

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

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

MINUTES

Chair Prevatt called the meeting to order at 9:02 a.m.

Attendance was as follows:

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

Also Present: Steve Delaney, Chief Executive Officer; 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

Wayne Lindholm led the Pledge of Allegiance.

CONSENT AGENDA

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

A motion was made by Mr. Packard seconded by Mr. Lindholm to approve the consent agenda.

Motion passed unanimously.

Mr. Dewane arrived 9:06 a.m.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

(1) None

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

October 15, 2018

Recommendation: Approve minutes.

ACTION ITEMS

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

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

A-2 OCERS' ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2019

Presentation by Tracy Bowman, Director of Finance and Steve Delaney, Chief Executive Officer

Recommendation:

- 1. Adopt the Administrative Budget for Fiscal Year 2019 in the amount of \$26,432,830 which includes:**
 - a. Personnel costs in the amount of \$14,764,600
 - b. Services and supplies in the amount of \$11,298,230
 - c. Capital expenditures in the amount of \$370,000
- 2. Fiscal Year 2019 Staffing Plan**
 - a. Approve the 2019 Staffing Plan of 93 budgeted positions and 99 classifications, which includes two new positions, Training Manager and Investment Analyst, and the reduction of one Accountant/Auditor, for a net increase in headcount of one full-time equivalent (FTE), and three new classifications in the Legal, Finance and Disability departments (illustrated in Appendix C of the 2019 Administrative Budget)
 - b. Approve the salary ranges for the new OCERS' Direct positions, Training Manager and Disability Manager (\$61,669-\$120,432)
- 3. Approve Salary and Range Adjustments**
 - a. Performance/Salary Adjustments for OCERS' direct employees consisting of a rating scale that includes a base increase of 2.5% for those that meet expectations; a base of 2.5% plus a merit increase of 2.75% for exceeds expectations; and a base of 2.5% plus two merit increases totaling 5.50% (2.75% x 2) for exceptional performance
 - b. Adjust all existing OCERS' direct salary ranges by 2.5%

Mr. Delaney and Ms. Bowman presented the OCERS Administrative Budget for fiscal year 2019. They explained the recommendations “out of order” as they better built one upon the other to the final budget recommendation.

#2 Fiscal Year 2019 Staffing Plan

A **motion** was made by Mr. Lindholm **seconded** by Mr. Packard to approve the 2019 Staffing Plan of 93 budgeted positions and 99 classifications, which includes two new positions, Training Manager and Investment Analyst, and the reduction of funding one Accountant/Auditor (retaining the classification), for a net increase in headcount of one full-time equivalent (FTE), and three new classifications in the Legal, Finance and Disability departments (illustrated in Appendix C of the 2019 Administrative Budget), and the salary ranges for the new OCERS’ Direct positions, Training Manager and Disability Manager (\$61,669-\$120,432).

Motion passed **unanimously**.

Note: Mr. Ball was out during this vote.

#3 Approve Salary and Range Adjustments

Mr. Hilton asked for clarification in salary increases between OCERS Direct and County staff as he wants to make sure employees are paid fairly.

Ms. Bowman and Mr. Delaney explained the differences in OCERS Direct and County staff salary increases when it came to employees being at the highest step, or the top range of pay.

Mr. Ball arrived at 9:20am.

Ms. Hockless discussed the different retirement systems and their package incentives verses what OCERS offers their employees.

Mr. Hilton stated that he supports the proposed structure of step-like merit increase within the OCERS pay range. He is concerned about OCERS Direct employees at the top of their range then getting a lump sum beyond that range.

A **motion** was made by Mr. Packard **seconded** by Mr. Dewane to approve Salary and Range Adjustments: Performance/salary adjustments for OCERS’ direct employees consisting of a rating scale that includes a base increase of 2.5% for those that meet expectations; a base of 2.5% plus a merit increase of 2.75% for exceeds expectations; and a base of 2.5% plus two merit increases totaling 5.50% (2.75% x 2) for exceptional performance and adjust all existing OCERS’ direct salary ranges by 2.5%.

Motion passed **8-1** with Mr. Hilton voting “no”.

#1 Adopt the Administrative Budget for Fiscal Year 2019 in the amount of \$26,432,830.

A **motion** was made by Mr. Dewane **seconded** by Mr. Packard to adopt the Administrative Budget for Fiscal Year 2019 in the amount of \$26,432,830 which includes:

- a. Personnel costs in the amount of \$14,764,600
- b. Services and supplies in the amount of \$11,298,230

c. Capital expenditures in the amount of \$370,000

Motion passed unanimously.

A-3 GOVERNANCE COMMITTEE OUTCOMES FROM OCTOBER 11, 2018 MEETING – REVISIONS TO BOARD OF RETIREMENT CHARTER AND RESCISSION OF THE ACCEPTANCE AND REPORTING OF GIFTS POLICY

Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: The Governance Committee recommends that the Board:

- (1) Revise the Board of Retirement Charter to add key provisions of the Acceptance and Reporting of Gifts Policy; and
- (2) Rescind the Acceptance and Reporting of Gifts Policy.

Ms. Ratto presented the Governance Committee outcomes from October 11, 2018 meeting.

A motion was made by Mr. Ball seconded by Mr. Packard to revise the Board of Retirement Charter to add key provisions of the Acceptance and Reporting of Gifts Policy; and Rescind the Acceptance and Reporting of Gifts Policy.

Motion passed unanimously.

A-4 GOVERNANCE COMMITTEE OUTCOMES FROM OCTOBER 11, 2018 MEETING – WRITE OFF POLICY

Presentation by Suzanne Jenike, Assistant CEO External Operations, OCERS

Recommendation: The Governance Committee recommends that the Board adopt the new Write Off Policy as presented.

Ms. Jenike reviewed the key provisions of the new Write-Off Policy.

A motion was made by Mr. Ball seconded by Mr. Packard to adopt the new Write Off Policy as presented.

Motion passed unanimously.

A-5 ORANGE COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT'S UAAL TRIENNIAL RECALCULATION

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: Approve the results of the Recalculation of Orange County Mosquito and Vector Control District's UAAL Obligation as of December 31, 2017 in the amount of \$818,977.

Mr. Delaney presented the Orange County Mosquito and Vector Control District's (OCMVCD) UAAL triennial recalculation, explaining that the contract with OCMVCD required the Board to approve the recalculation.

A **motion** was made by Mr. Eley **seconded** by Mr. Baldwin to approve the results of the Recalculation of Orange County Mosquito and Vector Control District's UAAL Obligation as of December 31, 2017 in the amount of \$818,977.

Motion passed **unanimously**.

The Board recessed for break at: 10:16 a.m.

The Board reconvened from break at: 10:32 a.m.

Board adjourned to closed session 10:33 a.m.

Board reconvened from closed session at 11:06 a.m.

Board adjourned to closed session 11:10 a.m.

Board reconvened from closed session at 11:57 a.m.

A-6 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

Recommendation: Take appropriate action.

Chair Prevatt provided an overview of the CEO compensation.

For discussion purposes, Mr. Baldwin proposed a start of 2.5% base building and a 2.5% lump sum.

A **motion** was made by Mr. Baldwin **seconded** by Mr. Dewane to approve an increase in the CEO's salary by 2.5% base building and a one-time cash payout.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

November 19, 2018

Death Notices

November 19, 2018

I-2 COMMITTEE MEETING MINUTES

- None

I-3 CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-5 THIRD QUARTER 2018 BUDGET TO ACTUALS REPORT

Written Report

- I-6 **THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**
Written Report
- I-7 **GENERAL MEMBER ELECTION OUTCOME**
Written Report
- I-8 **TRAVEL REPORT – IPMA-HUMAN RESOURCES PUBLIC PENSION ROUNDTABLE**
Written Report
- I-9 **TRAVEL REPORT – CALIFORNIA RETIRED COUNTY EMPLOYEES ASSOCIATION (CRCEA)**
Written Report
- I-10 **BOARD COMMUNICATIONS**
Written Report
- I-11 **TRUSTEE EDUCATION**
The New Norm: Cultural Changes in the #MeToo Era Workplace
Presented by Kelly A. Trainer, Esq., Partner, Burke, Williams & Sorensen LLP

The Board moved into the Modjeska Training Room for training conducted by Kelly A. Trainer Esq., Partner, Burke, Williams & Sorensen LLP.

******* END OF INFORMATION ITEMS AGENDA *******

CLOSED SESSION

- E-1 **PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957**

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

Board adjourned to closed session 10:33 a.m.

Board reconvened from closed session at 11:06 a.m.

Board adjourned to closed session 11:10 a.m.

Board reconvened from closed session at 11:57 a.m.

Chair Prevatt reported that the Board conducted the CEO evaluation in closed session.

- E-2 **CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED**
(Government Code section 54956.9(d)(1).)
Jeffrey Gross v. OCERS; County of Orange; et al., CA Superior Court, County of Orange (Case No. 30-2017-00944959)

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

Recommendation: Take appropriate action.

The Board adjourned for closed session at 2:04 p.m.

The Board reconvened from break at 2:21 p.m.

No reportable action taken.

DISABILITY/MEMBER BENEFITS AGENDA

11:00 A.M.

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

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.

A **motion** was made by Mr. Ball, **seconded** by Mr. Packard 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: Aaron Phelps

Group Counselor I, Orange County Social Services Agency

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

DC-2: Harsimran Dhaliwal

Service Worker I, Orange County Transportation Authority

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

DC-3: Keith Wayne

Coach Operator, Orange County Transportation Authority

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

DC-4: Andra T. Boyd

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of April 25, 2017.

DC-5: Kenneth Caley

Fire Apparatus Engineer, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 30, 2018.

DC-6: Carlos Contreras

Deputy Sheriff I, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of April 17, 2017.

DC-7: Paul Guns

Fire Captain, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of September 1, 2016.

DC-8: Gregory Hosburg

Fire Captain, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of May 26, 2017 the day the day following the last day of regular compensation as a Fire Captain.

Find the Applicant is capable of performing other duties in the service of the Orange County Fire Authority pursuant to Government Code Section 31725.65.

The Disability Committee recommends that the Board grant a supplemental disability retirement payment allowance in the amount of the salary difference between the higher and lower paying

positions effective May 26, 2017, the date of the position change until the day Mr. Hosburg wishes to retire from the new position.

DC-9: George Miller

Deputy Sheriff II, Orange County Sheriff's Department

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

DC-10: James McAnally

Supervising Equipment Mechanic I, Orange County Public Works

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of May 13, 2016.

DC-11: Imelda Narez

Eligibility Supervisor, Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of February 8, 2018.

DC-12: Walter Rios

Maintenance Worker, Orange County Sanitation District

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of May 11, 2016.

DC-13: Jason Yates

Sheriff's Special Officer, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of June 22, 2018.

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

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

BOARD MEMBER COMMENTS

The Board members commented on their issues with their new surface pros.

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)

Active Members

Kvist, Nicholas
Quader, Joseph

Retired Members

Abbott, Richley
Backus, Larry
Bartosiewski, Larry
Benedict, Rose
Bobbitt, William
Brown, Rachael
Cook, Constance
Cornelius, Joann
Finkle, Robert
Gonzales, Jesse
Harris, Barbara
Hughley, Sandra
Hurt, Jo Ann
Klingenberg, Britt
Lafontaine, David
Lee, Wilma
Marshman, Wyona
Miller, Glenn
Montano, Victoria
Nguyen, Thoa
Perez, Rogelio
Peterson, John
Pham, Hanh
Recor, Caren
Roberts, Patricia
Snyder, Randall
Standiford, Matilda
Stauffer, William
Tran, Melinda
Uggwe, David


Vankeuren, Margaret
Walker, Gerald
Watts, Betty
Whitcomb, Edna

Surviving Spouses

Jahn, Fred
Massey, Barbara
Mc Guire, Harold
Oxandaboure, Norma
Richardson, Dorothy


There being no further business to bring before the Board, the meeting adjourned at 2:37 p.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Chris Prevatt
Chairman