

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

REGULAR MEETING
Monday, October 15, 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) Stanley Davis
- (2) Patricia Padilla

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes
Strategic Planning Workshop Minutes

August 20, 2018
September 12-13, 2018

Recommendation: Approve minutes.

C-3 RETIREE REQUEST TO BE REINSTATED-SHANNON PETERSON

Recommendation: Reinstate Ms. Peterson as an active member under the provisions of Government Code Section 31680.4 and 31680.5

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 GARTNER CONTRACT AMENDMENT

Presentation by Brenda Shott, Assistant CEO Internal Operations and Matt Eakin, Director of Cyber Security, OCERS

Recommendation: Approve both the purchase of a Gartner Enterprise IT Leaders Individual: Security and Risk Management license (EITL) for the Director of Cyber Security and amendment to the current Gartner contract accordingly.

A-3 REASSIGNMENT OF POLICIES TO THE GOVERNANCE COMMITTEE FOR REVIEW

Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: Reassign to the Governance Committee for review the policies that are currently reviewed by OCERS staff and presented directly to the Board.

A-4 TRIENNIAL REVIEW OF:

- a) PROCUREMENT AND CONTRACTING POLICY
- b) DISPOSITION OF EQUIPMENT POLICY

- c) MEMBER SERVICES CUSTOMER SERVICE POLICY
- d) DATA REQUEST POLICY

Presentation by Brenda Shott, Assistant CEO Internal Operations, Suzanne Jenike, Assistant CEO External Operations and Jim Doezie, Contracts Administrator, OCERS

Recommendation:

- A) Approve revisions to the Procurement and Contracting Policy
- B) Approve revisions to the Disposition of Surplus Property Policy (previously named Disposition of Equipment Policy)
- C) Approve revisions to the Customer Service Policy
- D) Approve revisions to the Data Request Policy

A-5 OCERS 2019-2021 STRATEGIC PLAN

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Approve OCERS 2019-2021 Strategic Plan.

A-6 OCERS 2019 BUSINESS PLAN

Presentation by Steve Delaney, Chief Executive Officer, and Brenda Shott, Assistant CEO Internal Operations, OCERS

Recommendation: Approve OCERS 2019 Business Plan.

A-7 VOTING DIRECTION FOR SACRS BUSINESS MEETING

Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: Give voting direction to OCERS' delegates for the November 15, 2018 SACRS business meeting.

A-8 CYPRESS RECREATION AND PARKS CONTINUING CONTRIBUTION AGREEMENT

Presentation by Brenda Shott, Assistant CEO Internal Operations and Gina Ratto, General Counsel, OCERS

Recommendation: Approve the Withdrawing Employer and Continuing Contribution Agreement with Cypress Recreation and Parks District.

A-9 APPROVE CONFERENCE ATTENDANCE AND RELATED TRAVEL EXPENSES FOR TRUSTEE RUSSELL BALDWIN

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Approve Trustee Russell Baldwin's attendance and related travel expenses including overnight accommodations for the SRI 29 Conference, November 1 - 3, 2018, at the Broadmoor Hotel in Colorado Springs, Colorado in the approximate amount of \$2,595.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices
Death Notices

October 15, 2018
October 15, 2018

I-2 COMMITTEE MEETING MINUTES

- None

I-3 LEGISLATIVE UPDATE

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-5 TRAVEL REPORT – SANTA BARBARA-VENTURA SITE VISIT

Written Report

I-6 TRAVEL REPORT – PROFESSIONAL IN HUMAN RESOURCES CONFERENCES (PIHRA)

Written Report

I-7 UPDATE ON PROPOSED LEGISLATIVE AMENDMENT TO INCREASE BOARD MEMBER STIPEND

Written Report

I-8 GENERAL MEMBER ELECTION UPDATE

Written Report

I-9 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE

Written report

I-10 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN EXERCISE EXECUTIVE SUMMARY

Written Report

I-11 FUTURE BOARD MEETING MANAGEMENT PORTAL PROCUREMENT

Written Report

I-12 CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN

Written Report

I-13 THIRD QUARTER 2018 EDUCATION AND TRAVEL EXPENSE REPORT

Written Report

I-14 BOARD COMMUNICATIONS

Written Report

I-15 MASTER FINAL AVERAGE SALARY PROJECT UPDATE

Presentation by Suzanne Jenike, Assistant CEO External Operations and Gina Ratto, General Counsel, OCERS

I-16 CYBER SECURITY PRESENTATION

Presentation by Matt Eakin, Director of Cyber Security, OCERS

DISABILITY/MEMBER BENEFITS AGENDA

11:00AM

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.

OPEN SESSION

CONSENT AGENDA

All matters on the 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-GUSTAVO GONZALEZ

Field Representative, Orange County Community Resources, General Member

Recommendation: The Disability Committee recommends the Board deny service connected disability retirement due to insufficient evidence of job causation.

DC-2 DISABILITY APPLICATION-BRIAN PETROS

Administrative Manager I, Orange County Health Care Agency, General Member

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

DC-3 DISABILITY APPLICATION-ADALIA CASANOVA

Data Entry Technician, Orange County Social Services Agency, General Member

Recommendation: The Disability Committee recommends the Board deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate.

DC-4 DISABILITY APPLICATION-ERICA ESPINOSA

Sheriff's Records Technician, Orange County Sheriff's Department, General Member

Recommendation: The Disability Committee recommends the Board deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate.

DC-5 DISABILITY APPLICATION-TERESA GABRIELSON

Firefighter, Orange County Fire Authority, Safety Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of December 20, 2016.

DC-6 [DISABILITY APPLICATION-JOSEPH HARPEL](#)

Coach Operator, Orange County Transportation Authority, General Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of January 9, 2017.

DC-7 [DISABILITY APPLICATION-CHARLES JOHNSON](#)

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

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of March 16, 2018.

DC-8 [DISABILITY APPLICATION-LAURENCE MANN](#)

Fire Captain, Orange County Fire Authority, Safety Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of March 16, 2018.

DC-9 [DISABILITY APPLICATION-TRONG NGUYEN](#)

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

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of the day after the last date of regular compensation.

DC-10 [DISABILITY APPLICATION-ROBERT OSBORNE](#)

Captain, Orange County Sheriff's Department, Safety Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of August 4, 2017.

DC-11 [DISABILITY APPLICATION-CHRISTOPHER RATHMAN](#)

Fire Apparatus Engineer, Orange County Fire Authority, Safety Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of January 3, 2018.

DC-12 [DISABILITY APPLICATION-FREDERICK SAGE](#)

Fire Apparatus Engineer, Orange County Fire Authority, Safety Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of March 16, 2018.

DC-13 [DISABILITY APPLICATION-MICHAEL SARNO](#)

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

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of November 10, 2017.

DC-14 DISABILITY APPLICATION-MICHAEL P. ALBA

Firefighter, Orange County Fire Authority, Safety Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of September 13, 2017.

DC-15 DISABILITY APPLICATION-MICHAEL BILEK

Firefighter, Orange County Fire Authority, Safety Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of the day after the last day of regular compensation.

DC-16 DISABILITY APPLICATION-ZINA TICE

Eligibility Technician, Orange County Social Services Agency, General Member

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of December 6, 2017.

DC-17 DISABILITY APPLICATION-SCOTT VAN DE KREEKE

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

Recommendation: The Disability Committee recommends the Board grant service connected disability retirement with an effective date of the day after the last day of regular compensation.

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.

ACTION ITEMS

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

DISABILITY/MEMBER BENEFITS AGENDA

DA-2: DISABILITY APPEAL-CONRADO PORTILLO

Coach Operator, Orange County Transportation Authority

Recommendation: Staff recommendation is to approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Proposed Decision and grant

Applicant's application for service connected disability retirement benefits with an effective date of December 13, 2014, the day after the last day Applicant received regular compensation.

DA-3: DISABILITY APPEAL-ROBERT BOLEN

Power Equipment Operator III, Orange County Public Works

Recommendation: Staff recommendation is to approve and adopt the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer and deny Applicant's request for an earlier effective date.

DA-4: BENEFIT APPEAL-JAMES MORELL

Research Attorney, Orange County Superior Court, General Member

Recommendation: Staff recommends the Board adopt as presented Staff's proposed Findings of Fact, Conclusions of Law and Decision in the Application of James B. Morell for a Recalculated Retirement Allowance.

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

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

BUDGET WORKSHOP

October 18, 2018

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

INVESTMENT COMMITTEE MEETING

October 25, 2018

9:00 A.M.

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

**DISABILITY COMMITTEE MEETING
November 6, 2018
10:00 A.M.**

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

**REGULAR BOARD MEETING
November 19, 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: October 15, 2018
TO: Members of the Board of Retirement
FROM: Adina Bercaru, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – STANLEY DAVIS**

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 his service retirement allowance effective July 27, 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:



A. B. – APPROVED

Adina Bercaru
Member Services Manager



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 AND CONFIDENTIAL

VIA EMAIL AND USPS

August 31, 2018

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

RECEIVED

SEP - 5 2018

Orange County Employees
Retirement System

**Re: Orange County Employees Retirement System
Option 4 Calculation for Stanley B. Davis**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Stanley B. Davis and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated August 29, 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 July 27, 2018

Plan of Membership General Plan J

Monthly Unmodified Benefit \$3,717.24

Ex-Spouse's Share of Monthly Unmodified Benefit 24.87%

Retirement Type Service Retirement

Benefits, Compensation and HR Consulting. Member of The Segal Group. Offices throughout the United States and Canada

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		
Annuity:	\$943.17	
Pension:	<u>1,849.59</u>	
Total:	\$2,792.76	\$0
Monthly Benefit Payable to Ex-Spouse (or to the estate of the ex-spouse if the ex-spouse pre-deceases the member)	\$846.98*	\$846.98

* This is equal to 24.87% of the member's unmodified benefit (i.e., 24.87% * \$3,717.24 or \$924.48) 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 Assumptions

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.

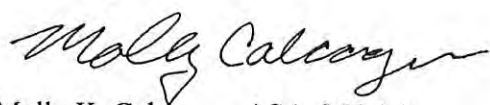
RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 40% male and 60% female for members.

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 60% male and 40% 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.

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 K. Calcagno, ASA, MAAA
 Assistant Actuary

AW/gxk

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

September 10, 2018

Stanley B. Davis

Re: Retirement Election Confirmation – Option 4

Dear Mr. DAVIS:

You have elected Option 4 as your retirement option, as required by your DRO. This option will provide a 24.87% of your monthly benefit, for the life of the benefit, to:

THERESA M. DAVIS

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.

SPG-2018
() I understand that my retirement option is irrevocable; by choosing Option 4 I will take a monthly reduction in order to provide a 24.87% continuance to THERESA M. DAVIS.

Stanley Davis *09-12-18*

Member Signature / Date

RECEIVED

SEP 28 2018

Orange County Employees
Retirement System

Sincerely,

Zaida Miramontes

Zaida Miramontes
Retirement Program Specialist

RECEIVED

SEP 12 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



Memorandum

DATE: October 15, 2018
TO: Members of the Board of Retirement
FROM: Adina Bercaru, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – PATRICIA PADILLA**

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 his service retirement allowance effective August 17, 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.

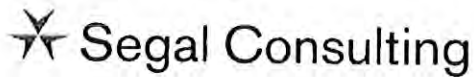
The approval of Option 4 will not increase OCERS liability because the cost of this Option 4 benefit is proportional to the cost of the other benefit plans. Segal Consulting has calculated the member's monthly allowance as indicated in the attached letter as well as the allowance payable to the member's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

Submitted by:



A. B. – APPROVED

Adina Bercaru
Member Services Manager



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 AND CONFIDENTIAL

VIA EMAIL AND USPS

September 28, 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 Patricia L. Padilla**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Patricia L. Padilla and her ex-spouse based on the unmodified benefit and other information provided in the System's request dated September 24, 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	August 17, 2018
Plan of Membership	General Plan J
Monthly Unmodified Benefit	\$4,554.01
Ex-Spouse's Share of Monthly Unmodified Benefit	34.58%
Retirement Type	Service Retirement

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		
Annuity:	\$893.24	
Pension:	<u>2,085.99</u>	
Total:	\$2,979.23	\$0
Monthly Benefit Payable to Ex-Spouse (or to the estate of the ex-spouse if the ex-spouse pre-deceases the member)	\$1,411.21*	\$1,411.21

* This is equal to 34.58% of the member's unmodified benefit (i.e., 34.58% * \$4,554.01 or \$1,574.78) 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 Assumptions

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 weighted 40% male and 60% female for members.

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 weighted 60% male and 40% 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.

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 K. Calcagno, ASA, MAAA
Assistant Actuary

AW/gxk



September 28, 2018

PATRICIA L. PADILLA

Re: Retirement Election Confirmation – Option 4

Dear Ms. Padilla:

You have elected Option 4 as your retirement option, as required by your DRO. This option will provide a 34.58% of your monthly benefit, for the life of the benefit, to:

SERGIO ULISES PADILLA

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 34.58% continuance to Sergio Ulises Padilla.

Member Signature / Date 09/28/18

Sincerely,

Adina Bercaru
Member Services Manager

RECEIVED

SEP 28 2018

Orange County Employees
Retirement System

C-2

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

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

NAYS

ABSTAIN

ABSENT

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:

Approved by:

Steve Delaney
Secretary to the Board

Chris Prevatt
Chairman

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT**

2223 E. WELLINGTON AVENUE, SUITE 100

**SANTA ANA, CALIFORNIA
Strategic Planning Workshop**

September 12-13, 2018

8:00 a.m.

Embassy Suites by Hilton Santa Ana Orange County Airport
1325 E Dyer Rd, Santa Ana, CA 92705

The OCERS Board takes no actions at the annual Strategic Plan Workshop. Therefore, a summary of discussion topics is provided rather than formal minutes.

SEPTMEBER 12 MINUTES

AM Schedule

A. STAKEHOLDER VIEWS ON OCERS PENSIONS

Ms. Aguirre, County of Orange CFO provided a detailed review of county finances, the part played by OCERS pension costs in their budgeting efforts, and a request that the OCERS Board continue to smooth costs over time in order to control cost volatility and allow for better budget planning. Tim Deutsch, General Manager of the Orange County Cemetery District reviewed the history of his agency, one of the smallest of the 13 employers participating in OCERS, and discussed the efforts they have made to pay off their pension Unfunded Actuarial Accrued Liability (UAAL) early. Tom Dominguez, President of the Association of Orange County Deputy Sheriffs (AOCDS) spoke last, thanking the Board for excellent customer service and proactive educational efforts on behalf of his members, and ended with a request to further involve Contract Cities in the OCERS administrative process.

B. OCERS INVESTMENTS DEPARTMENT: YEAR IN REVIEW

Ms. Murphy gave an overview of the accomplishments of OCERS Investments department over the past year and identified the categories where staff focused their time: Meetings, Development, External Collaboration, OCERS' Consultants, Community Outreach, Promoting OCERS, Governance Initiatives, Investment Activities and Due Diligence, Enhanced Operational Activities, Portfolio Management and Due Diligence, and Expanded Operational Infrastructure.

The Investments team participates in staff meetings every two weeks; the team also has monthly marketable alternative meetings, monthly strategic meetings/rebalancing meetings, and an annual strategic planning session. The team also celebrates birthday lunches as they occur.

The Investments team's focus on staff development included attendance at one general investment conference per year, incentives to work towards a CFA, and a two-day private equity due diligence

training at TorreyCove's offices. Department development included two staff promotions and one new hire.

Externally, OCERS Investments staff collaborated with Meketa and PCA by holding joint risk mitigating planning sessions; the staff also collaborated with Meketa and TorreyCove by holding joint planning real assets sessions. Internally, the Investments team collaborated with OCERS' Legal team in expanding the pool of external investment counsel options by hiring Foster Pepper, Nossaman, and Foley and Lardner. Staff is also highly engaged in the global pension and retirement community.

The Investments staff talks with consultants on a regular basis. Conference calls with Meketa, Townsend, and TorreyCove take place monthly. Calls with PCA are on a quarterly basis.

Community outreach is comprised of participation in SACRS, CALAPRS and NASRA. The Investments team has worked on promoting OCERS by accepting speaking engagements, networking and receiving investment related article mentions.

OCERS Investments Department has focused on governance initiatives by completing a review of policies and charters, refining the watch list process, implementing delegated authority, and providing Board education at Investment Committee meetings.

Investment activities and due diligence has included redesigning the portfolio, reviewing and aligning policy benchmarks, and conducting sub-asset class structure reviews.

The Investments team has taken steps to enhance operational activities by conducting peer comparisons, reviewing fee trends and asset allocations, conducting impact reviews, and revising policy and reporting.

Portfolio management and due diligence included, but was not limited to, taking 384 due diligence meetings, 127 conference calls, and 51 offsite meetings in the last year.

Expanded Operational Infrastructure has been achieved by partnering with Blackrock and Bridgewater for analytic tools to measure risk. Enhanced reporting has been made possible because of our partnership with State Street and Parametric, as well as our use of Bloomberg. Enhanced compliance has been achieved with our use of Backstop, a due diligence database and Proxy Voting, which is in the final stages of the RFI.

Mr. McCourt and Mr. Emkin discussed the efforts of OCERS' Investments staff over the past year. Mr. McCourt commented on the challenging work staff has had to undertake with a \$15 billion portfolio. He also commented on the positive cultural change, direction and momentum under Ms. Murphy's leadership as CIO. Mr. Emkin noted the substantial shift in the department being more collaborative in decision making.

Mr. Ball and Ms. Murphy discussed asset allocation in regards to fixed income and real assets. Ms. Murphy explained that OCERS is more advanced than its peers in those categories and is decidedly more conservative. While they have a positive cash flow, they intend to modestly manage their assets down.

Ms. Murphy reviewed the scatter plot data that shows OCERS as conservative in its investment strategy. Mr. Delaney noted that while OCERS is conservative, the evolution as OCERS takes more risk, is visible

when comparing prior year scatter plots. Ms. Murphy explained that OCERS has more fixed income but utilized it more aggressively than other peer plans.

Ms. Murphy discussed equities and market cycles. Ms. Murphy noted it is likely to experience some type of pull back in the next 24 months. Trustee Dewane suggested that OCERS take advantage of its cash flow positive position rather than waiting for hardship that may never come.

Ms. Murphy discussed moving forward with the asset allocations and making some changes but not necessarily changing the risk.

C. ESG DISCUSSION

Ms. Ratto reiterated that a pension is a trust and that OCERS' trustees are fiduciaries. This includes the Exclusive Benefits Rule which states that 1: a fiduciary may not sacrifice returns for other goals; 2: the Primary Loyalty Rule, a fiduciary may not serve others; 3: Prudence and Care, a fiduciary must prudently administer and incur only reasonable expenses; and 4: Duty to Diversify, unless clearly not prudent to do so.

Ms. Murphy discussed the CalPERS/South Africa Pension Plan cases and how to maintain fiduciary duty. Ms. Murphy mentioned divestiture and political statements do not have much impact on pensions.

Mr. Emkin, Mr. McCourt, and Ms. Murphy discussed developing an ESG policy for OCERS. Ms. Murphy noted that OCERS should be characterized by its policies and it is up to the Committee and Board to decide those policies.

Ms. Murphy discussed the increase of ESG issues being weighted in regards to investments by existing managers.

Mr. McCourt in responding to Trustee Baldwin, reviewed the ratings of managers on ESG by various Institutional consulting firms. Additionally, they reviewed studies on governance that suggested ESG led to better returns, yet there is not sufficient data to draw meaningful outcomes.

Ms. Murphy discussed the essence of governance and how the Board would settle on guidelines.

D. GLOBAL REAL ESTATE MARKETS DISCUSSION

Townsend gave an overview on the global market outlook and the investment themes of the United States, Europe, and Asia Pacific. Global economies continue to grow. While real estate yields are low, but economic outlook is positive.

Ms. Young discussed Townsend's understanding of OCERS from working with staff and how the OCERS portfolio fits into the view of the world by formulating a plan for the next twelve months and adapting it to OCERS' needs.

Ms. Murphy discussed delegated authority. Trustee Ball requested an additional step between the general investment policy and delegated authority.

Mr. Rosenberg discussed risk factors and expected returns.

Ms. Young and Mr. Rosenberg discussed Townsend's structure and investment philosophy.

Ms. Young reviewed the strategy of mitigating tax consequences by the use of co-mingled funds, the impact of returns based on entry and exit points, and liabilities being paid out in US dollars.

PM Schedule

E. OCERS ACTUARIAL ISSUES

Paul Angelo, Senior Vice President, Actuary, Segal Consulting addressed three specific topics of concerns to OCERS which are sensitivity analysis outcomes, UAAL amortization history and mechanics, and UAAL contribution methodology, including impact on volatility. He further discussed the OCERS sensitivity testing, and gave examples of hypothetical impact of alternative economic assumptions. He presented several graphs representing the projected employer rates, projected UAAL, projected member rates for aggregate plan. He explained the funding policy components regarding actuarial cost or funding method, asset smoothing method and UAAL amortization policy.

F. THE OCERS HQ BUILDING INTO THE FUTURE

Brenda Shott, Assistant CEO Internal Operations, OCERS discussed the headquarters building current needs. She reviewed what initial steps would be needed and the four phases involved from beginning to end if the Board were to approve a remodeling project. Board Trustees recommended staff work closely with a development consultant, as well as reaching out to the County of orange, as staff prepares to return to the OCERS Board for further discussion and guidance.

SEPTEMBER 13 MINUTES

AM Schedule

A. PRIVATE EQUITY DISCUSSION

Mr. Fann and Mr. DiLoretta led a private equity discussion that covered the investment research and due diligence process. OCERS' progress toward the private equity program plan was reviewed and an assessment was completed on the outlook of the private equity market.

Mr. DiLoretta discussed the break downs during the due diligence process, such as uncovering litigation and the unexpected departure of key team members during a fundraiser.

Mr. Fann reviewed examples of a fund that did not perform well. Short cuts in the due diligence process were taken in a 2005 re-up fund that was larger than the previous fund. When the financial crisis hit in 2008, the fund did not perform well.

Mr. Fann and Ms. Murphy discussed walking away from an investment due to the terms and fees even if performance was excellent. Clients make the judgment call on what deals to move forward with. TorreyCove provides OCERS' team with the information and recommendations and the team decides on how to proceed. Ms. Murphy educated attendees on the OCERS legal review process. A bid is received from three legal firms advising OCERS of the hours and fees and if any other clients are participating in the same fund. A review of the previous fund is also conducted to ensure terms have not been diluted and that terms are more GP-friendly.

Mr. Fann, Ms. Poon, and Ms. Murphy discussed governance and investment structure risk. TorreyCove provides information in their memos regarding potential governance issues from a legal perspective.

B. PORTFOLIO CONSTRUCTION: WHERE'S THE ALPHA?

Ms. Murphy and Ms. Chary presented an overview of the components for the current portfolio, its return outlook, as well as alpha and beta potential over the next market cycle, and forward asset class activities.

Ms. Chary analyzed passive management and portfolio percentile.

Trustee Ball questioned OCERS' underperformance to manager selection and what actions we might take to address them.

Ms. Murphy responded to Trustee Eley regarding discrepancies in the risk mitigation category.

Ms. Murphy summarized beta plus alpha.

C. ASSET ALLOCATION DISCUSSION

Ms. Wirick and Ms. Heiserman led a discussion of the OCERS' current asset allocation and suggested OCERS asset allocation model. Meketa recommended increasing risk mitigating strategies, increasing private equity, decreasing credit, decreasing real assets, and reconsider an opportunistic asset class. The barbell approach of increased low-risk assets would allow for a minor increase in higher-returning assets was the proposed strategy.

Ms. Wirick and Ms. Heiserman discussed granularity of the OCERS asset classes.

D. WHAT'S NEXT FOR RMS

Mr. Emkin, Mr. Bebee, and Mr. Beeson provided a preview of the next phase of implementation for risk mitigating strategies. A summary of activities was provided. OCERS' investment staff has been proactively meeting with potential risk mitigation managers. Staff has conducted multiple calls with Meketa and PCA to discuss the future portfolio structure of risk mitigation. They have also met with ten

CTA/systematic trend following strategies in 2018. Strategy, time horizon, types of assets, portfolio construction, and volatility targets are critical to understand in these trend following strategies.

Additionally staff has met with seven alternative risk premia strategy managers in 2018. Strategy, style premia, portfolio construction, implementation, diversification, and defensive capabilities are important to understand. Future meetings with additional CTA, alternative risk premia, and global macro managers are planned, as well as, follow-up meetings with high conviction managers.

E. CTA/ALT RISK PREMIA EDUCATION

Mr. Metchick and Ms. Lee provided an educational overview of CTA/trend-following and alternative risk premia strategies. The overview included an introduction to alternative risk premia, increased efficiency in capturing alternative risk premia, a history of research, a focus on broad alternative risk premia, how investors should evaluate back tests, and the intuition, academic, and empirical evidence of value, momentum, carry, defensive, and volatility. Positive performance of risk premia during crises was also reviewed.

PM Schedule

F. TAFT HARTLEY PLANS – A COMPARISON REVIEW

Sally Choi, Consultant, Agile Progress led a discussion comparing public pensions to the Taft Hartley pension world for lessons that may be applicable at OCERS. She discussed multiemployer plans and the guidance of how these plans are established as well as the authorization of employer contributions. She provided details regarding the annual funding notice requirements for the multiemployer option.

Mr. Delaney indicated that he attends multiemployer/Taft Hartley provider conferences on an every other year basis with the goal of better understanding federal regulations as applied to these plans, knowing the same concerns and regulations could move into the public pension arena.

G. SAN BERNARDINO CERA EMPLOYEES – A CASE STUDY

Christie Porter, Chief Operating Officer, San Bernardino Employees Retirement Association (SBCERA) led a discussion of lessons learned at SBCERA from their recent move of County employees to direct employment with the association. Some of the reasons to this change were due to the difficulty retaining talent, staff would routinely leave to work for other County departments, difficulty in setting a distinct culture, and desire for incentives to align interests and foster administrative effectiveness. She discussed the paths they took, the preliminary steps and different stages in achieving this successful transition.

H. PRELIMINARY 2019-2021 OCERS STRATEGIC PLAN

Steve Delaney, CEO, OCERS reviewed the tentative strategic plan for 2019-2021 and indicated that the plan would return to the Board for final approval in October.

I. PRELIMINARY 2019 OCERS BUSINESS PLAN

The OCERS management team reviewed the tentative 2019 Business Plan goals and outlined cost input if any of the various tasks planned to accomplish assigned goals and indicated that the plan would return to the Board Budget Workshop in October.

C-3

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

MEMORANDUM

DATE: October 15, 2018
TO: Members, Board of Retirement
FROM: Megan Cortez, Disability Coordinator
SUBJECT: Retiree Request to be Reinstated – Shannon Peterson

Recommendation:

Reinstate Ms. Peterson as an active member under the provisions of Government Code Section 31680.4 and 31680.5.

Background:

Application for re-employment of retired member
County of Orange, Health Care Agency, Marriage and Family Therapist
Date of request: 09/17/2018; Date of entry to OCERS: 02/10/1986
Total years of service: 13.3685
Separation Date: 06/29/2000; Date of Service Retirement: 07/17/2012
Former position: County of Orange, Health Care Agency, Service Chief I

Staff Analysis:

Ms. Peterson service retired from the Orange County Health Care Agency on July 17, 2012, after having deferred her retirement. She has requested to be reinstated as an active employee under the provisions of Government Code Sections 31680.4 and 31680.5.

Ms. Peterson was a Service Chief I prior to her separation from the County on June 29, 2000. The Health Care Agency has offered to return her to regular full time employment with their agency as a Marriage and Family Therapist.

Pursuant to OCERS policy Ms. Peterson underwent a physical examination on September 20, 2018 with an independent OCERS panel physician to determine whether she was physically capable of returning to full time employment. It is the panel physician's opinion that Ms. Peterson can return to work without restriction.

Prepared by:

MC-Approved
Megan Cortez
Disability Coordinator

Stanley J Majcher, MD, FACP*
Omar Tirmizi, MD, FCCP

1028 East Walnut Creek Parkway, Suite C
West Covina, CA 91790-3072
626-919-5888 telephone; 626-919-5641 fax
*Board Certified

September 20, 2018

Orange County Employees Retirement System
2223 East Wellington Avenue, Suite 100
Santa Ana, CA 92701

INTERNAL MEDICINE EVALUATION REGARDING FITNESS FOR DUTY

Patient: PETERSON, Shannon
Claim No: N/A
EAMS No: N/A
Date of Injury: N/A
Employer: County of Orange HCA CAT
Date of Evaluation: 09/20/2018
Office Location: Glendale

Dear Gentlepersons:

As requested, the patient was evaluated at my office.

SOURCE OF FACTS

Patient, results of medical evaluation, and any records submitted.

HISTORY OF PRESENT ILLNESS

The applicant is requesting return to county employment.

She had been employed at Orange County Health Care Agency as of 1986 and continuing until 2000 when she received a service retirement.

Other locations:
1806 Flower Street, Glendale, CA 91201
1781 West Romneya Drive, Suite C, Anaheim, CA 92801
36945 Cook Street, Suite 415, Palm Desert, CA 92211
Please send all correspondence to the West Covina address

The patient has worked in the private, nonprofit mental health community in Orange County since 2000, and she returned to graduate school to earn her MS degree in counseling as of 2016. Her extensive experience includes the following:

1. Clinic director Pacific Clinics hiring, training, and supervising clinical staff in outpatient adult mental clinic.
2. Program director of HOMES screening mentally ill adults for supportive housing, providing individual and group support, arranging free or very low-cost recreational and social activities and outings, interfacing with mental health treatment providers or family members when needed, and crisis management as needed.
3. On site case manager Jackson Aisle Apartments for mental health association assisting in regard to interviews and selecting residents for supportive housing for homeless mentally ill adults, arranging social and recreational activities and outings, documenting services rendered, and crisis management as needed.
4. MFT intern for Tellectare providing individual therapy for mentally ill adults.
5. Clinical supervisor for NAMI Orange County L.A. WarmLine interviewing, hiring, training, and supervising Peer Mentor employees, answering WarmLine calls, doing outreach to promote awareness of services in L.A. County.

Currently, she is working as extra help for County HCA on the crisis assessment team with multiple responsibilities involving issues such as answering phone calls from the public, dispatching employees to the field to determine whether a person meets the criteria for involuntary psychiatric hold, and making crisis assessments in the field. She works in conjunction with local law enforcement and provides diversion community resources when criteria for hold are not met. She is involved in 5150 "holds" when criteria are met. She arranges ambulance transport to ER as needed as well as submitting reports to treating staff at the emergency room. Her duties also involve entering client information into computer system at the office and doing follow-up contacts to ensure that clients are linked with appropriate aftercare treatment if they desire to do so.

The patient is anxious to return to full-time regular status with County HCA CAT regarding participation in crisis assessment team. She is requesting authorization from the Board of Retirement to return to full-time work with the County of Orange. She is well aware that her current pension payments will stop when she receives active employment with the County of Orange.

INTERNAL MEDICAL ISSUES

I. OVERWEIGHT

The applicant has a history of being overweight for which she had gastric bariatric surgery with insertion of a gastric band effective 2009.

II. DIABETES MELLITUS

The diagnosis had been established in 1993 (type 2). She is being treated with extensive medications. She did have eye complications in the form of macular edema, which resolved after her medical program was changed. The macular edema resolved. Her last eye evaluation by a specialist was 1 year ago, and there was no evidence of complications related to diabetes.

The patient has been treated with extensive diagnostic studies, notably laboratory studies, at the Kaiser Garden Grove facility. Her A1C levels have been satisfactory.

The patient also had prior issues of cellulitis. Currently, she has noted swelling of her ankles bilaterally but no features to suggest deep vein thrombosis. However, I will complete an ultrasound study just to be sure she does not have deep vein thrombosis. No history of ulcerations or intermittent claudication.

Because of her diabetic condition, she has been treated with cardiovascular prophylaxis, notably preventing high blood pressure and kidney complications. She is receiving multiple medications. See the list of medications.

III. RESPIRATORY ISSUE

Periodically, she experiences respiratory infections. These infections occur rarely, perhaps once every few years. She uses a Ventolin inhaler as necessary and does not use the inhaler on a regular basis.

PAST HISTORY

Diabetes as noted above.

ALLERGIES

Seasonal.

CURRENT MEDICATIONS

See list.

HABITS

Alcohol:	Negative.
Tobacco:	Negative.

FAMILY HISTORY

Diabetes mellitus: Negative.
Hypertension: Negative.
Heart disease: Mother. Details are uncertain.

SURGERIES

Tonsillectomy at age 21, gastric band surgery in 2009, right knee replacement in 2011.

REVIEW OF SYSTEMS

Review of systems are essentially negative and noncontributory from the perspective of internal medicine, except as indicated above.

PHYSICAL EXAMINATION

General: Height: 5' 6"
 Weight: 288
 Blood pressure: Normal at 110/80
 Pulse: 78 per minute (regular)
 Respirations: 20 per minute

The patient is an alert, active, overweight female in no apparent acute distress.

Head: No evidence of trauma.

Neck: Thyroid not enlarged; no bruits.

Skin: The patient has 2+ edema involving her feet, extending just above the ankle; Homans' sign not detected; dorsalis pedis and posterior tibial pulses are decreased and difficult to palpate.

Lymph nodes: No clinically significant abnormalities.

Eyes: Vision grossly intact; pupils normal; no icterus; fundi negative; extraocular movements normal.

Nose: Negative.

Oral cavity: Negative.

Lungs: No abnormal sounds; clear to percussion.

Heart: Size normal. No murmurs; sounds are normal; no friction rubs.

Extremities: No abnormal swelling, tenderness, tophi, ulcers, edema, clubbing or cyanosis.

Abdomen: The band is inserted in the left abdomen; the abdomen is moderately distended; no ascites; liver, spleen, and kidneys are not enlarged; no abnormal masses; no abdominal wall hernia; abdominal aorta not palpable; no bruits; femoral pulsations are difficult to palpate.

Genitalia: No significant abnormalities; no evidence of hernia.

Rectal: No hemorrhoids; no blood or significant abnormalities.

Neurological: Deep tendon reflexes are normal; no pathological reflexes; sensation normal; examination is essentially negative.

STANDARD/SPECIAL INTERNAL MEDICAL DIAGNOSTIC STUDIES

1. Electrocardiogram reveals sinus rhythm with left axis deviation.
2. Rhythm strip reveals no arrhythmia.
3. Pulse oximetry is normal on room air at 98%.
4. Echocardiogram reveals left ventricular hypertrophy.
5. Peripheral artery Doppler study reveals no significant abnormalities.
6. Peripheral venous Doppler study reveals no evidence of deep vein thrombosis or significant abnormalities.
7. ABI – normal.

DIAGNOSES

1. Diabetes mellitus.
2. Status post bariatric surgery.

DISCUSSION

Based on my analysis, the applicant is in suitable medical condition to resume her work activities with Orange County. She is able to return to full-time regular status.

An extensive evaluation did not reveal any abnormalities which would interfere with her ability to do her job in the usual manner.

SUMMARY OF FINDINGS REGARDING BILLING

Per agreement between OCERS and Dr. Majcher:

Simple exam in the field of internal medicine: \$600.00

Medical report: \$400.00

DISCLOSURE

"I declare under penalty of perjury that the information contained in this report and its attachments, if any, is true and correct to the best of my knowledge and belief, except as to information that I have indicated I received from others. As to that information, I declare under penalty of perjury that the information accurately describes the information provided to me, and except as noted herein, that I believe it to be true."

I further declare under penalty of perjury that I personally performed the evaluation of the patient and that, except as otherwise stated herein, the evaluation was performed and the face-to-face time spent performing the evaluation was in compliance with the guidelines, if any, established by the Industrial Medical Council or the administrative director pursuant to paragraph (5) of subdivision (5) of Section 139.2 or Section 5307.6 of the California Labor Code. In order to complete a comprehensive assessment of internal organ structures, my standard/usual evaluation includes: blood tests, lung test, urinalysis, and electrocardiogram. It has been my experience that patients may not be aware of all medical problems in dispute. Records may reveal internal medical problems which need to be resolved. In some instances, a dispute may arise concerning compensation for studies which may not appear appropriate for the type of alleged industrial injury. Under such circumstances, it is my usual policy to accept the decision of the Review Board of insurance carrier and accept reasonable disallowances for billed studies. Patients suffering from internal medical injuries require laboratory studies, EKG, lung testing and other studies related to their claim. Where such studies could not be obtained on a lien basis, the studies will be completed at Dr. Majcher's lab and diagnostic clinic. In regard to any diagnostic testing performed under my supervision, wherever performed, I will assume authorization is granted unless I receive written notification of denial within ten calendar days from the date my report was mailed. The studies will be performed in my office. I will bill for these services per applicable Medical Fee Schedule. I further declare under penalty of perjury that I have not violated the provisions of California Labor Code Section 139.3 and I have not offered, delivered, received or accepted any rebate, refund, commission, preference, patronage, dividend, discount or other consideration, whether in the form of money or otherwise, as compensation or inducement for any referred examination or evaluation.

Please be advised, the fees charged by this office exceed the official medical fee schedule in this matter. Such fees above the schedule are in accordance with Labor Code #5307.1. The explanation for the increased fees would be as follows.

1. Stanley J. Majcher, M.D., has been providing Workers' Compensation evaluation and treatment for 32 years and has treated thousands of patients for industrial injuries.
2. The fees charged do not exceed AOC/DA's usual and customary charges.
3. The fees are within the range of those charged by similar specialists within and around the local community.
4. The Economic aspects of an internal medical practice within a Workers' Compensation practice involves overhead expenses which include but are not limited to the need for qualified persons to conduct collection and make appearances before the board. There is also the overhead involved in the average amount of time between incurring costs and receipt of payment. The fees must be above the official medical fee schedule in order to maintain the medical practice.

Statement referable to reasonable cost of clerical expense necessary to produce this report as per California Statute 4628. The State of California Labor Code Statute 4628 entitled "Responsibilities of physician signing medical legal report" Paragraph (D) authorizes "Reasonable costs of clerical expense necessary to produce the report."

I further declare under penalty of perjury that the name and qualifications of each person who performed any services in connection with the report, including diagnostic studies other than clerical preparations are as follows:

Name/Qualifications

TechNeal, Inc.	Re: In-house laboratory studies
LabCorp	Re: Any outside laboratory studies (specialized)
Stanley J. Majcher, M.D., F.A.C.P.	Re: EKG and lung function tests
Richard Steffann	Re: Record abstract; trained by Dr. Majcher

Periodically, the following certified medical assistants are involved in drawing blood, performing pulmonary function tests and EKGs: Monique Sandoval and Jennifer Del Franco; Certified Medical Assistants.

STAFF DISCLOSURE

Stephanie Martinez Stephanie Flores Terri Cummings	Front office receptionists, including scheduling of patients and depositions.
Monique Sandoval Jennifer Del Franco	Certified medical assistants regarding phlebotomy, vital signs, lung spirometry, EKGs, and Holter monitoring.
Eryn Thompson Mark Mendoza Matt Mendoza	Certified echocardiologists, ultrasound technicians.

Arun Sanghavi	Laboratory consultant regarding technical aspects of laboratory data completion.
Barbara Madrid Monique Sandoval Stephanie Flores Lauren Feyka	Billing and collections.
Mary Nolte Monica Nelson	Billing/Accounting consultants.
Paul Hovsepian, M.D.	Salaried Cardiologist (\$2,500 per month) to read over echocardiography studies and interpret Holter monitor studies. Cardiology consultant at his Alhambra office regarding consultations authorized by insurance carriers. Evaluations and billing are done by Dr. Hovsepian and his staff at his Alhambra office. There are no other financial arrangements with Dr. Hovsepian except for the monthly salary.
Transcriptionist	Independent contractor.
Lauren Feyka Barbara Madrid Ann Tambara-Hernandez	Audits reports for typographical errors and ensures reports are submitted within compulsory guidelines.
Barbara Madrid	Office manager; oversees entire staff, including the timely submission and service of reports.
Marley Majcher	Chief Executive Officer/Marketing Consultant.
Richard Steffann	Trained by Dr. Majcher for record reviews. Upon request by Dr. Majcher, Richard Steffann prepares abstracts of medical records for review of records regarding any patient concerns.
Stanley J. Majcher, M.D., F.A.C.P.	Reviews abstracts prepared by Richard Steffann for correction and insertion of any necessary details as applicable to patient evaluations. Board Certified in Internal Medicine specialist. <ul style="list-style-type: none">• Takes history and performs physical examinations.

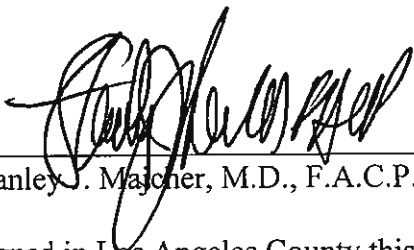
- Interprets and renders opinions and conclusions on all diagnostic studies.
- Reviews records and corrects any omissions or errors from record reviewer. Adds any other pertinent details.
- Opinions and conclusions in all reports are completed solely by Dr. Majcher.
- Dr. Majcher reviews all medical literature.

Staff members are not allowed to take histories or render any advice or opinions to patients.

In order to avoid ex parte issues, staff members interface with insurance carriers, attorneys, and interested parties, as necessary.

If you have any questions, please feel free to contact me.

Yours sincerely,



Stanley J. Majcher, M.D., F.A.C.P.

Signed in Los Angeles County this 10th day of September, 2018.

09-17-2018

To: Orange County Employees Retirement System
From: Shannon S. Peterson
Re: Request for Retiree Return to County Employment

Dear Sir or Madam:

I worked for Orange County Health Care Agency from 1986 until 2000, when I retired. I began drawing my pension from OCERS when I became old enough, and have received a monthly benefit ever since. I have worked in the private non-profit mental health community in Orange County since 2000, and returned to graduate school to earn my MS in Counseling in 2016. My jobs and duties have included:

- Clinic Director at Pacific Clinics---hiring, training, and supervising clinical staff in an outpatient adult mental health clinic.
- Program Director at HOMES, Inc.---screening mentally ill adults for supportive housing, providing individual and group support, arranging free or very low cost recreational and social activities and outings, interfacing with mental health treatment providers or family members when needed, crisis management as needed.
- On-Site Case Manager at Jackson Aisle Apartments for Mental Health Association---helping to interview and select residents for supportive housing for homeless mentally ill adults, arranging social and recreational activities and outings, documenting services rendered, crisis management as needed.
- MFT Intern for Telecare---provided individual therapy for mentally ill adults.
- Clinical Supervisor for NAMI Orange County LA Warmline---interviewing, hiring, training, and supervising Peer Mentor employees, answering Warmline calls, doing outreach to promote awareness of services in LA County.

I am now working as extra help for County HCA on the Crisis assessment Team. The job duties entail answering phone calls from the public and dispatching employees to the field to determine whether a person meets the criteria for an involuntary psychiatric hold, making these crisis assessments in the field myself, working cooperatively with local law enforcement, providing diversion and community resources when criteria for a hold is not met, writing 5150 holds when criteria is met, arranging ambulance transport to ER as needed, giving a report to treating staff at ER, entering client information into computer system at the office, and doing follow-up contacts to ensure clients have linked with appropriate after-care treatment if they desire to do so.

I would like to return to full-time regular status with County HCA CAT, and am requesting authorization from the Board of Retirement to return to full-time work with the County of Orange. I understand that my current pension payments will stop while I am an active employee with County of Orange.

Please let me know if you have questions, or additional steps in the process of returning to work. Thank you for your support in this process.

Sincerely,

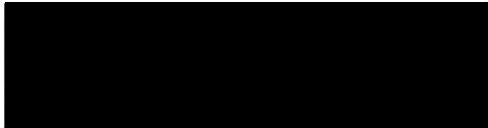
Shannon S. Peterson

RECEIVED
SEP 19 2018
Orange County Employees
Retirement System

 KAISER PERMANENTE
GARDEN GROVE MEDICAL OFFICES U
INTERNAL MEDICINE
12100 Euclid St
Garden Grove CA 92840-3304
888-988-2800

September 13, 2018

000008338936



To Whom It May Concern:

My patient, Shannon S Peterson, does not have physical or mental limitation to perform job of Marriage Family Therapist to the best of my knowledge.

If further or more specific information is required, please contact me at:
Dept: 888-988-2800.

Thank you for your consideration in this matter.

Sincerely,



JACQUELYN DOANTRANG LEUNG MD
Department of Internal Medicine
Garden Grove Medical Offices
12100 Euclid St
Garden Grove, CA 92640
888-988-2800

RECEIVED

SEP 19 2018

Orange County Employees
Retirement System

MARRIAGE AND FAMILY THERAPIST I

DEFINITION

Under general direction, to provide professional counseling and treatment services for clients exhibiting a wide variety of mental health, drug abuse and/or alcohol related disorders in a clinic or institutional setting; and to do other work as required.

CLASS CHARACTERISTICS

Positions are allocated to the Marriage and Family Therapist I level class to allow the incumbent to gain qualifying work experience for obtaining a California license to practice as a Marriage and Family Therapist. Positions work under the direction of licensed supervision. Positions are distinguished from the Marriage and Family Therapist II class, which requires licensure as a Marriage and Family Therapist.

EXAMPLES OF DUTIES

- Provides psychotherapeutic treatment services for clients and their families. Interviews clients and relatives in order to gather personal and social data and prepare written assessments and diagnoses of mental status.
- Conducts individual, group and family counseling sessions; assists clients and their family members in understanding the nature of family dysfunctions; assists clients and their family members in understanding and accepting the need for treatment.
- Develops and implements treatment plans for clients exhibiting a wide variety of mental health, drug abuse or alcohol disorders.
- Performs crisis intervention counseling; refers clients and prospective clients to appropriate treatment sources.
- Evaluates clients and arranges for voluntary or involuntary admission to facilities for observation and treatment.
- May function as a member of a clinical team in order to interpret psychological data for use in diagnosis and treatment.
- Establishes and maintains effective relationships with governmental and community organizations regarding programs and services.
- May conduct educational and training programs; prepares records, reports and correspondence.

MINIMUM QUALIFICATIONS

Education

Possession of a doctorate or master's degree in Marriage, Family and Child Counseling, social work, clinical psychology, counseling, counseling psychology, child development and family studies, or a degree determined by the Board of Behavioral Sciences to be equivalent, obtained from a school, college, or university accredited by the Western Association of Schools and Colleges, the Northwest Association of Secondary and Higher Schools, or an essentially equivalent accrediting agency as determined by the Board of Behavioral Sciences.

License Required

Employees are eligible to remain in this class for up to six years as long as they are registered Marriage and Family Therapist Interns and meet the requirements as provided in Section 4980.44 of the Business and Professional Code. If by the end of their registered marriage and Family Therapist Intern period licensure has not been obtained, their employment shall be subject to immediate termination.

- Possession of a valid California Driver License, Class 3 or higher, may be required for some positions.

Knowledge of

Principles, methods and techniques of marriage and family therapy in the diagnosis, assessment and treatment of clients and their families with mental, emotional, drug abuse or alcohol related disorders.

Psychotherapeutic techniques and modalities utilized to improve, restore or maintain healthy individual, couple and family relationships.

Methods and techniques of individual, family and group counseling.

Characteristics of family relationships and family and group dynamics.

Community resources available for mental health services.

Laws and regulations governing the treatment of mental illness and drug and alcohol addiction and/or abuse.

Ability to

Apply and interpret the principles and techniques of marriage and family therapist counseling methods.

Conduct individual and group therapy sessions; develop and implement treatment plans and monitor the progress of clients toward established goals.

Establish and maintain effective relationships with clients, their families, and other governmental and community agency employees.

Communicate and interact in situations requiring instruction, persuading, consulting, counseling and motivating people; prepare and present oral and written reports, concisely, logically and convincingly.

A-2

Memorandum

DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: GARTNER CONTRACT AMENDMENT

Recommendation

Approve both the purchase of a Gartner Enterprise IT Leaders Individual: Security and Risk Management license (EITL) for the Director of Cyber Security and amendment to the current Gartner contract accordingly.

Background/Discussion

The Board's Procurement and Contracting Policy (Policy) requires all contracts valued at more than \$100,000 annually be approved by the Board. Adding a Gartner license for the new Director of Cyber Security will take the current annual contract amount over that threshold, hence the need for the license (and subsequent contract amendment) to be approved by the Board.

Gartner, Inc. is an information technology research and advisory company. The Company works with clients to research, analyze and interpret the business of information technology (IT). The Company operates through three segments: Research, Consulting and Events. The Research segment consists of subscription-based research products, access to research inquiry, peer networking services and membership programs. The Consulting segment consists of consulting, measurement engagements and strategic advisory services. The Events segment consists of various symposia, conferences and exhibitions.

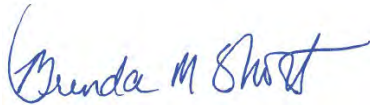
OCERS IT and Cyber Security teams are small in size and do not have the full breadth of time required to research, investigate and stay current with the fast pace and ever changing information technology and security industries. Use of a third party IT research and advisory company is common for smaller organizations and the government sector. After conducting a competitive search for IT research and advisory services, OCERS selected Gartner Inc. in November 2013. Since then, OCERS use of Gartner's services has provided assistance to IT staff with a myriad of initiatives and business goals. Staff have regularly utilized Gartner's Toolkits and Templates to define and implement industry standards and best practices with our policies, procedures and projects. Through Gartner's resources about industry trends and new emerging technologies, staff has been able to stay informed and has gained insight about new technology as it develops and is introduced to the marketplace. Access to a host of analysts who specialize in specific key areas has also been a resource regularly used by staff while working through projects. Some notable projects where Gartner's resources brought value to OCERS were the completion of the V3 implementation, the updating of OCERS Business Continuity and Disaster Recovery Plan (which included moving OCERS data center to local professionally managed co-location and setting up a remote redundant site), upgrading to a cloud based telephony solution and creating and recruiting for the Director of Cyber Security position.

An expanded license level is recommended for the Director of Cyber Security particularly to provide necessary resources as he embarks on the implementation of a full Cyber Security program. One of the key value propositions of the EITL license is that OCERS will be assigned a Gartner Leadership Partner. The Leadership Partner role is designed to develop a close one-to-one working relationship with the client, providing strategic

planning and execution, coaching, and advisory services in order to maximize the success of our Cyber Security program. The Leadership Partner assists the CISO with aligning cyber security strategy with business strategy, addressing key challenges and priorities, maturity assessments, development of an improvement plan, and provides resources and best practices to assist in the execution of the plan. The attached PowerPoint presentation provides details of the services that are included with the higher level EITL and discusses the value that OCERS will receive by purchasing the EITL.

The current Service Agreement term is July 1, 2017 through June 30, 2020, whereby Gartner provides IT research, information, and advisory services to existing OCERS IT staff through three different levels of license access. The current annual contract value for July 2018 – June 2019 is \$99,500. The cost of the EITL for the Director of Cyber Security for the remainder of the current contract year is \$37,800, bringing the annual contract value to \$137,300. The annual value of the contract for July 2019 – June 2020 would increase by \$58,750, bringing the total annual cost of year three of the contract to \$161,150. Staff recommends the Board approve both the purchase of a Gartner Enterprise IT Leaders Individual: Security and Risk Management license (EITL) for the Director of Cyber Security and amendment to the current Gartner contract accordingly.

Submitted by:



Brenda Shott
Assistant CEO, Finance and Internal Operations



Gartner Contract Amendment

Presented on October 15, 2018

by

Brenda Shott

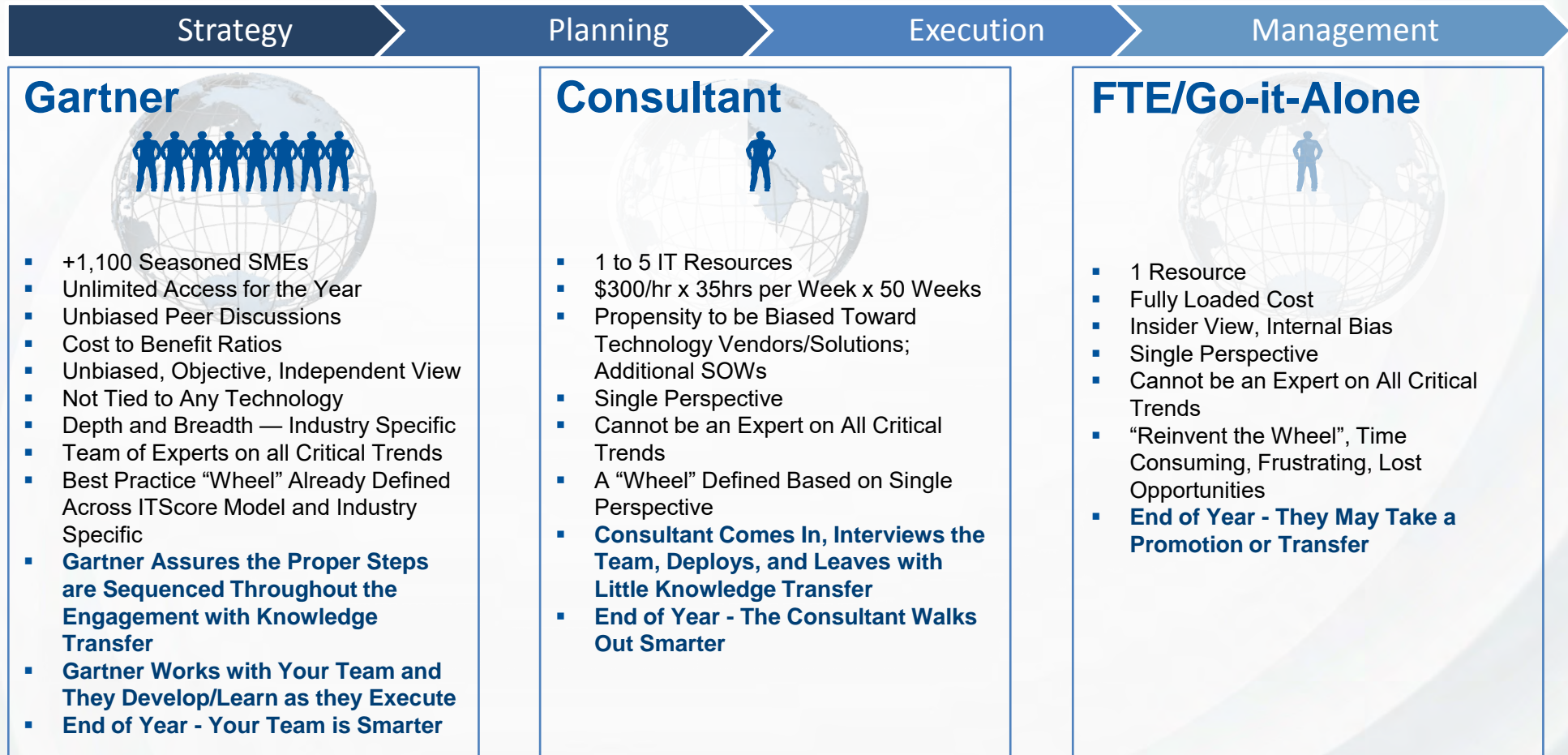
Assistant CEO, Finance and Internal Operations

Gartner Contract Summary

- Contracts more than \$100K annually require Board approval
- Adding a Gartner license for the Director of Cyber Security will result in the contract exceeding the \$100K annual threshold
- Staff recommends the Board approve both the purchase of a Gartner Enterprise IT Leaders Individual: Security and Risk Management license (EITL) for the Director of Cyber Security and amendment to the current Gartner contract accordingly



Gartner's Services Support Investment in People



Gartner for Enterprise IT Leaders Summary

Invest in Your Success

Personal Service

Leadership Partner

- Builds your value plan
- Guides and coaches you to maximize your success
- Delivers on-site workshops

Leadership Client Manager

- Leads regular calls to review current initiatives and priorities
- Proactively delivers Gartner research
- Facilitates peer networking
- Schedules your analyst inquiries

Peer Community

Networking opportunities

- Peer Forums: twice yearly
- Bi-weekly webinars
- Ongoing facilitated peer networking
- Gartner Summit event ticket
- Member-driven research and tools
- Special Interest Groups
- EITL Online Peer Community
- Knowledge Base
- Research Connections

Gartner Insight

Role-focused resources

- Toolkits
- Proprietary tools: Gartner ITScore, Gartner ITBudget, Gartner IT Market Clocks™
- Gartner IT Key Metrics Data
- Gartner Magic Quadrants, Hype Cycles, Vendor Ratings
- Analyst inquiry
- Document review
- Contract review

Team

With Gartner for Enterprise IT Leaders Workgroup, you can be confident that the people you rely on to deliver outstanding results are up-to-date and on the same page.

CISO On-Boarding

Critical Success Factors

- Quickly bringing the CISO up to speed on:
 - Industry dynamics if he/she is an outsider
 - Business Strategy and supporting IT Strategy
 - Key challenges/priorities for the organization
 - Technology areas and trends

Gartner Support

- Support CISO in developing a 100-Day Plan
- Assist with assessing IT Organization's maturity, developing an improvement plan, and providing resources/best practices to execute plan
- Support with organizational assessment and design
- Provide insights and act as a sounding board to CISO

Gartner Resources

- Leadership Partner
- CISO Forum and CISO Events
- Briefing/Workshop tailored to CISO needs
- Subject Matter Experts
- Supporting research and toolkits
- Peer Connect

The Gartner Value

Validate Decisions

- Speed decision making and learning
- Staff extension
- Global perspective
- Sounding board
- Expert resources
- Cross-industry best practices

Save Money

- Contract review—Ts and Cs
- Knowledge of price points
- Cost avoidance
- Cost-saving best practices
- Increased efficiency

VALUE

Save Time

- Improve strategic partner/vendor selections
- Filter information
- Research activities
 - Technology provider short lists
 - Right direction, right away
- Leverage tools and templates, sample RFP's and RFI's

Gain Confidence & Reduce Risk

- Make the right calls
- Independent validation
- Increase credibility
- Sounding board
- Professional development
- Visibility to peers

Your leadership partner brings a broad base of experience to your critical issues



Stan Kiyota, Leadership Partner

Gartner for Enterprise IT Leaders: Security, Risk Management

San Diego, California, USA, North America

Stan Kiyota is a Leadership Partner with the Gartner Enterprise for IT Leaders Security & Risk Management Program. He comes to Gartner with 35 years of industry experience in a variety of organizations in the private and nonprofit sectors. Mr. Kiyota has 25 years of information security, risk and compliance expertise, including five years as the CISO at one of the world's largest management consultancies. He has industry experience working in telecommunications, financial services, consumer products, management consulting, legal and non-profit industries.

Mr. Kiyota's past experience includes advising, consulting and providing information security, risk and compliance expertise to clients on four continents and 25 countries, including Fortune 50 energy and telecommunications post-merger security integrations, health care quality, military-industrial cyberbusiness diversifications, next-generation security systems and architectures, U.S. DHS and intelligence agency cyber program issues and more. He holds a bachelors degree in International Relations from the University of Southern California, and is a Certified Information Security Manager (CISM) and Certified Information Systems Security Professional (CISSP).

More on Stan Kiyota



Stan Kiyota, Leadership Partner

Gartner for Enterprise IT Leaders: Security, Risk Management

San Diego, California, USA, North America

- 20 Year Gartner Client (prior to coming to Gartner) including:
 - 2 years as Gartner EXP with Executive Partner (as a Deputy CIO)
 - 2 years Gartner EXP (as a CIO)
 - 6 years as Gartner Best Practices Councils client (in Security & Risk Management)
- Experience working at:
 - AT&T – global telecommunications (information security director)
 - First Nationwide Bank – financial services (information security manager)
 - Clorox Company – diversified consumer products (information security manager)
 - Booz Allen Hamilton – management consulting (CISO)
 - Howrey LLP – global top 20 law firm (CISO then Deputy CIO then CIO)
 - ANA – large health care non-profit (CIO)

Gartner License Recommendation

		Recommended	
License Level:	Advisor	Leadership (EITL)	Executive
Expected User:	IT Manager	Dir. Cyber Security	Assistant CEO
Features:	<ul style="list-style-type: none"> • Core IT Research • Role-Specific IT Research • IT Key Metrics Data • Tools, Templates, and Case Studies • Selected Vendor Reports • Weekly Picks & News Analysis • Webinars • Peer Networking • Talking Technology Series • Individual Inquiry • Summit Event Ticket 	Everything in Advisor plus: <ul style="list-style-type: none"> • Service Delivery Team <ul style="list-style-type: none"> • Client Manager • Leadership Partner • Member Value Plan <ul style="list-style-type: none"> • Custom Service Plan • Coaching and Advice • Development of Key Initiative Action Plans • Annual Onsite Meeting • Facilitated Peer Network & Community Events 	Everything in Leadership plus: <ul style="list-style-type: none"> • Access to research advisor • Symposium/ITxpo with Executive Programs access • Executive Programs Events • Executive Programs Research and Related Content
Annual Cost:	\$29,275	\$58,750	\$81,800

Gartner Contract Amendment

	July 2018 – June 2019	July 2019 – June 2020
Current Contract Cost	\$99,500	\$102,400
Cost of Adding EITL License for Director of Cyber Security	\$37,800	\$58,750
Expected Total Cost	\$137,800	\$161,150



A-3

Memorandum

DATE: October 15, 2018
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: REASSIGNMENT OF POLICIES TO THE GOVERNANCE COMMITTEE FOR REVIEW

Recommendation

Reassign to the Governance Committee for review the policies that are currently reviewed by OCERS staff and presented directly to the Board.

Background/Discussion

The Governance Committee Charter provides that the Governance Committee will, among other things:

- Review, develop, and recommend to the Board for approval, new governance policies as may be necessary, review existing governance policies based upon the established schedule for review, and review and/or recommend changes to the By-Laws as directed by the Board or Board Chair.
- Review the charters and policies assigned to Governance Committee at least once every three years in accordance with the schedule set forth in the *OCERS Charters and Policies Review Schedule* and recommend the same for approval by the Board.

Attached is the *OCERS Charters and Policies Review Schedule* ("Review Schedule"). The Review Schedule categorizes the charters and policies that will be reviewed by (1) the Governance Committee, (2) the Disability Committee, (3) the Investment Committee, or (4) the Audit Committee, before presentation of the charter or policy to the Board for approval. The Review Schedule also lists certain policies that will be reviewed by OCERS staff before they are presented to the Board. These policies are presented to the Board without intervening consideration by any committee. The Board does not approve the Review Schedule, but did initially approve the assignment of the individual charters and policies to the various committees or staff.

Staff believes that it would be a more efficient use of the Board's time if a committee were to review *all* of the policies and charters before they are presented to the Board for approval. Further, staff suggests that the Governance Committee is the most appropriate committee to review the policies currently reviewed by staff. If the Board agrees, staff will revise the Review Schedule so that all of the policies currently assigned to staff for review before they are presented directly to the Board are assigned to the Governance Committee.

Attachment

Submitted by:



Gina M. Ratto
General Counsel

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
Chief Executive Officer Charter	<i>CEO</i>	04/18/2018
Board of Retirement Chair Charter	<i>CEO</i>	04/18/2018
Declining Employer Payroll Policy	<i>Assistant CEO, External</i>	06/15/2015
Extraordinary Expense Recovery Policy	<i>General Counsel</i>	08/20/2018
Legislative Policy	<i>General Counsel</i>	08/20/2018
Travel Policy	<i>CEO</i>	08/20/2018
Withdrawing Plan Sponsor Policy	<i>Assistant CEO, External</i>	02/17/2015
Cost Impacting Policy	<i>General Counsel</i>	08/20/2018

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>	04/17/2017

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>	04/18/2018
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>	4/24/2018
Investment Policy Statement	<i>CIO</i>	4/24/2018
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>	01/17/2017

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>	05/15/17
Governance Committee Charter	<i>General Counsel</i>	5/15/2017
Communications Policy	<i>Communications Manager</i>	05/15/2017
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

OCERS Charters and Policies Review Schedule

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 (with Board Approval) 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 with Board Approval		
Charter/Policy Name	Reviewer	Last Reviewed
Monitoring and Reporting Policy	<i>CEO</i>	10/20/2014
Audit Committee Charter	<i>Internal Auditor</i>	04/17/2017
Policies to be reviewed by staff with Board Approval		
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

A-4

Memorandum

DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations, Suzanne Jenike, Assistant CEO, External Operations, Jim Dozie, Contracts, Risk and Performance Administrator
SUBJECT: **TRIENNIAL REVIEW OF PROCUREMENT AND CONTRACTING POLICY, DISPOSITION OF SURPLUS PROPERTY POLICY, MEMBERS SERVICES CUSTOMER SERVICE POLICY AND THE DATA REQUEST POLICY**

Recommendation

- A) Approve revisions to the Procurement and Contracting Policy
- B) Approve revisions to the Disposition of Surplus Property Policy (previously named Disposition of Equipment Policy)
- C) Approve revisions to the Customer Service Policy
- D) Approve revisions to the Data Request Policy

Background

Each of the Policies named above specifies that it will be reviewed every three (3) years to ensure it remains relevant and appropriate. The Board has designated these four policies as will be reviewed by staff and then taken directly to the Board of Retirement (the Board has not delegated the initial review to a Committee). The last review of each policy is as follows:

- A) Procurement and Contracting Policy was January 2015
- B) Disposition of Equipment Policy was December 2015
- C) Member Services Customer Service Policy was November 2015
- D) Data Request Policy was December 2015

Discussion

A) Procurement and Contracting Policy

Staff reviewed the current Procurement and Contracting Policy and determined that there was an opportunity to better organize the components within the Policy and to provide clarification in certain areas. The extent of the changes being proposed made it difficult to provide a red-line version of the current policy to the proposed revised policy. Instead, attached you will find a "marked up" revised policy that references the sections from the existing policy and annotates any new language or changes.

As part of staff's evaluation of the existing policy, a review of various other agency Contracting and Procurement policies for content and spending level limits was completed. Policies reviewed included those from Los Angeles County Employees Retirement Association (LACERA), Alameda County Employees Retirement Association (ACERA), San Bernardino County Employees Retirement Association (SBCERA), CalPERS and the County of Orange.

In evaluating the policy provisions staff also considered OCERS' average contract value for the last ten years (\$67,000). The entire Executive Team as well as other staff members considered to be subject matter experts were consulted for recommended changes.

Summary of Changes

The proposed revised version of the Policy was written with a goal of providing clarity where needed and improving the organization of the policy provisions. Most of the content and provisions of the Policy remain the same. A summary of the revisions be proposed are as follows:

- A Roles and Responsibilities Section was added to clarify the roles of each group of individuals involved in the procurement and contracting process. Some of the items in this section were found in various sections of the current Policy
- A Provisions Applicable to All Contracts section was added. The contents of this new section were included in various sections of the current Policy with some minor clarifications.
- A Definition section was added to provide clarification of terms used in the Policy.
- Reorganized the Search Process section to be easier to follow and to separate objectives from search and selection process descriptions
- Specify that all contracts will have a three (3) year initial term with a maximum six (6) year duration as the current Policy was not consistent nor clear.
- Specify that all vendors are to be reviewed every three (3) years. The current Policy states that Named Service Providers are reviewed every two (2) years and does not address all other vendors. Note that this change moves the performance review date for Meketa, Segal, PCA and State Street from 2018 to 2019.
- Adds a section on the process for RFPs or IFBs which provides clarity. The existing Policy is silent as to the requirements for these processes.
- Add a section related to Contracted Suppliers to add clarity to existing practice.
- Add a chart that summarizes the Contract Guidelines followed by a separate discussion of each category (by contract value) including approval authority, execution authority and procurement requirements. No changes to existing authority levels are proposed, the revised policy has the information more clearly organized.

Attachments

1. Recommended Revised Policy: Procurement and Contracting Policy revised October 15, 2018
2. Annotated version of the Recommended Revised Policy: Procurement and Contracting Policy revised October 15, 2018
3. Current Policy: Procurement and Contracting Policy revised January 20, 2015

B) Disposition of Surplus Property Policy (Previously named the Disposition of Equipment Policy)

Staff reviewed the current Disposition of Equipment Policy and determined that there was a need to expand the Policy to cover more than just equipment. The revised Policy would cover the disposition of all surplus property. As result of expanding the coverage of this Policy a title change from Disposition of Equipment Policy to the Disposition of Surplus Property Policy is recommended.

As part of the review process staff determined that in addition to the disposition of equipment, the policy should also clearly address how items such as furniture that is damaged, broken or no longer usable should be

disposed. A review of the County of Orange's policy related to the disposition of property was reviewed. The recommended revisions are consistent with the County's policy. Staff also added a section on how the proceeds received from the sale of surplus property will be handled.

Attachments

- 4. Recommended Revised Policy: Disposition of Surplus Property revised October 15, 2018
- 5. Redlined version of the Current Policy: Disposition of Equipment Policy revised December 14, 2015

C) Member Services Customer Service Policy

Staff reviewed the current Member Services Customer Services Policy and determined that there are no recommended changes needed at this time. This is a fairly new policy, adopted by the Board in November 2015 and it captures the current goals for measuring customer service levels.

Attachments

- 6. Current Policy: Member Services Customer Service Policy revised November 16, 2015

D) Data Request Policy

Staff reviewed the current Data Request Policy and determined that there are no recommended changes needed at this time.

Attachments

- 7. Current Policy: Data Request Policy revised December 14, 2015

Submitted by:



Brenda Shott
Assistant CEO, Internal Operations



Suzanne Jenike
Assistant CEO, External Operations

Procurement and Contracting

I. Purpose and Background

A. Purpose

The Procurement and Contracting Policy is intended to establish guidelines by which OCERS will procure goods and services.

B. Objectives

The objectives of this policy are to ensure that:

1. Contractual arrangements and the purchase of goods and services are made in the best interests of the members and beneficiaries of OCERS;
2. The procurement of goods and services is efficient, diligent, transparent, economical, fair, and in compliance with all applicable laws;
3. A system of internal controls, that includes appropriate segregation of duties, and appropriate approvals, related to the procurement of goods and services is implemented and followed;
4. All contracting activities are performed by qualified individuals specifically delegated the authority, responsibility and accountability for said activities, who use sound business practices in an ethical manner, taking into consideration applicable law and regulations;
5. Contracts for the provision of goods and services are procured from qualified sources that provide best value for each expenditure, taking into consideration the nature of the goods and services and, as appropriate, quality and reliability, competitive price, institutional knowledge, and delivery schedule; and
6. The selection of service providers and vendors reflect a level of rigor that is commensurate with the importance and materiality of the service or purchase of goods in question.

C. Roles and Responsibilities

1. The role of the Board of Retirement is to:
 - i. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - ii. Monitor compliance with such policies; and
 - iii. Approve contracts for which the Board is responsible under this policy.
2. The role of the CEO is to:
 - i. Approve the purchase of goods and services for which the CEO is responsible under the provisions of this policy;
 - ii. Approve the contracts the Board is responsible for under the provisions of this policy; and
 - iii. Keep the Board of Retirement apprised of all material and relevant contract actions as necessary for the Board to carry out its oversight function.

Comment [SB1]: Highlighted items have been added to the revised policy

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Comment [SB2]: Deleted "being developed by the user Department, authorized by appropriate OCERS staff, and paid for by the Finance Department. Revisions were done for succinct clarity.

Comment [SB3]: Changed from "maximum value" to "best value"

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Comment [SB4]: Moved this section from Section 8 of current Policy

Comment [SB5]: Added this section for clarity. Item related to the Board and CEO came from sections 2(c) and 6 of the current policy. The rest of the section is primarily new and is being proposed to add clarification on roles and responsibilities

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3. The role of the Responsible Executive is to:

- i. Approve the purchase of goods and services for which s/he is responsible for procuring;
- ii. Keep the CEO apprised of all material and relevant contract actions for which the Responsible Executive is responsible;
- iii. Ensure that budget authority exists within the budget line item from which a contract will be paid;
- iv. Select the appropriate procurement process to be used and participate in the preparation of the solicitation documents for the goods and services being procured.
- v. Select, or recommend that the CEO select as the case may be, contract providers in the area for which s/he is responsible;
- vi. Negotiate, or delegate to an appropriate staff member who will negotiate, terms and conditions of the contract with selected providers.

4. The role of the Contract Administrator is to:

- i. Manage the vendor files, lifecycle management system, and insure best practices for contract and vendor management;
- ii. Assemble, manage, and distribute contract solicitations and other contract acquisition efforts;
- iii. Assist the Responsible Executive with selection of providers and negotiation of contractual terms;
- iv. Conduct due diligence for potential contracts and providers;
- v. Serve as the CEO's designee under Section 3.b of the Quiet Period Policy; and
- vi. Develop (subject to approval of the Responsible Executive) required and preferred terms and conditions to be included in OCERS contracts, and develop and maintain contract templates to be used for OCERS.
- vii. Ensure all solicitations are reflected in the Quiet Period Report to the Board; and
- viii. Coordinate to ensure that there is an appropriate level of oversight for investment manager contracts.

5. The role of Legal Counsel is to:

- i. Review contracts before execution for compliance with legal requirements and to provide assessment of legal risk;
- ii. Assist the CEO, Responsible Executive, and Contract Administrator in preparing RFPs, IFBs, and other solicitations;
- iii. Assist the Responsible Executive and Contract Administrator in negotiation of contractual terms and conditions when requested; and



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- iv. Assist the Contract Administrator in developing necessary and preferred terms and conditions and contract templates.
- 6. The role of the CIO is to comply with the CIO Charter as it pertains to this policy in cases of contract management and acquisition of investment vendors.

II. Provisions Applicable to All Contracts

A. Contracting Policy

- 1. OCERS will consider as broad a universe of qualified service providers and vendors that is practical and reasonable given budgetary, staffing, time and other relevant constraints and considerations.
- 2. OCERS will take advantage of available tools, technology or other resources that will allow for efficient screening of potential service providers and/or vendors so as to arrive at a qualified pool of candidates that warrant detailed examination, provided such tools, technology, or resources are consistent with sound and prudent industry practices.
- 3. All search, selection, monitoring, and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established under the law or within other policies of OCERS, the law and such other policies will control.
- 4. Consistent with Title 2, Division 6, Chapter 7 of the California Code of Regulations, §§ 18700-18720, no OCERS Board Member or staff shall be directly or indirectly involved in an OCERS contracting decision if the decision will have a material financial effect on an economic interest of the Board Member, staff person, or the immediate family of the Board Member or staff person.

Comment [SB6]: Previous section 9 changed "CEO or his designee" to "OCERS"

Comment [SB7]: Section 10

Comment [SB8]: Section 5

B. Authority for Entering Into Contracts.

- 1. Before entering into any contract for goods or services, OCERS must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense or cost.
- 2. Only the Responsible Executive or his/her designee may bind or commit OCERS for the purchase of goods or services as set forth in this policy, except in emergencies and as may be otherwise authorized by the Board of Retirement.
- 3. The CEO may delegate his/her authority to execute documents to an Executive.
- 4. A Responsible Executive may delegate his/her authority to approve check requests and/or purchase requisitions.
- 5. All delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.

Comment [SB9]: Included multiple times in sub sections of section 23 of current policy

Comment [SB10]: Section 2(d)

Comment [SB11]: Section 2(c) and 2(d)

Comment [SB12]: Section 25

Comment [SB13]: Section 25

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C. Definitions

1. “Executive”: The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.
2. “Responsible Executive”: The Executive who manages the budget line item for the funds being committed under the contract.
3. Value of a contract. For the purposes of the dollar thresholds in this policy, the value of a contract shall be determined based on the annual expected value of the contract.
4. “Contracted Supplier”: A vendor of goods or services which has previously been selected through a competitive bidding process and may be used for procuring additional goods and services, as set forth below in Section III.B.
5. “Invitation for Bid (IFB)”: A procurement process whereby multiple bidders are solicited for the procurement of goods or services where the requirements can be stated in detail, with precision. Typically, an IFB is used for commodities that are easily defined. See also below section III.A.
6. “Request for Proposal (RFP)”: A procurement process whereby a product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products. See also below section III.A.
7. “Request for Qualifications (RFQ)”: A process whereby OCERS seeks to validate qualifications from various vendors for a product or service. This is not a procurement process and would not lead to the execution of a contract unless followed by an appropriate procurement process.
8. “Request for Information (RFI)”: A process whereby OCERS is gathering information from various vendors as a way to determine appropriate bidders and/or details about a product or service for an RFP. This is not a procurement process and would not lead to the execution of a contract unless followed by an appropriate procurement process.
9. “Routine items”: are those expenses that are budgeted on an annual basis:
 - i. Must have available funds in the approved budget, including any Board approved amendments to the budget.
 - ii. Can be approved by the Executive responsible for the budget item
 - iii. These items include but are not limited to the following:
 1. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, and
 2. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building and equipment, printing, board of retirement

Comment [SB14]: Section 23(d) and Section 24

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member elections, computer consulting, software licenses, messenger services, catering etc.

10. "Non-Routine items": are those expenses that are not Routine:

- i. **Must** have available funds in the approved budget, including any Board approved amendments to the budget.
- ii. **Valued** under \$100,000 can be purchased with the approval of the Executive responsible for the budget in which the goods are to be paid from,
- iii. **Valued** over \$100,000 must be approved by the CEO and the Board as either part of the annual budget or a specific Board approval

Comment [SB15]: Section 23(a)(ii)

Comment [SB16]: Section 23(a)(iii)

Comment [SB17]: Section 23(a)(iv)

11. "Named Service Providers": Are those vendors recommended by the CEO and approved by the Board of Retirement where such providers are retained primarily to fulfill an independent audit or advisory role for the Board of Retirement. See also below section V.

Comment [SB18]: Section 6(c)

12. "Small Purchase Procedure": This process is used for an expenditure of minimal cost. This process must document that the procurement was fair, ethical and transparent. A minimum of three oral or written price or rate quotes from qualified sources must be obtained. Documentation of all quotes received will be retained **and provided to the Responsible Executive upon request.**

Comment [SB19]: Section 8(c)

D. Performance Reviews

- 1. **The performance of every contracted provider will be reviewed at least every three years.**
- 2. **The performance review will be coordinated by the Contracts Administrator who will solicit performance opinions from various staff and Board members as deemed appropriate.**
- 3. **Performance for Investment Managers will be reviewed based on the guidelines and timelines as outlined within the Investment Policy Statement and the CIO Charter.**

Comment [SB20]: Previous policy only had performance reviews for Named Service Providers.

III. Search and Selection Process

A. Competitive Search and Selection Process

Where a competitive search and selection process is required under this policy, the Responsible Executive shall use one of the following procurement methods.

1. Invitation for Bid (IFB):

- i. **This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized.**
- ii. **The IFB process requires the evaluation of price, delivery and payment terms, and compliance with technical standards. The bid that provides the best pricing and delivery and payment terms will be selected.**

Comment [SB21]: Section 8(a)

Comment [SB22]: Revision to existing policy where Section 8(a)(ii) states "lowest responsive and responsible bidder will be selected. This provides clearer direction on selection under an IFB"

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- iii. The bids may be reviewed by a minimum of three OCERS staff members to identify the bidder who provides the best value to OCERS.
2. Request for Proposal (RFP)
- i. This method will be used where the product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products.
 - ii. The RFP process requires evaluation of the technical and price competition between vendors and service providers. The proposal that best meets OCERS' needs, with consideration for price, qualifications and other relevant factors set forth in the RFP, will be selected.
 - iii. This method shall be used in most circumstances where the value of the products or services procured exceeds \$50,000 in value. In those cases where the Responsible Executive deems an RFP will not be of benefit, the Responsible Executive or designee shall provide a report to the CEO detailing the reasons why an RFP would not be beneficial. The report shall be provided prior to purchase or contracting with the selected third party service provider.
3. Small Purchase Procedure
- i. Where the procurement of goods and services requires an expenditure of less than \$50,000, a minimum of three oral or written price or rate quotes from qualified sources must be obtained. If three qualified sources cannot be reasonably identified, then the Responsible Executive may authorize the use of a sole source process, as set forth below in Section III.B.
 - ii. Documentation of all quotes received will be retained.
 - iii. The Small Purchase Procedure process must include documentation that the procurement was fair, ethical and transparent.
4. Process for Receiving Bids in Response to an RFP or IFB
- i. Upon issuance of the RFP or IFB, the period for receiving bids shall be open for at least fifteen (15) days. All such proposals shall be posted on the OCERS website as well as distributed to entities that OCERS identifies as likely to be interested.
 - ii. The OCERS Contact Administrator or his/her designee shall be available to answer questions from any bidder or potential bidder, and all answers provided to any bidder shall be made available to all bidders by posting on the OCERS website and by e-mailing any person who has submitted a bid.
 - iii. Except for Investment Manager Agreements, best efforts will be made to have at least three (3) OCERS personnel review the bids and recommend finalists. Best efforts will be made to include at least one (1) representative from a department other than the one that has authority over the vendor contract. In the case where external expertise is used, at least one (1) decision maker must be an OCERS employee.

Comment [SB23]: Section 8(b)

Comment [SB24]: This section was added to provide clarity on process

Comment [SB25]: Section 8(c)

Comment [SB26]: This section was added to provide clear direction to staff on RFP and IFB process

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B. Contracted Suppliers

Where a provider of goods or services has been selected through a competitive bidding process, that supplier may be used as a Contracted Supplier in certain circumstances set forth in this policy. The Contracted Supplier may be selected directly by OCERS pursuant to a competitive search and selection process or by the County of Orange or other governmental agency, and OCERS may leverage the other agency's procurement process to obtain similar goods and services. Such Contracted Suppliers may include, by way of example, retail sellers of off the shelf office supplies contracted either through the County of Orange or directly by OCERS.

Comment [SB27]: This section was added to document current practice which is deemed prudent and consistent with peer policies reviewed

C. Sole Source

A sole source approach may be permitted under the following circumstances:

1. In cases where a competitive search and selection process will not likely yield a viable alternative to a known service provider; or
2. Where legal services are urgently needed, a competitive search and selection process will not be timely, and a known service provider exists.

Comment [SB28]: Section 8(d)

Comment [SB29]: Changed from "In cases, when the CEO believes that a competitive alternative to a particular service provider does not exist..."

The Responsible Executive must provide to the CEO a report describing the unique characteristics of the situation, the known service provider and sound justification for a sole source approach; and the CEO (and the Board, if it is a contract subject to Board approval) must approve the sole-source approach. When the CEO is the responsible Executive the report will be provided to the Board Chair and Vice-Chair.

Comment [SB30]: Edited this section to provide direction to staff on contracts that are under the CEO authority versus those requiring Board authority

D. Exclusions

Notwithstanding any other provision in this policy, Contractor back-fill or temporary help for staff augmentation does not require the Board of Retirement approval or compliance with this policy as long as budgetary amounts are available for individual contractor positions.

Comment [SB31]: Consistent with section 24(a)(iii). Added here for clarity

E. Due Diligence

1. Before awarding a contract, the Contract Administrator shall conduct due diligence of any bidder selected to ensure that the contractor is qualified. A qualified contractor must:
 - i. meet any minimum qualifications set forth in the solicitation document, established by the Board or by the CEO or his or her designee, or required by law,
 - ii. not have any conflicts of interest that pose substantial legal or operational risks, and
 - iii. Meet any other standards which, in the exercise of sound business judgment, are required of the contractor.
2. If any selected bidder is disqualified as a result of a failure to be a qualified contractor for the contract, the reason shall be documented and approved by the Responsible Executive.
3. A failure of a bidder to be a qualified contractor for one contract shall not prevent the bidder from being a qualified contractor for another contract.

Comment [SB32]: Section added to memorialize current practice which is consistent with peer policies reviewed

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Procurement and Contracting

IV. Contract Guidelines Summary

Comment [SB33]: Added a chart to summarize authority levels by contract category

Contract Value	Approver	Signatory	Procurement Requirements
Named Service Provider	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
\$100,000 or More	CEO	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
\$1,000 to \$99,999.99	Responsible Executive	Responsible Executive + 1 Director or Manager From Another Department	IFB, RFP, Small Purchase Procedure, or Contracted Supplier
Under \$1,000	Responsible Executive	Responsible Executive + 1 Director or Manager From Another Department	Contracted Supplier, Small Purchase Procedure, Contracted Supplier
Investment Managers	CEO / CIO	CEO or CIO +1 Executive	In accordance with CIO Charter and IC Charter and IPS

V. Contracts with Named Service Providers

All contracting with Named Service Providers shall be carried out in accordance with this section.

A. Designation of Named Service Providers

The following service providers are designated as Named Service Providers:

1. Consulting actuary;
2. Actuarial auditor;
3. General investment consultant;
4. Alternative investments consultant;
5. Fiduciary counsel;
6. Custodian;

Comment [SB34]: Section 6(c) – removed “Real estate investment consultant” from the list. This consultant was deemed to fall under item 10



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7. Securities lending manager;
8. Financial auditor;
9. Pension Administration Software Provider; and
10. Any additional consultant not named above but which the Board may, from time to time, designate.

B. Term

All contracts with Named Service Providers shall be for an initial term of three years and may be extended by the Board for up to three additional years, for a total maximum term of six years.

Comment [SB35]: Current policy prescribes that an RFP will be conducted at the expiration of a six year term or more often as necessary.

C. Review and Renewal

1. At least six months before the expiration of the initial term of any contract with a Named Service Provider, the CEO and the pertinent committee(s) of the Board shall assess the continued appropriateness and cost-effectiveness of the Named Service Provider in question
2. Performance reviews of Named Service Providers will include opinions solicited from Board of Retirement or designated sub-committee members, and/or selected staff members. The results of the review will be summarized and reported to the Board of Retirement.
3. The CEO will report regularly and in a timely fashion to the Board of Retirement on all monitoring efforts involving Named Service Providers, identifying any material issues or action taken.
4. Upon recommendation of the CEO and the pertinent committee(s), the Board shall either extend the initial term of the contract or direct the CEO to conduct a new search and selection process.
5. The CEO will report promptly to the Board any failures by Named Service Providers to comply with the terms of their contract.
6. At least annually, the CEO will provide the Board of Retirement a schedule of the contracts with Named Service Providers due for renewal and those whose terms will expire in the coming year.

Comment [SB36]: Sections 17, 18, 19, 20, and 22 changes reviews from biennially to every three years (connected to contract terms as described above)

D. Search and Selection Process

1. At least six months before the expiration of the final extension of a contract with a Named Service Provider, or upon direction of the Board as set forth in Part C, above, the CEO shall conduct a competitive search and selection process for the Named Service Provider.
2. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary to the Board, which shall include:
 - i. The type of service provider being sought and the supporting rationale;
 - ii. The objectives and selection criteria to be met and their relative importance;

Comment [SB37]: Sections 11, 12, 13, 14, and 15



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- iii. An estimated timeline for completion of the search process; and
- iv. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - a. What method of competitive search and selection process will be used, a copy of the proposed IFB or RFP will be attached for information purposes;
 - b. Whether a consultant is to be used to assist with the search process,;
 - c. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks;
 - d. Such other information that the CEO believes may assist the Board of Retirement in better understanding the search process.
3. The CEO will provide the Board of Retirement (or a designated committee of the Board of Retirement) with periodic reports on the status of all search processes involving Named Service Providers.
4. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board of Retirement (or a designated committee of the Board of Retirement) with a written report containing, at a minimum:
 - i. A description of the due diligence activities undertaken;
 - i. The recommended finalist or a list of finalist candidates and analysis concerning the candidates;
 - ii. Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board of Retirement prior to the commencement of the search, or an explanation of any deviations that occurred;
 - iii. A description of performance expectations and the proper time horizon for evaluation of results;
 - iv. A Bid (pricing) summary with annotations regarding differentiating features; and
 - v. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the service provider throughout the term of the contract, including the reporting to be provided to the Board of Retirement.
5. The Board of Retirement (or a designated committee of the Board of Retirement) will interview the candidate or candidates recommended for appointment as Named Service Providers. If a committee reviews the candidates, the committee shall recommend to the Board the appointment of the Named Service Providers. If the Board interviews the candidates, the Board itself shall choose from amongst the candidates.
6. Upon selection of the candidate, the CEO (or his/her designee) shall negotiate a final contract with the selected Named Service Provider, consistent with the terms of the contract solicitation (e.g. IFB or RFP), this policy, and any other direction from the Board. If, at any time during the negotiations, the CEO determines that there is an impasse in

Comment [SB38]: Add to provide clarity.



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negotiations, s/he may recommend to the Board that the Board select an alternate bidder for the Named Service Provider.

Comment [SB39]: Add to document current practice. Section 16 of current policy for broader statement.

E. Approval and Execution

Upon completion of negotiations, the CEO or his/her designee shall inform the Board the contract has been executed. Any contract with a Named Service Provider must be executed by the CEO and one other Executive.

VI. Contracts for Goods and Services of \$100,000 or More

All contracting for contracts over \$100,000 shall be carried out in accordance with this section.

A. Term

All Contracts of this provision of services shall be for an initial term not to exceed three years and may be renewed by the CEO for no more than a total of three additional years for a total maximum term of six years.

Comment [SB40]: Sections VI, VII and VIII of this revised version expand on section 23 of current policy. Added clarification on the process for review and renewal as well as search and selection for contracts at each dollar value category.. Authority to approve and execute is consistent with current policy and practice.

B. Review and Renewal

1. At least six months before the expiration of the term of a contract over \$100,000 annually, the CEO (or his/her designee) shall assess the continued appropriateness and cost-effectiveness of the contract provider in question.
2. Upon recommendation of the Responsible Executive (or his/her designee), the CEO shall either: 1) extend the contract up to the maximum total term of six years; 2) direct the Responsible Executive (or his/her designee) to conduct a new search and selection process; 3) determine that the services provided are no longer necessary.

Comment [SB41]: Current policy is silent as to terms for non- Named Service Providers

C. Search and Selection Process

1. Any time that OCERS plans to enter into a contract exceeding \$100,000, the Responsible Executive (or his/her designee) shall conduct a competitive search and selection process for an appropriate provider.
2. Upon completion of a competitive search and selection process, a written report will be provided to the CEO or his/her designee and will include at a minimum:
 - i. Purpose and need for the goods or services being procured;
 - ii. A description of the procurement process and due diligence activities undertaken;
 - iii. The recommended finalist and analysis concerning the candidates;
3. Upon the CEO's, or his/her designee's approval of the candidate, the Responsible Executive (or his/her designee) shall negotiate a final contract, consistent with the terms of the contract solicitation (e.g. IFB or RFP), this policy, and any other direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an



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impasse in negotiations, s/he may recommend to the CEO that the CEO select an alternate candidate.

D. Approval and Execution

1. Any contract exceeding \$100,000 must be executed by the CEO and one other Executive.
2. Contract approval from Board will be acquired for non-routine expenses.
3. For contracts relating to routine expenses, Board approval of the expenditure will be acquired through the budgeting process.

VII. Contracts for Goods and Services From \$1,000-\$99,999.99

All contracting for Agreements having a value of \$1,000 to \$99,999.99 shall be carried out in accordance with this section, excluding Named Service Providers.

A. Term

All contracts for this provision of services may be for an initial term of not more than three years and may be renewed for a term of not more than three years (provided that any such original term or extension may be for a shorter period if the Responsible Executive determines it is appropriate).

B. Search and Selection Process

1. Any time that OCERS is to enter into a contract for a value greater than \$50,000, the Executive Responsible shall direct an RFP or IFB search and selection process.
2. If the value of the contract is less than \$50,000, the Executive Responsible may recommend using the Small Purchase Procedure acquisition procedure in order to select the appropriate vendor.
3. Upon selection of the candidate, the Responsible Executive (or his/her designee) shall negotiate a final contract, consistent with the terms of the contract solicitation (e.g. IFB or RFP), this policy, and any other direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, s/he may select an alternate candidate.

C. Approval and Execution

1. Upon completion of negotiations, the Responsible Executive shall approve the contract.
2. Any contract under this provision must be executed by at least two Responsible Executives.

VIII. Contracts for Goods and Services Less than \$1,000

All contracting for Agreements having a value less than \$1,000 shall be carried out in accordance with this section, excluding Named Service Providers.

A. Term

All contracts for this provision of services may be for an initial term of not more than three years and may be renewed for a term of not more than three years (provided that any such original term or extension may be for a shorter period if the Responsible Executive determines it is appropriate).



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B. Search and Selection Process

Any time that OCERS is to enter into a contract valued less than \$1,000, the Executive Responsible may enter into a contract with any qualified contractor that the Executive Responsible determines is in the best interest of OCERS. The Executive Responsible may also choose to use the Small Purchase Procedures, a Contracted Supplier, or a Competitive Search and selection process if s/he determines it is in the best interest of OCERS.

Policy Review and History

- A. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- B. The Board of Retirement adopted this policy on Monday, November 18, 2002.
- C. This policy was revised May 19, 2008, March 22, 2010, May 20, 2013, January 20, 2015, and October 15, 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

I. Purpose and Background

A. Purpose

The Procurement and Contracting Policy is intended to establish guidelines by which OCERS will procure goods and services.

B. Objectives

The objectives of this policy are to ensure that:

1. Contractual arrangements and the purchase of goods and services are made in the best interests of the members and beneficiaries of OCERS;
2. The procurement of goods and services is efficient, diligent, transparent, economical, fair, and in compliance with all applicable laws;
3. A system of internal controls, that includes appropriate segregation of duties, and appropriate approvals, related to the procurement of goods and services is implemented and followed;
4. All contracting activities are performed by qualified individuals specifically delegated the authority, responsibility and accountability for said activities, who use sound business practices in an ethical manner, taking into consideration applicable law and regulations;
5. Contracts for the provision of goods and services are procured from qualified sources that provide best value for each expenditure, taking into consideration the nature of the goods and services and, as appropriate, quality and reliability, competitive price, institutional knowledge, and delivery schedule; and
6. The selection of service providers and vendors reflect a level of rigor that is commensurate with the importance and materiality of the service or purchase of goods in question.

C. Roles and Responsibilities

1. The role of the Board of Retirement is to:
 - i. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - ii. Monitor compliance with such policies; and
 - iii. Approve contracts for which the Board is responsible under this policy.
2. The role of the CEO is to:
 - i. Approve the purchase of goods and services for which the CEO is responsible under the provisions of this policy;
 - ii. Approve the contracts the Board is responsible for under the provisions of this policy; and
 - iii. Keep the Board of Retirement apprised of all material and relevant contract actions as necessary for the Board to carry out its oversight function.

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3. The role of the Responsible Executive is to:
 - i. Approve the purchase of goods and services for which s/he is responsible for procuring;
 - ii. Keep the CEO apprised of all material and relevant contract actions for which the Responsible Executive is responsible;
 - iii. Ensure that budget authority exists within the budget line item from which a contract will be paid;
 - iv. Select the appropriate procurement process to be used and participate in the preparation of the solicitation documents for the goods and services being procured.
 - v. Select, or recommend that the CEO select as the case may be, contract providers in the area for which s/he is responsible;
 - vi. Negotiate, or delegate to an appropriate staff member who will negotiate, terms and conditions of the contract with selected providers.

4. The role of the Contract Administrator is to:
 - i. Manage the vendor files, lifecycle management system, and insure best practices for contract and vendor management;
 - ii. Assemble, manage, and distribute contract solicitations and other contract acquisition efforts;
 - iii. Assist the Responsible Executive with selection of providers and negotiation of contractual terms;
 - iv. Conduct due diligence for potential contracts and providers;
 - v. Serve as the CEO's designee under Section 3.b of the Quiet Period Policy; and
 - vi. Develop (subject to approval of the Responsible Executive) required and preferred terms and conditions to be included in OCERS contracts, and develop and maintain contract templates to be used for OCERS.
 - vii. Ensure all solicitations are reflected in the Quiet Period Report to the Board; and
 - viii. Coordinate to ensure that there is an appropriate level of oversight for investment manager contracts.

5. The role of Legal Counsel is to:
 - i. Review contracts before execution for compliance with legal requirements and to provide assessment of legal risk;
 - ii. Assist the CEO, Responsible Executive, and Contract Administrator in preparing RFPs, IFBs, and other solicitations;
 - iii. Assist the Responsible Executive and Contract Administrator in negotiation of contractual terms and conditions when requested; and

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- iv. Assist the Contract Administrator in developing necessary and preferred terms and conditions and contract templates.
6. The role of the CIO is to comply with the CIO Charter as it pertains to this policy in cases of contract management and acquisition of investment vendors.

II. Provisions Applicable to All Contracts

A. Contracting Policy

1. OCERS will consider as broad a universe of qualified service providers and vendors that is practical and reasonable given budgetary, staffing, time and other relevant constraints and considerations.
2. OCERS will take advantage of available tools, technology or other resources that will allow for efficient screening of potential service providers and/or vendors so as to arrive at a qualified pool of candidates that warrant detailed examination, provided such tools, technology, or resources are consistent with sound and prudent industry practices.
3. All search, selection, monitoring, and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established under the law or within other policies of OCERS, the law and such other policies will control.
4. Consistent with Title 2, Division 6, Chapter 7 of the California Code of Regulations, §§ 18700-18720, no OCERS Board Member or staff shall be directly or indirectly involved in an OCERS contracting decision if the decision will have a material financial effect on an economic interest of the Board Member, staff person, or the immediate family of the Board Member or staff person.

B. Authority for Entering Into Contracts.

1. Before entering into any contract for goods or services, OCERS must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense or cost.
2. Only the Responsible Executive or his/her designee may bind or commit OCERS for the purchase of goods or services as set forth in this policy, except in emergencies and as may be otherwise authorized by the Board of Retirement.
3. The CEO may delegate his/her authority to execute documents to an Executive.
4. A Responsible Executive may delegate his/her authority to approve check requests and/or purchase requisitions.
5. All delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.

C. Definitions

1. “Executive”: The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.
2. “Responsible Executive”: The Executive who manages the budget line item for the funds being committed under the contract.
3. Value of a contract. For the purposes of the dollar thresholds in this policy, the value of a contract shall be determined based on the annual expected value of the contract.
4. “Contracted Supplier”: A vendor of goods or services which has previously been selected through a competitive bidding process and may be used for procuring additional goods and services, as set forth below in Section III.B.
5. “Invitation for Bid (IFB)”: A procurement process whereby multiple bidders are solicited for the procurement of goods or services where the requirements can be stated in detail, with precision. Typically, an IFB is used for commodities that are easily defined. See also below section III.A.
6. “Request for Proposal (RFP)”: A procurement process whereby a product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products. See also below section III.A.
7. “Request for Qualifications (RFQ)”: A process whereby OCERS seeks to validate qualifications from various vendors for a product or service. This is not a procurement process and would not lead to the execution of a contract unless followed by an appropriate procurement process.
8. “Request for Information (RFI)”: A process whereby OCERS is gathering information from various vendors as a way to determine appropriate bidders and/or details about a product or service for an RFP. This is not a procurement process and would not lead to the execution of a contract unless followed by an appropriate procurement process.
9. “Routine items”: are those expenses that are budgeted on an annual basis:
 - i. Must have available funds in the approved budget, including any Board approved amendments to the budget.
 - ii. Can be approved by the Executive responsible for the budget item
 - iii. These items include but are not limited to the following:
 1. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, and
 2. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building and equipment, printing, board of retirement

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member elections, computer consulting, software licenses, messenger services, catering etc.

10. "Non-Routine items": are those expenses that are not Routine:
 - i. Must have available funds in the approved budget, including any Board approved amendments to the budget.
 - ii. Valued under \$100,000 can be purchased with the approval of the Executive responsible for the budget in which the goods are to be paid from,
 - iii. Valued over \$100,000 must be approved by the CEO and the Board as either part of the annual budget or a specific Board approval
11. "Named Service Providers": Are those vendors recommended by the CEO and approved by the Board of Retirement where such providers are retained primarily to fulfill an independent audit or advisory role for the Board of Retirement. See also below section V.
12. "Small Purchase Procedure": This process is used for an expenditure of minimal cost. This process must document that the procurement was fair, ethical and transparent. A minimum of three oral or written price or rate quotes from qualified sources must be obtained. Documentation of all quotes received will be retained and provided to the Responsible Executive upon request.

D. Performance Reviews

1. *The performance of every contracted provider will be reviewed at least every three years.*
2. The performance review will be coordinated by the Contracts Administrator who will solicit performance opinions from various staff and Board members as deemed appropriate.
3. Performance for Investment Managers will be reviewed based on the guidelines and timelines as outlined within the Investment Policy Statement and the CIO Charter.

III. Search and Selection Process

A. Competitive Search and Selection Process

Where a competitive search and selection process is required under this policy, the Responsible Executive shall use one of the following procurement methods.

1. Invitation for Bid (IFB):
 - i. This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized.
 - ii. The IFB process requires the evaluation of price, delivery and payment terms, and compliance with technical standards. The bid that provides the best pricing and delivery and payment terms will be selected.

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- iii. The bids may be reviewed by a minimum of three OCERS staff members to identify the bidder who provides the best value to OCERS.
2. Request for Proposal (RFP)
 - i. This method will be used where the product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products.
 - ii. The RFP process requires evaluation of the technical and price competition between vendors and service providers. The proposal that best meets OCERS' needs, with consideration for price, qualifications and other relevant factors set forth in the RFP, will be selected.
 - iii. This method shall be used in most circumstances where the value of the products or services procured exceeds \$50,000 in value. In those cases where the Responsible Executive deems an RFP will not be of benefit, the Responsible Executive or designee shall provide a report to the CEO detailing the reasons why an RFP would not be beneficial. The report shall be provided prior to purchase or contracting with the selected third party service provider.
 3. Small Purchase Procedure
 - i. Where the procurement of goods and services requires an expenditure of less than \$50,000, a minimum of three oral or written price or rate quotes from qualified sources must be obtained. If three qualified sources cannot be reasonably identified, then the Responsible Executive may authorize the use of a sole source process, as set forth below in Section III.B.
 - ii. Documentation of all quotes received will be retained.
 - iii. The Small Purchase Procedure process must include documentation that the procurement was fair, ethical and transparent.
 4. Process for Receiving Bids in Response to an RFP or IFB
 - i. Upon issuance of the RFP or IFB, the period for receiving bids shall be open for at least fifteen (15) days. All such proposals shall be posted on the OCERS website as well as distributed to entities that OCERS identifies as likely to be interested.
 - ii. The OCERS Contact Administrator or his/her designee shall be available to answer questions from any bidder or potential bidder, and all answers provided to any bidder shall be made available to all bidders by posting on the OCERS website and by e-mailing any person who has submitted a bid.
 - iii. Except for Investment Manager Agreements, best efforts will be made to have at least three (3) OCERS personnel review the bids and recommend finalists. Best efforts will be made to include at least one (1) representative from a department other than the one that has authority over the vendor contract. In the case where external expertise is used, at least one (1) decision maker must be an OCERS employee.

B. Contracted Suppliers

Where a provider of goods or services has been selected through a competitive bidding process, that supplier may be used as a Contracted Supplier in certain circumstances set forth in this policy. The Contracted Supplier may be selected directly by OCERS pursuant to a competitive search and selection process or by the County of Orange or other governmental agency, and OCERS may leverage the other agency's procurement process to obtain similar goods and services. Such Contracted Suppliers may include, by way of example, retail sellers of off the shelf office supplies contracted either through the County of Orange or directly by OCERS.

C. Sole Source

A sole source approach may be permitted under the following circumstances:

1. In cases where a competitive search and selection process will not likely yield a viable alternative to a known service provider; or
2. Where legal services are urgently needed, a competitive search and selection process will not be timely, and a known service provider exists.

The Responsible Executive must provide to the CEO a report describing the unique characteristics of the situation, the known service provider and sound justification for a sole source approach; and the CEO (and the Board, if it is a contract subject to Board approval) must approve the sole-source approach. When the CEO is the responsible Executive the report will be provided to the Board Chair and Vice-Chair.

D. Exclusions

Notwithstanding any other provision in this policy, Contractor back-fill or temporary help for staff augmentation does not require the Board of Retirement approval or compliance with this policy as long as budgetary amounts are available for individual contractor positions.

E. Due Diligence

1. Before awarding a contract, the Contract Administrator shall conduct due diligence of any bidder selected to ensure that the contractor is qualified. A qualified contractor must:
 - i. meet any minimum qualifications set forth in the solicitation document, established by the Board or by the CEO or his or her designee, or required by law,
 - ii. not have any conflicts of interest that pose substantial legal or operational risks, and
 - iii. Meet any other standards which, in the exercise of sound business judgment, are required of the contractor.
2. If any selected bidder is disqualified as a result of a failure to be a qualified contractor for the contract, the reason shall be documented and approved by the Responsible Executive.
3. A failure of a bidder to be a qualified contractor for one contract shall not prevent the bidder from being a qualified contractor for another contract.

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IV. Contract Guidelines Summary

Contract Value	Approver	Signatory	Procurement Requirements
Named Service Provider	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
\$100,000 or More	CEO	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
\$1,000 to \$99,999.99	Responsible Executive	Responsible Executive + 1 Director or Manager From Another Department	IFB, RFP, Small Purchase Procedure, or Contracted Supplier
Under \$1,000	Responsible Executive	Responsible Executive + 1 Director or Manager From Another Department	Contracted Supplier, Small Purchase Procedure, Contracted Supplier
Investment Managers	CEO / CIO	CEO or CIO +1 Executive	In accordance with CIO Charter and IC Charter and IPS

V. Contracts with Named Service Providers

All contracting with Named Service Providers shall be carried out in accordance with this section.

A. Designation of Named Service Providers

The following service providers are designated as Named Service Providers:

1. Consulting actuary;
2. Actuarial auditor;
3. General investment consultant;
4. Alternative investments consultant;
5. Fiduciary counsel;
6. Custodian;

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7. Securities lending manager;
8. Financial auditor;
9. Pension Administration Software Provider; and
10. Any additional consultant not named above but which the Board may, from time to time, designate.

B. Term

All contracts with Named Service Providers shall be for an initial term of three years and may be extended by the Board for up to three additional years, for a total maximum term of six years.

C. Review and Renewal

1. At least six months before the expiration of the initial term of any contract with a Named Service Provider, the CEO and the pertinent committee(s) of the Board shall assess the continued appropriateness and cost-effectiveness of the Named Service Provider in question
2. Performance reviews of Named Service Providers will include opinions solicited from Board of Retirement or designated sub-committee members, and/or selected staff members. The results of the review will be summarized and reported to the Board of Retirement.
3. The CEO will report regularly and in a timely fashion to the Board of Retirement on all monitoring efforts involving Named Services Providers, identifying any material issues or actions taken.
4. Upon recommendation of the CEO and the pertinent committee(s), the Board shall either extend the initial term of the contract or direct the CEO to conduct a new search and selection process.
5. The CEO will report promptly to the Board any failures by Named Service Providers to comply with the terms of their contract.
6. At least annually, the CEO will provide the Board of Retirement a schedule of the contracts with Named Service Providers due for renewal and those whose terms will expire in the coming year.

D. Search and Selection Process

1. At least six months before the expiration of the final extension of a contract with a Named Service Provider, or upon direction of the Board as set forth in Part C, above, the CEO shall conduct a competitive search and selection process for the Named Service Provider.
2. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary to the Board, which shall include:
 - i. The type of service provider being sought and the supporting rationale;
 - ii. The objectives and selection criteria to be met and their relative importance;

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- iii. An estimated timeline for completion of the search process; and
- iv. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - a. What method of competitive search and selection process will be used, a copy of the proposed IFB or RFP will be attached for information purposes;
 - b. Whether a consultant is to be used to assist with the search process,;
 - c. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks;
 - d. Such other information that the CEO believes may assist the Board of Retirement in better understanding the search process.
3. The CEO will provide the Board of Retirement (or a designated committee of the Board of Retirement) with periodic reports on the status of all search processes involving Named Service Providers.
4. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board of Retirement (or a designated committee of the Board of Retirement) with a written report containing, at a minimum:
 - i. A description of the due diligence activities undertaken;
 - i. The recommended finalist or a list of finalist candidates and analysis concerning the candidates;
 - ii. Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board of Retirement prior to the commencement of the search, or an explanation of any deviations that occurred;
 - iii. A description of performance expectations and the proper time horizon for evaluation of results;
 - iv. A Bid (pricing) summary with annotations regarding differentiating features; and
 - v. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the service provider throughout the term of the contract, including the reporting to be provided to the Board of Retirement.
5. The Board of Retirement (or a designated committee of the Board of Retirement) will interview the candidate or candidates recommended for appointment as Named Service Providers. If a committee reviews the candidates, the committee shall recommend to the Board the appointment of the Named Service Providers. If the Board interviews the candidates, the Board itself shall choose from amongst the candidates.
6. Upon selection of the candidate, the CEO (or his/her designee) shall negotiate a final contract with the selected Named Service Provider, consistent with the terms of the contract solicitation (e.g. IFB or RFP), this policy, and any other direction from the Board. If, at any time during the negotiations, the CEO determines that there is an impasse in

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negotiations, s/he may recommend to the Board that the Board select an alternate bidder for the Named Service Provider.

E. Approval and Execution

Upon completion of negotiations, the CEO or his/her designee shall inform the Board the contract has been executed. Any contract with a Named Service Provider must be executed by the CEO and one other Executive.

VI. Contracts for Goods and Services of \$100,000 or More

All contracting for contracts over \$100,000 shall be carried out in accordance with this section.

A. Term

All Contracts of this provision of services shall be for an initial term not to exceed three years and may be renewed by the CEO for no more than a total of three additional years for a total maximum term of six years.

B. Review and Renewal

1. At least six months before the expiration of the term of a contract over \$100,000 annually, the CEO (or his/her designee) shall assess the continued appropriateness and cost-effectiveness of the contract provider in question.
2. Upon recommendation of the Responsible Executive (or his/her designee), the CEO shall either: 1) extend the contract up to the maximum total term of six years; 2) direct the Responsible Executive (or his/her designee) to conduct a new search and selection process; 3) determine that the services provided are no longer necessary.

C. Search and Selection Process

1. Any time that OCERS plans to enter into a contract exceeding \$100,000, the Responsible Executive (or his/her designee) shall conduct a competitive search and selection process for an appropriate provider.
2. Upon completion of a competitive search and selection process, a written report will be provided to the CEO or his/her designee and will include at a minimum:
 - i. Purpose and need for the goods or services being procured;
 - ii. A description of the procurement process and due diligence activities undertaken;
 - iii. The recommended finalist and analysis concerning the candidates;
3. Upon the CEO's, or his/her designee's approval of the candidate, the Responsible Executive (or his/her designee) shall negotiate a final contract, consistent with the terms of the contract solicitation (e.g. IFB or RFP), this policy, and any other direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an

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impasse in negotiations, s/he may recommend to the CEO that the CEO select an alternate candidate.

D. Approval and Execution

1. Any contract exceeding \$100,000 must be executed by the CEO and one other Executive.
2. Contract approval from Board will be acquired for non-routine expenses.
3. For contracts relating to routine expenses, Board approval of the expenditure will be acquired through the budgeting process.

VII. Contracts for Goods and Services From \$1,000-\$99,999.99

All contracting for Agreements having a value of \$1,000 to \$99,999.99 shall be carried out in accordance with this section, excluding Named Service Providers.

A. Term

All contracts for this provision of services may be for an initial term of not more than three years and may be renewed for a term of not more than three years (provided that any such original term or extension may be for a shorter period if the Responsible Executive determines it is appropriate).

B. Search and Selection Process

1. Any time that OCERS is to enter into a contract for a value greater than \$50,000, the Executive Responsible shall direct an RFP or IFB search and selection process.
2. If the value of the contract is less than \$50,000, the Executive Responsible may recommend using the Small Purchase Procedure acquisition procedure in order to select the appropriate vendor.
3. Upon selection of the candidate, the Responsible Executive (or his/her designee) shall negotiate a final contract, consistent with the terms of the contract solicitation (e.g. IFB or RFP), this policy, and any other direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, s/he may select an alternate candidate.

C. Approval and Execution

1. Upon completion of negotiations, the Responsible Executive shall approve the contract.
2. Any contract under this provision must be executed by at least two Responsible Executives.

VIII. Contracts for Goods and Services Less than \$1,000

All contracting for Agreements having a value less than \$1,000 shall be carried out in accordance with this section, excluding Named Service Providers.

A. Term

All contracts for this provision of services may be for an initial term of not more than three years and may be renewed for a term of not more than three years (provided that any such original term or extension may be for a shorter period if the Responsible Executive determines it is appropriate).

OCERS Board Policy **Procurement and Contracting**

B. Search and Selection Process

Any time that OCERS is to enter into a contract valued less than \$1,000, the Executive Responsible may enter into a contract with any qualified contractor that the Executive Responsible determines is in the best interest of OCERS. The Executive Responsible may also choose to use the Small Purchase Procedures, a Contracted Supplier, or a Competitive Search and selection process if s/he determines it is in the best interest of OCERS.

Policy Review And History

- A. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- B. The Board of Retirement adopted this policy on Monday, November 18, 2002.
- C. This policy was revised May 19, 2008, March 22, 2010, May 20, 2013, January 20, 2015, and October 15, 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

Purpose and Background

1. The Procurement and Contracting Policy is intended to establish guidelines by which OCERS will procure goods and services.

Objectives

2. The objectives of this policy are to ensure that:
 - a. Contractual arrangements and the purchase of goods are made in the best interests of the members and beneficiaries of the OCERS;
 - b. The procurement of goods and services is efficient, diligent, transparent, economical and fair;
 - c. A system of internal controls related to the procurement of goods and services is supported by a requirement to contract for or purchase goods and services being developed by the user Department, authorized by appropriate OCERS staff, and paid for by the Finance Department;
 - d. All contracting activities are performed by qualified individuals specifically delegated the authority, responsibility and accountability for said activities using sound business practices in an ethical manner, taking into consideration applicable law and regulations; and
 - e. Contracts for the provision of goods and services are procured from qualified sources that provide maximum value for each expenditure, taking into consideration the nature of the goods and services and, as appropriate, quality and reliability, competitive price and delivery schedule.

Policy Guidelines

3. The CEO or his designee will be responsible for authorizing the purchase of goods and the execution of contracts for OCERS and for keeping the Board of Retirement apprised of such actions, where they are material.
4. Only the CEO or his delegate may bind or commit the Agency for the purchase of goods or services based upon the provisions of this policy, except in emergencies and as may be otherwise authorized by the Board of Retirement.
5. OCERS staff and Members of the Board shall not be directly or indirectly involved in a governmental decision if the decision will have a material financial effect on an economic interest of the staff person, Board Member, or the immediate family of a staff person or Board Member. Material financial effect and economic interest are defined in the California Code of Regulations, 2 Cal. Code Regs. Sections 18703 through 18705.6.
6. The role of the Board of Retirement is to:
 - a. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - b. To monitor compliance with such policies; and

Procurement and Contracting

- c. To approve, upon the recommendation of the CEO, the appointment of Named Service Providers, where such providers are retained primarily to fulfill an independent audit or advisory role for the Board of Retirement. Named Service Providers include:
 - i. Consulting actuary;
 - ii. Actuarial auditor;
 - iii. General investment consultant;
 - iv. Alternative investments consultant;
 - v. Real estate investment consultant;
 - vi. Fiduciary counsel;
 - vii. Custodian;
 - viii. Securities lending manager; and
 - ix. Financial auditor.

The Search Process

General Guidelines

- 7. The selection of all service providers and vendors will be made in the best interests of the members and beneficiaries of OCERS, in keeping with the fiduciary responsibilities of the Board of Retirement and staff.
- 8. The selection of service providers and vendors will reflect a level of rigor that is commensurate with the importance and materiality of the service or purchase of goods in question. Procurements will be performed with one of the following methods:
 - a. Invitation for Bid (IFB):
 - i. This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized,
 - ii. Competitive bidding will be used to procure these goods and services with the lowest responsive and responsible bidder being selected.
 - b. Request for Proposal (RFP)
 - i. This method will be used where the product or service to be acquired cannot be stated with specificity, such as consulting services.
 - ii. The RFP process includes technical and price competition between vendors and service providers. The proposal that best meets OCERS needs, with consideration for price, qualifications and other relevant and objective factors set forth in the RFP, will be selected.
 - c. Small Purchase Procedures:

Procurement and Contracting

- i. The procurement of goods and services requiring an expenditure of less than \$50,000 can qualify for a simplified acquisition process that is informal.
 - ii. The simplified process must include documentation that the procurement was fair, ethical and transparent.
 - iii. A minimum of three oral or written price or rate quotes from qualified sources must be obtained. Documentation of all quotes received will be retained.
 - d. Sole Source:
 - i. In cases when the CEO believes that a competitive alternative to a particular service provider does not exist, the CEO will provide the Board of Retirement with a report describing the unique characteristics of the service provider and supporting the need for a *sole source* approach.
9. The CEO or his designee will consider as broad a universe of qualified service providers and vendors that is practical and reasonable given budgetary, staffing, time and other relevant constraints.
10. The Board of Retirement authorizes the CEO to take advantage of available tools, technology or other resources that will allow for efficient screening of the universe of potential service providers and/or vendors so as to arrive at a qualified pool of candidates that warrant detailed examination, provided such tools, technology, or resources are consistent with sound and prudent industry practice.

Named Service Providers

11. For Named Service Providers, the CEO, or his or her designee, will conduct an RFP at the expiration of a six year term from the effective date of the contract, or more often as necessary.
12. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary information to the Board, which shall include:
 - a. The type of service provider being sought and the supporting rationale;
 - b. The objectives and selection criteria to be met and their relative importance;
 - c. An estimated timeline for completion of the search process; and
 - d. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - i. Whether a consultant is to be used in the search process;
 - ii. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks. A copy of any criteria and weights to be used will be attached for information purposes;
 - iii. Whether a Request for Proposal (RFP), or a variation thereof, is to be used with supporting rationale, and if so; a copy of the proposed RFP will be attached for information purposes;
 - iv. The screening or selection criteria expected to be employed; and

Procurement and Contracting

- v. Such other information that the CEO believes may assist the Board of Retirement in better understanding the search process.
13. The Board of Retirement, or a committee of the Board, will interview the candidate or candidates recommended for appointment as Named Service Providers.
14. The CEO will provide the Board of Retirement or a designated committee of the Board of Retirement with periodic reports on the status of all search processes involving Named Service Providers.
15. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board of Retirement or a designated committee of the Board of Retirement with a report containing, at a minimum:
- A description of the due diligence activities undertaken;
 - The recommended finalist or a list of finalist candidates and analysis concerning the candidates;
 - Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board of Retirement prior to the commencement of the search, or an explanation of any deviations that occurred;
 - A description of performance expectations and the proper time horizon for evaluation of results;
 - A Bid (pricing) summary with annotations regarding differentiability features; and
 - A description of the expected performance monitoring and reporting efforts to be carried out with respect to the service provider throughout the term of the contract, including the reporting to be provided to the Board of Retirement.

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.

Monitoring and Reporting

19. The following Named Service Providers will be subject to regular monitoring and also undergo performance reviews by the full Board or a committee of the Board at least biennially: consulting actuary; investment-related consultants; fiduciary counsel; and the financial auditor. Criteria for

Procurement and Contracting

review may include, without limitation, performance, staff satisfaction, competitiveness of fees, quality of reporting, and accuracy of assumptions and forecasts.

20. The CEO will report regularly and in a timely fashion to the Board of Retirement on all monitoring efforts involving Named Service Providers, identifying any material issues or actions taken.
21. All monitoring and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established within other policies of the OCERS, such other policies will control.
22. The CEO will report promptly to the Board any failures by Named Service Providers (other than investment managers which are covered under the Monitoring and Reporting Policy) to comply with the terms of their contract.

Authority to Execute Contracts for Goods and Services

23. The authority to execute contracts for goods or services, change orders and amendments to such contracts and purchase requisitions on behalf of OCERS shall be as follows:
 - a. Named Service Provider Contracts:
 - i. Board approval required prior to execution.
 - ii. Must have available funds in the current year approved budget, including any Board approved amendments to the budget, to fund the current year's expense/cost.
 - iii. Valued at less than \$100,000 can be executed by the Executive responsible for the budget in which the contract is to be paid from.
 - iv. Valued at \$100,000 or more must be executed by the CEO.
 - b. Contracts and Agreements:
 - i. Must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense/cost.
 - ii. Valued at less than \$100,000 can be executed by the Executive responsible for the budget in which the contract/agreement is to be paid from.
 - iii. Valued at \$100,000 or more must be executed by the CEO.
 - iv. Valued at more than \$100,000 require Board approval prior to execution.
 - c. Purchase of Goods:
 - i. Must have available funds in the approved budget, including any Board approved amendments to the budget.
 - ii. Non-routine expenses or items valued at less than \$100,000 can be purchased with the approval of the Executive responsible for the budget in which the goods are to be paid from.
 - iii. Non-routine expenses or items valued at \$100,000 or more must be approved by the CEO.
 - iv. Non-routine expenses or items valued at more than \$100,000 must be approved by the Board either as part of their approval of the annual budget by it being identified specifically in

OCERS Board Policy Procurement and Contracting

the annual budget or by a separate item approved by the Board at a Regular or Special Board of Retirement meeting.

- d. Routine Operating Expenses (see definition in Section 24 below):
 - i. Must have available funds in the approved budget, including any Board approved amendments to the budget.
 - ii. Can be approved by the Executive responsible for the budget in which the items or services will be provided from.

24. Routine Operating Expenses

- a. Include items such as:
 - i. Office supplies, postage, furniture, and office equipment,
 - ii. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building and equipment, printing, board of retirement member elections, computer consulting, software licenses, messenger services, catering etc., and
 - iii. Temporary services, professional and consulting services engaged to supplement or support staff in the continued efforts of administering the pension plan to OCERS members.
- b. Suppliers of Routine Operating Expenses will be reviewed routinely, not less than every three years, to ensure that prices remain competitive.

25. The CEO may delegate his authority to execute documents to an Executive. The Executive may delegate his/her authority to approve check requests and/or purchase requisitions. All such delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.

Policy Review

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

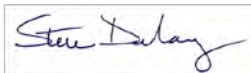
Policy History

27. The Board of Retirement adopted this policy on Monday, November 18, 2002.

28. The policy was revised May 19, 2008, March 22, 2010, May 20, 2013, and January 20, 2015.

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

1/20/15

Date

Disposition of Surplus Property Policy

Purpose and Background

1. The CEO is accountable for all OCERS property. When property is no longer needed now or in the foreseeable future a process for the proper disposition is needed.

Policy Guidelines

2. Surplus Property is defined as all furniture, equipment or other tangible assets owned by OCERS that is determined by the CEO or the Assistant CEO, Finance and Internal Operations, to be obsolete, damaged or no longer useable or required for use by OCERS.
3. The method used to dispose of Surplus Property will be selected from the list in Section 4 by either the CEO or the Assistant CEO, Finance and Internal Operations. Using the method selected, the actual disposition of Surplus Property will be coordinated by the Administrative Services Department.
4. Surplus Property will be disposed of in one of the following preferred methods:
 - a. Sale by Auction or direct solicitation of bids
 - b. Donation of items with an estimated value of less than \$5,000 per lot to any California public institution including but not limited to, public libraries, school districts, plan sponsors, or interested charities.
 - c. E-waste recycling
 - d. Recycling
 - e. Trash
5. Disposition of Surplus Property that is a capital asset and, as a lot, has an estimated market value that exceeds \$5,000 must be approved by the Board of Retirement.
6. Surplus Property approved for disposition by the Board under Section 5 will be publicly advertised on OCERS' web-site and mailed to a minimum of three firms active in the purchase of like property. Sealed bids shall be accepted from interested parties with the property sold to the highest bidder. The total of bids for individual items must exceed that of lot bids or the highest lot bidder will be awarded the sale. Property for which OCERS does not receive bids may be disposed by any of the methods listed in Section 5 of this Policy with every attempt being made to receive fair market value for the property.
7. Proceeds from the sale of Surplus Property will be remitted to the Finance department to be deposited into OCERS' Pension Trust Fund and accounted for in accordance with Generally Accepted Accounting Principals.
8. Electronic equipment such as hard drives and other recordable media (rewritable and non-rewritable) **will not be** included in any surplus sale or other routine means of disposing of equipment (e-waste recycling, etc.).

Disposition of Surplus Property Policy

- a. All hard drives and other rewriteable media (tapes, etc.) will be removed and erased by OCERS IT Staff in accordance with the U.S. Department of Defense 5220.22-M “National Industrial Security Program Operating Manual” (NISPOM) standards.
 - b. Erased hard drives and rewritable media will then be submitted to an authorized third party vendor to be physically destroyed. OCERS will retain a copy of the “Certificate of Destruction” affidavit provided by the vendor in accordance with OCERS’ Records and Retention Policy.
 - c. Rewriteable and non-rewriteable CD’s and DVD’s will be shredded by OCERS’ IT staff per OCERS’ regular paper shredding process.
9. Board members and/or employees of OCERS are are not permitted to bid on or receive Surplus Property.
 10. Records of disposition will be kept for a minimum of four years after disposition in accordance with OCERS’ Records Retention Policy.

Policy Review

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

Policy History

12. The Board of Retirement adopted this policy on December 20, 1999. The policy was revised August 25, 2008, May 17, 2011, November 19, 2012, December 14, 2015 and October 15, 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

10/15/2018

Date

Disposition of ~~Equipment~~ Surplus Property Policy

Purpose and Background

1. The CEO is accountable for all OCERS ~~equipment property~~. When ~~that equipment property is no longer needed now or in the foreseeable future obsolete or damaged and repair would cost more than replacement~~, a process for the proper disposition is needed.

Policy Guidelines

- ~~2. The CEO will insure that all equipment owned by OCERS is maintained on an inventory listing.~~ Surplus Property is defined as all furniture, equipment or other tangible assets owned by OCERS that is determined by the CEO or the Assistant CEO, Finance and Internal Operations, to be obsolete, damaged or no longer useable or required for use by OCERS.
3. The method used to dispose of Surplus Property will be selected from the list in Section 4 by either the CEO or the Assistant CEO, Finance and Internal Operations. Using the method selected, the actual disposition of Surplus Property will be coordinated by the Administrative Services Department.
4. Surplus Property will be disposed of in one of the following preferred methods:
 - a. Sale by Auction or direct solicitation of bids
 - b. Donation of items with an estimated value of less than \$5,000 per lot to any California public institution including but not limited to, public libraries, school districts, plan sponsors, or interested charities.
 - c. E-waste recycling
 - d. Recycling
 - e. Trash
5. Disposition of Surplus Property Equipment which has been determined to be surplus that is a capital asset and, as a lot, has an estimated market value that exceeds \$5,000 must be approved by the Board of Retirement shall be listed by name, type, serial number and reason for disposition. The list will be submitted to the Board of Retirement for approval of disposition.
6. Surplus Property approved for disposition by the Board under Section 5 will be publicly advertised on OCERS' web-site and mailed to a minimum of three firms active in the purchase of like property. Sealed bids shall be accepted from interested parties with the property sold to the highest bidder. The total of bids for individual items must exceed that of lot bids or the highest lot bidder will be awarded the sale. Property for which OCERS does not receive bids may be disposed by any of the methods listed in Section 5 of this Policy with every attempt being made to receive fair market value for the property.
- ~~2-7.~~ Proceeds from the sale of Surplus Property will be remitted to the Finance department to be deposited into OCERS' Pension Trust Fund and accounted for in accordance with Generally Accepted Accounting Principals.

Disposition of ~~Equipment~~ Surplus Property Policy

~~3.8.~~ Assets-Electronic equipment such as hard drives and other recordable media (rewritable and non-rewritable) **will not be** included in any surplus sale or other routine means of disposing of equipment (e-waste recycling, etc.).

- a. All hard drives and other rewriteable media (tapes, etc.) will be removed and erased by OCERS IT Staff in accordance with the U.S. Department of Defense 5220.2200-M "National Industrial Security Program Operating Manual" (NISPOM) standards.
- b. Erased hard drives and rewritable media will then be submitted to an authorized third party vendor to be physically destroyed. OCERS will retain a copy of the "Certificate of Destruction" affidavit provided by the vendor in accordance with OCERS' Records and Retention Policy.

~~c.~~ Rewriteable and non-rewriteable CD's and DVD's will be shredded by OCERS' IT staff per OCERS' regular paper shredding process.

~~d.c.~~ ~~The approved list shall be publicly advertised on OCERS' web-site and mailed to a minimum of three firms active in the purchase of like equipment. Sealed bids shall be accepted from interested parties with the equipment sold to the highest bidder. The total of bids for individual items must exceed that of lot bids or the highest lot bidder will be awarded the sale. Equipment for which OCERS does not receive bids may be donated to any California Public Institution including but not limited to, public libraries, school districts, plan sponsors, or interested charities. Equipment not sold nor accepted as a donation may be disposed of at a State approved E-waste facility in accordance to the Electronic Waste Recycling Act of 2003.~~

~~4.9.~~ Board members and/or employees of OCERS are ~~excluded from~~ are not permitted to bid on or receive bidding on or receiving surplus Propertyequipment.

~~5.~~ ~~The disposition of equipment shall be reported to the Board.~~

~~6.10.~~ Records of disposition ~~shall~~will be kept for a minimum of four years after disposition in accordance with OCERS' Records Retention Policy.

Policy Review

~~7.11.~~ The Board of Retirement will review this policy at least once every three years to ensure that it remains relevant and appropriate.

Policy History

~~8.12.~~ The Board of Retirement adopted this policy on December 20, 1999. The policy was revised August 25, 2008, May 17, 2011, November 19, 2012, ~~and~~ December 14, 2015 and October 15, 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.



OCERS Board Policy

Disposition of ~~Equipment~~ Surplus Property Policy

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

~~12/14/15~~ 10/15/2018

Steve Delaney
Secretary of the Board

Date

Member Services Customer Service Policy

Background

1. The Board's mission is to provide the highest quality of customer service to OCERS members, retirees and beneficiaries, in a cost effective and prudent manner.

Policy Objectives

2. Establish measurable goals to manage the customer service levels provided by Member Services staff to plan participants.

Policy Guidelines

3. Develop quantifiable goals for measuring customer service levels:
 - a. Customer interactions – positive responses to surveys – goal is 95% positive;
 - b. Benefit Recalculations – unplanned benefit recalculations should be less than 5% of the total;
 - c. Payroll initiations within one full month of separation;
 - d. Benefit estimates are available real time 24/7 via member self-service portal;
 - e. Retirement can be initiated electronically via member self-service portal;
 - f. Member Statements are available real time 24/7 via member self-service portal; and
 - g. Member calls are returned the same business day or within 24 hours. Staff will update their voicemail messages to indicate approximate turnaround time in situations when it is known that greater than 24 hours is needed to return calls.
4. Regularly monitor goals to ensure ongoing achievement of customer service levels.
5. Annually evaluate goals and make adjustments as needed.

Policy Review


6. The Board shall review this policy at least every 3 years to ensure that it remains relevant and appropriate.

Policy History

7. This policy was adopted by the Board of Retirement on November 16, 2015.

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

11/16/15

Date

Purpose and Background

1. Individual member data is stored by OCERS in electronic format. Data for individual members is generally accessible utilizing OCERS' pension administration software. Summary data for groups of members may require the expenditure of substantial staff resources to create reports. It is this latter type of request that is being addressed by this policy.

The Board of Retirement recognizes that transparency is integral to good governance. In order to achieve the mission and objectives of OCERS, the Board must establish a mechanism for responding to requests for summary data from individual Board members, plan sponsors, plan members, and other stakeholders such as employee and retiree groups. Requests for information from external parties such as the media, political action groups, and individuals unaffiliated with OCERS shall be governed by the Orange County Employees Retirement System Public Records Request Policy.

Policy Objectives

2. The objectives of the policy are to provide guidance to staff and assist in responding to requests for data from Board members, plan sponsors, plan members, and other stakeholders.

Policy Guidelines

3. OCERS should carry out its duties in the spirit of open governance.
4. A member or benefit recipient is entitled to access to his or her own records and may authorize access by another person or entity by providing written authorization to OCERS. Generally, Member Services staff is authorized to provide copies of member records to the member or an authorized recipient. Documents marked as "Confidential" or "Legal" communications should not be provided to the member unless authorized by the Legal Department.
5. All requests for data by plan sponsors and other stakeholders shall be routed to an Assistant CEO or the Chief Legal Officer.
6. Requests for data that are readily available should be satisfied as quickly as possible.
7. Records exempt from disclosure under applicable law shall not be disclosed unless the requesting party fulfills the requirements for disclosure under the applicable law. Staff responding to data requests should review and be familiar with the OCERS Public Records Request Policy to ensure compliance with disclosure rules.
8. Requests from individual Board members shall be addressed to the CEO.
9. Requests from plan sponsors, plan members, and other stakeholders that require minimal staff time to prepare and less than \$1,000.00 in estimated staff costs shall be satisfied at no cost to the requestor except for copying costs if applicable. Minimal staff time would be defined as four hours or less of programming, analysis, data compilation, or other staff time.
10. Requests from plan sponsors, plan members, and other stakeholders that require estimated staff costs in excess of \$1,000.00 shall be referred to the Board for consideration. The Board shall determine whether OCERS will seek reimbursement for costs from the requesting party.

Policy Review

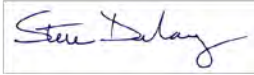
11. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

12. The Board of Retirement adopted the Data Request Policy on August 27, 2007. The Board reviewed the policy on June 21, 2010. The Board amended the policy on March 19, 2012. The Board further amended the policy on December 14, 2015.

Secretary's Certificate

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



12/14/15

Steve Delaney
Secretary of the Board

Date

A-5

Memorandum

DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS 2019-2021 STRATEGIC PLAN**

Recommendation

Approve OCERS 2019-2021 Strategic Plan.

Background

Since 2009 OCERS has been working with and modifying the use of a multi-year strategic plan. The formal plan was completely revamped last year and we continue the new format for this Strategic Plan which covers the period of January 1, 2019 through December 31, 2021.

OCERS staff reviewed the proposed 2019-2021 Strategic Plan, during OCERS Board's Strategic Planning Workshop last month. The proposed plan was developed using the new OCERS Mission, Vision Statement and Values Statements as our guide. The revised plan is streamlined and focused on the core goals of the organization:

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management

Each of the goals are supported by objectives that will be pursued by staff to achieve the goals.

Attached you will find two copies of the 2019-2021 Strategic Plan – a redline version and a finalized version. Changes reflected in the redline version are as follows:

FUND SUSTAINABILITY (page 4 of document)

Completed in 2018 and removed:

Objective: Develop an integrated view of pension assets and liabilities.

Added to 2019-2021:

Objective: Develop procedures for new employers entering the system.

The Legal Department wishes to develop a policy providing guidance to those employers who may in the future wish to enter OCERS. While we have received at least four inquiries in my decade at OCERS, there was such a cost difference between the OCERS and the CalPERS plans, those employers did not pursue. With PEPRA leveling the playing field as to benefit costs to a large degree, the issue of local control may be of enough import to cause future employers to seek entry into OCERS.

Memorandum

RISK MANAGEMENT (page 4 of document)

Found to be unclear:

Objective: Enhance Security and Continuity of Infrastructure and Services.

Rewritten for 2019-2021:

Objective: Provide system and data security and a robust business continuity solution.

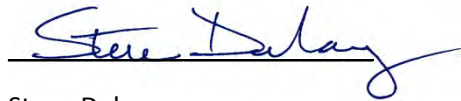
Added to 2019-2021:

Objective: Ensure a safe and secure workplace and public service facility.

As we undertake building improvements in the coming year(s), safety and security will be top priorities with a number of initiatives.

Based on previous Board direction, staff will review the progress of the plan on a quarterly basis and will provide suggested edits or changes to the Board.

Submitted by:



Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

~~2018~~2019-
~~2020~~2021

STRATEGIC PLAN

MISSION, VISION AND VALUES

MISSION STATEMENT:

We provide secure retirement and disability benefits with the highest standards of excellence.

VISION STATEMENT:

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

VALUES:

- **O**pen and Transparent
- **C**ommitment to Superior Service
- **E**ngaged and Dedicated Workforce
- **R**eliable and Accurate
- **S**ecure and Sustainable

2018 BUSINESS PLAN

~~2018~~~~2019~~~~2020~~~~2021~~ STRATEGIC GOALS

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management

FUND SUSTAINABILITY

STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Objective: Mitigate the risk of significant investment loss

~~**Objective:** Develop an integrated view of pension assets and liabilities~~

Objective: Develop procedures for new employers entering the system

Objective: Employ a governance structure that supports a dynamic investment program

Objective: Prudent use of resources

EXCELLENT SERVICE AND SUPPORT

ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND PLAN SPONSORS

Objective: Provide Accurate and Timely Benefits

Objective: Provide Education to our Members and Plan Sponsors

RISK MANAGEMENT

CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Objective: ~~Enhance Security and Continuity of Infrastructure and Services~~

Provide system and data security and a robust business continuity solution

Objective: Implement Operational Risk Management Program

Objective: Ensure a safe and secure workplace and public service facility

TALENT MANAGEMENT

RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

Objective: Recruit and Retain a High-Performing Workforce to Meet Organizational Priorities

Objective: Develop and Empower Every Member of the Team

Objective: Cultivate a Collaborative, Inclusive and Creative Culture

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

2019-2021 STRATEGIC PLAN

MISSION, VISION AND VALUES

MISSION STATEMENT:

We provide secure retirement and disability benefits with the highest standards of excellence.

VISION STATEMENT:

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

VALUES:

- **O**pen and Transparent
- **C**ommitment to Superior Service
- **E**ngaged and Dedicated Workforce
- **R**eliable and Accurate
- **S**ecure and Sustainable

2019 BUSINESS PLAN

2019-2021 STRATEGIC GOALS

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management

FUND SUSTAINABILITY

STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Objective: Mitigate the risk of significant investment loss

Objective: Develop procedures for new employers entering the system

Objective: Employ a governance structure that supports a dynamic investment program

Objective: Prudent use of resources

EXCELLENT SERVICE AND SUPPORT

ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND PLAN SPONSORS

Objective: Provide accurate and timely benefits

Objective: Provide education to our members and plan sponsors

RISK MANAGEMENT

CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Objective: Provide system and data security and a robust business continuity solution

Objective: Implement operational risk management program

Objective: Ensure a safe and secure workplace and public service facility

TALENT MANAGEMENT

RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

Objective: Recruit and retain a high-performing workforce to meet organizational priorities

Objective: Develop and empower every member of the team

Objective: Cultivate a collaborative, inclusive and creative culture

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
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A-6

Memorandum

DATE: October 2, 2018
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: OCERS 2019 BUSINESS PLAN

Recommendation

Approve OCERS 2019 Business Plan.

Background/Discussion

The OCERS 2019 Business Plan is presented to the Board for approval. The OCERS 2019 Business Plan is directly linked to the OCERS 2019-2021 Strategic Plan which was developed using OCERS Mission Statement, Vision and Values as its foundation. The Business Plan is a one year plan that lays out initiatives aimed to move the longer term strategic goals and objectives towards completion.

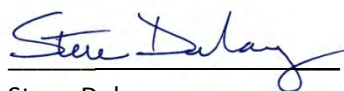
The Business Plan is also an initial planning step in the 2019 budget process. The goals and initiatives included in the Business Plan, if approved by the Board, become directives for staff to finalize 2019 budget requests. The initial draft of the proposed budget will then be reviewed with the board on October 18, 2018 at the Budget Workshop. During the Workshop, the Board will not be asked to approve items, rather it will be an opportunity to ask questions and give feedback to staff as they work to finalize the 2019 Annual Budget. Attached to the OCERS 2019 Business Plan are estimates of amounts needed in 2019 to fund specific initiatives. Actual funding of goals and initiatives are subject to final budget approval by the Board at the regularly scheduled meeting in November.

Prepared by:



Brenda Shott
Assistant CEO, Finance & Internal Operations

Approved by:



Steve Delaney
Chief Executive Officer

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

2019 BUSINESS PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

We provide secure retirement and disability benefits with the highest standards of excellence.

VISION STATEMENT:

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

VALUES:

- **O**pen and Transparent
- **C**ommitment to Superior Service
- **E**ngaged and Dedicated Workforce
- **R**eliable and Accurate
- **S**ecure and Sustainable

2019-2021 STRATEGIC GOALS

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management

FUND SUSTAINABILITY

GOAL: STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Business Plan Initiatives

Objective: Mitigate the Risk of Significant Investment Loss
Executive Lead – Molly Murphy

1. Fund the Risk Mitigating asset class
2. Explore and evaluate investment/risk management systems

Objective: Develop procedures for new employers entering the system
Executive Leads – Gina Ratto

1. Create an Administrative Procedure
2. Create a worksheet for staff's use in evaluating new plan sponsors
3. Create a new template for Participation Agreement with plan sponsors

Objective: Employ a Governance Structure that Supports a Dynamic Investment Program
Executive Lead – Molly Murphy

1. Evaluate governance best practices (year two)

Objective: Prudent Use of Resources
Executive Leads – Molly Murphy;

1. Investigate actionable items to reduce fees in the future

EXCELLENT SERVICE AND SUPPORT

GOAL: ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND PLAN SPONSORS

Business Plan Initiatives

Objective: Provide Accurate and Timely Benefits
Executive Leads – Suzanne Jenike; Gina Ratto

1. Develop and communicate OCERS Administrative Procedures on Final Average Salary (year two)
2. Streamline the initial disability determination process by implementing; (year two)
 - a. LEAN action items
 - b. Application packets
3. Update and create desk manuals and procedures for staff (year two)
4. Improve customer service standards by enhancing V3 workflows, monitoring and reporting

Objective: Provide Education to our Members and Plan Sponsors
Executive Lead – Suzanne Jenike

1. Web site redesign (year three)

2. Enhance participation in Plan Sponsors' New Employee Orientation
3. Create white board videos that will provide education to members and stakeholders about OCERS benefits

RISK MANAGEMENT

GOAL: CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Business Plan Initiatives

Objective: Provide System and Data Security and a Robust Business Continuity Solution

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Select Cyber Security Framework and develop implementation plan for best practice controls
2. Continuously assess current Information Security environment and address identified risks:
 - a. Perform third party penetration test of OCERS network
 - b. Perform third party penetration test of new OCERS web site
 - c. Review and enhance information security training for new hires and all staff
 - d. Develop incident response and management program
 - e. Develop OCERS data map, data classification structure and data exchange flows and identify associated risks
 - f. Evaluate risks associated with external third party IT business partners

3. Implement tools to mitigate the risk of data or financial loss or information disclosure:
 - a. Implement enhanced Email Security protections and features
 - b. Implement Managed Security / Managed Detection & Response services
 - c. Implement continuous vulnerability assessment and remediation program
 - d. Implement automated hardware and software inventory tool
 - e. Implement security patch management solution

4. Continue development of the Business Continuity Plan:
 - a. Establish alternate work space / work site plan
 - b. Develop manual workaround and alternate procedure plans

Objective: Implement Operational Risk Management Program
Executive Lead – Brenda Shott

1. Continue to implement the Operational Risk Management Program

Objective: Ensure a Safe and Secure Workplace and Public Service Facility
Executive Lead – Brenda Shott

1. Plan and implement building security upgrades and space management projects (year two)

TALENT MANAGEMENT

GOAL: RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

Business Plan Initiatives

Objective: Recruit and Retain a High-Performing Workforce to Meet Organizational Priorities

Executive Lead – Cynthia Hockless

1. Enhance onboarding and transitioning of new hires into the organization
 - a. Evaluation of newly implemented onboarding process
2. Implement recommendations from workforce analysis (year two)

Objective: Develop and empower every member of the team

Executive Lead – Steve Delaney

1. Implement a comprehensive training program covering OCERS policies, processes and procedures (year two)
2. Recognize individual needs and career goals within OCERS (year two)
3. Create succession plans across the agency (year two)

Objective: Cultivate a Collaborative, Inclusive and Creative Culture

Executive Lead – Steve Delaney

1. Foster OCERS culture of engagement and continuous improvement (year two)

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
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OCERS 2019 Business Initiatives Budget Impact Estimates

Strategic Plan Goal:	Strengthen the Long-Term Stability of the Pension Fund		
Objective:	Mitigate the Risk of Significant Investment Loss	Coordinator: Molly Murphy	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Fund the Risk Mitigating asset class		
Initiative #2:	Explore and evaluate investment/risk management systems		
Objective:	Develop procedures for new employers entering the system	Coordinator: Gina Ratto	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Create Administrative Procedure		
Initiative #2:	Create a worksheet for staff's use in evaluating new plan sponsors		
Initiative #3:	Create new template for Participation Agreement with plan sponsors		
Objective:	Employ a Governance Structure that Supports a Dynamic Investment Program	Coordinator: Molly Murphy	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Evaluate governance best practices (year two)		
Objective:	Prudent Use of Resources	Coordinator: Molly Murphy	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Investigate actionable items to reduce fees in the future		
Budget Impact	FUND SUSTAINABILITY 2019 BUSINESS INITIATIVES	\$ -	\$ -



OCERS 2019 Business Initiatives Budget Impact Estimates

Strategic Plan Goal:	Achieve Excellence in the Service and Support We Provide To Our Members and Plan Sponsors		
Objective:	Provide Accurate and Timely Benefits	Coordinators: Suzanne Jenike, Gina Ratto	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative #1:	Develop and communicate OCERS Administrative Procedures on Final Average Salary (year two)		
Initiative #2:	Streamline the initial disability determination process by implementing LEAN action items and application packets (year two)		
Initiative #3:	Update and create desk manuals and procedures (year two)		
Initiative #4:	Improve customer service standards by enhancing V3 workflows, monitoring and reporting	\$ 100,000	
Objective:	Provide Education to our Members and Plan Sponsors	Coordinator: Suzanne Jenike	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative #1:	Web site redesign (year three - budget dollars are a roll over from 2018)	\$ 175,000	
Initiative #2:	Enhance participation in Plan Sponsors' New Employee Orientation		
Initiative #3:	Create white board videos that will provide education to members and stakeholders about OCERS benefits	50,000	
Budget Impact	EXCELLENT SERVICE AND SUPPORT 2019 BUSINESS INITIATIVES	\$ 325,000	\$ -



OCERS 2019 Business Initiatives Budget Impact Estimates

Strategic Plan Goal:	Cultivate a Risk-Intelligent Organization		
Objective:	Provide System and Data Security and a Robust Business Continuity Solution	Coordinator: Brenda Shott, Matt Eakin & Jenny Sadoski	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Select Cyber Security Framework and develop implementation plan for best practice controls		
Initiative #2:	Continuously assess current Information Security environment and address identified risks		
	a. Perform 3rd party penetration test of OCERS networks	\$ 50,000	
	b. Perform 3rd party penetration test of new OCERS website	\$ 50,000	
	c. Review and enhance information security training for new hires and all staff		\$ 7,000
	d. Develop incident response and management program		
	e. Develop OCERS data map, data classification structure and data exchange flows and identify associated risks	\$ 25,000	
	f. Evaluate risks associated with external 3rd party IT business partners		\$ 35,000
Initiative #3:	Implement tools to mitigate the risk of data or financial loss or information disclosure		
	a. Implement enhanced Email security protections and features		\$ 35,000
	b. Implement Managed Security/Managed Detection and Response services		\$ 100,000
	c. Implement continuous vulnerability assessment and remediation program		\$ 50,000
	d. Implement automated hardware and software inventory tool		\$ 25,000
	e. Implement security patch management solution		\$ 50,000
Initiative #4	Continue development of the Business Continuity Plan		
	a. Establish alternate work space/work site plan		\$ 30,000
	b. Develop manual workaround and alternate procedure plans		
Objective:	Implement Operational Risk Management Program	Coordinator: Brenda Shott	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Continue to implement the Operational Risk Management Program		
Objective:	Ensure a Safe and Secure Workplace and Public Service Facility	Coordinator: Brenda Shott	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Plan and implement building security upgrades and space management projects (year two)	\$ 370,000	TBD
Budget Impact	RISK MANAGEMENT 2019 BUSINESS INITIATIVES	\$ 495,000	\$ 332,000



OCERS 2019 Business Initiatives Budget Impact Estimates

Strategic Plan Goal:	Recruit, Retain and Inspire a High-Performing Workforce		
Objective:	Recruit and Retain a High-Performing Workforce to Meet Organizational Priorities	Coordinator: Cynthia Hockless	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Enhance onboarding and transitioning of new hires into the organization		
Initiative #2:	Implement recommendations from workforce analysis (year two)		
Objective:	Develop and Empower Every Member of the Team	Coordinator: Steve Delaney	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Implement a comprehensive training program covering OCERS policies, processes and procedures (year two) (note: ongoing cost for Training Manager will be offset by unfunding an Accounting position)	\$ 25,000	\$ 135,000
Initiative #2:	Recognize individual needs and career goals within OCERS (year two)		
Initiative #3:	Create succession plans across the agency (year two)		
Objective:	Cultivate a Collaborative, Inclusive and Creative Culture	Coordinator: Steve Delaney	
		Budget Impact: one time costs	Budget Impact: on-going costs
Initiative: #1:	Foster OCERS culture of engagement and continuous improvement (year two)		
Budget Impact	TALENT MANAGEMENT 2018 BUSINESS INITIATIVES	\$ 25,000	\$ 135,000

A-7

Memorandum

DATE: October 15, 2018
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: VOTING DIRECTION FOR SACRS BUSINESS MEETING

Recommendation

Give voting direction to OCERS' delegates for the November 15, 2018 SACRS business meeting.

Background/Discussion

SACRS will hold its Business Meeting on November 16, 2018. Staff forwarded to SACRS, as required by SACRS, OCERS Voting Proxy Form specifying the delegates authorized to vote at the business meeting on behalf of OCERS. In accordance with the Board's Policy on SACRS Voting Authority, Mr. Prevatt, as the Board Chair, was listed as the primary voting delegate; Mr. Packard, as Vice Chair, was listed as the first alternate voting delegate; and all of the other Board members were listed alphabetically by the Board member's last name.

The SACRS membership will be asked to vote on whether SACRS should sponsor legislation submitted by any member of SACRS. The only legislation that has been submitted to SACRS is OCERS' proposed amendment to Government Code section 31521 to increase the Board meeting stipend. (Please refer to Agenda Item I-7 for more information about this proposal.)

Staff recommends the Board give the voting delegate and alternate voting delegates direction to vote YES on any motion for SACRS to support OCERS' legislative proposal.

Submitted by:



Gina M. Ratto
General Counsel

A-8



Memorandum

DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations
SUBJECT: **CYPRESS RECREATION AND PARKS DISTRICT CONTINUING CONTRIBUTION AGREEMENT**

Recommendation

Approve the Withdrawing Employer and Continuing Contribution Agreement with Cypress Recreation and Parks District.

Background/Discussion

Cypress Recreation and Parks District (CRPD) is an employer who had been participating in OCERS but no longer has active employees enrolled in OCERS. CRPD is a subsidiary entity of the City of Cypress. Employees of the CRPD were members of OCERS up until October 12, 2000, which was the date in which the last transmittal file for employer and employee contributions was received.

During the year 2000, the City of Cypress (City) upgraded their retirement benefits through CalPERS for all City employees (note: the City was never a plan sponsor of OCERS). CRPD employees, although officially employed by the CRPD, worked alongside the City employees and had the same governing body as the City employees. At that point in time, OCERS had not yet begun to offer different benefit formulas; all general members (non-safety) received the same benefit formula (currently referred to as Plans A & B). Based on recent discussions with City staff, it is believed that the City decided that they wanted to allow the CRPD employees to have the same retirement benefits as the City employees. To effectuate that decision, all employees of CRPD were terminated on October 12, 2000 and rehired the next day by the City of Cypress which allowed them to become CalPERS members along with the rest of the City employees.

OCERS staff has not located any documentation that the decision for CRPD to terminate participation in OCERS was ever considered or discussed with the Board of Retirement. No agreement between OCERS and CRPD (nor with the City) with regards to the payment of any future Unfunded Actuarial Accrued Liability (UAAL) related to their members appears to exist. As of December 31, 2016, CRPD had twenty-one retired members/beneficiaries and seven deferred members still in OCERS (at least of one of the deferred members is currently an active employee of the City).

As part of the GASB 67 and 68 implementation process, it became evident that there is in fact UAAL that exists today with regards to the members who were previously employed by the CRPD. In order for OCERS to pursue collecting the UAAL for these members, OCERS requested that Segal calculate the UAAL for CRPD members as of December 31, 2016. Attached is the letter prepared by Segal that includes discussion on the methodology of how they calculated a UAAL of \$653,000 as of December 31, 2016. Staff presented this information to the Board of Retirement in November 2017 and received direction to pursue entering into an agreement with the CRPD for the payment of the existing and future UAAL.

OCERS staff has worked extensively with the City's Finance Director to draft a Withdrawing Employer and Continuing Contribution Agreement. The CRPD's Board (which consists of the City Council for the City of Cypress) will be reviewing the agreement recommended for approval at their October 8, 2018 City Council

Memorandum

meeting. The terms of the agreement are consistent with the terms of the agreement between OCERS and the OC Vector and Mosquito District. Below is a summary of key provisions:

- CRPD's current UAAL Obligation of \$653,000 calculated as of 12/31/2016 plus interest at OCERS current assumed rate of return will be paid upon execution of the agreement.
- Following the end of calendar year 2018 and annually thereafter, OCERS will deliver an informational report to CRPD on the assets and liabilities attributable to CRPD.
- As of 12/31/2020 and every three years thereafter (aligned with the year new assumptions are to be adopted by the Board of Retirement based on the triennial experience study performed by the actuary) OCERS shall have their actuary recalculate the then current UAAL attributable to CRPD. Such report will be delivered to the CRPD once finalized and adopted by the Board.
- CRPD will be obligated to pay the recalculated UAAL together with all accrued interest in full within three years following the effective date of each recalculation.
- Should any recalculation result in a surplus attributable to CRPD, the surplus will remain in the retirement system as a credit against future UAAL obligations attributable to CRPD.
- Term of the agreement continues until all remaining liabilities related to CRPD's employees and their survivors and beneficiaries have been satisfied.

The Withdrawing Employer and Continuing Contribution Agreement is considered to be in substantial final form (see attached). Staff is recommending that the Board of Retirement approve the execution of such agreement with the Cypress Recreation and Parks District.

Submitted by:



Brenda Shott
Assistant CEO, Finance and Internal Operations



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

October 23, 2017

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Cypress Parks and Recreation District Unfunded Actuarial Accrued Liability
as of December 31, 2016**

Dear Steve:

As requested, we have determined OCERS' Unfunded Actuarial Accrued Liability (UAAL) that would be allocated to the Cypress Parks and Recreation District (CPRD) members as of December 31, 2016 based on the Withdrawing Plan Sponsor Policy.

SUMMARY OF RESULTS

We have estimated CPRD's UAAL to be \$653,000 as of December 31, 2016. As the \$653,000 was determined as of December 31, 2016, the amount would have to be adjusted with interest to the actual date of payment. The Withdrawing Plan Sponsor Policy states that the employer must enter into a Continuing Contribution Agreement to pay off the UAAL. Per the Withdrawing Plan Sponsor Policy, the initial UAAL should be paid off over a period not to exceed five years. Once the actual number of annual payments is determined, we will provide the payment schedule calculation.

ALLOCATED UAAL ON WITHDRAWAL DATE

No notification of the withdrawal was made in October 2000 when CPRD's then current employees all terminated employment and active membership with OCERS but were rehire and subsequently enrolled in CalPERS. As the withdrawal has only come to the attention of OCERS recently based on a review of membership records and discussion with CPRD, the withdrawal date as stated in the Withdrawing Plan Sponsor Policy is deemed to be the later of the date of withdrawal in October 2000 and when OCERS was notified of the withdrawal, or September 2017.

CPRD's former employees (there are no actives, 7 deferred vesteds¹, 16 service retirees, no disabled retirees and 5 beneficiaries) are currently enrolled in OCERS' Rate Group #1 as of December 31, 2016. Also included in that Rate Group are some members from the County as well as other special districts.

CPRD's UAAL as of December 31, 2016 is equal to:

- The present value of all future benefits expected to be paid by OCERS to CPRD's retirees, beneficiaries and deferred vested members as of the withdrawal date

MINUS

- The value of assets allocated to CPRD as of the withdrawal date.

Because OCERS is a cost sharing multiple employer plan, there is no ongoing separate accounting of OCERS' assets by employer. The OCERS assets allocated to CPRD were allocated as follows:

Step 1: Determine the Actuarial Accrued Liability (AAL) for CPRD as of December 31, 2016

The December 31, 2016 AAL of the CPRD was calculated using the membership data for CPRD as of the same date. CPRD's AAL as of December 31, 2016 was \$4,271,000.

Step 2: Determine the UAAL for CPRD as of December 31, 2016

We have allocated a pro-rata share of the UAAL to CPRD. That pro-rata share was calculated by dividing the AAL for CPRD by the AAL for all the employers within Rate Group #1. This method explicitly assumes that liabilities for all employers in the Rate Group are funded to the same degree (i.e., same funded ratio).

Under that method, CPRD's portion of the UAAL as of December 31, 2016 would be determined in the proportion that the December 31, 2016 AAL for CPRD bears to the AAL of all employers (excluding AAL for Vector Control, University of California-Irvine and Department of Education) in Rate Group #1. The total UAAL for Rate Group #1 as of December 31, 2016 was \$43,770,000 after excluding the estimated withdrawal liability for Vector Control and the outstanding balance of the UAALs for University of California-Irvine and Department of Education. The December 31, 2016

¹ In the data reported to Segal for the December 31, 2016 valuation, 3 of the deferred vested members were reported as reciprocal members and we have applied our 4.25% annual reciprocal salary increase assumption to the salary reported as of December 31, 2016 from their date of termination on October 13, 2000 to their assumed retirement date as of age 58. Of the 4 remaining members who were reported as non-reciprocal, only 1 had a termination date prior to October 13, 2000, which was the date that CPRD ceased OCERS membership.

AAL for CPRD was \$4,271,000 while the AAL for all employers (excluding Vector Control, University of California-Irvine and Department of Education) in Rate Group #1 was \$286,107,000.²

Accordingly, the total UAAL for CPRD's General members as of December 31, 2016 would be \$653,000. This is determined by multiplying the total UAAL for Rate Group #1 of \$43,770,000 by the ratio of the December 31, 2016 AAL for CPRD of \$4,271,000 to the AAL for all employers (excluding Vector Control, University of California-Irvine and Department of Education) in Rate Group #1 of \$286,107,000.

Step 3: Determine the Valuation Value of Assets (VVA) for CPRD as of December 31, 2016

The VVA for CPRD as determined under the Withdrawing Plan Sponsor Policy as of December 31, 2016 would be the AAL minus the UAAL, i.e., \$4,271,000-\$653,000, or \$3,618,000. This amount would be rolled forward using the actual contributions, benefit payments and actual (smoothed) return for each year.

The resulting asset amount would be subtracted from the AAL³ as of each future determination date to determine the updated total CPRD UAAL. A new UAAL layer would then be calculated based on the difference between that updated total UAAL amount and the outstanding balance of the current UAAL layer(s). If requested, we would provide the associated amortization schedules for these new layers as they emerge in future determinations.

RESULTS AND ASSUMPTIONS USED IN CALCULATION

Again the UAAL for CPRD determined by taking the AAL in Step 1 (i.e., \$4,271,000) and subtracting the VVA in Step 3 (i.e., \$3,618,000) is \$653,000 as of December 31, 2016.

It should be noted that the UAAL determined for CPRD is based on the results and assumptions from the most recent valuation as of December 31, 2016. In particular, they have not been updated to reflect the new actuarial assumptions that have already been approved by the Board for the next valuation as of December 31, 2017.

² This liability has been rounded to the nearest \$1,000.

³ In future determinations, OCERS will collect from CPRD additional salary information for the reciprocal members who have not yet retired from OCERS. The AAL will be calculated using that up-to-date salary information and will include OCERS' future salary growth assumption.

Mr. Steve Delaney
October 23, 2017
Page 4

We are members of the American Academy of Actuaries and we meet the qualification requirements to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,



Paul Angelo, FSA, EA, MAAA, FCA
Senior Vice President and Actuary



Andy Yeung, ASA, EA, MAAA, FCA
Vice President and Actuary

MYM/bqb

WITHDRAWING EMPLOYER AND CONTINUING CONTRIBUTION AGREEMENT

This Withdrawing Employer and Continuing Contribution Agreement (“Agreement”) is entered into effective _____, 2018 (the “Effective Date”) by and between the Cypress Recreation and Parks District (“CRPD”), a component unit of the City of Cypress, California (“City”) and the Orange County Employees Retirement System (“OCERS”), a public employees’ retirement plan established under the County Employees Retirement Law of 1937, California Government Code sections 31450, *et seq.*, as amended (“CERL”).

RECITALS

- A. Beginning on or about July 1, 1971, and continuing up to and until October, 12, 2000, CRPD was a participating district employer in OCERS pursuant to the provisions of the CERL. During the time CRPD participated in OCERS, all of CRPD’s qualified officers and employees were members of OCERS.
- B. The City itself was never a participating employer in the OCERS plan. The City was instead a contract agency in CalPERS.
- C. On October 12, 2000, the City determined that CRPD employees should have the same retirement benefits that City employees were receiving through CalPERS; however at the time, comparable benefits were not available through OCERS. Accordingly, on October 12, 2000, all employees of CRPD were terminated and rehired by the City and made members of CalPERS on and after that date.
- D. All service earned by active, retired and deferred officers and employees of CRPD before October 12, 2000, remains credited with OCERS. All active employees of CRPD became deferred members of OCERS on that date, pursuant to CERL sections 31700 *et seq.*, and may be entitled to reciprocal benefits pursuant to CERL sections 31830 *et seq.* upon retirement or disability.
- E. Pursuant to CERL sections 31564.2, 31580.1 and other applicable provisions of law, CRPD remains liable to OCERS for CRPD’s share of liabilities attributable to the CRPD employees who are and may be entitled to receive retirement, disability and related benefits from OCERS.
- F. CERL section 31564.2(d) provides in part as follows:

The funding of the retirement benefits for the employees of a withdrawing agency is solely the responsibility of the withdrawing agency . . . Notwithstanding any other provision of law, no contracting agency shall fail or refuse to pay the employer’s contribution required by this chapter or to pay the employer’s contribution required by this chapter within the applicable time limitations. In dealing with a withdrawing district, the board of retirement

shall take whatever action needed to ensure the actuarial soundness of the retirement system.

CPRD and OCERS enter into this Agreement for these specific purposes.

- G. A “withdrawing agency” for purposes of this Agreement and CERL section 31564.2(d) is a participating employer in the OCERS plan that (1) ceases to provide OCERS membership for its active employees ; (2) is expected to continue to be a going concern and financially viable entity; and (3) will continue to satisfy its obligation to timely pay all Unfunded Actuarial Accrued Liability attributable to its active, retired and deferred employees and their beneficiaries by reason of their prior service as OCERS’ members. CPRD is a withdrawing agency.
- H. OCERS’ actuary has determined that the difference between the value of the assets held by OCERS attributable to CRPD and its employees, and the liability for the current and prospective benefits due to CRPD’s employees (the “unfunded actuarial accrued liability” or “UAAL”) as of December 31, 2016 is \$653,000. The actuary has certified this amount to the OCERS Board of Retirement.
- I. The purposes of this Agreement are (a) to evidence CRPD’s continuing funding obligations to OCERS for the ongoing benefits owed to its retired and disabled employees by offsetting accumulated asset reserves attributable to CRPD and its employees against projected future benefits to be paid by OCERS to retired, deferred retired and disabled CRPD employees and their survivors and beneficiaries, (b) to provide a funding mechanism for CRPD to continue to satisfy their funding obligations to OCERS, (c) to provide a mechanism for adjusting CRPD’s obligations and payments due to OCERS based on periodic actuarial experience analysis, and (d) to provide a mechanism by which OCERS will consider the transfer of Surplus, as defined below, to a successor retirement system.

AGREEMENT

NOW, THEREFORE, the parties mutually agree to the following terms, conditions and covenants:

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference. CRPD specifically represents and warrants the truth of Recitals A, B, and C.
2. Current UAAL Obligation. The current UAAL obligation to OCERS, as of December 31, 2016 on account of CRPD and its employees (“Current UAAL”) is \$653,000.
3. Satisfaction of the Current UAAL Obligation. OCERS acknowledges receipt of payment in the amount of \$_____ on _____, 2018, and \$653,000 on _____, 2018 reflecting interest accrued on the balance owing on the Current UAAL through that date, for a total of \$_____.

4. Satisfaction of Future UAAL Obligations.

- a. As soon as practicable following December 31, 2018, and following the end of every calendar year thereafter, OCERS shall deliver to CRPD a report on the assets and liabilities in the retirement system attributable to CRPD and its employees and any UAAL attributable to the CRPD employees. These reports will be for information purposes only, and shall not impose any mature funding obligation on CRPD at the time of the report. The assets attributable to CRPD and its employees will be credited with the actual rate of investment return earned on the total valuation value of OCERS assets, where such rate will reflect any previously deferred market value gains or losses that are recognized in the valuation value of assets.
- b. Commencing as of December 31, 2020, and every three years thereafter, or in such other intervals as OCERS conducts multi-annual Analysis of Actuarial Experience, OCERS' actuary shall recalculate the then current UAAL obligation based on accumulated assets and liabilities attributable to CRPD and its employees, CRPD's actual experience and demographics and consistent with the actuarial assumptions and methodologies and interest crediting policies then in effect for all active OCERS plan participants as adopted by the OCERS Board of Retirement (the "Recalculation of the UAAL Obligation"). For purposes of the Recalculation of the UAAL Obligation, CRPD's employees shall be treated as if they were a "closed group" and CRPD's attributable assets and liabilities shall be treated as segregated from the remaining assets and liabilities of the retirement system. OCERS shall deliver a report of the results of the Recalculation of the UAAL Obligation to CRPD as soon as such information has been finalized by the actuary and adopted by the Board.
- c. Based on the Recalculation of the UAAL Obligation, in the event that there is any new UAAL obligation required of CRPD, CRPD shall satisfy the obligation to OCERS in full by payments within three (3) years following the effective date of each such Recalculation of the UAAL Obligation, together with all accrued interest thereon at OCERS' then assumed rate. CRPD shall have the right to pre-pay any amount due to OCERS without penalty, and may add additional funds to its account with OCERS in anticipation of future liabilities at any time.
- d. Based on the Recalculation of the UAAL Obligation, in the event that there is any negative UAAL obligation ("Surplus") attributable to the employees of CRPD, such Surplus shall remain in the retirement system as a credit against future UAAL obligations attributable to CRPD and its employees.

5. Continuing Legal Obligations. CRPD's obligations under the CERL, including but not limited to Government Code sections 31564.2, 31564.5, 31580.1, 31585 and 31627.6, shall be continuing, as necessary to discharge the obligation of CRPD to OCERS in a timely manner. In the event either party fails to perform any of the obligations imposed by this Agreement

or at law in a timely manner, the other party may take any legal action appropriate under the circumstances, including seeking injunctive or other equitable relief, on a preliminary or permanent basis.

6. Hold Harmless and Indemnification. Each party to this Agreement shall indemnify, defend and hold the other party (including its governing board, trustees, officers, agents and employees) harmless from any claims, losses, injuries, damages or liability of every kind or character, including reasonable attorneys' fees and costs incurred in connection therewith, to the extent caused by its own wrongful acts and/or omissions, including but not limited to any breach of this Agreement. This paragraph shall survive termination of this Agreement and the Expiration Date, as defined below.
7. Expiration Date. Once all remaining liabilities to CRPD's employees and their survivors and beneficiaries have been satisfied, OCERS shall transfer any remaining assets attributable to CRPD's account to CalPERS (or other successor qualified plan in which CRPD is then a participating employer) for the benefit of CRPD.
8. Venue and Choice of Law. This Agreement is made in Orange County, California. Any legal action taken with respect to this Agreement shall be brought in the Superior Court for the County of Orange, unless otherwise agreed to in writing by the parties. The construction, interpretation, and enforcement of this Agreement shall be governed by the laws of the State of California as they are applied to domiciliaries thereof. In the event any provision of this Agreement is unenforceable as a matter of law, that provision will be deemed to be reformed to reflect as nearly as possible the original intent of the parties as expressed in this Agreement and in accordance with applicable law, and the remaining provisions will stay in full force and effect, so long as the primary intent of the parties still may be accomplished.

9. Notices. All notices or other communications required or permitted to be given under this Agreement shall be made in writing and sent to the addresses set forth below:

If to CRPD:

Cypress Recreation and Parks District
5275 Orange Avenue
Cypress, CA 90630
Attention: Executive Director
Fax No.: (714) 229-6682

If to OCERS:

Orange County Employees Retirement System
2223 E. Wellington Avenue, Suite 100
Santa Ana, CA 92701
Attention: Chief Executive Officer
Fax No.: (714) 558-6236

All notices shall be deemed given if delivered receipt confirmed using one of the following methods: registered or certified first class mail, postage prepaid; recognized courier delivery; electronic mail; or facsimile transmission.

10. Successors. This Agreement shall inure to the benefit of, and be binding on, the parties' respective successors and assigns, unless otherwise precluded by operation of law.
11. Miscellaneous. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and may only be amended or modified by a writing signed by a duly authorized representative of each party. This Agreement may be executed in counterparts, each of which shall be deemed an original. This Agreement replaces and supersedes any prior oral or written understandings, communications, and representations between the parties regarding the subject matter contained herein. Neither party may assign any rights set forth in this Agreement to any third party without the other party's written consent.

IN WITNESS WHEREOF, the parties hereby agree to all of the above terms and have executed this Agreement as of its Effective Date.

CYPRESS RECREATION AND PARKS DISTRICT

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

By: _____

By: _____

Printed Name of Person Signing

Printed Name of Person Signing

Title of Person Signing

Title of Person Signing

A-9

Memorandum

DATE: October 12, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **APPROVE CONFERENCE ATTENDANCE and RELATED TRAVEL EXPENSES FOR TRUSTEE RUSSELL BALDWIN**

Recommendation

Approve Trustee Russell Baldwin's attendance and related travel expenses including overnight accommodations for the SRI 29 Conference, November 1 - 3, 2018, at the Broadmoor Hotel in Colorado Springs, Colorado in the approximate amount of \$2,595.

Background/Discussion

From their materials, the sponsors of the SRI conference state: "The SRI Conference is the premier annual gathering of sustainability professionals, financial advisors, investment managers and private- and public-sector professionals who share a common goal of deploying capital as a change agent." A link to the conference agenda and other materials is provided here: <https://www.sriconference.com/>

SRI stands for Socially Responsible Investing, and the conference provider's materials state that "In 2016 FOLIOfn, Inc. (Now Folio Financial) acquired First Affirmative and The SRI Conference as part of the company's ongoing mission to transform the way people invest for the better. Folio Financial widens the scope of possibilities for responsible investors with new technology, tools and investment opportunities, including private impact investing."

In his request to attend, Trustee Baldwin writes: "I think this is very valuable as I anticipate that OCERS will be moving in the direction of sustainable investing soon."

The SRI Conference is not a pre-approved educational event as identified in Section 10 or 14 of the OCERS Board's Education & Travel policy (copy attached). In addition, due to his previous conference attendances this year, Mr. Baldwin has reached his limit of three annual conferences as specified in Section 16 of the Travel policy. For those reasons, approval of Trustee Baldwin's exceeding the three conference limitation as well as approving related travel expenses require OCERS Board action.

The approximate cost for Mr. Baldwin's attendance includes lodging (\$700), airfare (\$600), parking (\$100), and registration, which includes all conference meals (\$1195) for a total of \$2,595.



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

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*Orange County Employees Retirement System
Retirement Board Meeting
October 15, 2018
Application Notices*

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
Aqhajani, Amir	OCTA	8/14/2018
Akinyemi, Oyewole	Health Care Agency	8/3/2018
Alexander, Cynthia	City of San Juan Capistrano	6/16/2018
Alexander, William	OCTA	8/19/2018
Arreola, Delia	Clerk/Recorder	7/20/2018
Azma, Sima	Superior Court	8/14/2018
Bahena, Narcizo	OCTA	8/15/2018
Bardin, Joan	OC Community Resources	6/28/2018
Barton, Leslie	OCTA	7/16/2018
Blanton, Glenn	Probation	8/17/2018
Brewer, Sandra	Child Support Services	7/3/2018
Brown, Renee	Social Services Agency	8/15/2018
Buchko, Janice	Social Services Agency	7/28/2018
Bunetta, David	Probation	7/1/2018
Carlisle, Carolyn	District Attorney	8/3/2018
Cathey, Richard	John Wayne Airport	8/3/2018
Cazarres, Craig	District Attorney	8/3/2018
Cini, Maltaise	Public Defender	7/15/2018
Decker, Daniel	Sheriff's Dept	7/6/2018
Degenhardt, Sonja	Social Services Agency	8/18/2018
Doyle, Siobhan	OC Waste and Recycling	7/2/2018
Duran, Olivia	Assessor	8/3/2018
Fluellen, James	OCTA	8/11/2018
Funk, Christopher	Fire Authority (OCFA)	7/11/2018
Gallego, Paul	OCTA	8/10/2018
Georgescu, Stefan	Sheriff's Dept	7/6/2018
Gomez, Alberto	OCTA	8/9/2018
Gomez, Bessie	Superior Court	7/6/2018
Gunawardene, Sunethra	Child Support Services	7/20/2018
Gutierrez, Luis	District Attorney	8/4/2018
Haupt, Steven	Fire Authority (OCFA)	7/4/2018
Heary, John	Health Care Agency	6/30/2018
Hendricks, Gary	District Attorney	7/20/2018
Hermansen, Nancy	District Attorney	4/1/2018
Herrera, Cynthia	Superior Court	7/3/2018
Herrera, Venedicto	Superior Court	2/28/2018
Hibner, Brenda	Social Services Agency	7/2/2018
Hightower, Joan	Sheriff's Dept	7/17/2018
Isbell, Minda	Fire Authority (OCFA)	7/6/2018
Jones, Sarah	District Attorney	8/2/2018
Kawamura, Kenneth	Health Care Agency	8/13/2018
Kelley, Rebecca	Superior Court	7/20/2018
Liu, June	Cypress Park	6/29/2018
Lopez, Michelle	Health Care Agency	7/6/2018
Luu, Howard	Clerk/Recorder	8/17/2018
Ly, Nhon	OCTA	8/4/2018
Macpherson, John	Sheriff's Dept	8/17/2018
Malton, Vicky	OC Community Resources	8/17/2018
McKeaque, William	Sheriff's Dept	8/17/2018

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
Mendivil, Arthur	OC Community Resources	5/1/2018
Mills, Gary	County Executive Office (CEO)	8/17/2018
Mondkar, Shivanand	Probation	8/17/2018
Myers, Lori	Superior Court	8/23/2018
Narel, Leonard	OC Public Works	8/17/2018
Nelson, Craig	Sheriff's Dept	7/6/2018
Nguyen, Crystal	Social Services Agency	3/16/2018
Nguyen, Cuong	OCTA	8/20/2018
Nowak, Cathy	OC Community Resources	7/13/2018
Ortiz, Elizabeth	Social Services Agency	7/3/2018
Ott, Charles	Social Services Agency	8/17/2018
Paladino, Joseph	Fire Authority (OCFA)	8/6/2018
Parker, Mcdonald	John Wayne Airport	8/1/2018
Pham, Candie	Social Services Agency	7/6/2018
Rangel, Debbie	Social Services Agency	7/6/2018
Reyna, Tazia	Health Care Agency	7/6/2018
Shapiro, Paul	Superior Court	6/30/2018
Sheflin, Spencer	Sheriff's Dept	7/20/2018
So, Rosemarie	Sheriff's Dept	6/23/2018
Sparks, William	District Attorney	8/9/2018
Spencer, David	Fire Authority (OCFA)	7/6/2018
Stirling, Thomas	OC Public Works	5/21/2018
Stock, Rose Ann	Health Care Agency	8/17/2018
Sukumar, Grace	Superior Court	3/30/2018
Tapia, Myrna	Social Services Agency	8/17/2018
Tidball, Barbara	OC Public Works	7/20/2018
Tran, Chris	Public Defender	8/8/2018
Vullo, Dave	District Attorney	7/6/2018
Wachter, Michelle	OCTA	8/2/2018
Walton, Roslyn	Health Care Agency	7/6/2018
Wellbaum, Terry	Health Care Agency	7/20/2018
West, Diane	Assessor	8/3/2018
Wetts, Megan	OC Community Resources	8/17/2018

*Orange County Employees Retirement
Retirement Board Meeting
October 15, 2018
Death Notices*

<i>Active Members</i>	<i>Agency/Employer</i>
Johnson, Carin	Social Services Agency
Martinez, Leopoldo	Auditor-Controller
Mc Inerney, Carolyn	County Executive Office (CEO)
Steward, Reginald	OC Community Resources

<i>Retired Members</i>	<i>Agency/Employer</i>
Abdel-Sayed, Taghreed	Sheriff's Dept
Anthony, Philip	Board of Supervisors
Boike, Mark	Sheriff's Dept
Bournival, Robert	OCTA
Bowen, Lillian	Superior Court
Chandler, Patricia	OCTA
Clavin, Mary	Auditor-Controller
Conf, Mai Anh	Health Care Agency
Corbin, Virginia	Health Care Agency
Draeger, Robert	OC Waste and Recycling
Florio, Geraldine	Sheriff's Dept
Gervais, Carl	OC Public Works
Gettman, Carolyn	OC Public Works
Harding, George	OC Public Works
Hunter, Wondra	OCTA
Johnson, Charles	Probation
Krauss, Veronica	OCTA
Lees, Leonard	Health Care Agency
Lewis, May Ellen	UCI
Litscher, Ruth	Probation
Lotts, Mary	OC Community Resources
Lowie, Robert	OCTA
Macias, Peggy	Social Services Agency
Martindale, Steven	OC Public Works
Mc Murtry , Marilyn	Social Services Agency
Miklas, Margaret	Auditor-Controller
Mowbray, Samuel	Sanitation District
Oliphant, Everett	Health Care Agency
Panchal, Constance	Social Services Agency
Parrish, Amy	Treasurer-Tax Collector
Peterson, Arthur	District Attorney
Peterson, Robert	District Attorney
Ratawessnant, Parichart	Social Services Agency
Romano, Anne	Health Care Agency

<i>Retired Members</i>	<i>Agency/Employer</i>
Schoepf, John	Health Care Agency
Servin, Margarita	Social Services Agency
Shaner, Richard	Social Services Agency
Straub, Elvira	Health Care Agency
Trent, Elizabeth	UCI
Truong, Yen	OC Community Resources
Turner, Richard	OC Public Works
Walsh, Ralph	Sheriff's Dept
Woods, Robert	Health Care Agency

<i>Surviving Spouses</i>	
Benveniste, Mary	
Burton, Eunice	
Gillaspy, Lauralee	
Hartnett, William	
Kellison, Marjorie	
Kish, Adeline	
Lavacot, Robert	
Mcraney, Georgia	
Niesley, Jack	
Reese, Ralph	
Robinson, Gary	
Vaessen, John	
Washbon, Hazel	
Wilson, Rosa	

I-3

Memorandum

DATE: October 15, 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. August 31, 2018 was the last day for each House to pass bills, and September 30, 2018 was the last day for the Governor to sign or veto bills.

A comprehensive list and description of the bills that staff has monitored 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

- **SB 1270 (Vidak) – SIGNED.** 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 will 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: Signed by the Governor.)**

SIGNED Bills That Will Amend the CERL or Other Laws That Apply to OCERS

- **AB 1912 (Rodriguez) – SIGNED. Amended August 11 and 24, 2018.** Under existing law, the Joint Exercise of Powers Act (“JPA Act”), the debts, liabilities and obligations of a joint powers authority (“JPA”) are the debts, liabilities and obligations of the parties to the JPA agreement “unless the agreement specifies otherwise.” **This bill would specify that the parties to the joint powers agreement may not specify otherwise with respect to retirement liabilities of the agency if the agency contracts with a public retirement system, and would eliminate an authorization for a party to a JPA agreement to separately contract or assume responsibilities for specific debts, liabilities, or obligations of the agency.** This bill would ~~eliminate that authorization and would state that if a JPA participates in or contracts with a public retirement system the members of the JPA — both current and former — would be required,~~ **require member agencies of a JPA that participates in, or contracts with, a public retirement system, prior to filing a notice of termination or upon notice of potential termination by the Board of**

Administration of the Public Employees' Retirement System, to mutually agree as to the apportionment of the agency's retirement obligations among themselves, provided that the agreement equals 100% of the retirement liability of the agency. If the member agencies are unable to mutually agree to the apportionment, the bill would require the board to apportion the retirement liability as specified, and would establish procedures allowing a member agency to challenge the board's determination through the arbitration process. The bill would also 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 rendered. The bill would specify that those provisions apply both retroactively to a member agency, or current and former member agency, that has an agreement with the board on or before January 1, 2019, and to new agreements with the board on or after that date.

The bill also amends several other provisions of the PERL with respect to JPAs participating in the CalPERS plan and PERL provisions affecting termination of participation by JPAs in the CalPERS plan. **(STATUS: Signed by Governor.)**

- **AB 2076 (Rodriguez) – SIGNED**. 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 effective 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 effective 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: Signed by the Governor.)**
- **SB 1244 (Wieckowski) – SIGNED**. The California Public Records Act (CPRA) requires state and local agencies to make their public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The CPRA makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemption.

Further, the CPRA requires a court to award court costs and reasonable attorney's fees to the plaintiff if the plaintiff prevails in litigation filed pursuant to the CPRA, and requires the court to award court costs and reasonable attorney's fees to the public agency if the court finds that the plaintiff's case is clearly frivolous. This bill would replace "plaintiff" with "requester" in that provision, would make conforming changes, and specify that these provisions do not preclude the award of fees and costs pursuant to other provisions of law. **(STATUS: Signed by Governor.)**

Other Bills of Interest – SIGNED

- **SB 964 (Allen) – SIGNED** 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: Signed by Governor and Chaptered.)**
- **SB 1413 (Nielsen) – SIGNED** This bill would enact the California Employers’ Pension Prefunding Trust Program and establish the California Employers’ Pension Prefunding Trust Fund to allow state and local public agency employers that participate in CalPERS and provide a defined benefit pension plan to their employees to prefund their required pension contributions. The bill contains other related provisions. **(STATUS: Signed by Governor and Chaptered.)**

VETOED Bills

- **AB 1597 (Nazarian) – VETOED. Amended (non-substantive) August 24, 2018.** This bill, upon passage of a federal law imposing sanctions on Turkey for failure to acknowledge the Armenian Genocide, would prohibit the boards of administration of the CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, of public employee retirement funds 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 require the boards to liquidate existing investments in Turkey in these types of investment vehicles within 6 months of the passage of a federal law ~~imposing that~~ **imposes** sanctions on Turkey. The bill would require these boards, within one year of the passage of a federal law imposing those sanctions on Turkey, to make a specified report to the Legislature and the Governor regarding these actions. The bill would specify that its provisions do not require a board to take any action that the board determines in good faith is inconsistent with its constitutional fiduciary responsibilities to the retirement system. The bill would indemnify from the General Fund and hold harmless the present, former, and future board members, officers, and employees of, and investment managers under contract with, the boards, in connection with actions relating to these investments. The bill would repeal these provisions if a determination is made by the Department of State or the Congress of the United States, or another appropriate federal agency, that the government of Turkey has officially acknowledged its responsibility for the Armenian Genocide. **(STATUS: Vetoed.)**
- **SB 656 (Moorlach & Lara) – VETOED.** Amended **August 24, 2018.** This bill would authorize a judge who is not otherwise eligible to retire and who has either attained 60 years of age with a minimum of 5 years of service or accrued 20 or more years of service to leave his or her monetary credits on deposit with the Judges’ Retirement System II, to retire, and upon reaching retirement age, as specified, to receive a monthly retirement allowance, as provided. The bill would prescribe procedures to apply if the judge fails to elect within 30 days of separation and would authorize the board to charge an administrative

fee, as specified, to a judge who elects to apply these provisions. The bill would specify the ~~retirement~~monthly allowance provided to a surviving spouse or other beneficiary, and would make other conforming changes in relation to these provisions. The bill would also provide, for the purposes of the Judges' Retirement System II, and for a judge first appointed or elected to office on or after January 1, 2019, that a surviving spouse is a spouse who was married to the judge continuously from the date of retirement until the judge's death. This bill contains other related provisions and other existing laws. (STATUS: Vetoed by Governor.)

- **SB 1124 (Leyva) – VETOED. Amended August 23, 2018.** This bill would establish new procedures under PERL for cases in which a member's benefits are erroneously calculated by the state or a contracting agency. The bill would require the system, upon determining on or after January 1, 2019, or on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted his or her administrative or legal remedies, that compensation for an employee member reported by the state or a contracting agency conflicts with specified law, to discontinue the reporting of the disallowed compensation. The bill would require the contributions made on the disallowed compensation, for active members, to be credited against future contributions on behalf of the state or the contracting agency that reported the disallowed compensation and would require that state or contracting agency to return to the member any contributions paid by the member. The bill would require CalPERS, with respect to retired members or beneficiaries whose final compensation at retirement was predicated upon disallowed compensation, to permanently adjust the benefit to reflect the exclusion of the disallowed compensation, and would require the contributions made on the disallowed compensation to be credited against future contributions on behalf of the state or contracting agency that reported the disallowed compensation. If, among other things, the member was unaware the compensation was disallowed when reported, the bill would require the state or contracting agency that reported the disallowed compensation to pay the system the full cost of any overpayment, as specified, and pay to the retired member or beneficiary the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided. Finally, the bill would authorize the state or a contracting agency, for any MOU entered into on or after January 1, 2019, to submit any compensation proposal intended to form the basis of a pension benefit calculation to the system to determine compliance with specified provisions governing compensation. (STATUS: Vetoed by Governor.)

FAILED Bills

- **AB 283 (Cooper) – FAILED.** This bill would amend the CERL to require, for purposes of determining permanent incapacity of certain peace officers, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer as described under Section 830 of the Penal Code. The bill would apply to members who file applications for disability on or after the effective date of the bill, except for cases on appeal at that time. (STATUS: Failed.)

- **AB 526 (Cooper) – FAILED.** This bill would make the Sacramento County Employees Retirement System a district under the CERL. **(STATUS: Failed.)**
- **AB 2571 (Fletcher) – FAILED.** This bill, if consistent with fiduciary responsibilities of a public investment fund as determined by its board, would require a public investment fund to require alternative investment vehicles to report at least annually certain information concerning specified hospitality employers relating to race and gender pay equity and sexual harassment. The bill would require a public investment fund to disclose the information provided to the fund at least once annually in a report presented at a meeting open to the public and would require the fund to provide the report upon request to a member of the Legislature. The bill would authorize the Department of Fair Employment and Housing to issue regulations for the implementation of these reporting requirements. The bill would define terms for purposes of the reporting provisions and repeal the reporting provisions on January 1, 2022.

Existing law provides that board members and other officers and employees of CalPERS and CalSTRS, and certain other entities, shall be held harmless and eligible for indemnification from the General Fund in connection with prescribed actions relating to prohibited investments. The bill would additionally provide that board members of any public pension or retirement system, other officers and employees, and investment managers under contract with the system would also be held harmless and eligible for indemnification from the General Fund in connection with actions taken pursuant to the bill.

(STATUS: Failed.)

- **AB 3084 (Levine) – FAILED.** 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. This bill would require each governing body of a public agency that provides other postemployment benefits to, in an annual financial statement submitted to the Controller, in a form prescribed by the Controller, show that the public agency has met or if it has not met, detail why it has not met, and what the public agency 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: Failed.)**
- **AB 3150 (Brough) – FAILED.** 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: Failed.)**

- **SB 1033 (Moorlach) – FAILED.** 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: Failed.)**
- **SB 1166 (Pan) – FAILED.** This bill would require that any CalPERS contracting agency that fails to make its required employer contributions on time, **and fails to cure the delinquency within 7 days**, to notify members and retired members who are current or past employees of that agency, or their beneficiaries, of the agency's delinquency by mail within 30 days of the payment having become delinquent. The bill would require the board to provide contact information in a specified format to contracting agencies for the purpose of providing notice to members and retired members who are current or past employees of that agency, or to their beneficiaries, and would prescribe a process in this regard. The bill would immunize contracting agencies for failure to provide notice if the contact information is incomplete or incorrect. **(STATUS: Failed.)**

Attachment

Submitted by:

A handwritten signature in blue ink that reads "Gina M. Ratto". The signature is written in a cursive style with a horizontal line underneath it.

Gina M. Ratto
General Counsel

**2017—2018 LEGISLATIVE SESSION BILLS OF INTEREST
LEGISLATIVE UPDATE (October 15, 2018) – ATTACHMENT**

AB 283 (Cooper) – FAILED. 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 to determine if they can perform all of the usual and customary duties of a peace officer as described under Section 830 of the Penal Code. The bill would apply to members who file applications for disability on or after the effective date of the bill, except for cases on appeal at that time. **(STATUS: Failed.)**

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

AB 1597 (Nazarian) – VETOED. Amended (non-substantive) August 24, 2018. This bill, upon passage of a federal law imposing sanctions on Turkey for failure to acknowledge the Armenian Genocide, would prohibit the boards of administration of the CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, of public employee retirement funds 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 require the boards to liquidate existing investments in Turkey in these types of investment vehicles within 6 months of the passage of a federal law ~~imposing~~**that imposes** sanctions on Turkey. The bill would require these boards, within one year of the passage of a federal law imposing those sanctions on Turkey, to make a specified report to the Legislature and the Governor regarding these actions. The bill would specify that its provisions do not require a board to take any action that the board determines in good faith is inconsistent with its constitutional fiduciary responsibilities to the retirement system. The bill would indemnify from the General Fund and hold harmless the present, former, and future board members, officers, and employees of, and investment managers under contract with, the boards, in connection with actions relating to these investments. The bill would repeal these provisions if a determination is made by the Department of State or the Congress of the United States, or another appropriate federal agency, that the government of Turkey has officially acknowledged its responsibility for the Armenian Genocide. **(STATUS: Vetoed.)**

AB 1912 (Rodriguez) – SIGNED. Amended August 11 and 24, 2018. Under existing law, the Joint Exercise of Powers Act (“JPA Act”), the debts, liabilities and obligations of a joint powers authority (“JPA”) are the debts, liabilities and obligations of the parties to the JPA agreement “unless the agreement specifies otherwise.” **This bill would specify that the parties to the joint powers agreement may not specify otherwise with respect to retirement liabilities of the agency if the agency contracts with a public retirement system, and would**

eliminate an authorization for a party to a JPA agreement to separately contract or assume responsibilities for specific debts, liabilities, or obligations of the agency. This bill would eliminate that authorization and would state that if a JPA participates in or contracts with a public retirement system the members of the JPA—both current and former—would be required, **require member agencies of a JPA that participates in, or contracts with, a public retirement system, prior to filing a notice of termination or upon notice of potential termination by the Board of Administration of the Public Employees’ Retirement System,** to mutually agree as to the apportionment of the agency’s retirement obligations among themselves, provided that the agreement equals 100% of the retirement liability of the agency. If the member agencies are unable to mutually agree to the apportionment, the bill would require the board to apportion the retirement liability as specified, and would establish procedures allowing a member agency to challenge the board’s determination through the arbitration process. The bill would also 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 rendered. The bill would specify that those provisions apply both retroactively to a member agency, or current and former member agency, that has an agreement with the board on or before January 1, 2019, and to new agreements with the board on or after that date.

The bill also amends several other provisions of the PERL with respect to JPAs participating in the CalPERS plan and PERL provisions affecting termination of participation by JPAs in the CalPERS plan. **(STATUS: Signed by Governor.)**

AB 2076 (Rodriguez) – SIGNED. 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 effective 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 effective 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: Signed by the Governor.)**

AB 2196 (Cooper) – SIGNED. (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, 2020, 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, 2020, the amount 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, on or after January 1, 2020, 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 instead provide that, for elections with an initial effective date on or after January 1, 2020, 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 number 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, 2020, 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: Signed by Governor.)**

AB 2571 (Fletcher) – FAILED. This bill, if consistent with fiduciary responsibilities of a public investment fund as determined by its board, would require a public investment fund to require alternative investment vehicles to report at least annually certain information concerning specified hospitality employers relating to race and gender pay equity and sexual harassment. The bill would require the fund to disclose the information it receives at least once annually in a report presented at a meeting open to the public and would require the fund to provide the report upon request to a member of the Legislature. The bill would authorize the Department of Fair Employment and Housing to issue regulations for the implementation of these reporting requirements. The bill would define terms for purposes of the reporting provisions and repeal the reporting provisions on January 1, 2022.

Existing law provides that board members and other officers and employees of CalPERS and CalSTRS, and certain other entities, shall be held harmless and eligible for indemnification from the General Fund in connection with prescribed actions relating to prohibited investments. The bill would additionally provide that board members of any public pension or retirement system, other officers and employees, and investment managers under contract with the system shall also be held harmless and be eligible for indemnification from the General Fund in connection with actions taken pursuant to the bill. **(STATUS: Failed.)**

AB 3084 (Levine) – FAILED. 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. This bill would require each governing body of a public agency that provides other postemployment benefits to, in an annual financial statement submitted to the Controller, in a form prescribed by the Controller, show that the public agency has met or if it has not met, detail why it has not met, and what the public agency 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: Failed.)**

AB 3150 (Brough) – FAILED. 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: Failed.)**

SB 656 (Moorlach & Lara) – VETOED. Amended **August 24, 2018.** This bill would authorize a judge who is not otherwise eligible to retire and who has either attained 60 years of age with a minimum of 5 years of service or accrued 20 or more years of service to leave his or her monetary credits on deposit with the Judges' Retirement System II, to retire, and upon reaching retirement age, as specified, to receive a monthly retirement allowance,

as provided. The bill would prescribe procedures to apply if the judge fails to elect within 30 days of separation and would authorize the board to charge an administrative fee, as specified, to a judge who elects to apply these provisions. The bill would specify the ~~retirement~~monthly allowance provided to a surviving spouse or other beneficiary, and would make other conforming changes in relation to these provisions. The bill would also provide, for the purposes of the Judges' Retirement System II, and for a judge first appointed or elected to office on or after January 1, 2019, that a surviving spouse is a spouse who was married to the judge continuously from the date of retirement until the judge's death. This bill contains other related provisions and other existing laws. **(STATUS: Vetoed by Governor.)**

SB 964 (Allen) – SIGNED. 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: Signed by Governor; Chaptered.)**

SB 1033 (Moorlach) – FAILED. 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: Failed.)**

SB 1060, 1061, 1062 (Mendoza) – FAILED. 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: Failed.)**

SB 1124 (Leyva) – VETOED. Amended August 23, 2018. This bill would establish new procedures under PERL for cases in which a member's benefits are erroneously calculated by the state or a contracting agency. The bill would require the system, upon determining on or after January 1, 2019, or on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted his or her administrative or legal remedies, that compensation for an employee member reported by the state or a contracting agency conflicts with specified law, to discontinue the reporting of the disallowed compensation. The bill would require the contributions made on the disallowed compensation, for active members, to be credited against future contributions on behalf of the state or the contracting agency that reported the disallowed compensation and would require that state or contracting agency to return to the member any contributions paid by the member. The bill would require CalPERS, with respect to retired members or beneficiaries whose final compensation at retirement was predicated upon disallowed compensation, to permanently adjust the benefit to reflect the exclusion of the disallowed compensation, and would require the contributions made on the disallowed compensation to be credited against future contributions on behalf of the state or contracting agency that reported the disallowed compensation. If, among other things, the member was unaware the compensation was disallowed when reported, the bill would require the state or contracting agency that reported the disallowed compensation to pay the system the full cost of any overpayment, as specified, and pay to the retired member or beneficiary the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided. Finally, the bill would authorize the state or a contracting agency, for any MOU entered into on or after January 1, 2019, to submit any compensation proposal intended to form the basis of a pension benefit calculation to the system to determine compliance with specified provisions governing compensation. **(STATUS: Vetoed by Governor.)**

SB 1166 (Pan) – FAILED. This bill would require that any CalPERS contracting agency that fails to make its required employer contributions on time, and fails to cure the delinquency within 7 days, to notify members and retired members who are current or past employees of that agency, or their beneficiaries, of the agency's delinquency by mail within 30 days of the payment having become delinquent. The bill would require the board to provide contact information in a specified format to contracting agencies for the purpose of providing notice to members and retired members who are current or past employees of that agency, or to their beneficiaries, and would prescribe a process in this regard. The bill would immunize contracting agencies for failure to provide notice if the contact information is incomplete or incorrect. **(STATUS: Failed.)**

SB 1244 (Wieckowski) – SIGNED. The California Public Records Act (CPRA) requires state and local agencies to make their public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The CPRA makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemption.

Further, the CPRA requires a court to award court costs and reasonable attorney's fees to the plaintiff if the plaintiff prevails in litigation filed pursuant to the CPRA, and requires the court to award court costs and reasonable attorney's fees to the public agency if the court finds that the plaintiff's case is clearly frivolous. This bill would replace "plaintiff" with "requester" in that provision, would make conforming changes, and specify that these provisions do not preclude the award of fees and costs pursuant to other provisions of law.

(STATUS: Signed by Governor and Chaptered.)

SB 1270 (Vidak) – SIGNED. 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: Signed by the Governor and Chaptered.)**

SB 1413 (Nielsen) – SIGNED. This bill would enact the California Employers' Pension Prefunding Trust Program and establish the California Employers' Pension Prefunding Trust Fund to allow state and local public agency employers that participate in the CalPERS plan that provide a defined benefit pension plan to their employees to prefund their required pension contributions. The bill contains other related provisions. **(STATUS: Signed by Governor and Chaptered.)**

I-4

Memorandum

DATE: October 3, 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:

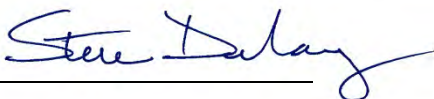
“From the date of issuance of this RFP until the selection of one or more respondents is completed and announced, respondents are not permitted to communicate with any OCERS staff member or Board Members regarding this procurement, except through the Point of Contact named herein. Respondents violating 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 was distributed for Hearing Officer Services in July. The RFP was cancelled because no responses were received. A new RFP for Hearing Officer Services will be released in October.

Submitted by:



Steve Delaney
Chief Executive Officer

I-5

Memorandum

DATE: October 9, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: TRAVEL REPORT – SANTA BARBARA-VENTURA SITE VISIT

Written Report

Background/Discussion

I have always emphasized the need for continuous improvement in our public service on behalf of our OCERS membership. One task I undertake each year in that endeavor is to visit two other pension systems in person, finding I will always come away with ideas for new or improved approaches to accomplishing OCERS' mission.

In 2016, while sharing a verbal report on my outreach efforts with the OCERS Board, Trustee Freidenrich asked if I could produce a written report regarding my visits in future years, a great suggestion which I am following with this report.

I arranged this year to visit Santa Barbara Employees Retirement System (SBCERS) on August 9, followed the next day by a visit to Ventura County Employees Retirement Association (VCERA) on August 10.

I communicated with the CEO of each system prior to my arrival and indicated my interest in meeting with certain departments and staff. At each location I tried to arrange for the following:

1. A visit with you as CEO, sharing your perspective on current system challenges and where you as the CEO are going with your system over the long term. A review of your strategic plan and the thinking behind each goal. A visit to your Board room, with a discussion of how your Board conducts its meetings. A review of recent Board meeting agendas would be very helpful. How is security handled? Public comments? Clashes among the Trustees? What is discussed at the Board's annual strategic planning workshop/retreat – if you have such? A review of those recent agendas would be appreciated as well.
2. Visit with Finance Department lead. Review your agency CAFR. Highlights? Biggest challenges in getting it complete? What challenges do you face in reporting investment returns?
3. A visit with your Chief Investment Officer, to review current asset allocation and investment strategies. What is current assumed rate, and do you see that changing in the near future? What authority has the Board delegated to the CIO? Who are the consultants, and how is work between your staff and the consultant coordinated?
4. A visit with your communications officer. What publications, newsletters, etc are produced? A visit to your website and the tools provided to the membership. Any issues with Public Records requests? Any outreach events with your membership?

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5. A visit with the benefits unit/department. Challenges in calculations? How do you ensure accuracy? What training program/materials do you have for new hires? Current phone stats?
6. A similar visit to the Disability unit/department. How do you develop a disability claim? How much is expected of the member in preparing a claim? Service levels? How does your Board handle the Disability claim process?
7. Finally, what about culture? What is your agency's culture, and how do you as the CEO influence that culture? How does your staff interact. Relationship between management and line staff? Complainers – how do you tackle that?

Some of the highlights of what I took away as learning points for us at OCERS based on my visits to each follow:

SANTA BARBARA EMPLOYEES RETIREMENT SYSTEM

Members: 10,137
Plan Sponsors: 11
Staff Positions: 20
Fund: \$2.8 billion
Funded Ratio: 74.9%

Staff perform a service audit on one member per week, randomly chosen from among those close to retirement. The purpose of the audit is to ask "Could this member retire today", does the member's file contain everything necessary to make that retirement process run smooth and efficiently. If not, then the staff member will determine why not, what is needed, and reach out to the member to proactively obtain the documents and information that is lacking.

Another proactive task undertaken deals with members returning from a medical leave. The member receives a letter explaining the buyback process, and asking if the member is interested in making that purchase. It is too often the case otherwise that members fail to begin the purchase process, and the impact of accruing interest charges over time can make the purchase prohibitively expensive if the member waits until retirement.

With regard to service buybacks in general, SBCERS does put the obligation on the member to provide the necessary paperwork in support of a buyback, the staff will not spend their agency time researching work history and employer records to corroborate a member's initial claim.

When a member is scheduled to come in for an appointment, SBCERS staff will hyperlink a video pertaining to the issue the member is coming in to discuss, and send that to the member so the individual is better prepared when speaking with staff.

For Safety members applying for a disability retirement benefit, the Santa Barbara Sheriff's Department will advance pay to the member the anticipated amount of monthly benefit that will be paid to the member once approved by SBCERS, and then SBCERS will reimburse the Sheriff's Department from the

Memorandum

amount that would otherwise have been paid as a retroactive payment to the retired member.

VENTURA COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Members: 8,800 (1,450 Safety)
Plan Sponsors: 5
Staff Positions: 32
Fund: \$5.4 billion
Funded Ratio: 87%

VCERA staff is undertaking a review of their By-Laws and will be taking corrections to their County Board of Supervisors for approval.

Development and approval of disability retirement claims is a challenge for VCERA, especially due to the fact that unlike OCERS, they are not an independent agency. VCERA is a department of the County of Ventura. The County's Risk Management Department develops disability claims on behalf of VCERA. That department never sends claimants to an Independent Medical Exam, but rather generally use Workers Compensation materials to develop the claim. With that disconnect, VCERA is left with little to do in the process beyond implementing what the County may direct, not a good situation to be in when trying to ensure their members receive the best services possible.

With a rigorous staff training program in place, including a test on V3 functionality that must be passed before the staff member can begin using the system, VCERA has also created a training manual for their member services staff. The real challenge of course for staff members is not how to do the day-to-day work, but rather how to care for those unique situations that seem to arise on a frequent basis. We can lose time and productivity if staff have to step away and find an in-person resource to help them resolve the issue at hand. VCERA has developed an appendix to the training manuals that accumulates those "one off" events and the resolution required as one process for providing consistent guidance to all staff.

FINAL AVERAGE SALARY – WHAT IS COMP EARNABLE and PENSIONABLE COMP

Of particular interest to me was to discover that both systems have just recently tackled the same issue we at OCERS are presently dealing with – resolving with Board direction what salary items are considered "compensation earnable" (for Legacy members) or "pensionable compensation" (for PEPRAs) when determining a retiring member's Final Average Salary.

In June of this year SBCERS staff took a master list of current salary items to their Board for a determination. OCERS staff will be undertaking that task with the OCERS Board in the coming months. As Ms. Suzanne Jenike is leading this project, I was able to share with her the materials used by SBCERS to help us conceptualize how best to present this material to you the Trustees.

VCERA had their Board make that same determination of a master list of salary items approved for inclusion in Final Average Salary approximately two years ago, and now have in place an annual process for carrying

Memorandum

forward to their Board new salary items identified by their employers for review and possible approval as also being eligible for inclusion in Final Average Salary.

The OCERS Board will need to undertake that same process, likely in an annual manner as does VCERA, following the OCERS Board's initial approval of a master listing of items to be included in Final Average Salary.

A THANK YOU

I want to close here by expressing my sincere thanks to both Greg Levin, CEO SBCERA, and Linda Webb, CEO VCERA, who allowed me to impose upon themselves and their staffs for a full day at each location. I am very appreciative.

Submitted by:



Steve Delaney
Chief Executive Officer

I-6

Memorandum

DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: TRAVEL REPORT – PROFESSIONAL IN HUMAN RESOURCES CONFERENCES (PIHRA)

Written Report

Background/Discussion

From August 27 to August 29, 2018, Cynthia Hockless, Director of Administration and Felicia Durrah, Staff Analyst, attended the 2018 California Professionals in Human Resources (PIHRA) annual Conference in Long Beach, California.

The total cost for two attendees includes the following:

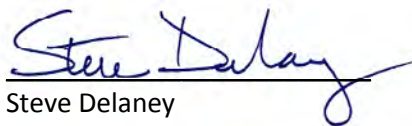
Conference Fee	Parking & Mileage	Total
\$1,740	\$231.48	\$1,971.48

As the California Professionals in Human Resources Annual Conference is not presently a pre-approved conference, OCERS' Travel Policy, Section 19, states:

“Board Members and staff who travel to conference or seminars that are not automatically authorized in paragraphs 8 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.”

A report summarizing the conference is attached.

Submitted by:



Steve Delaney
Chief Executive Officer

Report of Attendance at Conference or Seminar

Name of Employees Attending: Cynthia Hockless & Felicia Durrah

Name of Conference/Seminar: 2018 California Professionals in Human Resources (PIHRA) Conference

Location of Conference/Seminar: Long Beach Convention Center 300 E. Ocean Blvd. Long Beach, CA

Conference/Seminar Sponsor: Professional in Human Resources Management (PIHRA)

Dates of Attendance: August 26 – 29, 2018

Total Cost of Attendance: Total cost for Two Attendees \$1,971.48 - (Registration: \$1,740.00, Parking: \$84.00 and Mileage: \$147.48.)

Brief Summary of Information and Knowledge Gained:

The 2018 California HR Conference provided the opportunity to acquire knowledge and network with diverse professionals along with vendors offering HR products and services. The conference included breakout sessions, keynote speakers and HR Business Partners that focused on the latest trends in HR, professional development, multi-generation workplace, employee engagement and HR as a Strategic Business Partner. Some of the sessions attended included, "Onboarding: It's Not Just a Process; It's an Artform", "Using HR Metrics to Drive Engagement" and "How to Connect HR's Goals to Business Strategy." In addition to the breakout sessions, the keynote speakers included Mel Robbins- CNN Commentator and Creator of the "5 Second Rule". Mel discussed her views on leadership, courage and her experience training executive teams. Paul Wolfe, SVP Head of Global HR at Indeed engaged the crowd by speaking on how Indeed goes about attracting and retaining top talent. Paul spoke on how Indeed stepped outside the box in their recruitment strategies by sending out a video introduction to newly hired staff, conducting hiring events to scout great talent and implementing a 5-Day, 30-Day and 90-Day check in. Since OCERS is seeking to continue to enhance their on-boarding process this session was very useful. Another highlight was Mindy Cox, Senior Vice President, O.C. Tanner Company. Mindy spoke on greatness is a pattern of accomplishments over time. Mindy presented the following questions to the audience: Is our organization a great place to work for all generations? How do we invest in practices that support employees at all levels? One last highlight was Captain Scott Kelly, Author and Astronaut as his topic of discussion was "The Sky is the Limit: Lessons from a Year in Space." Captain Scott Kelly closed the conference by discussing when the sky is the limit, why not do the hard things and take risks. He also encouraged conference goers to be okay with failure, because it's in the failure that we learn and grow. Captain Kelly also spoke about focusing on the things you can't control, never be comfortable with the status quo and where you start is no indication of where you will be later.

Evaluation of the Conference or Seminar:

Report of Attendance at Conference or Seminar

Overall, the conference provided instrumental and conceptual knowledge useful to HR professionals. The keynote speakers were motivating and inspiring and the breakout sessions were engaging and informative. The knowledge transfer and understanding of how HR can effectively communicate and engage as a business partner with all levels and improve the overall employee experience was some of the highlights of the conference.

Recommendation Concerning Future Attendance:

The conference provides the opportunity to network with other professionals from diverse industries, transfer knowledge and share ideas. I recommend continued attendance at the California HR Conference for HR professionals and front line supervisors.

**Cynthia Hockless, Director of Administrative Services &
Felicia Durrah, Staff Analyst**
Signature

Return to: Executive Assistant

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

I-7

Memorandum

DATE: October 15, 2018
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: **UPDATE ON PROPOSED LEGISLATIVE AMENDMENT TO INCREASE BOARD MEMBER STIPEND**

Written Report

Background/Discussion

At its meeting on August 20, 2018, the Board voted unanimously to ask SACRS to sponsor legislation to increase the board member stipend under Government Code section 31521. More specifically, the Board voted to propose an increase in the stipend that is paid to the appointed and retired members of the board for attendance at meetings of the board or a committee of the board from \$100 to \$200, with a CPI escalator.

Subsequent to the meeting on August 20, 2018, staff learned that the stipend was originally \$10. It was raised to \$15 in 1951; to \$25 in 1953; to \$50 in 1965; and to the current \$100 in 1970. Accordingly, the stipend has not been increased in 48 years.

Staff forwarded to SACRS the following proposed amendments to section 31521:

GOVERNMENT CODE SECTION 31521 (as submitted by OCERS to SACRS)

The board of supervisors may provide that the fourth and fifth members, and in counties having a board consisting of nine members or nine members and an alternate retired member, the fourth, fifth, sixth, eighth, ninth, and alternate retired members, and in counties having a board of investments under Section 31520.2, the fifth, sixth, seventh, eighth, and ninth members of the board of investments, shall receive compensation at a rate of not more than ~~one~~two hundred dollars ~~(\$100)~~(\$200) for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, adjusted annually by the amount of the adjustment approved by the board in accordance with Article 16.5 of this chapter (commencing with Section 31870),¹ together with actual and necessary expenses for all members of the board.

As staff informed the Board in August, an informal poll of the other CERL systems indicates that the systems are divided in their views of the proposal.

¹ This is the series of CERL sections used by the county retirement boards to calculate the annual retiree Cost of Living Adjustment.

OCERS' proposal was discussed by the SACRS Legislative Committee on September 21, 2018. Members of the committee forwarded and discussed the following suggested revisions ([revisions in blue](#)):

GOVERNMENT CODE SECTION 31521 (proposed revisions from other systems)

The board of [supervisorsretirement](#) may provide that the fourth and fifth members, and in counties having a board consisting of nine members or nine members and an alternate retired member [or appointed alternate members authorized by statute](#), the fourth, fifth, sixth, eighth, ninth, ~~and~~ alternate retired members, [and appointed alternate members](#), and in counties having a board of investments under Section 31520.2 , the fifth, sixth, seventh, eighth, and ninth members of the board of investments, shall receive compensation at a rate of not more than ~~one~~[two](#) hundred dollars ~~(\$100)~~[\(\\$200\)](#) for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, [adjusted annually by the amount of the adjustment approved by the board in accordance with Article 16.5 of this chapter \(commencing with Section 31870\), biennially by the board of retirement to reflect any change in the Consumer Price Index for the county that has occurred in the previous two calendar years, rounded to the nearest dollar](#), together with actual and necessary expenses for all members of the board.

Ultimately, the SACRS Legislative Committee voted to make no recommendation on the proposal to the SACRS board.

OCERS' proposal will be presented to the SACRS membership for a vote at the SACRS business meeting on November 15, 2018. If SACRS is unwilling to sponsor the legislation, the OCERS Board may wish to consider sponsoring and pursuing the legislation on our own.

Submitted by:



Gina M. Ratto
General Counsel

I-8

Memorandum

DATE: October 03, 2018
TO: Members of the Board of Retirement
FROM: Cynthia Hockless, Director of Administrative Services
SUBJECT: GENERAL MEMBER ELECTION UPDATE

Written Report

Background/Discussion

OCERS contacted the Registrar of Voters on July 03, 2018, with a request to conduct an election for the position of General Member with a term of office from January 1, 2019 through December 31, 2021.

The following two candidates have submitted completed nomination paperwork and biographical statements:

1. Artin Baron, Coroner Investigator
2. Chris Prevatt, OCERS Trustee Incumbent

The Registrar of Voters mailed ballots to the home of each OCERS General Member the week of September 21, 2018. OCERS revised their election policy in 2015 to include adding a pre-paid U.S. first-class postage to the return envelope mailed to members for all OCERS elections. Due to an oversight, the ballots that were mailed did not include a postage pre-paid return mailing envelope. Working closely with both candidates and their supporting labor organizations we have all agreed that during the week of October 15, General Members will be mailed a postage pre-paid return mailing envelope. For those that have not already casted their vote this envelope may be used to do so. The week of October 08, the Registrar of Voters will send a postcard communicating this information to all General Members. The postcard will also recommunicate the various ways a member can cast their vote. Which includes:

- Dropping their ballot off at any authorized United States Post Office – with or without postage.
- Returning their ballot in person to the County of Orange Registrar of Voters office.
- Forwarding their ballot to the Registrar’s office via County of Orange interoffice PONY mail.
- Using the postage paid envelope that will be mailed the week of October 15 and mailing their ballot at any authorized US Post Office.

A voted ballot must be received in the Registrar of Voters’ office by 9:00 A.M., October 30, 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 December 04, 2018.

Submitted by:



C.H. – APPROVED

Cynthia Hockless, Director of Administrative Services

I-9

Memorandum

DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Jenny Sadoski, Director of Information Technology and Jon Gossard, IT Manager
SUBJECT: BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE

Written Report

Update

We are pleased to report that the data center colocation project is complete. Since the June 18, 2018 regular Board meeting, configuration and testing of replication between colocation facilities has been completed and both sites are live. In addition, within the intervening period we have worked closely with our technology partner, Sidepath, to integrate knowledge of the new configuration into our daily processes. As part of this knowledge integration, we have implemented quarterly data center testing procedures which will coincide with OCERS’ Crisis Management Team meetings. These procedures will encompass both test and live failovers of systems to ensure that staff is well-prepared to execute such procedures in the event of an actual event and that recovery procedures are accurate and up-to-date.

I would like to acknowledge the efforts of IT Operations Supervisor Javier Lara and his staff, Anthony Beltran, Cuong Nguyen and Chad Takimoto. The success of this project rests on their diligence and hard work. OCERS is now in a significantly better position to respond and recover from a technology event in a fraction of the time it would have taken prior to completing this project, thereby increasing our ability to provide secure retirement and disability benefits with the highest standards of excellence.

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	COMPLETED
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	COMPLETED

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.

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 13, 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.

At the April 18, 2018 regular Board meeting, staff reported that equipment had begun to be installed and configured at the Nevada colocation facility. Staff also noted the need to use contingency funds in the amount of approximately \$87,000 to purchase a new SAN to replace the existing SAN which was nearing its end-of-support period.

At the June 18, 2018 regular Board meeting, staff reported that the remaining equipment destined for the Nevada colocation facility had been installed and configuration and testing of replication between the data center sites was underway. It was also noted that the new SAN had been procured and installed in the Nevada facility.

OCERS defined a budget of \$1.235 million in 2017 to proceed with a hybrid cloud solution which includes the costs shown in Table 2.

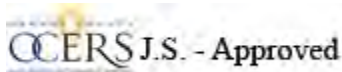
Table 2: Approved 2017 Project Budget, Actuals-to-Date and Estimated Remaining Expenses

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	\$ 67,500.00	\$ 12,000.00 ¹
Staff Training	\$ 4,000.00	\$ 4,080.69	\$ 0.00
Public Cloud-based Telephony System	\$ 250,000.00	\$ 19,444.23	\$ 0.00
Initial Setup and First Year Recurring Costs	\$ 140,000.00	\$ 68,450.00 ²	\$ 0.00
Contingency	\$ 90,000.00	\$ 86,969.00	\$ 0.00
Total	\$ 1,235,000.00	\$ 898,185.76	\$ 12,000.00

¹ At the time of this writing, the final professional services invoice is outstanding.

² These expenses have not been incurred in full; rather, they represent the contractually negotiated costs for initial setup and first year recurring costs.

Submitted by:



Jenny Sadoski
OCERS Director of Information Technology



Jon Gossard
Information Technology Manager

1-10

Memorandum

DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO, Internal Operations and Jon Gossard, IT Manager
SUBJECT: BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN EXERCISE EXECUTIVE SUMMARY

Written Report

Background/Discussion

Recognizing that business continuity and disaster recovery planning is a critical component of meeting our obligation to generate member benefit payments each month and perform other core processes, OCERS engaged the services of Avalution Consulting in 2015 to assist with the creation of a formal business continuity (BC) and disaster recovery (DR) program. This process consisted of conducting business impact analyses for each of the major departments in OCERS, identifying and prioritizing core business processes, defining recovery time objectives and creating department recovery plans as well as agency-wide crisis management and crisis communications plans. OCERS now has a Crisis Management Team (CMT) which meets quarterly to review and discuss BC/DR matters. Additionally, the CMT conducts two tabletop exercises each calendar year, which allows the team to role-play scenarios involving the loss of one or more of the following areas: facility, technology, personnel, and/or critical third-party vendor(s).

The objectives of the tabletop exercises are four-fold:

- **Create awareness:** Prepare for a real event by creating awareness among recovery stakeholders of processes, plans and tools.
- **Enable improvement:** Further develop plans, strategies, and tools based on lessons learned and participant feedback.
- **Gain plan familiarity:** Familiarize participants with the crisis management plan and department recovery plans, and provide a forum that allows participants to practice using plans.
- **Validate strategies:** Validate strategies and procedures that enable successful response and recovery efforts

2018 Q3 Tabletop Exercise Report

On Tuesday, July 31, 2018, OCERS' CMT conducted its fifth tabletop exercise to test and improve upon its business continuity crisis management plan. Members of the CMT and representatives from Avalution Consulting, who were onsite to facilitate the exercise, gathered in the Silverado Room at the OCERS headquarters facility at 9:00 A.M. Jon Gossard (primary BC Program Coordinator) and Jim Doezie (alternate BC Program Coordinator) kicked off the meeting with a brief introduction of the day's agenda before turning the presentation over to Avalution Consulting, who ran through a refresher on the BC program, discussed

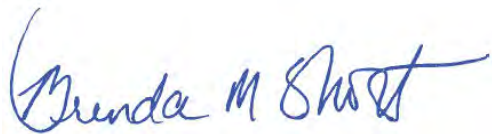
opportunities for improving the maturity of the BC/DR program and reviewed the objectives for the exercise. After reorienting the CMT to the BC/DR program, the facilitators began the exercise at approximately 9:30 A.M.

The OCERS 2018 Q3 tabletop exercise involved a three-phase (initial response, recovery, and return to normal) scenario centered around a pandemic event infecting OCERS employees. The scenario forced the team to consider the logistics of working without access to the OCERS headquarters facility due to quarantine orders and the loss of a significant number of OCERS employees to illness during a critical member payroll window. Additionally, the scenario forced the CMT to work through how the team would communicate both internally as well as externally to interested stakeholders. During each phase of the exercise, the facilitators presented facts about the situation, after which the team discussed how they would respond to the scenario. After working through each phase, the facilitators paused the conversation to recap and pose several questions designed to evaluate if the team was considering key points.

Participation among the CMT group was excellent, with all members of the group offering information and thoughts relevant to the scenario. The objectives of the tabletop exercise were met, with team members reiterating awareness of individual roles and responsibilities, identifying areas of improvement in the crisis management plan, reinforcing high-level recovery strategies and validating those strategies, insofar as possible when role-playing a disaster scenario.

The next BC/DR plan tabletop exercise is scheduled for Tuesday, January 29, 2019. The BC Coordinator team is currently developing the scenario with the goal of creating a challenging and thought-provoking exercise that will improve OCERS' current business continuity and disaster recovery plans.

Submitted by:



Brenda Shott
Assistant CEO, Internal Operations



Jon Gossard
Information Technology Manager

1-11

Memorandum

DATE: October 04, 2018
TO: Members of the Board of Retirement
FROM: Brenda Shott, Assistant CEO Finance and Internal Operations
SUBJECT: FUTURE BOARD MEETING MANAGEMENT PORTAL PROCUREMENT

Written Report

Background/Discussion

The Board of Retirement approved the use of the current board meeting management portal, in October 2012. Per OCERS Procurement and Contracting Policy, it is time to conduct a procurement process for these services. In preparation for drafting the requirements to be included in the Request for Proposals, Board Members' input is necessary. Staff is requesting that Board Members provide feedback on the following items as it relates to the current board meeting management portal (BoardVantage):

- Functionality that does not exist but is required
- Functionality that exists but either doesn't meet the needs of the Board or needs to be improved
- Other feedback pertinent to establishing the requirements for the procurement process

In addition Staff is requesting direction on what involvement the Board would like to have in the procurement process.

Submitted by:



Brenda Shott
Assistant CEO, Finance and Internal Operations

1-12

Memorandum

DATE: October 15, 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

NOVEMBER

- Proposed Board meeting Schedule for 2019
- Approve 2019 Administrative Budget
- Annual Chief Executive Officer Performance Review
- Quarterly Securities Litigation Update
- Harassment Training
- Third Quarter Budget to Actuals Report
- Board Education Status Report

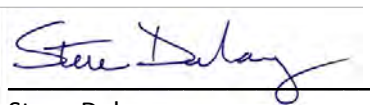
DECEMBER

- Election of the Vice-Chair
- CEO Compensation
- Adopt Annual Work Plan for Calendar Year 2019
- REAOC Annual Update

JANUARY

- 2018 Year in Review: Communication Plan
- 2018 OCERS Innovations
- 2018 Disability Statistics
- Communication Policy Fact Sheet
- Form 700 Filing Requirements
- Report Outcomes of Prior Year Business Plan

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

1-13

Memorandum


DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **THIRD 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 Third Quarter 2018 Education and Travel Expense Report that includes all expenses submitted through September 26, 2018.

Submitted by:

 **OCERS T.B. - Approved**

Tracy Bowman
Director of Finance

EDUCATION AND TRAVEL EXPENSE REPORT
Third QUARTER 2018
 Submitted Through September 26, 2018**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. 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	179.87	772.60	1,232.25	72.51	-	2,907.23	
	3/3-3/6/18	CALAPRS General Assembly 2018	Indian Wells, CA	Conference	-	100.00	-	-	773.88	-	-	873.88	
	4/25-4/27/18	Institutional Investor-Public Funds Round Table	Beverly Hills, CA	Conference	-	-	31.21	-	506.10	225.25	-	762.56	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	156.43	-	276.43	
	5/30-6/1/18	US SIF Investing for a Sustainable World	Washington, D.C.	Conference	-	725.00	172.41	698.60	891.99	140.98	-	2,628.98	
	6/8/18	CALAPRS Trustees' Round Table	Oakland, CA	Conference	-	125.00	-	200.96	217.70	9.14	-	552.80	
	8/4-8/8/18	NASRA Annual Conference	Coronado, CA	Conference	-	1,130.00	47.85	-	1,178.84	-	-	2,356.69	
	9/24/18	SACRS Program Committee Meeting	Sacramento, CA	Conference	-	-	-	275.96	-	-	-	275.96	
11/13-11/16/18	SACRS Fall Conference	Indian Wells, CA	Conference	-	120.00	-	-	228.07	-	-	348.07		
Sub Total					-	3,095.00	482.86	2,321.09	5,605.23	833.72	-	12,337.90	19,856.95
BALL	1/17/18	The Pacific Club-Scott Malpass Presentation	Newport Beach, CA	Conference	-	25.00	-	-	-	-	-	25.00	
	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	Training	-	3,995.00	43.70	201.96	941.13	-	-	5,181.79	
Sub Total					-	4,140.00	43.70	201.96	941.13	-	-	5,326.79	10,266.16
DEWANE					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	2,698.26
ELEY	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	70.80	-	190.80	
Sub Total					-	120.00	-	-	-	70.80	-	190.80	5,208.28
FREIDENRICH	4/23-4/26/18	IFEBP Portfolio Concepts & Management	Philadelphia, PA	Training	-	5,295.00	8.62	343.61	1,056.80	78.59	-	6,782.62	
	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	Training	-	4,020.00	40.96	234.39	941.13	67.17	-	5,303.65	
Sub Total					-	9,435.00	49.58	578.00	1,997.93	145.76	-	12,206.27	1,269.42
GILBERT	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	29.00	120.00	-	-	-	32.00	-	181.00	
Sub Total					29.00	120.00	-	-	-	32.00	-	181.00	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	933.80	107.88	-	2,210.59	
	3/3-3/6/18	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	21.58	-	-	147.96	734.96	111.02	-	1,015.52	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	75.00	-	195.00	
	6/8/18	CALAPRS Trustees' Round Table	Oakland, CA	Conference	-	125.00	-	262.96	222.70	26.00	-	636.66	
	7/23-7/25/18	2018 Pension Bridge	Chicago, IL	Conference	13.08	-	22.92	399.96	708.68	110.25	-	1,254.89	
	8/6/18	SACRS Board Meeting	Sacramento, CA	Conference	26.16	-	-	274.97	-	51.76	-	352.89	
	9/24/18	SACRS Program Committee Meeting	Sacramento, CA	Conference	-	-	-	131.96	-	-	-	131.96	
	10/28-10/31/18	NCPERS 2018 Public Safety Conference	Las Vegas, NV	Conference	-	700.00	-	-	214.29	-	-	914.29	
	11/13-11/16/18	SACRS Fall Conference	Indian Wells, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					190.59	2,410.00	235.00	1,754.78	3,996.53	554.41	-	9,141.31	12,533.98
PACKARD	1/17/18	The Pacific Club-Scott Malpass Presentation	Newport Beach, CA	Conference	-	25.00	-	-	-	-	-	25.00	
	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	301.56	3,995.00	201.79	-	941.13	218.88	-	5,658.36	
Sub Total					301.56	4,140.00	201.79	-	941.13	218.88	-	5,803.36	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	102.70	25.00	2,834.69	
	3/3-3/6/18	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	-	-	-	80.80	-	200.80	
	5/22-5/23/18	Legislative Meetings	Sacramento, CA	Meeting	-	-	90.24	131.41	276.19	85.98	-	583.82	
	7/30-8/1/18	IFEBP Alternative Investment Strategies	San Francisco, CA	Training	-	3,995.00	135.31	212.96	971.13	58.04	-	5,372.44	
	8/4-8/8/18	NASRA Annual Conference	Coronado, CA	Conference	126.44	1,130.00	39.80	-	1,129.48	100.00	-	2,525.72	
	11/13-11/16/18	SACRS Fall Conference	Indian Wells, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					292.88	6,115.00	481.94	1,064.67	4,292.94	427.52	40.00	12,714.95	17,580.39
BOARD Total					814.03	29,575.00	1,494.87	5,920.50	17,774.89	2,283.09	40.00	57,902.38	83,496.24

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Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2018 YTD Total	2017 Total*
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	
	3/3-3/6/18	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	-	-	78.30	216.00	471.74	131.52	-	897.56	
	4/25-4/27/18	Institutional Investor-Public Funds Round Table	Los Angeles, CA	Conference	36.68	-	-	-	237.62	45.00	-	319.30	
	5/7-5/10/18	CEM Global Pension Administration Conference	Indianapolis, IN	Conference	44.80	-	21.75	371.30	487.89	89.35	-	1,015.09	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	101.10	-	221.10	
	5/22-5/23/18	Legislative Meetings	Sacramento, CA	Meeting	-	-	83.08	246.96	276.19	60.17	-	666.40	
	6/21-6/22/18	CALAPRS Administrators Round Table/Executive Meeting	Oakland, CA	Conference/Meeting	11.83	125.00	24.80	298.86	130.16	27.00	-	617.65	
	8/9-8/10/18	Santa Barbara County Employees' Retirement System	Santa Barbara, CA	Meeting	143.88	-	67.48	-	-	-	-	211.36	
	8/24/18	CalPERS Benefits Education Event	Garden Grove, CA	Conference	7.30	-	-	-	-	12.00	-	19.30	
	9/26-9/28/18	CALAPRS Administrators Institute	Carmel, CA	Conference	-	1,250.00	-	234.59	-	164.46	-	1,649.05	
10/28-10/31/18	NCPERS Public Safety Conference	Las Vegas, NV	Conference	-	700.00	-	-	655.83	-	-	1,355.83		
11/13-11/16/18	SACRS Fall Conference	Indian Wells, CA	Conference	-	120.00	-	-	-	-	-	120.00		
Sub Total					335.83	3,685.00	493.32	1,885.91	3,576.45	931.64	-	10,908.15	15,226.80
JENIKE	3/3-3/6/18	CALAPRS General Assembly 2018	Indian Wells, CA	Conference	82.73	100.00	-	-	515.92	-	-	698.65	
	3/9/18	Pension Forum	Newport Beach, CA	Conference	14.28	25.00	-	-	-	14.59	-	53.87	
	4/14-4/18/18	CRCEA Spring Conference	Santa Barbara, CA	Conference	146.61	75.00	136.41	-	648.21	15.00	-	1,021.23	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	12.42	120.00	-	-	-	37.60	-	170.02	
	5/20-5/23/18	2018 NIPA Annual Forum & Expo	Las Vegas, NV	Conference	11.07	1,225.00	60.12	525.96	795.93	100.96	-	2,719.04	
	6/7/18	CALAPRS Communications Round Table	Oakland, CA	Conference	-	125.00	22.57	111.48	217.70	20.50	-	497.25	
	6/8/18	CALAPRS Benefits Round Table	Oakland, CA	Conference	-	125.00	-	111.48	217.70	20.50	-	474.68	
	7/23-7/24/18	IFEBP Communication & Technology Institute (5)	Portland, OR	Conference	-	1,225.00	100.25	25.00	843.99	142.58	-	2,336.82	
	10/20-10/24/18	2018 NPEA Annual Conference	Tuscon, AZ	Conference	-	750.00	-	-	-	-	-	750.00	
	11/13-11/16/18	SACRS Fall Conference	Indian Wells, CA	Conference	-	120.00	-	-	228.07	-	-	348.07	
	Sub Total					267.11	3,890.00	319.35	773.92	3,467.52	351.73	-	9,069.63
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 (3)	St. Louis, MO	Conference	-	-	-	387.00	-	-	-	387.00	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	16.46	120.00	-	-	-	44.80	-	181.26	
	8/4-8/8/18	NASRA Annual Conference	Coronado, CA	Conference	10.00	1,130.00	143.96	-	1,107.31	168.67	29.90	2,589.84	
	10/22-10/26/18	Wharton School - Investment Strategies & Portfolio Management	Philadelphia, PA	Training	-	10,750.00	-	1,073.37	-	-	-	11,823.37	
Sub Total					26.46	14,700.00	250.58	1,712.21	2,175.83	386.50	29.90	19,281.48	8,032.84
TORRES	9/25/18	Fred Pryor Mistake-Free Grammar & Proofreading	Anaheim, CA	Training	8.50	99.00	-	-	-	-	-	107.50	
Sub Total					8.50	99.00	-	-	-	-	-	107.50	-
EXECUTIVE Total					637.90	22,374.00	1,063.25	4,372.04	9,219.80	1,669.87	29.90	39,366.76	36,005.77
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	
	4/23-4/27/18	BlackRock Investor Conference	New York, NY	Due Diligence/Conference	-	-	58.03	600.00	1,372.36	144.70	-	2,175.09	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	10.00	120.00	-	-	-	18.80	-	148.80	
	10/22-10/26/18	Global ARC Conference/Manager Due Diligence	Boston, MA	Due Diligence/Conference	-	-	-	-	1,972.82	-	-	1,972.82	
Sub Total					10.00	120.00	103.63	933.60	3,485.68	221.76	-	4,874.67	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	-	281.92	-	962.41	
	4/29-5/2/18	Milken Institute 2018 Global Conference	Beverly Hills, CA	Conference	48.83	-	-	-	933.60	121.03	-	1,103.46	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	-	-	120.00	
	6/18-6/27/18	Manager Research	New York, NY	Due Diligence	-	-	26.89	740.40	-	100.82	-	868.11	
	6/28-6/29/18	TorreyCove	San Diego, CA	Meeting	-	-	-	-	236.86	-	-	236.86	
	7/24/18	TorreyCove	San Francisco, CA	Due Diligence	-	-	-	333.40	-	20.00	-	353.40	
	10/22-10/26/18	Global ARC Conference/Manager Due Diligence	Boston, MA	Due Diligence/Conference	-	-	-	-	1,801.32	-	-	1,801.32	
Sub Total					48.83	120.00	144.24	2,358.20	3,322.75	592.78	-	6,586.80	446.60
CLEBERG	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	493.71
CUARESMA	1/8/18	Illiquid Investments RFP	San Diego, CA	Due Diligence	85.02	-	-	-	-	-	-	85.02	
	3/20/18	PIMCO Client Conference	Newport Beach, CA	Conference	13.41	-	-	-	-	-	-	13.41	
	4/16/18	TorreyCove	San Diego, CA	Meeting	-	-	-	40.00	-	48.61	-	88.61	
	4/25-4/27/18	Criterion, Ascend, GS, Pantheon, AEW, & Jamestown	San Francisco, CA	Due Diligence/Conference/Mtg	-	-	38.70	276.96	-	118.18	-	433.84	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	18.75	-	138.75	
	6/28-6/29/18	TorreyCove	San Diego, CA	Meeting	-	-	23.47	-	267.28	-	-	290.75	
	7/24/18	TorreyCove	San Francisco, CA	Due Diligence	-	-	-	314.40	-	48.00	-	362.40	
Sub Total					98.43	120.00	62.17	631.36	267.28	233.54	-	1,412.78	40.50

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Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2018 YTD Total	2017 Total*
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	-	-	113.30	228.60	1,466.03	386.38	-	2,194.31	
	3/14-3/15/18	Oaktree Conference 2018	Beverly Hills, CA	Conference	-	-	-	-	832.40	84.00	-	916.40	
	4/19/18	Tennenbaum Capital Investor Day	Los Angeles, CA	Due Diligence	58.10	-	-	-	-	-	-	58.10	
	4/25-4/27/18	Institutional Investor-Public Funds Round Table	Beverly Hills, CA	Conference	-	-	-	-	737.52	84.00	-	821.52	
	4/29-5/2/18	Milken Institute 2018 Global Conference	Beverly Hills, CA	Conference	54.88	-	28.42	-	1,015.24	248.63	-	1,347.17	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	18.80	-	138.80	
	6/5/18	Manager Research-Private Equity	San Jose, CA/ San Francisco, CA	Due Diligence	-	-	-	202.40	-	20.00	-	222.40	
	6/28/18	Institutional Investor's Hedge Funds Industry Awards	New York, NY	Due Diligence	-	-	-	691.00	614.54	152.39	-	1,457.93	
	9/17-9/21/18	Owl Rock, Fort, Exoduspoint, TSE, Blackrock & Alliance	New York, NY	Due Diligence	-	-	-	697.60	-	-	-	697.60	
	9/25-9/26/18	Accel-KKR&GGV	Menlo Park, CA	Due Diligence	-	-	-	201.96	-	-	-	201.96	
10/1-10/5/18	Cressey, Waterstreet & PPC Partners/Consultant Round Table	Chicago, IL	Due Diligence/Conference	-	-	-	740.70	-	-	-	740.70		
10/22-10/24/18	Global ARC Conference	Boston, MA	Conference	-	-	-	425.40	-	-	-	425.40		
Sub Total					112.98	120.00	232.35	3,701.46	5,006.33	1,178.92	-	10,352.04	4,750.59
TURAIGI	4/9/18	Kayne Anderson	Los Angeles, CA	Due Diligence	53.41	-	-	-	-	-	-	53.41	
	4/16/18	TorreyCove	San Diego, CA	Meeting	82.51	-	-	-	-	-	-	82.51	
	4/25-4/27/18	Institutional Investor-Public Funds Round Table	Beverly Hills, CA	Conference	56.14	-	-	-	759.15	126.00	-	941.29	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	10.00	120.00	-	-	-	31.00	-	161.00	
	6/5/18	Manager Research-Private Equity	San Jose, CA/ San Francisco, CA	Due Diligence	6.21	-	-	202.40	-	20.00	-	228.61	
	6/28-6/29/18	TorreyCove	San Diego, CA	Meeting	87.75	-	-	-	236.86	-	-	324.61	
Sub Total				296.02	120.00	-	202.40	996.01	177.00	-	1,791.43	-	
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	-	117.12	228.60	1,512.59	168.56	-	2,042.46	
	4/9/18	Kayne Anderson	Los Angeles, CA	Due Diligence	57.23	-	-	-	-	3.00	-	60.23	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	16.35	120.00	-	-	-	37.55	-	173.90	
	5/24/18	Thoma Bravo	San Francisco, CA	Due Diligence	-	-	-	367.17	-	208.85	-	576.02	
	6/5/18	Manager Research-Private Equity	San Jose, CA/ San Francisco, CA	Due Diligence	-	-	-	202.40	-	164.03	-	366.43	
	6/28-6/29/18	TorreyCove	San Diego, CA	Meeting	57.88	-	48.55	-	267.28	31.00	-	404.71	
	8/10/18	Meketa Meeting	San Diego, CA	Meeting	43.38	-	-	-	-	-	-	43.38	
	9/25-9/26/18	Accel-KKR&GGV	Menlo Park, CA	Due Diligence	-	-	-	217.96	865.12	-	-	1,083.08	
Sub Total				190.43	120.00	251.67	1,655.93	2,980.35	741.99	-	5,940.37	639.48	
INVESTMENTS Total				756.69	840.00	794.06	9,482.95	16,058.40	3,145.99	-	31,078.09	10,241.80	
KINSLER	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	37.60	-	157.60	
	6/7/18	CALAPRS Communications Round Table	Oakland, CA	Conference	-	125.00	22.57	242.96	217.70	32.00	-	640.23	
	7/23-7/24/18	IFEBP Communication & Technology Institute	Portland, OR	Conference	-	1,225.00	58.39	299.10	850.99	147.25	-	2,580.73	
Sub Total				-	1,470.00	80.96	542.06	1,068.69	216.85	-	3,378.56	1,213.73	
RITCHEY	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	37.60	-	157.60	
	6/7/18	CALAPRS Communications Round Table	Oakland, CA	Conference	10.00	125.00	32.31	262.96	217.70	32.00	-	679.97	
Sub Total				10.00	245.00	32.31	262.96	217.70	69.60	-	837.57	407.16	
COMMUNICATIONS Total				10.00	1,715.00	113.27	805.02	1,286.39	286.45	-	4,216.13	1,620.89	
FINK	2/2/18	CALAPRS Attorneys' Round Table	Los Angeles, CA	Conference	60.93	125.00	-	-	-	21.00	-	206.93	
	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	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	10.00	-	-	-	-	18.80	-	28.80	
Sub Total				70.93	635.00	5.42	329.98	1,002.67	101.00	-	2,145.00	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	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	-	-	120.00	
	9/21/18	CALAPRS Attorneys' Round Table	Los Angeles, CA	Conference	-	125.00	-	-	-	-	-	125.00	
	11/13-11/16/18	SACRS Fall Conference	Indian Wells, CA	Conference	-	120.00	-	-	228.07	-	-	348.07	
Sub Total				-	490.00	-	-	228.07	-	-	718.07	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	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	16.57	120.00	-	-	-	44.80	-	181.37	
	6/26-6/29/18	NAPPA 2018 Legal Education Conference	Savannah, GA	Conference	10.00	895.00	151.83	963.91	769.56	43.37	-	2,833.67	
	9/20/18	Alameda County Employees' Retirement Association	Oakland, CA	Meeting	-	-	-	117.96	-	-	-	117.96	
	11/13-11/16/18	SACRS Fall Conference	Indian Wells, CA	Conference	-	120.00	-	-	228.07	-	-	348.07	
Sub Total				26.57	1,690.00	193.55	1,432.48	1,756.80	120.31	-	5,219.71	8,126.92	
SHARMA	9/25/18	Fred Pryor Mistake-Free Grammar & Proofreading	Anaheim, CA	Training	-	99.00	-	-	-	-	-	99.00	
Sub Total				-	99.00	-	-	-	-	-	-	99.00	-
SINGLETON	5/4/18	CALAPRS Overview Course in Retirement	Oakland, CA	Conference	6.21	250.00	37.05	262.96	206.26	34.00	-	796.48	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	16.57	120.00	-	-	-	18.80	-	155.37	
	9/15/18	OC Paralegal Assoc. Education Conference	Irvine, CA	Conference	-	150.00	-	-	-	-	-	150.00	
	10/17-10/19/18	CALAPRS Intermediate Course in Retirement Administration	Los Angeles, CA	Conference	-	500.00	-	-	-	-	-	500.00	
	12/5-12/7/18	CALAPRS Advanced Course in Retirement Administration	Los Angeles, CA	Conference	-	500.00	-	-	-	-	-	500.00	
Sub Total				22.78	1,520.00	37.05	262.96	206.26	52.80	-	2,101.85	935.50	

EDUCATION AND TRAVEL EXPENSE REPORT
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Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2018 YTD Total	2017 Total*
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	-	-	-	15.00	-	810.00	
Sub Total					-	944.00	-	-	-	15.00	-	959.00	125.00
LEGAL Total					120.28	5,503.00	236.02	2,025.42	3,193.80	289.11	-	11,367.63	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					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	4,303.02
EDWARDS	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	-
FIELDS	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	10.00	120.00	-	-	-	18.80	-	148.80	
Sub Total					10.00	120.00	-	-	-	18.80	-	148.80	-
FLORES	1/31/18	Developing Emotional Intelligence	Anaheim, CA	Training	-	99.00	-	-	-	-	-	99.00	
Sub Total					-	99.00	-	-	-	-	-	99.00	-
GUEVARA	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	-
HALBUR	1/19/18	CALAPRS Administrators Round Table	Los Angeles, CA	Conference	46.76	125.00	-	-	-	-	-	171.76	
	6/6-6/8/18	2018 V3 User Conference	Orlando, FL	Conference	-	1,095.00	-	478.61	627.75	112.67	-	2,314.03	
Sub Total					46.76	1,220.00	-	478.61	627.75	112.67	-	2,485.79	505.04
LOMELI					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	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					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	459.96
PANAMENO	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	424.00
PERSI	10/17-10/19/18	CALAPRS Intermediate Course in Retirement Administration	Los Angeles, CA	Conference	-	500.00	-	-	-	-	-	500.00	
Sub Total					-	500.00	-	-	-	-	-	500.00	125.00
REYES	1/24/18	The Administrative Assistants Conference	Anaheim, CA	Conference	-	199.00	-	-	-	-	-	199.00	
Sub Total					-	199.00	-	-	-	-	-	199.00	-
RUBIO	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	-
TALLASE					-	-	-	-	-	-	-	-	
Sub Total					-	-	-	-	-	-	-	-	125.00
MEMBER SERVICES Total					56.76	3,141.00	-	478.61	627.75	164.97	-	4,469.09	6,571.53
BOWMAN	1/8/18	GFOA Budgeting Best Practices- Personal Budgeting	Newport Beach, CA	Training	-	370.00	-	-	-	24.00	-	394.00	
	1/9/18	GFOA Accounting for Pension and OPEB	Newport Beach, CA	Training	-	370.00	-	-	-	22.00	-	392.00	
	10/21-10/24/18	15th Annual P2F2 Conference	Savannah, GA	Conference	-	400.00	-	-	-	-	-	400.00	
Sub Total					-	1,140.00	-	-	-	46.00	-	1,186.00	1,587.33
DAVEY	9/21/18	CALAPRS Accountants' Round Table	Los Angeles, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					-	125.00	-	-	-	-	-	125.00	-
KANG	5/4/18	CALAPRS Overview Course in Retirement	Oakland, CA	Conference	-	250.00	13.14	267.96	206.26	28.00	-	765.36	
	10/17-10/19/18	CALAPRS Intermediate Course in Retirement Administration	Los Angeles, CA	Conference	-	500.00	-	-	-	-	-	500.00	
Sub Total					-	750.00	13.14	267.96	206.26	28.00	-	1,265.36	-
REYES	9/21/18	CALAPRS Accountants' Round Table	Los Angeles, CA	Conference	-	125.00	-	-	-	-	-	125.00	
Sub Total					-	125.00	-	-	-	-	-	125.00	-
FINANCE Total					-	2,140.00	13.14	267.96	206.26	74.00	-	2,701.36	1,587.33
CORTEZ	2/2/18	CALAPRS Benefits Round Table	Los Angeles, CA	Conference	-	125.00	-	-	-	34.50	-	159.50	
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	16.79	120.00	-	-	-	44.80	-	181.59	
Sub Total					16.79	245.00	-	-	-	79.30	-	341.09	322.95
G. GARCIA	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	17.88	120.00	-	-	-	44.80	-	182.68	
Sub Total					17.88	120.00	-	-	-	44.80	-	182.68	498.94
LINARES	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	-	-	120.00	
Sub Total					-	120.00	-	-	-	-	-	120.00	-
SANDOVAL	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	10.00	120.00	-	-	-	44.80	-	174.80	
Sub Total					10.00	120.00	-	-	-	44.80	-	174.80	-
DISABILITY Total					44.67	605.00	-	-	-	168.90	-	818.57	821.89

EDUCATION AND TRAVEL EXPENSE REPORT

Third QUARTER 2018

Submitted Through September 26, 2018**

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2018 YTD Total	2017 Total*
D'AIELLO	5/11/18	PIHRA- HR Training	Anaheim, CA	Training	-	35.00	-	-	-	-	-	35.00	-
Sub Total						35.00						35.00	
DOEZIE	5/11/18	PIHRA- HR Training	Anaheim, CA	Training	-	35.00	-	-	-	-	-	35.00	-
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	63.60	-	183.60	-
	6/3-6/6/18	PRIMA's 2018 Annual Conference	Indianapolis, IN	Conference	-	590.00	22.08	494.01	628.29	75.00	-	1,809.38	-
Sub Total						745.00	22.08	494.01	628.29	138.60		2,027.98	1,449.03
DURRAH	5/11/18	PIHRA- HR Training	Anaheim, CA	Training	7.63	35.00	-	-	-	3.00	-	45.63	-
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	25.34	120.00	-	-	-	37.55	-	182.89	-
	8/27-8/29/18	2018 PIHRA HR Conference	Long Beach, CA	Conference	72.92	845.00	-	-	-	45.00	-	962.92	-
Sub Total					105.89	1,000.00				85.55		1,191.44	
E. GARCIA	3/2/18	Position Control	Santa Ana, CA	Training	10.00	-	-	-	-	-	-	10.00	-
	4/17/18	Reduction Class	Santa Ana, CA	Training	10.00	-	-	-	-	-	-	10.00	-
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	12.43	120.00	-	-	-	35.40	-	167.83	-
	7/25/18	Fred Pryor Developing Emotional Intelligence	Anaheim, CA	Training	8.18	99.00	-	-	-	16.00	-	123.18	-
Sub Total					40.61	219.00				51.40		311.01	
HOCKLESS	5/11/18	PIHRA- HR Training	Anaheim, CA	Training	-	35.00	-	-	-	3.00	-	38.00	-
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	-	120.00	-	-	-	36.80	-	156.80	-
	6/17-6/20/18	SHRM18 Annual Conference & Exposition (4)	Chicago, IL	Conference	-	1,620.00	90.71	407.78	-	89.74	-	2,208.23	-
	8/27-8/29/18	2018 PIHRA HR Conference	Long Beach, CA	Conference	-	745.00	-	-	-	-	-	745.00	-
Sub Total						2,520.00	90.71	407.78		129.54		3,148.03	2,145.95
MURRIETTA	1/22/18	FMLA Compliance Seminar	Anaheim, CA	Training	5.50	199.00	-	-	-	8.00	-	212.50	-
	4/13/18	Fred Pryor Payroll Law Seminar	Anaheim, CA	Conference	10.00	-	-	-	-	8.00	-	18.00	-
	5/2/18	Fred Pryor Human Resource Seminar	Anaheim, CA	Conference	7.96	199.00	-	-	-	8.00	-	214.96	-
	5/11/18	PIHRA- HR Training	Anaheim, CA	Training	-	35.00	-	-	-	-	-	35.00	-
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	20.70	120.00	-	-	-	54.15	-	194.85	-
	7/17/18	Essentials of HR Law	Anaheim, CA	Conference	5.00	-	-	-	-	14.00	-	19.00	-
	7/25/18	Fred Pryor Developing Emotional Intelligence	Anaheim, CA	Training	5.00	-	-	-	-	16.00	-	21.00	-
Sub Total					54.16	553.00				108.15		715.31	
WOZNIUK	5/11/18	PIHRA- HR Training	Anaheim, CA	Training	6.65	35.00	-	-	-	-	-	41.65	-
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	8.29	120.00	-	-	-	18.80	-	147.09	-
	8/22/18	Fred Pryor Crash Course for First-Time Manager	Anaheim, CA	Training	-	149.00	-	-	-	-	-	149.00	-
Sub Total					14.94	304.00				18.80		337.74	
ADMINISTRATION Total						215.60	5,376.00	112.79	901.79	628.29	532.04	7,766.51	3,594.98
EAKIN	9/23-9/27/18	SANS Network Security	Las Vegas, NV	Training	-	6,109.00	-	-	-	-	-	6,109.00	-
Sub Total						6,109.00						6,109.00	
GOSSARD	4/22-4/25/18	2018 Annual PRISM Conference	San Diego, CA	Conference	53.82	550.00	30.28	-	741.09	63.50	-	1,438.69	-
Sub Total					53.82	550.00	30.28		741.09	63.50		1,438.69	20,286.81
JOHNSON	5/18-5/23/18	SharePoint Conference North America	Las Vegas, NV	Conference	-	2,148.00	66.94	193.87	772.11	288.36	-	3,469.28	-
Sub Total						2,148.00	66.94	193.87	772.11	288.36		3,469.28	
LARA	4/22-4/25/18	2018 Annual PRISM Conference	San Diego, CA	Conference	53.82	550.00	42.06	-	741.09	52.50	-	1,439.47	-
Sub Total					53.82	550.00	42.06		741.09	52.50		1,439.47	2,905.26
SADOSKI	2/12-2/17/18	SANS Security Leadership Essentials (2)	Anaheim, CA	Training	-	6,149.00	-	-	-	-	-	6,149.00	-
	4/22-4/25/18	2018 Annual PRISM Conference	San Diego, CA	Conference	-	550.00	-	-	-	-	-	550.00	-
Sub Total						6,699.00						6,699.00	6,149.00
IT Total					107.64	16,056.00	139.28	193.87	2,254.29	404.36		19,155.44	29,341.07
ADVIENTO	5/9-5/11/18	Arbutus Data Analytics Training	Newport Beach, CA	Training	-	6,095.62	-	-	-	-	-	6,095.62	-
	5/15-5/18/18	SACRS Spring Conference	Anaheim, CA	Conference	22.56	120.00	-	-	-	55.55	-	198.11	-
	6/25/18	IIA So Cal Educational Conference	Anaheim, CA	Conference	-	275.00	-	-	-	-	-	275.00	-
Sub Total					22.56	6,490.62				55.55		6,568.73	1,045.80
INTERNAL AUDIT Total						6,490.62				55.55		6,568.73	1,045.80
Total					2,786.13	93,815.62	3,966.68	24,448.16	51,249.87	9,074.33	69.90	185,410.69	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.

3 Trip canceled and a credit has been placed on United Airlines account which will be applied towards a future trip.

4 Hotel was complimentary.

5 Airfare credit from prior cancelled trip applied to ticket.

1-14

Memorandum

DATE: October 15, 2018
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD COMMUNICATIONS

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:

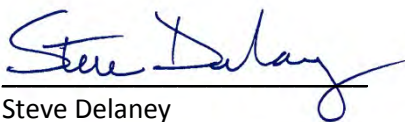
The County tackled several debts, including their UAAL as discussed here.

<https://gfoa.org/sites/default/files/GFR0616.pdf>

A sad tale of employer bankruptcy and its impact on the State Retirement system funding

<https://www.kentucky.com/news/politics-government/article219101045.html>

Submitted by:



Steve Delaney
Chief Executive Officer

To the members of the OCERS Board of Retirement,

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 August 2018.

Customer Service Stats
August 2018

TOP 3 MEMBER QUESTIONS:

The top three questions in the month of July as received by OCERS' counseling staff:

QUESTION ONE:

Q: Can you assist me with unlocking my account or re-setting my password?

A: Yes. Upon verifying a caller's identity, Staff in Member Services are able to unlock accounts, assign a temporary password if needed, and provide instructions to members so they may request a temporary password via email directly from the MyOCERS portal login screen.

QUESTION TWO:

Q: I am thinking of retiring – Is it really best to retire in March? And if so, why?

A: Not necessarily. There are numerous factors to consider when selecting a date to retire (age, service, etc.). However, any member that retires on April 1st or prior will receive a Cost of Living Adjustment (COLA) on April 1st of that same year. If the member has a retirement date of April 2nd or later, they will not receive their first COLA until April 1st of the *following* year.

QUESTION THREE:

Q: If I submit a request to withdraw my funds from OCERS, how long will it take for me to receive payment?

A: Approximately 6 weeks. In order to process a refund payment or rollover, OCERS must have a completed application from the member, a Notice of Termination from the employer, and all payroll records must have been transmitted to OCERS. OCERS processes Lump Sum Payroll once a month, and so based on timing issues associated to receiving all necessary items, 6 weeks is the typical timeframe.

Member Approval: 99%

Un-Planned Recalculations: 0

Retirement Applications Received:

<i>Aug - 2018</i>	55
<i>Jul - 2018</i>	67
<i>Jun - 2018</i>	44
<i>Apr - 2018</i>	73
<i>Mar - 2018</i>	51
<i>Feb - 2018</i>	163
<i>Jan - 2018</i>	204
<i>Dec - 2017</i>	58
<i>Nov - 2017</i>	75
<i>Oct - 2017</i>	47
<i>Sep - 2017</i>	42
<i>Aug - 2017</i>	69
<i>Jul - 2017</i>	48
<i>Jun - 2017</i>	65
<i>May - 2017</i>	60
<i>Apr - 2017</i>	47
<i>Mar - 2017</i>	79

TELEPHONE STATISTICS

Dates	Queue	Direct to Ext	Total (Queue + Direct)
AUGUST 2018	1567	2620	4187
AUGUST 2017	1548	2939	4487
AUGUST 2016	984	3489	4473

ACTIVITIES

COUNTY OF ORANGE BOND DISCLOSURE

In August, staff from the Public Finance Office at the County contacted Ms. Shott with a request to review a portion their disclosure documents related to information about OCERS. Ms. Shott completed the review and provided some comments and suggestions for the County to consider. Ultimately, the information is included disclosure documents provided to potential investors when the County is issuing new debt.

OCERS EXECUTIVE MANAGEMENT SEMI-ANNUAL STRATEGIC PLANNING SESSION

OCERS executive staff met off site for our semi-annual strategic planning session. We spent some time with our new outside personnel attorney, learning more about the differences between the generations working at OCERS, and how we as a management team can better inculcate that knowledge in our trainings. We also discussed in detail the insights I have obtained in my individualized meetings with every single staff member at OCERS. A key lesson I learned was a need to better organize and formalize training for our new

employees, so part of our day at the strategic planning session was reprioritizing key tasks to ensure we can focus on the need to create such a program. We ended the day with early discussions of what would be required in the 2019 administrative budget request to the full Board.

CALPERS BENEFIT FAIR (AUGUST 24)

I went to the Anaheim Hyatt Regency to observe the CalPERS Benefit fair being held over a two day weekend there. I went on Friday, as I especially wanted to observe CEO Marcie Frost in action as she handled a Q & A from an audience of about 200, live on Facebook. A special thanks to Ms. Frost who took the time to introduce me to the audience at the end of her presentation, which actually helped me make contact with a City of Santa Ana representative immediately after, as they had an issue to discuss.

A few comments during her presentation and responses that I found of interest with application to OCERS follow:

1. She acknowledged at one point that CalPERS is the most complicated public pension system in the USA, and that presents a challenge to their members in trying to understand what their benefits will ultimately be, and that puts a burden on CalPERS to ensure that education is taking place.

OCERS APPLICATION: Interesting thought, we may want to craft an At Your Service article that acknowledges that fact about OCERS as well, and then discuss what we can do to help members navigate our process.

2. CalPERS is developing a "hardship" policy for plan sponsors who can't afford the current rising contribution rates. The policy will be going to the CalPERS Board soon for consideration.

OCERS APPLICATION: OCERS Legal Team will obtain a copy once public to see if there is something we may want to bring forward to the OCERS Board for similar consideration.

3. Ms. Frost's focus on customer service includes the goal of ensuring that their customer service is of such quality that a member would CHOOSE to come to

CalPERS to care for his or her retirement benefit even if they actually had a choice and could have gone with a different administrator.

OCERS APPLICATION: A great goal, and one I believe OCERS staff does well in meeting, but you can never get enough reminders and I will share in an upcoming All Staff meeting to ensure our folks realize how important it is to internalize that view and approach.

3. CalPERS administration is reducing their budget by 1.5% (over five years, each of the coming five years - unclear in the comments), recognizing that "it's just as important to control their administrative costs in order to ensure plan solvency, as it is to get the plan sponsor contribution rate correct."

OCERS APPLICATION: A good comparison of budget to mission, demonstrating the importance of our fiscal prudence.

4. A number of questions from the audience were about spiking, though they didn't use that term. It was more about the inequity of line staff working for years at low wages while a special few get to work in high paying jobs for just a few years prior to retirement in order to maximize their benefit.

OCERS APPLICATION: This would be another good topic to address in an At Your Service article at some point.

5. Some questions as to whether the UAAL can cause an employer to go bankrupt. Ms. Frost focused on what CalPERS does to help control UAAL costs (smoothing to diminish contribution volatility for example) to help the employer avoid bankruptcy.

OCERS APPLICATION: Good response to have ready ourselves should the question arise from one of our stakeholders.

UPDATES

INVESTMENT TEAM UPDATE

Ms. Shanta Chary reports:

As of July 31, 2018, the portfolio year-to-date is up 2.3% net of fees, while the one-year return is up 7.6%. The fund value now stands at \$15.9 billion. At the August 30th Investment Committee meeting, the Committee heard a manager presentation from Almanac Realty Securities, a new real estate investment for OCERS. Azad Zangana, Senior European Economist and Strategist at Schroders, discussed the macro and micro themes affecting Europe, and in the process, translated what that means for investors and the global economy. Staff presented the Annual Fee Report for 2017, including the reporting required under the code section 7514.7 as relating to the alternative investments. The Committee heard a manager review summary for one new investment: \$50 million in GGV Capital. The Committee continued the discussion with staff on the structure of the materials for manager summaries going forward. Meketa presented the 2nd quarter 2018 portfolio evaluation report. For the quarter ending June 30, 2018, both the OCERS portfolio and the policy index produced a 0.7% return. However, for the trailing twelve months, the OCERS portfolio posted an 8.0% return (53rd percentile), edging the policy index's return of 7.9% (55th percentile). The strong absolute one-year return is attributable to the performance from the global public equity, private equity and credit portfolios. PCA, OCERS' risk consultant provided a portfolio risk update for the 2nd quarter of 2018.

FINAL AVERAGE SALARY COMPONENTS REVIEW PROJECT

Ms. Jenike Reports:

We continue to make good progress on the Salary and Pay item review project. We are working on comparing all the pay items used by the County, OCFA, Sanitation District, OCTA, and Superior Court since 2015 to the Pay Type descriptions documented in the PSR, MOU and side agreement documents for these employers. The Pay Item Request form available on the OCERS website

is being revised to include some of the specific questions/criteria drafted by Legal to facilitate the review of all new pay code requests by OCERS staff. The team conducted a working meeting to start reviewing the current pay items and applying the compensation earnable and pensionable compensation criteria from Legal. Monthly meetings with the CEO are being held to review the project status and address any policy questions.

OCERS STAFF UPDATE

Ms. Hockless reports:

OCERS Administrative Services Department started the year with a total of nineteen (19) vacancies. The agency added twelve (12) new positions and had (7) vacancies that carried over from 2017. Of the (12) new positions, we have filled nine (9). We filled **ALL** seven of the legacy positions that carried over from last year. Staff is focused on filling the remaining vacant new positions as well as the vacancies from staff promotions and voluntary departures.

This month, we made an offer to an external candidate for the Director of Internal Audit who is scheduled to join the agency on September 14. The Admin staff set the first round of face-to-face interviews for the Staff Attorney and anticipate completing the 2nd round in mid-August with a job offer to the final candidate. On August 03, the Admin Staff completed onboarding activities for the Retirement Program Specialist, Director of Cyber Security and Member Services Supervisor. In early August, the Managing Director position opened. The agency is currently advertising the vacancy and preparing to schedule interviews in September. Also in September, we will host interviews for the Deputy General Counsel.

The Admin staff has filled **twenty (25) positions** since the start of the year and continues to work attentively on the remaining recruitments. Due to many positions being filled with internal promotions, the agency has hired a total of **seventeen (17) new full-time equivalents** (FTE's) and promoted eight (8) internal candidates.

To summarize our eight (8) vacancies, we have four (4) OCERS direct positions vacant: Director of Internal Audit (scheduled start date Sept 14), Managing Director, Deputy General Counsel and Staff Attorney. Three are legacy positions

and one is part of the newly added positions. We have four (4) vacant County positions: Senior Retirement Program Specialist, Accountant Auditor I and two (2) Retirement Benefits Technicians. Of these four (4) vacancies, two (2) are newly added positions and two (2) are legacy positions.

OCERS has a total of 84 employees on payroll. A total of six (6) employees separated from OCERS as of August 20. The year-to-date annual turnover rate is rounded to 7.1%. This number is calculated by dividing the number of employees that separated by the number of active employees.

Total Vacant	Title	Status	Type	Dept	Reason Vacant	
1	Senior Retirement Program Specialist	1st Round Interviews Mid-August	County	Member Services	New	
2	Accountant Auditor I	TBD	County	Finance	New	
3	Managing Director	Open Continuous	OCERS	Investments	New	
4	Director of Internal Audit	Scheduled Start Date: Sept 14, 2018	OCERS	Audit	Resignation -18	
5	Retirement Benefits Technician	Pre-Employment Testing	County	Member Services	Promotion -18	
6	Retirement Benefits Technician	Interviews July 11	County	Member Services	Promotion -18	
7	Staff Attorney	2nd Round Interviews Mid Aug	OCERS	Legal	Retired-18	
8	Deputy General Counsel	Open Continuous	OCERS	Legal	Resignation -18	
Total Vacant	8		New Positions	3	Legacy	5



As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the October 15 meeting of the OCERS Board of Retirement.

I-15

1-15



Memorandum

DATE: October 15, 2018
TO: Board of Retirement
FROM: Suzanne Jenike, Assistant CEO, External Operations
SUBJECT: MASTER FINAL AVERAGE SALARY PROJECT UPDATE

Background/Discussion

One of OCERS' 2018 Strategic Initiatives is to perform a comprehensive review of all employer pay items to determine whether each pay item is properly included in the final average salary that is used to calculate a member's pension – in other words, to determine whether each item of pay is pensionable. The goal of the Master Final Average Salary Project is to conduct a comprehensive review of the County Employees Retirement Law of 1937 (CERL), the Public Employees Pension Reform Act (PEPRA) and all pay items by employer to ensure accurate reporting and coding of pay, and to strengthen policies and procedures to ensure proper, timely and accurate collection of contributions and calculation of member retirement benefits.

Prior to the enactment of PEPRA and in response to the California Supreme Court decision in *Ventura County Deputy Sheriffs' Association v. Board of Retirement of Ventura County Employees Retirement System (Ventura)*, the OCERS Board adopted Resolution 98-001 on February 6, 1998 to specifically enumerate the categories of pay items that would be included in and excluded from the calculation of a member's final average salary (referred to as "Compensation Earnable" for members prior to PEPRA). Effective January 1, 2013, PEPRA created a new class of members hired on or after January 1, 2013, referred to as "PEPRA Members." Members hired before January 1, 2013 are referred to as "Legacy Members." PEPRA created a new, more restrictive definition of the elements of pay that would be included in the calculation of a member's final average salary, referred to as "Pensionable Compensation." In addition, PEPRA revised the CERL section (§31461) defining "Compensation Earnable" for Legacy Members to specifically exclude certain items of pay. For both Pensionable Compensation for PEPRA Members and Compensation Earnable for Legacy Members, PEPRA added two new exclusions – a "catch-all" provision excluding any compensation determined by the board of retirement to have been paid to enhance a member's retirement, and an exclusion for payments for additional services rendered outside of normal working hours. Finally, PEPRA added a new provision to the CERL (§31542) to require the board of retirement to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's benefit.

Since the enactment of PEPRA, OCERS has continued to follow the provisions of Resolution 98-001 in calculating Compensation Earnable for Legacy Members. And although OCERS staff has operationally implemented the provisions of PEPRA for PEPRA members, OCERS has not yet adopted the required procedure for assessing and determining whether an element of compensation was paid to enhance a member's benefit.

With the passage of time, and particularly in light of the recent experience involving POST mandatory training, staff now recommends that OCERS (1) document its interpretation of Pensionable Compensation for PEPRA Members; (2) confirm and update as needed its interpretation of Compensation Earnable as detailed in Resolution 98-001 for Legacy Members; (3) adopt a Board policy to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit; and (4)

Memorandum

adopt a policy to set forth a process for reviewing new pay codes to ensure compliance with the CERL and PEPRAs.

Objectives and Current Status of the Master Final Average Salary Project

The ultimate goals of the Master Final Average Salary Project are to:

- Restate OCERS' interpretation of Compensation Earnable and Pensionable Compensation;
- Strengthen OCERS policies, processes and procedures;
- Validate what employer pay items are Compensation Earnable for Legacy Members and Pensionable Compensation pay items for PEPRAs Members;
- Better educate members and employers about the items of Compensation Earnable and Pensionable Compensation that are included in the calculation of Final Average Salary and the legal tests used to make the determinations;
- Develop and maintain current master lists of pensionable pay items by employer; and
- Develop the resources for advising employers in advance of their adoption of new pay items.

The current status of the Master Final Average Salary Project is as follows:

- Staff has completed a review of OCERS' current policies and an analysis of Compensation Earnable;
- Staff has identified PEPRAs guidelines and criteria to determine what is included in, or excluded from, Pensionable Compensation to ensure compliance with the law when calculating a member's retirement benefit;
- Staff is in the process of conducting a comprehensive review of each and every pay item and salary component against the guidelines and criteria referenced above to determine what items are properly included in, or excluded from, Pensionable Compensation, and to ensure accurate reporting; and
- Staff is in the process of drafting the Board policies noted above.

Items that Will Require Additional Discussion

Staff's work on the Master Final Average Salary Project so far has identified a few issues that will in the future require Board engagement and direction. Staff recommends OCERS' initial focus be on pay items for PEPRAs Members and that any changes to Legacy Members' pensionable pay items await the decision of the California Supreme Court in the pending cases that challenge the application of PEPRAs to Legacy Members.

As noted above, staff will in the future recommend that the Board adopt a policy on the interpretation of Pensionable Compensation for PEPRAs Members. Staff's review of OCERS current practices for PEPRAs member calculations indicates that generally, OCERS is in compliance with PEPRAs's definition of Pensionable Compensation as set forth in section 7522.34 and in line with a large majority of other CERL systems. A couple of exceptions are briefly explained below.

Normal Working Hours

PEPRAs introduced a new term "normal working hours." In two places, PEPRAs section 7522.34 limits Pensionable Compensation to payments for services rendered during "normal working hours."

Memorandum

Section 7522.34 states, in pertinent part, as follows:

(a) "Pensionable compensation" of a new member of any public retirement system means 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**, pursuant to publicly available pay schedules, subject to the limitations of subdivision (c).

....

(c) Notwithstanding any other law, "pensionable compensation" of a new member does not include any of the following:

....

(6) Payments for additional services rendered **outside of normal working hours**, whether paid in a lump sum or otherwise. (Emphasis added.)

The challenge posed by this new standard is its application to pay items for services rendered away from the workplace and outside of an employee's normal assigned shift or work day. Since overtime is separately and specifically excluded from Pensionable Compensation, the Legislature must have intended to apply the new exclusion to other pay categories. In addition, the new "normal working hours" language in PEPRAs mirrors language that has been a part of CalPERS' law for a long time. Examples of such categories include standby pay, on-call pay and canine care pay, all of which under the *Ventura* decision, were included in Compensation Earnable for Legacy Members so long as the assignment was mandatory or regularly scheduled and paid to other members of the same pay grade or class under the authority of CERL section 31461. Since 2013, however, OCERS has also treated standby pay, on-call pay and canine care pay as pensionable for PEPRAs members, so long as the pay met the same minimum standards traditionally applied under section 31461 before it was amended at the same time PEPRAs were enacted.

Standby or on-call pay is common among a number of OCERS employers where an employee receives either a percentage of his/her regular pay (often 1/4 of regular hourly rate) or a flat amount as compensation for being available after hours to be called back to work under certain circumstances. Canine care pay is earned by canine officers (usually sheriff deputies) who kennel their dogs at home. This category of pay is usually negotiated in labor MOUs as an assumed number of hours per day or per week and paid either at straight time or overtime. In both of these situations, however, the work or activities of the employee that is compensated is performed away from his/her workplace and during what is otherwise their personal time.¹

The term normal working hours was also the subject of an appellate court decision in *City of Pleasanton vs CalPERS* (2012) 211 Cal App. 4th 522, which held that a fire manager's pay for being on-call was not pensionable. In its ruling, the Court of Appeals held that treating a standby schedule as part of the employee's normal working hours "does not reflect a reasonable interpretation of the statute or of the standby pay provision of his labor agreement." Rather, the Court found that the small percentage of normal pay that was the agreed

¹ These pay categories usually are the result of a Fair Labor Standards Act (FLSA) dispute over compensable activities.

Memorandum

standby compensation was compensation "for being *available* to work on a standby basis *outside* of his normal working hours" (emphasis in the original). In addition, a survey of the CERL systems indicates that of the 14 systems responding, 12 exclude standby or on call pay from Pensionable Compensation.

Accordingly, in light of the express language contained in section 7522.34 and the decision in the *City of Pleasanton* case, staff will recommend that the OCERS Board consider whether standby (on call) pay and canine care pay should be excluded from Pensionable Compensation.

Bonuses

PEPRA Section 7522.34 also contains an exclusion for bonuses:

(c) Notwithstanding any other law, "pensionable compensation" of a new member does not include the following:

....

(10) Any bonus paid in addition to the compensation described in subdivision (a).

Notably, section 7522.34(c)(10) differs from CERL section 31461, which, even after PEPRA, permits bonuses to be included in Compensation Earnable for Legacy Members if the bonus is received by similarly situated (same grade or class) employees. OCERS has treated bonuses as pensionable for both PEPRA Members and Legacy Members so long as comparably situated employees are eligible to receive the bonus. Staff recommends that this practice be halted for PEPRA Members in light of the unconditional language of section 7522.34(c)(10).

Publicly Available Pay Schedule

PEPRA section 7522.34 also incorporated from CalPERS' law a requirement that in order for a pay item or category to be included in a PEPRA Member's final average salary, it must be included in a "publicly available pay schedule." While not defined in PEPRA, CalPERS has promulgated a regulation (California Code of Regulations Section 570.5) that is instructive. The core elements of the CalPERS regulation that staff will recommend that OCERS adopt are that the pay item must be included in a pay schedule that:

- Was duly approved by the employer's governing body;
- Identifies the position title for every employee position along with the applicable element of compensation;
- Is posted or immediately accessible and available for public review at the office of the employer or posted on the employer's internet website; and
- Does not reference another document in lieu of disclosing the element of compensation.

Staff will recommend that the OCERS Board adopt guidelines for compliance with PEPRA's "publicly available pay schedule" requirement while leaving the ultimate discretion with the employer on how to comply. While posting the information on the employer's website is not legally required, it will be encouraged. Likewise, creation of new documents will not necessarily be required so long as all of the documentation necessary to confirm all elements of compensation otherwise pensionable are disclosed and reviewable.

Next Steps

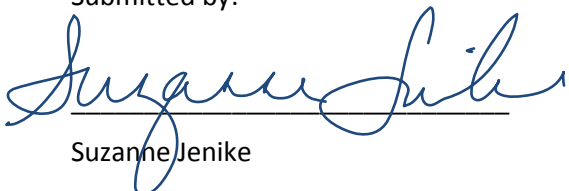
Memorandum

- Staff will prepare four new policies for consideration by the Board including:
 - A policy setting forth OCERS' interpretation of Pensionable Compensation for PEPRA Members including publicly available pay schedule compliance;
 - A policy confirming and updating as needed OCERS' interpretation of Compensation Earnable as detailed in Resolution 98-001 for Legacy Members;
 - A policy to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit; and
 - A policy to set forth a process for reviewing new pay codes to ensure compliance with the CERL and PEPRA.
- Staff will develop procedures for employers to follow to request new pay codes in the future.
- Staff will develop procedures for employers to follow if they dispute or disagree with staff's analysis of pensionable applicability of new pay codes.
- Staff will develop an OCERS Administrative Procedure (OAP) to communicate to members how Final Average Salary attributes are determined and what pay items are pensionable and non-pensionable.
- Staff will develop staff procedures and training materials for OCERS personnel and employers.
- Communication with employers is taking place now regarding project status and potential issues.
- Staff will present options for and recommend a correction process for pay items that are currently being reported incorrectly.

Timeline

- November:
 - Staff will bring draft policies to the Board for a first reading.
 - Staff will continue to communicate with employers regarding their specific pay items and any potential concerns.
- December:
 - Staff will bring policies back to the Board for approval.
 - Staff will update the Board on the status of each employer's pay item review and inform of any remaining areas of concern. If necessary, staff will ask for direction on corrective action.

Submitted by:



Suzanne Jenike

Assistant CEO, External Operations

1-16


Memorandum

DATE: October 3, 2018
TO: Members of the Board of Retirement
FROM: Matt Eakin, Director of Cyber Security
SUBJECT: **CYBER SECURITY PRESENTATION**

Written Report

At the October 15, 2018 Board meeting I will provide a high level overview of the Cyber Security program we plan to implement at OCERS. I look forward to sharing this information with you, and developing a collaborative relationship to meet OCERS Cyber Security goals.

Submitted by:

 M.E. - Approved

Matt Eakin
Director of Cyber Security

2011



Cyber Security and Technology Risk Program

Presented on October 15, 2018

by

Matt Eakin

Director of Cyber Security

244/445

Fear, Uncertainty, Doubt

Facebook Breach Exposes Accounts of 50M Users

Facebook's massive data breach could cost the social-media giant as much as \$1.63 billion in fines from regulators.

City of Atlanta Spends \$2.6M to Recover from Ransomware Attack

City's 8,000 employees unable to use their computers for 5 days, other services take longer to restore. Major disruption to operations for the Police, Public Works, and Judicial systems.

British Airways Hacked!

The hack exposed credit card information for 380,000 BA customers over a two week period.



Dir. Cyber Security Responsibilities

- Function as the agency's Information Security Officer
- Identify, evaluate and report on information security risks
- Lead agency-wide information security efforts
- Provide protection of computer and network systems
- Provide protection of member, financial, and confidential data
- Coordinate, investigate, and report on information security incidents

- Alleviate some of the fear, uncertainty, and doubt



- **Education**
 - B.S. in Management Information Systems
San Diego State University
- **Experience**
 - 23 years experience in Information Technology
 - 15 years experience in Information Security
- **Certifications**
 - Certified Information Systems Security Professional (CISSP)
 - Certified Ethical Hacker (CEH)
 - Information Technology Infrastructure Library (ITIL) Foundation
 - Microsoft Certified Professional (MCP)



Cyber Security

**Comprehensive
Information
Security
Program**

IT Governance,
Risk, Compliance

Cyber Security Framework

NIST National Institute of
Standards and Technology
U.S. Department of Commerce

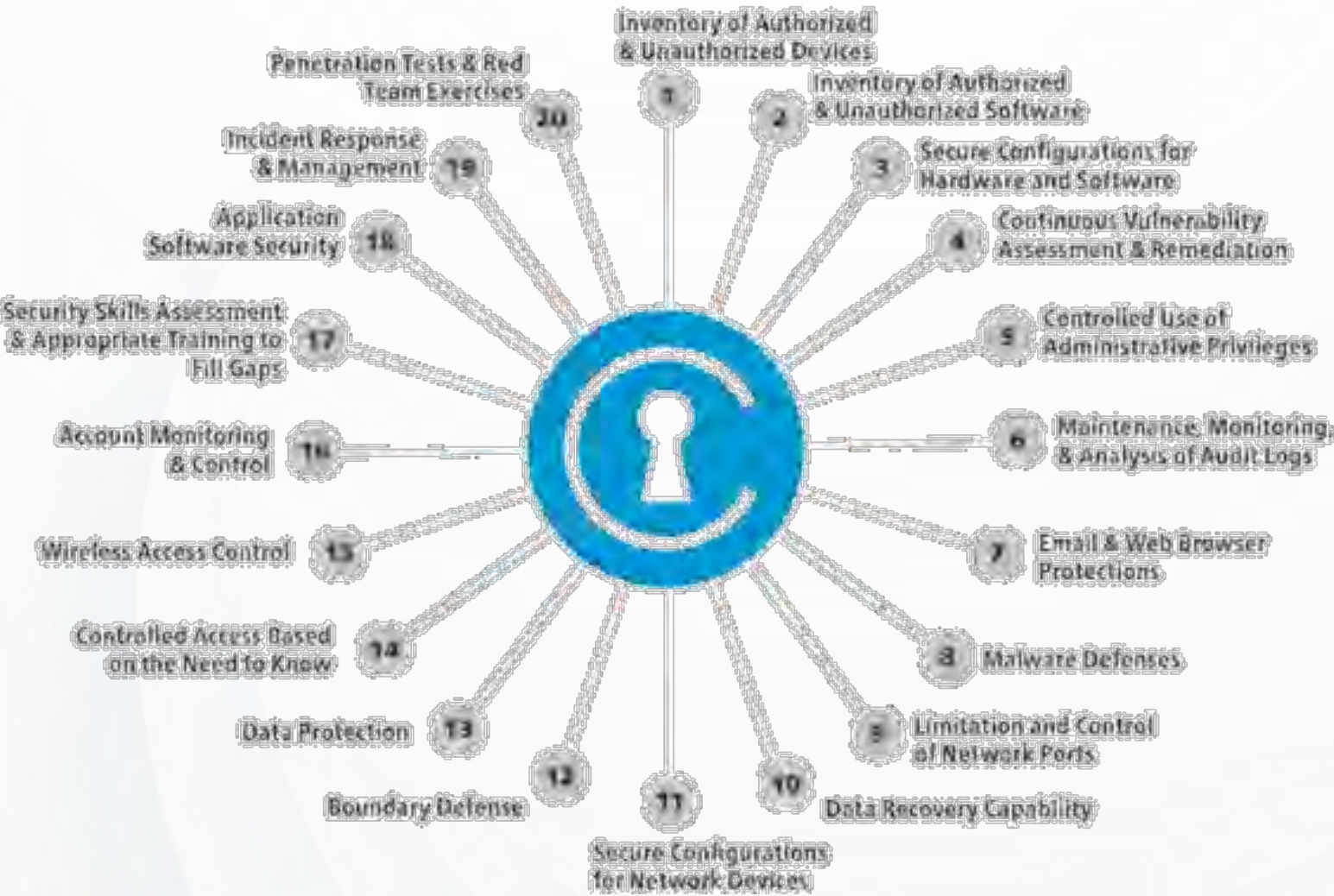
The NIST Cyber Security Framework is guidance, based on existing standards, guidelines, and practices for organizations to better manage and reduce cyber security risk



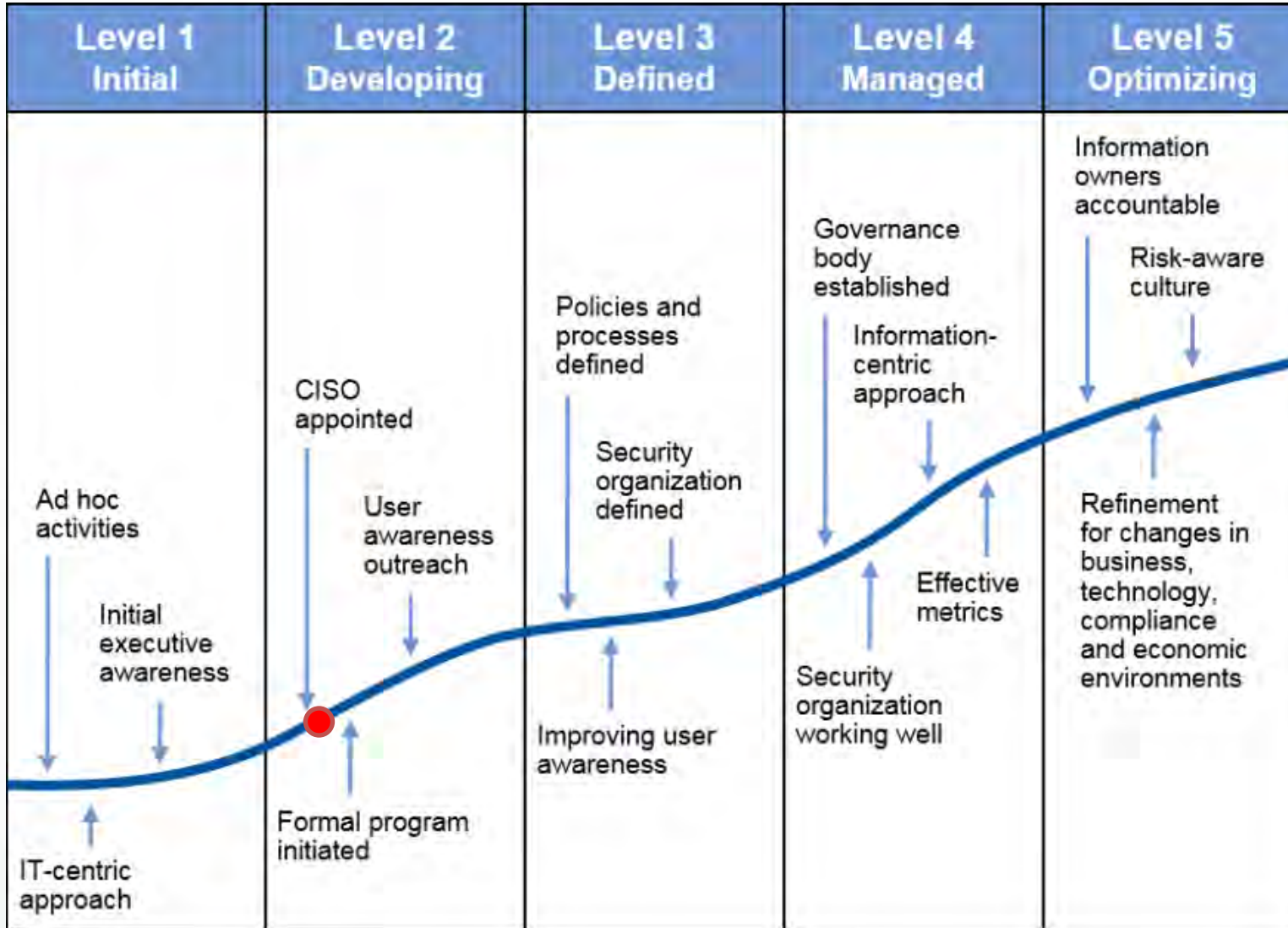
Security Controls Program



The CIS Controls, which align to the NIST Cyber Security Framework, are a recommended set of actions for cyber defense that provide specific and actionable ways to thwart the most pervasive attacks



Cyber Security Program Maturity



Cyber Security Risk Management



What Level of Risk is Appropriate?

There is no such thing as "perfect protection"



Our goal is to build a sustainable information security program that balances the need to protect our members assets against the needs to serve our membership.



- Are we secure? How do we know?
- How do we know if we've been hacked or breached? Do we have the ability to detect these events?
- Do we have a plan in place if we are hacked or breached?
- What are our cyber security risks & how are they managed?
- How does our security compare to peer organizations?
- What is our security maturity level?
- Does moving to the cloud increase or decrease our risk?
- How are staff being trained on cyber security and data privacy?



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Thank You