

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

REGULAR MEETING
Monday, August 20, 2018
9:00 a.m.

MINUTES

Chair Prevatt called the meeting to order at 9:06 a.m.

Attendance was as follows:

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

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; Anthony Beltran, Visual Technician; Cammy Torres, Recording Secretary.

Absent: Shari Freidenrich and Harvey Leiderman

Mr. Baldwin led the Pledge of Allegiance.

Mr. Jeremy Vallone was sworn in by Mr. Hilton, OCERS Board Member.

Ms. Shott introduced Matt Eakin, Director of Cyber Security, to the OCERS Board.

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. Baldwin to approve the consent agenda.

Motion passed **unanimously**.

BENEFITS

C-1A OPTION 4 RETIREMENT ELECTION

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

- (1) Maritza Partida
- (2) R. David Spencer

C-1B OPTIONAL DEATH ALLOWANCE – MARGARET TORRES (DECEASED)

Recommendation: Find the member is permanently incapacitated from the duties of an Office Technician. Grant survivor benefits pursuant to Government Code Section 31781.1 (Optional Death Allowance) to the member's spouse, Valerio Soto Torres.

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

July 16, 2018

Recommendation: Approve minutes.

C-3 DISPOSITION OF EQUIPMENT

Recommendation: Approve disposition of small factor department printers and monitors that have been replaced.

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 GOVERNANCE COMMITTEE OUTCOMES FROM JULY 10, 2018 MEETING

Presentation by Gina Ratto, General Counsel, OCERS

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

- (1) Approve the revisions to the **Legislative Policy** as approved by the Governance Committee;
- (2) Approve the **Extraordinary Expense Recovery Policy** with no substantive revisions;
- (3) Approve the **Cost Impacting Policy** with no substantive revisions;
- (4) Rescind the **Annual Disclosure Policy**; and
- (5) Approve revisions to the **Travel Policy** as approved by the Governance Committee.

Ms. Ratto presented and summarized the Governance committee outcomes from the July 10, 2018 Meeting.

Policy #1 through #3:

A **motion** was made by Mr. Dewane **seconded** by Mr. Lindholm to approve Policy #1 through #3 as recommended by the Governance Committee.

Motion passed **unanimously**.

Policy #4:

A **motion** was made by Mr. Ball **seconded** by Mr. Packard to approve Policy #4 as recommended by the Governance Committee.

Motion passed **unanimously**.

Policy #5:

Mr. Eley stated that same day travel should be added to the policy when travelling within the state especially when it comes to the SACRS conference as it's always in California. If flying outside of the state, arriving a day before the conference and departing a day after the conference is okay.

Mr. Prevatt did not agree with Eley to have specifics added into the policy. He stated that it should be broader to allow Board members more flexibility when it comes to travel.

Mr. Hilton said that OCERS Board members should use their best judgement when booking travel and the policy should be more on the broad scale.

A **motion** was made by Mr. Dewane **seconded** by Mr. Packard to approve Policy #5 as recommended by the Governance Committee.

Motion passed **unanimously**.

A-3 CHANGE STAFF ANALYST POSITION FROM AN EXTRA HELP POSITION TO A REGULAR FULL-TIME POSITION

Presentation by Steve Delaney, Chief Executive Officer and Brenda Shott, Assistant Chief Executive Officer Internal Operations and Cynthia Hockless, Director of Administrative Services, OCERS

Recommendation:

- 1) Approve a Regular Full-Time position, classified as Staff Analyst and remove the current Extra Help position, classified as Staff Analyst for a net change of zero to the total number of Board approved OCERS direct positions.
- 2) Authorize the CEO to send the attached memorandum to the County of Orange to request a change to the Staff Analyst position from Extra Help to Regular Full-Time.

Mr. Delaney began with a brief summary of the purpose of the recently added extra help position.

Mr. Hockless presented the Staff Analyst position brought before the OCERS Board.

Mr. Ball stated his appreciation to the Administrative Services department for their great work.

Mr. Packard asked what the start date for this position is.

Ms. Hockless stated an anticipated start date of August 31, 2018.

After further discussion, a **motion** was made by Mr. Ball **seconded** by Mr. Dewane to approve a Regular Full-Time position, classified as Staff Analyst and remove the current Extra Help position, classified as Staff Analyst for a net change of zero to the total number of Board approved OCERS direct positions and authorize the CEO to send the attached memorandum to the County of Orange to request a change to the Staff Analyst position from Extra Help to Regular Full-Time.

Motion passed **unanimously**.

The Board recessed for break at 9:48am

The Board reconvened from break at 10:01am

A-4 OCERS SPONSORED LEGISLATION FOR 2019

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

Recommendation: Take appropriate action.

Ms. Ratto stated that the OCERS Board has a limited window of opportunity to request SACRS to introduce legislation to amend the CERL in 2019. At the July 10, 2018 meeting of the OCERS Governance Committee, Trustee Dewane inquired whether OCERS should consider introducing legislation to amend Government Code section 31521, which currently sets the per meeting stipend paid to appointed members and the elected retiree member of the Board at \$100 per meeting.

Mr. Eley is in favor of increasing the rate based on CPI calculations.

Mr. Baldwin concurs with Mr. Eley in that cost of living and inflation should come into play for the new calculation.

Mr. Hilton is in favor of \$150 per meeting stipend plus COLA costs.

After further discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Eley to move forward in the process and present to SACRS proposed legislative language to increase the per meeting stipend to \$200 with an additional CPI escalator.

The motion passes **unanimously**.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

August 20, 2018

Death Notices

August 20, 2018

- I-2 CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN**
Written Report
- I-3 LEGISLATIVE UPDATE**
Written Report
- I-4 OCERS BOARD CORRESPONDENCE REGARDING PUBLIC EMPLOYEE PENSION TRANSPARENCY ACT (PEPTA)**
Written Report
- I-5 2018 STRATEGIC PLANNING WORKSHOP AGENDA (SEPTEMBER 12-13, 2018)**
Written Report
- I-6 SACRS 2019 LEGISLATIVE PROPOSALS AND TIMELINE**
Written Report
- I-7 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS**
Written Report
- I-8 SECOND QUARTER BUDGET TO ACTUAL REPORT**
Written Report
- I-9 GENERAL MEMBER ELECTION UPDATE**
Written Report
- I-10 EVOLUTION OF THE UAAL (2018 EDITION)**
Written Report
- I-11 OCERS BY THE NUMBERS (2018 EDITION)**
Written Report
- I-12 QUIET PERIOD – NON-INVESTMENT CONTRACTS**
Written Report
- I-13 AUDIT COMMITTEE OUTCOMES FROM JULY 17, 2018 MEETING**
Written Report
- I-14 BOARD COMMUNICATIONS**
Written Report
- I-15 COMMITTEE MEETING MINUTES**
Written Report
 - March 28, 2018 Governance Committee Minutes
 - July 17, 2018 Audit Committee Minutes
- I-16 2018 EMPLOYER AND EMPLOYEE PENSION COST COMPARISON**
Presentation by Suzanne Jenike, Assistant Chief Executive Officer External Operations, OCERS

Ms. Jenike presented the 2018 Employer and Employee pension cost comparison.

After discussion, there was a consensus from the Board to continue to produce this report every year.

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

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

10:00AM

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.

A **motion** was made by Mr. Hilton, **seconded** by Mr. Dewane to approve the Disability Consent Agenda. The motion carried **8-0** with voting as follows:

AYES

NAYS

ABSTAIN

ABSENT

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

Ms. Freidenrich

DC-1 DISABILITY APPLICATION-DANIEL CHAVEZ

Deputy Sheriff I, Orange County Sheriff’s Department, Safety Member

Recommendation: Grant service connected disability retirement with an effective date of July 5, 2017.

DC-2 DISABILITY APPLICATION-KIRBY ROUCHER

Deputy Sheriff I, Orange County Sheriff's Department, Safety Member

Recommendation: Grant service connected disability retirement with an effective date of July 7, 2017.

DC-3 DISABILITY APPLICATION-CHRISTOPHER ROELLE

Firefighter, Orange County Fire Authority, Safety Member

Recommendation: Grant service connected disability retirement with an effective date of September 2, 2016.

DC-4 DISABILITY APPLICATION-RICHARD VAN AUKEN

Fire Captain, Orange County Fire Authority, Safety Member

Recommendation: Grant service connected disability retirement with an effective date of February 1, 2018.

DC-5 DISABILITY APPLICATION-JENNIFER DAUGHERTY

Paralegal, Orange County Public Defender's Office, General Member

Recommendation: Grant service connected disability retirement with an effective date of September 16, 2016.

DC-6 DISABILITY APPLICATION-PATRICIA KOVARS

Marriage Family Therapist II, Health Care Agency, General Member

Recommendation: Grant service connected disability retirement with an effective date of November 24, 2017.

DC-7 DISABILITY APPLICATION-AMALIA NETTO

Eligibility Technician, Orange County Social Services Agency, General Member

Recommendation: Grant service connected disability retirement with an effective date of January 2, 2009, the day following the last day of regular compensation as an Eligibility Technician. Find the Applicant is capable of performing other duties in the service of the County of Orange pursuant to Government Code Section 31725.65. Grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying positions effective January 2, 2009, the date of the position change until February 18, 2016 the last day of compensation for the new position.

DC-8 DISABILITY APPLICATION-DAWN HERNANDEZ

Deputy Public Administrator II, Orange County District Attorney's Office, General Member

Recommendation: Grant service connected disability retirement with an effective date of February 19, 2016.

DC-9 DISABILITY APPLICATION-DANIEL QUINTANA

Laborer, Orange County Waste and Recycling, General Member

Recommendation: Grant non-service connected disability retirement with an effective date of December 7, 2017.

CLOSED SESSION
(Government Code sections 54957 and 54956.9)

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

Chair Prevatt called item DA-2. He announced that the Board will first go into closed session to get advice on procedural matters from its fiduciary counsel.

The Board adjourned to closed session at 10:04a.m.

The Board reconvened from closed session at 10:30a.m.

No reportable action taken.

ACTION ITEMS

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

DA-2: MEMBER BENEFIT APPEAL - JAMES MORELL

Research Attorney, Orange County Superior Court, General Member

Recommendation: Staff recommends that the Board, pursuant to California Government Code Section 31534(b):

1. Review the Hearing Officer's Proposed Findings of Fact, Conclusions of Law, and Recommended Decision ("Hearing Officer's Report") as a summary of testimony and evidence in the case;
2. Based on such evidence, adopt the following Conclusions of Law:
 - Government Code Section 31460.1 (effective January 1, 1991; repealed May 11, 1992) excluded from the definition of "compensation" cash payments to employees that are part of a flexible benefit plan;

- The Orange County Board of Supervisors adopted Government Code section 31460.1 by Resolution 90-1551;
 - The 1992 repeal of Government Code section 31460.1 did not invalidate Board Resolution 90-1551;
 - Board Resolution 98-001 was validated by the court-approved 2002 Settlement Agreement (defined below) and excludes from compensation earnable flexible benefits paid in cash to the extent paid to members retiring on and after January 1, 1991; and
 - Applicant, James Morell (Morell) is not exempt from the terms of the 2002 Settlement Agreement;
3. Enter its Decision upholding staff’s calculation of Morell’s retirement allowance, which excluded flexible benefits from final average salary; and
 4. Direct staff to prepare Final Findings of Fact, Conclusions of Law and Decision and serve them on Morell. Morell will have ten days from such service to file and serve written objections with the Board. The matter will be placed on the agenda of the next available regular meeting of the Board at which time the Board will take final action.

Mr. Ball stepped out at 10:38a.m.

Mr. Ball returned at 10:41a.m.

A motion was made by Mr. Packard, seconded by Mr. Hilton to accept staff recommendation and proceed under section 31534(b).

Motion passed unanimously.

Chair Prevatt announced: “On advice of Fiduciary Counsel, we are setting aside the Hearing Officer’s report and recommendations; that will not be on the table before us. What we intend to address is solely the issue of whether OCERS and the Applicant are bound by the 2002 Settlement Agreement and Judgment, and whether OCERS calculated Applicant’s allowance in accordance with the Settlement Agreement and Judgment. We will consider the evidence on that issue only. That is the evidence that led the Hearing Officer to conclude that the Applicant is not entitled to have his Optional Benefits cash payments included in the calculation of his retirement allowance. The burden is on the Applicant to show that the parties are not bound by the Settlement Agreement and Judgment or that OCERS was not in compliance with them.”

Mr. Morell, applicant, addressed the OCERS Board.

Mr. Dewane stepped out at 10:48a.m.

Mr. Dewane returned at 10:50a.m.

After further discussion, a second motion was made by Mr. Eley, seconded by Mr. Packard to deny the application.

Motion passed unanimously.

Chair Prevatt stated: “The Chair directs Staff to prepare Proposed Findings, Conclusions of Law and Recommended Decision (Rule 21, OCERS Admin Hearing Procedures) – limited to our determination (a) that OCERS and the Applicant are bound by the Settlement Agreement and Judgment, and (b) that OCERS did calculate Applicant’s retirement allowance in accordance with the Settlement Agreement

and Judgment. The Parties are to follow the timetable in the Rules and the matter likely will come back before the Board for entry of our final determination at the October regular Board meeting. This concludes Item DA-2.”

Ms. Ratto assured Mr. Morell that his statements were all included in the administrative record that was provided to the OCERS Board.

BOARD MEMBER COMMENTS

N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

OCERS is in the early stages of preparing for the upcoming 75th anniversary, which will take place in 2020.

In gearing up for that milestone, Ms. Anna Crosson, who began her OCERS career when hired by the County of Orange in May 1946, attended the August 20, 2018 Board meeting.

The Board watched a video interview of Ms. Crosson and then presented her with a welcome cake.

Ms. Hockless provided the August 2018 staff updates.

Board recessed to break at 11:35a.m.

Board reconvened from break at 11:42a.m.

COUNSEL COMMENTS

N/A

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

Retired Members

Batchelder, Norman

Blohm, Pauline

Bruney, Joseph

Crum, Arlene

Descoteaux, Normand

Dickson, Donald

Enright, James

Fobber, Melinda

Herbel, Glenn

Hernandez, Leticia

Hill, Celestina

Irvin, Richard

Kim, Itara

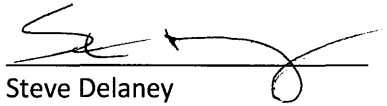
Lupascu, Doina
Miller, David
Pearson, John
Rahner, Robert
Rees, Earl
Russell, Robert
Schoff, Rosemary
Silva-Scavo, Laura
Taylor, William
Thoman, Mary
Ventura, Marilyn
Westrum, Susan
Wick, Doris

Surviving Spouses

Asper, Vera
Davis, Patricia
Leocadio, Maria
Williams, Joanna

There being no further business to bring before the Board, the meeting adjourned at 12:47 a.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Chris Prevatt
Chairman