

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

**REGULAR MEETING
Monday, June 18, 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; Shawn Dewane; Frank Eley; Russell Baldwin, Wayne Lindholm and Shari Freidenrich

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

Mr. Baldwin 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. Ball **seconded** by Mr. Eley to approve 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) Gary Lee

- (2) Michael Murphy
- (3) William Valdez
- (4) Michael Whalen

ADMINISTRATION

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

Disability Committee Minutes	April 24, 2018
Regular Board Meeting Minutes	May 14, 2018

Recommendation: Approve minutes.

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 DECEMBER 31, 2017 ACTUARIAL VALUATION

Presentation by Andy Yeung, Segal Consulting

Recommendation: Approve the Actuarial Valuation and Review as of December 31, 2017 and adopt contribution rates for Fiscal Year 2019 – 2020 as recommended by Segal Consulting.

Mr. Andy Yeung and Ms. Molly Calcagno of Segal Consulting presented the complete Actuarial Valuation and Review as of December 31, 2017. The Board was requested to formally adopt the report and the contribution rates that will go into effect in Fiscal Year 2019-2020.

Ms. Freidenrich arrived at 9:07am.

Mr. Ball asked Mr. Yeung to elaborate and discuss the 3 ½ % payroll growth and the amortization period, as it relates to “level percentage of pay” compared to “level contributions.”

Mr. Delaney explained that the comparisons will be discussed in detail at the Strategic Planning workshop that will be held offsite in September 2018.

Mr. Ball also requested that Segal explain on a rough basis how much of OCERS UAAL is a result of assumption changes verses fund losses. This information needs to be presented to help the public better understand the development of a UAAL.

Mr. Packard agreed with Mr. Ball and asked Segal if they can provide a cumulative breakdown as to how much is actually assumption changes and the other components or losses.

Mr. Yeung stated that it can be done.

Mr. Eley stepped out at 9:43am

Mr. Eley returned at 9:47am

A **motion** was made by Mr. Packard **seconded** by Mr. Hilton to approve the Actuarial Valuation and Review as of December 31, 2017 and adopt contribution rates for Fiscal Year 2019 – 2020 as recommended by Segal Consulting.

Motion passed **unanimously**.

The Board recessed for break at 10:02am.

The Board reconvened for break at 10:17am.

A-3 2017 AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORTS

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

Recommendation: Approve the following recommendations presented to the Audit Committee during a meeting held on June 7, 2018:

1. Approve OCERS' audited financial statements for the year ended December 31, 2017.
2. Direct staff to finalize OCERS' 2017 Comprehensive Annual Financial Report (CAFR)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2017.
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2017" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

Ms. Shott and Ms. Bowman presented the 2017 Audited Financial Statements and CAFR as also was presented to the Audit Committee on June 7, 2018.

A motion was made by Mr. Eley seconded by Mr. Ball to approve approve the following recommendations presented to the Audit Committee during a meeting held on June 7, 2018:

1. Approve OCERS' audited financial statements for the year ended December 31, 2017.
2. Direct staff to finalize OCERS' 2017 Comprehensive Annual Financial Report (CAFR)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2017.
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2017" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

Motion passed unanimously.

A-4 GASB 68 VALUATION AND AUDIT REPORT

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

Recommendation: Approve the following recommendations from the Audit Committee during a meeting held on June 7, 2018:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2017.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2017 for distribution to employers.

Ms. Shott and Ms. Bowman presented the GASB 68 Valuation and Audit Report as also was presented to the Audit Committee on June 7, 2018.

A motion was made by Mr. Eley seconded by Mr. Ball to approve approve the following recommendations from the Audit Committee during a meeting held on June 7, 2018:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2017.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2017 for distribution to employers.

Motion passed unanimously.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

June 18, 2018

Death Notices

June 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 2018 STRATEGIC PLANNING WORKSHOP – PROPOSED AGENDA TOPICS

Written Report

I-6 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE

Written report

Mr. Packard ***pulled*** item I-6 for discussion.

Mr. Packard asked for a better explanation between the targeted completion date versus estimated completion date.

Ms. Sadoski stated that all items have been completed. There were some initial delays in the Henderson location but from the time the memo was written until Board meeting day of June 18, 2018, all items have been completed.

Mr. Ball asked if something were to happen today, does OCERS have a backup plan in place.

Mr. Gossard stated yes, OCERS has a backup in place should anything happen.

I-7 2018 ANNUAL OCERS BUSINESS PLAN PROGRESS – MID YEAR REVIEW

Written Report

I-8 OCERS 2018-2020 STRATEGIC PLAN PROGRESS – MID YEAR REVIEW

Written Report

I-9 UPDATE BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER RESULTS

Written Report

I-10 NIPA ANNUAL FORUM AND EXPO (NAFE)

Written Report

I-11 2018 MILKEN INSTITUTE CONFERENCE

Written Report

I-12 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN EXERCISE EXECUTIVE SUMMARY

Written Report

I-13 DISPOSITION OF EQUIPMENT

Written Report

I-14 BOARD COMMUNICATION

Written Report

I-15 BOARD SURFACE TABLET DEPLOYMENT

Presentation by Jenny Sadoski, Director of Information Technology, Information Technology, OCERS

Ms. Sadoski discussed the Surface Tablet Deployment and the transition from current iPads to Microsoft Surface Pro tablets.

Ms. Freidenrich asked about the security difference between the iPad and Microsoft Surface Pro.

Ms. Sadoski stated that the Microsoft Surface Pro is much safer compared to the iPad.

Mr. Eley asked how many staff members have been using these Microsoft tablets.

Ms. Sadoski stated that the investments department and executive staff have all been using the Microsoft tablet for a while as well as Mr. Gossard has been using it for a year.

Mr. Ball asked if the system would still work on Apple products.

Ms. Sadoski stated yes.

Mr. Eley stepped out at 10:50am.

Mr. Eley returned at 10:53am.

*** * * * * 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/MEMBER BENEFITS AGENDA

11:00AM

OPEN SESSION

DISABILITY CONSENT AGENDA

All matters on the Disability Consent Agenda are to be approved by one action unless a Board member requires separate action on a specific item. If separate action is requested, the item will be discussed during agenda item DA-1.

DC-1 DISABILITY APPLICATION – RITA CASTILLO

Recommendation: The Disability Committee met on June 5, 2018 and recommends that the Board of Retirement grant non-service connected disability retirement to Rita Castillo with an effective date of December 14, 2016. (General Member)

DC-2 DISABILITY APPLICATION – FRANK GONZALES

Recommendation: The Disability Committee met on June 5, 2018, and recommends that the Board of Retirement grant service connected disability retirement to Frank Gonzales with an effective date of October 20, 2016. (Safety Member)

DC-3 DISABILITY APPLICATION – ARNESIA JONES

Recommendation: The Disability Committee met on June 5, 2018, and recommends that the Board of Retirement grant Service Connected Disability Retirement to Arnesia Jones with an effective date of July 25, 2017.

DC-4 DISABILITY APPLICATION – DEBORA VANDOR

Recommendation: The Disability Committee met on June 5, 2018, and recommends that the Board of Retirement grant service connected disability retirement to Debora Vandor with an effective date of September 15, 2017. (General Member)

Ms. Freidenrich pulled item DC-3 for discussion.

A **motion** was made by Mr. Ball **seconded** by Mr. Dewane to approve the remainder of the Disability Consent Agenda.

Motion **passed** unanimously.

ACTION ITEMS

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

DC-3

The Board adjourned into closed session at 11:03am

Board reconvened from closed session at 11:16am

Chair Prevatt stated that item DC-3 passed **unanimously**.

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

Mr. Gilbert thanked the Board for everything they have done for fire fighters.

Mr. Eley, Mr. Baldwin, Mr. Hilton and Mr. Packard thanked Mr. Gilbert for his service to the OCERS Board.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Both Ms. Shott and Ms. Jenike discussed OCERS staffing updates.

Mr. Delaney thanked Mr. Fink for his service to OCERS as June 18, 2018 was his last Board meeting.

Mr. Hilton stepped out at 10:56am.

Mr. Hilton returned at 10:59am.

COUNSEL COMMENTS

N/A

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

Active Members

New, Jane

Retired Members

Adams, John
Brantley, Raymond
Cregut, Evelyn
Elmes, Roy
Gates, Bonnie
Goss, Janice
Kasules, Marty
Kempler, Irwin
Key, Virginia
Kratsch, William
Leiby, David
Medina, Trinidad
Miles, Shirley
Radko, Zbigniew
Robinson, Madeline
Ruiz, Manuel
Salovesh, Charles
Thomas, Joan
Webster, John
Winn, Long
Wolters, Floy

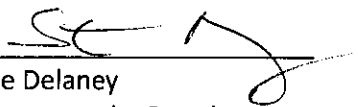
Surviving Spouses

Heisler, Ronald
Macluskie, Helen

Ortner, Marilyn
Picarski, Robert
Spencer, Dorothy

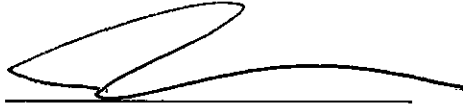
There being no further business to bring before the Board, the meeting adjourned at 11:25a.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Chris Prevatt
Chairman