

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

**REGULAR MEETING  
Tuesday, January 21, 2020  
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**

**OATH OF OFFICE – ADELE TAGALOA, ARTHUR HIDALGO, CHARLES PACKARD, FRANK ELEY, AND SHAWN DEWANE**

Administered by Clerk of the Board, Robin Stieler

**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. **Persons wishing to provide public comment at this time should fill out a speaker card located on the counter at the back of the room and deposit it in the Recording Secretary's inbox on the wall near the middle of the room.** 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.

**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.

<b>BENEFITS</b>
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**C-1 OPTION 4 RETIREMENT ELECTION**

**Recommendation:** Grant election of retirement benefit payment, Option 4, based on Segal Consulting’s actuarial report.  
(1) Walter Carmona

**ADMINISTRATION**

**C-2 BOARD MEETING MINUTES**

Regular Board Meeting Minutes

December 16, 2019

**Recommendation:** Approve minutes.

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**DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA**

**9:00 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.

**DC-1: Shannon Garrido**

Deputy Juvenile Correctional Officer II, Orange County Probation Department

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 1, 2019. (General Member)

**DC-2: Vernon (Mickey) Hanson**

Firefighter, Orange County Fire Authority

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of September 12, 2016. (Safety Member)

**DC-3: Jeff Watson**

Communications Technician, Orange County Fire Authority

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of August 4, 2017. (General Member)

**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 – ANA TRAN**

**Recommendation:** Staff recommends that the Board approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations in *The Matter of the Application for Disability Retirement of Anna* (sic) Tran dated October 14, 2019 (Recommendations), and deny Ana Tran’s (Applicant) application for service-connected disability retirement.

**DA-3: BENEFIT APPEAL – NICHOLAS CASSON**

**Recommendation:** Staff recommends that the Board approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations in *The Matter of the Application for Disability Retirement of Nicholas Casson* (Applicant) dated October 20, 2019 (Recommendations), wherein the Hearing Officer determined that OCERS correctly applied the offset pursuant to Government Code section 31838.5 to Applicant’s disability allowance, notwithstanding the fact that Applicant did not elect reciprocity.

**DA-4: BENEFIT APPEAL – DAVID ROCHA**

**Recommendation:** Staff recommends that the Board approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Revised Findings, Conclusions of Law, and Recommended Decision in *The Matter of the Application of David L. Rocha, a Member of the Orange*

*County Employees Retirement System, for a Recalculated Benefit Allowance* dated July 25, 2019 (Recommendations), wherein the Hearing Officer recommended that the Board’s 2017 finding of a correct calculation of David Rocha’s (Applicant) benefit allowance be affirmed, and that Applicant’s appeal be denied.

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**OPEN SESSION**

**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 provide public comment at this time should fill out a speaker card located on the counter at the back of the room and deposit it in the Recording Secretary’s inbox on the wall near the middle of the room.**

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

**INFORMATION ITEMS**

**I-1 MEMBER MATERIALS DISTRIBUTED**

Written Report

Application Notices

January 21, 2020

Death Notices

January 21, 2020

**I-2 COMMITTEE MEETING MINUTES**

- Audit Committee

October 17, 2019

**I-3 CEO FUTURE AGENDAS AND 2020 OCERS BOARD WORK PLAN**

Written Report

**I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS**

Written Report

**I-5 TRAVEL REPORT – VISIT TO SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

Written Report

**I-6 TRAVEL REPORT – VISIT TO VENTURA COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION**

Written Report

**I-7 BOARD COMMUNICATIONS**

Written Report

**I-8 2019 OCERS YEAR IN REVIEW: COMMUNICATION PLAN**

Written Report

**I-9 DISABILITY RETIREMENT STATISTICS – 2019 REPORT**

Written Report

**I-10 2019 FORM 700 DESIGNATED FILERS LIST AND FACT SHEET**

Written Report

**I-11 BOARD COMMUNICATIONS POLICY FACT SHEET**

Written Report

**I-12 FOURTH QUARTER 2019 EDUCATION AND TRAVEL EXPENSE REPORT**

Written Report

**I-13 CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**

Written Report

**I-14 ACTUARIAL COST IMPACT OF ANNUAL LEAVE POLICY**

Written Report

**I-15 OCERS INNOVATIONS/PROCESS IMPROVEMENTS AND EMPLOYEE STAFF AWARDS**

*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

**I-16 DILIGENT BOARD PORTAL INTRO**

*Presentation by Jenny Sadoski, Director of Information Technology, OCERS and Phil Sandusky, Diligent*

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

**REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

**BOARD MEMBER COMMENTS**

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

**COUNSEL COMMENTS**

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

**NOTICE OF NEXT MEETINGS**

**PERSONNEL COMMITTEE MEETING**

**January 31, 2020  
11:00 A.M.**

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

**DISABILITY COMMITTEE MEETING**

**February 04, 2020  
10:00 A.M.**

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

**REGULAR BOARD MEETING**

**February 10, 2020  
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](mailto: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.



## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Adina Bercaru, Member Services Manager  
**SUBJECT:** **OPTION 4 RETIREMENT ELECTION – WALTER CARMONA**

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### Recommendation

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

### Background/Discussion

This member elected Option 4 as the benefit payment option for his service retirement allowance as required by his Domestic Relations Order (DRO), effective November 16, 2019. The Orange County Employees Retirement System (OCERS) was joined in the member's dissolution of marriage and under the terms of the 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



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415-263-8254

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PERSONAL and CONFIDENTIAL

January 6, 2020

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 Walter Carmona**

Dear Adina,

Pursuant to your request, we have determined the Option 4 benefits payable to Walter Carmona and his ex-spouse based on the unmodified benefit and other information provided in the System's request dated December 26, 2019.

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	November 16, 2019
Plan of Membership	General Plan B & Safety Plan F
Monthly Unmodified Benefit	Plan B: \$921.51 Plan F: <u>7,098.90</u> Total: \$8,020.41
Ex-Spouse's Share of Monthly Unmodified Benefit	20.50%
Retirement Type	Service Retirement



Ms. Adina Bercaru  
January 6, 2020  
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<b>The ex-spouse bears the cost of Option 4 reduction for the DRO benefit</b>	<b><u>Payable while the Member is Alive</u></b>	<b><u>Payable After the Member's Death</u></b>
Monthly benefit payable to member		
Plan B Annuity:	\$141.60	
Plan B Pension:	591.00	
Plan F Annuity:	1,047.80	
Plan F Pension:	<u>4,595.83</u>	
Total:	\$6,376.23	\$0
Monthly benefit payable to ex-spouse (or to the estate of the ex-spouse if the ex-spouse predeceases the member)	\$1,478.34*	\$1,478.34
* <i>This is equal to 20.50% of the member's unmodified benefit (i.e., 20.50% * \$8,020.41 or \$1,644.18) adjusted further to provide a benefit payable over the ex-spouse's lifetime.</i>		

#### **ACTUARIAL ASSUMPTIONS**

Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016 set back four years, weighted 80% male and 20% female for members.<sup>1</sup>

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 20% male and 80% female for beneficiaries.<sup>1</sup>

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.

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

Ms. Adina Bercaru  
January 6, 2020  
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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,

A handwritten signature in blue ink that reads "Molly Calcagno".

Molly Calcagno, ASA, MAAA, EA  
Actuary

MYM/bqb



January 7, 2020

Walter S. Carmona

Re: Retirement Election Confirmation – Option 4

Dear Mr. CARMONA:

You have elected Option 4 as your retirement option. This option will provide a 20.50% of your monthly benefit, for the life of the benefit, to:

LIDIA CARMONA

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

Please complete this form and return to OCERS as soon as possible.

I understand that my retirement option is irrevocable; by choosing Option 4 I will take a monthly reduction in order to provide a 20.50% continuance to LIDA CARMONA.

Member Signature/Date

Sincerely,

Ricardo Serrano  
Retirement Program Specialist

**RECEIVED**

JAN 08 2020

IMAGING DESK

**IMAGED**

JAN 08 2020

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

**REGULAR MEETING  
Monday, December 16, 2019  
9:00 a.m.**

**MINUTES**

Chair Packard called the meeting to order at 9:00 a.m.

Attendance was as follows:

**Present:** Charles Packard, Chair; Roger Hilton, Vice Chair; Frank Eley, Russell Baldwin, Shari Freidenrich, Chris Prevatt, Shawn Dewane

**Absent:** David Ball, Wayne Lindholm, Jeremy Vallone

**Also Present:** Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; David Kim, Director of Internal Audit; Megan Cortez, Disability Manager; Manuel Serpa, Staff Attorney; Reginald Tucker, Managing Director of Investments; Anthony Beltran, Visual Technician; and Nichol Forbes, Recording Secretary, Adele Tagaloa, 2020 OCERS Trustee.

**Guests:** Harvey Leiderman, ReedSmith

*Trustee Dewane led the Pledge of Allegiance.*

**CONSENT AGENDA**

**MOTION** by Hilton, **seconded** by Prevatt, to approve staff's recommendation on all of the following items on the Consent Agenda:

<b>BENEFITS</b>
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**C-1 OPTION 4 RETIREMENT ELECTION**

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

- None

**ADMINISTRATION**

**C-2 BOARD MEETINGS AND COMMITTEE MEETINGS**

Regular Board Meeting Minutes	November 18, 2019
Special Board Meeting Minutes	November 25, 2019

**Recommendation:** Approve minutes.

**C-3 GOVERNANCE COMMITTEE OUTCOMES OF NOVEMBER 7, 2019 - OCERS EMPLOYER POLICIES**

**Recommendation:**

1. Approve the revisions to the *Declining Employer Payroll Policy*;
2. Approve the revisions to the *Withdrawing Plan Sponsor Policy* (including a change in the name of the policy to *Withdrawing Employer Policy (Continuing Obligation)*); and
3. Approve and adopt a new policy, the *Withdrawing Employer Policy (Fully Satisfied Obligation)*, for participating employers that wish to withdraw from OCERS and fully pay their UAAL at the time of such withdrawal.

The motion passed **unanimously** with Trustees Ball, Lindholm and Vallone absent.

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**DISABILITY/MEMBER BENEFITS AGENDA**

**OPEN SESSION**

**CONSENT AGENDA**

**MOTION** by Hilton, **seconded** by Dewane, to approve staff’s recommendation on all of the following items on the Consent Agenda:

**DC-1: Bradley Broadhead**  
Sergeant, Orange County Sheriff’s Department

**Recommendation:** The Disability Committee recommends that the Board deny service connected disability retirement due to insufficient evidence of permanent incapacity and because it was not timely filed pursuant to Government Code Section 31722. (Safety Member)

**DC-2: Belen Cerda**  
Office Technician, Orange County Social Services Agency

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of October 5, 2017. (General Member)

**DC-3: Daniel Escoto**

Data Entry Technician, 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. (General Member)

**DC-4: Kenneth Francisco**

Deputy Sheriff II, Orange County Sheriff's Department

**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. (Safety Member)

**DC-5: Richard Graf**

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. (General Member)

**DC-6: Sean Hayes**

Deputy Juvenile Correctional Officer II, Orange County Probation Department

**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. (Safety Member)

**DC-7: Tamyra Jellsey**

Deputy Juvenile Correctional Officer II, Orange County Probation Department

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 30, 2018, the day following the last day of regular compensation as a Deputy Juvenile Correctional Officer II. 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 April 27, 2018, the date of the position change until the day Ms. Jellsey wishes to retire from the new position. (Safety Member)

**DC-8: Lisa Olvera**

Office Technician, Orange County Social Services Agency

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of May 18, 2012. (General Member)

**DC-9: John Richardson**

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 the day after the last day of regular compensation. (Safety Member)

**DC-10: Benjamin Savill**

Defense Investigator III, Orange County Public Defender's Office

**Recommendation:** The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of January 31, 2017. (General Member)

**DC-11: Cynthia Vela**

Accounting Specialist, Orange County Probation Department

**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. (General Member)

The motion passed **unanimously** with Trustees Ball, Lindholm and Vallone absent.

**ACTION ITEMS**

Trustee Vallone arrived at 9:13 a.m.

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

No items were trailed from the Consent Agenda.

**OPEN SESSION**

**ACTION ITEMS**

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

No items were trailed from the Consent Agenda.

**A-2 ELECTION OF OCERS BOARD VICE-CHAIR**

*Presentation by Steve Delaney, Chief Executive Officer, OCERS*

**MOTION** by Chair Packard, **seconded** by Eley, to elect Trustee Shawn Dewane as the OCERS Vice-Chair for the calendar year 2020.

The motion passed **unanimously** with Trustees Ball and Lindholm absent.

**A-3 OCERS EMPLOYEE HANDBOOK OF PERSONNEL POLICIES**

*Presentation by Steve Delaney, CEO and Brenda Shott, Assistant CEO Finance and Internal Operations, OCERS*

Mr. Delaney presented the OCERS Employee Handbook to the Board. The policies included in the handbook apply only to OCERS Direct Employees. The Employee Handbook was reviewed and approved by the Personnel Committee and the Personnel Committee now recommends the Employee Handbook to the Board for its approval.

Trustee Prevatt, as Chair of the Personnel Committee, informed the Board that the policies included in the handbook had been fully vetted with the committee. .

Ms. Shott reviewed some details of the OCERS Employee Handbook with the Board. The purpose of the handbook is to be in compliance with current federal and state laws, be clear and consistent in communication of personnel policies and make sure employees know where they can go for any issues, outline all of the logistics and expectations as well as the consequences for violating the policies. This document is a resource for employees to reference what to expect from leadership and where they can get help with any issues.

Discussion by the Board took place regarding the handbook.

**MOTION** by Prevatt, **seconded** by Dewane, to approve the OCERS Employee Handbook as recommended by the Personnel Committee.

The motion **passed 7-1**, with Trustee Freidenrich voting “no”, and Trustees Ball and Lindholm absent.

Chair Packard directed that any future material changes to the OCERS Employee Handbook are to be brought to the Personnel Committee and then back to the full Board for approval.

The Board adjourned to Closed Session at 10:38 a.m. for item E-1.

**CLOSED SESSION**

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

Adjourn to closed session pursuant to Government Code Section 54957

Position to be evaluated: Chief Executive Officer



**OPEN SESSION**

The Board reconvened in Open Session at 11:05 a.m.

There was no reportable action.

**A-4 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER**

Trustee Hilton stated that based on the evaluation of Mr. Delaney’s performance with a rank of “superior”, Trustee Hilton recommended a salary increase of 5% broken down as follows:  
3% base building  
2% in a lump sum

**MOTION** by Hilton, **seconded** by Dewane, to approve an increase of 5% in the salary for the OCERS Chief Executive Officer, Steve Delaney, broken out as 3% base building (salary adjustment) and 2% in a lump sum (bonus).

Discussion by the Board took place.

The motion passed **unanimously** with Trustees Ball and Lindholm absent.

**INFORMATION ITEMS**

**I-1 MEMBER MATERIALS DISTRIBUTED**

Written Report

Application Notices

December 16, 2019

Death Notices

December 16, 2019

**I-2 COMMITTEE MEETING MINUTES**

Written Report

**I-3 CEO FUTURE AGENDAS AND 2020 OCERS BOARD WORK PLAN**

Written Report

**I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS**

Written Report

**I-5 BOARD COMMUNICATIONS**

Written Report

**I-6 2020 OCERS BOARD COMMITTEE ASSIGNMENTS**

Written Report

**I-7 OCERS TRUSTEE EDUCATION SUMMARY REPORT**

Written Report

**I-8 GOVERNANCE COMMITTEE REPORT – STATUS OF COMMITTEE’S REVIEW OF CHARTERS AND BOARD POLICIES IN 2019**

Written Report

**I-9 REPORT OF ACTION TAKEN IN CLOSED SESSION ON AUGUST 19, 2019 PURSUANT TO GOVERNMENT CODE SECTION 54957.1**

*Presentation by Brenda Shott, Assistant CEO, Finance and Internal Operations*

Ms. Shott announced to the Board that on August 19, 2019, the Board met in closed session pursuant to Government Code section 54956.8. All members of the Board were present, except for Trustee David Ball who was excused. The purpose of the closed session was to grant authority to OCERS’ negotiators, Mr. Packard, Board Chair, and Ms. Shott, Assistant CEO, to negotiate the price and terms of payment for the purchase of the property located at 1200 North Tustin Avenue, Santa Ana, CA 92701. Pursuant to Government Code section 54957.1, OCERS now publicly reports that during the closed session on August 19, 2019, the OCERS Board Members present voted unanimously to authorize OCERS’ negotiators to negotiate the purchase of the property at a price not to exceed the amount authorized by the Board. In addition, Ms. Shott reported that an agreement to purchase the property has been executed between OCERS and the seller, effective December 6, 2019, with a purchase price of \$10 million. There is a 60 day due diligent period, followed by a 15 day closing period. Escrow is anticipated to close on or about February 21, 2020.

The Board recessed for a break at 10:28 a.m.  
The Board reconvened at 10:38 a.m.

**I-10 RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE**

*Presentation by Linda Robinson Co-President, REAOC*

Ms. Linda Robinson provided updates on the Retired Employees Association of Orange County (REAOC) as REAOC just celebrated their 50<sup>th</sup> Anniversary, current membership is almost 6,400.00, 30 new members joined in 2019. They have now have a new chair, Dr. Michael Schumacher, and they have added a Director and an Emeritus Board Member and are currently in search of a Newsletter Editor. REAOC has added education scholarships to relatives of REAOC Members. Ms. Robinson expressed that the primary concerns are Retirement Security and the rapidly growing medical coverage costs.

Discussion took place by the Board.

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**BOARD MEMBER COMMENTS**

Trustee Baldwin and the other Trustees discussed Mr. Baldwin’s tenure on the Board in light of his pending retirement from the OCERS Board of Retirement.

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

Mr. Delaney presented Trustee Baldwin with a plaque to thank him for his years of service at OCERS.

Ms. Jenike, Assistant CEO, External Operations, shared the new business plan initiative regarding new member engagement and presented the new OCERS white board video. This white board video is to help engage new members when they join OCERS to inform them about OCERS’ processes and how OCERS is there to serve all of its members.

The Board provided feedback.

In addition, Ms. Jenike informed the Board that OCERS has switched over to a new board portal platform and will be transitioning to the new platform in January 2020. She informed the Board that training will be available for the Board members.

Discussion took place by the Board.

Mr. Delaney reminded the Board of the Board of Supervisor’s meeting that will take place on December 17, 2019 and that Trustees Dewane and Packard are on the agenda for that meeting to be reelected to the Board. In addition, Mr. Arthur Hidalgo has been recommended by Supervisor Bartlett to replace Mr. David Ball on the OCERS Board of Retirement.

**COUNSEL COMMENTS**

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

The meeting **ADJOURNED** at 11:33 a.m. in memory of the active members, retired members, and surviving spouses who passed away during the past month:

**Active Members**

Nguyen, Phuong  
Torres, Marc

Orange County Employees Retirement System  
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**Retired Members**

Dufault, Helen  
Francis, Howard  
Garcia, Maria  
Glorioso, Anthony  
Lilja, Paula  
McGuire, Kenneth  
Nguyen, Vinh  
Placentia, Teresa  
Sullivan, Thomas  
West, Claudia  
Wingerson, E'lane

**Spouses**

Baker, Elaine

Submitted by:

Approved by:

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Steve Delaney  
Secretary to the Board

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Charles E. Packard  
Chairman

*Orange County Employees Retirement System  
Retirement Board Meeting  
January 21, 2020  
Application Notices*

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
<b>Aquilera, Susan</b>	Health Care Agency	10/25/2019
<b>Baum, Erik</b>	Sheriff's Dept	11/8/2019
<b>Braganza, Enrique</b>	County Executive Office (CEO)	10/25/2019
<b>Cabrera, Frank</b>	Health Care Agency	11/15/2019
<b>Condon, Douglas</b>	OC Public Works	10/25/2019
<b>Conley, Jeffrey</b>	OCTA	11/18/2019
<b>Coulter, Pamela</b>	Superior Court	11/6/2019
<b>Demissie, Bekele</b>	OCTA	11/19/2019
<b>Deveaux, David</b>	Social Services Agency	11/8/2019
<b>Dorsey, Sally</b>	Health Care Agency	11/22/2019
<b>Eiler, Jeffrey</b>	OCWR	11/22/2019
<b>Fennel, Clarence</b>	OCTA	11/18/2019
<b>Findlay, David</b>	Health Care Agency	10/25/2019
<b>Frese, Perry</b>	Sheriff's Dept	11/8/2019
<b>Gallegos, Maria</b>	Sanitation District	10/27/2019
<b>Gilbert, Michael</b>	Sheriff's Dept	10/25/2019
<b>Granados, Jeannette</b>	Health Care Agency	11/22/2019
<b>Grayson, Anthony</b>	Sheriff's Dept	10/15/2019
<b>Grindle, Frederick</b>	Social Services Agency	11/22/2019
<b>Keller, Jason</b>	Sheriff's Dept	11/22/2019
<b>Knott, Edith</b>	Health Care Agency	11/10/2019
<b>Kooyman, Steve</b>	City of San Juan Capistrano	9/3/2019
<b>Kozma, Timothy</b>	Sheriff's Dept	11/8/2019
<b>Lopez, Jose</b>	Child Support Services	11/22/2019
<b>Makovic, Linda</b>	Health Care Agency	10/25/2019
<b>McClure, Arthur</b>	OC Public Works	11/8/2019
<b>Parkhuirst, Susan</b>	Superior Court	11/21/2019
<b>Parsons, Kimberly</b>	Superior Court	11/22/2019
<b>Patuano, Matthew</b>	Sheriff's Dept	11/22/2019
<b>Rangel, Ramona</b>	Social Services Agency	11/8/2019
<b>Rivera, Bernard</b>	Social Services Agency	10/25/2019
<b>Snow, Michael</b>	Probation	11/8/2019
<b>Stebbins, Margaret</b>	Health Care Agency	10/25/2019
<b>Tschiderer, Nancy</b>	OC Community Resources	11/3/2019
<b>Vanderpool, Kathleen</b>	OC Public Works	9/14/2019
<b>Verduzco, Graciela</b>	Social Services Agency	11/8/2019
<b>Villacorta, Joemelyn</b>	OCTA	11/13/2019
<b>Villasenor, Mary Ann</b>	Auditor Controller	11/22/2019
<b>Warrick, Patricia</b>	OCTA	11/9/2019
<b>Zeller, Shellee</b>	Health Care Agency	11/1/2019

*Orange County Employees Retirement  
Retirement Board Meeting  
January 21, 2020  
Death Notices*

<i>Active Members</i>	<i>Agency/Employer</i>
<b>Butani, Dilip</b>	Social Services Agency
<b>Dier, Douglas</b>	Social Services Agency

<i>Retired Members</i>	<i>Agency/Employer</i>
<b>Alexander, Elizabeth</b>	Social Services Agency
<b>Azlin, Donald</b>	OC Public Works
<b>Benjamin, Pauline</b>	Superior Court
<b>Boykin-Winfield, Rhonda</b>	Probation
<b>Cole, Waldo</b>	Health Care Agency
<b>Coney, Brian</b>	Fire Authority (OCFA)
<b>Di Stefano, Marion</b>	Health Care Agency
<b>Erbland, Linda</b>	Probation
<b>Fallejo, Alfonso</b>	Social Services Agency
<b>Fox, Laura</b>	Social Services Agency
<b>Fried, Helen</b>	OC Community Resources
<b>Higgins, Elizabeth</b>	OC Public Works
<b>Hudson, Ronald</b>	Health Care Agency
<b>Jones, Robert</b>	OCTA
<b>Karp, Ruth</b>	OC Public Works
<b>Kelley, Charles</b>	Clerk of the Board
<b>Kelly-Saurwein, Colleen</b>	Social Services Agency
<b>Kuhl, Gary</b>	Fire Authority (OCFA)
<b>Lawson, Mildred</b>	UCI
<b>Le, Thanh</b>	Social Services Agency
<b>Medellin, Crisoforo</b>	OCTA
<b>Mendoza, Maria</b>	County Executive Office (CEO)
<b>Midcap, Charlotte</b>	Health Care Agency
<b>Muchnick, Charles</b>	OCTA
<b>Myers, David</b>	Probation
<b>Norton, Robert</b>	OC Public Works
<b>Okada, Joan</b>	Social Services Agency
<b>Parsons, Norman</b>	Sanitation District
<b>Rish, Billie</b>	Sanitation District
<b>Rozen, Virginia</b>	OC Public Works
<b>Runge, Richard</b>	OC Public Works
<b>Spalenka, Margie</b>	Probation
<b>Stewart, Timothy</b>	Sheriff's Dept
<b>Tarzian, Edith</b>	Superior Court
<b>Tran, Sa</b>	District Attorney

<i>Surviving Spouses</i>	
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<b>Cooper, Phyllis</b>	
<b>Lewis, Joyce</b>	
<b>Rhodes, Garland</b>	
<b>Trusty, Betty</b>	
<b>Vian, Edna</b>	
<b>Walker, Betty</b>	
<b>Weintraub, Renee</b>	

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

**AUDIT COMMITTEE MEETING  
October 17, 2019  
11:30 A.M. OR UPON ADJOURNMENT OF THE OCERS BUDGET WORKSHOP,  
WHICHEVER IS LATER**

**Members of the Committee**

Frank Eley, Chair  
Charles Packard, Vice Chair  
Jeremy Vallone  
Shari Freidenrich

**MINUTES**

**OPEN SESSION**

The Chair called the meeting to order at 12:04 a.m.

Attendance was as follows:

Committee Members: Frank Eley, Chair; Charles Packard, Vice Chair; Jeremy Vallone; Shari Freidenrich

Staff: David Kim, Director of Internal Audit; Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO External Operations; Mark Adviento, Internal Auditor; Jenny Sadoski, Director of Information Technology; Sonal Sharma, Recording Secretary; Anthony Beltran, Audio Visual Technician.

**PUBLIC COMMENT**

None.

**CONSENT AGENDA**

**C-1 APPROVE AUDIT COMMITTEE MINUTES**

Audit Committee Meeting Minutes	June 6, 2019
Audit Committee Meeting Minutes	September 24, 2019

A **motion** was made by Mr. Packard, **seconded** by Mr. Vallone to approve the minutes.

**ACTION ITEMS**

**A-2 AUDIT OF BUSINESS CONTINUITY AND DISASTER RECOVERY**

*Presentation by David Kim, Director of Internal Audit*



Audit Committee Meeting  
October 17, 2019

**Recommendation:** Receive and file.

A **motion** was made by Mr. Packard, **seconded** by Mr. Vallone to receive and file.

**A-3 HOTLINE UPDATE**

*Presentation by David Kim, Director of Internal Audit*

**Recommendation:** Receive and file.

A **motion** was made by Mr. Packard, **seconded** by Mr. Vallone to receive and file.

**INFORMATION ITEMS**

**I-1 STATUS UPDATE OF 2019 AUDIT PLAN**

*Written Report*

**CLOSED SESSION**

**A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (GOVERNMENT CODE §54957(b))**

**Title: Director of Internal Audit**

Adjourn pursuant to Government Code section 54957(b) to evaluate the performance of the Director of Internal Audit

**Recommendation:** Take appropriate action.

The Committee postponed this item to the next scheduled Audit Committee Meeting.

**COMMITTEE MEMBER COMMENTS**

None.

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

None.

**COUNSEL COMMENTS**

None.

**ADJOURNMENT**

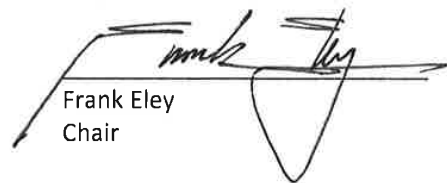
The Chair adjourned the meeting at 12:53p.m.

Submitted by:



Steve Delaney  
Secretary to the Board

Approved by:



Frank Eley  
Chair



## Memorandum

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DATE: January 21, 2020  
TO: Members of the Board of Retirement  
FROM: Steve Delaney, Chief Executive Officer  
SUBJECT: **CEO FUTURE AGENDAS AND 2020 OCERS BOARD WORK PLAN**

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### Written Report

#### AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

##### FEBRUARY

- 2020 STAR COLA Posting
- Annual Cost of Living Adjustment
- Policy Compliance Report
- Member Services Annual Report
- Overpaid and Underpaid Plan Benefits Report
- Report Outcome of Prior Year Business Plan

##### MARCH

- 2020 STAR COLA Final Approval
- GFOA Awards
- Quarterly Strategic Planning Review
- SACRS Election Materials – Anything for Board to add

##### APRIL

- Annual Brown Act Training
- Annual Conflicts Training
- SACRS Board of Directors Election

### Submitted by:



**SD - Approved**

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Steve Delaney  
Chief Executive Officer

OCERS RETIREMENT BOARD - 2020 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
<b>System Oversight</b>		STAR COLA Posting (I)	Approve 2020 STAR COLA (A)	SACRS Board of Directors Election (A)	Preliminary December 31, 2019 Valuation (I)	Mid-Year Review of 2020 Business Plan Progress (I)	Approve Early Payment Rates for Fiscal Year 2019-20 (A)	Review 2nd Quarter Budget to Actuals Financial Report (I)	Strategic Planning Workshop (I)	Overview of 2021 Administrative Budget and Investment (Workshop) (I)	Review 3rd Quarter Budget to Actuals Financial Report (I)	
		Approve 2020 COLA (A)	Quarterly 2020-2022 Strategic Plan Review (A)			Approve December 31, 2019 Actuarial Valuation & Funded Status of OCERS (A)		Receive OCERS by the Numbers (I)		Approve 2021-2023 Strategic Plan (A)	Approve 2021 Administrative (Operating) Budget (A)	
						Approve 2019 CAFR (A)		Receive Evolution of the UAAL (I)		Approve 2021 Business Plan (A)	Annual CEO Performance Review and Compensation (A)	
						Quarterly 2020-2022 Strategic Plan Review (A)		Employer & Employee Pension Cost Comparison (I)				
												Adopt 2021 Board Meeting Calendar (A)
<b>Board Governance</b>				Brown Act Training (I)				Annual Review of Succession Plan (I)				Adopt Annual Work Plan for 2021 (A)
				Conflict of Interest Training (I)							Vice-Chair Election (A)	
<b>Regulation / Policies</b>	Communication Policy Fact Sheet (I)											
<b>Compliance</b>				Form 700 Due (A)		Receive Financial Audit (I)			State of OCERS (I)		Status of Board Education Hours for 2020 (I)	

(A) = Action (I) = Information



## Memorandum

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**DATE:** January 7, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Jim Doezie, Contracts, Risk and Performance Administrator  
**SUBJECT:** QUIET PERIOD – NON-INVESTMENT CONTRACTS

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### Written Report

#### Background/Discussion

##### 1. Quiet Period Policy Guidelines

The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for any contract to be awarded by OCERS:

*"...Board Members and OCERS staff shall not knowingly communicate with any party financially interested in any prospective contract with OCERS regarding the contract, the services to be provided under the contract or the selection process;"*

##### 2. Quiet Period Guidelines

In addition, the following language is included in all distributed RFP's:

*"From the date of issuance of this RFP until the selection of one or more respondents is completed and announced, respondents are not permitted to communicate with any OCERS staff member or Board Members regarding this procurement, except through the Point of Contact named herein. Respondents violating the communications prohibition may be disqualified at OCERS' discretion. Respondents having current business with OCERS must limit their communications to the subject of such business."*

#### Distributed RFP's

The RFP's noted below are subject to the quiet period until such time as a contract(s) is finalized.

- An RFP for a Board Room Audio/Visual Presentation System was distributed October 2<sup>nd</sup>. Bids were received that are currently being evaluated.
- An RFP for an additional Investment Counsel firm will be issued in January, 2020.

#### Submitted by:



**JD - Approved**

Jim Doezie  
Contracts, Risk and Performance Administrator



## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Suzanne Jenike, Assistant Chief Executive Officer, External Operations  
**SUBJECT:** TRAVEL REPORT - VISIT TO SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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### Recommendation

Receive and file.

### Background/Discussion

On October 22, 2019, I spent several hours with the CEO and executive team of the San Diego County Employees Retirement Association (SDCERA) as part of our annual outreach to other local area retirement systems. While at SDCERA, we discussed their call center, retiree payroll process, their interest crediting policy, the disability application processes, and general challenges facing our systems.

SDCERA being similar in size to OCERS with approximately 44,000 members and \$13.3 billion in assets (market value as of 9/30/2019) and their close geographic location makes SDCERA a valued partner to share information with and compare industry best practices.

#### DISABILITY

SDCERA processes between 60-70 disability retirement applications a year with an approximate total processing time of 4 months on average. Similar to OCERS SDCERA requires an independent medical examination of almost every applicant however; they use a copy service to gather all of the member's medical evidence, which shortens their total processing time. In addition, any application that is deemed a denial by staff is referred directly to an administrative hearing without first being presented to the Board.

#### MEMBER ACCOUNT INTEREST CREDIT POLICY

I learned that SDCERA's interest crediting policy is very different from OCERS. SDCERA credits member accounts with interest at a variable rate depending on the system annual investment returns and SDCERA captures a different date in time used to determine the balance subject to interest than OCERS. This policy is currently under review by SDCERA.

#### CALL CENTER

Given that OCERS was in the process of procuring a new phone system we spent quite a bit of time talking about call center strategies. The value of having every call answered quickly and their strategies used to reduce transfers, call hold time and dropped calls.

RETIREE PAYROLL

Like OCERS SDCERA prioritizes paying benefits timely and accurately. SDCERA is able to initiate all retiree payroll payments the month following the member/payees benefit effective date. Unlike OCERS SDCERA receives all benefit payment information necessary to initiate the first payment via the employer’s biweekly payroll transmittal files and they do not have a significant manual process reconciling payroll information to Memorandums of Understanding (MOU). The only added complication regarding payroll inception is typically associated to the process of converting sick leave hours to service credits, which requires a recalculation of the benefit.

**Submitted by:**



**SJ - Approved**

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Suzanne Jenike  
Assistant CEO, External Operations



## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, General Counsel  
**SUBJECT:** TRAVEL REPORT – VISIT TO VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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### Written Report

On December 9, 2019, I visited the Ventura County Employees Retirement System (VCERA) and attended the VCERA Board and Disability meetings.

The VCERA Board conducts its meetings very similarly to the OCERS Board. Some differences include:

- The VCERA Board has three alternate members – a safety alternate, a retired alternate and an appointed alternate member. Currently, there are three vacancies on the VCERA Board, including the Chair position.
- Unlike OCERS, VCERA appoints both a Chair and Vice Chair to serve during the following year. One of the agenda items before the VCERA Board on December 9 was appointment of the 2020 Chair and Vice Chair.
- All VCERA disability retirement applications are considered by the VCERA Board in open session. Where the action is to grant the application, the parties are asked to waive, on the record, the preparation of findings of fact and conclusions of law. VCERA does not have a Disability Committee.
- Each year, the VCERA Board formally approves the PEPRA annual compensation limits for the following year. (I subsequently discussed this with Paul Angelo and he confirmed that action by the Board is not required.)
- Many of the conferences that are by OCERS policy pre-approved for attendance by OCERS Board members and staff require individual approval by the VCERA Board at a public meeting before attendance is authorized.

Some of the other interesting things to share include:

- Segal presented the Annual Actuarial Valuation Report as of June 30, 2019. Segal reported that the UAAL amortization layers established as of the June 30, 2004 valuation, which accounted for more than one-third of the net annual UAAL amortization payment as of June 30, 2018, were fully amortized as of June 30, 2019. This resulted in a reduction in the UAAL contribution rate of 6.5% of payroll for plan as a whole (3.0% reduction for General members; 17.9% reduction for Safety members).
- VCERA recently decided to bring in house the investigation of disability retirement applications and preparation of recommendations to the VCERA Board. Previously this was handled by the County. At the December meeting, the VCERA Board approved adding a new position to the VCERA staff to serve as the VCERA disability manager.

- VCERA is currently undertaking a renovation of its leased office space. The VCERA Board approved a not-to-exceed budget for the renovation of \$160,000; and at its December meeting, approved an increase of \$25,000 to the budget.

**Submitted by:**



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Gina M. Ratto  
General Counsel





## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** BOARD COMMUNICATIONS

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### 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 item was provided by staff and the CEO for distribution to the entire Board:

#### Steve Delaney:

Here is an example of the State of Florida dealing with the consequences of sea level rise and the costs associated with it.

<https://www.ai-cio.com/news/100-multiemployer-pension-plans-may-fail-within-20-years/>

Well written discussion of how local OC City is considering using Pension Obligation Bonds (POB) to tackle debt owed to CalPERS.

<https://www.latimes.com/socal/daily-pilot/opinion/story/2019-12-31/commentary-huntington-beachs-pension-bond-proposal-feels-like-deja-vu>

<https://www.newsherald.com/opinion/20191224/editorial-facing-reality-on-rising-sea-levels>

Attached: OCERS Activities for November 2019.

**Submitted by:**



**SD - Approved**

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Steve Delaney  
Chief Executive Officer



# Monthly Staff Status

## November 2019

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 November 2019.

### TOP 3 MEMBER QUESTIONS:

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

#### QUESTION ONE:

- Q:** How can I change my tax withholding election for my retirement benefit?
- A:** Members may submit tax withholding election changes to OCERS in one of several ways. They can log into the MyOCERS portal and submit their changes securely online, download a blank form from the "Forms and Publications" section of the OCERS website and return it by mail, or OCERS will mail a form to a member upon request and they may similarly return it by mail, fax, or drop-off.

#### QUESTION TWO:

- Q:** What is the retirement application deadline to be eligible for the COLA?
- A:** In order to be eligible for the 2018 Cost of Living Adjustment the members benefit effective date (retirement date) must be April 1, 2018 or sooner.

#### QUESTION THREE:

- Q:** I am retired and I need to contact someone about my health insurance. Who should I call?
- A:** OCERS does not administer the retiree health program for any of the employers, and is therefore not able to provide any specific information about plans, coverage, and billing. However, a list of retiree health contacts for all employers is located on the OCERS webpage under the "Retiree and Beneficiaries" menu at the top of the page

### Customer Service Statistics

Member Approval: 100%

Un-Planned Recalculations: 0

#### Retirement Applications Received:

Nov - 2019	54
Oct - 2019	69
Sept - 2019	38
Aug - 2019	62
July - 2019	53
June - 2019	50
May - 2019	43
Apr - 2019	37
Mar - 2019	107
Feb - 2019	199
Jan - 2019	258
Dec - 2018	54
Nov - 2018	85
Oct - 2018	49
Sept - 2018	40
Aug - 2018	55
Jul - 2018	67
Jun - 2018	44
Apr - 2018	73
Mar - 2018	51
Feb - 2018	163
Jan - 2018	204
Dec - 2017	58



# Monthly Staff Status

## November 2019

### MEMBER SERVICES TELEPHONE METRICS

Member Services Call History			
Month / Year	Incoming Calls Through Queue	Incoming Calls Direct to Extension	Total Calls (Queue + Direct)
October 2019	*	2013	3161
October 2018	1284	1827	3111
October 2017	805	2893	3698

\*Queue call metrics unavailable this month due to sporadic issues with Mitel's Phone Reporting .

### ACTIVITIES

#### OCERS YEAR IN REVIEW (CALENDAR YEAR 2018)

Well it took most of the year, but we held our final OCERS Year In Review meeting on November 6. Mr. Packard, Mr. Hilton and I, accompanied as well by Mr. Reggie Tucker in Ms. Murphy's absence, met with Supervisor Chaffee and his Chief of Staff. The Supervisor was well acquainted with OCERS and was pleased with our activities on behalf of our members. Following our review of our standard materials, he posed a number of additional questions regarding OCERS investments and outreach.

#### INVESTMENT TEAM

From the Investment Team:

As of October 31, 2019, the portfolio year-to-date is up 11.4% net of fees, while the one-year return is up 10.1%. The fund value now stands at \$16.9 billion. The November 25<sup>th</sup> Investment Committee meeting began with Molly Murphy reviewing the Investment Committee Charter related to recent Governance Committee actions. The Governance Committee approved a recommendation to eliminate the Manager Monitoring Subcommittee and to eliminate the January Investment Committee meeting in 2020. The Investment Committee approved the revisions to the Investment Committee Charter with those changes. Molly Murphy next reviewed the proposed 2020 Investment Committee meeting schedule, and the Investment Committee approved the 2020 meeting dates. Molly Murphy then reviewed the monthly manager selections and terminations report. OCERS invested \$105 million in the PIMCO Multi-Asset Alternative Risk Premia Strategy Risk Off Version Fund (PIMCO MAARS ROVER) within the risk mitigation assets class. OCERS' staff has now completed implementation for the new 10% risk mitigation asset class. OCERS transitioned from passive management in U.S. small cap value equity to active management. With this transition, staff redeemed \$167.5 million from the BlackRock Russell 2000 Value Fund and invested \$150 million with Systematic Financial Management in their small cap



# Monthly Staff Status

## November 2019

value strategy. With public market strategies within real assets now having a target of 0%, OCERS' staff also completed the redemption from the Kayne Anderson MLP separately managed account (OCERS received \$65.9 million in June 2019 and \$60.2 million in October 2019). Staff also submitted a redemption from the PIMCO Global Credit Opportunity Fund (approximately \$54.3 million) to move the opportunistic credit bucket closer to its 0% targeted allocation. Meketa presented the Q3 2019 portfolio evaluation report and Q3 2019 portfolio risk report. OCERS portfolio returned 1.0% net of fees during the third quarter ranking in the 15<sup>th</sup> percentile (1<sup>st</sup> percentile being the best) of the Public Defined Benefit > \$1 billion peer group. During the portfolio risk report, Allan Emkin reminded the Investment Committee that the actual volatility over the last 5-year period has been less than half of the long-term expectation and that most fundamental valuation metrics are at the expensive end of their historical ranges. Finally, Nathan Worthington, Regional Director of Client Services with Institutional Shareholder Services, provided the Investment Committee with an update on the 2019 proxy voting season and preview for 2020.

### UPDATES

#### OCERS HEADQUARTERS BUILDING

On November 6, Ms. Shott and I had a very informative meeting with the Deputy Director of the County's Facilities Design and Construction Department, as well as the Senior Project Manager of the A&E Project Management Section. Both gentlemen were very open and accommodating, walking us through the process they used in the recent construction of the County Administration South building. We posed many questions as to lessons we could take away in preparing the first stages of construction of OCERS Headquarters Building. We were invited to come back for further discussions at any time as we move forward, and we fully plan to take those opportunities.



As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the January 21, 2020 meeting of the OCERS Board of Retirement.



## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** 2019 OCERS YEAR IN REVIEW: COMMUNICATION PLAN

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### Written Report

#### Background/Discussion

Since 2009 OCERS has crafted a strong outreach communication plan at the start of each year. In that year of 2009 the Great Recession was at its worst, and our goal was to assure our primary stakeholders that the OCERS Board of Retirement was actively involved in tackling the challenges facing the system.

For the past decade we have begun this annual process by meeting with each of the County Supervisors on an individual basis, followed by meetings with each participating employer, major labor group, as well as the Retired Employees Association of Orange County (REAOC). In the ongoing debate over public pension benefits, ensuring a well-educated audience is one of the best methods for quelling rumors and replacing them with facts in order to better guide policy makers.

I propose the same process in 2020:

1. Individual meetings of the OCERS Chair, Vice-Chair and CEO with each of the County Supervisors and their support staff.
2. Individual meetings of a team of OCERS Executive Staff (Ms. Jenike, Ms. Shott and me) with the executive staff of each OCERS plan sponsor, as well as with the executive staff of each of our primary labor groups.
3. A presentation for our active members.
4. A presentation at a quarterly REAOC luncheon.

The different stakeholder groups may not necessarily share interest in the same issues or concerns, so I have attached an outline of those topics or accomplishments I believe were of greatest importance in 2019, and have indicated which groups I plan on providing with a more detailed discussion of any given topic.

If there are any other topics you the Trustees feel it is important to share in these meetings, please let me know and I can work with the Chair of the Board to determine how and when to include additional information.

This is a fairly large undertaking, but one I believe well worth the effort. Scheduling conflicts will undoubtedly arise, but I anticipate the bulk of the outreach to be accomplished in the February through May time frame.

**Submitted by:**



**SD - Approved**

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Steve Delaney  
Chief Executive Officer

Attached – Matrix of 2019 Discussion Topics.



## 2019 OCERS Year in Review

TOPIC	ITEM #	MEMBERS	RETIRES	SUPERVISORS	STAKEHOLDERS	LEGISLATORS
2019 OCERS Fund Earnings	<b>1</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
Overview of OCERS Investment Program	<b>2</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
R V Kuhns Comparison Report, <i>including</i> Funding Level Discussion	<b>3</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
Twenty Year Contribution Rate Projections	<b>4</b>	<b>X</b>		<b>X</b>	<b>X</b>	<b>X</b>
Looking ahead 60 years	<b>5</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
2020 is Triennial Review	<b>6</b>	<b>X</b>		<b>X</b>	<b>X</b>	
Master Final Average Salary Project Outcomes	<b>7</b>	<b>X</b>		<b>X</b>	<b>X</b>	
A New Headquarters Building	<b>8</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
Vested Rights Cases Before the California Supreme Court in 2020	<b>9</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
OCERS Board Membership Overview	<b>10</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

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





## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Suzanne Jenike, Assistant Chief Executive Officer, External Operations  
**SUBJECT:** **DISABILITY RETIREMENT STATISTICS – 2019 REPORT**

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### Written Report

#### Recommendation

Receive and file.

#### Background

At the start of each year we compile statistical information capturing the various categories of disability retirement processes that occurred the prior calendar year. The information associated to the 2019 calendar year is presented here for the Board's review.

At the close of 2019, we had accepted ninety (90) new applications and adjudicated one hundred and two (102) cases through the Board of Retirement.

I have also included the statistical reports applicable to the calendar years 2015, 2016, 2017 and 2018 for comparison purposes.

#### Submitted by:



**SJ - Approved**

---

Suzanne Jenike  
Assistant CEO, External Operations

2019 DISABILITY STATISTICS

<b>Total Filed 2019:</b>		
<b>By Type:</b>	<b>#</b>	<b>%</b>
SCD	17	19%
NSCD	2	2%
BOTH	71	79%
	<b>90</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Assessor	1	1%
Auditor Controller	1	1%
Child Support Services	1	1%
District Attorney	1	1%
Fire Authority	23	26%
Health Care Agency	1	1%
Probation	8	9%
Public Works	2	2%
Sheriff	21	23%
Social Services Agency	16	18%
Superior Court	1	1%
Transportation Authority	14	16%
	<b>90</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	49	54%
Safety	41	46%
	<b>90</b>	<b>100%</b>

<b>Total Granted 2019:</b>		
<b>By Type / Stage:</b>	<b>#</b>	<b>%</b>
SCD (Initial Board Decision)	58	83%
NSCD (Initial Board Decision)	11	16%
SCD (Hearings)	1	1%
NSCD (Hearings)	0	0%
SCD (Writ)	0	0%
	<b>70</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Community Resources	2	3%
Fire Authority	17	24%
Health Care Agency	1	1%
Information Technology	1	1%
Probation	5	7%
Public Defender	2	3%
Public Works	1	1%
Sanitation	1	1%
Sheriff	14	20%
Social Services Agency	8	11%
Superior Court	2	3%
Transportation Authority	15	21%
Waste and Recycling	1	1%
	<b>70</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	40	57%
Safety	30	43%
	<b>70</b>	<b>100%</b>

<b>Total Denied 2019:</b>		
<b>By Type / Stage:</b>	<b>#</b>	<b>%</b>
SCD/NSCD (Initial Board Decision)	9	28%
SCD (Initial Board Decision)	16	50%
NSCD (Initial Board Decision)	0	0%
SCD/NSCD(2nd Board Decision)	7	22%
NSCD (2nd Board Decision)	0	0%
	<b>32</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Auditor/Controller	1	3%
Community Resources	1	3%
Health Care Agency	3	9%
Information Technology	1	3%
Probation	2	6%
Sanitation	2	6%
Sheriff	8	25%
Social Services Agency	8	25%
Superior Court	2	6%
Transportation Authority	4	14%
	<b>32</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	26	81%
Safety	6	19%
	<b>32</b>	<b>100%</b>

Disabilities in Process Overview  
 Pending Board presentation: 95  
 Pending filed within the past 12 months: 81  
 Pending filed over 12 months: 14

2018 DISABILITY STATISTICS

<b>Total Filed 2018:</b>		
<b>By Type:</b>	<b>#</b>	<b>%</b>
SCD	29	35%
NSCD	2	2%
BOTH	51	62%
	<b>82</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Community Resources	2	2%
District Attorney	2	2%
Fire Authority	19	23%
Health Care Agency	3	4%
Probation	4	5%
Public Defender	1	1%
Public Works	1	1%
Sanitation	1	1%
Sheriff	16	20%
Social Services Agency	17	21%
Superior Court	1	1%
Transportation Authority	13	16%
Waste & Recycling	2	2%
	<b>82</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	49	60%
Safety	33	40%
	<b>82</b>	<b>100%</b>

<b>Total Granted 2018:</b>		
<b>By Type / Stage:</b>	<b>#</b>	<b>%</b>
SCD (Initial Board Decision)	73	90%
NSCD (Initial Board Decision)	7	9%
SCD (Hearings)	1	1%
NSCD (Hearings)	0	0%
SCD (Writ)	0	0%
	<b>81</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Auditor Controller	1	1%
District Attorney	2	2%
Fire Authority	22	27%
Health Care Agency	3	4%
Probation	4	5%
Public Works	2	2%
Sanitation	2	2%
Sheriff	29	36%
Social Services Agency	7	9%
Transportation Authority	9	11%
	<b>81</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	32	40%
Safety	49	60%
	<b>81</b>	<b>100%</b>

<b>Total Denied 2018:</b>		
<b>By Type / Stage:</b>	<b>#</b>	<b>%</b>
SCD/NSCD (Initial Board Decision)	10	50%
SCD (Initial Board Decision)	5	25%
NSCD (Initial Board Decision)	2	10%
SCD/NSCD(2nd Board Decision)	3	15%
NSCD (2nd Board Decision)	0	0%
	<b>20</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Community Resources	2	10%
Fire Authority	2	10%
Health Care Agency	3	10%
Probation	1	5%
Sanitation	1	5%
Sheriff	4	20%
Social Services Agency	5	25%
Transportation Authority	2	10%
	<b>20</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	15	75%
Safety	5	25%
	<b>20</b>	<b>100%</b>

Disabilities In Process Overview

Pending Board presentation:	117
Pending Filed in past 12 mos:	82
Pending Filed over 12 mos:	35

### 2017 Disability Statistics

<b>Total Filed 2017:</b>		
<b>By Type:</b>	<b>#</b>	<b>%</b>
SCD	25	35%
NSCD	1	1%
BOTH	45	63%
	<b>71</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Auditor Controller	0	0%
District Attorney	0	0%
Health Care Agency	3	4%
Fire Authority	17	24%
Transportation Authority	8	11%
Public Defender	2	3%
Sanitation	2	3%
Sheriff	25	35%
Social Services Agency	5	7%
Probation	5	7%
Superior Court	1	1%
Community Resources	2	3%
Public Guardian	1	1%
	<b>71</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	34	48%
Safety	37	52%
	<b>71</b>	<b>100%</b>

<b>Total Granted 2017:</b>		
<b>By Type / Stage:</b>	<b>#</b>	<b>%</b>
SCD (Initial Board Decision)	62	83%
NSCD (Initial Board Decision)	9	12%
SCD (Hearings)	3	4%
NSCD (Hearings)	1	1%
SCD (Writ)		0%
	<b>75</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Public Defender	3	4%
Sanitation	3	4%
Fire Authority	11	15%
Health Care Agency	4	5%
Sheriff	21	28%
Public Works	4	5%
Superior Court	2	3%
Probation	2	3%
Waste and Recycling	2	3%
Community Resources	5	7%
Social Services Agency	9	12%
Transportation Authority	9	12%
	<b>75</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	48	64%
Safety	27	36%
	<b>75</b>	<b>100%</b>

<b>Total Denied 2017:</b>		
<b>By Type / Stage:</b>	<b>#</b>	<b>%</b>
SCD/NSCD (Initial Board Decision)	13	62%
SCD (Initial Board Decision)	3	14%
NSCD (Initial Board Decision)	1	5%
SCD (2nd Board Decision)	3	14%
NSCD (2nd Board Decision)	1	5%
	<b>21</b>	<b>100%</b>
<b>By Employer:</b>		<b>%</b>
Auditor Controller	1	5%
Health Care Agency	0	0%
Sheriff	9	43%
Social Services Agency	5	24%
Fire Authority	2	10%
Transportation Authority	1	5%
Community Resources	2	10%
Sanitation	1	5%
Probation	0	0%
	<b>21</b>	<b>100%</b>
<b>By Member Type:</b>		<b>%</b>
General	16	76%
Safety	5	24%
	<b>21</b>	<b>100%</b>

<u>Disabilities In Process Overview</u>	
Total filings pending Board presentation :	113
Pending Filed within the past 12 months:	68
Pending Filed over 12 months:	45

### 2016 Disability Statistics

Total Filed in 2016:		
By Type:	#	%
SCD	36	43%
NSCD	8	10%
BOTH	40	48%
	<b>84</b>	<b>100%</b>
By Employer:		%
Auditor Controller	1	1%
District Attorney	1	1%
Health Care Agency	7	8%
Fire Authority	13	15%
Transportation Authority	13	15%
Public Defender	1	1%
Sanitation	4	5%
Sheriff	21	25%
Social Services Agency	15	18%
Probation	2	2%
Superior Court	1	1%
Community Resources	3	4%
Waste and Recycling	2	2%
	<b>84</b>	<b>100%</b>
By Member Type:		%
General	55	65%
Safety	29	35%
	<b>84</b>	<b>100%</b>

Total Granted in 2016		
By Type / Stage:	#	%
SCD (Initial Board Decision)	48	86%
NSCD (Initial Board Decision)	2	4%
SCD (Hearings)	5	9%
NSCD (Hearings)	1	2%
SCD (Writ)		0%
	<b>56</b>	<b>100%</b>
By Employer:		%
District Attorney	3	5%
Sanitation	1	2%
Fire Authority	7	13%
Health Care Agency	2	4%
Sheriff	19	34%
Public Works	5	9%
Human Resource Services	1	2%
Probation	3	5%
Waste and Recycling	3	5%
Community Resources	1	2%
Social Services Agency	2	4%
Transportation Authority	9	16%
	<b>56</b>	<b>100%</b>
By Member Type:		%
General	29	52%
Safety	27	48%
	<b>56</b>	<b>100%</b>

Total Denied in 2016:		
By Type / Stage:	#	%
SCD/NSCD (Initial Board Decision)	8	42%
SCD (Initial Board Decision)	8	42%
NSCD (Initial Board Decision)	1	5%
SCD (2nd Board Decision)	1	5%
NSCD (2nd Board Decision)	1	5%
	<b>19</b>	<b>100%</b>
By Employer:		%
Assessor	1	5%
Health Care Agency	1	5%
Sheriff	3	16%
Social Services Agency	4	21%
Fire Authority	1	5%
Transportation Authority	2	11%
Community Resources	3	16%
Sanitation	2	11%
Probation	2	11%
	<b>19</b>	<b>100%</b>
By Member Type:		%
General	17	89%
Safety	2	11%
	<b>19</b>	<b>100%</b>

<u>Applications Pending:</u>	
Total pending adjudication:	126
Filed within the past 12 months:	84
Filed over 12 months:	42

### 2015 Disability Statistics

Total Filed 2015:		
By Type:	#	%
SCD	26	37%
NSCD	7	10%
BOTH	37	53%
	<b>70</b>	<b>100%</b>
By Employer:	#	%
OC Community Resources	3	4%
Superior Court	3	4%
Health Care Agency	6	9%
OC Fire Authority	9	13%
OC Public Works	5	7%
OC Transportation Authority	7	10%
Probation	3	4%
Human Resource Services	1	1%
Sheriff	22	31%
Social Services Agency	6	9%
John Wayne Airport	1	1%
OC Waste and Recycling	4	6%
	<b>70</b>	<b>100%</b>
By Member Type:	#	%
General	38	54%
Safety	32	46%
	<b>70</b>	<b>100%</b>

Total Granted 2015		
By Type / Stage:	#	%
SCD (Initial Board Decision)	48	70%
NSCD (Initial Board Decision)	17	25%
SCD (Hearings)	4	6%
NSCD (Hearings)	0	0%
	<b>69</b>	<b>100%</b>
By Employer:	#	%
Assessor	1	1%
Community Resources	1	1%
District Attorney	1	1%
OC Fire Authority	16	23%
Health Care Agency	6	9%
Probation	6	9%
Waste and Recycling	1	1%
Superior Court	3	4%
Sheriff	18	26%
Social Services Agency	8	12%
OC Transportation Authority	8	12%
	<b>69</b>	<b>100%</b>
By Member Type:	#	%
General	37	54%
Safety	32	46%
	<b>69</b>	<b>100%</b>

Total Denied 2015:		
By Type / Stage:	#	%
SCD/NSCD (Initial Board Decision)	7	35%
SCD (Initial Board Decision)	11	55%
NSCD (Initial Board Decision)	0	0%
SCD (2nd Board Decision)	1	5%
NSCD & SCD (2nd Board Decision)	1	5%
	<b>20</b>	<b>100%</b>
By Employer:	#	%
Animal Care	1	5%
Sanitation	1	5%
OC Transportation Authority	5	25%
Health Care Agency	0	0%
District Attorney	0	0%
Sheriff	4	20%
Social Services Agency	5	25%
OC Fire Authority	0	0%
Superior Court	4	20%
Probation	0	0%
Public Guardian	0	0%
Waste and Recycling	0	0%
	<b>20</b>	<b>100%</b>
By Member Type:	#	%
General	17	85%
Safety	3	15%
	<b>20</b>	<b>100%</b>

Disabilities In Process Overview	
Total filings pending Board presentation	125
Pending Filed within the past 12 months	70
Pending Filed over 12 months	55

**Summary of Disability Applications and Results, 2015 - 2019**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
<b>Disability Applications Filed (Total)</b>	<b>70</b>	<b>84</b>	<b>71</b>	<b>82</b>	<b>90</b>	<b>225</b>
Service Connected Disability	26	36	25	29	17	133
Non Service Connected Disability	7	8	1	2	2	20
Both	37	40	45	51	71	244
New Applications by Safety Members	34	38	49	33	35	189
by General Members	36	46	22	49	55	208
Disabilities Granted	69	56	75	81	70	351
Disabilities Denied	20	19	21	20	32	112
<b>New Applications, by Employer*</b>	<b>70</b>	<b>84</b>	<b>71</b>	<b>82</b>	<b>90</b>	<b>225</b>
Assessor					1	0
Auditor Controller		1			1	1
Child Support Services					1	0
District Attorney		1		2	1	4
Health Care Agency	6	7	3	3	1	20
Human Resource Services	1					1
John Wayne Airport	1			0		1
OC Community Resources	3	3	2	2		10
OC Fire Authority	9	13	17	19	23	81
OC Public Guardian/Administrator			1			1
OC Public Works	5			1	2	8
OC Transportation Authority	7	13	8	13	14	55
OC Waste and Recycling	4	2		2		8
Probation	3	2	5	4	8	22
Public Defender		1	2	1		3
Sanitation		4	2	1		7
Sheriff's Dept	22	21	25	16	21	105
Social Services Agency	6	15	5	17	16	59
Superior Court	3	1	1	1	1	7

*\*If employer is not listed, no applications received from 2015-2019*



## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of Board of Retirement  
**FROM:** Gina M. Ratto, General Counsel  
**SUBJECT:** 2019 FORM 700 DESIGNATED FILERS LIST AND FACT SHEET

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### Written Report

#### Background/Discussion

The purpose of this memorandum is to advise OCERS Board Members of the requirement that they file a Form 700 – Statement of Economic Interests for the 2019 calendar year on or before April 1, 2020. More information regarding the filing requirements is set forth below.

On or before April 1 of every year, each designated filer under OCERS' Conflict of Interest Code is required to file a Form 700 Statement of Economic Interests to disclose personal economic interests in real property, businesses, and investments as described in the regulations adopted by the California Fair Political Practices Commission (FPPC).

OCERS' designated filers are:

- All members of the Board of Retirement
- Chief Executive Officer
- Chief Investment Officer
- Director of Investment Operations
- Managing Director of Investments
- Investment Officers
- Investment Analysts
- Assistant Chief Executive Officer, External Operations
- Assistant Chief Executive Officer, Finance and Internal Operations
- General Counsel
- Deputy General Counsel
- Director of Internal Audit
- Director of Finance
- Director of Administrative Services
- Director of Information Technology
- Contracts, Risk & Performance Manager

The Form 700, FPPC Reference Pamphlet, and Frequently Asked Questions for 2019/2020 are attached to assist you in completing your Form 700.

OCERS filers are strongly encouraged to file their Forms 700 using the County of Orange Clerk of the Board EDisclosure system. All filers will receive an email from the Clerk of the Board's office in the next few weeks providing a link to the EDisclosure system. The EDisclosure system is very easy to use and allows for direct filing and permanent electronic storage. The Clerk of the Board's office can assist filers with user names and passwords. In addition, I am available to answer questions regarding filing.





## Memorandum

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If you prefer to submit a hard copy of your Form 700, please send it to Steve's assistant, Cammy Torres, by March 27, 2020, so that we can forward it in a timely manner to the Clerk of the Board on your behalf.

Please note that the OCERS Annual Disclosure Policy was rescinded in 2018; accordingly, the filing of the separate Annual Disclosure Form is no longer required.

Attachments:

- (1) Form 700
- (2) FPPC Reference Pamphlet
- (3) Frequently Asked Questions

**Submitted by:**



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Gina M. Ratto  
General Counsel

# 2019-2020 Statement of Economic Interests



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## Form 700

A Public Document

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### ***Helpful Resources***

- Video Tutorials
- Reference Pamphlet
- Excel Version
- FAQs
- Gift and Travel Fact Sheet for State and Local

## **California Fair Political Practices Commission**

1102 Q Street, Suite 3000 • Sacramento, CA 95811

Email Advice: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

Toll-free advice line: 1 (866) ASK-FPPC • 1 (866) 275-3772

Telephone: (916) 322-5660 • Website: [www.fppc.ca.gov](http://www.fppc.ca.gov)

December 2019

## Quick Start Guide

Detailed instructions begin on page 3.

### WHEN IS THE ANNUAL STATEMENT DUE?

- March 2 – Elected State Judges and Court Commissioners, State Board and Commission members listed in Government Code Section 87200
- April 1 – Most other

### WHERE DO I FILE?

Most people file the Form 700 with their agency. If you're not sure where to file your Form 700, contact your agency or the person who asked you to complete it.

### ITEMS TO NOTE!

- The Form 700 is a public document.
- Only those serving in active military duty may receive an extension on the filing deadline.
- You must also report interests held by your spouse or registered domestic partner.
- Your agency's reporting of interest code will help you to complete the Form 700. You are encouraged to get your reporting of interest code from the person who asked you to complete the Form 700.

### NOTHING TO REPORT?

Mark the "No reportable interests" box on Part 4 of the Cover Page, and submit only the signed Cover Page. Please review each schedule carefully!

Schedule	Common Reportable Interests	Common Non-Reportable Interests
A-1: Investments	Stocks, including those held in an IRA or 401K. Each stock must be listed.	Insurance policies, government bonds, mutual funds, funds similar to mutual funds.
A-2: Business Entities/Trusts	Business entities, sole proprietorships, partnerships, LLCs, corporations and trusts. (e.g., Form 1099)	Savings and checking accounts, and annuities.
B: Real Property	Rental property in your jurisdiction, or within two miles of the boundaries of the jurisdiction.	A residence used exclusively as a personal residence (such as a home or vacation property).
C: Income	Non-governmental salaries. Note that spouses are required to report only half of their spouse's or partner's salary.	Governmental salary (from school district, for example).
D: Gifts	Gifts from businesses, vendors, or other contractors (meals, tickets, etc.).	Gifts from family members.
E: Travel Payments	Travel payments from third parties (not your employer).	Travel paid by your government agency.

**Note:** Like reportable interests, non-reportable interests may also create grounds for disqualification from certain decisions.

### QUESTIONS?

- [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)
- (866) 275-3772 Mon-Thurs, 9-11:30 a.m.

### E-FILING ISSUES?

- If using your agency's system, please contact technical support at your agency.
- If using FPPC's e-filing system, write to [form700@fppc.ca.gov](mailto:form700@fppc.ca.gov).

## What's New

### Gift Limit Increase

The gift limit increased to \$500 for calendar years 2019 and 2020.

## Who

- Elected and appointed \_\_\_\_\_ and candidates listed in Government Code Section 87200
- Employees, appointed \_\_\_\_\_ and consultants pursuant to a \_\_\_\_\_ of interest code ("code")  
**Obtain your disclosure categories, which describe the interests you must report, from your agency;** they are not part of the Form 700
- Candidates running for local elective \_\_\_\_\_ that are designated in a \_\_\_\_\_ of interest code (e.g., county city clerks, school board trustees, and water board members)

#### Exception:

- Candidates for a county central committee are not required to \_\_\_\_\_ the Form 700.
- Members of newly created boards and commissions not yet covered under a \_\_\_\_\_ of interest code
- Employees in newly created positions of existing agencies

For more information, see Reference Pamphlet, page 3, at [www.fppc.ca.gov](http://www.fppc.ca.gov).

## Where

### 87200 Filers

State	⇒	Your agency
Judicial	⇒	The clerk of your court
Retired Judges	⇒	Directly with FPPC
County	⇒	Your county
City	⇒	Your city clerk
Multi-County	⇒	Your agency

**Code:** File with your agency, board, or commission unless otherwise \_\_\_\_\_ in your agency's code (e.g., Legislative \_\_\_\_\_ directly with FPPC). In most cases, the agency, board, or commission will retain the statements.

### Members of Boards and Commissions of Newly Created Agencies:

File with your newly created agency or with your agency's code reviewing body.

### Employees in Newly Created Positions of Existing Agencies:

File with your agency or with your agency's code reviewing body. (See Reference Pamphlet, page 3.)

**Candidates:** File with your local elections

## How

The Form 700 is available at [www.fppc.ca.gov](http://www.fppc.ca.gov). Form 700 schedules are also available in Excel format. All

statements must have an original "wet" signature or be duly authorized by your \_\_\_\_\_ to electronically under Government Code Section 87500.2.

## When

### Annual Statements

#### ⇒ March 2, 2020

- Elected State
- Judges and Court Commissioners
- State Board and State Commission Members listed in Government Code Section 87200

#### ⇒ April 1, 2020

- Most other

Individuals \_\_\_\_\_ under \_\_\_\_\_ of interest codes in city and county jurisdictions should verify the annual \_\_\_\_\_ date with their local \_\_\_\_\_

Statements postmarked by the \_\_\_\_\_ deadline are considered \_\_\_\_\_ on time.

Statements of 30 pages or less may be emailed or faxed by the deadline as long as the originally signed paper version is sent by \_\_\_\_\_ class mail to the \_\_\_\_\_ within 24 hours.

Most \_\_\_\_\_ within 30 days of assuming or leaving or within 30 days of the \_\_\_\_\_ date of a newly adopted or amended \_\_\_\_\_ of interest code.

#### Exception:

If you assumed \_\_\_\_\_ between October 1, 2019, and December 31, 2019, and \_\_\_\_\_ an assuming statement, you are not required to \_\_\_\_\_ an annual statement until March 2, 2021, or April 1, 2021, whichever is applicable. The annual statement will cover the day after you assumed \_\_\_\_\_ through December 31, 2020. (See Reference Pamphlet, page 6, for additional exceptions.)

### Candidate Statements

File no later than the \_\_\_\_\_ date for the declaration of candidacy or nomination documents. A candidate statement is not required if you \_\_\_\_\_ an assuming or annual statement for the same jurisdiction within 60 days before \_\_\_\_\_ a declaration of candidacy or other nomination documents.

### Late Statements

There is no provision for \_\_\_\_\_ deadline extensions unless the \_\_\_\_\_ is serving in active military duty. (See page 19 for information on penalties and \_\_\_\_\_)

### Amendments

Statements may be amended at any time. You are only required to amend the schedule that needs to be revised. It is not necessary to amend the entire \_\_\_\_\_ form. Obtain amendment schedules at [www.fppc.ca.gov](http://www.fppc.ca.gov).

## Types of Statements

If you are a newly appointed \_\_\_\_\_ or are newly employed in a position designated, or that will be designated, in a state or local agency's \_\_\_\_\_ of interest code, your assuming \_\_\_\_\_ date is the date you were sworn in or otherwise authorized to serve in the position. If you are a newly elected \_\_\_\_\_ your assuming \_\_\_\_\_ date is the date you were sworn in.

- Report: Investments, interests in real property, and business positions held on the date you assumed the \_\_\_\_\_ or position must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the \_\_\_\_\_ or position.

For positions subject to \_\_\_\_\_ by the State Senate or the Commission on Judicial Appointments, your assuming \_\_\_\_\_ date is the date you were appointed or nominated to the position.

- Example: Maria Lopez was nominated by the Governor to serve on a state agency board that is subject to state Senate \_\_\_\_\_. The assuming \_\_\_\_\_ date is the date Maria's nomination is submitted to the Senate. Maria must report investments, interests in real property, and business positions she holds on that date, and income (including loans, gifts, and travel payments) received during the 12 months prior to that date.

If your \_\_\_\_\_ or position has been added to a newly adopted or newly amended \_\_\_\_\_ of interest code, use the \_\_\_\_\_ date of the code or amendment, whichever is applicable.

- Report: Investments, interests in real property, and business positions held on the \_\_\_\_\_ date of the code or amendment must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the \_\_\_\_\_ date of the code or amendment.

### Annual Statement:

Generally, the period covered is January 1, 2019, through December 31, 2019. If the period covered by the statement is \_\_\_\_\_ than January 1, 2019, through December 31, 2019, (for example, you assumed between October 1, 2018, and December 31, 2018 or you are combining statements), you must specify the period covered.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2019.

- If your disclosure category changes during a reporting period, disclose under the old category until the \_\_\_\_\_ date of the \_\_\_\_\_ of interest code amendment and disclose under the new disclosure category through the end of the reporting period.

Generally, the period covered is January 1, 2019, through the date you stopped performing the duties of your position. If the period covered \_\_\_\_\_ from January 1, 2019, through the date you stopped performing the duties of your position (for example, you assumed between October 1, 2018, and December 31, 2018, or you are combining statements), the period covered must be \_\_\_\_\_. The reporting period can cover parts of two calendar years.

- Report: Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2019.

### Candidate Statement:

If you are \_\_\_\_\_ a statement in connection with your candidacy for state or local \_\_\_\_\_ investments, interests in real property, and business positions held on the date of \_\_\_\_\_ your declaration of candidacy must be reported. In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date of \_\_\_\_\_ your declaration of candidacy is reportable. Do not change the preprinted dates on Schedules A-1, A-2, and B.

Candidates running for local elective \_\_\_\_\_ (e.g., county \_\_\_\_\_ city clerks, school board trustees, or water district board members) must \_\_\_\_\_ candidate statements, as required by the \_\_\_\_\_ of interest code for the elected position. The code may be obtained from the agency of the elected position.

### Amendments:

If you discover errors or omissions on any statement, an amendment as soon as possible. You are only required to amend the schedule that needs to be revised; it is not necessary to \_\_\_\_\_ the entire form. Obtain amendment schedules from the FPPC website at [www.fppc.ca.gov](http://www.fppc.ca.gov).

**Note:** Once you \_\_\_\_\_ your statement, you may not withdraw it. All changes must be noted on amendment schedules.



STATEMENT OF ECONOMIC INTERESTS

Date Initial Filing Received  
Filing Official Use Only

COVER PAGE

A PUBLIC DOCUMENT

Please type or print in ink.

NAME OF FILER (LAST) (FIRST) (MIDDLE)

1. Office, Agency, or Court

Agency Name (Do not use acronyms)

Division, Board, Department, District, if applicable

Your Position

► If filing for multiple positions, list below or on an attachment. (Do not use acronyms)

Agency: \_\_\_\_\_

Position: \_\_\_\_\_

2. Jurisdiction of Office (Check at least one box)

State

Judge, Retired Judge, Pro Tem Judge, or Court Commissioner (Statewide Jurisdiction)

Multi-County \_\_\_\_\_

County of \_\_\_\_\_

City of \_\_\_\_\_

Other \_\_\_\_\_

3. Type of Statement (Check at least one box)

**Annual:** The period covered is January 1, 2019, through December 31, 2019.

**Leaving Office:** Date Left \_\_\_\_/\_\_\_\_/\_\_\_\_\_  
(Check one circle.)

-or-

The period covered is \_\_\_\_/\_\_\_\_/\_\_\_\_\_, through December 31, 2019.

The period covered is January 1, 2019, through the date of leaving office.

-or-

**Assuming Office:** Date assumed \_\_\_\_/\_\_\_\_/\_\_\_\_\_  
\_\_\_\_\_

The period covered is \_\_\_\_/\_\_\_\_/\_\_\_\_\_, through the date of leaving office.

**Candidate:** Date of Election \_\_\_\_\_ and office sought, if different than Part 1: \_\_\_\_\_

4. Schedule Summary (must complete) ► Total number of pages including this cover page: \_\_\_\_\_

Schedules attached

**Schedule A-1 - Investments** – schedule attached

**Schedule C - Income, Loans, & Business Positions** – schedule attached

**Schedule A-2 - Investments** – schedule attached

**Schedule D - Income – Gifts** – schedule attached

**Schedule B - Real Property** – schedule attached

**Schedule E - Income – Gifts – Travel Payments** – schedule attached

-or-  **None - No reportable interests on any schedule**

5. Verification

MAILING ADDRESS STREET CITY STATE ZIP CODE  
(Business or Agency Address Recommended - Public Document)

DAYTIME TELEPHONE NUMBER

EMAIL ADDRESS

( )

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete. I acknowledge this is a public document.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed \_\_\_\_\_  
(month, day, year)

Signature \_\_\_\_\_  
(File the originally signed paper statement with your filing official.)

## Instructions Cover Page

Enter your name, mailing address, and daytime telephone number in the spaces provided. **Because the Form 700 is a public document, address instead of your home address.**

### Agency, or Court

- Enter the name of the sought or held, or the agency or court. Consultants must enter the public agency name rather than their private's name. (Examples: State Assembly; Board of Supervisors; of the Mayor; Department of Finance; Hope County Superior Court)
- Indicate the name of your division, board, or district, if applicable. (Examples: Division of Waste Management; Board of Accountancy; District 45). **Do not use acronyms.**
- Enter your position title. (Examples: Director; Chief Counsel; City Council Member; Services Analyst)
- If you hold multiple positions (i.e., a city council member who also is a member of a county board or commission), you may be required to statements with each agency. To simplify your obligations, you may complete an expanded statement.
  - To do this, enter the name of the other agency(ies) with which you are required to and your position title(s) in the space provided. **Do not use acronyms.** Attach an additional sheet if necessary. Complete one statement covering the disclosure requirements for all positions. Each copy must contain an original signature. Therefore, before signing the statement, make a copy for each agency. Sign each copy with an original signature and with each agency.

If you assume or leave a position after a deadline, you must complete a separate statement. For example, a city council member who assumes a position with a county special district after the April annual deadline must a separate assuming statement. In subsequent years, the city council member may expand his or her annual to include both positions.

### Example:

Brian Bourne is a city council member for the City of Lincoln and a board member for the Camp Far West Irrigation District – a multi-county agency that covers Placer and Yuba counties. Brian will complete one Form 700 using full disclosure (as required for the city position) and covering interests in both Placer and Yuba counties (as required for the multi-county position) and list both positions on the Cover Page. Before signing the statement, Brian will make a copy and sign both statements. One statement will be with City of Lincoln and the other will be with Camp Far West Irrigation District. Both will contain an original signature.

- Check the box indicating the jurisdiction of your agency and, if applicable, identify the jurisdiction. Judges, judicial candidates, and court commissioners have statewide jurisdiction. All other should review the Reference Pamphlet, page 13, to determine their jurisdiction.

- If your agency is a multi-county list each county in which your agency has jurisdiction.
- If your agency is not a state court, county city or multi-county (e.g., school districts, special districts and JPAs), check the "other" box and enter the county or city in which the agency has jurisdiction.

### Example:

This is a member of a water district board with jurisdiction in portions of Yuba and Sutter Counties.

<b>1. Office, Agency, or Court</b>	
Agency Name: (Do not use acronyms) Feather River Irrigation District	
Division, Board, Department, District, if applicable N/A	Your Position Board Member
▶ If filing for multiple positions, list below or on an attachment. (Do not use acronyms)	
Agency: N/A	Position:
<b>2. Jurisdiction of Office</b> (Check at least one box)	
<input type="checkbox"/> State	<input type="checkbox"/> Judge or Court Commissioner (Statewide Jurisdiction)
<input checked="" type="checkbox"/> Multi-County <u>Yuba &amp; Sutter Counties</u>	<input type="checkbox"/> County of _____
<input type="checkbox"/> City of _____	<input type="checkbox"/> Other _____

### Part 3. Type of Statement

Check at least one box. The period covered by a statement is determined by the type of statement you are If you are completing a 2019 annual statement, **do not** change the pre-printed dates to 2020. Your annual statement is used for reporting the **previous year's** economic interests. Economic interests for your annual covering January 1, 2020, through December 31, 2020, will be disclosed on your statement in 2021. See Reference Pamphlet, page 4.

Combining Statements: Certain types of statements may be combined. For example, if you leave after January 1, but before the deadline for your annual statement, you may combine your annual and leaving statements. File by the earliest deadline. Consult your or the FPPC.

### Part 4. Schedule Summary

- Complete the Schedule Summary after you have reviewed each schedule to determine if you have reportable interests.
- Enter the total number of completed pages including the cover page and either check the box for each schedule you use to disclose interests; **or** if you have nothing to disclose on any schedule, check the "No reportable interests" box. Please **do not** attach any blank schedules.

### Part 5. V

Complete the by signing the statement and entering the date signed. All statements must have an original "wet" signature or be duly authorized by your to electronically under Government Code Section 87500.2.

**When you sign your statement, you are stating, under penalty of perjury, that it is true and correct.** Only the has authority to sign the statement. An unsigned statement is not considered and you may be subject to late penalties.

## SCHEDULE A-1 Investments

### Stocks, Bonds, and Other Interests

(Ownership Interest is Less Than 10%)

**CALIFORNIA FORM 700**

FAIR POLITICAL PRACTICES COMMISSION

Name \_\_\_\_\_

*Investments must be itemized.*

*Do not attach brokerage or financial statements.*

▶ NAME OF BuSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF THIS BuSINESS \_\_\_\_\_

---

FAIR MARKET vALuE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATuRE OF INVeSTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/19      \_\_\_\_/\_\_\_\_/19

ACqu IRED      DISPOSED

▶ NAME OF BuSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF THIS BuSINESS \_\_\_\_\_

---

FAIR MARKET vALuE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATuRE OF INVeSTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/19      \_\_\_\_/\_\_\_\_/19

ACqu IRED      DISPOSED

▶ NAME OF BuSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF THIS BuSINESS \_\_\_\_\_

---

FAIR MARKET vALuE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATuRE OF INVeSTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/19      \_\_\_\_/\_\_\_\_/19

ACqu IRED      DISPOSED

▶ NAME OF BuSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF THIS BuSINESS \_\_\_\_\_

---

FAIR MARKET vALuE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATuRE OF INVeSTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/19      \_\_\_\_/\_\_\_\_/19

ACqu IRED      DISPOSED

▶ NAME OF BuSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF THIS BuSINESS \_\_\_\_\_

---

FAIR MARKET vALuE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATuRE OF INVeSTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/19      \_\_\_\_/\_\_\_\_/19

ACqu IRED      DISPOSED

▶ NAME OF BuSINESS ENTITY \_\_\_\_\_

GENERAL DESCRIPTION OF THIS BuSINESS \_\_\_\_\_

---

FAIR MARKET vALuE

\$2,000 - \$10,000       \$10,001 - \$100,000

\$100,001 - \$1,000,000       Over \$1,000,000

NATuRE OF INVeSTMENT

Stock       Other \_\_\_\_\_ (Describe)

Partnership       Income Received of \$0 - \$499

Income Received of \$500 or More (Report on Schedule C)

IF APPLICABLE, LIST DATE:

\_\_\_\_/\_\_\_\_/19      \_\_\_\_/\_\_\_\_/19

ACqu IRED      DISPOSED

Comments: \_\_\_\_\_



## Instructions – Schedules A-1 and A-2 Investments

“Investment” means a \_\_\_\_\_ interest in any business entity (including a consulting business or other independent contracting business) that is located in, doing business in, planning to do business in, or that has done business during the previous two years in your agency’s jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or \_\_\_\_\_ interest totaling \$2,000 or more at any time during the reporting period. (See Reference Pamphlet, page 13.)

### Reportable investments include:

- Stocks, bonds, warrants, and options, including those held in margin or brokerage accounts and managed investment funds (See Reference Pamphlet, page 13.)
- Sole proprietorships
- Your own business or your spouse’s or registered domestic partner’s business (See Reference Pamphlet, page 8, for the \_\_\_\_\_ of “business entity.”)
- Your spouse’s or registered domestic partner’s investments even if they are legally separate property
- Partnerships (e.g., a law \_\_\_\_\_ or family farm)
- Investments in reportable business entities held in a retirement account (See Reference Pamphlet, page 15.)
- If you, your spouse or registered domestic partner, and dependent children together had a 10% or greater ownership interest in a business entity or trust (including a living trust), you must disclose investments held by the business entity or trust. (See Reference Pamphlet, page 16, for more information on disclosing trusts.)
- Business trusts

### You are not required to disclose:

- Government bonds, \_\_\_\_\_ mutual funds, certain funds similar to \_\_\_\_\_ mutual funds (such as exchange traded funds) and investments held in certain retirement accounts. (See Reference Pamphlet, page 13.) (Regulation 18237)
- Bank accounts, savings accounts, money market accounts and \_\_\_\_\_ of deposits
- Insurance policies
- Annuities
- Commodities
- Shares in a credit union
- Government bonds (including municipal bonds)
- Retirement accounts invested in non-reportable interests (e.g., insurance policies, mutual funds, or government bonds) (See Reference Pamphlet, page 15.)

- Government \_\_\_\_\_ pension plans (such as CalPERS and CalSTRS plans)
- Certain interests held in a blind trust (See Reference Pamphlet, page 16.)

**Use Schedule A-1** to report ownership of less than 10% (e.g., stock). Schedule C (Income) may also be required if the investment is not a stock or corporate bond. (See second example below.)

**Use Schedule A-2** to report ownership of 10% or greater (e.g., a sole proprietorship).

### To Complete Schedule A-1:

Do not attach brokerage or \_\_\_\_\_ statements.

- Disclose the name of the business entity.
- Provide a general description of the business activity of the entity (e.g., pharmaceuticals, computers, automobile manufacturing, or communications).
- Check the box indicating the highest fair market value of your investment during the reporting period. If you are \_\_\_\_\_ a candidate or an assuming \_\_\_\_\_ statement, indicate the fair market value on the \_\_\_\_\_ date or the date you took \_\_\_\_\_ respectively. (See page 20 for more information.)
- Identify the nature of your investment (e.g., stocks, warrants, options, or bonds).
- An acquired or disposed of date is only required if you initially acquired or entirely disposed of the investment interest during the reporting period. The date of a stock dividend reinvestment or partial disposal is not required. Generally, these dates will not apply if you are \_\_\_\_\_ a candidate or an assuming \_\_\_\_\_ statement.

### Examples:

Frank Byrd holds a state agency position. His \_\_\_\_\_ of interest code requires full disclosure of investments. Frank must disclose his stock holdings of \$2,000 or more in any company that is located in or does business in California, as well as those stocks held by his spouse or registered domestic partner and dependent children.

Alice Lance is a city council member. She has a 4% interest, worth \$5,000, in a limited partnership located in the city. Alice must disclose the partnership on Schedule A-1 and income of \$500 or more received from the partnership on Schedule C.

### Reminders

- Do you know your agency’s jurisdiction?
- Did you hold investments at any time during the period covered by this statement?
- Code \_\_\_\_\_ – your disclosure categories may only require disclosure of \_\_\_\_\_ investments.

## SCHEDULE A-2

### Investments, Income, and Assets of Business Entities/Trusts

(Ownership Interest is 10% or Greater)

**CALIFORNIA FORM 700**  
FAIR POLITICAL PRACTICES COMMISSION

Name \_\_\_\_\_

**▶ 1. BUSINESS ENTITY OR TRUST**

Name \_\_\_\_\_

Address (Business Address Acceptable) \_\_\_\_\_

Check one  
 Trust, go to 2     Business Entity, complete the box, then go to 2

GENERAL DESCRIPTION OF THIS BUSINESS

FAIR MARKET VALUE                      IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$0 - \$1,999		
<input type="checkbox"/> \$2,000 - \$10,000	____/____/19	____/____/19
<input type="checkbox"/> \$10,001 - \$100,000	ACqu IRED	DISPOSED
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

NATURE OF INVESTMENT

Partnership     Sole Proprietorship     \_\_\_\_\_ Other

YOUR BUSINESS POSITION \_\_\_\_\_

**▶ 2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)**

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OvER \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

**▶ 3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE** (Attach a separate sheet if necessary.)

None    or     Names listed below

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**▶ 4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST**

Check one box:  
 INVESTMENT     REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property \_\_\_\_\_

Description of Business Activity or City or Other Precise Location of Real Property \_\_\_\_\_

FAIR MARKET VALUE                      IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$2,000 - \$10,000		
<input type="checkbox"/> \$10,001 - \$100,000	____/____/19	____/____/19
<input type="checkbox"/> \$100,001 - \$1,000,000	ACqu IRED	DISPOSED
<input type="checkbox"/> Over \$1,000,000		

NATURE OF INTEREST

Property Ownership/Deed of Trust     Stock     Partnership

Leasehold \_\_\_\_\_     Other \_\_\_\_\_

Yrs. remaining

Check box if additional schedules reporting investments or real property are attached

**▶ 1. BUSINESS ENTITY OR TRUST**

Name \_\_\_\_\_

Address (Business Address Acceptable) \_\_\_\_\_

Check one  
 Trust, go to 2     Business Entity, complete the box, then go to 2

GENERAL DESCRIPTION OF THIS BUSINESS

FAIR MARKET VALUE                      IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$0 - \$1,999		
<input type="checkbox"/> \$2,000 - \$10,000	____/____/19	____/____/19
<input type="checkbox"/> \$10,001 - \$100,000	ACqu IRED	DISPOSED
<input type="checkbox"/> \$100,001 - \$1,000,000		
<input type="checkbox"/> Over \$1,000,000		

NATURE OF INVESTMENT

Partnership     Sole Proprietorship     \_\_\_\_\_ Other

YOUR BUSINESS POSITION \_\_\_\_\_

**▶ 2. IDENTIFY THE GROSS INCOME RECEIVED (INCLUDE YOUR PRO RATA SHARE OF THE GROSS INCOME TO THE ENTITY/TRUST)**

<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$10,001 - \$100,000
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> OvER \$100,000
<input type="checkbox"/> \$1,001 - \$10,000	

**▶ 3. LIST THE NAME OF EACH REPORTABLE SINGLE SOURCE OF INCOME OF \$10,000 OR MORE** (Attach a separate sheet if necessary.)

None    or     Names listed below

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**▶ 4. INVESTMENTS AND INTERESTS IN REAL PROPERTY HELD OR LEASED BY THE BUSINESS ENTITY OR TRUST**

Check one box:  
 INVESTMENT     REAL PROPERTY

Name of Business Entity, if Investment, or Assessor's Parcel Number or Street Address of Real Property \_\_\_\_\_

Description of Business Activity or City or Other Precise Location of Real Property \_\_\_\_\_

FAIR MARKET VALUE                      IF APPLICABLE, LIST DATE:

<input type="checkbox"/> \$2,000 - \$10,000		
<input type="checkbox"/> \$10,001 - \$100,000	____/____/19	____/____/19
<input type="checkbox"/> \$100,001 - \$1,000,000	ACqu IRED	DISPOSED
<input type="checkbox"/> Over \$1,000,000		

NATURE OF INTEREST

Property Ownership/Deed of Trust     Stock     Partnership

Leasehold \_\_\_\_\_     Other \_\_\_\_\_

Yrs. remaining

Check box if additional schedules reporting investments or real property are attached

Comments: \_\_\_\_\_

## Instructions – Schedule A-2

### Investments, Income, and Assets of Business Entities/Trusts

---

Use Schedule A-2 to report investments in a business entity (including a consulting business or other independent contracting business) or trust (including a living trust) in which you, your spouse or registered domestic partner, and your dependent children, together or separately, had a 10% or greater interest, totaling \$2,000 or more, during the reporting period and which is located in, doing business in, planning to do business in, or which has done business during the previous two years in your agency's jurisdiction. (See Reference Pamphlet, page 13.) A trust located outside your agency's jurisdiction is reportable if it holds assets that are located in or doing business in the jurisdiction. Do not report a trust that contains non-reportable interests. For example, a trust containing only your personal residence not used in whole or in part as a business, your savings account, and some municipal bonds, is not reportable.

Also report on Schedule A-2 investments and real property held by that entity or trust if your pro rata share of the investment or real property interest was \$2,000 or more during the reporting period.

#### To Complete Schedule A-2:

**Part 1.** Disclose the name and address of the business entity or trust. If you are reporting an interest in a business entity, check "Business Entity" and complete the box as follows:

- Provide a general description of the business activity of the entity.
- Check the box indicating the highest fair market value of your investment during the reporting period.
- If you initially acquired or entirely disposed of this interest during the reporting period, enter the date acquired or disposed.
- Identify the nature of your investment.
- Disclose the job title or business position you held with the entity, if any (i.e., if you were a director, partner, trustee, employee, or held any position of management). A business position held by your spouse is not reportable.

**Part 2.** Check the box indicating **your pro rata** share of the **gross** income received **by** the business entity or trust. This amount includes your pro rata share of the **gross** income **from** the business entity or trust, as well as your community property interest in your spouse's or registered domestic partner's share. Gross income is the total amount of income before deducting expenses, losses, or taxes.

**Part 3.** Disclose the name of each source of income that is located in, doing business in, planning to do business in, or that has done business during the previous two years in your agency's jurisdiction, as follows:

- Disclose each source of income and outstanding loan **to the business entity or trust** in Part 1 if your pro rata share of the **gross** income (including your community property interest in your spouse's or registered domestic partner's share) to the business entity or trust from that source was \$10,000 or more during the reporting

period. (See Reference Pamphlet, page 11, for examples.) Income from governmental sources may be reportable if not considered salary. See Regulation 18232. Loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to your status are not reportable.

- Disclose each individual or entity that was a source of commission income of \$10,000 or more during the reporting period through the business entity in Part 1. (See Reference Pamphlet, page 8.)

You may be required to disclose sources of income located outside your jurisdiction. For example, you may have a client who resides outside your jurisdiction who does business on a regular basis with you. Such a client, if a reportable source of \$10,000 or more, must be disclosed.

Mark "None" if you do not have any reportable \$10,000 sources of income to disclose. Phrases such as "various clients" or "not disclosing sources pursuant to attorney-client privilege" are not adequate disclosure. (See Reference Pamphlet, page 14, for information on procedures to request an exemption from disclosing privileged information.)

**Part 4.** Report any investments or interests in real property held or leased **by the entity or trust** in Part 1 if your pro rata share of the interest held was \$2,000 or more during the reporting period. Attach additional schedules or use FPPC's Form 700 Excel spreadsheet if needed.

- Check the applicable box identifying the interest held as real property or an investment.
- If investment, provide the name and description of the business entity.
- If real property, report the precise location (e.g., an assessor's parcel number or address).
- Check the box indicating the highest fair market value of your interest in the real property or investment during the reporting period. (Report the fair market value of the portion of your residence claimed as a tax deduction if you are utilizing your residence for business purposes.)
- Identify the nature of your interest.
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property or investment during the reporting period.

**CALIFORNIA FORM 700**  
 FAIR POLITICAL PRACTICES COMMISSION  
 Name \_\_\_\_\_

**SCHEDULE B**  
**Interests in Real Property**  
 (Including Rental Income)

▶ ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS

\_\_\_\_\_

CITY \_\_\_\_\_

\_\_\_\_\_

FAIR MARKET vALuE IF APPLICABLE, LIST DATE:  
 \$2,000 - \$10,000  
 \$10,001 - \$100,000  
 \$100,001 - \$1,000,000  
 Over \$1,000,000

\_\_\_\_\_ / \_\_\_\_ / **19** \_\_\_\_\_ / \_\_\_\_ / **19**  
 ACqu IRED DISPOSED

NATuRE OF INTEREST  
 Ownership/Deed of Trust  Easement  
 Leasehold \_\_\_\_\_  \_\_\_\_\_  
 Yrs. remaining Other

IF RENTAL PROPERTY, GROSS INCOME RECEIVED  
 \$0 - \$499  \$500 - \$1,000  \$1,001 - \$10,000  
 \$10,001 - \$100,000  OvER \$100,000

SOUrcES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.  
 None

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

▶ ASSESSOR'S PARCEL NUMBER OR STREET ADDRESS

\_\_\_\_\_

CITY \_\_\_\_\_

\_\_\_\_\_

FAIR MARKET vALuE IF APPLICABLE, LIST DATE:  
 \$2,000 - \$10,000  
 \$10,001 - \$100,000  
 \$100,001 - \$1,000,000  
 Over \$1,000,000

\_\_\_\_\_ / \_\_\_\_ / **19** \_\_\_\_\_ / \_\_\_\_ / **19**  
 ACqu IRED DISPOSED

NATuRE OF INTEREST  
 Ownership/Deed of Trust  Easement  
 Leasehold \_\_\_\_\_  \_\_\_\_\_  
 Yrs. remaining Other

IF RENTAL PROPERTY, GROSS INCOME RECEIVED  
 \$0 - \$499  \$500 - \$1,000  \$1,001 - \$10,000  
 \$10,001 - \$100,000  OvER \$100,000

SOUrcES OF RENTAL INCOME: If you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.  
 None

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\* You are not required to report loans from a commercial lending institution made in the lender's regular course of business on terms available to members of the public without regard to your status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER\* \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BuSINESS ACTIvITY, IF ANY, OF LENDER \_\_\_\_\_

INTEREST RATE \_\_\_\_\_ TERM (Months/Years) \_\_\_\_\_  
 \_\_\_\_\_%  None

HIGHEST BALANCE DuRING REPORTING PERIOD  
 \$500 - \$1,000  \$1,001 - \$10,000  
 \$10,001 - \$100,000  OvER \$100,000  
 Guarantor, if applicable

\_\_\_\_\_

NAME OF LENDER\* \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BuSINESS ACTIvITY, IF ANY, OF LENDER \_\_\_\_\_

INTEREST RATE \_\_\_\_\_ TERM (Months/Years) \_\_\_\_\_  
 \_\_\_\_\_%  None

HIGHEST BALANCE DuRING REPORTING PERIOD  
 \$500 - \$1,000  \$1,001 - \$10,000  
 \$10,001 - \$100,000  OvER \$100,000  
 Guarantor, if applicable

\_\_\_\_\_

Comments: \_\_\_\_\_

## Instructions – Schedule B Interests in Real Property

Report interests in real property located in your agency's jurisdiction in which you, your spouse or registered domestic partner, or your dependent children had a direct, indirect, or interest totaling \$2,000 or more any time during the reporting period. Real property is also considered to be "within the jurisdiction" of a local government agency if the property or any part of it is located within two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the local government agency. (See Reference Pamphlet, page 13.)

**Interests in real property include:**

- An ownership interest (including a \_\_\_\_\_ ownership interest)
- A deed of trust, easement, or option to acquire property
- A leasehold interest (See Reference Pamphlet, page 14.)
- A mining lease
- An interest in real property held in a retirement account (See Reference Pamphlet, page 15.)
- An interest in real property held by a business entity or trust in which you, your spouse or registered domestic partner, and your dependent children together had a 10% or greater ownership interest (Report on Schedule A-2.)
- Your spouse's or registered domestic partner's interests in real property that are legally held separately by him or her

**You are not required to report:**

- A residence, such as a home or vacation cabin, used exclusively as a personal residence (However, a residence in which you rent out a room or for which you claim a business deduction may be reportable. If reportable, report the fair market value of the portion claimed as a tax deduction.)
- Some interests in real property held through a blind trust (See Reference Pamphlet, page 16.)
  - **Please note:** A non-reportable property can still be grounds for a \_\_\_\_\_ of interest and may be disqualifying.

**To Complete Schedule B:**

- Report the precise location (e.g., an assessor's parcel number or address) of the real property.
- Check the box indicating the fair market value of your interest in the property (regardless of what you owe on the property).
- Enter the date acquired or disposed only if you initially acquired or entirely disposed of your interest in the property during the reporting period.
- Identify the nature of your interest. If it is a leasehold,

**Reminders**

- Income and loans already reported on Schedule B are not also required to be reported on Schedule C.
- Real property already reported on Schedule A-2, Part 4 is not also required to be reported on Schedule B.
- Code \_\_\_\_\_ – do your disclosure categories require disclosure of real property?

disclose the number of years remaining on the lease.

- If you received rental income, check the box indicating the gross amount you received.
- If you had a 10% or greater interest in real property and received rental income, list the name of the source(s) if your pro rata share of the gross income from any single tenant was \$10,000 or more during the reporting period. If you received a total of \$10,000 or more from two or more tenants acting in concert (in most cases, this will apply to married couples), disclose the name of each tenant. Otherwise, mark "None."
- Loans from a private lender that total \$500 or more and are secured by real property may be reportable. **Loans from commercial lending institutions made in the lender's regular course of business on terms available**

**status are not reportable.**

When reporting a loan:

- Provide the name and address of the lender.
- Describe the lender's business activity.
- Disclose the interest rate and term of the loan. For variable interest rate loans, disclose the conditions of the loan (e.g., Prime + 2) or the average interest rate paid during the reporting period. The term of a loan is the total number of months or years given for repayment of the loan at the time the loan was established.
- Check the box indicating the highest balance of the loan during the reporting period.
- Identify a guarantor, if applicable.

If you have more than one reportable loan on a single piece of real property, report the additional loan(s) on Schedule C.

**Example:**

Allison Gande is a city planning commissioner. During the reporting period, she received rental income of \$12,000, from a single tenant who rented property she owned in the city's jurisdiction. If Allison received \$6,000 each from two tenants, the tenants' names would not be required because no single tenant paid her \$10,000 or more. A married couple is considered a single tenant.

ASSESSOR'S PARCEL NUMBER OR street address	
4600 24th Street	
city	
Sacramento	
fair market value	if applicable, list date:
<input type="checkbox"/> \$2,000 - \$10,000	acquired _____ / ____ / 18
<input type="checkbox"/> \$10,001 - \$100,000	disposed _____ / ____ / 18
<input checked="" type="checkbox"/> \$100,001 - \$1,000,000	
<input type="checkbox"/> over \$1,000,000	
nature of interest	
<input type="checkbox"/> ownership/ deed of trust	<input type="checkbox"/> easement
<input type="checkbox"/> leasehold	<input type="checkbox"/> other
if rent at proper ty, gross income received	
<input type="checkbox"/> \$0 - \$499	<input type="checkbox"/> \$500 - \$1,000
<input type="checkbox"/> \$1,001 - \$10,000	<input type="checkbox"/> over \$100,000
<input checked="" type="checkbox"/> \$10,001 - \$100,000	
sources of rent al income: if you own a 10% or greater interest, list the name of each tenant that is a single source of income of \$10,000 or more.	
<input type="checkbox"/> none	
Henry Wells	
name of lender *	
Sophia Petroillo	
address (Business Address Acceptable)	
2121 Blue Sky Parkway, Sacramento	
business activity , if any of lender	
Restaurant Owner	
interest rate	term (month/years)
8 % <input type="checkbox"/> none	15 Years
highest balance during repor ting period	
<input type="checkbox"/> \$500 - \$1,000	<input type="checkbox"/> \$1,001 - \$10,000
<input checked="" type="checkbox"/> \$10,001 - \$100,000	<input type="checkbox"/> over \$100,000
<input type="checkbox"/> guarantor, if applicable	
comments:	

## SCHEDULE C

### Income, Loans, & Business Positions

(Other than Gifts and Travel Payments)

**CALIFORNIA FORM 700**  
 FAIR POLITICAL PRACTICES COMMISSION

Name \_\_\_\_\_

**▶ 1. INCOME RECEIVED**

NAME OF SOURCE OF INCOME \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_

YOUR BUSINESS POSITION \_\_\_\_\_

GROSS INCOME RECEIVED  No Income - Business Position Only

\$500 - \$1,000       \$1,001 - \$10,000

\$10,001 - \$100,000       OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

Salary       Spouse's or registered domestic partner's income  
 (For self-employed use Schedule A-2.)

Partnership (Less than 10% ownership. For 10% or greater use Schedule A-2.)

Sale of \_\_\_\_\_  
 (Real property, car, boat, etc.)

Loan repayment

Commission or       Rental Income, list each source of \$10,000 or more

\_\_\_\_\_ (Describe)

Other \_\_\_\_\_  
 (Describe)

**▶ 1. INCOME RECEIVED**

NAME OF SOURCE OF INCOME \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_

YOUR BUSINESS POSITION \_\_\_\_\_

GROSS INCOME RECEIVED  No Income - Business Position Only

\$500 - \$1,000       \$1,001 - \$10,000

\$10,001 - \$100,000       OVER \$100,000

CONSIDERATION FOR WHICH INCOME WAS RECEIVED

Salary       Spouse's or registered domestic partner's income  
 (For self-employed use Schedule A-2.)

Partnership (Less than 10% ownership. For 10% or greater use Schedule A-2.)

Sale of \_\_\_\_\_  
 (Real property, car, boat, etc.)

Loan repayment

Commission or       Rental Income, list each source of \$10,000 or more

\_\_\_\_\_ (Describe)

Other \_\_\_\_\_  
 (Describe)

**▶ 2. LOANS RECEIVED OR OUTSTANDING DURING THE REPORTING PERIOD**

\* You are not required to report loans from a commercial lending institution, or any indebtedness created as part of a retail installment or credit card transaction, made in the lender's regular course of business on terms available to members of the public without regard to your status. Personal loans and loans received not in a lender's regular course of business must be disclosed as follows:

NAME OF LENDER\* \_\_\_\_\_

ADDRESS (Business Address Acceptable) \_\_\_\_\_

BUSINESS ACTIVITY, IF ANY, OF LENDER \_\_\_\_\_

HIGHEST BALANCE DURING REPORTING PERIOD

\$500 - \$1,000

\$1,001 - \$10,000

\$10,001 - \$100,000

OVER \$100,000

INTEREST RATE \_\_\_\_\_ %       None

TERM (Months/Years) \_\_\_\_\_

SECURITY FOR LOAN

None       Personal residence

Real Property \_\_\_\_\_  
 Street address \_\_\_\_\_  
 City \_\_\_\_\_

Guarantor \_\_\_\_\_

Other \_\_\_\_\_  
 (Describe)

Comments: \_\_\_\_\_

## Instructions – Schedule C Income, Loans, & Business Positions (Income Other Than Gifts and Travel Payments)

### Reporting Income:

Report the source and amount of gross income of \$500 or more you received during the reporting period. Gross income is the total amount of income before deducting expenses, losses, or taxes and includes loans other than loans from a commercial lending institution. (See Reference Pamphlet, page 11.) You must also report the source of income to your spouse or registered domestic partner if your community property share was \$500 or more during the reporting period.

The source and income must be reported only if the source is located in, doing business in, planning to do business in, or has done business during the previous two years in your agency's jurisdiction. (See Reference Pamphlet, page 13.) Reportable sources of income may be further limited by your disclosure category located in your agency's of interest code.

### Reporting Business Positions:

You must report your job title with each reportable business entity even if you received no income during the reporting period. Use the comments section to indicate that no income was received.

### Commonly reportable income and loans include:

- Salary/wages, per diem, and reimbursement for expenses including travel payments provided by your employer
- Community property interest (50%) in your spouse's or registered domestic partner's income - **report the employer's name and all other required information**
- Income from investment interests, such as partnerships, reported on Schedule A-1
- Commission income not required to be reported on Schedule A-2 (See Reference Pamphlet, page 8.)
- Gross income from any sale, including the sale of a house or car (Report your pro rata share of the total sale price.)
- Rental income not required to be reported on Schedule B
- Prizes or awards not disclosed as gifts
- Payments received on loans you made to others
- An honorarium received prior to becoming a public (See Reference Pamphlet, page 10.)
- Incentive compensation (See Reference Pamphlet, page 12.)

### Reminders

- Code – your disclosure categories may not require disclosure of all sources of income.
- If you or your spouse or registered domestic partner are self-employed, report the business entity on Schedule A-2.
- Do not disclose on Schedule C income, loans, or business positions already reported on Schedules A-2 or B.

### You are not required to report:

- Salary, reimbursement for expenses or per diem, or social security, disability, or other similar payments received by you or your spouse or registered domestic partner from a federal, state, or local government agency.
- Stock dividends and income from the sale of stock unless the source can be
- Income from a PERS retirement account.

(See Reference Pamphlet, page 12.)

### To Complete Schedule C:

#### Part 1. Income Received/Business Position Disclosure

- Disclose the name and address of each source of income or each business entity with which you held a business position.
- Provide a general description of the business activity if the source is a business entity.
- Check the box indicating the amount of gross income received.
- Identify the consideration for which the income was received.
- For income from commission sales, check the box indicating the gross income received and list the name of each source of commission income of \$10,000 or more. (See Reference Pamphlet, page 8.) **Note: If you receive commission income on a regular basis or have an ownership interest of 10% or more, you must disclose the business entity and the income on Schedule A-2.**
- Disclose the job title or business position, if any, that you held with the business entity, even if you did not receive income during the reporting period.

#### Part 2. Loans Received or Outstanding During the Reporting Period

- Provide the name and address of the lender.
- Provide a general description of the business activity if the lender is a business entity.
- Check the box indicating the highest balance of the loan during the reporting period.
- Disclose the interest rate and the term of the loan.
  - For variable interest rate loans, disclose the conditions of the loan (e.g., Prime + 2) or the average interest rate paid during the reporting period.
  - The term of the loan is the total number of months or years given for repayment of the loan at the time the loan was entered into.
- Identify the security, if any, for the loan.

**CALIFORNIA FORM 700**  
 FAIR POLITICAL PRACTICES COMMISSION  
 Name \_\_\_\_\_

**SCHEDULE D**  
**Income – Gifts**

▶ NAME OF SOURCE *(Not an Acronym)*  
 \_\_\_\_\_  
 ADDRESS *(Business Address Acceptable)*  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_  

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*  
 \_\_\_\_\_  
 ADDRESS *(Business Address Acceptable)*  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_  

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*  
 \_\_\_\_\_  
 ADDRESS *(Business Address Acceptable)*  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_  

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*  
 \_\_\_\_\_  
 ADDRESS *(Business Address Acceptable)*  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_  

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*  
 \_\_\_\_\_  
 ADDRESS *(Business Address Acceptable)*  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_  

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

▶ NAME OF SOURCE *(Not an Acronym)*  
 \_\_\_\_\_  
 ADDRESS *(Business Address Acceptable)*  
 \_\_\_\_\_  
 BUSINESS ACTIVITY, IF ANY, OF SOURCE  
 \_\_\_\_\_  

DATE (mm/dd/yy)	VALUE	DESCRIPTION OF GIFT(S)
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____
___/___/___	\$ _____	_____

Comments: \_\_\_\_\_



## Instructions – Schedule D Income – Gifts

A gift is anything of value for which you have not provided equal or greater consideration to the donor. A gift is reportable if its fair market value is \$50 or more. In addition, multiple gifts totaling \$50 or more received during the reporting period from a single source must be reported.

It is the acceptance of a gift, not the ultimate use to which it is put, that imposes your reporting obligation. Except as noted below, you must report a gift even if you never used it or if you gave it away to another person.

If the exact amount of a gift is unknown, you must make a good faith estimate of the item's fair market value. Listing the value of a gift as "over \$50" or "value unknown" is not adequate disclosure. In addition, if you received a gift through an intermediary, you must disclose the name, address, and business activity of both the donor and the intermediary. You may indicate an intermediary either in the "source" after the name or in the "comments" section at the bottom of Schedule D.

### Commonly reportable gifts include:

- Tickets/passes to sporting or entertainment events
- Tickets/passes to amusement parks
- Parking passes not used for agency business
- Food, beverages, and accommodations, including those provided in direct connection with your attendance at a convention, conference, meeting, social event, meal, or like gathering
- Rebates/discounts not made in the regular course of business to members of the public without regard to status
- Wedding gifts (See Reference Pamphlet, page 16)
- An honorarium received prior to assuming (You may report an honorarium as income on Schedule C, rather than as a gift on Schedule D, if you provided services of equal or greater value than the payment received. See Reference Pamphlet, page 10.)
- Transportation and lodging (See Schedule E.)
- Forgiveness of a loan received by you

### Reminders

- Gifts from a single source are subject to a \$500 limit in 2019. (See Reference Pamphlet, page 10.)
- Code – you only need to report gifts from reportable sources.

### Gift Tracking Mobile Application

- FPPC has created a gift tracking app for mobile devices that helps track gifts and provides a quick and easy way to upload the information to the Form 700. Visit FPPC's website to download the app.

### You are not required to disclose:

- Gifts that were not used and that, within 30 days after receipt, were returned to the donor or delivered to a charitable organization or government agency without being claimed by you as a charitable contribution for tax purposes
- Gifts from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, and certain other family members (See Regulation 18942 for a complete list.). The exception does not apply if the donor was acting as an agent or intermediary for a reportable source who was the true donor.
- Gifts of similar value exchanged between you and an individual, other than a lobbyist registered to lobby your state agency, on holidays, birthdays, or similar occasions
- Gifts of informational material provided to assist you in the performance of your duties (e.g., books, pamphlets, reports, calendars, periodicals, or educational seminars)
- A monetary bequest or inheritance (However, inherited investments or real property may be reportable on other schedules.)
- Personalized plaques or trophies with an individual value of less than \$250
- Campaign contributions
- up to two tickets, for your own use, to attend a fundraiser for a campaign committee or candidate, or to a fundraiser for an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The ticket must be received from the organization or committee holding the fundraiser.
- Gifts given to members of your immediate family if the source has an established relationship with the family member and there is no evidence to suggest the donor had a purpose to you. (See Regulation 18943.)
- Free admission, food, and nominal items (such as a pen, pencil, mouse pad, note pad or similar item) available to all attendees, at the event at which the makes a speech (as in Regulation 18950(b)(2)), so long as the admission is provided by the person who organizes the event.
- Any other payment not above, that would otherwise meet the of gift, where the payment is made by an individual who is not a lobbyist registered to lobby the s state agency, where it is clear that the gift was made because of an existing personal or business relationship unrelated to the s position and there is no evidence whatsoever at the time the gift is made to suggest the donor had a purpose to you.

### To Complete Schedule D:

- Disclose the full name (not an acronym), address, and, if a business entity, the business activity of the source.
- Provide the date (month, day, and year) of receipt, and disclose the fair market value and description of the gift.

**CALIFORNIA FORM 700**  
 FAIR POLITICAL PRACTICES COMMISSION  
 Name \_\_\_\_\_

**SCHEDULE E**  
**Income – Gifts**  
**Travel Payments, Advances,**  
**and Reimbursements**

- Mark either the gift or income box.
- or the “Speech” box if you made a speech or participated in a panel. Per Government Code Section 89506, these payments may not be subject to the gift limit. However, they may result
- For gifts of travel, provide the travel destination.

▶ NAME OF SOURCE (Not an Acronym) \_\_\_\_\_  
 ADDRESS (Business Address Acceptable) \_\_\_\_\_  
 CITY AND STATE \_\_\_\_\_  
 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_  
 DATE(S): \_\_\_/\_\_\_/\_\_\_ - \_\_\_/\_\_\_/\_\_\_ AMT: \$ \_\_\_\_\_  
 (If gift)

▶ MUST CHECK ONE:  Gift **-or-**  Income

Made a Speech/Participated in a Panel

Other - Provide Description \_\_\_\_\_

▶ If Gift, Provide Travel Destination \_\_\_\_\_

▶ NAME OF SOURCE (Not an Acronym) \_\_\_\_\_  
 ADDRESS (Business Address Acceptable) \_\_\_\_\_  
 CITY AND STATE \_\_\_\_\_  
 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_  
 DATE(S): \_\_\_/\_\_\_/\_\_\_ - \_\_\_/\_\_\_/\_\_\_ AMT: \$ \_\_\_\_\_  
 (If gift)

▶ MUST CHECK ONE:  Gift **-or-**  Income

Made a Speech/Participated in a Panel

Other - Provide Description \_\_\_\_\_

▶ If Gift, Provide Travel Destination \_\_\_\_\_

▶ NAME OF SOURCE (Not an Acronym) \_\_\_\_\_  
 ADDRESS (Business Address Acceptable) \_\_\_\_\_  
 CITY AND STATE \_\_\_\_\_  
 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_  
 DATE(S): \_\_\_/\_\_\_/\_\_\_ - \_\_\_/\_\_\_/\_\_\_ AMT: \$ \_\_\_\_\_  
 (If gift)

▶ MUST CHECK ONE:  Gift **-or-**  Income

Made a Speech/Participated in a Panel

Other - Provide Description \_\_\_\_\_

▶ If Gift, Provide Travel Destination \_\_\_\_\_

▶ NAME OF SOURCE (Not an Acronym) \_\_\_\_\_  
 ADDRESS (Business Address Acceptable) \_\_\_\_\_  
 CITY AND STATE \_\_\_\_\_  
 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE \_\_\_\_\_  
 DATE(S): \_\_\_/\_\_\_/\_\_\_ - \_\_\_/\_\_\_/\_\_\_ AMT: \$ \_\_\_\_\_  
 (If gift)

▶ MUST CHECK ONE:  Gift **-or-**  Income

Made a Speech/Participated in a Panel

Other - Provide Description \_\_\_\_\_

▶ If Gift, Provide Travel Destination \_\_\_\_\_

Comments: \_\_\_\_\_

## Instructions – Schedule E Travel Payments, Advances, and Reimbursements

Travel payments reportable on Schedule E include advances and reimbursements for travel and related expenses, including lodging and meals.

Gifts of travel may be subject to the gift limit. In addition, certain travel payments are reportable gifts, but are not subject to the gift limit. To avoid possible misinterpretation or the perception that you have received a gift in excess of the gift limit, you may wish to provide a description of the purpose of your travel. (See the FPPC fact sheet entitled “Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans” to read about travel payments under section 89506(a).)

**You are not required to disclose:**

- Travel payments received from any state, local, or federal government agency for which you provided services equal or greater in value than the payments received, such as reimbursement for travel on agency business from your government agency employer.
- A payment for travel from another local, state, or federal government agency and related per diem expenses when the travel is for education, training or other inter-agency programs or purposes.
- Travel payments received from your employer in the normal course of your employment that are included in the income reported on Schedule C.
- A travel payment that was received from a entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration, such as reimbursement for travel on business for a 501(c)(3) organization for which you are a board member.

**Note: Certain travel payments may not be reportable if reported via email on Form 801 by your agency.**

**To Complete Schedule E:**

- Disclose the full name (not an acronym) and address of the source of the travel payment.
- Identify the business activity if the source is a business entity.
- Check the box to identify the payment as a gift or income, report the amount, and disclose the date(s).
  - **Travel payments are gifts** if you did not provide services that were equal to or greater in value than the payments received. You must disclose gifts totaling \$50 or more from a single source during the period covered by the statement.

When reporting travel payments that are gifts, you must provide a description of the gift, the **date(s)** received, and the **travel destination**.

- **Travel payments are income** if you provided services that were equal to or greater in value than the payments received. You must disclose income totaling

\$500 or more from a single source during the period covered by the statement. You have the burden of proving the payments are income rather than gifts. When reporting travel payments as income, you must describe the services you provided in exchange for the payment. You are not required to disclose the date(s) for travel payments that are income.

**Example:**

City council member MaryClaire Chandler is the chair of a 501(c)(6) trade association, and the association pays for her travel to attend its meetings. Because MaryClaire is deemed to be providing equal or greater consideration for the travel payment by virtue of serving on the board, this payment may be reported as income. Payments for MaryClaire to attend other events for which she is not providing services are likely considered gifts. Note that the same payment from a 501(c)3 would NOT be reportable.

▶ NAME OF SOURCE (Not an Acronym)	
Health Services Trade Association	
ADDRESS (Business Address Acceptable)	
1230 K Street, Suite 610	
CITY AND STATE	
Sacramento, CA	
<input type="checkbox"/> 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE	
Association of Healthcare Workers	
DATE(S):	AMT: \$ 550.00
(if gift)	
▶ MUST CHECK ONE: <input type="checkbox"/> Gift -or- <input checked="" type="checkbox"/> Income	
<input type="radio"/> Made a Speech/Participated in a Panel	
<input checked="" type="radio"/> Other - Provide Description <u>Travel reimbursement for board meeting.</u>	
▶ If Gift, Provide Travel Destination	

**Example:**

Mayor Kim travels to China on a trip organized by China Silicon Valley Business Development, a California 501(c)(6) organization. The Chengdu Municipal People’s Government pays for Mayor Kim’s airfare and travel costs, as well as his meals and lodging during the trip. The trip’s agenda shows that the trip’s purpose is to promote job creation and economic activity in China and in Silicon Valley, so the trip is reasonably related to a governmental purpose. Thus, Mayor Kim must report the gift of travel, but the gift is exempt from the gift limit. In this case, the travel payments are not subject to the gift limit because the source is

▶ NAME OF SOURCE (Not an Acronym)	
Chengdu Municipal People’s Government	
ADDRESS (Business Address Acceptable)	
2 Caoshi St, CaoShiJie, Qingyang Qu, Chengdu Shi,	
CITY AND STATE	
Sichuan Sheng, China, 610000	
<input type="checkbox"/> 501 (c)(3) or DESCRIBE BUSINESS ACTIVITY, IF ANY, OF SOURCE	
DATE(S):	AMT: \$ 3,874.38
(if gift)	
▶ MUST CHECK ONE: <input checked="" type="checkbox"/> Gift -or- <input type="checkbox"/> Income	
<input type="radio"/> Made a Speech/Participated in a Panel	
<input checked="" type="radio"/> Other - Provide Description <u>Travel reimbursement for trip to China.</u>	
▶ If Gift, Provide Travel Destination	
Sichuan Sheng, China	

a foreign government and because the travel is reasonably related to a governmental purpose. (Section 89506(a)(2).) Note that Mayor Kim could be from participating in or making decisions about The Chengdu Municipal People’s Government for 12 months. Also note that if China Silicon valley Business Development (a 501(c)(6) organization) paid for the travel costs rather than the governmental organization, the payments would be subject to the gift limits. (See the FPPC fact sheet, Limitations and Restrictions on Gifts, Honoraria, Travel and Loans, at [www.fppc.ca.gov](http://www.fppc.ca.gov).)

## Restrictions and Prohibitions

The Political Reform Act (Gov. Code Sections 81000-91014) requires most state and local government and employees to publicly disclose their personal assets and income. They also must disqualify themselves from participating in decisions that may affect their personal economic interests. The Fair Political Practices Commission (FPPC) is the state agency responsible for issuing the attached Statement of Economic Interests, Form 700, and for interpreting the law's provisions.

### Gift Prohibition

Gifts received by most state and local government employees, and candidates are subject to a limit. In 2019-2020, the gift limit is \$500 from a single source during a calendar year.

Additionally, state government candidates, and certain state employees are subject to a \$10 limit per calendar month on gifts from lobbyists and lobbying organizations registered with the Secretary of State. See Reference Pamphlet, page 10.

State and local government and employees should check with their agency to determine if other restrictions apply.

Public officials are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to influence governmental decisions that will affect their economic interests. This may include interests they are not required to disclose. For example, a personal residence is often not reportable, but may be grounds for disqualification requirements.

Requirements apply to 87200 (e.g., city councilmembers, members of boards of supervisors, planning commissioners, etc.). These officials must publicly identify the economic interest that creates a conflict of interest and leave the room before a discussion or vote takes place at a public meeting. For more information, consult Government Code Section 87105, Regulation 18707, and the Guide to Recognizing Conflicts of Interest page at [www.fppc.ca.gov](http://www.fppc.ca.gov).

### Honorarium Ban

Most state and local government employees, and candidates are prohibited from accepting an honorarium for any speech given, article published, or attendance at a conference, convention, meeting, or like gathering. (See Reference Pamphlet, page 10.)

### Loan Restrictions

Certain state and local government are subject to restrictions on loans. (See Reference Pamphlet, page 14.)

### Post-Governmental Employment

There are restrictions on representing clients or employers before former agencies. The provisions apply to elected state government most state employees, local elected county chief administrative officers, city managers, including the chief administrator of a city, and general managers or chief administrators of local special districts and JPAs. The FPPC website has fact sheets explaining the provisions.

### Late Filing

The FPPC who retains originally-signed or electronically submitted statements of economic interests may impose on an individual a penalty for any statement that is late. The penalty is \$10 per day up to a maximum of \$100. Late filing penalties may be reduced or waived under certain circumstances.

Persons who fail to timely file their Form 700 may be referred to the FPPC's Enforcement Division (and, in some cases, to the Attorney General or district attorney) for investigation and possible prosecution. In addition to the late filing penalties, a fine of up to \$5,000 per violation may be imposed.

**For assistance** concerning reporting, prohibitions, and restrictions under the Act:

- Email questions to [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov).
- Call the FPPC toll-free at (866) 275-3772.

### Form 700 is a Public Document Public Access Must Be Provided

Statements of Economic Interests are public documents. The FPPC must permit any member of the public to inspect and receive a copy of any statement.

- Statements must be available as soon as possible during the agency's regular business hours, but in any event not later than the second business day after the statement is received. Access to the Form 700 is not subject to the Public Records Act procedures.
- No conditions may be placed on persons seeking access to the forms.
- No information or documents may be required from persons seeking access.
- Reproduction fees of no more than 10 cents per page may be charged.

## Questions and Answers

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### General

- Q. What is the reporting period for disclosing interests on an assuming statement or a candidate statement?
- A. On an assuming statement, disclose all reportable investments, interests in real property, and business positions held on the date you assumed. In addition, you must disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you assumed. On a candidate statement, disclose all reportable investments, interests in real property, and business positions held on the date you your declaration of candidacy. You must also disclose income (including loans, gifts and travel payments) received during the 12 months prior to the date you your declaration of candidacy.
- q . I hold two other board positions in addition to my position with the county. Must I three statements of economic interests?
- A. Yes, three are required. However, you may complete one statement listing the county and the two boards on the Cover Page or an attachment as the agencies for which you will be Report your economic interests using the largest jurisdiction and highest disclosure requirements assigned to you by the three agencies. Make two copies of the entire statement before signing it, sign each copy with an original signature, and distribute one original to the county and to each of the two boards. Remember to complete separate statements for positions that you leave or assume during the year.
- q . I am a department head who recently began acting as city manager. Should I as the city manager?
- A. Yes. File an assuming ce statement as city manager. Persons serving as “acting,” “interim,” or “alternate” must as if they hold the position because they are or may be performing the duties of the position.
- q . My spouse and I are currently separated and in the process of obtaining a divorce. Must I still report my spouse’s income, investments, and interests in real property?
- A. Yes. A public must continue to report a spouse’s economic interests until such time as dissolution of marriage proceedings is However, if a separate property agreement has been reached prior to that time, your estranged spouse’s income may not have to be reported. Contact the FPPC for more information.

q . As a designated employee, I left one state agency to work for another state agency. Must I a leaving statement?

A. Yes. You may also need to an assuming statement for the new agency.

### Investment Disclosure

q . I have an investment interest in shares of stock in a company that does not have an in my jurisdiction. Must I still disclose my investment interest in this company?

A. Probably. The of “doing business in the jurisdiction” is not limited to whether the business has an or physical location in your jurisdiction. (See Reference Pamphlet, page 13.)

q . My spouse and I have a living trust. The trust holds rental property in my jurisdiction, our primary residence, and investments in mutual funds. I have full disclosure. How is this trust disclosed?

A. Disclose the name of the trust, the rental property and its income on Schedule A-2. Your primary residence and investments in mutual funds registered with the SEC are not reportable.

q . I am required to report all investments. I have an IRA that contains stocks through an account managed by a brokerage Must I disclose these stocks even though they are held in an IRA and I did not decide which stocks to purchase?

A. Yes. Disclose on Schedule A-1 or A-2 any stock worth \$2,000 or more in a business entity located in or doing business in your jurisdiction.

Q. The value of my stock changed during the reporting period. How do I report the value of the stock?

A. You are required to report the highest value that the stock reached during the reporting period. You may use your monthly statements to determine the highest value. You may also use the entity’s website to determine the highest value. You are encouraged to keep a record of where you found the reported value. Note that for an assuming statement, you must report the value of the stock on the date you assumed

## Questions and Answers Continued

q . I am the sole owner of my business, an S-Corporation. I believe that the nature of the business is such that it cannot be said to have any "fair market value" because it has no assets. I operate the corporation under an agreement with a large insurance company. My contract does not have resale value because of its nature as a personal services contract. Must I report the fair market value for my business on Schedule A-2 of the Form 700?

A. Yes. Even if there are no *tangible* assets, intangible assets, such as relationships with companies and clients are commonly sold to professionals. The "fair market value" is often for other purposes, such as marital dissolutions or estate planning. In addition, the IRS presumes that "personal services corporations" have a fair market value. A professional "book of business" and the associated goodwill that generates income are not without a determinable value. The Form 700 does not require a precise fair market value; it is only necessary to check a box indicating the broad range within which the value falls.

q . I own stock in IBM and must report this investment on Schedule A-1. I initially purchased this stock in the early 1990s; however, I am constantly buying and selling shares. Must I note these dates in the "Acquired" and "Disposed"

A. No. You must only report dates in the "Acquired" or "Disposed" when, during the reporting period, you initially purchase a reportable investment worth \$2,000 or more or when you dispose of the entire investment. You are not required to track the partial trading of an investment.

q . On last year's I reported stock in Encoe valued at \$2,000 - \$10,000. Late last year the value of this stock fell below and remains at less than \$2,000. How should this be reported on this year's statement?

A. You are not required to report an investment if the value was less than \$2,000 during the **entire** reporting period. However, because a disposed date is not required for stocks that fall below \$2,000, you may want to report the stock and note in the "comments" section that the value fell below \$2,000. This would be for informational purposes only; it is not a requirement.

Q. We have a Section 529 account set up to save money for our son's college education. Is this reportable?

A. If the Section 529 account contains reportable interests (e.g., common stock valued at \$2,000 or more), those interests are reportable (not the actual Section 529 account). If the account contains solely mutual funds, then nothing is reported.

### Income Disclosure

q . I reported a business entity on Schedule A-2. Clients of my business are located in several states. Must I report all clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2, Part 3?

A. No, only the clients located in or doing business on a regular basis in your jurisdiction must be disclosed.

q . I believe I am not required to disclose the names of clients from whom my pro rata share of income is \$10,000 or more on Schedule A-2 because of their right to privacy. Is there an exception for reporting clients' names?

A. Regulation 18740 provides a procedure for requesting an exemption to allow a client's name not to be disclosed if disclosure of the name would violate a legally recognized privilege under California or Federal law. This regulation may be obtained from our website at [www.fppc.ca.gov](http://www.fppc.ca.gov). (See Reference Pamphlet, page 14.)

q . I am sole owner of a private law practice that is not reportable based on my limited disclosure category. However, some of the sources of income to my law practice are from reportable sources. Do I have to disclose this income?

A. Yes, even though the law practice is not reportable, reportable sources of income to the law practice of \$10,000 or more must be disclosed. This information would be disclosed on Schedule C with a note in the "comments" section indicating that the business entity is not a reportable investment. The note would be for informational purposes only; it is not a requirement.

## Questions and Answers Continued

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q . I am the sole owner of my business. Where do I disclose my income - on Schedule A-2 or Schedule C?

A. Sources of income to a business in which you have an ownership interest of 10% or greater are disclosed on Schedule A-2. (See Reference Pamphlet, page 8.)

q . My husband is a partner in a four-person where all of his business is based on his own billings and collections from various clients. How do I report my community property interest in this business and the income generated in this manner?

A. If your husband's investment in the is 10% or greater, disclose 100% of his share of the business on Schedule A-2, Part 1 and 50% of his income on Schedule A-2, Parts 2 and 3. For example, a client of your husband's must be a source of at least \$20,000 during the reporting period before the client's name is reported.

q . How do I disclose my spouse's or registered domestic partner's salary?

A. Report the name of the employer as a source of income on Schedule C.

q . I am a doctor. For purposes of reporting \$10,000 sources of income on Schedule A-2, Part 3, are the patients or their insurance carriers considered sources of income?

A. If your patients exercise control by selecting you instead of other doctors, then your patients, rather than their insurance carriers, are sources of income to you. (See Reference Pamphlet, page 14.)

q . I received a loan from my grandfather to purchase my home. Is this loan reportable?

A. No. Loans received from family members are not reportable.

q . Many years ago, I loaned my parents several thousand dollars, which they paid back this year. Do I need to report this loan repayment on my Form 700?

A. No. Payments received on a loan made to a family member are not reportable.

### Real Property Disclosure

Q. During this reporting period we switched our principal place of residence into a rental. I have full disclosure and the property is located in my agency's jurisdiction, so it is now reportable. Because I have not reported this property before, do I need to show an "acquired" date?

A. No, you are not required to show an "acquired" date because you previously owned the property. However, you may want to note in the "comments" section that the property was not previously reported because it was used exclusively as your residence. This would be for informational purposes only; it is not a requirement.

q . I am a city manager, and I own a rental property located in an adjacent city, but one mile from the city limit. Do I need to report this property interest?

A. Yes. You are required to report this property because it is located within 2 miles of the boundaries of the city you manage.

q . Must I report a home that I own as a personal residence for my daughter?

A. You are not required to disclose a home used as a personal residence for a family member unless you receive income from it, such as rental income.

q . I am a co-signer on a loan for a rental property owned by a friend. Since I am listed on the deed of trust, do I need to report my friend's property as an interest in real property on my Form 700?

A. No. Simply being a co-signer on a loan for property does not create a reportable interest in real property for you.

### Gift Disclosure

Q. If I received a reportable gift of two tickets to a concert valued at \$100 each, but gave the tickets to a friend because I could not attend the concert, do I have any reporting obligations?

A. Yes. Since you accepted the gift and exercised discretion and control of the use of the tickets, you must disclose the gift on Schedule D.

## Questions and Answers Continued

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- Q. Julia and Jared Benson, a married couple, want to give a piece of artwork to a county supervisor. Is each spouse considered a separate source for purposes of the gift limit and disclosure?
- A. Yes, each spouse may make a gift valued at the gift limit during a calendar year. For example, during 2019 the gift limit was \$500, so the Bensons may have given the supervisor artwork valued at no more than \$1,000. The supervisor must identify Jared and Julia Benson as the sources of the gift.
- q . I received free admission to an educational conference related to my duties. Part of the conference fees included a round of golf. Is the value of the golf considered informational material?
- A. No. The value of personal such as golf, attendance at a concert, or sporting event, are gifts subject to reporting and limits.
- q . I am a Form 700 with full disclosure. Our agency holds a holiday to raise funds for a local charity. I bought \$10 worth of tickets and won a gift basket valued at \$120. The gift basket was donated by Doug Brewer, a citizen in our city. At the same event, I bought tickets for, and won a quilt valued at \$70. The quilt was donated by a coworker. Are these reportable gifts?
- A. Because the gift basket was donated by an outside source (not an agency employee), you have received a reportable gift valued at \$110 (the value of the basket less the consideration paid). The source of the gift is Doug Brewer and the agency is disclosed as the intermediary. Because the quilt was donated by an employee of your agency, it is not a reportable gift.
- q . My agency is responsible for disbursing grants. An applicant (501(c)(3) organization) met with agency employees to present its application. At this meeting, the applicant provided food and beverages. Would the food and beverages be considered gifts to the employees? These employees are designated in our agency's of interest code and the applicant is a reportable source of income under the code.
- A. Yes. If the value of the food and beverages consumed by any one , plus any other gifts received from the same source during the reporting period total \$50 or more, the food and beverages would be reported using the fair market value and would be subject to the gift limit.



# 2019/2020 Form 700 Statement of Economic Interests



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## Reference Pamphlet

### **California Fair Political Practices Commission**

1102 Q Street, Suite 3000 • Sacramento, CA 95811

Email advice: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov)

Toll-free advice line: 1 (866) ASK-FPPC • (866) 275-3772

Telephone: (916) 322-5660 • Website: [www.fppc.ca.gov](http://www.fppc.ca.gov)

December 2019

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# Who Must File

## 1. Code Section 87200 and Members of Boards and Commissions of Newly Created Agencies

The Act requires the following individuals to fully disclose their personal assets and income described in Form 700, Statement of Economic Interests:

- Governor
- Lieutenant Governor
- Attorney General
- Controller
- Insurance Commissioner
- Secretary of State
- Treasurer
- Members of the State Legislature
- Superintendent of Public Instruction
- State Board of Equalization Members
- Public Utilities Commissioners
- State Energy Resources Conservation and Development Commissioners
- State Coastal Commissioners
- Fair Political Practices Commissioners
- \_\_\_\_\_
- \_\_\_\_\_ (consultants) who manage public investments
- Elected members of and candidates for the Board of Administration of the California Public Employees' Retirement System
- Elected members of and candidates for the Teachers' Retirement Board
- Members of the High Speed Rail Authority

described in Part 2 on this page.

- Supreme, Appellate, and Superior Court Judges
- Court Commissioners
- Retired Judges, Pro-Tem Judges, and part-time Court Commissioners who serve or expect to serve 30 days or more in a calendar year

- \_\_\_\_\_
- Members of Boards of Supervisors
- Mayors and Members of City Councils
- Chief
- District Attorneys
- County Counsels
- City Attorneys
- City Managers
- Planning Commissioners
- County and City Treasurers
- \_\_\_\_\_
- \_\_\_\_\_ (and consultants) who manage public investments

## Members of Boards and Commissions of Newly Created Agencies

Members must fully disclose their investments, interests in real property, business positions, and income (including loans, gifts, and travel payments) until the positions are

## 2. Code ("Code Filers")

The Act requires every state and local government agency \_\_\_\_\_  
The code lists

make or participate in making governmental decisions that

The code requires individuals holding those positions

economic interests as determined by the code's "disclosure categories." These individuals are called "designated

Obtain your disclosure categories from your agency – they are not contained in the Form 700. Persons with broad decisionmaking authority must disclose more interests than those in positions with limited discretion. For example, you may be required to disclose only investments and business positions in or income (including loans, gifts, and travel payments) from businesses of the type that contract with your agency, or you may not be required to disclose real property interests.

In addition, certain consultants to public agencies may

decisions. Agencies determine who is a consultant and the level of disclosure and may use Form 805.

Note:

has the same or a smaller jurisdiction (for example, a state legislator who also sits on a state or local board or commission).

## Employees in Newly Created Positions of Existing Agencies

An individual hired for a position not yet covered under an agency' individual serves in a position that makes or participates in making governmental decisions. These individuals must \_\_\_\_\_ s broadest disclosure category until the code is amended to include the new position unless the agency has provided in writing a limited disclosure requirement. The Form 804 may be used to satisfy this requirement.

## Types of Form 700 Filings

in a position designated, or that will be designated, in a state or local agency'

otherwise authorized to serve in the position. If you are a you were sworn in.

- Report: Investments, interests in real property, and business positions held on the date you assumed the (including loans, gifts, and travel payments) received during the 12 months prior to the date you assumed the

or the Commission on Judicial Appointments, your nominated to the position.

- Example: Maria Lopez was nominated by the Governor to serve on a state agency board that is subject to state date Maria's nomination is submitted to the Senate. Maria must report investments, interests in real property, and business positions she holds on that date, and income (including loans, gifts, and travel payments) received during the 12 months prior to that date.

applicable.

- Report: Investments, interests in real property, and code or amendment must be reported. In addition, income (including loans, gifts, and travel payments) of the code or amendment.

### Annual Statement:

Generally, the period covered is January 1, 2019, through December 31, 2019. If the period covered by 2019, through December 31, between October 1, 2018, and December 31, 2018 or you are combining statements), you must specify the period covered.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2019.

- If your disclosure category changes during a reporting period, disclose under the old category

amendment and disclose under the new disclosure category through the end of the reporting period.

Generally, the period covered is January 1, 2019, through the date you stopped performing the duties of

1, 2019, through the date you stopped performing the

between October 1, 2018, and December 31, 2018, or you are combining statements), the period covered must

The reporting period can cover parts of two calendar years.

- Report: Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2019.

### Candidate Statement:

in real property, and business positions held on the date

In addition, income (including loans, gifts, and travel payments) received during the 12 months prior to the date

change the preprinted dates on Schedules A-1, A-2, and B.

Candidates running for local elective county

position. The code may be obtained from the agency of the elected position.

### Amendments:

an amendment as soon as possible. You are only required to amend the schedule that needs to be revised; it is not

schedules from the FPPC website at [www.fppc.ca.gov](http://www.fppc.ca.gov).

# Where to File

**1. Code Section 87200**  
**(See Reference Pamphlet, page 3):**

a copy of your statement and forward the original to the FPPC.

Filers	Where to File
<b>87200 Filers</b>	
Retired Judges	Your agency The clerk of your court Directly with FPPC Y Your city clerk Your agency
<b>87200 Candidates</b>	
Public Employees' Retirement System (CalPERS) State Teachers' Retirement Board (CalSTRS)	of candidacy City Clerk CalPERS CalSTRS

**Note:** Individuals that invest public funds for a city or . Unlike **not be** forwarded to the FPPC pursuant to Regulation 18753.

**2. Employees, Candidates, and Consultants Designated**

File with your agency, board, or commission unless code. In most cases, the agency, board, or commission will retain the statements.

declaration of candidacy or other nomination documents

**3. Members of Boards and Commissions of Newly Created Agencies:**

File with your newly created agency or with your agency's code reviewing body as provided by your code reviewing body.

State Senate and directly with the FPPC.

Exceptions:

- under any agency'
- statements under any agency' code in the same jurisdiction. For example, a county supervisor who is appointed to serve in an agency with obligations.

**4. Positions Not Y interest Code**

An individual hired for a position not yet covered under an agency' individual serves in a position that makes or participates in making governmental decisions. These individuals must is amended to include the new position unless the agency has provided in writing a limited disclosure requirement. Agencies may use FPPC Form 804 for this disclosure.

Regulation 18734.

# When to File

Filer	Deadline
	<b>30 days</b>
in Gov. Code Section 87200  <b>or</b> Newly created board and commission members not interest code	<b>30 days</b>  <b>or</b> <b>10 days</b> after appointment or nomination if subject to Senate or judicial
Other appointed positions (including those held by newly-hired employees) that are or of interest code	<b>30 days</b> (30 days after appointment or nomination if subject to Senate
Positions newly added to a interest code	<b>30 days</b> date of the code or code amendment

Exceptions:

- 
- 
- are reelected or reappointed), you are not required to
- . Code Section 87200 and, within 45 days, you assume another
- the same jurisdiction (for example, a city planning commissioner elected as mayor), you are not required
- If you transfer from one designated position to another designated position within the same agency, contact obligations.

**\$10 per day per position up to \$100 for each day the statement is late.**

**Annual Statements:**

1. state legislature, members elected to the Board of Administration of the California Public Employees' Retirement System and members elected to the Teachers' Retirement Board);  
Judges and court commissioners; and  
  
Gov. Code Section 87200:  
File no later than **Monday, March 2, 2020.**
2. . Code Section 87200:  
File no later than **Wednesday, April 1, 2020.**
3. File no later than **Wednesday, April 1, 2020.**
4. File on the date prescribed in the code (April 1 for most

Exception:

December 31, until March 2, 2021, or April 1, 2021, whichever is applicable. The annual statement will cover the day after 2020.  
Incumbent who candidate statements also

## When to File - (continued)

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### Late Statements:

Late statements should be submitted as soon as possible

Exceptions:

- are reelected or reappointed), you are not required to
- . Code Section  
or position in Section 87200 that has the same jurisdiction (for example, a city planning commissioner  
annual statement due.
- If you transfer from one designated position to another designated position within the same agency, contact obligations.

\$100. Late penalties may be reduced or waived under certain circumstances.

referred to the FPPC's Enforcement Division (and, in some cases, to the Attorney General or District Attorney) for investigation and possible prosecution. In addition to the

\$5,000 per violation may be imposed.

### Candidate Statements:

in Gov

for the declaration of candidacy or other nomination documents.

Exception:

A an statement for the same jurisdiction **within 60 days** candidacy or other nomination documents.

# T

The instructions located on the back of each schedule describe the types of interests that must be reported. The purpose of this section is to explain other terms used in

schedules or elsewhere.

**Blind Trust:** See Trusts, Reference Pamphlet, page 16.

**Business Entity:** Any organization or enterprise operated

business trust, joint venture, syndicate, corporation, or association. This would include a business for which you take business deductions for tax purposes (for example, a small business operated in your home).

**Code Filer:** An individual who has been designated in a state or local agency' statements of economic interests.

An individual hired on or after January 1, 2019 for a position not yet covered under an agency'

in a position that makes or participates in making governmental decisions.

the broadest disclosure category until the code is amended to include the new position unless the agency has provided in writing a limited disclosure requirement. Agencies may use FPPC Form 804 for such disclosure. See Regulation 18734.

**Commission Income:** "Commission income" means gross payments of \$500 or more received during the period covered by the statement as a broker, agent, or salesperson, including insurance brokers or agents, real estate brokers or agents, travel agents or salespersons, stockbrokers, and retail or wholesale salespersons, among others.

In addition, you may be required to disclose the names of sources of commission income if your pro rata share of the gross income was \$10,000 or more from a single source during the reporting period. If your spouse or registered domestic partner received commission income, you would disclose your community property share (50%) of that income (that is, the names of sources of \$20,000 or more in gross commission income received by your spouse or registered domestic partner).

Report commission income as follows:

- If the income was received through a business entity in which you and your spouse or registered domestic partner had a 10% or greater ownership interest (or if you receive commission income on a regular basis as an independent contractor or agent), use Schedule A-2.
- If the income was received through a business entity in which you or your spouse or registered domestic partner **did not receive commission income on a regular basis** or you had a less than 10% ownership interest, use Schedule C.

The "source" of commission income generally includes all parties to a transaction, and each is attributed the full value of the commission.

Examples:

- You are a partner in Jameson and Mulligan Insurance Company and have a 50% ownership interest in the company. You sold two Businessmen's Insurance Company policies to XYZ Company during the reporting period. You received commission income of second. On Schedule A-2, report your partnership interest in and income received from Jameson and Mulligan Insurance Company in Parts 1 and 2. In Part 3, list both Businessmen's Insurance Company and XYZ Company as sources of \$10,000 or more in commission income.
- You are a stockbroker for Prince Investments, but you You receive commission income on a regular basis through the sale of stock to clients. Your total gross income from your employment with Prince Investments was over \$100,000 during the reporting period. On Schedule A-2, report your name as the name of the business entity in Part 1 and the gross income you have received in Part 2. (Because you are an employee of Prince Investments, you do not need to complete the information in the box in Part 1 indicating the general description of business activity, fair market value, or nature of investment.) In Part 3, list Prince Investments and the names of any clients who were sources of \$10,000 or more in commission income to you.
- You are a real estate agent and an independent contractor under Super Realty. On Schedule A-2, Part 1, in addition to your name or business name, complete the business entity description box. In Part 2, identify your gross income. In Part 3, for each transaction that resulted in commission income to you of \$10,000 or more, you must identify the brokerage entity, each person you represented, and any person's or other referral fee for referring a party to the transaction to the broker.

Note: If your pro rata share of commission income from a single source is \$500 or more, you may be required to

income, even though you are not required to report the income. (See *Reference Pamphlet, page 12.*)



**T** (continued)

A  
 Act when all of the following occur:  
 •  
 decision;  
 •  
 s economic interest;  
 • s economic interest will be material; and  
 • s economic interest occur generally.

The Act requires every state code. The code may be contained in a regulation, policy statement, or a city or county ordinance, resolution, or other document.

An agency' who make or participate in making governmental decisions These individuals

interest occur.

only the kinds of personal economic interests he or she are limited to reviewing contracts for supplies, equipment, materials, or services provided to the agency should be required to report only those interests he or she holds s contracts for supplies, equipment, materials, or services.

**Consultant:** An individual who contracts with or whose employer contracts with state or local government agencies and who makes, participates in making, or acts The agency determines who is a consultant. Consultants may

under full disclosure unless the agency provides in writing a limited disclosure requirement. Agencies may use FPPC Form 805 to assign such disclosure. The obligation to providing services to the agency, not on the business or

individual who makes a governmental decision whether to:

- Approve a rate, rule, or regulation
- Adopt or enforce a law
- Issue, deny, suspend, or revoke any permit, license, , or similar authorization or entitlement
- Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval
- Grant agency approval to a contract that requires agency approval and to which the agency is a party, or
- Grant agency approval to a plan, design, report, study, or similar item
- Adopt, or grant agency approval of, policies, standards, or guidelines for the agency or for any of its subdivisions

A capacity with the agency and:

- participates in making a governmental decision; or
- performs the same or substantially all the same duties for the agency that would otherwise be performed by an s

**Designated Employee:**

or local government agency whose position has been designated in the agency' statements of economic interests or whose position has not yet been listed in the code but makes or participates in making governmental decisions. Individuals who contract with government agencies (consultants) may also be

A capacity on a state or local government agency is not a designated employee.

**Disclosure Categories:** The section of an agency's

must disclose on their statements of economic interests. Disclosure categories are usually contained in an appendix agency to obtain a copy of your disclosure categories.

**T****(continued)**

bonds, or money market instruments that are managed by investment companies whose business is pooling the money of many individuals and investing it to seek a common investment goal. Mutual funds are managed by trained professionals who buy and sell securities. A typical mutual fund will own between 75 to 100 separate securities at any given time so they also provide instant

*Only diversified mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 are exempt from disclosure.* In addition, Regulation 18237 provides an exception from reporting other funds that are similar to

13.)

the Governor, Lieutenant Governor, Attorney General, Insurance Commissioner, State Controller, Secretary of State, State Treasurer, Superintendent of Public Instruction, members of the State Legislature, members of the State Board of Equalization, elected members of the Board of Administration of the California Public Employees' Retirement System and members elected to the Teachers' Retirement Board.

**Enforcement:** The FPPC investigates suspected violations of the Act. Other law enforcement agencies (the Attorney General or district attorney) also may initiate investigations under certain circumstances. If violations are found, the Commission may initiate administrative enforcement

violation.

Instead of administrative prosecution, a civil action may be brought for negligent or intentional violations by the appropriate civil prosecutor (the Commission, Attorney General, or district attorney), or a private party residing within the jurisdiction. In civil actions, the measure of damages is up to the amount or value not properly reported.

provisions of the Act also may be subject to agency discipline, including dismissal.

Finally, a knowing or willful violation of any provision of the Act is a misdemeanor. Persons convicted of a

date of the conviction from serving as a lobbyist or running

be imposed. The Act also provides for numerous civil penalties, including monetary penalties and damages, and injunctive relief from the courts.

#### **Expanded Statement:**

council member who also holds a designated position with a county agency or employees may complete one expanded statement covering the disclosure requirements for all positions and

**Fair Market Value:** When reporting the value of an investment, interest in real property, or gift, you must disclose the fair market value – the price at which the item would sell for on the open market. This is particularly important when valuing gifts, because the fair market value

to provide the gift. For example, the wholesale cost of a

may be \$25 or more. In addition, there are special rules for valuing free tickets and passes. Call or email the FPPC for assistance.

#### **Gift and Honoraria Prohibitions**

##### **Gifts:**

Code  
Section 87200 (except judges – see below), candidates

were prohibited from accepting a gift or gifts totaling more than \$470 in a calendar year from a single source in 2018. The gift limit is \$500 in 2019 and 2020.

In addition, elected \_\_\_\_\_

\_\_\_\_\_ state agencies are subject to a \$10 per calendar month limit on gifts from

of State.

##### **Honoraria:**

Code  
Section 87200 (except judges – see below), candidates

and employees of state and local government agencies

prohibited from accepting honoraria for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

**T****(continued)**

## Exceptions:

- Some gifts are not reportable or subject to the gift and honoraria prohibitions, and other gifts may not be subject to the prohibitions, but are reportable. For detailed information, see the FPPC fact sheet entitled "Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans," which can be obtained from your [www.fppc.ca.gov](http://www.fppc.ca.gov)).
  - The gift limit and the honorarium prohibitions do not apply to a part-time member of the governing board of a public institution of higher education, unless the
  - If you are designated in a state or local government agency' honorarium prohibition are applicable only to sources you would otherwise be required to report on your statement of economic interests. However, this exception is not applicable if you also hold a position listed in Gov. Code Section 87200 (See Reference Pamphlet, page 3.)
  -
- agency. This exception is not applicable if you are an State Legislature.
- Payments for articles published as part of the practice teaching, are not considered honoraria. A payment for an "article published" that is customarily provided in connection with teaching includes text book royalties and payments for academic tenure review letters. An profession of teaching if he or she is employed to teach at an accredited university.

## Judges:

Section 170.9 of the Code of Civil Procedure imposes gift limits on judges and prohibits judges from accepting any honorarium. Section 170.9 is enforced by the Commission on Judicial Performance. The FPPC has no authority to interpret or enforce the Code of Civil Procedure. Court commissioners are subject to the gift limit under the Political Reform Act.

**Income Reporting:** Reporting income under the Act is

The Act requires **gross** income (the amount received before deducting losses, expenses, or taxes, as well as income reinvested in a business entity) to be reported.

**Pro Rata Share:** The instructions for reporting income refer to your pro rata share of the income received. Your pro rata share is normally based on your ownership

interest in the entity or property. For example, if you are a sole proprietor, you must disclose 100% of the gross income to the business entity on Schedule A-2. If you own 25% of a piece of rental property, you must report 25% of the gross rental income received. When reporting your community property interest in your spouse's or registered domestic partner's income, your pro rata share is 50% of his or her income.

**Separate Property Agreement:** Generally is required to disclose his or her community property share of his or her spouse' and his or her spouse have a legally separate property

not required to report the spouse's community property share of income, unless the funds are commingled with community funds or used to pay for community expenses or to produce or enhance the separate income of the

**Note:** This reporting exception does not apply to investments and interests in real property. Even if a public

agreement, the spouse's investments and interests in real

of reportable investments and interests in real property s immediate family (spouse, registered domestic partner, and dependent children). community property law.

**Income to a Business Entity:** When you are required to report sources of income to a business entity, sources of rental income, or sources of commission income, you are only required to disclose individual sources of income of \$10,000 or more. However, you may be required to **disqualify** \$500 or more in income, even though you are not required to report them.

## Examples:

- Alice Ruiz is a partner in a business entity. She has a 25% interest. On Schedule A-2, she must disclose 25% of the fair market value of the business entity; 25% of the gross income to the business entity (even though all of the income received was reinvested in the business and she did not personally receive any income from the business); and the name of each source of \$40,000 or more to the business.

**T****(continued)**

- Pat and Mark Johnson, a married couple, own Classic Autos. Income to this business was \$200,000. In determining the amount to report for income on Schedule A-2, Part 2, Mark must include his 50% share (\$100,000) and 50% of his spouse's share (\$50,000). Thus, his reportable income would be \$150,000 and he will check the box indicating \$100,001-\$1,000,000. (See Reference Pamphlet, page 13, for an example of how to calculate the value of this investment and interest in real property.)

**You are not required to report:**

- Salary, reimbursement for expenses or per diem, social security, disability received by you or your spouse or registered domestic partner from a federal, state, or local government agency
- A entity exempt from taxation under Internal Revenue Code Section 501(c)(3) for which you provided equal or greater consideration, such as reimbursement for travel on business for a 501(c)(3) organization for which you are a board member.
- Campaign contributions
- A cash bequest or cash inheritance
- Returns on a security registered with the Securities and Exchange Commission, including dividends, interest, or proceeds from a sale of stocks or bonds unless the
- Redemption of a mutual fund
- Payments received under an insurance policy, including an annuity
- Interest, dividends, or premiums on a time or demand an insurance policy, or a bond or other debt instrument issued by a government agency
- Your spouse's or registered domestic partner's income that is legally "separate" income so long as the funds are not commingled with community funds or used to pay community expenses
- Income of dependent children
- Automobile trade-in allowances from dealers
- Loans and loan repayments received from your spouse or registered domestic partner, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, intermediary or agent for any person not covered by this provision
- Alimony or child support payments
- 

401(a)

- Any loan from a commercial lending institution made in the lender's regular course of business on terms status
- Any retail installment or credit card debts incurred in the creditor's regular course of business on terms available
- Loans made to others. However, repayments may be reportable on Schedule C
- A loan you co-signed for another person unless you made payments on the loan during the reporting period

**Incentive Compensation:** "Incentive compensation" means income over and above salary that is either ongoing or cumulative, or both, as sales or purchases of goods or services accumulate. Incentive compensation is s employer which correlates to the conduct of the purchaser

Incentive compensation does not include:

- Salary
- Commission income (*For information regarding disclosure of "commission income," see Reference Pamphlet, page 8.*)
- Bonuses for activity not related to sales or marketing, the amount of which is based solely on merit or hours worked over and above a predetermined minimum
- Executive incentive plans based on company performance, provided that the formula for determining the amount of the executive's incentive income does not include a correlation between that amount and company
- Payments for personal services which are not marketing or sales

three of the following apply:

- s employment responsibilities include directing sales or marketing activity toward the purchaser; and
- or business; and
- there is a direct relationship between the purchasing activity of the purchaser and the amount of the

**T****(continued)**

Report incentive compensation as follows:

- In addition to salary, reimbursement of expenses, and other income received from your employer, separately report on Schedule C the name of each person who purchased products or services sold, marketed or represented by you if you received incentive compensation of \$500 or more attributable to the purchaser during the period covered by the statement.
- If incentive compensation is paid by your employer in

customers, you must determine the amount of incentive compensation attributable to each of your customers. This may be based on the volume of sales to those customers.

(See Regulations 18700.1 and 18728.5 for more information.)

**Investment Funds:** The term “investment” no longer includes certain exchange traded funds, closed-end funds, or funds held in an Internal Revenue Code qualified plan. These non-reportable investment funds (1) must be bona fide investment funds that pool money from more than 100 investors, (2) must hold securities of more than 15 issuers, and (3) cannot have a stated policy of concentrating their holdings in the same industry or business (“sector funds”). In addition, the filer may not influence or control the decision to purchase or sell the specific fund on behalf of his or her agency during the reporting period or influence or control the selection of any specific investment purchased or sold by the fund. (Regulation 18237)

**Investments and Interests in Real Property:** When disclosing investments on Schedules A-1 or A-2 and interests in real property on Schedules A-2 or B, you must include investments and interests in real property held by your spouse or registered domestic partner, and those held by your dependent children, as if you held them directly.

Examples:

- Julia Pearson, husband, and two dependent children each own \$600 in stock in General Motors. Because the total value of their holdings is \$2,400, Julia must disclose the stock as an investment on Schedule A-1.
- Pat and Mark Johnson, a married couple, jointly own Classic Autos. Mark must disclose Classic Autos as an investment on Schedule A-2. To determine the reportable value of the investment, Mark will aggregate the value of his 50% interest and Pat’s 50% interest. Thus, if the total value of the business entity is \$150,000, he will check the box \$100,001 - \$1,000,000 in Part 1 of Schedule A-2. (Also see Reference Pamphlet, page 11, for an example of how to calculate reportable income.)

The Johnsons also own the property where Classic Autos is located. To determine the reportable value of the real property, Mark will again aggregate the value of his 50% interest and Pat’s 50% interest to determine the amount to report in Part 4 of Schedule A-2.

- Katie Lee rents out a room in her home. She receives \$6,000 a year in rental income. Katie will report the fair market value of the rental portion of her residence and the income received on Schedule B.

**Jurisdiction:** Report disclosable investments and sources of income (including loans, gifts, and travel payments) that are either located in or doing business in your agency’s jurisdiction, are planning to do business in your agency’s jurisdiction, or have done business during the previous two years in your agency’s jurisdiction, and interests in real property located in your agency’s jurisdiction.

A business entity is doing business in your agency’s jurisdiction if the entity has business contacts on a regular or substantial basis with a person who maintains a physical presence in your jurisdiction.

Business contacts include, but are not limited to, manufacturing, distributing, selling, purchasing, or providing services or goods. Business contacts do not include marketing via the Internet, telephone, television, radio, or printed media.

The same criteria are used to determine whether an individual, organization, or other entity is doing business in your jurisdiction.

Exception:

Gifts are reportable regardless of the location of the donor.

must report gifts from sources located outside of California.

disclosure categories to determine if the donor of a gift is of the type that must be disclosed.)

When reporting interests in real property, if your jurisdiction is the state, you must disclose real property located within the state of California unless your agency’

For local agencies, an interest in real property is located in your jurisdiction if any part of the property is located in, or within two miles of, the region, city, county, district, or other geographical area in which the agency has jurisdiction, or if the property is located within two miles of any land owned or used by the agency.

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(continued)

See the following explanations to determine what your jurisdiction is:

\_\_\_\_\_ All Courts: Your jurisdiction is the state \_\_\_\_\_, a state legislator, or

candidates, and court commissioners also have statewide jurisdiction. (*In re Baty* (1979) 5 FPPC Ops. 10) If you

board, commission, or agency, or of any court or the State Legislature, your jurisdiction is the state.

\_\_\_\_\_ Your jurisdiction is the county if you are

county agency or any agency with jurisdiction solely within a single county.

\_\_\_\_\_ Your jurisdiction is the city if you are an

any agency with jurisdiction solely within a single city.

\_\_\_\_\_ ,  
a multi-county agency, your jurisdiction is the region, district, or other geographical area in which the agency has jurisdiction. (Example: A water district has jurisdiction in a portion of two counties. Members of the board are only required to report interests located or doing business in that portion of each county in which the agency has jurisdiction.)

Other (for example, school districts, special districts and JP

employee of, or a consultant to an agency not covered above, your jurisdiction is the region, district, or other geographical area in which the agency has jurisdiction. See the multi-county example above.

**Leasehold Interest:** The term “interest in real property” includes leasehold interests. An interest in a lease on real property is reportable if the value of the leasehold interest is \$2,000 or more. The value of the interest is the total amount of rent owed by you during the reporting period or,

prior 12 months.

You are not required to disclose a leasehold interest with a value of less than \$2,000 or a month-to-month tenancy.

**Loan Reporting:** Filers are not required to report loans from commercial lending institutions or any indebtedness created as part of retail installment or credit card transactions that are made in the lender’s regular course

available to members of the public.

**Loan Restrictions:** State and local elected and appointed

consultant of their government agencies or any government s agency has direction or control. In addition, loans of more than \$250 s control are prohibited unless the loan is from a commercial lending institution or part of a retail installment or credit card transaction made in the regular course of business on terms available to members of the public.

receiving any personal loan of \$500 or more unless the loan agreement is in writing and clearly states the terms of the loan, including the parties to the loan agreement, the date, amount, and term of the loan, the date or dates when payments are due, the amount of the payments, and the interest rate on the loan.

Campaign loans and loans from family members are not subject to the \$250 and \$500 loan prohibitions.

A repaid or is being repaid below certain amounts will

Contact the FPPC for further information, or see the FPPC fact sheet entitled “Limitations and Restrictions on Gifts, Honoraria, Travel, and Loans,” which can be obtained from ([www.fppc.ca.gov](http://www.fppc.ca.gov)).

**Privileged Information:** FPPC Regulation 18740 sets out specific procedures that must be followed in order to withhold the name of a source of income. Under this regulation, you are not required to disclose on Schedule A-2, Part 3, the name of a person who paid fees or made payments to a business entity if disclosure of the name would violate a legally recognized privilege under California or Federal law. However, you must provide an explanation for nondisclosure, separately stating for each undisclosed person: the legal basis for the assertion of the privilege, facts demonstrating why the privilege is applicable, and that to the best of your knowledge you have not and will not make, participate in making, or use your official position to influence a governmental decision affecting the undisclosed person in violation of Government Code Section 87100. This explanation may be included with, or attached to, the public official’s Form 700.

We note that the name of a source of income is privileged only to a limited extent under California law. For example, a name is protected by attorney-client privilege only when facts concerning an attorney’s representation of an anonymous client are not publicly known and those facts,

**T****(continued)**

when coupled with disclosure of the client's identity,

civil or criminal liability. A patient's name is protected by physician-patient privilege only when disclosure of the patient's name would also reveal the nature of the treatment received by the patient. A patient's name is also protected if the disclosure of the patient's name would constitute a violation by an entity covered under the Federal Health Insurance Portability and Accountability Act (also known as HIPAA).

Individuals who invest public funds in revenue-producing  
This includes individuals  
who direct or approve investment transactions, formulate  
or approve investment policies, and establish guidelines

the following:

- Members of boards and commissions, including pension and retirement boards or commissions, and committees thereof, who exercise responsibility for the management of public investments;
- who exercise primary responsibility for the management of public investments (for example, chief or principal
- Individuals who, pursuant to a contract with a state or local government agency, perform the same or substantially all the same functions described above.

**Registered Domestic Partners:** Filers must report investments and interests in real property held by, and sources of income to, registered domestic partners. (See Regulation 18229.)

**Retirement Accounts (for example, deferred compensation and individual retirement accounts (IRAs)):** Assets held in retirement accounts must be disclosed if the assets are reportable items, such as common stock (investments) or real estate (interests in real property). For help in determining whether your investments and real property are reportable, see the instructions to Schedules A-1, A-2, and B.

If your retirement account holds reportable assets, disclose only the assets held in the account, not the account itself. You may have to contact your account manager to determine the assets contained in your account.

**Schedule A-1:** Report any business entity in which the value of your investment interest was \$2,000 or more during the reporting period. (Use Schedule A-2 if you have a 10% or greater ownership interest in the business entity.)

**Schedule B:** Report any piece of real property in which the value of your interest was \$2,000 or more during the reporting period.

Examples:

- Anaya Tiwari deposits \$500 per month into her employer's deferred compensation program. She has

funds registered with the Securities and Exchange Commission. Because her funds are invested solely in non-reportable mutual funds (see Schedule A-1 instructions), Anaya has no disclosure requirements with regard to the deferred compensation program.

- Earl James Jones has \$6,000 in an individual  
The  
account contains stock in several companies doing  
business in his jurisdiction. One of his stock holdings,  
Misac Computers, reached a value of \$2,500 during the  
reporting period. The value of his investment in each of  
the other companies was less than \$2,000. Earl must  
report Misac Computers as an investment on Schedule  
A-1 because the value of his stock in that company was  
\$2,000 or more.
- Adriane Fisher has \$5,000 in a retirement fund that  
invests in real property located in her jurisdiction. The  
value of her interest in each piece of real property held  
in the fund was less than \$2,000 during the reporting  
period. Although her retirement fund holds reportable  
assets, she has no disclosure requirement because she  
did not have a \$2,000 or greater interest in any single  
piece of real property. If, in the future, the value of her  
interest in a single piece of real property reaches or  
exceeds \$2,000, she will be required to disclose the  
real property on Schedule B for that reporting period.

**T****(continued)**

**Trusts:** Investments and interests in real property held and income received by a trust (including a living trust) are reported on Schedule A-2 if you, your spouse or registered domestic partner, and your dependent children together had a 10% or greater interest in the trust and your pro rata share of a single investment or interest in real property was \$2,000 or more.

You have an interest in a trust if you are a trustor and:

- Can revoke or terminate the trust;
- Have retained or reserved any rights to the income or principal of the trust or retained any reversionary or remainder interest; or
- Have retained any power of appointment, including the

\_\_\_\_\_ and:

- Presently receive income (see Gov. Code Section 82030); or
- Have an irrevocable future right to receive income or principal. (See FPPC Regulation 18234 for more information.)

Examples:

- Sarah Murphy has set up a living trust that holds her principal residence, stock in several companies that do business in her jurisdiction, and a rental home in her agency's jurisdiction. Since Sarah is the trustor and can revoke or terminate the trust, she must disclose any stock worth \$2,000 or more and the rental home on Schedule A-2. Sarah's residence is not reportable because it is used exclusively as her personal residence.
- Chao Y trust. However, Chao does not presently receive income from the trust, nor does he have an irrevocable future right to receive income or principal. Therefore, Chao is not required to disclose any assets contained in his grandparents' trust.

**Blind Trusts:**

A blind trust is a trust managed by a disinterested trustee who has complete discretion to purchase and sell assets

interest in a blind trust, you may not be required to disclose your pro rata share of the trust's assets or income.

However, the trust must meet the standards set out in FPPC Regulation 18235, and you must disclose reportable assets originally transferred into the blind trust and income from those original assets on Schedule A-2 until they have been disposed of by the trustee.

**Trustees:**

If you are only a trustee, you do not have a reportable interest in the trust. However, you may be required to report the income you received from the trust for performing trustee services.

**Wedding Gifts:** Wedding gifts must be disclosed if they were received from a reportable source during the period covered by the statement. Gifts valued at \$50 or more are reportable; however, a wedding gift is considered a gift to both spouses equally. Therefore, you would count one-half of the value of a wedding gift to determine if it is reportable and need only report individual gifts with a total value of \$100 or more.

For example, you receive a place setting of china valued at \$150 from a reportable source as a wedding gift. Because the value to you is \$50 or more, you must report the gift on Schedule D, but may state its value as \$75.

Wedding gifts are not subject to the \$ 500 gift limit, but

**Privacy Information Notice**

Information requested on all FPPC forms is used by the FPPC to administer and enforce the Political Reform Act (Gov. Code Sections 81000-91014 and California Code of Regulations Sections 18110-18997). All information required by these forms is mandated by the Political Reform Act. Failure to provide all of the information required by the Act is a violation subject to administrative, criminal, or civil prosecution. All reports and statements provided are public records open for public inspection and reproduction.

If you have any questions regarding this Privacy Notice or how to access your personal information, please contact the FPPC at:

General Counsel  
Fair Political Practices Commission  
1102 Q Street, Suite 3000  
Sacramento, CA 95811  
(916) 322-5660  
(866) 275-3772



## California Fair Political Practices Commission

# Frequently Asked Questions: Form 700 Disclosure

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The FAQs listed below are selected from questions often asked about the Statement of Economic Interests (Form 700). Because it is not possible to address all of the unique variables and circumstances related to disclosure, individuals are encouraged to contact the FPPC with specific facts. Most officials must also consult their agency's conflict of interest code to determine their disclosure level and their reportable interests. The Form 700 is a public document. Form 700s filed by State Legislators and Judges, members of the FPPC, County Supervisors, and City Council Members are available on the FPPC's website.

### General Questions

1. Q. Do officials have to complete all schedules of the Form 700?
  - A. Not necessarily. The majority of individuals who file the Form 700 must do so by following the rules set forth in their agency's conflict of interest code ("designated employees"). Before completing the Form 700, an official should be familiar with the disclosure category for his or her position. For example, since job duties differ from agency to agency and even unit to unit within the same agency, an analyst for one agency, or unit of that agency, may not have the same reporting requirements as an analyst from another agency, or even another unit of the same agency. **Designated employees should obtain a copy of their agency's conflict of interest code from the agency.**

Officials listed in Government Code Section 87200 (e.g., boards of supervisors, city council members, planning commissioners, elected state officials, etc.) must report investments, business positions, and sources of income, including receipt of gifts, loans, and travel payments, from sources located in or doing business in their agency's jurisdiction. All interests in real property within the agency's jurisdiction must also be reported. For local officials, real property located within two miles of the boundaries of the jurisdiction or any real property that the agency has an interest in is deemed to be "within the jurisdiction."
2. Q. Is it necessary to read all of the information before completing the Form 700?
  - A. Each individual must verify the Form 700's content under penalty of perjury. Therefore, every effort must be made to understand what the form requires. When necessary, you may contact the FPPC for specific guidance. You may only obtain immunity from a potential enforcement action when you receive formal written advice.
3. Q. Where are the Form 700s filed?
  - A. Most state and local officials file with their agency. In most instances, the agency is required to forward the originals for specified high-level officials to the FPPC. Only retired judges serving on assignment and legislative staff file the Form 700 *directly* with the FPPC.

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4. Q. If the Form 700 is postmarked by the due date, is it considered filed on time?
- A. Yes.
5. Q. If an official holds various positions for which the Form 700 is required, is a statement required for each position?
- A. Yes. However, one expanded statement covering the disclosure requirements for all positions may be completed as long as an originally signed statement is filed with each filing officer.
6. Q. Do individuals need to file a complete Form 700 when they leave office?
- A. Yes. The same requirements apply for the assuming office, the annual, and the leaving office filings.
7. Q. An individual is hired into a newly created management position in her agency's Information Technology Department. How does she complete the Form 700?
- A. Because it is a newly created position, the law requires that economic interests be reported under the broadest disclosure category in the agency's conflict of interest code unless the agency sets interim disclosure that is tailored to the limited range of duties of the position. An individual may request that the agency complete the Form 804 (Agency Report of New Positions) to tailor the disclosure category to the job duties of the new position. Generally, the Form 700 must be filed with the agency within 30 days of the date of hire.
8. Q. Must board members of a non-profit public benefit corporation that operates California charter schools file Form 700?
- A. Yes. Members of charter schools are public officials and must file the Form 700.

### **Income Questions**

9. Q. Must an official report a spouse's or registered domestic partner's salary?
- A. Generally an official is required to report his or her community property share (50%) of his or her spouse's or registered domestic partner's salary. The disclosure lists the employer's name as the source of income on Schedule C of the Form 700. If the spouse or registered domestic partner is self-employed, the business entity is reported on Schedule A-2. Officials should check their disclosure category, if applicable, to determine if the income is reportable. A spouse or registered domestic partner's government salary is not reportable (e.g., spouse is a teacher at a public school).
10. Q. If an official and his or her spouse have a legally separate property agreement (e.g., prenuptial), must the official still report his or her community property share (50%) in his or her spouse's income?
- A. No. If there is a legally separate property agreement, the official is not required to report his or her community property share in his or her spouse's income so long as the funds are not commingled with community funds or used to pay for community expenses or to produce or enhance the official's separate income. This reporting exception does not apply to investments and interests in real property. Even if a public official and his or her spouse have a separate property agreement, the spouse's investments and interests in real property must still be

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disclosed because the definitions of reportable investments and interests in real property include those held by the official's immediate family (spouse, registered domestic partner, and dependent children). These definitions are not dependent on community property law.

11. Q. If an official owns a business in which he has received income of \$10,000 or more from a client, is the official required to disclose the client's name on Schedule A-2, Part 3?
- A. Yes, except for under rare circumstances where disclosure of the identity would violate a legally recognized privilege under California or federal law. In these cases, the FPPC may authorize an exemption. (Regulation 18740)
12. Q. When an official purchases a new car and trades in the old car as credit toward the purchase price, is the trade-in allowance considered reportable income on the Form 700?
- A. No. A trade-in allowance is not considered income and is not reportable on an official's Form 700. However, income received from the sale of an auto may be reportable.
13. Q. An official owns a rental property that he or she is required to report. The renter/tenant pays a property management company and the company deposits the funds into the official's checking account. Would the source of rental income be listed as the property management company or the person living at the residence who is paying the property management company?
- A. The source of the rental income is the person living at the residence (renter/tenant). The property management company does not need to be disclosed.

### **Investment Questions**

14. Q. An official holds various stocks through an account managed by an investment firm. The account manager decides which stocks to purchase with no input from the official. Are the stocks subject to disclosure?
- A. Yes. Unless the stocks are in a diversified mutual fund registered with the SEC or in a fund similar to a diversified mutual fund (e.g., exchange traded fund (ETF)) if the similar fund meets the specific criteria outlined in Regulation 18237. Any investments worth \$2,000 or more in a business entity located in or doing business in the jurisdiction must be disclosed on Schedule A-1 or A-2 if the official's disclosure category requires that the investments be reported.
15. Q. Are funds invested in a retirement account required to be disclosed?
- A. Investments held in a government defined-benefit pension program plan (e.g., CalPERS) are not reportable. Investments held in a fund such as a defined contribution plan 401(k) or exchange traded fund (ETF) are not required to be disclosed if the fund meets the specific criteria outlined in Regulation 18237. An official may need to contact his or her account manager for assistance in determining what assets are held in the account.
16. Q. If an official reported stocks that were acquired last year on his or her annual Form 700, must the stocks be listed again on the official's next Form 700?
- A. Yes. Stocks that are worth \$2,000 or more during the reporting period must be reported every year that they are held. The "acquired" and "disposed" dates are only required if the stocks were acquired or disposed of during the period covered by the Form 700.

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17. Q. How are interests in a living trust reported if the trust includes: (1) rental property in the official's jurisdiction; (2) a primary residence; and (3) investments in diversified mutual funds? Are there different disclosure rules?
- A. The name of the trust is reported, along with the rental property and its income, on Schedule A-2. The official's primary residence, if used exclusively as a personal residence, and investments in diversified mutual funds registered with the SEC, are not reportable. Although the official's primary residence is not required to be disclosed on the Form 700, it is still considered an economic interest for conflict of interest purposes. (See Question 18.) A secondary residence not used exclusively for personal purposes may be reportable. (See Question 19.)
18. Q. A Form 700 filer has a 10% or greater ownership interest in a company that provides uncompensated, pro-bono, or volunteer services within the filer's jurisdiction. Must this investment be disclosed on Schedule A-2 of the Form 700?
- A. Yes. An investment must be disclosed if there is any financial interest in a business entity that does business or plans to do business within the jurisdiction (See Government Code 82034). Although the services are uncompensated, "doing business in" is defined as having business contacts on a regular or substantial basis including providing services or goods (Regulation 18230).

### **Real Property Questions**

19. Q. Is an official's personal residence reportable?
- A. Generally, any personal residence occupied by an official or his or her family is not reportable if used exclusively as a personal residence. However, a residence for which a business deduction is claimed is reportable if the portion claimed as a tax deduction is valued at \$2,000 or more. In addition, any residence for which an official receives rental income is reportable if it is located in the jurisdiction.
20. Q. When an official is required to report interests in real property, is a secondary residence reportable?
- A. It depends. First, the residence must be located in the official's jurisdiction. If the secondary residence is located in the official's jurisdiction and rental income is received (including from a family member), the residence is reportable. However, if the residence is used exclusively for personal purposes and no rental income is received, it is not reportable. Although the secondary residence may not be reportable, it is still considered an economic interest for conflict of interest purposes.
21. Q. If a primary or secondary personal residence is required to be reported, is the street address required to be disclosed?
- A. No. The assessor's parcel number may be listed instead of the street address.

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### Enforcement Question

22. Q. What is the penalty for not filing the Form 700 on time or not reporting all required economic interests?
- A. A late fine of \$10 per day up to a maximum of \$100 may be assessed. In addition, if a matter is referred to the FPPC's Enforcement Division for failure to file or failure to include all required economic interests, the fine may be substantially higher. If an individual does not pay a fine, the matter may be referred to the Franchise Tax Board for collection.

### Gift/Travel Questions

23. Q. What is the gift limit for 2019-2020?
- A. **\$500**: This means that gifts from a single, reportable source, other than a lobbyist or lobbying firm (see below), may not exceed \$500 in a calendar year. For officials and employees who file the Form 700 under an agency's conflict of interest code ("designated employees"), this limit applies only if the official or employee would be required to report income or gifts from that source on the Form 700, as outlined in the "disclosure category" portion of the agency's conflict of interest code. For conflict of interest purposes, the gift must be under \$500 to avoid consideration under the conflict rules.

#### **State Lobbyist & Lobbying Firm Limit:**

**\$10**: State candidates, state elected officers, and state legislative officials may not accept gifts aggregating more than **\$10 in a calendar month that are made or arranged by a registered state lobbyist or lobbying firm**. The same rule applies to state agency officials, including members of state boards and commissions, if the lobbyist or firm is registered to lobby, or should be registered to lobby, the official's or employee's agency.

24. Q. During the year, an official received several gifts of meals from the same reportable source. Each meal was approximately \$35. Is the source reportable?
- A. Yes. Gifts from the same reportable source are aggregated, and the official must disclose the source when the total value of all meals reaches or exceeds \$50.
25. Q. How does an individual return a gift so that it is not reportable?
- A. Unused gifts that are returned to the donor or reimbursed within 30 days of receipt are not reportable. The recipient may also donate the unused item to a charity or a governmental agency within 30 days of receipt or acceptance so long as the donation is not claimed as a tax deduction. An individual may not, however, reimburse a charity for the value (or partial value) of a gift from another source, in order to not report the gift, unless the charity was the original source of the gift.
26. Q. Two people typically exchange gifts of similar value on birthdays. Are these items reportable?
- A. No. Gift exchanges with individuals, other than lobbyists, on birthdays, holidays, or similar occasions, are not reportable or subject to gift limits. The gifts exchanged must be similar in value.

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27. Q. Must an official report gifts received from an individual whom the official is dating?
- A. No. Gifts of a personal nature exchanged because the individuals are in a bona fide dating relationship are not reportable or subject to gift limits. However, the official remains subject to the conflict of interest rules and some matters may require recusal from voting.
28. Q. If an official makes a speech related to national public policy and his or her spouse attends the dinner at the event, is the spouse's meal considered a gift to the official?
- Yes. The official's meal is not a reportable gift; however, his or her spouse's meal is a gift and reportable on the official's Form 700 if the value is \$50 or more.
29. Q. A vendor that does business with the agency provided entertainment tickets to the spouse of one of the agency members. Must the member report the tickets as gifts?
- A. Yes. Unless an exception applies, the tickets are a reportable gift. A gift to an official's spouse is a gift to the official when there is no established working, social, or similar relationship between the donor/vendor and the spouse or there is evidence to suggest that the donor had a purpose to influence the official.
30. Q. An agency received two free tickets to a concert from a local vendor. The agency has a policy governing the reporting of tickets and passes distributed to persons for use in ceremonial roles or other agency related activities. The agency had discretion to determine who in the agency received the tickets. Each ticket was valued at \$140. If the agency director used the tickets, how are they reported?
- A. Assuming the tickets meet the agency's policy as an appropriate use of public funds, the agency may report the tickets (worth \$280) on the Form 802 (Agency Report of Ceremonial Role Events and Ticket/Pass Distributions), which is a public record. The director does not need to report the tickets on the Form 700.
31. Q. An agency received a large box of chocolates as a holiday gift from a local merchant. It was addressed to the agency and not to a particular employee. Is there a reporting requirement?
- A. No. There is no reporting requirement if the value received by each agency employee is less than \$50.
32. Q. An agency official receives a gift basket specifically addressed to the official worth more than \$50 from a local merchant. Is there a reporting requirement?
- A. If the source of the gift basket is reportable by the official, the official must report the gift, even if he or she shares the gift with other agency employees.
33. Q. Do prizes donated to a governmental agency by an outside source constitute gifts under the Act if they were received by city employees in a drawing conducted by the city for all city employees participating in the city's charitable food drive?
- A. Yes. The prizes are gifts if donated by an outside source and subject to the Act's limits and reporting requirements.

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34. Q. An official won a scholarship in a raffle at a software update training class. The scholarship covered the cost of the class. All attendees, including other public officials and members of the public, were eligible to apply for the scholarship. Is the official required to report the scholarship as a gift?
- A. A scholarship received in a “bona fide” competition may be reported as income instead of a gift. Whether or not a competition or contest is “bona fide” depends on specific facts, such as the nature of the pool of contestants. Contact the FPPC for assistance.
35. Q. Is a ticket provided to an official for his or her admission to an event at which the official performs a ceremonial role or function on behalf of his or her agency reportable on the official’s Form 700?
- A. No, so long as the organization holding the event provides the ticket and so long as the official’s agency completes the Form 802 (Agency Report of Ceremonial Role Events and Ticket/Pass Distributions). The form will identify the official’s name and explain the ceremonial function. (See Regulation 18942.3 for the definition of “ceremonial role.”)
36. Q. An official makes an annual donation to an educational organization that has a 501(c)(3) tax-exempt status. The organization is holding a two-hour donor appreciation event, which will include wine, appetizers, and music. Free access to the event is being provided to all donors to the organization. Must the official report the event as a gift from the organization?
- A. Because free access to the event is offered to all of the organization’s donors, without regard to official status, access to the event is not a reportable gift.
37. Q. Are frequent flyer miles reportable?
- A. No. Discounts received under an airline’s frequent flyer program that are available to all members of the public are not required to be disclosed.

**IMPORTANT NOTE: See Regulation 18950.1 for additional information on reporting travel payments. In some circumstances the agency may report the travel in lieu of the official reporting the travel.**

38. Q. If a non-profit organization pays for an official to travel to a conference after receiving the funds to pay for the travel from corporate sponsors, specifically for the purpose of paying for the official’s travel, is the non-profit organization or the corporate sponsors the source of the gift?
- A. The corporate sponsors are the source of the gift if the corporate sponsors donated funds specifically for the purpose of the official’s travel. Thus, the benefit of the gift received by the official would be pro-rated among the donors. Each reportable donor would be subject to the gift limit and identified on the official’s Form 700. The FPPC should be contacted for specific guidance to determine the true source of the travel payment.

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39. Q. May an official accept travel, lodging and subsistence from a foreign sister city while representing the official's home city?
- A. Yes. If the travel and related lodging and subsistence is paid by a foreign government and is reasonably related to a legislative or governmental purpose, it is not subject to the gift limit. However, the payments must be disclosed as gifts on the Form 700 for this exception to apply. While in the foreign country, any personal excursions not paid for by the official must also be disclosed and are subject to the gift limit. If private entities make payments to the foreign government to cover the travel expenses, the gift limit will apply and travel payments will likely be prohibited. Please contact the FPPC for more information.
40. Q. An analyst for a state or local agency attends a training seminar on the new federal standards related to the agency's regulatory authority. If the analyst's travel payments are paid by the federal agency, must the analyst report the payment on the Form 700?
- A. No. A payment for travel and related per diem received from a government agency for education, training, or other inter-agency programs or purposes, is not considered a gift or income to the official who uses the payment.
41. Q. A state legislator and a planning commissioner were guest speakers at an association's event. Travel expenses were paid by the association, and the event was held in the United States. Is this reportable?
- A. Yes. The payment is reportable, but not subject to the gift limits. In general, an exception applies to payments for travel within the United States that are provided to attend a function where the official makes a speech. These payments are not limited, but are reportable as gifts. The rules require that the speech be reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy; and the travel payment must be limited to actual transportation and related lodging and subsistence the day immediately preceding, the day of, and the day immediately following the speech. (See Government Code Section 89506. Other rules may be applicable if this exception is not used.)
42. Q. An official serves as a board member for two organizations – one has a 501(c)(3) tax-exempt status and the other has a 501(c)(6) tax-exempt status. The organizations pay the official's travel expenses to attend board meetings. Must the official report these travel payments?
- A. Under the Act, travel payments provided to an official by a 501(c)(3) organization are exempt from the definition of "income" and therefore, not reportable. However, travel payments from other organizations, including a 501(c)(6) organization, are likely required to be reported. Designated employees must report such travel payment if the organization is reportable pursuant to the official's disclosure category in his or her agency's conflict of interest code.



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43. Q. The local airport authority issues a certain number of airport parking cards to the County to allow the cardholders to use the parking facilities at the airport at no charge, provided the cardholder is on official business. Must the officials who use the parking cards report a gift on the Form 700?
- A. No. As long as the parking cards are used for official business only, the parking cards do not provide a personal benefit, so no gift is received. If a parking card is used for *personal* purposes, a gift must be reported.

### **Tickets to Non-Profit and Political Fundraisers Questions**

44. Q. An official is offered a ticket from a 501(c)(3) organization to attend its fundraising event. The face value (price) of the ticket is \$500, and the ticket states that the tax deductible portion is \$350. If the official accepts the ticket, what must be reported?
- A. Nothing is required to be reported on the Form 700, so long as the ticket is provided directly by the 501(c)(3) organization for its own fundraising event and is used for the official's own attendance at the fundraiser. In this case, the ticket is deemed to have no value. The official may also accept a second ticket provided directly by the 501(c)(3) organization for his or her guest attending the event, without a reporting obligation by either the official or the guest.
45. Q. What if someone purchases a table at a non-profit fundraiser and offers an official a seat at the table?
- A. If another person or entity provides a ticket, it is a gift and subject to the gift limit. The value is the non-deductible portion on the ticket. If there is no declared face value, then the value is the pro-rata share of the food, catering service, entertainment, and any additional item provided as part of the event. The "no value" exception only applies if the official receives no more than two tickets for his or her own use directly from the 501(c)(3) organization and it is for the organization's fundraising event.
46. Q. A 501(c)(3) organization provides a ticket to an official for its fundraising event. The organization seats the official at a table purchased by a business entity. Does the official have to report the ticket?
- A. No. So long as the ticket is provided directly by the 501(c)(3) organization and is used for the official's own attendance at the fundraiser, the ticket is not reportable regardless of where the official is seated.
47. Q. An agency employee who holds a position designated in its agency's conflict of interest code receives a ticket to a fundraiser from a person not "of the type" listed in the agency's code. Is the agency employee required to report the value?
- A. No. A ticket or any other gift may be accepted under these circumstances without limit or reporting obligations. Agencies must ensure the conflict of interest code adequately addresses potential conflicts of interests but not be so overbroad as to include sources that are not related to the employee's official duties.

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48. Q. An official receives a ticket to attend a political fundraiser held in Washington D.C. from a federal committee. Is the official required to disclose the ticket as a gift, and is it subject to the gift limit?
- A. No. The value of the ticket is not a gift, so long as the ticket is provided to the official directly by the committee holding the fundraiser and the official personally uses the ticket. (Regulation 18946.4.) Separate rules apply for travel provided to attend the fundraiser. Regulation 18950.3 covers issues on travel paid by or for a campaign committee.
49. Q. A political party committee is holding a political fundraiser at a golf course and a round of golf is included. If the committee provides an elected official a ticket, is the ticket reportable by the official?
- A. No, so long as the official uses the ticket for his or her own use. If someone other than the political party provides a ticket, the full cost of the ticket is a gift. The political party must report the total amount spent on the fundraiser on its campaign statement.
50. Q. If a business entity offers an official a ticket or a seat at a table that was purchased for a political fundraiser, what is the value?
- A. Because the ticket was not offered by the campaign committee holding the fundraiser, it is a gift to the official. The value is either the face value of the ticket or the pro-rata share of the food, catering services, entertainment, and any additional benefits provided to attendees.
51. Q. If an official attends an event that serves only appetizers and drinks, does the “drop-in” exception apply no matter how long the official stays or how many appetizers or drinks are consumed?
- A. No. The focus of the “drop-in” exception is on the official’s brief attendance and limited consumption, not on the nature of the event as a whole. If an official attends an event that serves only appetizers and drinks, the “drop-in” exception applies only if the official just “drops in” for a few minutes and consumes only a “de minimis” amount of appetizers and drinks. The “drop-in” exception does not automatically apply just because the event does not serve more than appetizers and drinks.
52. Q. An organization, which is not a 501(c)(3) organization, is holding a fundraiser at a professional sporting event. Tickets to this sporting event are sold out and it appears that tickets are only available at a substantially higher price than the face value amount of the ticket provided to the official by the organization. If the official attends the event, what is the value of the gift?
- A. The value is the face value amount on the ticket to the sporting event. This valuation rule applies to all tickets to such events that are not covered by a separate valuation exception, such as non-profit and political party fundraisers.
53. Q. An official receives a ticket to a fundraiser, and if accepted, the ticket will result in a reportable gift or a gift over the current gift limit. What are the options?
- A. The official may reimburse the entity or organization that provided the ticket for the amount over the gift limit. Alternatively, the official may pay down the value of the ticket to under the \$50 gift reporting threshold if the official does not want to disclose the ticket. Reimbursement and/or

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pay down must occur within 30 days of receipt of the ticket. A candidate or elected official may use campaign funds to make the reimbursement if the official's attendance at the event is directly related to a political, legislative, or governmental purpose. A ticket that is not used and not given to another person is not considered a gift to the official and therefore is not reportable.



## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Gina M. Ratto, General Counsel  
**SUBJECT:** **BOARD COMMUNICATIONS POLICY FACT SHEET**

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### Written Report

#### Background/Discussion

The OCERS Monitoring and Reporting Policy requires that a copy of the Board of Retirement Communications Policy Fact Sheet be provided to the Board members annually. The Fact Sheet summarizes the contents of the OCERS Communications Policy and is intended to provide Board members with a quick reference guide.

The objectives of the OCERS Communication Policy are to encourage and facilitate open, accurate, timely and effective communications among all relevant parties, and to mitigate the risks to OCERS, the Board and the Board members that may arise in connection with communications. The policy was last revised in May 2017.

A copy of the OCERS Communication Policy and the Communications Policy Fact Sheet are attached.

#### Attachments

- (1) Communications Policy
- (2) Communications Policy Fact Sheet

#### Submitted by:



GMR- Approved

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Gina M. Ratto  
General Counsel



## OCERS Board Policy

# Communications Policy

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### Background

1. The Board of Retirement recognizes that effective communication is integral to good governance. In order to achieve the mission and objectives of OCERS, the Board must establish mechanisms for communicating clearly among Board members, and with senior management, plan sponsors, plan members, and external parties. The Board has adopted this Policy to provide the Board as a whole, individual Board members, and staff with guidelines for executing the communications function of the Board.

### Policy Objectives

2. To encourage and facilitate open, accurate, timely, and effective communications with all relevant parties.
3. To mitigate risks to OCERS, to the Board, and to Board members that may arise in connection with communications.

### Principles and Assumptions

4. Inappropriate or erroneous communications from Board members may represent a significant risk to OCERS, the Board, and individual Board members.
5. A Board member communications policy must balance the need to mitigate that risk with the need for open and efficient communication.

### Policy Guidelines

#### *General Guidelines*

6. Members of the OCERS Board and staff represent many differing backgrounds and viewpoints. Partisan political communications from persons in positions of authority may create a hostile work environment. Therefore, Board members and staff shall refrain from sending any partisan political communications to a majority of the members of the Board or a majority of the members of a standing committee, or to OCERS staff, contractors, temporary employees, or others working for or providing services to OCERS.
7. Members of the Board and staff shall also refrain from using OCERS equipment for disseminating partisan political communications to anyone, except where specifically authorized for fulfillment of duties of a duly appointed labor representative.
8. OCERS Board and staff shall also refrain from engaging in any communications that may be considered offensive, profane, vulgar, or based on any protected class under Federal law or laws in the State of California, regardless of the motivation for such communications.
9. Electronic mail allows for near instantaneous communications between individuals and / or groups of people. The prevalence of electronic communications also brings challenges in managing communications and potential infringement of the *Ralph M. Brown Act* (Gov. Code §§ 54950-54962) (the "Brown Act") and challenges in complying with the Public Records Act (Gov. Code



## OCERS Board Policy

# Communications Policy

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§§6250, et.seq.). As such, the OCERS Board has adopted the following guidelines for use and management of electronic mail by Board members:

- a. Electronic mail pertaining to OCERS business shall be treated as a business record of OCERS subject to the OCERS Records Retention and Guidelines Policy and the Public Records Act.
- b. Electronic mail between Board members must not violate any provision of the Brown Act.
- c. Communications that a Board member wishes to disseminate to a majority of the members of the Board or a majority of the members of a standing committee shall be submitted to the CEO or his or her designee only. The CEO or his or her designee will then, in his or her discretion, forward said communications to the full Board via a special email. Regardless of whether or not provided via a special email, unless the content of the message is inconsistent with OCERS' policies or applicable law (e.g., violates paragraph 8 above of this policy), it will be distributed publicly to the entire Board as a communications item posted with the public agenda for the next regular Board meeting. This paragraph in no way authorizes serial communications or communications by or between a majority of the members of the Board or a standing committee of the Board that would violate the Brown Act.
- d. Electronic mail communications from OCERS staff to Board members may be sent to a personal email account designated by individual Board members. In such event, OCERS staff shall retain a copy of the email communication according to the Records Retention and Guidelines Policy and for purposes of compliance with the Public Records Act.
- e. Electronic mail communications regarding OCERS business are public records disclosable under the Public Records Act (unless otherwise covered by an exemption) regardless of the fact that they were sent, received or stored in a personal email account. Whenever possible, electronic mail communications regarding OCERS business should be sent to and from an OCERS email address. In the event an electronic mail communication pertaining to OCERS business is sent from a personal email account to OCERS staff, other Board members or to any other party, the Board member shall copy the electronic mail message to an OCERS email address so that OCERS can maintain a record of the electronic mail communication and produce it in response to a request for it under the Public Records Act. This paragraph in no way authorizes serial communications or communications by or between a majority of the members of the Board or a standing committee of the Board that would violate the Brown Act.

### *Communications Among Board Members*

10. The Board shall carry out its activities in accordance with the spirit of open governance, including the provisions of the Brown Act, which include, but are not limited to:
  - a. Ensuring that communications by and between Board members comply with the Brown Act (section 54952.2 of the Brown Act);
  - b. Properly noticing and posting an agenda for Board and Committee meetings (section 54954.2 of the Brown Act);
  - c. Allowing proper public comment on agenda items before or during consideration by the Board (Section 54954.3 of the Brown Act);



## OCERS Board Policy Communications Policy

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- d. Properly describing all items to be considered in closed session in the notice or agenda for the meeting (Section 54954.5 of the Brown Act);
  - e. Not conducting or participating in a series of communications one at a time or in a group that in total constitutes a quorum of the Board or Committee either directly or through intermediaries or electronic devices, for the purpose of developing a concurrence as to action to be taken (a serial or secret meeting prohibited by Section 54953 of the Brown Act);
  - f. Not taking any action, whether preliminary or final, by secret ballot (Section 54953(c) of the Brown Act); and
  - g. Ensuring Board and committee meeting agenda materials are properly made available to members of the public, upon request and without delay (Section 54957.5 of the Brown Act).
11. Internal or external counsel for OCERS shall provide Brown Act training/education annually to members of the Board.
12. A member of the Board shall disclose information in his or her possession pertinent to the affairs of OCERS to the entire Board in a timely manner.
13. During meetings of the Board and its committees, Board members shall communicate in a straightforward, constructive manner with due respect and professionalism.

### *Board Member Communications with Plan Members and Plan Sponsors*

14. Members of the Board shall mitigate the risk of miscommunication with plan sponsors, active and deferred plan members, and retirees, and potential liability through adverse reliance by third parties by avoiding giving explicit advice, counsel, or education with respect to the technicalities of the plan provisions, policies, or processes.
15. Where explicit advice, counsel, or education with respect to the technicalities of the plan provisions, policies, or process is needed, Board members will refer inquiries to the Chief Executive Officer or appropriate designee. The Chief Executive Officer or such designee will inform the Board Member when and how the matter was resolved.
16. Board members shall not disclose confidential communications received orally or in writing in closed session meetings of the Board of Retirement or a Board Committee or received orally or in writing from internal or external legal counsel and identified as confidential.

### *Board Member Communications with OCERS Management*

17. a. Board members who seek information solely in order to respond to inquiries from members about OCERS' policies and practices may direct their inquiries to the CEO or, with notice to the CEO, to the appropriate Assistant CEO or department head, who shall in turn direct subordinate staff as appropriate.
- b. All other Board member requests for information shall be directed to the CEO, who shall in turn direct staff as appropriate.



## OCERS Board Policy Communications Policy

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- c. All Board member expressions of concern and ideas about OCERS' policies, administration, contracting, investments, benefits, media relations and public policy issues shall be directed solely to the CEO. Under no circumstances shall Board members directly communicate about any such matters with any staff subordinate to the CEO outside of a duly noticed Board or committee meeting, without the CEO's prior express permission. If exigent circumstances arise during the CEO's absence, such matters may be directed to the CEO's designee, who shall act in lieu of the CEO.
18. a. The CEO may decline to accept Board member requests for information that require the expenditure of significant staff time or external resources, provided that the CEO then places the matter on the next subsequent Board or committee agenda, as appropriate, for consideration and direction by the full Board or committee.  
b. The Board and individual Board members shall not retaliate against either the CEO or any of OCERS' staff for acting consistently with this Policy. Board member conduct inconsistent with this Policy may be deemed by the Board to constitute a breach of fiduciary duty, and may subject the Board member to public censure or reprimand, loss of committee membership or other privileges of office, and/or other appropriate action by the Board.
19. The CEO shall ensure that all information requested by one or more Board members is made available to the entire Board.
20. Board members shall share any information in their possession pertinent to the affairs of OCERS with the CEO in a timely manner. Similarly, the CEO shall ensure that all relevant and pertinent information is disclosed to all of the Board members in a timely manner.

### *Board Member Communications with External Parties*

21. In general, in communicating with external parties, the following guidelines will apply:  
The purpose of any communications by members of the Board shall be consistent with their sole and exclusive fiduciary duty to represent the interests of all plan members;  
Board members and OCERS management are expected to respect the decisions and policies of the Board in external communications even if they may have opposed them or disagreed with them during Board deliberations;  
Board members shall not disclose confidential communications received orally or in writing in closed session meetings of the Board of Retirement or a Board Committee or received orally or in writing from internal or external legal counsel and identified as confidential;  
Individual Board members shall not speak for the Board as a whole unless authorized by the Board to do so; and  
In external communications, Board members are expected to disclose when they are not representing an approved position of the Board of Retirement or are not speaking in their Board of Retirement capacity.
22. Subject to section 21 above, in situations that call for a spokesperson from the Board, the Chair or his or her designee shall act as spokesperson for the Board. The spokesperson generally should request that reporters put questions in writing.





## OCERS Board Policy Communications Policy

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23. When interviewed, or otherwise approached by the media for information concerning the affairs of OCERS, members of the Board shall refrain from making any unilateral commitments on behalf of the Board or OCERS.
24. To help ensure the accuracy of any oral and/or written material created for the purpose of publication or presentation by members of the Board, in their capacity as such, and to ensure that neither OCERS, the Board, or such member of the Board is placed at risk thereby, all such material shall be peer reviewed by the CEO or legal counsel prior to being submitted for publication or presentation.

### Policy Review

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

### Policy History

26. This policy was adopted by the Board of Retirement on November 18, 2002.
27. The policy was revised on April 16, 2007, March 24, 2008, May 17, 2011, March 17, 2014, January 20, 2015, March 16, 2015 and May 15, 2017.

### Secretary's Certificate

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

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

5/15/17

Steve Delaney  
Secretary of the Board

Date

## **COMMUNICATIONS POLICY FACT SHEET**

### **COMMUNICATIONS AMONG BOARD MEMBERS**

- ◆ Carry out all activities in the spirit of open governance and in compliance with the Brown Act.
- ◆ Disclose pertinent information to the entire Board and CEO in a timely manner.
- ◆ Communicate in a straightforward, constructive and professional manner.

### **COMMUNICATIONS WITH OCERS MANAGEMENT**

- ◆ Direct concerns or questions about OCERS to the CEO or senior management staff.
- ◆ Direct requests for information to the CEO and limit those requiring expenditure of staff time or resources to those consistent with the Board's roles and responsibilities.
- ◆ All information requested by Board members shall be made available to the entire Board.

### **COMMUNICATIONS WITH EXTERNAL PARTIES**

- ◆ Communications shall be consistent with the fiduciary duty to represent the interests of plan members.
- ◆ Board decisions shall be respected despite personal agreement or disagreement.
- ◆ Board members shall not disclose confidential communications.
- ◆ Board members shall not speak for the entire Board unless authorized to do so.
- ◆ Board members shall disclose when not representing an approved Board position or when not speaking in their Board capacity.
- ◆ The Chair and CEO shall jointly designate a spokesperson on an issue by issue basis.
- ◆ No Board member shall make unilateral commitments to the press to provide information on behalf of the Board or OCERS.
- ◆ Written material created for publication or presentation by a Board member, in his or her capacity as such, shall be peer reviewed by the CEO or internal legal counsel prior to submission or presentation.



## Memorandum

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**DATE:** December 31, 2019  
**TO:** Members of the Board of Retirement  
**FROM:** Tracy Bowman, Director of Finance  
**SUBJECT:** **FOURTH QUARTER 2019 EDUCATION AND TRAVEL EXPENSE REPORT**

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### 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 Fourth Quarter 2019 Travel and Training Expense Report that includes all expenses submitted through December 31, 2019.

#### Submitted by:

A stamp that reads "OCERS T.B. - Approved" with a signature line below it.

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Tracy Bowman  
Director of Finance













01/21/2020 Regular Board Meeting - I-12 FOURTH QUARTER 2019 EDUCATION AND TRAVEL EXPENSE REPORT

TRAVEL AND TRAINING EXPENSE REPORT  
 Fourth QUARTER 2019  
 Submitted Through December 31, 2019\*\*

Name	Trip OR Class Dates	Trip Name	Destination	Trip Type	Mileage	Reg. Fee	Meals	Airfare	Hotel	Trans.	Misc.	2019 YTD Total	2018 Total*
EAKIN	2/1/19	CALAPRS Trustee's Round Table	Oakland, CA	Conference	-	-	-	257.40	-	-	-	257.40	-
	2/2-2/9/19	SANS Security East 2019	New Orleans, LA	Training	-	7,379.00	327.63	448.00	1,566.31	98.43	-	9,819.37	-
	3/2-3/5/19	CALAPRS General Assembly	Monterey, CA	Conference	-	150.00	72.66	511.60	255.02	114.40	-	1,103.68	-
	4/30-5/1/19	Gartner EITL Spring Peer Forum	Fort Lauderdale, FL	Conference	-	-	55.68	513.00	318.66	68.14	-	955.48	-
	5/12-5/15/19	2019 PRISM Conference	Indianapolis, IN	Conference	-	650.00	-	-	-	-	-	650.00	-
	5/17/19	CALAPRS Overview Course in Retirement	Costa Mesa, CA	Training	-	250.00	-	-	-	-	-	250.00	-
	6/17-6/20/19	2019 Gartner Security & Risk Summit	National Harbor, MD	Conference	-	-	159.05	745.60	1,393.20	148.54	-	2,446.39	-
	9/18-9/20/19	2019 Gartner IT Peer Forum	Austin, TX	Conference	-	-	107.57	640.01	656.28	81.03	-	1,484.89	-
	<b>Sub Total</b>					-	<b>8,429.00</b>	<b>722.59</b>	<b>3,115.61</b>	<b>4,189.47</b>	<b>510.54</b>	-	<b>16,967.21</b>
GOSSARD	1/14-1/19/19	SANS Training Program for CISSP	Santa Rosa, CA	Training	-	7,029.00	298.79	217.20	1,481.20	30.00	-	9,056.19	-
	5/12-5/15/19	2019 PRISM Conference	Indianapolis, IN	Conference	-	650.00	50.73	380.80	698.49	20.89	-	1,800.91	-
	6/17-6/20/19	2019 Gartner Security & Risk Summit	National Harbor, MD	Conference	45.76	3,150.00	149.86	824.59	1,393.20	61.01	-	5,624.42	-
<b>Sub Total</b>				<b>45.76</b>	<b>10,829.00</b>	<b>499.38</b>	<b>1,422.59</b>	<b>3,572.89</b>	<b>111.90</b>	-	<b>16,481.52</b>	<b>2,750.87</b>	
<b>INFORMATION SECURITY Total</b>				<b>45.76</b>	<b>19,258.00</b>	<b>1,221.97</b>	<b>4,538.20</b>	<b>7,762.36</b>	<b>622.44</b>	-	-	<b>33,448.73</b>	<b>10,217.47</b>
<b>Total</b>				<b>4,928.94</b>	<b>92,114.27</b>	<b>8,223.79</b>	<b>49,063.60</b>	<b>90,008.76</b>	<b>17,371.18</b>	<b>240.00</b>	-	<b>261,950.54</b>	<b>233,271.61</b>

Footnotes:  
 \* Prior year totals only presented for 2019 active staff & Board members.  
 \*\* Excludes expenses for non-travel related training conferences including: misc. lunches, meetings, mileage, strategic planning, and tuition reimbursement.  
 1 Trip cancelled. Expenses do not qualify for full refund due to cancellation outside policy.  
 2 Trip cancelled and a credit has been placed on the airlines account which will be applied towards a future trip.  
 3 Trip cancelled. Awaiting refund or credit from airline.  
 4 Registration fee includes hotel cost.



## Memorandum

**DATE:** January 7, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Jim Doezie, Contracts, Risk and Performance Administrator  
**SUBJECT:** CONTRACT STATUS FOR NAMED SERVICE PROVIDERS

### Written Report

#### Background/Discussion

##### 1. Performance Reviews

The following policy provisions stipulate the terms by which vendor performance reviews will be conducted:

- The Procurement & Contracting Policy (Section II.D.) specifies that vendors will be reviewed every three years. *“The performance of every contracted provider will be reviewed at least every three years.”*
- The Board of Retirement Charter (Item #21) states that an Actuarial Review is needed every five (5) years. (With coordination by the Internal Audit department.)

##### 2. Review and Renewal of Named Service Providers

Section V.C of the Procurement & Contracting Policy notes the following:

*“At least six months before the expiration of the initial term of any contract with a Named Service Provider, the CEIO and the pertinent committee(s) of the Board shall assess the continued appropriateness and cost-effectiveness of the Named Service Provider in question”*

##### 3. Pursuant to OCERS policy and charter provisions, the schedule below references the Named Service Provider contracts that are up for renewal, expiration, or review:

Named Service Provider	Vendor	Contracted	Contract Expiration	Last Review Date	Next Review Date	Notes
Custodian	State Street	7/1/2017	6/30/2023	7/1/2017	Jul-2020	Last review was part of RFP evaluation
Securities lending manager	State Street	7/1/2017	6/30/2023	7/1/2017	Jul-2020	Last review was part of RFP evaluation
Private Equity consultant	TorreyCove	4/1/2018	3/30/2021	N/A	Sep-2020	Last review was part of RFP evaluation
Real Estate consultant	Townsend Holdings	4/1/2018	3/30/2021	N/A	Sep-2020	Last review was part of RFP evaluation
General investment consultant	Meketa	6/15/2016	5/31/2021	5/6/2019	Dec-2020	Last review presented to Board 5/20/2019. Next review 6 months prior to contract expiration.
Financial Auditor	MGO	2/19/2016	12/31/2020	2/16/2018	Feb-2021	Presented review to Audit Committee August, 2018
Fiduciary Counsel	Reed Smith	4/1/2015	4/30/2021	4/18/2018	Apr-2021	Reviewed and extend contract during April 18th, 2018, Board Meeting
Consulting Actuary	Segal	8/25/2016	12/31/2022	7/11/2019	Jul-2022	Reviewed and presenting to Board 7/11/2019. Extending 3 years
Pension Administration software provider	Vitech	2/25/2016	Evergreen. 30-day cancel	7/11/2019	Jul-2022	Presenting to Board 7/11/2019.
Actuarial Auditor (Every 5 years)	Cheiron	8/1/2017	12/31/2017	12/31/2017	Aug-2022	Reviewed 2017. Report received January, 2018. Next review in 2022



## Memorandum

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**Submitted by:**



**JD - Approved**

Jim Doezie  
Contracts, Risk and Performance Administrator



## Memorandum

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**DATE:** January 10, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Brenda Shott, Assistant CEO, Finance & Internal Operations  
**SUBJECT:** ACTUARIAL COST IMPACT OF ANNUAL LEAVE POLICY

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### Written Report

#### Background/Discussion

On November 25, 2019 the Board of Retirement approved a new Annual Leave Policy for OCERS direct employees. One of the new provisions within the new policy was to allow employees cash out up to 120 hours of Annual Leave each calendar year (170 hours for Senior Executives). The prior policy allowed cash outs of Annual Leave of up to 90 hours (170 hours for Senior Executives). The Board directed staff to engage Segal Consulting, OCERS consulting actuary, to calculate the cost impact the new cash out policy would have on pension liabilities and contribution rates.

Segal has prepared the attached letter that includes the requested information.

#### Submitted by:

A logo consisting of the OCERS sunburst icon and the text "OCERS B.M.S - Approved" in a blue font.

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Brenda Shott  
Assistant CEO, Finance and Internal Operations



180 Howard Street Suite 1100 San Francisco, CA 94105-6147  
T 415.263.8283 www.segalco.com

Andy Yeung, ASA, MAAA, FCA, EA  
Vice President & Actuary  
ayeung@segalco.com

VIA E-MAIL AND USPS

January 7, 2020

Ms. Brenda M. Shott  
Assistant CEO of Finance & Internal Operations  
Orange County Employees Retirement System  
2223 Wellington Avenue, Suite 100  
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)  
Impact of Changes to Annual Leave Policy for OCERS Management Employees as  
of December 31, 2018**

Dear Brenda:

We have been requested by the Retirement System to estimate the impact on the Normal Cost contributions, Unfunded Actuarial Accrued Liability (UAAL) and UAAL contributions that could result from the adopted changes to the Annual Leave Policy for OCERS management employees. Currently, non-executive management employees are allowed to cash 90 hours annually while executive management employees are allowed to cash 170 hours annually.<sup>1</sup> The new policy would allow non-executive management employees to cash 120 hours annually while executive management employees would continue to be allowed to cash 170 hours annually. Note that the cash out of annual leave is only pensionable for legacy (non-PEPRA) employees.

In Part One of this study, we estimate the impact on the Normal Cost and UAAL contributions in dollars. In Part Two of this study, we estimate the impact on the Normal Cost contributions expressed as a percentage of payroll for all employers in Plan J within Rate Group #2 since the demographic actuarial experience of the Retirement System is pooled with all employers in that plan. We also estimate the impact on the UAAL contributions expressed as a percentage of payroll for all employers in Rate Group #2 since actuarial experience of the Retirement System is pooled with all employers in that Rate Group. Also in Part Two, we provide, for illustrative purposes only, what would have been added to the Normal Cost and UAAL contribution rates for the Retirement System if the actuarial impact under the new Annual Leave Policy were not to be pooled with the other employers in Rate Group #2.

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<sup>1</sup> We understand that both non-executive and executive management employees can also cash additional hours at termination and there are changes to those hours under the new policy, however, those additional hours are not pensionable and therefore would have no impact on normal cost and UAAL contributions.

Ms. Brenda Shott  
 January 7, 2020  
 Page 2

## **BACKGROUND**

In the most recent Actuarial Valuation and Review as of December 31, 2018, there were 29 OCERS management employees. Of those 29 employees, 17 were legacy (Plan J) employees. Furthermore, as noted above, the Annual Leave Policy is only changing for non-executive management employees. Of the 17 legacy (Plan J) employees, 12 were non-executive management employees.

In the Actuarial Valuation and Review as of December 31, 2018, we apply a 2.8% cash out assumption to anticipate additional amount expected to be received in the final three-year average earning period for all legacy Tier 2 employees. This equates to approximately 60 hours per year over the final three-year average earning period.<sup>2</sup> It is our understanding that the current number of hours allowed to be cashed annually by other employees in Rate Group #2 is generally 90 hours<sup>3</sup> and therefore there is about 2/3 utilization of the maximum allowable hours.<sup>4</sup> Since the change to the Annual Leave Policy will allow for an additional 30 hours for legacy OCERS non-executive management employees and assuming a utilization of 2/3 of the maximum number of hours will carry over to the new policy, we have increased the 2.8% cash out assumption by 1.0%<sup>5</sup> for legacy OCERS non-executive management employees.

Again, we have not studied the history of ongoing annual leave cash outs. However, the greatest cost would occur if all the additional cash outs were to take place during the final three-year average earning period. Therefore, for purposes of this study, we have assumed the additional hours, after adjusting for the utilization of 2/3, would be cashed out during that period.

## **PART ONE – IMPACT ON NORMAL COST AND UAAL CONTRIBUTIONS IN DOLLARS**

In this part of the study, we estimate the impact on the Normal Cost and UAAL contributions in dollars.

### **ESTIMATED CHANGE IN NORMAL COST**

The change in the Annual Leave Policy on the Normal Cost as of December 31, 2018 is \$4,000. That impact is broken down as follows:

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<sup>2</sup> This is equal to our assumption of 2.8% times 2090 hours. Note that salary for 2088 hours per year is used in determining final average salary. If a leap year is included in the final averaging period, salary for an additional 8 hours is used. Therefore, we have included salary for 2 hours per year (on average) to account for the leap year hours consistent with the methodology used in the valuation.

<sup>3</sup> This is the maximum allowed for County non-executive employees.

<sup>4</sup> It is also possible that the remaining 30 hours (90 hours times 1/3) are cashed out annually but we do not have the detailed data to analyze if that is the case.

<sup>5</sup> This is equal to 30 hours times 2/3 utilization divided by 2090 hours.

Ms. Brenda Shott  
 January 7, 2020  
 Page 3

<b>Total Normal Cost</b>			
	<b>Old Policy</b>	<b>New Policy</b>	<b>Increase</b>
<b>Legacy Plan J OCERS Executive Management Employees</b>	\$356,000	\$356,000	\$0
<b>Legacy Plan J OCERS Non-Executive Management Employees</b>	473,000	477,000	4,000
<b>PEPRA Plan U OCERS Executive and Non-Executive Management Employees</b>	<u>315,000</u>	<u>315,000</u>	<u>0</u>
<b>Total</b>	\$1,144,000	\$1,148,000	\$4,000

A legacy Plan J employee in Rate Group #2 is expected to pay about 47% of the total Normal Cost. Therefore, the employer’s Normal Cost increase would be about \$2,000.

**ESTIMATED CHANGE IN UNFUNDED ACTUARIAL ACCRUED LIABILITY**

The change in the Annual Leave Policy would not impact the Actuarial Accrued Liability (AAL) for members in pay status or deferred status. The change in the AAL (and therefore UAAL) for actives as of December 31, 2018 is \$79,000. That impact is broken down as follows:

<b>Active Actuarial Accrued Liability</b>			
	<b>Old Policy</b>	<b>New Policy</b>	<b>Increase</b>
<b>Legacy Plan J OCERS Executive Management Employees</b>	\$6,377,000	\$6,377,000	\$0
<b>Legacy Plan J OCERS Non-Executive Management Employees</b>	8,101,000	8,180,000	79,000
<b>PEPRA Plan U OCERS Executive and Non-Executive Management Employees</b>	<u>488,000</u>	<u>488,000</u>	<u>0</u>
<b>Total</b>	\$14,966,000	\$15,045,000	\$79,000

OCERS uses a 20-year amortization period for assumption changes. Therefore, the \$79,000 increase in AAL (or UAAL) results in an initial annual UAAL amortization payment of \$6,000.

Ms. Brenda Shott  
 January 7, 2020  
 Page 4

**PART TWO – IMPACT ON NORMAL COST AND UAAL CONTRIBUTIONS EXPRESSED AS A PERCENTAGE OF PAYROLL**

In this part of the study, we take the increase in dollar contributions calculated in Part One and expressed them as a percentage of payroll for all employees in Plan J for the Normal Cost rate impact and as a percentage of payroll for all employees in Rate Group #2 for the UAAL rate impact.

**ESTIMATED IMPACT ON ALL OF RATE GROUP #2**

We have calculated the increase in the total employer contribution rate for all of Rate Group #2. The impact is as follows:

<b>Increase in Employer Contribution for Rate Group #2 (for Plans I and J only)</b>		
	<b>Dollar Increase</b>	<b>Rate Increase<sup>6</sup></b>
<b>Employer Normal Cost</b>	\$2,000	0.00% <sup>7</sup>
<b>UAAL</b>	<u>6,000</u>	<u>0.00%</u> <sup>8</sup>
<b>Total</b>	\$8,000	0.00% <sup>8</sup>

In this part of the study, we take the increase in dollar contributions calculated in Part One and expressed them as a percentage of payroll for just the Retirement System. This is provided for illustrative purposes only as if the demographic and other actuarial experience for the Retirement System were not to be pooled with the other employers in Rate Group #2.

**ESTIMATED IMPACT ON JUST THE RETIREMENT SYSTEM**

For illustration only, we have calculated the increase in the total employer contribution rate as if it were applied only to payroll for the Retirement System. The impact would be as follows:

<sup>6</sup> Includes 18-month delay between the date of the valuation and contribution rate implementation.

<sup>7</sup> Based on a total payroll of \$804,699,000 for all employees in Plan J within Rate Group #2 as of December 31, 2018.

<sup>8</sup> Based on a total payroll of \$1,127,951,000 for all employees in Rate Group #2 as of December 31, 2018.



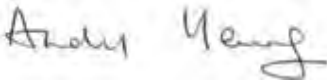
Ms. Brenda Shott  
 January 7, 2020  
 Page 5

<b>Increase in Employer Contribution for just the Retirement System (for all Plans)</b>		
	<b>Dollar Increase</b>	<b>Rate Increase<sup>9,10</sup></b>
<b>Employer Normal Cost</b>	\$2,000	0.05%
<b>UAAL</b>	<u>6,000</u>	<u>0.13%</u>
<b>Total</b>	\$8,000	0.18%

I am a member of the American Academy of Actuaries and I meet the qualification requirements to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,



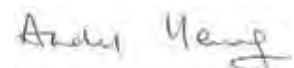
Andy Yeung

MYM/gxk

cc: Steve Delaney  
 Suzanne Jenike

<sup>9</sup> Includes 18-month delay between the date of the valuation and contribution rate implementation.

<sup>10</sup> Based on a payroll of \$4,411,000 for OCERS management employees in Rate Group #2 as of December 31, 2018.





## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** **OCERS INNOVATIONS/PROCESS IMPROVEMENTS AND EMPLOYEE STAFF AWARDS**

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### Written Report

#### Background/Discussion

Throughout 2019 OCERS management and staff alike have been on the watch for opportunities to innovate the way we do our work, or to at least improve existing processes in order to obtain a benefit – improved customer service, faster turnaround time, lower costs, greater accuracy, etc.

The Government Finance Officers Association (GFOA) has commented on the value of maintaining an innovative outlook in government with a word of caution:

*“Local governments need to worry more about creating and sustaining an innovation-friendly administrative environment than about attempting innovations because they are in vogue somewhere else. A new fad is not necessarily what will work well for your specific organization. When Peters and Waterman described how their organizations brought about innovations, they found that these companies created the right atmosphere and conditions to allow innovative thinking to flourish.”*

When implementing innovation and improving processes at OCERS, it’s not about doing more with less; it’s about doing better with the resources we have. We are not looking for complex strategies, which often add confusion; instead we look to make straightforward simple change and improvement that creates better results.

Our encouraging approach to pushing innovation at OCERS is best reflected by our efforts in 2019 to launch the “I’ve Got a Better Idea” initiative. OCERS Team members are encouraged to submit ideas for improvement and innovation which are then captured on our internal website for later review by an assigned manager. While this program is still in its infancy, we are already seeing active participation by OCERS team members.

On January 21, you will hear from several of our managers and staff members regarding innovations or process improvements their teams have implemented over the course of the past year, reflective of the innovative and creative thinking we seek to encourage at OCERS.

We will begin the presentation with an introduction of our 2020 winners of the Employee and Manager of the Year award, as well as the Innovator of the Year.

**Submitted by:**



**SD - Approved**

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Steve Delaney  
Chief Executive Officer

2019



# **2019 OCERS Innovations/Process Improvements and Employee Staff Awards**

**January 21, 2020**



# Employee of the Year

Sandra Guevara





# Manager of the Year

Megan Cortez





# Innovation Award Winner

Michael Persi





# Internal Operations Division





# Finance Department

To enhance efficiency and productivity, the Finance Department implemented the following:



- Participated in a LEAN Process training to improve the Accounts Payable process
  - Eliminated redundant Excel logs and combined into one check log file
  - Removed 2<sup>nd</sup> review of AP Edit report by Finance Manager as same information is reviewed after checks are printed
  - Identified and eliminated unnecessary processes, such as the manual numbering of checks on the check preview report, making duplicate copies of American Express Request forms, and manually logging invoice payments in an Excel log



- Made enhancements to the V3 overpayment module
  - Eliminated the need to manually track amounts to be recouped from third party deductions (e.g., taxes, insurance premiums, REOC dues) – adjustments now made automatically to payments
  - Created an Overpayment Report generated by V3 allowing for more timely and accurate status of overpayments and third party recoupments received and outstanding



# Information Technology Department



**Actuarial Extract Adjustment Process Improvements** – The IT Programming department has performed a comprehensive review, analysis, and redesign of the process used to build reports off of the actuarial extract data that comes out of V3. This will make it much simpler to generate all the required supplement reports, as well as standardize how adjustments are implemented based on feedback from Segal.



**Dataset Expansion & Standardization** – The IT Programming group in coordination with Jigsaw taken major leaps forward in the development of standardized datasets that provide precompiled foundational queries that can be used to generate statistics and reports in a faster, more reliable, and more consistent manner. This includes the implementation of a long-term process and strategy to ensure code reuse and eliminate the risk of providing inconsistent data results.



**Automated Policy Compliance Workflows** – The IT Programming group has led an effort to centralize all board policies and simplify the process that is used to determine whether or not OCERS is in compliance. This process now uses standardized SharePoint workflows which are in alignment with the long term goal of using workflows for document review scenarios in the future.



**Internal Audit Document Management** – The IT Programming group supported the Internal Audit team in migrating all of their documentation off of Teammate and into their department site on the OCERS Intranet. This completely eliminated the need for that software and standardized their documentation process. This in turn allowed some of their reporting to become automated.



# Information Security Department



## Vulnerability Management



- Implemented system to automatically and continuously scan systems for vulnerabilities
- Applied a risk-rating process to identify highest risk vulnerabilities and rank remediation efforts accordingly
- Deployed automated software patch management tools to address vulnerabilities

## Incident Detection & Response



- Implemented system to correlate security events across 25+ log sources analyzing 3M to 5M events per day
- System incorporates user and attacker behavior analytics to identify and alert on security events
- Instituted managed detection and response services to provide 24 x 7 x 365 coverage

## Secure Configurations



- Implemented hardened system configurations to Windows 10 and Windows Server 2016 systems
- Hardening policies institute 300+ best practice security settings to the affected operating systems
- Policies are based on the highly acclaimed CIS Benchmarks





# Administrative Services Department (Human Resources Department)



## Agile Method Stand-up Meetings



- Applied Scrum Style Weekly Stand up meetings.
- Fostered collaboration and innovation.
- Improved outcomes (expedited deliverables).
- Eliminated waste (time & resources) to streamline efforts to meet departmental initiatives and objectives.
- Planning now to help with launch of Lean education throughout organization.





# Administrative Services Department (Operations Support Services)



## Copier Security Enhancement

- Implemented Print-On-Demand functionality with the new copiers rolled out in April
- This functionality requires users to badge-in to get their print and copy jobs
- The enhancement prevents confidential materials from sitting at the printer without being picked-up and saves money as non-needed print jobs are automatically deleted after 24 hours.
- These changes were made in collaboration and support from the Information Technology and Information Security departments



## **Legal Division**



## Legal Division

### 2019 – Improvements and Accomplishments

- Continued to timely process (and prevail in) Administrative Appeals
  - 10 Administrative Appeals conducted in 2019
  - Of 13 Hearing Officer Recommendations received in 2019, 10 upheld OCERS' determination
- Partnered with Member Services team on Master Final Average Salary Project which culminated in adoption of four new policies/procedures
- Proposed two new policies (Handling Workplace Complaints and a second Withdrawing Employers Policy) that were adopted by the Board
- Proposed a new OCERS Administrative Procedure for Evaluating New Employers that was adopted by the Board



## **Executive Division**





## Internal Audit Department

Internal Audit implemented the following Process Innovations/Improvements:

- **Electronic Internal Audit Workpapers** : With the assistance from IT, utilized SharePoint to document the Internal Audit engagement documentation, including automated workflow approvals for tasks. Where possible, SharePoint was also used to cross reference documents used within the audits.
- **Automated Management Action Plan Tracking**: The Internal Audit Management Action Plan (MAP) database used to track the completion of the MAPs has been migrated to SharePoint from a manual spreadsheet.



## **Investments Division**



## Investments Division

### Documentation of Investment Procedures:

**Background:** Investments team identified the lack of written procedures and has been working on documenting them during the year. We completed the first draft version of the procedures in December 2019.

For example, as part of this documentation effort, staff developed and adopted a Due Diligence Checklist.

- **Rationale for Contract Due Diligence Checklist:** The Checklist was developed to ensure that Investment staff is following the required steps when closing on an investment such as alignment with asset allocation ranges and target; fee schedule; legal terms, etc. The Checklist also requires two signatures to ensure the procurement and contract due diligence process has been followed.



## Investments Division

- **Current Status:**
  - The Due Diligence Check list was implemented in the second half of 2019 and is a requirement for any investment that is being closed.
- **How Has It Helped:** The Checklist has become a strong audit tool for Investment staff, Finance, Internal Audit and Contract Management.



## Investments Division

### Developing the Duration Tracking Tool:

- **Background:** Interest rate sensitivity is one of the main risk factors for fixed income and credit investments. The Plan maintains a significant exposure to fixed income and credit investments and their prices are sensitive to changes in interest rates, a term known as duration.
- **Rationale:**
  - Developing a duration tracking tool allows the investment team to understand how changes in interest rates would impact the overall value of OCERS' fixed income and credit investments.





## Investments Division

- **Current Status with Backstop:**
  - The duration tracking tool was implemented in Q4 by the investment team.
- **How has it helped:**
  - This tool has helped the investment team become better informed on the overall duration of the portfolio and its trend over time. Furthermore, this tool states the duration contribution of the different fixed income and credit investments within OCERS' portfolio, thus helping the team understand the sources of interest rate risk.



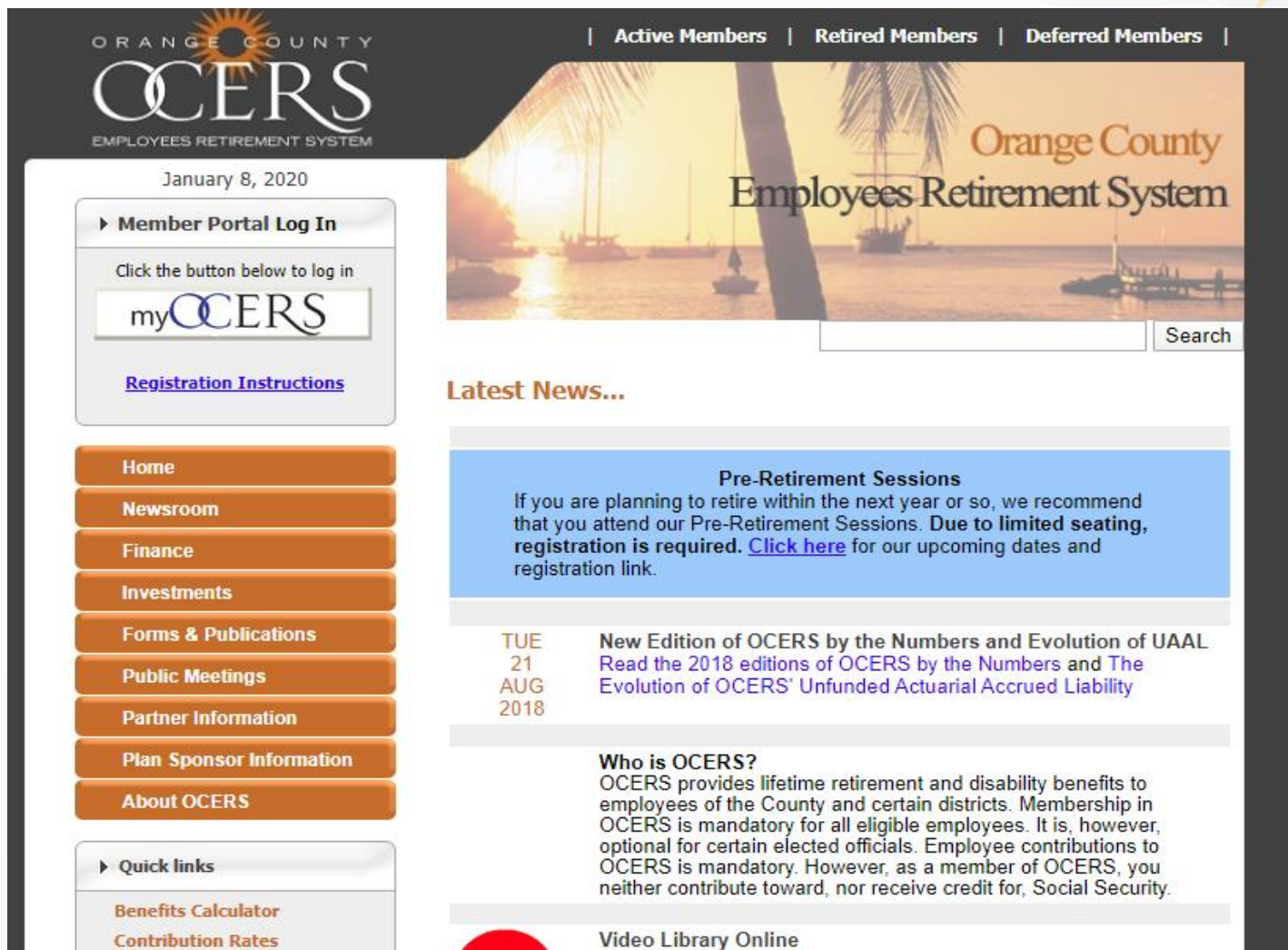


# External Operations Division

## Website Redesign Project

Team members from all Departments collaborated on the multi year website redesign project.

The new site was launched in May 2019.





# Communications Department



How Do I? ▾

Search



myOCERS Login



Members ▾

Retirees & Beneficiaries ▾

Employers & Partners ▾

Forms & Publications ▾

About OCERS ▾

News & Information ▾



Calculate Your Benefit



myOCERS Portal



Board Meetings



Find Your Plan by Employer



# Communications Department

## *At Your Service* Redesign

The Communications Team redesigned the newsletter to better reflect the OCERS brand as well as to stay current with the ever changing communication needs of our Members.





## Whiteboard Animation Videos

- Initiative for 2019 was to begin updating OCERS' informational videos with state-of-the-art graphic videos
- “Whiteboard Animation” videos provide a fun and powerful new platform that captures the attention of members and allows for a greater understanding of in-depth topics
- There has been a true collaboration of effort with members of several OCERS departments and Ydraw, from writing and editing the script to the animation process and ultimately posting the completed videos on our website.
- “Introduction to OCERS” was completed in December 2019 and a Whiteboard Animation video on the COLA is currently in production



# Disability Department

## Training

- Several team members are in the process of becoming certified professionals in fraud identification (CPFI).
- Several team members are in the process of becoming certified professionals in disability management (CPDM).

## Collaboration

- Worked with the County of Orange HRS Integrated Disability and Absence Manager to provide County HRS staff with an overview of the disability retirement process.

## Efficiency

- Increased the number of physicians on the IME panel

## Education

- Provided the OCERS Board education on the County's return to work efforts and reasonable accommodation rules.



## Member Services Department

To improve the delivery of services to members and to enhance efficiency and productivity, Member Services implemented:

- **Retiree processing – a record breaker** - for May 1<sup>st</sup> and June 1<sup>st</sup>, Member Services processed a record number of new retirement benefit setups. The number processed, 501 new Service Retirement benefits, represents the largest two-consecutive-month's total in the history of the agency. The volume processed for June 1<sup>st</sup> alone was more than 400% higher than a typical month's volume (recognized by the Board in June).
- **Created 27 one-page Knowledgebase documents** –one-page Knowledgebase documents will be used for quick access to specific information via the new DialPad phone system and also available to the entire organization via the intranet.
- **Completed the Pay Item Project** - This project included the creation of a new Pay Item Request form, updated pay code values in the V3 system, and the documentation of new policies for Compensation Earnable and Pensionable Compensation and OCERS Administrative Procedures (OAP).
- **Created a process for reviewing self service portal issues**
  - Member Services team members were trained to troubleshoot issues up front rather than referring all items to IT



**Thank You!**



## Memorandum

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**DATE:** January 21, 2020  
**TO:** Members of the Board of Retirement  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** **DILIGENT BOARD PORTAL INTRO**

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This memorandum serves as a placeholder to inform you that there will be no printed materials for this section of the board book this month.

**Submitted by:**



**SD - Approved**

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Steve Delaney  
Chief Executive Officer