

Focus on Leadership

Digital transformation requires a fundamental change in CIOs themselves. In this track, sessions explored how to personally transition from the role of a traditional IT service provider to that of a proactive and empowered business partner — shaping culture, being a business partner to the core strategies of the organization and driving value. Sessions included topics around skills and talent management, digital ethics and humanism and presenting technical information to Boards.

There was the ability to move between the different tracks described above, however, with the vast number of sessions offered, I was not able to attend all of the sessions that were of interest. Below are some highlights of the valuable insight and information gained during the sessions attended:

- *Industry disruption* – technology causes disruption, that disruption creates value but it is also destroys value. The keynote session on disruptions was very eye opening and created a mindset for the rest of the conference of needing to constantly be thinking into the future. Being aware of what technology breakthroughs could cause disruption in government and more specifically in the pension industry is a challenge. Planning to adopt the technology so that our organization can be on the growth side of the disruption instead of the downside is an even bigger challenge.
- *Cybersecurity* – the CIO Leadership Forum offered many opportunities to have peer open discussions on a variety of topics. This type of session format (called a “meetup”) typically limited attendance to 8-10 people and offered a great opportunity to share real-life challenges and share with others in IT executive roles solutions, ideas and experiences. I attended a cybersecurity meetup where we discussed the various tools, protocols and procedures used in our own agencies. It was helpful to learn from others’ experiences with using various tools that are in the market. It was reassuring to know that several of the recently implemented tools OCERS has implemented seemed to be the “gold standard” when it comes to anti-phishing and anti-virus protection. In addition to the meetup I also had the opportunity to attend a session title “Seven Reasons More CEOs Will Be Fired Over Cybersecurity Breaches and How to Ensure Yours is Not Next”. The presentation was geared around the timeline of events and analysis of the Equifax breach. To say it was enlightening is an understatement. There were multiple take aways and “aha” moments in this presentation that will most definitely get explored by OCERS and shared with the new Director of Cyber Security once they are brought on board.
- *Digital Leadership* – the keynote speaker on Monday morning, Valentin Sribar, provided very helpful insight on how the role of Chief Information Officer has developed and is so much more than a data and technology leader. CIOs today play a much larger role in planning and implementing strategic business objectives. He walked through the various conversations that the CIOs should be having with other executives within their organization. I look forward to transforming his suggestions specifically to OCERS as a governmental organization.

Report of Attendance at Conference or Seminar

- *Presenting to Boards* – I gained some very helpful suggestions on when and how to engage the board in technology based discussions. Boards are typically most interested in the Mission of the organization, costs and risks and technology presentations usually have a primary objective of requesting approvals, giving a status update or strategic discussions. The Gartner Analyst, Tina Nunno presented some great tools to help streamline board presentations so that they are effective and understandable while providing the Board the information they need in order to make decisions. In addition to the session with Ms. Nunno I also attended a meetup session with women CIOs where we discussed effective techniques and tips within our own organizations on working with Boards and another session specifically on reporting cybersecurity to Board of Directors. All three sessions had a different set of valuable take aways that I look forward to using in the coming year.
- *Risk* –Linking risk to business performance, creating a governance model that supports risk-informed decisions to improve performance and measuring and improving a risk engaged culture were the primary focuses of Gartner Analyst, Paul Proctor’s, session. Given my current role in OCERS Operational Risk Management program, I found the session to be informative and it provided some great visual ideas on how to discuss risk and guide risk based decisions. An important take away from this session was that there is no such thing as “perfect protection” when it comes to managing risks. The goal of a risk management program is to build a sustainable program that balances the need to protect against the need to run our business. There is no way to “buy” your way into safety. Mr. Proctor walked through the There was also a portion of the session that discussed the hiring/retaining “security people” in an organization. As OCERS is beginning the recruitment of the newly approved Director of Cyber Security the information was very timely, relevant and will be helpful as we move forward with finding the right candidate for our position.

There were several other sessions that also provided very useful knowledge and awareness of the technology world, how fast it is changing and how quickly it can disrupt our business and our lives. Topics such as Artificial Intelligence, Crypto currency, digital ethics, budgeting for IT using a business approach, using the cloud (specifically in government) were all topics covered in sessions I attended during the conference. The amount of information and knowledge gained was definitely well worth the investment.

In addition to the sessions, the networking opportunities and access to Gartner analysts for one on one discussions also provided great value. I have met and exchanged contact information from a wide range of CIO level individuals in both the private and the public sector including organizations such as Los Angeles World Airports (LAX), City of Henderson, NV, Toyota Commercial Finance, CalOptima, and many more. I look forward to continued contact with the individuals I met and will use them as resources moving forward.

Evaluation of the Conference or Seminar:

EXCELLENT. The agenda was packed with a diverse set of topics, great speakers and various session formats. Gartner had analysts available for one on one meetings to discuss specific topics of interest which

Report of Attendance at Conference or Seminar

was extremely helpful. There was also workshop style sessions and “meetups” which fostered great networking and learning forums.

Recommendation Concerning Future Attendance:

This is definitely a conference I would look to attend in the future and would highly recommend for the Director of IT and the Director of Cyber Security as well.



Signature

Return to: Executive Assistant

Copies to: Board Members
Chief Executive Officer
Assistant Chief Executive Officers

12:30 PM Sunday, February 25

| | |
|--------------------------------------|---|
| Registration | 12:30 PM-06:00 PM Grand Sonoran C, Level 1 |
| SB:Storyboards from CIO Forum | 12:30 PM-01:00 PM |

01:00 PM Sunday, February 25

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|--|---|
| CIO Lounge Hours | 01:00 PM-05:00 PM CIO Lounge, Grand Sonoran F, Level 1 |
| O1:CIO Forum Attendee Orientation | 01:00 PM-01:45 PM Grand Canyon 5, Level 1 |

An introduction for CIOs new to CIO Leadership Forum and an overview of event activities, opportunities, speakers and general logistics. It provides an opportunity for new attendees to ask questions so that they can optimize their Forum experience.

02:00 PM Sunday, February 25

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| K1:Gartner Keynote: Industry Disruption Opportunity, Threat or Simple Sanity Check? | 02:00 PM-02:45 PM Grand Canyon 7, Level 1 |
| Kristin R. Myer | |

Disruption shifts value. It destroys value, but it also creates value. You realize something needs to be done when revenue shifts. Revenue is shifting in almost every industry right now, and usually faster than you think. Disruption is an opportunity if you act, it's a threat if you watch and ...

02:45 PM Sunday, February 25

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| Structured Peer Networking: Keynote Follow-on Discussion | 02:45 PM-03:15 PM Grand Canyon Foyer, Level 1 |
|---|--|

Join your peers and a Gartner Executive Partner for an informal discussion about the Gartner Keynote you just heard.

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| ME3:Mobile Experience Hub | 02:45 PM-05:30 PM Grand Sonoran H, Level 1 |
|----------------------------------|---|

Immerse yourself in the future of mobile business with Samsung devices, powered by America's fastest LTE network- T-Mobile.

03:00 PM Sunday, February 25

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| ASK1:Ask the Analyst: Trends in Innovation | 03:00 PM-03:45 PM Grand Canyon 9, Level 1 |
| Mchelle Duerst | |

Manufacturers must continually seek to own new market sectors in order to stay viable and competitive. Innovation has moved from the board room to an unprecedented open ecosystem of customers, suppliers, internal team members, and continually evolving technology. This session will focus on the latest trends in innovation and include ...

03:15 PM Sunday, February 25

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| A1:Business Models and Strategy: Which Leads, When | 03:15 PM-04:00 PM Grand Canyon 6, Level 1 |
| Chet Geschickter | |

Business models and strategy address overlapping domains. This presentation discusses the relationship between strategy and business models, how changes in either potentially affect the other, and how CIOs can use both to maximize outcomes and reduce risks of change.

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| B1:Redesign Your IT Operating Model to Accelerate Digital Business | 03:15 PM-04:00 PM Grand Canyon 7, Level 1 |
| Donna Scott | |

As digital business increasingly drives business strategy, enterprises are using information and technology (I&T) in new ways. I&T activity is extending beyond the IT organization, new capabilities are required and there is a growing need for innovation, speed and agility. This is driving the need for a new IT operating ...

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| C1:The CIO's Role in Creating an Adaptive Digital Business | 03:15 PM-04:00 PM Grand Canyon 8, Level 1 |
| Brian Prentice | |

Hierarchical management, and the associated bureaucracy that comes with it, is threatening organisations' ability to survive and thrive in a digital economy. Today, leading enterprises are experimenting with new network-centric heterarchies. Lasting change is daunting and demands vision and leadership. What's also needed are CIOs who understand the nature of ...

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| R1:Roundtable: Digitalization Opportunities and Examples Across the Oil & Gas Industry | 03:15 PM-04:00 PM Grand Canyon 10, Level 1 |
| Brian Demski,Mark Bartram | |

This Oil & Gas Industry CIO Roundtable is designed to facilitate discussion among CIOs related to opportunities and examples of where digitalization is currently, or soon could be, having significant impact for oil & gas ecosystem companies. The opportunities and examples being explored could apply to an individual company or ...

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| W1:Workshop: Creating a Digital Business Strategy | 03:15 PM-04:45 PM Wildflower A, Level 2 |
| Louis Boyle,Paul Stokes | |

You are in the job today and the job has changed, are you evolving your skills to meet today's and tomorrow's imperatives? This workshop will challenge CIOs to assess their own leadership skills as a business executive, a change leader and having a growth mindset. We will explore what leadership ...

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| W3:Workshop: Design Thinking for CIOs | 03:15 PM-04:45 PM Wildflower C, Level 2 |
| Michael L Carraway | |

Design thinking is becoming a mainstream tool for working through "wicked problems" — and CIOs must deal with a number of these. This workshop will provide a brief introduction to design thinking then take them through interactive design sessions where they will work in groups through each major step in ...

| | |
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| W4:Workshop: Strategic Storytelling Workshop- An Approach to Communicating Strategy in the Digital Age | 03:15 PM-04:45 PM |
|---|-------------------|

of "narrative thinking" and shows how it can be used to achieve maximum impact of ...

W5:Workshop: The Growth Mindset to Developing Leaders

03:15 PM-04:45 PM

Cindy K. Kelly, Ron St. Clair

Grand Canyon 5, Level 1

The nature of leadership of management is fundamentally shifting as the digital and agile revolution impacts enterprises. This workshop helps participants build a road map for their own growth and that required of the individuals on their leadership team and provides participants with a framework to invest in the broader ...

04:00 PM Sunday, February 25

ASK2:Ask the Analyst: Bimodal Foundations

04:00 PM-04:45 PM

Debra Curtis

Grand Canyon 9, Level 1

Bimodal is a key capability to deliver and scale digital strategies. It combines rock-solid delivery of IT services with an ability to innovate and explore, which is essential in the digital era. Following are some of the frequently asked questions on bimodal foundations that may be discussed during this small, ...

MU1:Meetup: Strategic Cost Optimization

04:00 PM-04:45 PM

Peer Open Discussion – No Facilitator

Meetup 1, CIO Lounge, Grand Sonoran F, Level 1

Do you have central management of cost optimization efforts or are efforts reactionary to cost reduction targets? Looking to discuss with others pursuing a more strategic approach. Meetups are interactive and self-facilitated small group discussions for end-user attendees to build relationships and gain new perspectives. Please make every effort to ...

MU2:Meetup: Creating & Identifying CIO Dashboard Metrics

04:00 PM-04:45 PM

Peer Open Discussion – No Facilitator

Meetup 2, CIO Lounge, Grand Sonoran F, Level 1

Creating a CIO dashboard can help to articulate IT's value to your business and your company's overarching goals. How have you organized your business facing CIO dashboards? What key metrics are needed at the CIO level? What KPIs do you use to show progress and track success? Meetups are interactive ...

MU3:Meetup: Cybersecurity - Increasing Awareness and Communicating from Employee to Board Level

04:00 PM-04:45 PM

Peer Open Discussion – No Facilitator

Meetup 3, CIO Lounge, Grand Sonoran F, Level 1

Join your peers to discuss practical methods for increasing end-user awareness of cyber threats in your organization. What's worked for you? What tools are you using? What are the most effective ways to increase awareness at the associate level and to communicate at the board level? Meetups are interactive and ...

MU4:Meetup: 2018/2019 Strategic Tech Trends

04:00 PM-04:45 PM

Peer Open Discussion – No Facilitator

Meetup 4, CIO Lounge, Grand Sonoran F, Level 1

Interested to discuss with fellow IT leaders what you foresee as big opportunities for the next couple of years. For example, orchestration; how are you using orchestration tools for process automation? What vendors are you using? What has your experience been? Meetups are interactive and self-facilitated small group discussions for ...

MU5:Meetup: Innovation as a Program

04:00 PM-04:45 PM

Peer Open Discussion – No Facilitator

Meetup 5, CIO Lounge, Grand Sonoran F, Level 1

What did you learn when launching innovation as a program? What would you advise others thinking of tackling this project? How has success been measured in your organization? Meetups are interactive and self-facilitated small group discussions for end-user attendees to build relationships and gain new perspectives. Please make every effort ...

04:15 PM Sunday, February 25

A2:Business Relationships Determine CIOs' Future

04:15 PM-04:45 PM

Janelle B. Hill

Grand Canyon 6, Level 1

Scaling digital business depends on factoring information and technology (I&T) assets and capabilities much earlier into business leaders' strategic plans. CIOs will need to overhaul provider/consumer relationship dynamics to strategically engage at all levels of the business. Only then can CIOs influence the business strategy rather than just react to ...

B2:The Disappearing Customer

04:15 PM-04:45 PM

Jenny Sussin

Grand Canyon 7, Level 1

For years, organizations have focused on personalization, understanding the customer journey and anticipating customer needs as a way of attracting prospects and retaining customers; however, we propose that it's time for customer backlash. Not only are civil organizations stepping in to support this, but customers are taking social media vacations ...

C2:Scaling Change Leadership: Inspire

04:15 PM-04:45 PM

Elise Oding

Grand Canyon 8, Level 1

Change leadership requires a new perspective of leading the change. It starts with you and your leadership team. In this session we will explore the "Inspire" phase of the ESCAPE model (envision, share and compose). These tactics will enable you to build resiliency into your leadership team and foster ...

04:45 PM Sunday, February 25

Networking Break

04:45 PM-05:15 PM

Grand Canyon Foyer, Level 1

05:15 PM Sunday, February 25

K2:Guest Keynote: Why SIMPLE Wins: Escape the Complexity Trap and Get to Work That Matters

05:15 PM-06:00 PM

Lisa Bodell

Grand Canyon 7, Level 1

Imagine what you could do with the time you spend sitting in meetings and writing emails every day. Complexity is killing companies' ability to innovate and adapt, and simplicity is fast becoming the competitive advantage of our time. Drawing on research and themes from her latest book, Why Simple Wins, ...

06:00 PM Sunday, February 25

Welcome Reception

06:00 PM-07:30 PM

Sunset Lawn, Level 1

06:30 AM Monday, February 26

YOGA1:Sunrise Yoga

06:30 AM-07:15 AM

Breakfast Briefing: Improving Digital Innovation in CPG/Retail/Life Sciences

07:00 AM-08:00 AM

Gartner predicts that through 2019, every \$1 enterprises invest in innovation will require an additional \$7 in core execution. Scaling innovation seems to not only be costly, but it is also difficult. Why do enterprises find it difficult to execute and scale innovation and what are the best practices to ...

CIO Lounge Hours

07:00 AM-06:00 PM

CIO Lounge, Grand Sonoran F, Level 1

Registration

07:00 AM-07:00 PM

Grand Sonoran C, Level 1

ME1: Mobile Experience Hub

07:00 AM-05:30 PM

Grand Sonoran H, Level 1

Immerse yourself in the future of mobile business with Samsung devices, powered by America's fastest LTE network- T-Mobile.

07:15 AM Monday, February 26**Attendee Breakfast**

07:15 AM-08:15 AM

Grand Saguaro South, Level 1

08:15 AM Monday, February 26**K3: Opening Keynote: Scaling Digital Leadership**

08:15 AM-09:00 AM

Valentin T. Sribar

Grand Canyon 7, Level 1

Digital business is a team sport! In that spirit, the CIO Leadership Forum Opening Keynote focuses on powerful conversations the CIO must have with peers, management and staff relative to digital business urgency. The session will uncover perspectives and present practical conversation maps for key interactions including CFOs, CHROs, CMOs, ...

09:00 AM Monday, February 26**K4: Gartner Keynote: CEO Concerns 2018 — Implications and Actions for CIOs**

09:00 AM-09:45 AM

Mark Raskino

Grand Canyon 7, Level 1

We present an analysis of the brand new Global 2018 CEO and Senior Business Executive Survey. How are business leader priorities changing in response to market shifts and uncertainties? What are CEOs thinking about the way they organize the C-suite to accelerate digital transformation? We examine the trends and find ...

09:45 AM Monday, February 26**Structured Peer Networking: Keynote Follow-on Discussion**

09:45 AM-10:15 AM

Grand Canyon Foyer, Level 1

Join your peers and a Gartner Executive Partner for an informal discussion about the Gartner Keynote you just heard.

R9: Roundtable: The Right Foot — Making an Impact as a New CIO (REPEAT)

09:45 AM-10:45 AM

Debra Christmas

Grand Sonoran A, Level 1

So you got the job! Now what? Leading an IT organization in this era of digital disruption is both challenging and exhilarating. From building the right team, setting a vision, executing strategy, to establishing your brand right out of the gate it is critical to set the right course. As ...

10:00 AM Monday, February 26**ASK3: Ask the Analyst: How Seriously Should We Take Blockchain?**

10:00 AM-10:45 AM

Rajesh Kandaswamy

Grand Canyon 9, Level 1

"Ask the Analyst" session will help clarify what should be done about blockchain now, what to expect in the near future and the long term potential of blockchain.

SL: Spotlight: Achieving Digital Transformation Through Modern Data and Analytics Architecture

10:00 AM-10:30 AM

Bill Pray

Spotlight Center, CIO Lounge, Grand Sonoran F, Level 1

Data matters. Understanding and creating insight from data is transformational. The ability to collect and analyze data to create a competitive edge, generates new opportunities, and fosters innovation. However, the organization must build an architecture to support a conduit of timely, competitive business analytics. This presentation explains how an organization's ...

W6: Workshop: Delivering Transformation That the Business Values

10:00 AM-11:30 AM

Steve Bozzo, Carolyn Damon

Wildflower A, Level 2

Organizations continue to focus on transforming to digital business models striving to derive more value from their market and customer experience. In this workshop, we will focus on understanding the journey to drive the value your business is looking for. Focusing on delivering transformation in a manner that does not ...

W7: Workshop: The Art of the One-Page Strategy: Scaling for Digital Leadership

10:00 AM-11:30 AM

Jim Finwick, Lisa Palmer

Wildflower B, Level 2

Strategic planning is at the heart of any enterprise, and alignment with the corporate strategic plan is often a key concern of CIOs. Companies that are leaders in their industries do not distinguish between "business" and "IT" — there is one story for business success and that is the business ...

W8: Workshop: Expanding Your CIO Role to Become the "Digital Evangelist" for the Enterprise

10:00 AM-11:30 AM

Tom Beck, Kevin D. Rooney, Vicki van Alphen

Wildflower C, Level 2

CIOs have an opportunity to expand their roles and become a digital evangelist. An evangelist must use a variety of techniques such as storytelling, relationship building and salesmanship, to appeal to the heads, hearts and hands of constituents. CIO evangelists also must focus on being in sync with the executive ...

W9: Workshop: Getting Started With Lean Startup

10:00 AM-11:30 AM

Craig Fischberg, Bruce Robertson

Grand Canyon 3, Level 1

This workshop will provide an introduction to the Lean Startup method and then get attendees to practice them. Attendees will reconceptualize what a minimum viable product (MVP) should be, more like a minimum viable experiment (MVE) that tests or validates a business assumption. Teams will create MVP ideas and ...

10:15 AM Monday, February 26**A3: Digital Economics, Where Scale Rules**

10:15 AM-11:00 AM

Learn how to find and mine the digital gold for your organization by scaling up, down, across, out, in and maybe more. ...

B3:A Practical Approach to Presenting to the Board of Directors for CIOs

10:15 AM-11:00 AM

Tina Nunno

Grand Canyon 7, Level 1

CIOs are moving well beyond discussing just cost and compliance with their boards of directors. In the digital age, boards are expressing more interest in technology as a competitive differentiator, while struggling with the realities of technology risk. Successful CIOs master engaging their boards on these complex challenges and opportunities. ...

C3:Develop "System of Systems" Thinking to Manage Platforms and Products

10:15 AM-11:00 AM

Mke Gilpin

Grand Canyon 8, Level 1

The old regime of large monolithic on-premise applications is ending. Software delivery is fragmenting, blending commodity services with custom Agile code to deliver digital business solutions. This change in software architectures demands a radical rethink of how the CIO organizes the IT function and business relationships to optimize value delivery...

MU10:Peer-led Meetup: Developing a Culture of Innovation with Concrete Actions

10:15 AM-11:00 AM

Geoff Blaisdell

Meetup 5, CIO Lounge, Grand Sonoran F, Level 1

It's one thing to state your company encourages innovation and another to take concrete steps to foster it. This Meetup is designed to share concrete steps to support innovation, as well as common pitfalls that should be avoided. Do you have dedicated teams and/or resources to promote innovation? What is ...

MU6:Meetup: Planning for the Future of the IT Workforce

10:15 AM-11:00 AM

Peer Open Discussion – No Facilitator

Meetup 1, CIO Lounge, Grand Sonoran F, Level 1

The IT domain in 2030 will likely evolve out of today's agile practices and professional services models. CIOs will be tasked with organizing a fluid arrangement of teams charged with turning ideas into reality. How is your company planning to tackle future workforce challenges through workforce planning and development? What ...

MU7:Meetup: Best Practices to Implement Agile Teams

10:15 AM-11:00 AM

Peer Open Discussion – No Facilitator

Meetup 2, CIO Lounge, Grand Sonoran F, Level 1

Best practices, common pitfalls and cultural challenges. Is it possible to achieve "just enough governance" without over-imposing controls that may dampen the agile team's sense of autonomy and trust? Will putting too much standardization on agile teams result in sub-optimization and loss of productivity? Meetups are interactive and self-facilitated small ...

MU9:Meetup: Disruptive Technologies in the Energy & Utilities Industry

10:15 AM-11:00 AM

Peer Open Discussion – No Facilitator

Meetup 4, CIO Lounge, Grand Sonoran F, Level 1

Which disruptive technologies do you think will have the greatest impact on the Energy and Utilities Industry - AI, machine learning, robotic process automation (RPA), quantum computing? Which, if any, do you believe pose the greatest threat? Have you begun working with any of these technologies in your organization? Meetups ...

11:00 AM Monday, February 26

R10:Roundtable: Digital Humanism and Ethics: The People Side of the Digital Journey (REPEAT)

11:00 AM-12:00 PM

Sandra Donatelli

Grand Sonoran A, Level 1

Think of digital business and many think only of technology. But the rapid advance of technology brings new enterprise needs regarding culture, workforce, and ethics. Because technology innovation lessens the constraints on what an enterprise can do, the issue becomes what it should do. Digital ethics is the system of ...

11:15 AM Monday, February 26

A4:The 2018 CIO Agenda: Creating a Performance Mindset

11:15 AM-12:00 PM

Chris Howard

Grand Canyon 6, Level 1

Based on the findings of Gartner's 2018 CIO Survey, American CIOs have an opportunity to build on momentum already underway in their organizations to achieve aggressive digital goals. However, there is a risk of falling back into business as usual. This session will advise CIOs on what they can leverage ...

B4:Data and Analytics Strategy Explorations: Strategy as a Process of Continuous Learning

11:15 AM-12:00 PM

Frank Buytendijk

Grand Canyon 7, Level 1

We've always viewed strategy as a rational top-down planning exercise and "learning" as fluffy and intangible. However, in becoming a data-driven organization, operating in uncertain environments, both views need to merge. Strategy and continuous learning become one. What does this mean for your data and analytics strategy?

C4:Four Ways CIOs Can Cultivate Digital Dexterity in Leadership and the Workforce

11:15 AM-12:00 PM

Graham P. Waller

Grand Canyon 8, Level 1

The secret to delivering digital business value at scale is people. Those who have the ability and desire to drive business outcomes with technology— we call this digital dexterity. Access to the needed talent, skills and culture are the top internal barriers to success for CEOs and CIOs. CIOs ...

MU11:Meetup: The Evolution of DevOps

11:15 AM-12:00 PM

Peer Open Discussion – No Facilitator

Meetup 1, CIO Lounge, Grand Sonoran F, Level 1

I am looking to share best practices with others on how to transform a traditional IT organization into a "DevOps organization". Which approach have you used to drive a transformation towards Agile/DevOps? Was this approach successful? What hurdles did you have to overcome? Meetups are interactive and self-facilitated small group ...

MU12:Meetup: IT Innovation vs. Keeping the Lights On

11:15 AM-12:00 PM

Peer Open Discussion – No Facilitator

Meetup 2, CIO Lounge, Grand Sonoran F, Level 1

How do you evaluate your spending on innovation vs. upkeep? What ratio do you strive for? Where are you currently at? Meetups are interactive and self-facilitated small group discussions for end-user attendees to build relationships and gain new perspectives. Please make every effort to attend your Meetup as your peers ...

MU13:Meetup: Women CIO Executive Communication With the Board of Directors

11:15 AM-12:00 PM

Peer Open Discussion – No Facilitator

Meetup 3, CIO Lounge, Grand Sonoran F, Level 1

It's challenging enough as a CIO to get a seat at the Board of Directors' table; however, when you're a woman CIO, the challenge intensifies. What techniques, tips and advice can other women CIOs share who have been successful at this? What common languages does a woman CIO need to ...

MU14:Meetup: Taking Ownership - Making Digital Leadership Your Great Work

11:15 AM-12:00 PM

Peer Open Discussion – No Facilitator

Meetup 4, CIO Lounge, Grand Sonoran F, Level 1

CIOs have different levels of influence with the CEO and other true decision makers. All CIOs need to build a path to influence. If we take the technology and process approach, without considering some practical psychology, we will not move the needle. Let's discuss a new business approach and some ...

11:45 AM Monday, February 26

W11:Workshop: Engaging With CXOs on the Digital Business Journey

11:45 AM-01:15 PM

Amos Auringer, Janelle B. Hill, Mark E. Walther

Wildflower A, Level 2

The journey to digital business requires strategic engagement between the CIO and the C-Suite executives. Three critical aspects of engaging effectively with the C-Suite are positioning, navigating and timing. This workshop provides an interactive forum for peers to exchange best practices in these areas, regardless of where you are on ...

W12:The Art of the One-Page Strategy: Scaling for Digital Leadership

11:45 AM-01:15 PM

Heather Colella, Cindy K. Kelly

Wildflower B, Level 2

Strategic planning is at the heart of any enterprise, and alignment with the corporate strategic plan is often a key concern of CIOs. Companies that are leaders in their industries do not distinguish between "business" and "IT" – there is one story for business success and that is the business ...

W13:Workshop: Leveraging ITScore for Strategy and Execution

11:45 AM-01:15 PM

Debra Curtis, Donna Scott

Wildflower C, Level 2

ITScore for Strategy and Execution is a new ITScore assessment targeted at the CIO to assess the role of IT in the enterprise, and its ability to execute to that role and strategy. Many CIOs would like to deliver on digital business but find that their business leaders have different ...

W14:Workshop: Create a Leadership Architecture to Scale Leadership Practices

11:45 AM-01:15 PM

Elise Olding, Julie Vida

Grand Canyon 3, Level 1

In this workshop, we will introduce a leadership architecture. A leadership architecture enables you to keep leadership practices in sync with digital transformation and have the right leadership practices at the right time. We will assess your current and future leadership models and help you challenge leadership biases in order ...

W15:Workshop: Fund Products, Not Projects — How to Pitch a Change in the IT Funding Model to Your CEO and CFO (CEB, Now Gartner)

11:45 AM-01:15 PM

Christopher Mxer

Grand Canyon 5, Level 1

To support digital transformation, CIOs are increasingly organizing IT work and priorities around "product lines" rather than projects, and moving to continuous delivery. IT product line management offers the speed, flexibility and business outcomes orientation necessary to compete in the digital era. But doing it at scale requires a very ...

12:00 PM Monday, February 26

SL1:Spotlight: Reporting Cybersecurity to Your Board of Directors

12:00 PM-12:30 PM

Paul E. Proctor

Spotlight Center, CIO Lounge, Grand Sonoran F, Level 1

Cybersecurity and IT risk are board imperatives. Developing an effective message that balances the need to protect with the need to run your business is critical to success. Many of the successful concepts are not obvious, and some of what is obvious is actually not advised. This session describes what ...

12:15 PM Monday, February 26

A5:Calculating the Total Cost of Digital Strategies

12:15 PM-01:00 PM

Ken McGee

Grand Canyon 6, Level 1

After years of describing the particulars of various types of digital strategies, this research report will answer one vital question: How much will it cost to build and sustain a digital strategy?

B5:How to Make the Best of Blockchain — Types of Initiatives and How They Add Value

12:15 PM-01:00 PM

Rajesh Kandaswamy

Grand Canyon 7, Level 1

While blockchain is of interest to most CIOs, Gartner evidences that most efforts in enterprises are biased toward current business processes and models. This approach can blind enterprises to new market opportunities as well as leave them vulnerable to disruptive new entrants. This session will cover the different types of ...

C5:CIOs Must Drive Customer Experience Strategy to Succeed in Digital Business

12:15 PM-01:00 PM

Jenny Sussin

Grand Canyon 8, Level 1

Excellence in customer experience is critical to the development of a digital business platform and to date, CIOs have been stuck in the passenger seat. In this session, we'll review best practices for CIOs looking to increase their influence over the development of customer experience strategy and the distinct advantages ...

MU16:Meetup: Best Practices for Kickstarting Bimodal IT

12:15 PM-01:00 PM

Peer Open Discussion – No Facilitator

Meetup 1, CIO Lounge, Grand Sonoran F, Level 1

IT Executives are struggling between two competing pressures: the pressure to provide stable, secure, high performance services, and to deliver innovative, technology-intensive services quickly. Bimodal IT provides a way to address both, yet many are unsure how to begin. What have you learnt so far in your journey to create ...

MU17:Meetup: Organizational Culture and Women in IT

12:15 PM-01:00 PM

Peer Open Discussion – No Facilitator

Meetup 2, CIO Lounge, Grand Sonoran F, Level 1

When dealing with a culture lacking diversity (gender, age, race, etc.), as a woman in IT, do you continue to work on building relationships or just try and work around it? Meetups are interactive and self-facilitated small group discussions for end-user attendees to build relationships and gain new perspectives. Please ...

MU18:Meetup: Best Practices in Exploiting Cloud Computing

12:15 PM-01:00 PM

Peer Open Discussion – No Facilitator

Meetup 3, CIO Lounge, Grand Sonoran F, Level 1

While cloud computing can help realize significant cost savings and enable new business opportunities, it is not simple to implement correctly. What have you learned in your approach? What would you advise others when considering a significant move into the cloud? What challenges are you currently facing? Meetups are interactive ...

MU19:Meetup: Building Value Between the Business and IT for New CIOs

12:15 PM-01:00 PM

Peer Open Discussion – No Facilitator

Meetup 4, CIO Lounge, Grand Sonoran F, Level 1

Are you a new CIO? Join this Meetup to mindshare around strategic areas to build the relationship with the business. How is your organization performing in regards to linking strategy to execution? What are you doing to address change management issues? How are you positioning IT as an enabling business ...

01:00 PM Monday, February 26

| | |
|---|--|
| GTP1:Unlock the Three Keys to IT's Future to Succeed as a Digital Business | 01:00 PM-02:15 PM |
| Eric Knipp | Pinnacle Peak 2, Level 2 |
| For decades, IT has architected and delivered solutions to meet the needs of the present. In the era of digital business, addressing today's requirements isn't enough. CIOs must lead their organizations to architect for the future. Join this presentation to understand the three keys to IT's future and what you ... | |
| TL1:Thought Leadership Lunch: The 5G Revolution & IOT | 01:00 PM-02:00 PM |
| Keith Fuentes,David Gallacher | Grand Saguario East, Level 1 |
| There is a perfect storm taking place with multiple generations in the workforce embracing technology, while corporations are challenged with defining their digital transformation. The IT paradox between the C suite and employees creates a constant balancing act. Mobile devices have become irreplaceable, and with 5G fast approaching, ... | |
| 02:45 PM Monday, February 26 | |
| K5:Keynote: Battle of the Business Models! | 02:45 PM-03:30 PM |
| Hung LeHong | Grand Canyon 7, Level 1 |
| There's a battle brewing wherein CIOs need to stay on the forefront. Digital business is creating new business models and it seems that each new one is threatening to disrupt the next one. Here is how it goes: the traditional value chain model is being disrupted by its digital ... | |
| 03:30 PM Monday, February 26 | |
| Structured Peer Networking: Keynote Follow-on Discussion | 03:30 PM-04:00 PM |
| | Grand Canyon Foyer, Level 1 |
| Join your peers and a Gartner Executive Partner for an informal discussion about the Gartner Keynote you just heard. | |
| SL2:Spotlight: Light vs. Dark Leadership | 03:30 PM-04:00 PM |
| Heather Colella,Tina Nunno | Spotlight Center, CIO Lounge, Grand Sonoran F, Level 1 |
| Join two Gartner analysts for very different perspectives regarding your most difficult leadership challenges. In this participant-driven session, attendees will be asked to submit their difficult questions and situations anonymously for the analysts to answer. The analysts will demonstrate light and dark techniques for addressing each of your questions. | |
| 03:45 PM Monday, February 26 | |
| R11:Roundtable: CIOs Can Influence Business Decision Makers and Promote a Digital Revolution (REPEAT) | 03:45 PM-04:45 PM |
| Mbacyr Gomes | Grand Sonoran A, Level 1 |
| CIOs have different levels of influence with the CEO and other true decision makers. All CIOs need to build a path to influence. If we take the technology and process approach, without considering some practical psychology, we will not move the needle. Let's discuss a new business approach and some ... | |
| R5:Roundtable: The Right Foot — Making an Impact as a New CIO | 03:45 PM-04:45 PM |
| Debra Christmas,Paul Stokes | Grand Canyon 10, Level 1 |
| So you got the job! Now what? Leading an IT organization in this era of digital disruption is both challenging and exhilarating. From building the right team, setting a vision, executing strategy, to establishing your brand right out of the gate it is critical to set the right course. As ... | |
| 04:00 PM Monday, February 26 | |
| A6:Integrating Technology Risk and Corporate Performance With a Risk-Engaged Culture | 04:00 PM-04:30 PM |
| Paul E. Proctor | Grand Canyon 6, Level 1 |
| The integration of risk and corporate performance creates a foundation to prioritize investments linked to business outcomes. A successful and mature risk-based approach requires informed decision making by the leaders who own the outcomes that are at risk. Risk engaged cultures view risk as a pervasive business reality. It is ... | |
| ASK5:Ask the Analyst: Emerging Best Practices in Software Product Management | 04:00 PM-04:45 PM |
| Mke Gilpin | Grand Canyon 9, Level 1 |
| Most IT organizations know they must transition away from the large complex monolithic business applications of the past toward a value-delivery architecture based on platforms and products, APIs and agile software development. But for a traditional IT organization, transitioning to "Product Management" is like a fish trying to learn to ... | |
| B6:Scaling Bimodal — The Key Principles and Practices for Digital Success | 04:00 PM-04:30 PM |
| Donna Soot | Grand Canyon 7, Level 1 |
| How do CIOs parlay their initial successes in bimodal to the enterprise and beyond? This presentation maps out the principles and practices required both by the business and IT in order to scale bimodal to the enterprise to achieve enterprise agility and continuous innovation. Scaling bimodal changes the whole IT ... | |
| C6:Develop New Services to Scale Digital Business | 04:00 PM-04:30 PM |
| Michael Smith | Grand Canyon 8, Level 1 |
| As the focus of digital business matures from exploration to industrialization, CIOs should work with other business leaders to distribute financial responsibility appropriately and sharpen attention on business outcomes. Critical thinking is required to leverage the necessary business and technical skills that drive continuous improvement with digital capabilities. This session ... | |
| MU21:Meetup: How Are You Leveraging Blockchain? | 04:00 PM-04:45 PM |
| Peer Open Discussion – No Facilitator | Meetup 2, CIO Lounge, Grand Sonoran F, Level 1 |
| Join your peers to discuss your thoughts on how private blockchain could fundamentally change business processes by making them more transparent and auditable. What scenarios are you evaluating? What risks/challenges do you see? Meetups are interactive and self-facilitated small group discussions for end-user attendees to build relationships and gain new ... | |
| MU22:Meetup: Is Robotic Process Automation Making a Difference? | 04:00 PM-04:45 PM |
| Peer Open Discussion – No Facilitator | Meetup 3, CIO Lounge, Grand Sonoran F, Level 1 |
| Most organizations still have a lot of routine manual processes that could be improved and streamlined with Robotic Process Automation (RPA). Have you evaluated or introduced RPA? If so, what impact has it had on your business processes? How did you optimize your processes prior to integration to avoid additional ... | |
| MU24:Peer-led Meetup: Big Data, Tiny Budget | 04:00 PM-04:45 PM |
| Val Thomas | Meetup 4, CIO Lounge, Grand Sonoran F, Level 1 |

04:30 PM Monday, February 26**Networking Break**

04:30 PM-05:00 PM

Grand Canyon Foyer, Level 1

SL3:Spotlight: Shift Your Thinking — Foster a Growth, Not a Fixed Mindset

04:30 PM-05:00 PM

Elise Oding,Graham P. Waller

Spotlight Center, CIO Lounge, Grand Sonoran F, Level 1

The future is uncertain. IT leaders will no longer have all the answers and can't relentlessly pursue one fixed direction. We need a new way of thinking to grapple with digital business and an uncertain global economy. Cultivating a growth mindset in your organization is critical to build an innovative ...

05:00 PM Monday, February 26**K6:Guest Keynote: How to Future-Proof Your Business Against Tomorrow's Transformational Trends, Today**

05:00 PM-05:45 PM

Jack Uldrich

Grand Canyon 7, Level 1

In the near future, the greatest change will be the accelerating rate of change itself. In this enlightening, entertaining and educational session, Jack shares insights from his book, *Business as Unusual: How to Future-Proof Yourself Against Tomorrow's Transformational Trends, Today*. He outlines the ten trends that will transform the world ...

05:45 PM Monday, February 26**Special Event**

05:45 PM-07:45 PM

Ballroom Lawn, Level 2

Join us for the special evening event under the stars. Enjoy delicious food, drink and live music. Warm up around the fire pit while networking with your peers.

06:30 AM Tuesday, February 27**YOGA2:Sunrise Yoga**

06:30 AM-07:15 AM

Desert Conference Suite 2, Level 2

07:00 AM Tuesday, February 27**Breakfast Briefing: Establishing a Data-Driven Foundation for Machine Learning Success.**

07:00 AM-08:00 AM

Leading manufacturers are pursuing a variety of data-oriented initiatives to drive revenue growth and margin improvement. Machine Learning approaches are making systems smarter by bringing the decision making off grid, providing greater automation and control while reducing the need for human supervisory control. Manufacturers are pursuing a variety of business ...

Attendee Breakfast

07:00 AM-08:00 AM

Grand Saguaro South, Level 1

CIO Lounge Hours

07:00 AM-03:00 PM

CIO Lounge, Grand Sonoran F, Level 1

Registration

07:00 AM-03:00 PM

Grand Sonoran C, Level 1

ME2:Mobile Experience Hub

07:00 AM-02:00 PM

Grand Sonoran H, Level 1

Immerse yourself in the future of mobile business with Samsung devices, powered by America's fastest LTE network- T-Mobile.

08:00 AM Tuesday, February 27**K7:Gartner Keynote: Digital 2025: A Rant Against Solutionism, A Plea For Duality and The Struggle for Success**

08:00 AM-08:45 AM

Frank Buyendijk

Grand Canyon 7, Level 1

As an IT leader, your scope has changed. From building back office and front office systems, to be in the middle of the digital business. And the next thing is getting clear: the role of your organization in the #digitalsociety. This provocative, fast-paced presentation argues that the Silicon Valley way ...

08:45 AM Tuesday, February 27**Structured Peer Networking: Keynote Follow-on Discussion**

08:45 AM-09:15 AM

Grand Canyon Foyer, Level 1

Join your peers and a Gartner Executive Partner for an informal discussion about the Gartner Keynote you just heard.

SL4:Spotlight: Learning How to Fail While Keeping Your Job

08:45 AM-09:15 AM

Michelle Duerst

Spotlight Center, CIO Lounge, Grand Sonoran F, Level 1

Every company will experience at least one failed product/project. Failure can be mitigated and used to increase overall ROI of future projects. This session will feature lessons learned from manufacturers and entertainment enterprises who face significant financial stakes of identifying product failures early. Attendees can expect to gain ...

09:00 AM Tuesday, February 27**W16:Workshop: Redesigning the IT Operating Model to Accelerate Digital Business**

09:00 AM-10:30 AM

Donna Scott

Wildflower A, Level 2

The IT operating model is under stress and needs a refresh for the digital era. This workshop will guide participants through a process of reviewing, redesigning and optimizing the IT operating model. Participants will leave the workshop with an understanding of the design process and interdependencies and will have identified ...

W17:Workshop: Stretching the Envelope — What Are the Limits in Your Ecosystem Today and How Can Digitalization Move Your Enterprise Beyond Them?

09:00 AM-10:30 AM

John Cho,Stephen Lefebvre,Adam McCormac,Don Wogaman

Wildflower B, Level 2

This workshop session will use gaming to allow diverse groups of CIOs to develop innovative methods and solutions to current real or perceived limits to growth in an exercise ecosystem. Participants will be encouraged to collaborate with scenario fellow ecosystem members to solve exercise challenges. The competitive ...

This session will discuss ways of building digital dexterity for technology leaders, the IT teams and non IT leadership within the organization.

W19:Workshop: It Always Comes Down to the Talent

09:00 AM-10:30 AM

Jolanta Gal,Lisa Palmer

Grand Canyon 3, Level 1

So now that you have a great strategy, how do you assure that you have the talent necessary to execute? Success in the digital world requires exceptional talent—and talent flourishes in the right setting. This session will explore the emerging talent needs and workforce practices needed to succeed ...

W20:Workshop: Digital Leadership Effectiveness — Are You a T-Rex Leader and Don't Know It?

09:00 AM-10:30 AM

Marc H. Andonian

Grand Canyon 5, Level 1

Come and learn how to adapt your leadership style to get the most out of your team and staff. Learn if you are a T-Rex leader and do not know it. Understand how your style may be a primary cause of team dysfunction — by learning a little neurobiology. Learn ...

09:15 AM Tuesday, February 27

A7:Leading Digital Business in 2018 and Beyond

09:15 AM-10:00 AM

Chris Howard,Kristin R. Mbyer

Grand Canyon 6, Level 1

CIOs can do more than just watch the future happen. Build the future that you want to see. Use scenario planning to identify what the future might look like. Then build competency, design purposefully and focus your role to be successful regardless of which future plays out. The future starts ...

ASK6:Ask the Analyst: Are We Still Supposed to Care About Social Media?

09:15 AM-10:00 AM

Jenny Sussin

Grand Canyon 9, Level 1

This Ask the Analyst session will answer a question on the mind of busy, over-tasked CIOs - are we still supposed to care about social media? This ATA will answer questions like:- What is the latest with Facebook?- Are we supposed to be on Snapchat?- What are some success stories of ...

B7:The CIO's Journey to Artificial Intelligence: Learn Then Leap

09:15 AM-10:00 AM

Janelle B. Hill

Grand Canyon 7, Level 1

Digital business is accelerating interest in artificial intelligence (AI) for its potential to augment human effort, especially in analytical work and decision making, and extend automation to deal with digital scale. Yet, the staggering pace of AI innovation has left many CIOs hurrying to build an AI strategy and investment plan ...

C7:Seven Reasons More CEOs Will Be Fired Over Cybersecurity Breaches and How to Ensure Yours Is Not Next

09:15 AM-10:00 AM

Paul E. Proctor

Grand Canyon 8, Level 1

Using the Senate Testimony of former Equifax CEO Richard Smith, Gartner presents a timeline of events and a current analysis of factors that put senior non-IT executives at risk following a cybersecurity event. Learn how defensibility and corporate culture are key attributes when developing a cybersecurity program that balances the ...

MU26:Meetup: Women in Technology — Developing Talent (Open to Men and Women)

09:15 AM-10:00 AM

Peer Open Discussion – No Facilitator

Meetup 1, CIO Lounge, Grand Sonoran F, Level 1

Share bright spots and challenges in identifying and developing women in IT leadership. How many of the people you identify as future IT leaders are women? If the numbers are not equal, why? How can your organization start identifying and developing talented women earlier? Knowing that women face obstacles that ...

MU27:Meetup: Cloud Exit Strategy

09:15 AM-10:00 AM

Peer Open Discussion – No Facilitator

Meetup 2, CIO Lounge, Grand Sonoran F, Level 1

It seems as if everyone is going cloud, but what happens if that doesn't work and you need to pull your data out? What are your plans? Join your peers to discuss best practices and lessons learned. Meetups are interactive and self-facilitated small group discussions for end-user attendees to build ...

MU28:Meetup: Leadership in Innovation & Strategic Business Change

09:15 AM-10:00 AM

Peer Open Discussion – No Facilitator

Meetup 3, CIO Lounge, Grand Sonoran F, Level 1

Are you innovating the business model or just the IT model? What are you doing to improve business performance and competitiveness? Are you driving this, or is the ... business? Meetups are interactive and self-facilitated small group discussions for end-user attendees to build relationships and gain new perspectives. Please make every ...

MU29:Meetup: Best Practices in Implementing a Business Relationship Management Practice

09:15 AM-10:00 AM

Peer Open Discussion – No Facilitator

Meetup 4, CIO Lounge, Grand Sonoran F, Level 1

Share your experiences and best practices for implementing a Business Relationship Management function. How do BRMs work with the business to shape digital initiatives? Discuss the characteristics/skillsets required for effective BRMs. Meetups are interactive and self-facilitated small group discussions for end-user attendees to build relationships and gain new perspectives. Please ...

10:15 AM Tuesday, February 27

A8:Future Digital Business Model Exploration

10:15 AM-11:00 AM

Mark Raskino

Grand Canyon 6, Level 1

Copying the same digital business models that competitors or disruptors are playing, is a game of endless catch-up you may never win. A new generation of entrepreneurial digital CIOs could help their companies break out of that trap by exploring virgin business model space. Is it possible to discover new ...

ASK7:Ask the Analyst: Digital Ethics — Getting It Right!

10:15 AM-11:00 AM

Frank Buyendijk,Christie Struckman

Grand Canyon 9, Level 1

Digital ethics is no longer a future-oriented topic of what might happen when "machines take over." Many organizations face ethical dilemmas arising from the unique characteristics of digital business and struggle to understand how to not cross "the creepy line." CIOs need to lead a continuous conversation of digital ethics ...

B8:Competing for Digital Talent (CEB, now Gartner)

10:15 AM-11:00 AM

Kristin Meltraux

Grand Canyon 7, Level 1

In this session, you will learn how to improve your recruiting for new digital skills and roles. You will take-away ideas for alternative sources of talent and better ways to attract the right staff to your organization.

C8:21st Century IT Budgeting: Distributing Responsibility for IT Spending

10:15 AM-11:00 AM

Debra Curtis,Michael Smith

Grand Canyon 8, Level 1

IT is the second most critical resource to any business executive, after people. However, if there's no accountability on the demand side, IT costs run out of control! This is a blueprint for putting IT spending decisions to where they belong. IT must transparently connect costs to business outcomes. But ...

MU31:Meetup: Driving Business Performance with Analytics

10:15 AM-11:00 AM

discussions for end-user attendees to build relationships and gain new perspectives. Please make every effort to attend your Meetup as your peers will be looking forward to meeting with ...

MU32:Meetup: Digital Business in the Public Sector 10:15 AM-11:00 AM
Peer Open Discussion – No Facilitator Meetup 3, CIO Lounge, Grand Sonoran F, Level 1

Our biggest hurdle to digitalization is the culture of our employees and their aversion to change/familiarity with the old way of doing things. How are you addressing this? Do you have any stories of success and/or struggles you've dealt with? Meetups are interactive and self-facilitated small group discussions for end-user ...

MU34:Meetup: The Importance of Enterprise Architecture Maturity 10:15 AM-11:00 AM
Peer Open Discussion – No Facilitator Meetup 4, CIO Lounge, Grand Sonoran F, Level 1

How does your company approach EA maturity? What significant changes has your company made to benefit the business? I am looking forward to connecting with others to discuss best practices, recent trends and more. Meetups are interactive and self-facilitated small group discussions for end-user attendees to build relationships and gain ...

10:30 AM Tuesday, February 27

R7:Roundtable: Digital Humanism and Ethics: The People Side of the Digital Journey 10:30 AM-11:30 AM
Sandra Donatelli Grand Canyon 10, Level 1

Think of digital business and many think only of technology. But the rapid advance of technology brings new enterprise needs regarding culture, workforce, and ethics. Because technology innovation lessens the constraints on what an enterprise can do, the issue becomes what it should do. Digital ethics is the system of ...

10:45 AM Tuesday, February 27

W21:Workshop: Ensure Scaling Success of Your Digital Business Transformation — Shifting From Data-Centric to Event-Centric Focus 10:45 AM-12:15 PM
Carolyn Damon Wildflower A, Level 2

How can you shift the business from data-centric to event-centric? This workshop will identify the nine key actions a CIO can take to make a difference for their business, and start transforming for scale to assist in transforming to the future digital business.

W22:Workshop: The Art of the One-Page Strategy: Scaling for Digital Leadership 10:45 AM-12:15 PM
Heather Colella, Cindy K. Kelly Wildflower B, Level 2

Strategic planning is at the heart of any enterprise, and alignment with the corporate strategic plan is often a key concern of CIOs. Companies that are leaders in their industries do not distinguish between "business" and "IT" – there is one story for business success and that is the business ...

W23:Workshop: (Re)Building Your Personal Brand 10:45 AM-12:15 PM
Terry Criscione, Michael de Pauw Wildflower C, Level 2

We all have a brand and it has a significant impact on your effectiveness. It's what determines your ability to inspire and affects your career opportunities and your remuneration. In this workshop you discover big parts of what you stand for today and how to build out your personal brand for ...

W24:Workshop: Building a Digital Workplace Program and Roadmap 10:45 AM-12:15 PM
Paul Stokes, Jeff Wyton Grand Canyon 3, Level 1

Are you trying to improve or boost employee engagement and agility in your organization? Engage in an interactive workshop that uses the eight digital workplace building blocks and activities to jump-start your digital workplace program to improve effectiveness, engagement and agility through a consumerized work environment.

W25:Workshop: Thriving in Chaos – Get More by Letting Go of Control 10:45 AM-12:15 PM
Gregory P. Flaherty, Jim Hocker Grand Canyon 5, Level 1

Influence scales much better than control, but how? How can I give up control and still ensure I get the results I want/need? This session will explore the opportunities and challenges of giving up control to help equip CIOs with tools and tricks to expand and leverage influence (rather than ...

11:00 AM Tuesday, February 27

SL5:Spotlight: Treat Risk and Security as a Business Service 11:00 AM-11:30 AM
Paul E. Proctor Spotlight Center, CIO Lounge, Grand Sonoran F, Level 1

Cybersecurity and technology risk functions are often a bottomless pit of demand, expectation and cost. A mature security function can offer defined levels of protection at defined cost, making it possible to manage expectations through defined service-level agreements with the non-IT parts of the business.

11:15 AM Tuesday, February 27

A9:Driving Strategic Impact: Mastering the Skills of a Strategist 11:15 AM-12:00 PM
Monika Sinha Grand Canyon 6, Level 1

In today's unpredictable environment, a good strategy is more important than ever. CIOs have responded by increasing the scope and complexity of their roles beyond just informing the strategy to shaping strategy. The new role of the CIO requires mastery of the skills of a strategist. Learn the ...

B9:Your Next Wave of Innovation Will Come From Ecosystems 11:15 AM-12:00 PM
Hung LeHong Grand Canyon 7, Level 1

Enterprises seeking to improve processes, experiences, products, and services will increasingly find solutions outside of their enterprise. They have the choice to leverage ecosystem partners and build their own ecosystems to become platform businesses. Come find out how some car makers, municipalities, banks, and other enterprises have learned to ...

C9:Creating a Digital Design Capability, Organization Strategies and Tactics 11:15 AM-12:00 PM
Brian Prentice Grand Canyon 8, Level 1

What different approaches are organizations using to create, sustain, integrate and scale internal digital design teams? The presentation will examine a range of initiatives from small-scale teams embedded inside existing teams in the IT department to distinct, enterprise-scale departments spanning complex global organizations.

MU36:Meetup: Manufacturing in the Age of Digital 11:15 AM-12:00 PM
Peer Open Discussion – No Facilitator Meetup 3, CIO Lounge, Grand Sonoran F, Level 1

What practices for driving operational excellence and creating competitive advantage are you using (or are thinking of using) in your manufacturing operations? What is your perspective of what a world-class manufacturing organization will look like in 2025? In your opinion, what does the factory of the future look like? ...

MU37:Meetup: The Evolving Role of the CIO - Digital Leader and I&T Leader 11:15 AM-12:00 PM

your job changing and how has your focus changed? Meetups are interactive and self-facilitated small group discussions for end-user attendees to build ...

MU39: Meetup: Speaking the Language of Leadership to Effect Change

11:15 AM-12:00 PM

Peer Open Discussion – No Facilitator

Meetup 4, CIO Lounge, Grand Sonoran F, Level 1

What language or techniques have others used to catalyze change in their organization, especially at the leadership level? What advice do you have for dealing with leadership that doesn't understand IT methodology? Are there novel ways to get the business to change their thinking? Meetups are interactive and self-facilitated small ...

MU40: Meetup: Phoenix CIOs – Peer Networking & Understanding the Local IT Environment

11:15 AM-12:00 PM

Peer Open Discussion – No Facilitator

Meetup 5, CIO Lounge, Grand Sonoran F, Level 1

I am the CIO of a startup company that is building 2 facilities in Phoenix and am looking to network with other CIOs who live in Phoenix to better understand the IT environment. Which markets do you serve? Do you use local MSP or PS services? Meetups are interactive ...

12:00 PM Tuesday, February 27

Attendee Lunch

12:00 PM-01:15 PM

Grand Saguario South, Level 1

01:15 PM Tuesday, February 27

A10: Artificial Intelligence 1Q18: Early Indications of Cost, Risk and Value

01:15 PM-01:45 PM

Ken McGee

Grand Canyon 6, Level 1

This is an entirely new addition to our growing body of "Calculating the Total Cost of Digital" research. This specific report will provide a methodology to identify the major one-time and recurring cost components involved in building and maintaining an artificial intelligence strategy.

ASK8: Ask the Analyst: Business Models

01:15 PM-02:00 PM

Richard Hunter

Grand Canyon 9, Level 1

Business models matter to CIOs and the enterprises they serve. This session offers attendees the opportunity to dig deep into the issues they have with business models in their enterprises: What a business model is, how to document and use it, and how to discuss it with executives.

B10: Outsource, Insource, Crowdsourc for Better Innovation

01:15 PM-01:45 PM

Michelle Duerst

Grand Canyon 7, Level 1

Future products no longer fit neatly into a single category or have a single method of innovation. Manufacturing CIOs must understand how to blur the lines among team members and extend to suppliers and customers for a truly innovative approach to product lifecycle management (PLM). This session will ...

C10: Scaling Change Leadership: Engage

01:15 PM-01:45 PM

Christie Struckman

Grand Canyon 8, Level 1

Change in leadership requires a new perspective of leading the change. It starts with you and your leadership team. In this session we will explore the "Engage" phase of the ESCAPE model (attract, permit, enable). These tactics will enable you to embed change methods and habits into the enterprise to ...

R8: Roundtable: Opportunities for Digital Leadership

01:15 PM-02:15 PM

Nicole Shaffer, Amos Auringer

Grand Canyon 10, Level 1

Attendees share their experiences engaging boards and other executives on the design and implementation of new business/operating models, leveraging technology and information and preparing for tough questions.

01:45 PM Tuesday, February 27

Networking Break

01:45 PM-02:15 PM

Grand Canyon Foyer, Level 1

02:15 PM Tuesday, February 27

K8: Closing Guest Keynote: Navigating the Big Shift: The Case for Audacious Leadership

02:15 PM-03:00 PM

Nancy Giordano

Grand Canyon 7, Level 1

Society is transforming and advancing technologies are rapidly reinventing the ways we work, live and connect. And both are reshaping the ways we lead. Instead of predictably replicating the success of the past, leaders must now embrace and navigate new opportunities and the need for constant innovation at exponential rates ...

05:30 PM Tuesday, February 27

WCIO: Executive Programs Women CIOs Welcome Reception & Dinner

05:30 PM-09:00 PM

Offsite Location (Reference Gartner Email Communication)

08:00 AM Wednesday, February 28

WCIO: Executive Programs Women CIOs Event

08:00 AM-03:15 PM

Wildflower Ballroom, Level 2

We invite you to join us for an exclusive event following Gartner CIO Leadership Forum in Phoenix, Arizona for Women CIOs hosted by Gartner Executive Programs. This year's theme is "Scaling Digital Leadership: The Role of Diversity and Gender". For more than a decade, Gartner Executive Programs has been ...

I-6

Memorandum

DATE: April 4, 2018
TO: Members of the Board of Retirement
FROM: Jenny Sadoski, Director of Information Technology
SUBJECT: BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE

Written Report

Background/Discussion

Staff has completed the migration of systems from OCERS’ headquarters facility to the primary colocation facility in Irvine. All critical systems and applications are now housed in the Irvine facility and staff has shifted focus to completing the configuration of the secondary colocation facility in Nevada. Staff visited the Nevada facility from January 8 through 11 to conduct initial installation of some of the equipment which will be housed there and plans are underway to relocate the remaining equipment and finalize the setup of the failover configuration. Please see Table 1 below for the project timeline.

An issue arose in the project which has necessitated the use of contingency dollars but overall the project will remain under budget. Our technology partner informed us that our existing storage area network (SAN), which has been in place since 2011, is reaching the end of the manufacturer support period in August 2018. Rather than risk an inability to obtain support on equipment serving a valuable role, we have opted to replace the legacy SAN with new equipment at a cost of approximately \$87,000. Despite this expense, the project as a whole remains under budget. As the 2018 budget for the business continuity/disaster recovery (BC/DR) project was reduced to cover only the estimated remaining expenses, the purchase of the new SAN will be handled via an intra-account fund transfer from the Board room renovation project to the BC/DR project. Should the Board room renovation ultimately require those funds, it will be necessary at a later date to perform an inter-account budget transfer requiring Board approval; if that is the case, there will be zero budget impact as the funds will be transferred from the operations budget into the capital expense budget. The estimated expense to cover the purchase of the new SAN has been noted in Table 2 below.

Table 1: Revised Colocation and WAN Services Project Timeline

| Colocation and WAN Services Project Phase | Targeted Completion Date | Estimated Completion Date |
|---|----------------------------------|------------------------------------|
| Phase I: Preparation of Primary (Irvine) Colocation Facility | end of August 2017 | COMPLETED |
| Phase II: Cutover to Primary (Irvine) Colocation Facility | end of November 2017 | COMPLETED |
| Phase III: Configure Replication with Legacy Equipment | end of December 2017 | early-2 nd Quarter 2018 |
| Phase IV: Legacy Equipment Relocation to Secondary (Nevada) Colocation Facility | end of March 2018 | |
| Phase V: Knowledge Transfer and Project Closing | mid-1 st Quarter 2018 | late-2 nd Quarter 2018 |

Director of Cyber Security Update

OCERS is moving forward with the recruitment for the position of Director of Cyber Security. The recruitment was opened on March 23rd and a first review of applicants was conducted on April 2nd. Administrative Services staff is reviewing the quality of the initial batch of candidates and will make a determination to continue with or close the recruitment in the near future. Interviews will be scheduled accordingly and an offer of employment will be made upon identification of the ideal candidate.

Background and History of Project

At the September 2014 Strategic Planning meeting, OCERS' Board of Retirement directed staff to hire a business continuity consulting firm to provide professional services to assist in the development of a new BC/DR plan. The cost for the professional services was budgeted as part of the OCERS 2015 budget which was reviewed at the OCERS 2014 Budget Workshop and approved at the November 17, 2014 regular Board meeting. The total project was budgeted at \$2.3 million. During the 2014 Strategic Planning meeting, staff also received feedback from Board members to avoid the use of public cloud architecture for its core business application.

At the April 15, 2015 regular Board meeting, OCERS staff presented to the Board the results of the business continuity consulting services RFP. The Board approved staff's recommendation to acquire the services of Avalution Consulting for a cost of \$102,500 and procurement of the Catalyst online software solution at an annual cost of \$3,000. The Avalution project team began work in June 2015, conducting the business impact analysis and developing OCERS' business continuity and disaster recovery plan with staff, including a crisis management plan.

OCERS staff presented the methodology, deliverables and recommendations from Avalution Consulting to the Board at the October 19, 2015 regular Board meeting. Avalution's recommendations, based on industry best practices, were:

1. Identify Alternate Workspace

- Identify solution that can support all personnel required for response and recovery from a disruption.

2. Develop and Implement Disaster Recovery Capabilities

- Identify a suitable alternate location for the data center as well as develop and implement disaster recovery procedures to recover and relocate its network systems.

3. Develop and Implement a Crisis Management Structure

- Establish a crisis management team to lead the response to a disruption event.
- Implement and document strategies to address a loss of employees who perform critical activities and implement succession planning for critical personnel.
- Implement and validate (test) work from home or alternate location capabilities.
- Communicate and train OCERS staff on business continuity planning and procedures.

4. Develop and Document Manual Workarounds

- Document manual workarounds and alternate process procedures and make documents available by storing in Catalyst business continuity software.

At the October 19, 2015 Board meeting, staff presented to the Board the following next steps for the project:

- Develop annual BC/DR testing and maintenance schedule.
- Pursue and implement options for alternate workspaces for OCERS staff in case of disruption of service.

- Draft and implement redundant and high availability solutions for OCERS data center and pursue out of state co-location of OCERS data center.
- Establish communications systems including new Voice-over-IP phone system, to support member communications, reporting, and crisis management.
- Investigate cost and feasibility of building improvement options such power generators and new data center equipment (UPS, HVAC).

In June 2016, OCERS released a RFP for IT BC/DR implementation services which received four responses and culminated in the selection in July 2016 of Sidepath as our technology partner for this initiative.

At the November 14, 2016 regular Board meeting, the Board approved staff's recommendation to establish a hybrid (private/public) cloud infrastructure solution, relocate the primary OCERS data center to a local, professionally-managed facility, establish a secondary site out-of-state and implement a public cloud-based telephony system in order to enhance OCERS' business continuity and disaster recovery capabilities at a cost not to exceed the 2017 budgeted amount of \$1.235 million. At that meeting, the Board requested bi-monthly status updates to be included in the consent agenda.

On November 21, 2016, OCERS issued a purchase order to our technology partner, Sidepath, to allow them to begin procurement of the hardware, software and support required for the project. The bill of materials for this procurement was subject to a competitive bid process for which we received three responses.

At the March 20, 2017 regular Board meeting, staff reported that we had completed procurement of the hardware, software and training required for the data center colocation project at a total cost of \$654,276.88. Additionally, it was noted that staff was working closely with our technology partner, Sidepath, to review responses to the RFP used to select a vendor to provide the local and out-of-state colocation facilities and WAN connectivity services.

At the May 15, 2017 regular Board meeting, staff reported that selection of colocation site vendors and a WAN connectivity provider had been completed and contract negotiations had begun with each vendor. Additionally, IT staff, working with OCERS staff, particularly Member Services and Executive Management, obtained approval to migrate the on-premise ShoreTel telephony system to the ShoreTel Connect CLOUD system.

At the June 12, 2017 regular Board meeting, in response to questions raised by the Board at the May 15 regular Board meeting, staff presented an overview of the business continuity and disaster recovery plan and the current status of the project. Following presentation of the information, the Board reaffirmed their approval of the project and directed staff to continue their efforts.

At the August 14, 2017 regular Board meeting, staff reported that both the colocation facility and cloud-based telephony projects were well under way and proceeding smoothly.

At the November 13, 2017 regular Board meeting, staff reported on the successful transfer of telephony service to ShoreTel's cloud-based solution and the rearrangement of the project timeline.

At the February 13th, 2018 regular Board meeting, staff reported that progress continued to be made on the project, including the installation of the fiber-optic connection to the secondary colocation facility in Nevada and the migration of systems from OCERS' headquarters to the primary colocation facility in Irvine.

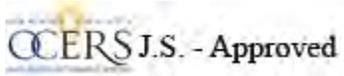
OCERS has defined a budget of \$1.235 million in 2017 to proceed with a hybrid cloud solution which includes the costs shown in Table 2.

Table 2: Approved 2017 Project Budget, Actuals-to-Date and Estimated Remaining Expenses

| Description | Established Budget | Actual Expenses-to-Date | Estimated Remaining Expenses |
|--|------------------------|-------------------------|------------------------------|
| Hardware and Software | \$ 671,000.00 | \$ 651,741.84 | \$ 0.00 |
| Professional Services | \$ 80,000.00 | \$ 24,000.00 | \$ 55,500.00 |
| Staff Training | \$ 4,000.00 | \$ 4,080.69 | \$ 0.00 |
| Public Cloud-based Telephony System | \$ 250,000.00 | \$ 14,416.89 | \$ 0.00 |
| Initial Setup and First Year Recurring Costs | \$ 140,000.00 | \$ 68,450.00* | \$ 0.00 |
| Contingency | \$ 90,000.00 | \$ 0.00 | \$ 86,969.00 |
| Total | \$ 1,235,000.00 | \$ 762,689.42 | \$ 142,469.00 |

* These expenses have not been incurred; rather, they represent the contractually negotiated costs for initial setup and first year recurring costs.

Submitted by:



 Jenny Sadoski
 OCERS Director of Information Technology

I-7

Memorandum

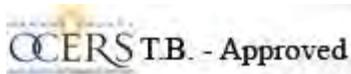
DATE: April 4, 2018
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **FIRST QUARTER 2018 EDUCATION AND TRAVEL EXPENSE REPORT**

Written Report

Background/Discussion

In accordance with OCERS' Travel Policy, the Chief Executive Officer is required to submit a quarterly report to the Board of Retirement on conference attendance and related expenditures incurred by OCERS' Board Members and staff. Attached is the First Quarter 2018 Education and Travel Expense Report that includes all expenses submitted through April 3, 2018.

Submitted by:

OCERS T.B. - Approved

Tracy Bowman
Director of Finance

EDUCATION AND TRAVEL EXPENSE REPORT
FIRST QUARTER 2018
 Submitted Through April 3, 2018**

| Name | Trip OR Class Dates | Trip Name | Destination | Trip Type | Mileage | Req. Fee | Meals | Airfare | Hotel | Trans. | Misc. | 2018 YTD Total | 2017 Total* |
|-----------------|---------------------|---|-------------------|--------------------|---------|-----------|--------|----------|----------|--------|-------|----------------|-------------|
| BALDWIN | 1/22/18 | SACRS Committee Meeting | Sacramento, CA | Meeting | - | - | 23.23 | 372.97 | - | 37.07 | - | 433.27 | |
| | 1/24-1/26/18 | 2018 IREI Visions, Insights & Perspectives (VIP) Americas (1) | Dana Point, CA | Conference | - | - | 28.29 | - | 576.40 | 192.34 | - | 797.03 | |
| | 2/2/18 | CALAPRS Trustees' Round Table | Los Angeles, CA | Conference | - | 125.00 | - | - | - | - | - | 125.00 | |
| | 2/24-2/28/18 | NASRA/NIRS Winter System Round Table/Legislative Meeting | Washington, D.C. | Conference/Meeting | - | 650.00 | 249.87 | 772.60 | 1,162.25 | - | - | 2,834.72 | |
| | 3/3-6/18 | CALAPRS General Assembly 2018 | Indian Wells, CA | Conference | - | 100.00 | - | - | 773.88 | - | - | 873.88 | |
| | 5/15-5/18/18 | SACRS Spring Conference | Anaheim, CA | Conference | - | 120.00 | - | - | - | - | - | 120.00 | |
| Sub Total | | | | | - | 995.00 | 301.39 | 1,145.57 | 2,512.53 | 229.41 | - | 5,183.90 | 19,856.95 |
| BALL | 1/17/18 | The Pacific Club-Scott Malpass Presentation | Newport Beach, CA | Conference | - | 25.00 | - | - | - | - | - | 25.00 | |
| | 7/30-8/1/18 | IFEBP Alternative Investment Strategies | San Francisco, CA | Conference | - | 3,995.00 | - | - | - | - | - | 3,995.00 | |
| Sub Total | | | | | - | 4,020.00 | - | - | - | - | - | 4,020.00 | 10,266.16 |
| DEWANE | | | | | - | - | - | - | - | - | - | 0.00 | |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 2,698.26 |
| ELEY | 5/15-5/18/18 | SACRS Spring Conference | Anaheim, CA | Conference | - | 120.00 | - | - | - | - | - | 120.00 | |
| Sub Total | | | | | - | 120.00 | - | - | - | - | - | 120.00 | 5,208.28 |
| FREIDENRICH | 4/23-4/26/18 | IFEBP Portfolio Concepts & Management | Philadelphia, PA | Conference | - | 5,295.00 | - | - | - | - | - | 5,295.00 | |
| | 7/30-8/1/18 | IFEBP Alternative Investment Strategies | San Francisco, CA | Conference | - | 3,995.00 | - | - | - | - | - | 3,995.00 | |
| Sub Total | | | | | - | 9,290.00 | - | - | - | - | - | 9,290.00 | 1,269.42 |
| GILBERT | | | | | - | - | - | - | - | - | - | 0.00 | |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 2,651.12 |
| HILTON | 1/28-1/30/18 | NAPO Pension & Benefits Seminar | Las Vegas, NV | Conference | 13.90 | 595.00 | 92.25 | 133.96 | 393.22 | 72.50 | - | 1,300.83 | |
| | 2/24-2/28/18 | NASRA/NIRS Winter System Round Table | Washington, D.C. | Conference | 14.39 | 650.00 | 101.51 | 403.01 | 913.80 | 107.88 | 20.00 | 2,210.59 | |
| | 3/3-6/18 | CALAPRS General Assembly 2018 | Indian Wells, CA | Conference | 101.48 | 100.00 | 18.32 | - | 788.88 | - | - | 1,008.68 | |
| | 4/10-4/11/18 | The Pension Bridge Annual 2018 | San Francisco, CA | Conference | - | - | - | 147.96 | 721.96 | - | - | 869.92 | |
| | 5/15-5/18/18 | SACRS Spring Conference | Anaheim, CA | Conference | - | 120.00 | - | - | - | - | - | 120.00 | |
| Sub Total | | | | | 129.77 | 1,465.00 | 212.08 | 684.93 | 2,817.86 | 180.38 | 20.00 | 5,510.02 | 12,533.98 |
| PACKARD | 1/17/18 | The Pacific Club-Scott Malpass Presentation | Newport Beach, CA | Conference | - | 25.00 | - | - | - | - | - | 25.00 | |
| | 7/30-8/1/18 | IFEBP Alternative Investment Strategies | San Francisco, CA | Conference | - | 3,995.00 | - | - | - | - | - | 3,995.00 | |
| Sub Total | | | | | - | 4,020.00 | - | - | - | - | - | 4,020.00 | 11,431.68 |
| PREVATT | 2/24-2/28/18 | NASRA/NIRS Winter System Round Table/Legislative Meeting | Washington, D.C. | Conference/Meeting | 24.74 | 650.00 | 169.69 | 720.30 | 1,142.26 | 79.76 | 25.00 | 2,811.75 | |
| | 3/3-6/18 | CALAPRS General Assembly 2018 | Indian Wells, CA | Conference | 141.70 | 100.00 | 46.90 | - | 773.88 | - | 15.00 | 1,077.48 | |
| | 5/15-5/18/18 | SACRS Spring Conference | Anaheim, CA | Conference | - | 120.00 | - | - | - | - | - | 120.00 | |
| | 7/30-8/1/18 | IFEBP Alternative Investment Strategies | San Francisco, CA | Conference | - | 3,995.00 | - | - | - | - | - | 3,995.00 | |
| Sub Total | | | | | 166.44 | 4,865.00 | 216.59 | 720.30 | 1,916.14 | 79.76 | 40.00 | 8,004.23 | 17,580.39 |
| BOARD Total | | | | | 296.21 | 24,775.00 | 730.06 | 2,550.80 | 7,246.53 | 489.55 | 60.00 | 36,148.15 | 83,496.24 |
| DELANEY | 1/17/18 | The Pacific Club-Scott Malpass Presentation | Newport Beach, CA | Conference | - | 25.00 | - | - | - | - | - | 25.00 | |
| | 1/28-1/30/18 | NAPO Pension & Benefits Seminar | Las Vegas, NV | Conference | 45.67 | 595.00 | 75.49 | 79.61 | 383.22 | 144.41 | - | 1,323.40 | |
| | 2/24-2/28/18 | NASRA/NIRS Winter System Round Table/Legislative Meeting | Washington, D.C. | Conference/Meeting | 45.67 | 650.00 | 142.42 | 438.59 | 933.80 | 156.63 | - | 2,367.11 | |
| | 3/3-6/18 | CALAPRS General Assembly 2018 | Indian Wells, CA | Conference | - | 100.00 | - | - | - | - | - | 100.00 | |
| | 4/10-4/11/18 | The Pension Bridge Annual 2018 | San Francisco, CA | Conference | - | - | - | 216.00 | 471.74 | - | - | 687.74 | |
| | 4/24/18 | Institutional Investor- Private Equity Summit | Los Angeles, CA | Conference | - | - | - | - | 237.62 | - | - | 237.62 | |
| | 5/15-5/18/18 | SACRS Spring Conference | Anaheim, CA | Conference | - | 120.00 | - | - | - | - | - | 120.00 | |
| | 6/22/18 | CALAPRS Administrators Round Table | Oakland, CA | Conference | - | - | - | 227.77 | 126.16 | - | - | 353.93 | |
| | 9/26-9/28 | CALAPRS Administrators Institute | Carmel, CA | Conference | - | - | - | 234.59 | - | 164.46 | - | 399.05 | |
| Sub Total | | | | | 91.34 | 1,490.00 | 217.91 | 1,196.56 | 2,152.54 | 465.50 | - | 5,613.85 | 15,226.80 |
| JENIKE | 3/3-6/18 | CALAPRS General Assembly 2018 | Indian Wells, CA | Conference | - | 100.00 | - | - | 515.92 | - | - | 615.92 | |
| | 3/9/18 | Pension Forum | Newport Beach, CA | Conference | - | 25.00 | - | - | - | - | - | 25.00 | |
| | 5/15-5/18/18 | SACRS Spring Conference | Anaheim, CA | Conference | - | 120.00 | - | - | - | - | - | 120.00 | |
| | 5/20-5/23/18 | 2018 NIPA Annual Forum & Expo | Las Vegas, NV | Conference | - | 1,225.00 | - | - | 236.96 | - | - | 1,461.96 | |
| Sub Total | | | | | - | 1,470.00 | - | - | 752.88 | - | - | 2,222.88 | 12,746.13 |
| SHOTT | 2/25-2/27/18 | 2018 Gartner CIO Leadership Forum - West | Phoenix, AZ | Training | - | 2,700.00 | 106.62 | 251.84 | 1,068.52 | 173.03 | - | 4,300.01 | |
| | 5/6-5/9/18 | GFOA Annual Conference | St. Louis, MO | Conference | - | 380.00 | - | 387.00 | - | - | - | 767.00 | |
| | 5/15-5/18/18 | SACRS Spring Conference | Anaheim, CA | Conference | - | 120.00 | - | - | - | - | - | 120.00 | |
| | 5/21-5/25/18 | Wharton School - Investment Strategies & Portfolio Management | Philadelphia, PA | Training | - | 10,750.00 | - | 998.72 | - | - | - | 11,748.72 | |
| Sub Total | | | | | - | 13,950.00 | 106.62 | 1,637.56 | 1,068.52 | 173.03 | - | 16,935.73 | 8,032.84 |
| EXECUTIVE Total | | | | | 91.34 | 16,910.00 | 324.53 | 2,834.12 | 3,973.94 | 638.53 | - | 24,772.46 | 36,005.77 |

EDUCATION AND TRAVEL EXPENSE REPORT
FIRST QUARTER 2018
 Submitted Through April 3, 2018**

| Name | Trip OR Class Dates | Trip Name | Destination | Trip Type | Mileage | Req. Fee | Meals | Airfare | Hotel | Trans. | Misc. | 2018 YTD Total | 2017 Total* |
|-----------------------|---------------------|---|--|--------------------------|---------|----------|--------|----------|----------|--------|-------|----------------|-------------|
| BEESON | 1/8-1/10/18 | Illiquid Investments RFP | San Diego, CA/Cleveland, OH | Due Diligence | - | - | 45.60 | 333.60 | 140.50 | 58.26 | - | 577.96 | - |
| Sub Total | | | | | | | 45.60 | 333.60 | 140.50 | 58.26 | - | 577.96 | 3,870.92 |
| CHARY | 1/8-1/10/18 | Illiquid Investments RFP | San Diego, CA/Portland, OR/Cleveland, OH | Due Diligence | - | - | 81.46 | 639.80 | 350.97 | 69.01 | - | 1,141.24 | - |
| | 3/4-3/8/18 | AQR, JP Morgan, Morgan Stanley, & Cross Ocean | New York, NY/Greenwich, CT | Due Diligence | - | - | 35.89 | 644.60 | - | 283.92 | - | 964.41 | - |
| Sub Total | | | | | | | 117.35 | 1,284.40 | 350.97 | 352.93 | - | 2,105.65 | 446.60 |
| CUARESMAS | 1/8/18 | Illiquid Investments RFP | San Diego, CA | Due Diligence | 85.02 | - | - | - | - | - | - | 85.02 | - |
| Sub Total | | | | | 85.02 | - | - | - | - | - | - | 85.02 | 40.50 |
| MURPHY | 1/8-1/10/18 | Illiquid Investments RFP | San Diego, CA/Portland, OR/Cleveland, OH | Due Diligence | - | - | 90.63 | 513.80 | 340.60 | 184.72 | - | 1,129.75 | - |
| | 3/5-3/9/18 | Thoma Bravo Annual Meeting/Women's PE Summit | San Francisco, CA/Half Moon Bay, CA | Due Diligence/Conference | - | - | 4.35 | 228.60 | 1,466.03 | - | - | 1,698.98 | - |
| | 3/14-3/15/18 | Oaktree Conference 2018 | Beverly Hills, CA | Conference | - | - | - | - | 415.45 | - | - | 415.45 | - |
| Sub Total | | | | | | | 94.98 | 742.40 | 2,222.08 | 184.72 | - | 3,244.18 | 4,750.59 |
| WALANDER-SARKIN | 1/8-1/10/18 | Illiquid Investments RFP | San Diego, CA/Portland, OR/Cleveland, OH | Due Diligence | - | - | 86.00 | 639.80 | 335.36 | 129.00 | - | 1,190.16 | - |
| | 3/5-3/9/18 | Thoma Bravo Annual Meeting/Women's PE Summit | San Francisco, CA/Half Moon Bay, CA | Due Diligence/Conference | 15.59 | - | 27.79 | 228.60 | 1,512.59 | - | - | 1,784.57 | - |
| Sub Total | | | | | 15.59 | - | 113.79 | 868.40 | 1,847.95 | 129.00 | - | 2,974.73 | 639.48 |
| INVESTMENTS Total | | | | | 100.61 | - | 371.72 | 3,228.80 | 4,561.50 | 724.91 | - | 8,987.54 | 9,748.09 |
| KINSLER | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 1,213.73 |
| RITCHEY | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 407.16 |
| COMMUNICATIONS Total | | | | | - | - | - | - | - | - | - | 0.00 | 1,620.89 |
| FINK | 2/2/18 | CALAPRS Attorneys' Round Table | Los Angeles, CA | Conference | 60.93 | - | - | - | - | 21.00 | - | 81.93 | - |
| | 2/21-2/23/18 | NAPPA 2018 Winter Seminar | Tempe, AZ | Conference | - | 485.00 | 5.42 | 329.98 | 1,002.67 | 55.20 | - | 1,878.27 | - |
| | 3/1/18 | OCBA The Judges Series | Santa Ana, CA | Conference | - | 25.00 | - | - | - | 6.00 | - | 31.00 | - |
| Sub Total | | | | | 60.93 | 510.00 | 5.42 | 329.98 | 1,002.67 | 82.20 | - | 1,991.20 | 3,786.36 |
| FLETCHER | 2/2/18 | CALAPRS Attorneys' Round Table | Los Angeles, CA | Conference | - | 125.00 | - | - | - | - | - | 125.00 | - |
| Sub Total | | | | | - | 125.00 | - | - | - | - | - | 125.00 | - |
| MATSUO | 2/2/18 | CALAPRS Attorneys' Round Table | Los Angeles, CA | Conference | - | 125.00 | - | - | - | - | - | 125.00 | - |
| Sub Total | | | | | - | 125.00 | - | - | - | - | - | 125.00 | 2,684.53 |
| RATTO | 2/21-2/23/18 | NAPPA 2018 Winter Seminar | Tempe, AZ | Conference | - | 555.00 | 41.72 | 350.61 | 759.17 | 32.14 | - | 1,738.64 | - |
| Sub Total | | | | | - | 555.00 | 41.72 | 350.61 | 759.17 | 32.14 | - | 1,738.64 | 8,126.92 |
| SINGLETON | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 935.50 |
| WEISSBURG | 4/9/18 | Developing Emotional IQ Seminar | Long Beach, CA | Training | - | 149.00 | - | - | - | - | - | 149.00 | - |
| | 4/27/18 | Advanced legal Writing & Editing | Los Angeles, CA | Training | - | 795.00 | - | - | - | - | - | 795.00 | - |
| Sub Total | | | | | - | 944.00 | - | - | - | - | - | 944.00 | 125.00 |
| LEGAL Total | | | | | 60.93 | 2,259.00 | 47.14 | 680.59 | 1,761.84 | 114.34 | - | 4,923.84 | 15,658.31 |
| ANGON | 1/24/18 | The Administrative Assistants Conference | Anaheim, CA | Conference | - | 199.00 | - | - | - | - | - | 199.00 | - |
| Sub Total | | | | | - | 199.00 | - | - | - | - | - | 199.00 | - |
| BERCARU | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 4,303.02 |
| CLEBERG | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 493.71 |
| FLORES | 1/31/18 | Developing Emotional Intelligence | Anaheim, CA | Training | - | 99.00 | - | - | - | - | - | 99.00 | - |
| Sub Total | | | | | - | 99.00 | - | - | - | - | - | 99.00 | - |
| HALBUR | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 505.04 |
| LOMELI | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 504.51 |
| MARTINEZ | 1/24/18 | The Administrative Assistants Conference | Anaheim, CA | Conference | - | 199.00 | - | - | - | - | - | 199.00 | - |
| Sub Total | | | | | - | 199.00 | - | - | - | - | - | 199.00 | - |
| MERIDA | 2/2/18 | CALAPRS Benefits Round Table | Los Angeles, CA | Conference | - | 125.00 | - | - | - | 33.50 | - | 158.50 | - |
| Sub Total | | | | | - | 125.00 | - | - | - | 33.50 | - | 158.50 | 125.00 |
| MIRAMONTES | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 459.96 |
| PANAMENO | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 424.00 |
| PERSI | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 125.00 |
| REYES | 1/24/18 | The Administrative Assistants Conference | Anaheim, CA | Conference | - | 199.00 | - | - | - | - | - | 199.00 | - |
| Sub Total | | | | | - | 199.00 | - | - | - | - | - | 199.00 | - |
| TALLASE | | | | | - | - | - | - | - | - | - | 0.00 | - |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 125.00 |
| MEMBER SERVICES Total | | | | | - | 821.00 | - | - | - | 33.50 | - | 854.50 | 7,065.24 |

EDUCATION AND TRAVEL EXPENSE REPORT
FIRST QUARTER 2018
 Submitted Through April 3, 2018**

| Name | Trip OR Class Dates | Trip Name | Destination | Trip Type | Mileage | Req. Fee | Meals | Airfare | Hotel | Trans. | Misc. | 2018 YTD Total | 2017 Total* |
|----------------------|------------------------------|---|--|------------------------|---------|--------------------|----------|----------|-----------|----------------|--------|--------------------|-------------|
| BOWMAN | 1/8/18 1/9/18 | GFOA Budgeting Best Practices- Personal Budgeting GFOA Accounting for Pension and OPEB | Newport Beach, CA Newport Beach, CA | Training Training | - - | 370.00 370.00 | - - | - - | - - | 24.00 22.00 | - - | 394.00 392.00 | |
| Sub Total | | | | | - | 740.00 | - | - | - | 46.00 | - | 786.00 | 1,587.33 |
| FINANCE Total | | | | | - | 740.00 | - | - | - | 46.00 | - | 786.00 | 1,587.33 |
| CORTEZ | 2/2/18 | CALAPRS Benefits Round Table | Los Angeles, CA | Conference | - | 125.00 | - | - | - | 34.50 | - | 159.50 | |
| Sub Total | | | | | - | 125.00 | - | - | - | 34.50 | - | 159.50 | 322.95 |
| G. GARCIA | | | | | - | - | - | - | - | - | - | 0.00 | |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 498.94 |
| DISABILITY Total | | | | | - | 125.00 | - | - | - | 34.50 | - | 159.50 | 821.89 |
| DOEZIE | 6/3-6/6/18 | PRIMA's 2018 Annual Conference | Indianapolis, IN | Conference | - | 590.00 | - | 494.01 | - | - | - | 1,084.01 | |
| Sub Total | | | | | - | 590.00 | - | 494.01 | - | - | - | 1,084.01 | 1,449.03 |
| HOCKLESS | | | | | - | - | - | - | - | - | - | 0.00 | |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 2,145.95 |
| MURRIETTA | 1/22/18 | FMLA Compliance Seminar | Anaheim, CA | Training | 5.50 | 199.00 | - | - | - | 8.00 | - | 212.50 | |
| Sub Total | | | | | 5.50 | 199.00 | - | - | - | 8.00 | - | 212.50 | - |
| ADMINISTRATION Total | | | | | 5.50 | 789.00 | - | 494.01 | - | 8.00 | - | 1,296.51 | 3,594.98 |
| GOSSARD | 4/22-4/25/18 | 2018 Annual PRISM Conference | San Diego, CA | Conference | - | 550.00 | - | - | - | - | - | 550.00 | |
| Sub Total | | | | | - | 550.00 | - | - | - | - | - | 550.00 | 20,286.81 |
| LARA | 4/22-4/25/18 | 2018 Annual PRISM Conference | San Diego, CA | Conference | - | 550.00 | - | - | - | - | - | 550.00 | |
| Sub Total | | | | | - | 550.00 | - | - | - | - | - | 550.00 | 2,905.26 |
| SADOSKI | 2/12-2/17/18 4/22-4/25/18 | SANS Security Leadership Essentials (2) 2018 Annual PRISM Conference | Anaheim, CA San Diego, CA | Training Conference | - - | 6,149.00 550.00 | - - | - - | - - | - - | - - | 6,149.00 550.00 | |
| Sub Total | | | | | - | 6,699.00 | - | - | - | - | - | 6,699.00 | 6,149.00 |
| IT Total | | | | | - | 7,799.00 | - | - | - | - | - | 7,799.00 | 29,341.07 |
| ADVIENTO | | | | | - | - | - | - | - | - | - | 0.00 | |
| Sub Total | | | | | - | - | - | - | - | - | - | 0.00 | 1,045.80 |
| INTERNAL AUDIT Total | | | | | - | - | - | - | - | - | - | 0.00 | 1,045.80 |
| Total | | | | | 554.59 | 54,218.00 | 1,473.45 | 9,788.32 | 17,543.81 | 2,089.33 | 60.00 | 85,727.50 | 189,985.61 |

Footnotes:
 * Prior year totals only presented for 2018 active staff & Board members.
 ** Excludes expenses for non-travel related training conferences including: misc. lunches, meetings, mileage, strategic planning, and tuition reimbursement.
 1 Hotel charge was partially paid in 2017.
 2 Registration was purchased in 2017.

I-8



Memorandum

DATE: April 04, 2018
TO: Members of the Board of Retirement
FROM: Cynthia Hockless, Director of Administrative Services
SUBJECT: BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER

Written Report

Background/Discussion:

OCERS contacted the Registrar of Voters on January 05, 2018, with a request to conduct an election for the position of Safety Member and Alternate Safety Member with a term of office from July 1, 2018 through June 30, 2021.

The following two candidates have submitted completed nomination paperwork and biographical statements:

1. Roger Hilton, Deputy Sheriff/OCERS Board Member
2. Jeremy Vallone, Firefighter

As per the attached election calendar set by the Registrar of Voters, ballots will be mailed to the home of each OCERS safety member on April 06, 2018. A voted ballot must be received in the Registrar of Voters' office by 9:00 A.M., May 15, 2018. Ballots will be tallied at the Registrar of Voters' office on this date. Once the Registrar of Voters completes its tally, the election is schedule to be certified by the Board of Supervisors on May 22, 2018.

We are currently on schedule and will continue to provide updates as we progress through the process.

Attachment:

OCERS Election Calendar

Submitted by:



C.H. – APPROVED

Cynthia Hockless
Director of Administrative Services

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM ELECTION CALENDAR

May 15, 2018

1 SAFETY MEMBER AND 1 ALTERNATE MEMBER

| | |
|--|---|
| February 9 and February 23 (E-95 and E-81) | The Orange County Retirement office shall notify the Safety Members of the Retirement System that an election will be conducted on May 15, 2018. The notice shall include the filing period, qualifications and requirements to be a candidate for Safety Member and Alternate Member of the Orange County Retirement Board of Directors and shall be provided with the payrolls on February 9, 2018 and February 23, 2018. |
| February 14 (E-90) | The Retirement Office shall provide the number of eligible Safety Members to the Registrar of Voters' Office. |
| February 20 (E-84) | The Retirement Office shall provide the Registrar of Voters' Office with Willingness to Serve forms and a list of eligible Safety Members for use in establishing the eligibility of candidates. |
| February 26 (E-78) | Nomination period begins. A Safety Member requires 75 nomination signatures. |
| March 16 (E-60) | Deadline to file a biographical statement with the Retirement Office. |
| March 16 (E-60) | Nomination period ends at 5:00 p.m. on this date. |
| March 19 (E- 57) | Retirement Office shall provide print-ready copies of biographical statements to the Registrar of Voters' Office to be printed by March 28. |
| March 20 (E-56) | Random draw will be held to determine the candidate placement on the ballot. |
| March 23 (E-53) | Retirement Office shall provide the Registrar of Voters with names and addresses of eligible Safety Members in an electronic format. |
| April 6 (E-39) | Mailing of ballots begins. |
| April 6 (E-39) | Retirement Office shall provide updated list of eligible Safety Members for voter verification. |
| May 15 (E-0) | Tally voted ballots at the Registrar of Voters' Office. |
| May 22 (E+7) | Certificate of Election on Board of Supervisors' agenda. |
| July 1 (E+47) | Term begins for Safety Member and Alternate Member. Term expires on June 30, 2021. |

I-9

Memorandum

DATE: April 18, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: SCHEDULED REVIEW OF BOARD POLICY COMPLIANCE

Written Report

Background/Discussion

The OCERS Board has established a review schedule for its many policies, as well as charters and other directives (see attachment).

That review provides for a regular triennial reading of the policies and charters to ensure that they are still applicable and relevant to the OCERS Board's mission.

While that review ensures that each Board policy is accurately expressed, it does not ensure that the agency has necessarily been compliant with that policy. The Board has asked that staff report back on how successful we have been with policy compliance.

Most people want to do the right thing of course. Our challenge is to work with OCERS team members in better understanding that policy compliance is indeed the right thing. To that end we are working to create a compliance culture within OCERS that will care for these tasks:

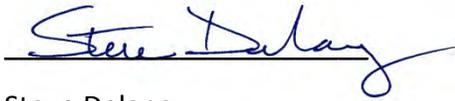
- **Tie policies to accomplishment of the OCERS mission statement.** We now have a concise, meaningful mission statement. Objectives, policies and procedures should all stem from our mission.
- **Set an open-door policy.** We want to provide OCERS team members with easy ways to provide feedback, in writing or in person.
- **Be consistent.** All policies and procedures should be consistent with the overall mission and with each other.
- **Communicate regularly across the organization.** Our message to OCERS team members must be clear, solicit feedback, provide transparency, reward good behavior, and close the loop. We will want to reflect relevant feedback in policy updates. Management needs to proactively connect OCERS team members to policies for improved compliance.
- **Train, test, repeat.** When distributing a new or updated policy, charter, or other directives, we must follow up with appropriate training and testing. We will want to monitor who has acknowledged receipt and passed the test. Remediate where needed.

Beginning in 2016 OCERS staff took a first step in reviewing Board policies, charters and related directives for compliance by assigning a manager to each with the goal of ensuring each policy had an owner who could ascertain that compliance had taken place over the past year (see attached). That process is still ongoing and improving.

This report provides the two attached documents as noted above, relating to polices, charters and related directives.

While policy owners can avow to compliance, we are working on a more formalized process that fosters repeatable outcomes. The details of what will be entailed in annual policy compliance reviews in the future will be provided in next month's follow up report.

Submitted by:

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style and is positioned above a horizontal line.

Steve Delaney
Chief Executive Officer

OCERS Charters and Policies Review Schedule

Group A: To be Reviewed in 2015, 2018, 2021, 2024, 2027, etc.

Charters and Policies to be reviewed by the Governance Committee *with Board approval*

| Charter/Policy Name | Reviewer | Last Reviewed |
|---------------------------------------|--------------------------------|---------------|
| CEO Charter | <i>CEO</i> | 07/20/2015 |
| Board of Retirement Chair Charter | <i>CEO</i> | 02/13/2018 |
| Declining Employer Payroll Policy | <i>Assistant CEO, External</i> | 06/15/2015 |
| Extraordinary Expense Recovery Policy | <i>General Counsel</i> | 07/20/2015 |
| Legislative Policy | <i>General Counsel</i> | 07/20/2015 |
| Travel Policy | <i>CEO</i> | 11/16/2015 |
| Withdrawing Plan Sponsor Policy | <i>Assistant CEO, External</i> | 02/17/2015 |
| Cost Impacting Policy | <i>General Counsel</i> | 07/20/2015 |

Charters and Policies to be reviewed by the Disability Committee *with Board approval*

| Charter/Policy Name | Reviewer | Last Reviewed |
|--|--------------------------------|---------------|
| Disability Committee Charter | <i>Asst. CEO/External</i> | 01/16/2018 |
| Administrative Hearing Procedures | <i>General Counsel</i> | 01/16/2018 |
| Disability Retirement Reemployment Policy | <i>Assistant CEO, External</i> | 07/17/2017 |
| Hearing Officer Selection and Retention Policy | <i>Assistant CEO, External</i> | 01/16/2018 |

Policies to be reviewed by the Investment Committee

| Policy Name | Reviewer | Last Reviewed |
|-------------|----------|---------------|
| | | |

Policies to be reviewed by the Audit Committee

| Policy Name | Reviewer | Last Reviewed |
|------------------------|--------------------------------|---------------|
| Risk Policy | <i>Assistant CEO, Internal</i> | 11/16/2015 |
| Internal Audit Charter | <i>CEO</i> | 07/20/2015 |

Policies to be reviewed by staff *with Board Approval*

| Policy Name | Reviewer | Last Reviewed |
|---|------------------------------------|---------------|
| Disposition of Equipment Policy | <i>Assistant CEO, Internal</i> | 12/14/2015 |
| Member Services Customer Service Policy | <i>Director of Member Services</i> | 11/16/2015 |
| Data Request Policy | <i>Assistant CEO, External</i> | 12/14/2015 |
| Election Procedures | <i>Director of Admin. Services</i> | 07/20/2015 |
| Procurement and Contracting Policy | <i>Director of Admin. Services</i> | 01/20/2015 |

OCERS Charters and Policies Review Schedule

Group B: To be Reviewed in 2016, 2019, 2022, 2025, 2028, etc.

Charters and Policies to be reviewed by the Governance Committee *with Board approval*

| Charter/Policy Name | Reviewer | Last Reviewed |
|---|------------------------------------|---------------|
| Board Vice Chair Charter | <i>CEO</i> | 04/18/2016 |
| Committee Chair Charter | <i>CEO</i> | 04/18/2016 |
| Actuarial Funding Policy | <i>CEO</i> | 12/15/2014 |
| Board Performance Review Policy | <i>CEO</i> | 11/14/2016 |
| CEO Performance Evaluation Policy | <i>Director of Admin. Services</i> | 11/14/2016 |
| Succession Policy | <i>CEO</i> | 01/19/2016 |
| Overpaid and Underpaid Plan Benefits Policy | <i>Assistant CEO, External</i> | 05/16/2016 |
| Trustee Education Policy | <i>Director of Admin. Services</i> | 12/19/2016 |
| Indemnity and Defense Policy | <i>General Counsel</i> | 01/19/2016 |

Charters (*with Board approval*) and Policies to be reviewed by the Investment Committee

| Charter/Policy Name | Reviewer | Last Reviewed |
|---|------------|---------------|
| CIO Charter | <i>CIO</i> | 1/24/2018 |
| Investment Policy Statement | <i>CIO</i> | 1/24/2018 |
| Proxy Voting Policy | <i>CIO</i> | 1/24/2018 |
| Code of Ethics and Standards of Professional Conduct Policy | <i>CIO</i> | 1/24/2018 |

Charters and Policies to be reviewed by the Audit Committee *with Board Approval*

| Charter/Policy Name | Reviewer | Last Reviewed |
|--|-----------------------------------|---------------|
| Ethics, Compliance, and Fraud Hotline Policy | <i>Director of Internal Audit</i> | 06/06/2013 |

Policies to be reviewed by staff *with Board Approval*

| Policy Name | Reviewer | Last Reviewed |
|-------------|----------|---------------|
| | | |

Group C: To be Reviewed in 2017, 2020, 2023, 2026, 2029, etc.

Charters and Policies to be reviewed by the Governance Committee *with Board approval*

| Charter/Policy Name | Reviewer | Last Reviewed |
|---------------------------------|--------------------------------|---------------|
| Board of Retirement Charter | <i>CEO</i> | 05/15/2017 |
| Governance Committee Charter | <i>General Counsel</i> | 5/15/2017 |
| Annual Disclosure Policy | <i>General Counsel</i> | 10/16/2017 |
| Communications Policy | <i>Communications Manager</i> | 05/15/2017 |
| Early Retirement Funding Policy | <i>Assistant CEO, External</i> | 10/20/2014 |

OCERS Charters and Policies Review Schedule

| | | |
|--|------------------------------------|----------------------|
| Planning Policy | <i>CEO</i> | 07/17/2017 |
| Quiet Period Policy | <i>Assistant CEO, Internal</i> | 07/17/2017 |
| SACRS Voting Authority Policy | <i>CEO</i> | 05/15/2017 |
| Budget Approval Policy | <i>Finance Director</i> | 07/17/2017 |
| Rules of Parliamentary Procedure | <i>General Counsel</i> | 11/13/2017 |
| Reserves and Interest-Crediting Policy | <i>Assistant CEO, Internal</i> | 12/18/2017 |
| Charters (<i>with Board Approval</i>) and Policies to be reviewed by the Investment Committee | | |
| Charter/Policy Name | Reviewer | Last Reviewed |
| Investment Committee Charter (incl. Manager Monitoring Subcommittee) | <i>CIO</i> | 1/24/2018 |
| Placement Agent Disclosure Policy | <i>CIO</i> | 1/24/2018 |
| Securities Litigation Policy | <i>General Counsel</i> | 11/13/2017 |
| Charters and Policies to be reviewed by the Audit Committee <i>with Board Approval</i> | | |
| Charter/Policy Name | Reviewer | Last Reviewed |
| Monitoring and Reporting Policy | <i>CEO</i> | 10/20/2014 |
| Audit Committee Charter | <i>Internal Auditor</i> | 05/15/2017 |
| Policies to be reviewed by staff <i>with Board Approval</i> | | |
| Policy Name | Reviewer | Last Reviewed |
| Acceptance and Reporting of Gifts Policy | <i>General Counsel</i> | 04/17/2017 |
| Whistleblower Policy | <i>Director of Admin. Services</i> | 03/17/2014 |
| Membership Eligibility Requirements Policy | <i>Assistant CEO, External</i> | 03/20/2017 |
| Actuarial Valuation Policy | <i>Assistant CEO, Internal</i> | 11/13/2017 |
| Public Records Request Policy | <i>General Counsel</i> | 05/15/2017 |
| Record Retention Policy and Guidelines | <i>General Counsel</i> | 04/17/2017 |

OCERS Staff Policy Assignments

Updated on 1-28-16

| Policy Name | CEO | Assistant CEO, Finance & Int Ops | Assistant CEO, Ext Ops | Chief Legal Officer | CIO | Dir of Investment Operations | Dir of Admin Services | Dir of Member Services | Dir of Finance | Dir of IA | Com Mgr |
|--|-----|---|------------------------------|---------------------------|-----|------------------------------------|-----------------------------|------------------------------|-------------------|-----------------|------------|
| Actuarial Funding Policy | X | | | | | | | | | | |
| Board Performance Review Policy | X | | | | | | | | | | |
| Monitoring and Reporting Policy | X | | | | | | | | | | |
| Planning Policy | X | | | | | | | | | | |
| SACRS Voting Policy | X | | | | | | | | | | |
| Sucession Planning Policy | X | | | | | | | | | | |
| Travel Policy | X | | | | | | | | | | |
| Undistributed Earnings Policy | X | | | | | | | | | | |
| Actuarial Extract Policy and Process | | X | | | | | | | | | |
| Disposition of Equipment Policy | | X | | | | | | | | | |
| Risk Policy | | X | | | | | | | | | |
| Data Request Policy | | | X | | | | | | | | |
| Declining Employer Payroll Policy | | | X | | | | | | | | |
| Disability Retirement Reemployment Policy | | | X | | | | | | | | |
| Early Retirement Funding Policy | | | X | | | | | | | | |
| Hearing Officer Selection and Retention Policy | | | X | | | | | | | | |
| Withdrawing Plan Sponsor Policy | | | X | | | | | | | | |
| Acceptance and Reporting of Gifts Policy | | | | X | | | | | | | |
| Administrative Hearing Procedures | | | | X | | | | | | | |
| Annual Disclosure Policy | | | | X | | | | | | | |
| Cost Impacting Policy | | | | X | | | | | | | |
| Extraordinary Expense Recovery Policy | | | | X | | | | | | | |
| Indemnity Policy | | | | X | | | | | | | |
| Legislative Policy | | | | X | | | | | | | |
| OCERS' Conflict of Interest Code | | | | X | | | | | | | |
| Public Records Request Policy | | | | X | | | | | | | |
| Records Retention Policy and Guidelines | | | | X | | | | | | | |

OCERS Staff Policy Assignments

Updated on 1-28-16

| Policy Name | CEO | Assistant CEO, Finance & Int Ops | Assistant CEO, Ext Ops | Chief Legal Officer | CIO | Dir of Investment Operations | Dir of Admin Services | Dir of Member Services | Dir of Finance | Dir of IA | Com Mgr |
|---|-----|---|------------------------------|---------------------------|-----|------------------------------------|-----------------------------|------------------------------|-------------------|-----------------|------------|
| Securities Litigation Policy | | | | X | | | | | | | |
| Due Diligence Policy | | | | | X | | | | | | |
| Investment Fee Policy | | | | | X | | | | | | |
| Investment Policy Statement | | | | | X | | | | | | |
| Staff Code of Ethics & Standards of Professional Conduct Policy | | | | | X | | | | | | |
| Absolute Return Investment Policy Statement | | | | | | X | | | | | |
| Placement Agent Disclosure Policy | | | | | | X | | | | | |
| Proxy Voting Policy | | | | | | X | | | | | |
| Quiet Period Policy | | | | | | X | | | | | |
| Real Estate Strategic Plan | | | | | | X | | | | | |
| CEO Performance Review Policy | | | | | | | X | | | | |
| Election Procedures | | | | | | | X | | | | |
| OCERS Compensation Philosophy | | | | | | | X | | | | |
| Procurement and Contracting Policy | | | | | | | X | | | | |
| Trustee Education Policy | | | | | | | X | | | | |
| Whistleblower Policy | | | | | | | X | | | | |
| Member Services Customer Service Policy | | | | | | | | X | | | |
| Budget Approval Policy | | | | | | | | | X | | |
| Ethics, Compliance, and Fraud Hotline Policy | | | | | | | | | | X | |
| Communications Policy | | | | | | | | | | | X |

1-10



Memorandum

DATE: April 2, 2018
TO: Members of the Board of Retirement
FROM: Mark Adviento, CPA, Internal Auditor
SUBJECT: **AUDIT COMMITTEE OUTCOMES FROM MARCH 27, 2018 MEETING**

Recommendation

The Audit Committee recommends that the Board of Retirement:

- (1) Receive and file the Actuarial Audit Report Follow-Up
- (2) Information Only – 2017 Financial Statement Audit, Entrance Conference.

Background/Discussion

ACTUARIAL AUDIT REPORT FOLLOW-UP

Paul Angelo of Segal Consulting addressed recommendations found in Cheiron's actuarial audit report presented to the Audit Committee in the January 30, 2018 Audit Committee meeting. Paul Angelo's presentation discussed Cheiron's audit recommendations regarding OCERS' actuarial assumptions related to retirement rates, mortality rates, and the investment earnings rate.

2017 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE

Linda Hurley of MGO presented the 2017 Audit Service Plan to the Audit Committee and fielded questions from committee members.

Submitted by:

M.A. - approved

Mark Adviento, CPA
Internal Auditor

1-11

Memorandum

DATE: March 28, 2018
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: **CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**

Written Report

Background/Discussion

1. Performance Reviews – Named Service Providers

The following policy provisions stipulate the terms by which the quality of service providers is to be reviewed:

- The Procurement & Contracting Policy (Section 19) specifies that Named Service Providers will be reviewed every two (2) years.
- The Procurement & Contracting Policy (Section 24.B) specifies that all other service providers will be reviewed at least every three (3) years.
- The Board of Retirement Charter (Item #21) states that an Actuarial Review is needed every five (5) years. (With coordination by the Internal Audit department.)

2. Contract Extensions – Named Service Providers

Sections 16 to 18 of the Procurement and Contracting Board Policy state:

Contracts

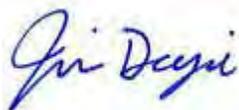
16. The CEO or his designee will, with the assistance of legal counsel as appropriate, negotiate and execute all agreements, contracts, and purchase orders with service providers and vendors.
17. All contracts with Named Service Providers will include a provision that the contract is subject to renewal at least every three years, for a total term of no more than six years, at which time the CEO and pertinent committees of the Board will assess the continued appropriateness and cost-effectiveness of the Named Service Provider in question. At the expiration of a six year term, the CEO, or his or her designee, will conduct a RFP.
18. Annually, the CEO will provide the Board of Retirement a schedule of the contracts with Named Service Providers due for renewal in the coming year.

Memorandum

Pursuant to OCERS policy and charter provisions, the schedule below includes the Named Service Provider contracts that are up for renewal or expiration along with the next scheduled performance review:

| Named Service Provider | Vendor | Contracted | Contract Expiration | Last Review Date | Next Review Date | Notes |
|------------------------------------|--------------|------------|---------------------|------------------|------------------|--|
| Financial auditor | MGO | 2/9/2016 | 12/31/2020 | 2/9/2016 | Feb-18 | Review in process |
| General investment consultant | Meketa | 6/15/2016 | 5/31/2021 | 6/15/2016 | Jun-18 | Last review was part of RFP evaluation |
| Consulting Actuary | Segal | 9/28/2016 | 12/31/2019 | 9/28/2016 | Sep-18 | Last review was part of RFP evaluation |
| Alternative investments consultant | PCA | 9/1/2016 | 9/30/2021 | 9/1/2016 | Sep-18 | Last review was part of RFP evaluation |
| Custodian | State Street | 7/1/2017 | 6/30/2023 | 7/1/2017 | Jul-19 | Last review was part of RFP evaluation |
| Securities lending manager | State Street | 7/1/2017 | 6/30/2023 | 7/1/2017 | Jul-19 | Last review was part of RFP evaluation |
| Actuarial Auditor (Every 5 years) | Cheiron | 8/1/2017 | 12/31/2017 | 12/31/2017 | Aug-22 | Reviewed 2017. Report received January, 2018. Next review in 2022 |
| Fiduciary Counsel | Reed Smith | 4/1/2015 | 3/31/2018 | 3/3/2017 | Mar-19 | Request to extend the contract to be presented during April 18th Board Meeting |

Submitted by:



Jim Doezie
 Contracts, Risk and Performance Administrator

1-12

Memorandum

DATE: April 18, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD COMMUNICATION

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 various news and informational articles that have been shared with the full Board are being provided to you here by web link address. By providing the links in this publicly available report, we comply with both the Brown Act public meeting requirements, as well as avoid any copyright issues.

The following news and informational links were received by OCERS staff for distribution to the entire Board:

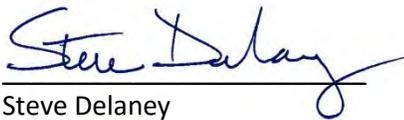
Steve Delaney:

- What if a city simply can't pay its pension bills? There is an alternative.
<http://www.courant.com/community/hartford/hc-news-hartford-debt-contract-20180322-story.html>
- While PBGC is set up to deal with private multi-employer plans, the complicated gyrations they are going through to deal with employers that wish to withdraw provides an interesting bookend to the approach CalPERS has taken as to withdrawing employers.
<https://www.plansponsor.com/pbgc-issues-guidance-designed-keep-multiemployer-plans-solvent-longer/>

Other Items: (See Attached)

1. Monthly summary of OCERS staff activity, starting with an overview of key customer service as well as highlights and updates for the month of February 2018.

Submitted by:

A handwritten signature in blue ink that reads "Steve Delaney". The signature is written in a cursive style with a horizontal line underneath the name.

Steve Delaney
Chief Executive Officer

Memorandum

DATE: March 29, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: OCERS ACTIVITIES AND UPDATES – FEBRUARY 2018

The following is my regular monthly summary of OCERS staff activity, starting with an overview of key customer service statistics as well as activity highlights followed by updates for the month of FEBRUARY 2018.

CUSTOMER SERVICE

The top three questions in the month of February as received by OCERS' counseling staff:

When will COLA be approved, and how much is it this year?

The 2018 COLA was adopted by the Board of Retirement at its February meeting. The COLA is 3% for 2018.

When do I have to retire to get COLA in 2018?

Payees with a retirement or benefit effective date of 4/1/2018 or prior are eligible for the 2018 COLA.

Can I make an appointment to discuss my retirement?

Most members start the retirement process with a phone call to the retirement specialist that handles their agency. The OCERS website has a list of agencies and the associated retirement specialist assigned to assist them in the retirement process. Comprehensive retirement counseling is conducted over the phone and continues with an appointment where we provide final average salary (FAS) information. Members are encouraged to submit their retirement applications online. During the retirement appointment, members provide original birth and marriage certificates, and the application and additional forms of tax withholding and direct deposit are reviewed. The benefit options are explained thoroughly to ensure

**MEMBER SERVICE STATS FOR
 FEBRUARY 2018**

Member Approval 100%

Unplanned Recalcs 0

Retirement Apps Received

Feb 2018 163

Jan 2018 204

Dec 2017 58

Nov 2017 75

Oct 2017 47

Sept 2017 42

Aug 2017 69

July 2017 48

June 2017 65

May 2017 60

April 2017 47

Mar 2017 79

Feb 2017 107

Jan 2017 151

complete understanding. With high volume of retirements in 2018, Member Services will be conducting group retirement sessions in February and March - this is mostly for document submission as the counseling occurs via telephone prior to the meeting. So far we have 167 members attending group retirement sessions.

PHONE STATS

| DATE/S | QUEUE | DIRECT TO EXTENSION | TOTAL CALLS TO MS (Queue + Direct) |
|---------------|--------------|----------------------------|---|
| February 2018 | 1093 | 3041 | 4134 |
| February 2017 | 1229 | 3583 | 4812 |
| February 2016 | 1118 | 3990 | 5108 |

ACTIVITIES

TAX TABLE ERROR

With the quick passage of the new Tax Reform bill, OCERS staff had to act quickly in order to modify the withholding tables that were to come into effect March 1. Unfortunately a human entry error occurred. The Chair, Vice Chair and Immediate Past Chair were kept fully informed of the issue and our work to correct the matter. With the average amount underwithheld being approximately \$90, it fortunately did not cause any great distress among our retired membership. Ms. Fairly reports in more detail:

Due to 2018 federal tax tables being entered incorrectly into V3 by OCERS staff, 5,664 payees had underwithheld federal tax on their February benefit payment. Letters were mailed to affected payees and OCERS will recover the unpaid tax over a three month period. Correspondence was mailed at the end of February to inform payees that their March 2018 payment will use the accurate withholding. Tax recoupments will commence with the April, May and June payments. The total amount underwithheld in February was \$156,907.89 and will be fully recouped by June, 2018.

VISITS TO MEMBERS OF THE CALIFORNIA LEGISLATIVE DELEGATION IN WASHINGTON D.C.

OCERS Trustees Chris Prevatt and Russell Baldwin, accompanied by OCERS CEO Steve Delaney, being in Washington D.C. for the annual winter meeting of the National Association of Retirement Administrators (NASRA) as well as the annual meeting of the National Institute on Retirement Security (NIRS) took the opportunity to spend Wednesday, February 28, visiting five members of the California legislative delegation: Congressional members Issa, Lowenthal, Rohrabacher, Royce and Walters.

Special thanks to Trustee Wayne Lindholm who used his connections to arrange for our visit with Congresswoman Walters, who would otherwise have been very difficult to reach. Thanks too to

Trustee Roger Hilton who was also in attendance, and used his connections to arrange a stop by and visit with Congressman Correa’s staff, as the congressman himself had already left the capital by the time of our visit.



Of importance to the OCERS Board, while sharing basic pension information with all the legislators, and encouraging them to call our office whenever they had questions or concerns about pension matters, Congressman Rohrabacher in particular warned that we should be paying special attention to the issue of mandatory Social Security coverage. OCERS members do not presently accrue Social Security, and therefore draw a larger pension benefit to compensate for that difference. Congressman Rohrabacher understood that if mandatory Social Security came into play, it could be a very expensive proposition for OCERS public employers if they have not arranged to adjust pension benefits prior to any such implementation.

UPDATES

FINAL AVERAGE SALARY COMPONENTS REVIEW PROJECT

Ms. Jenike reports:

“The salary and pay item review project is progressing well. We have obtained copies of MOU, PSR, Employment Terms & Conditions, Personnel Manuals, Employment Agreements and other salary-related documents for each of the 13 employers. We have documented the inventory of the MOU/PSR and other documents by employer and noted the effective dates for each document so that we can develop a schedule for ongoing review and updates. We have completed our review of the existing Pay Codes in the V3 factor table and identified the first list of codes needing review. With the

assistance of the Legal Team we have created a template to evaluate all existing pay codes and document if each pay code is pensionable or not. Lastly we have started documenting every salary and pay item contained in the documents applicable to the County of Orange and created definitions, rules and standards so that we can cross check them with pay codes reported on the transmittal file as well as confirm proper reporting.”

LEAN PROCESS IMPROVEMENT

Ms. Jenike reports:

“A company named Progressive Edge has been selected by OCERS to assist us in our LEAN Project. This vendor also worked with the County of San Diego Employees Retirement Association on their LEAN project and came highly recommended as one who would be able to train our staff in the components of LEAN so that we can apply the concepts to a variety of areas. OCERS Disability and Quality Assurance staff will start training with Progressive Edge at the end of April over three ½ day sessions. We will start with the disability retirement application process and then address the service credit purchase process later in the year.”



As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the April 18 meeting of the OCERS Board of Retirement.

1-13



Memorandum

DATE: April 18, 2018
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: **ANNUAL BROWN ACT AND CONFLICTS OF INTEREST EDUCATION**

Presentation

Background/Discussion

Harvey Leiderman and Gina Ratto will present the Annual Brown Act and Conflicts of Interest Education.

Submitted by:

A handwritten signature in blue ink that reads "Gina M. Ratto".

Gina M. Ratto
General Counsel

THE BROWN ACT

Presentation to the Board of Retirement
Orange County Employees Retirement System
April 18, 2018

Purpose

2

“In enacting this chapter, the Legislature finds and declares that the public commissions, boards and councils and the other public agencies in this State **exist to aid in the conduct of the people’s business**. It is the intent of the law that their **actions be taken openly** and that their **deliberations be conducted openly**.

The people of this State do not yield their sovereignty to the agencies which serve them. The people, in delegating authority, **do not give their public servants the right to decide what is good for the people to know and what is not good for them to know**. The people insist on remaining **informed so that they may retain control** over the instruments they have created.” (Preamble to the Brown Act.)

Purpose

3

- The Act represents the Legislature's determination of how the balance should be struck between public access to meetings of public bodies and the need for confidential candor, debate and information gathering.
- The purpose is to facilitate public participation in local government decisions and to expose those decisions to the sunshine.
- There is a presumption in the law in favor of public access.

Bodies Subject to the Act

4

- Governing bodies of local government agencies
- Any board, commission, committee or other body of a local agency created by charter, ordinance, resolution or formal action
- Exception for an advisory or *ad hoc* committee comprised solely of less than a quorum of the members of the legislative body that created it and provided it is not a standing committee.

What is a “Meeting”

5

- Any congregation of a majority of the members of a legislative body at the same time and place to hear, discuss, or deliberate upon any item that is within the subject matter jurisdiction of the agency.
- Conferences that are open to the public and involve issues of interest to the public or public agencies are exempt so long as the majority of the members do not discuss (other than as part of the scheduled program) any issues that are within the subject matter jurisdiction of the agency.
- Agency retreats are ***not*** exempt.

What is a “Meeting”

6

- Attendance by a majority of the members at a purely social or ceremonial occasion is not a “meeting” provided that the members do not discuss amongst themselves specific business within the jurisdiction of the agency.
- “Serial meetings” are meetings subject to the Act.

Serial Meetings

7

- A series of communications, each of which involves less than a quorum of the body, but which taken as a whole involves a majority of the members.
- Includes chains of communications (5 member body; member A communicates with member B and member B communicates with member C)
- Includes hub and spoke communications (member A communicates with members B and C individually)

Serial Meetings

8

- Conversations that advance or clarify a member's understanding of an issue, or facilitate agreement or compromise among members, or advance the ultimate resolution of an issue are "meetings"
- Actual concurrence is not necessary
- Circulation of written materials and emails are included
- One way communications from staff to the members are not included

Interplay with Public Records Act

- All writings circulated to board members are disclosable public records and must be made available to the public at the related meeting
- All materials associated with open session items distributed to the board members are public records (except for confidential attorney communications, some investment materials and some medical records)
- OCERS' business, conducted on personal devices or on non-OCERS servers or ISPs, is an OCERS' public record

Notice and Agenda Requirements

- Regular Meetings – usually set by resolution or bylaws. Agenda with brief general description of each item to be discussed must be posted at least 72 hours prior to meeting.
- Special Meetings – may be called anytime on 24 hours notice; by the Chair or a majority of the members.
- No action or discussion permitted on any item not appearing on the agenda, except for matters requiring immediate action that came to the attention of the agency after the agenda was posted, provided that 2/3 of members present vote to consider the matter (or unanimous if less than 2/3 of members are present).

Rights of the Public

11

- Every agenda for a regular meeting must provide an opportunity for the public to address the board/committee on any item within the subject matter jurisdiction of the board/committee.
- Additionally, the public must be given the opportunity to comment on any item listed on the agenda before or during the board/committee's consideration of the item.
- The body may establish procedures for public comment including reasonable time limitations by topic or speaker.

Closed Sessions

- Each item to be transacted or discussed in closed session must be briefly described on the agenda;
- Before adjourning into closed session, a representative of the body must announce the items to be discussed in closed session (can be satisfied by referring to the item by number as it appears on the agenda); and
- Once the closed session has concluded, the agency must reconvene in open session where it may be required to report votes and actions taken.

Authorized Closed Sessions

13

- Must be expressly authorized by law; and the authority is narrowly construed.
- Confidentiality of information acquired at a closed session must be maintained.
- Persons whose participation in the closed session is not essential to the business at hand, or who must be recused from participation, must be excluded.

Authorized Closed Sessions

- **Litigation:** To confer with legal counsel regarding pending litigation, significant exposure to litigation or deciding whether to initiate litigation.
- **Personnel Matters:** To consider the appointment, employment, evaluation of performance, discipline or dismissal of a public employee, but NOT to discuss or take action on compensation.
- **Real Property Negotiations:** To meet with negotiator prior to purchase, sale, exchange or lease of real property to grant authority re: price and terms.
- **Public Fund Investments:** To consider the purchase or sale of particular specific pension fund investments.
- **Threats to Security:** To confer with security consultants or a security operations manager, agency counsel or law enforcement on matters posing a threat to the security of public buildings or essential public services, or the public's right of access thereto.

Actions on Compensation Matters

15

- The convening of special meetings to discuss the executive salaries, salary schedules, or compensation in the form of fringe benefits is prohibited.
- Closed sessions to discuss or take action on employee compensation are prohibited.
- Prior to taking final action on executive compensation, the board must orally report a summary of the recommendation at the same open meeting in which the final action is taken.

Voting

16

- “The ... local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.”
- Chair can call for an oral vote, but if vote is not unanimous, must orally announce ayes, nays and abstentions.
- Trustees have a fiduciary duty to participate and vote, as part of their duty to administer the system/plan. Abstentions should be avoided.
- All votes in closed session must be recorded as roll call votes and when action is reported out in public session, the votes must be announced.

Motion or Direction?

- **Motions** are used to take action on matters within the subject matter jurisdiction of OCERS (e.g., adopt a policy, make an expenditure of funds, enter into a contract).
- **Direction** is used to request a ministerial task of staff (like putting an item on the next agenda), or to ask staff to review or research a matter, change a practice, provide additional information or report to the board at a future date. Direction should come from the Chair and does not require the consensus of the other members.

Meeting Materials – Public Records?

18

- Agendas of public meetings and any other writings, when distributed to all, or a majority of all, of the members of the body by any person in connection with a matter subject to discussion or consideration at an open meeting, are disclosable public records unless exempt from public disclosure under the PRA.
- The records “must be made available upon request without delay.”
- Records that are distributed to the members at the meeting must be available to the public on the day of the meeting.

Remedies and Penalties

19

- Criminal: Member who attends a meeting in violation of the Brown Act where the member intends to deprive the public of information to which the member knows or has reason to know the public is entitled is guilty of a misdemeanor.
- Civil:
 - ▣ Actions by mandamus, injunction or declaratory relief
 - ▣ May be commenced by the D.A. or any interested party
 - ▣ Actions by taken in violation can be declared null and void
 - ▣ Agency has opportunity to cure before suit may be filed
 - ▣ Attorneys fees and costs may be awarded against the agency (but not the individual members)

Hypothetical #1

20

The CEO emails an article to all of the Board members that praises another pension system for adopting a shorter actuarial smoothing period. The article is timely because the Board will be discussing its actuarial funding policies next month. In his email, the CEO asks the Board members to “let me know what you think.” The CEO carefully “BCCs” the Board members so that when they respond, they can’t “REPLY ALL” and create a serial meeting. Seven of the Board members reply to the CEO with their thoughts.

Was the CEO successful in preventing a serial meeting?

Hypothetical #2

21

The Board meeting is going to be a really long one – it's going to be at least 5:00 before the meeting is concluded. The Board takes a short, 30 minute, lunch break to try to make up some time. Four of the Board members discuss one of the upcoming agenda items over lunch in an effort to save time during the meeting – and great news – they are all in agreement. The Board Chair agrees to catch a fifth member of the Board before she goes back into the meeting to see if he can get her to vote with the others.

Any issues?

Hypothetical #3

22

A Board member has what he thinks is a novel idea for an investment that will create significant returns for the pension fund. He writes a detailed letter to his fellow Board members describing the investment opportunity and advocating for OCERS' investment. He hands out the letter at the beginning of the Investment Committee meeting where the Committee will consider investing in a competing opportunity. He instructs the Board members and staff that his letter is not to be distributed beyond the Board members – he doesn't want other investors to beat OCERS to the opportunity.

Can the letter be protected from disclosure?

Can the Committee consider the new opportunity at the meeting?

FIDUCIARY EDUCATION

Board of Retirement
Orange County
Employees Retirement
System

April 18, 2018

Harvey L. Leiderman
Reed **Smith** LLP



FUNDAMENTAL FIDUCIARY DUTIES

- Primary Loyalty Rule
- Exclusive Benefit Rule
- Duty of Prudence
- Duty to Diversify
- Follow the Plan



FUNDAMENTAL FIDUCIARY DUTIES

- Primary Loyalty Rule – Duty to act in the best interests of the members and beneficiaries, not to promote personal or others’ interests (this duty takes precedence over all others)
- Exclusive Benefit Rule – Duty to use plan assets solely for the purpose of paying the members’ promised benefits and reasonable administrative expenses
- Prudence Standard – Duty to act “under the circumstances then prevailing” as would a prudent person “in a like capacity *and familiar with these matters...*in the conduct of an enterprise of like character and with like aims”

FUNDAMENTAL FIDUCIARY DUTIES

- Diversification – Duty to diversify the investments so as to minimize risk and maximize return, unless clearly not prudent to do so
- Follow the Plan Documents – Duty to administer the Plan in accordance with the Plan documents – including the Constitution, the CERL, IRC and regulations, Board regulations, charters and policies

WHAT IT MEANS TO BE “LOYAL” – AND TO WHOM

- An “interested” board, but not a “representative” one
- A constituency of one – the members
- Avoid conflicts of interest – the strongest test of loyalty
 - Serving others’ interests
 - Personal financial interests
 - Acceptance of gifts and other things of value
 - Duty to disclose, recuse
 - Severe penalties for violations

ONE COURT SAYS IT ALL

The fiduciary provisions of trust law were designed to prevent a trustee from being put in a position where he has dual loyalties, and therefore, he cannot act exclusively for the benefit of a plan's participants and beneficiaries. **An employee benefit fund trustee is a fiduciary whose duty to the trust beneficiaries must overcome any loyalty to the interest of the party that appointed him.** Thus, the statutes defining the duties of a management-appointed trustee make it virtually self-evident that trustees are not representatives.

* * *

One of the means of insuring neutrality in the administration of a trust was to give each side of the bargaining table an equal voice in the selection of trustees. It is also a recognition of the fact that the administration of a trust fund often gives rise to questions over which representatives of management and labor may have legitimate differences of opinion that are entirely consistent with their fiduciary duties.

The guarantee of impartiality in making decisions of this kind is not a total divorce of every trustee from the interests that appointed him. **There is a distinction between the process by which a person is appointed to office and the manner in which he performs that office after he has been appointed.**

NLRB v. Amax Coal Co., 433 U. S. 322 (1981)

289/297

ReedSmith

ANOTHER COURT SAYS IT, TOO

“[A] person cannot serve two masters simultaneously. ... If a public official is pulled in one direction by his financial interest and in another direction by his official duties, **his judgment cannot and should not be trusted, even if he attempts impartiality.** ... Where a prohibited interest is found, ... the official ... is subject to a host of civil and (if the violation was willful) criminal penalties, including imprisonment and disqualification from holding public office in perpetuity.”

Lexin v. Superior Court (2010) 47 Cal.4th 1050

WHAT ELSE IT MEANS TO BE “LOYAL”

- Impartiality – treating all members fairly
 - Active and retired members may have different interests
 - Work to balance all members’ interests
 - Avoid sacrificing long-term financial success to achieve short-term financial or other goals
 - Allowed discretion recognizes how difficult this balance can be to achieve

WHAT IT MEANS TO BE “PRUDENT”

- Heightened prudence standard - “knowledgeable”
- Duty to delegate: If you don’t have the expertise, go out and get it
- Don’t rubber stamp delegates – question carefully
- Don’t “set and forget” – monitor, audit and adjust
- Process matters more than results – so record it!

ANOTHER COURT SAYS IT ALL

A fiduciary's investments are prudent if s/he has given appropriate consideration to those facts and circumstances that are relevant to the particular investment involved and has acted accordingly. Appropriate consideration includes a determination by the fiduciary that the particular investment is reasonably designed to further the purposes of the plan, **taking into consideration the risk of loss and the opportunity for gain, in addition to consideration of the portfolio's diversification, liquidity, and projected return relative to the plan's funding objectives.** In addition, under trust law, a fiduciary normally has a continuing duty of some kind to monitor investments and remove imprudent ones.

The test for determining whether a fiduciary has satisfied his duty of prudence is whether the individual trustees, **at the time they engaged in the challenged transactions, employed the appropriate methods** to investigate the merits of the investment and to structure the investment.

In other words, we must focus on whether the fiduciary engaged in a **reasoned decision-making process**, consistent with that of a prudent person acting in a like capacity. Courts have readily determined that fiduciaries who act reasonably - i.e., who appropriately investigate the merits of an investment decision prior to acting - easily clear this bar.

Pfeil v. State Street Bank and Trust Co. 806 F. 3d 377 (6th Cir. 2015)

SCENARIOS FOR DISCUSSION

SCENARIO #1

Board member Charlie is a retiree who has a gemology degree. When he attends SACRS and other conferences, he likes to host a late night sales auction in his hotel room, where he auctions off various gems and jewelry to the highest bidders. The winning bidders are usually personnel of investment managers attending the conference, who can afford the \$1,000+ prices.

Earlier on the day of an auction, the firm of one of the successful bidders responded to an open RFP issued by Charlie's Board.

What are the fiduciary issues raised by these events?

SCENARIO #2

Trustee Melissa works for a large retail investment firm. Melissa swears by index funds. She's convinced that no active manager can ever beat the broad indexes over any reasonable length of time, so paying fees to active managers is simply wrong when you can do better with a low cost 60/40 passive portfolio. "Set it and forget it!" is her motto.

Melissa goes to no educational conferences. She doesn't read any materials from the prospective managers. She has no interest in the consultant's capital markets views. She abstains on every vote on the asset allocation decision other than investing in the Russell 3000 and the Bloomberg Barclays US Aggregate Index.

Is Melissa a refreshing realist, or is she breaching her fiduciary duty?

SCENARIO #3

The UAAL in a CERL system is attributable entirely to benefits earned by legacy employees. There is no PEPRA UAAL. The County says its high contributions are squeezing out services it can provide. The BoS Chair meets with all the appointed retirement board members and commands them to vote to extend the UAAL amortization period from 20 to 30 years, to ease the County's burden.

Legacy members also argue for the change, saying it will help them get salary increases. PEPRA members argue that this will harm their ability to get *future* salary increases, since the County will be paying off the UAAL long after most of the legacy members retire.

Your primary fiduciary duty is to the members and beneficiaries of the system. What's the right thing to do?