

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

**REGULAR MEETING
Monday, March 16, 2020
9:30 A.M.**

AGENDA

The Orange County Board of Retirement welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Board of Retirement may take action on any item included in the following agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Board of Retirement may consider matters included on the agenda in any order, and not necessarily in the order listed.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Board; and (2) any matter appearing on the Consent Agenda. **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.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

(1) BENJAMIN SAVILL

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

February 10, 2020

Recommendation: Approve minutes.

C-3 RETIREE REQUEST TO BE REINSTATED – LINDA YOUNG

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

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

9:30 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: BRENDA HIBNER

Eligibility Supervisor, Orange County Social Services Agency

Recommendation: The Disability Committee recommends that the Board Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

DC-2: RODGER WILLIAMS

Deputy Sheriff II, 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. (Safety 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

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

A-2 2020 STAR COLA FINAL APPROVAL

Presentation by Suzanne Jenike, Assistant Chief Executive Officer, External Operations, OCERS

Recommendation: Approve payment of STAR COLA for the period April 1, 2020 through March 31, 2021.

A-3 TEMPORARY DELEGATION TO THE CEO IN RESPONSE TO COVID-19

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: Approve a temporary delegation of authority to the CEO to empower him to take such actions that in the CEO’s judgment are necessary or advisable, after consultation with the Board Chair or Vice Chair, to protect the interests and wellbeing of OCERS employees, members or the System.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices March 16, 2020
Death Notices March 16, 2020

I-2 COMMITTEE MEETING MINUTES

- None

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 OCERS BOARD POLICY COMPLIANCE

Written Report

I-7 FIRST QUARTER REVIEW OF OCERS 2020-2022 STRATEGIC PLAN

Written Report

I-8 FOURTH QUARTER 2019 BUDGET VS. PRELIMINARY ACTUALS REPORT

Written Report

I-9 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Written Report

I-10 TRAVEL REPORT - AIF GLOBAL ANNUAL INVESTORS' MEETING 2020

Written Report

I-11 STATE AND FEDERAL LEGISLATIVE UPDATE

Presentation by Gina Ratto, General Counsel, OCERS

I-12 CALAPRS 2020 GENERAL ASSEMBLY OVERVIEW

Presentation by Steve Delaney, Chief Executive Officer, OCERS

I-13 COLA INFORMATIONAL VIDEO

Presentation by Suzanne Jenike, Assistant Chief Executive Officer, External Operations, OCERS

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

Orange County Employees Retirement System
March 16, 2020
Regular Board Meeting – Agenda

Page 5

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

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

NOTICE OF NEXT MEETINGS

INVESTMENT COMMITTEE MEETING

March 25, 2020

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

PERSONNEL COMMITTEE MEETING

March 25, 2020

1:00 P.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

AUDIT COMMITTEE MEETING

March 26, 2020

1:00 P.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

DISABILITY COMMITTEE MEETING

April 20, 2020

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING
April 20, 2020
9:30 A.M.

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

All supporting documentation is available for public review in the retirement office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday and 8:00 a.m. – 4:30 p.m. on Friday.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Adina Bercaru, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – BENJAMIN SAVILL**

Recommendation

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

Background/Discussion

This member has requested Option 4 as the benefit payment option for his service connected disability retirement allowance, effective January 31, 2017.

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 spouse and children upon the member’s decease.

Submitted by:



A. B. – APPROVED

Adina Bercaru
Member Services Manager



Molly Calcagno, ASA, MAAA, EA
Actuary
T 415.263.8254
mcalcagno@segalco.com

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

Personal and Confidential

February 28, 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 Benjamin Savill**

Dear Adina:

Pursuant to your request, we have determined the Option 4 benefits payable to Benjamin Savill and his three designated beneficiaries based on the unmodified benefit and other information provided in the System's request dated February 19, 2020.

Background

The monthly benefits payable to the member and the data we used for our calculations are as follows:

Member's Date of Birth:	October 3, 1967
Date of Retirement:	January 31, 2017
Plan of Membership:	General Plan J
Member's Unmodified Benefit:	\$4,449.09
Type of Retirement:	Service Connected Disability
Spouse:	Vy Thanh Nguyen
Spouse's Date of Birth:	
Son:	Jaden Temple Savill
Son's Date of Birth:	
Daughter:	Gaia Lien Savill
Daughter's Date of Birth:	

RECEIVED

FEB 28 2020

Orange County Employees
Retirement System

Ms. Adina Bercaru
February 28, 2020
Page 2

We have been requested to calculate an Option 4 benefit with the following continuance benefits:

% Continuance			Other Features
Spouse	Son	Daughter	
18%	18%	18%	With reversion between three beneficiaries: Provides 27% continuance to each of the surviving beneficiaries upon the death of first beneficiary. Provides 54% continuance to the remaining beneficiary upon the death of second beneficiary.

Benefit Amounts

Option 4 Benefit WITH Reversion between three Beneficiaries:

	Payable while the Member is Alive	Payable After the Member's Death
Monthly benefit payable to member		
Annuity:	\$843.66	
Pension:	<u>2,819.28</u>	
Total:	\$3,662.94	\$0.00
Monthly benefit payable to each beneficiary while all three beneficiaries are alive	\$0.00	\$659.33
Monthly benefit payable to two other beneficiaries after the death of the first beneficiary	\$0.00	\$988.99
Monthly benefit payable to the last beneficiary	\$0.00	\$1,977.99

Actuarial Assumptions

Effective interest rate of 4.126214% per year, which is calculated using an investment return assumption of 7.25% per year together with a cost-of-living adjustment assumption of 3.00% per year.

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020 with ages set forward six years for males and set forward three years for females weighted 40% male and 60% female for members.

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

The actuarial calculations contained in this letter were prepared under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary, who is a member of the American Academy of Actuaries and who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Ms. Adina Bercaru
February 28, 2020
Page 3

Please let us know if you have any comments or questions. As in all matters pertaining to the interpretation and application of the law, Plan, or individual Option 4 Calculation provisions, you should be guided by the advice of the Plan's Legal Counsel.

Sincerely,



Molly Calcagno
Actuary

MYM/gxk



February 19, 2020

Benjamin Savill

Re: Retirement Election Confirmation – Option 4

Dear Mr. Savill:

You have elected Option 4 as your retirement option. This option will provide 18% of your monthly benefit, for the life of the benefit, to:

Vy Thanh Nguyen (spouse)
Jaden Temple Savill (son)
Gaia Lien Savill (daughter)

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

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 18% continuance to Vy Thanh Nguyen, 18% to Jaden Temple Savill and a further 18% to Gaia Lien Savill.

Benjamin Savill 03/01/2020
Member Signature / Date

Sincerely,

Adina Bercaru
Adina Bercaru
Member Services Manager

RECEIVED

MAR 02 2020

Orange County Employees
Retirement System

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

**REGULAR MEETING
Monday, February 10, 2020
9:00 a.m.**

MINUTES

Chair Hilton called the meeting to order at 9:08 a.m.

Attendance was as follows:

Present: Roger Hilton, Chair; Frank Eley, Shari Freidenrich, Chris Prevatt, Charles Packard, Wayne Lindholm, Jeremy Vallone, Adele Tagaloa, Arthur Hidalgo

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; Reginald Tucker, Managing Director of Investments; Anthony Beltran, Visual Technician; Cammy Torres; Recording Secretary

Absent: Shawn Dewane, Vice-Chair

Guests: Harvey Leiderman, ReedSmith

Trustee Hidalgo led the Pledge of Allegiance.

Mr. Packard arrived at 9:10 a.m.

PUBLIC COMMENTS

David Rocha, member of the public, asked if the trustee swearing in ceremony from the January 21, 2020 Regular Board Meeting was an OCERS administrative practice or ceremonial practice.

Chair Hilton confirmed that it is an OCERS ceremonial practice.

CONSENT AGENDA

Prior to voting, Mr. Delaney clarified that Item C-3 was a written report rather than a presentation.

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

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- (1) None

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

January 21, 2020

Recommendation: Approve minutes.

David Rocha, member of the public, addressed item C-2. He asked if motions conducted in closed session are required by law to be reported out into open session.

Ms. Ratto replied that it is not a requirement; however, it is the practice of OCERS to do so.

C-3 AUDIT COMMITTEE OUTCOMES FROM JANUARY 13, 2020 MEETING – TRIENNIAL REVIEW OF THE AUDIT COMMITTEE AND INTERNAL AUDIT CHARTERS

Presentation by David Kim, Director of Internal Audit

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

- 1. Approve the revisions to the Audit Committee Charter; and
- 2. Approve the revisions to the Internal Audit Charter.

C-4 RETIREE REQUEST TO BE REINSTATED – ROGELIA MARTINEZ

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

C-5 RETIREE REQUEST TO BE REINSTATED – AROUNSY PHOMMASA

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

The motion passed **unanimously**.

DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT AGENDA

Item DC-3 was PULLED from the agenda.

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

DC-1: MARTHA L. CORDOBA

Senior Social Worker, 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-2: LYDIA CRUZ

Office 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-3: MARIA DONDIEGO

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-4: DANIEL DECKER

Deputy Sheriff I, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of May 25, 2018. (Safety Member)

DC-5: ELISEO ELIAS-MARTINEZ

Coach Operator, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of April 28, 2019. (General Member)

DC-6: BLANCA GONZALEZ

Office Assistant, Orange County Health Care Agency

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of March 14, 2017. (General Member)

DC-7: EDWARD KISOW

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-8: STEVEN WALKER

District Attorney Investigator, Orange County District Attorney

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 21, 2017. (Safety Member)

The motion passed **unanimously.**

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

No items were trailed from the Consent Agenda.

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

A-2 2020 COST OF LIVING ADJUSTMENT

Presentation by Suzanne Jenike, Assistant CEO of External Operations, OCERS

Recommendation: Adjust all applicable benefit allowances by 3% effective April 1, 2020, in accordance with Government Code section 31870.1, resulting from the 3.07% change to CPI in calendar year 2019.

Ms. Jenike presented the 2020 Cost of Living Adjustment (COLA).

Sara Ruckle-Harms, representing the Retired Employees Association of Orange County (REAOC), asked the Board to approve the COLA increase and explained the importance of the COLA to all retirees.

Tom Dominguez, President of Association of Orange County Deputy Sheriffs, spoke in favour of the COLA.

MOTION by Eley, **seconded** by Tagaloa, to adjust all applicable benefit allowances by 3% effective April 1, 2020, in accordance with Government Code section 31870.1, resulting from the 3.07% change to CPI in calendar year 2019.

The motion passed **unanimously**.

A-3 SACRS BOARD OF DIRECTORS ELECTIONS 2020-2021

Presentation by Steve Delaney, CEO, OCERS

Recommendation: Identify one or more nominees for the SACRS Board of Directors election to be conducted on May 10, 2020; and direct staff to submit the nomination(s) to the SACRS Nominating Committee on or before March 1, 2020.

Ms. Ratto presented the SACRS Board of Directors Elections 2020-2021.

The Board directed staff to submit their endorsement of Roger Hilton to the SACRS Nominating Committee.

A-4 REQUEST TO COORDINATE MEMBER APPEALS ON THE ISSUE OF APPLICATION OF THE DISABILITY OFFSET UNDER GOVERNMENT CODE SECTION 31838.5

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

Recommendation: Staff recommends that the Board order that the administrative appeals filed by OCERS members, Christopher Roelle, James Bento, Arthur Lopez-Hidalgo, Guy Grindle, and John Gammon, on the issue of the application of the disability offset under Government Code section 31838.5 be coordinated, and that they be assigned to and heard by one hearing officer in a coordinated hearing.

Ms. Ratto presented the request to coordinate member's appeals for the five members in question.

Mike Tregar, attorney representing the five members disagreed and requested individual hearings and stated that his goal is to make sure the process is fair to all five members.

The Board generated a discussion on coordinating member’s appeals.

MOTION by Eley, **seconded** by Packard, to approve staff recommendation.

The motion passed **unanimously**.

The Board recessed for break at 9:43 a.m.

The Board reconvened from break at 10:00 a.m.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

February 10, 2020

Death Notices

February 10, 2020

I-2 COMMITTEE MEETING MINUTES

- Audit Committee meeting minutes - November 18, 2019

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

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

Ms. Freidenrich pulled item I-4 for Board discussion.

Staff explained the background to the RFP for investment counsel.

I-5 BOARD COMMUNICATIONS

Written Report

I-6 STATE AND FEDERAL LEGISLATIVE UPDATE

Written Report

I-7 2020 STAR COLA COST POSTING

Written Report

Ms. Freidenrich pulled item I-7 for Board discussion.

Staff and trustees reviewed the history of County approval of STAR COLA.

I-8 OVERPAID AND UNDERPAID PLAN BENEFITS – 2019 REPORT

Written Report

Ms. Freidenrich pulled item I-8 for Board discussion.

Staff explained the process that could lead to an overpaid benefit.

I-9 2020 BOARD MEETINGS – START TIME CHANGE

Written Report

Mr. Hilton announced that the OCERS Regular Board meetings will begin at 9:30 a.m. starting March 16, 2020 to accommodate the Disability Committee Meetings.

I-10 2019 BUSINESS PLAN – END OF YEAR REPORT

Written Report

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

OPEN SESSION

BOARD MEMBER COMMENTS

N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

N/A

COUNSEL COMMENTS

N/A

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

The meeting **ADJOURNED** at 10:35 a.m. in memory of the active members, retired members, and surviving spouses who passed away during the past month:

Active Members

Gibson, Rachel
Harchar, Justin
Torok, Victoria

Retired Members

Balsinger, Catherine
Bearden, Gary
Bears, Joseph
Bears, Joseph
Berwanger, Diane
Black, Elsie

Orange County Employees Retirement System
February 10, 2020
Regular Board Meeting – Minutes

Page 8

Carvalho, George
Collier, Terrance
Diaz, Cesar
Early, Christa-Monika
Farnsworth, Marilyn
Freeman, Mary
Gibson, Mary
Gillette, Joyce
Hamilton, Phyllis
Harper, Susan
Henry, John
Hooven, Mary
Huynh, Tiffany
Krans, Jerry
Martin, Claudia
Nadolski, Carolyn
Nwufo, Gladys
Oliver-Abad, Joyce
Owens, Floyd
Pemberton, Barbara
Pham, Khang
Rheinheimer, Jean
Salzbrunn, Vern
Sanchez, Eduardo
Wall, Robert
Winters, Robert
Yurick, Brian

Spouses

Conologue, Catherine
Hendricks, Adele
Mc Cracken, Masako
Najmulski, Kathleen
Omasta, Eldamae
Rowe, Dennis
Searfoss, Vivian
Simpson, Doris
Walters, Carrie
Wang, Hazel

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Roger Hilton
Chairman



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Megan Cortez, Disability Manager
SUBJECT: RETIREE REQUEST TO BE REINSTATED – LINDA YOUNG

Recommendation:

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

Background:

Application for re-employment of retired member

Orange County Health Care Agency, Behavioral Health Clinician

Date of request: 01/21/2020; Date of entry to OCERS: 03/31/1998

Total years of service: 6.6860

Separation Date: 03/19/2005; Date of Service Retirement: 02/08/2019

Former position: Orange County Health Care Agency, Marriage Family and Child Counselor II

Discussion:

Ms. Young service retired from the Orange County Health Care Agency on February 8, 2019. She has requested to be reinstated as an active employee under the provisions of Government Code Sections 31680.4 and 31680.5.

Ms. Young was a Marriage Family and Child Counselor II prior to her separation from Orange County Health Care Agency on March 19, 2005. She deferred her retirement until February 8, 2019. The Health Care Agency has offered to return her to regular full time employment as a Behavioral Health Clinician.

Pursuant to OCERS policy Ms. Young underwent a physical examination on March 4, 2020 with an independent OCERS panel physician to determine whether she was physically capable of returning to full time employment. It is the panel physician’s opinion that Ms. Young can return to work without restriction.

Submitted by:

MC-Approved

Megan Cortez
Disability Manager



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Suzanne Jenike, Assistant CEO, External Operations
SUBJECT: 2020 STAR COLA FINAL APPROVAL

Recommendation

Approve payment of STAR COLA for the period April 1, 2020 through March 31, 2021.

Background/Discussion

STAR COLA stands for Supplemental Targeted Adjustment for Retirees, Cost of Living Adjustment. Unlike the regular COLA the STAR COLA is discretionary and the Board of Retirement has the sole authority to grant or deny the benefit and considers it on an annual basis. The purpose of the STAR COLA is to restore purchasing power for retirees who have lost more than 20% of their purchasing power since retirement due to inflation. The STAR COLA brings those individuals back to 80% of purchasing power. It applies to those who have been retired the longest – currently, those members who retired on or before April 1, 1980.

The projected cost for the period April 1, 2020 through March 31, 2021 is \$445, 820. The breakdown between Employers with STAR COLA recipients is as follows:

County	\$ 440, 057 (204 recipients)
UCI (closed to new participants)	\$ 3,440 (4 recipients)
Orange County Sanitation District	<u>\$ 2, 323 (2 recipients)</u>
Total	\$445, 820 (210 total)

The 2020-2021 STAR COLA, if approved, is \$71,669 lower than 2019-2020 and the total number of recipients has declined by 28 payees from 2019 to 2020.

The STAR COLA provides a much needed cushion to the oldest retirees, whose benefit has been most diminished by inflation. In accordance with California Government Code Section 7507, the Board has already disclosed the financial impact of continuing the STAR COLA at the February 10, 2020 Board meeting.

Staff will send letters to each affected Employer after the Board takes action advising of the outcome, and if approved, of the cost to each Employer.

Based on the significant impact discontinuation of STAR COLA would have on the individuals who receive it and the relatively small impact payment would have on contribution rates it is staff's recommendation to approve the STAR COLA for April 1, 2020 through March 31, 2021 in the amount of \$445, 820.

Submitted by:



S. J. – APPROVED

Suzanne Jenike
Assistant CEO, External Operations



180 Howard Street Suite 1100
San Francisco CA 94105-6147
segalco.com
T 415.263.8283
ayeung@segalco.com

VIA E-MAIL AND USPS

January 17, 2020

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

**Re: Orange County Employees Retirement System (OCERS)
Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment
(STAR COLA) Payment Projections**

Dear Steve:

As requested by the System, we have projected the cost of continuing the STAR COLA benefit over the next ten years.

BACKGROUND

The Retirement Board grants a STAR COLA benefit to maintain a minimum of 80% of a retiree's or beneficiary's purchasing power. The STAR COLA benefit is calculated by first taking the balance in a member's COLA bank that is in excess of 20% and multiplying that times the member's benefit.

The 1937 Act allows the Board either to advance fund the STAR COLA benefit subject to the availability of excess earnings above 1% of OCERS' assets or to grant this benefit on an annual basis. We understand that the Board's current policy is to grant this benefit on an annual basis.

RESULTS AND ANALYSIS

On April 1, 2020, only those members who retired on or before April 1, 1980 have COLA banks in excess of 20% and hence are eligible to receive the STAR COLA.

The attached Exhibit A shows a ten-year projection of the STAR COLA benefits, expressed as a percentage of the benefit payable effective April 1 of the next ten years. In Exhibit B, we show the annual benefit payment based on who is eligible for the STAR COLA benefit as of April 1, 2020 (i.e., members who retired on or before April 1, 1980) and those who may become eligible after April 1, 2020. In Exhibit C, we have included a schedule that provides the breakdown of the anticipated STAR COLA benefits from April 1, 2020 to March 31, 2021 based on members who retired from each employer.

January 17, 2020
Page 2

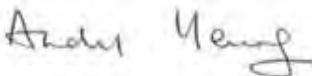
Our projections are based on the following assumptions provided below.

1. The existing 80% purchasing power cap will remain unchanged.
2. In adjusting the purchasing power banks after April 1, 2020, we have used the assumed annual inflation rate of 2.75% previously adopted by the Board for the December 31, 2018 valuation that will carryover unchanged for the December 31, 2019 valuation. As OCERS provides a maximum annual COLA of 3.0%, the COLA banks will decrease in the future under the 2.75%¹ inflation assumption (see attached Exhibit A) and thus no other additional members will be expected to become eligible.² We assume that future STAR COLA benefits, adjusted to reflect inflation for the prior calendar year, will be paid commencing April 1 of the subsequent year.
3. Our projections were based on the latest membership data used in the valuation as of December 31, 2018, but updated through January 8, 2020 to exclude those members who have passed away since the prior valuation. For conservatism, we assumed no deaths would have occurred among retirees and beneficiaries from January 8, 2020 to April 1, 2020. Effective April 1, 2020, we applied the life expectancies previously adopted by the Board for the December 31, 2018 valuation that will carryover unchanged for the December 31, 2019 valuation in projecting members who will be entitled to payments in the ten-year period.

I'm a member of the American Academy of Actuaries and I meet the Qualification Standard of the American Academy of Actuaries to render the actuarial opinion herein.

Please give us a call if you have any questions.

Sincerely,



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

AW/gxk
Enclosures

cc: Suzanne Jenike
Brenda Shott

¹ It should be noted that 2.75% is assumed to be the average annual COLA during the next ten years. In practice, actual COLAs are granted annually in increments of 0.5% according to the 1937 Act.

² It should be noted that in determining the liabilities for those retirees with COLA banks in the funding valuation, we have been assuming that a COLA of 3.00% would be paid on each April 1 following the date of the valuation until their COLA banks are depleted.

Exhibit A – Ten-Year Projection of STAR COLA Benefits

(Expressed as a Percent of the Benefit Payable Effective April 1 of the Year Indicated)

Date of Retirement	April 1, 2020	April 1, 2021	April 1, 2022	April 1, 2023	April 1, 2024	April 1, 2025	April 1, 2026	April 1, 2027	April 1, 2028	April 1, 2029
On or Before 04/01/1972	28.00%	27.75%	27.50%	27.25%	27.00%	26.75%	26.50%	26.25%	26.00%	25.75%
04/02/1972 to 04/01/1973	27.50%	27.25%	27.00%	26.75%	26.50%	26.25%	26.00%	25.75%	25.50%	25.25%
04/02/1973 to 04/01/1974	27.50%	27.25%	27.00%	26.75%	26.50%	26.25%	26.00%	25.75%	25.50%	25.25%
04/02/1974 to 04/01/1975	27.00%	26.75%	26.50%	26.25%	26.00%	25.75%	25.50%	25.25%	25.00%	24.75%
04/02/1975 to 04/01/1976	21.50%	21.25%	21.00%	20.75%	20.50%	20.25%	20.00%	19.75%	19.50%	19.25%
04/02/1976 to 04/01/1977	16.00%	15.75%	15.50%	15.25%	15.00%	14.75%	14.50%	14.25%	14.00%	13.75%
04/02/1977 to 04/01/1978	12.50%	12.25%	12.00%	11.75%	11.50%	11.25%	11.00%	10.75%	10.50%	10.25%
04/02/1978 to 04/01/1979	8.50%	8.25%	8.00%	7.75%	7.50%	7.25%	7.00%	6.75%	6.50%	6.25%
04/02/1979 to 04/01/1980	3.50%	3.25%	3.00%	2.75%	2.50%	2.25%	2.00%	1.75%	1.50%	1.25%

Based on the ten-year projection, members who retired after April 1, 1980 are not eligible for STAR COLA.

EXHIBIT B – PROJECTED BENEFIT PAYMENTS

The expected benefit payments for the current and new STAR COLA recipients for the next ten years, commencing April 1, 2020, are provided in the following table:

	Benefit Payments		
	(1) Eligible for STAR COLA as of April 1, 2020	(2) Not Yet Eligible for STAR COLA as of April 1, 2020	(1) + (2)
1. April 1, 2020 - March 31, 2021	\$445,820	\$0	\$445,820
2. April 1, 2021 - March 31, 2022	406,643	0	406,643
3. April 1, 2022 - March 31, 2023	368,850	0	368,850
4. April 1, 2023 - March 31, 2024	333,112	0	333,112
5. April 1, 2024 - March 31, 2025	299,800	0	299,800
6. April 1, 2025 - March 31, 2026	269,091	0	269,091
7. April 1, 2026 - March 31, 2027	241,009	0	241,009
8. April 1, 2027 - March 31, 2028	215,481	0	215,481
9. April 1, 2028 - March 31, 2029	192,360	0	192,360
10. April 1, 2029 - March 31, 2030	<u>171,459</u>	<u>0</u>	<u>171,459</u>
Total Benefit Payments	\$2,943,625	\$0	\$2,943,625
Discounted Benefit Payments ⁽¹⁾	\$2,261,376	\$0	\$2,261,376

⁽¹⁾ At 7.00% annual investment return assumption.

EXHIBIT C – PROJECTED BENEFIT PAYMENTS BY EMPLOYER

The expected benefit payments for the current STAR COLA recipients from April 1, 2020 to March 31, 2021 broken down by employer, are provided in the following table:

	Benefit Payments			
	Orange County	U.C.I. (Bi-weekly)	Sanitation District	Total
April 1, 2020 - March 31, 2021	\$440,057	\$3,440	\$2,323	\$445,820

§31874.3. Determination; application of excess to allowances; effect on subsequent increases

(a)(1) Whenever the percentage of annual increase in the cost of living as of January 1 of each year as shown by the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers exceeds the maximum benefit increase provided in Section 31870, 31870.1, 31870.2, or 31870.3, whichever is applicable, the board of retirement may provide that all or part of the excess percentage increase shall be applied to the retirement allowances, optional death allowances, or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3. The board shall determine the amount of the excess to be applied, which amount shall not exceed an amount that can be paid from earnings of the retirement fund that are in excess of the total interest credited to contributions and reserves plus 1 percent of the total assets of the retirement fund.

(2) The supplemental increases in excess of the increases applied to the retirement allowances, optional death allowances, or annual death allowances pursuant to Section 31870, 31870.1, 31870.2, or 31870.3 shall not become a part of the retirement allowances, optional death allowances, or annual death allowances to be increased by subsequent increases under Section 31870, 31870.1, 31870.2, or 31870.3.

(3) This subdivision shall be operative in any county that has elected by a majority vote of the board of supervisors to make either Section 31870, 31870.1, 31870.2, or 31870.3 applicable in that county.

(b)(1) The board of retirement may, instead of taking action pursuant to subdivision

(a), provide supplemental cost-of-living increases, effective on a date to be determined by the board, to the retirement allowances, optional death allowances, or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3; provided however, that only those members shall be eligible for this increase whose accumulations established by Section 31870, 31870.1, 31870.2, or 31870.3 shall equal or exceed 20 percent as of January 1 of the year in which the board of retirement adopts an increase under this subdivision.

(2) The supplemental increases to the retirement allowances, optional death allowances or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3 shall not become a part of the retirement allowances, optional death allowances or annual death allowances to be increased by subsequent increases under Section 31870, 31870.1, 31870.2, or 31870.3.

(3) This subdivision shall be operative in any county that has elected by a majority vote of the board of supervisors to make either Section 31870, 31870.1, 31870.2, or 31870.3 applicable in that county.

(c)(1) The board of retirement may, instead of taking action pursuant to subdivision (a) or (b), provide supplemental cost-of-living increases, on a prefunded basis and effective on a date to be determined by the board, to the retirement allowances, optional death allowances, or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3; provided however, only those members shall be eligible for this increase whose accumulations established by Section 31870, 31870.1, 31870.2, or 31870.3 equal or exceed 20 percent as of January 1 of the year in which the board of retirement takes action pursuant to this subdivision.

(2) The supplemental increases to the retirement allowances, optional death allowances, or annual death allowances increased in Section 31870, 31870.1, 31870.2, or 31870.3 shall become a part of the retirement allowances, optional death allowances, or annual death allowances and shall serve to reduce the accumulations established by Section 31870, 31870.1, 31870.2, or 31870.3, as applicable, by the same percentage as the payment that is made pursuant to this Section.

(3) Before the board of retirement provides benefits pursuant to this subdivision, the costs of the benefits shall be determined by a qualified actuary and the board of retirement shall, with the advice of the actuary, provide for the full funding of the benefits utilizing funds in the reserve against deficiencies established pursuant to Section 31592.2, using surplus earnings that exceed 1 percent of the total assets of the retirement system.

(4) This subdivision shall be operative in any county that has elected by a majority vote of the board of supervisors to make either Section 31870, 31870.1, 31870.2, or 31870.3 applicable in that county.

(d) Upon adoption by any county providing benefits pursuant to this section, of Article 5.5 commencing with Section 31610) of this chapter, the board of retirement shall, instead, pay those benefits from the Supplemental Retiree Benefit Reserve established pursuant to Section 31618. (Amended (as amended by Stats. 1983, Ch. 147, Sec. 2) by Stats. 1983, Ch. 886, Sec. 11) (Amended by Stats. 2000, Ch. 317 (AB 2176), Sec. 4)

CA Govt Code § 7507 (2017)

(a) For the purpose of this section:

(1) "Actuary" means an actuary as defined in Section 7504.

(2) "Future annual costs" includes, but is not limited to, annual dollar changes, or the total dollar changes involved when available, as well as normal cost and any change in accrued liability.

(b) (1) Except as provided in paragraph (2), the Legislature and local legislative bodies, including community college district governing boards, when considering changes in retirement benefits or other postemployment benefits, shall secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability, before authorizing changes in public retirement plan benefits or other postemployment benefits.

(2) The requirements of this subdivision do not apply to:

(A) An annual increase in a premium that does not exceed 3 percent under a contract of insurance.

(B) A change in postemployment benefits, other than pension benefits, mandated by the state or federal government or made by an insurance carrier in connection with the renewal of a contract of insurance.

(c) (1) (A) With regard to local legislative bodies, including community college district governing boards, the future costs of changes in retirement benefits or other postemployment benefits, as determined by the actuary, shall be made public at a public meeting at least two weeks prior to the adoption of any changes in public retirement plan benefits or other postemployment benefits. If the future costs of the changes exceed one-half of 1 percent of the future annual costs, as defined in paragraph (2) of subdivision (a), of the existing benefits for the legislative body, an actuary shall be present to provide information as needed at the public meeting at which the adoption of a benefit change shall be considered. The adoption of any benefit to which this section applies shall not be placed on a consent calendar.

(B) The requirements of this paragraph do not apply to:

(i) An annual increase in a premium that does not exceed 3 percent under a contract of insurance.

(ii) A change in postemployment benefits, other than pension benefits, mandated by the state or federal government or made by an insurance carrier in connection with the renewal of a contract of insurance.

(2) With regard to the Legislature, the future costs as determined by the actuary shall be made public at the policy and fiscal committee hearings to consider the adoption of any changes in public retirement plan benefits or other postemployment benefits. The adoption of any benefit to which this section applies shall not be placed on a consent calendar.

(d) Upon the adoption of any benefit change to which this section applies, the person with the responsibilities of a chief executive officer in an entity providing the benefit, however that person is denominated, shall acknowledge in writing that he or she understands the current and future cost of the benefit as determined by the actuary. For the adoption of benefit changes by the state, this person shall be the Director of Human Resources.

(e) The requirements of this section do not apply to a school district or a county office of education, which shall instead comply with requirements regarding public notice of, and future cost determination for, benefit changes that have been enacted to regulate these entities. These requirements include, but are not limited to, those enacted by Chapter 1213 of the Statutes of 1991 and by Chapter 52 of the Statutes of 2004.

(Amended by Stats. 2016, Ch. 415, Sec. 4. (AB 2375) Effective January 1, 2017.)



Serving the Active and Retired Members of:

CITY OF SAN JUAN
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN &
FAMILIES COMMISSION

ORANGE COUNTY
DEPARTMENT OF
EDUCATION (CLOSED TO
NEW MEMBERS)

ORANGE COUNTY
EMPLOYEES RETIREMENT
SYSTEM

ORANGE COUNTY FIRE
AUTHORITY

ORANGE COUNTY IN-HOME
SUPPORTIVE SERVICES PUBLIC
AUTHORITY

ORANGE COUNTY LOCAL
AGENCY FORMATION
COMMISSION

ORANGE COUNTY PUBLIC
LAW LIBRARY

ORANGE COUNTY
SANITATION DISTRICT

ORANGE COUNTY
TRANSPORTATION
AUTHORITY

SUPERIOR COURT OF
CALIFORNIA, COUNTY
OF ORANGE

TRANSPORTATION
CORRIDOR AGENCIES

UCI MEDICAL CENTER
AND CAMPUS (CLOSED
TO NEW MEMBERS)

March 16, 2020

Re: STAR COLA for 2020-2021

Dear XXX:

At its March 16th meeting the OCERS' Board of Retirement approved the Supplemental Targeted Additional Retiree (STAR) cost of living adjustment for the April 1, 2020 through March 31, 2021 period. These payments apply to approximately 210 payees who have lost more than 20% of their purchasing power since retirement. The group consists of individuals who retired on or before April 1, 1980, and their survivors.

In previous years this benefit was funded through "excess earnings" of the retirement system. There are currently no excess earnings available for this purpose and there have not been for several years. The plan sponsors that have STAR COLA recipients attributed to them either decide to pay for the cost of the benefit within the year it is being granted, or have the cost added to the plan sponsor's unfunded liability 204 of the STAR COLA recipients are County of Orange retirees or beneficiaries.

The projected cost for the County of Orange's share of STAR COLA recipients is \$440,057. While not required, the County of Orange could choose to pay this amount in a lump sum to OCERS, or periodically over the course of the STAR COLA year, which would be through March 31, 2021. If not paid for by the end of the STAR COLA year the County of Orange unfunded liability will be increased by the amount of the actual STAR COLA payments.

We have included the actuary's cost estimate for the STAR COLA payments through March 31, 2021. If you have any questions relating to the payment of the STAR COLA, please direct them to Brenda Shott, Assistant CEO, Finance & Internal Operations, at bshott@ocers.org, (714) 558-6201, or via regular mail.

Sincerely,

Steve Delaney
Chief Executive Officer

Encl. STAR COLA cost projection

2223 E. Wellington Avenue, Suite 100, Santa Ana, CA 92701 • Telephone (714) 558-6200 • Fax (714) 558-6234 • ocers.org

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



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: TEMPORARY DELEGATION TO THE CEO IN RESPONSE TO COVID-19

Written Report

Background/Discussion

On Monday, March 16 I will review actions taken by the OCERS executive team to-date in response to the growing challenge of the COVID-19 pandemic.

Two informational memos have been previously shared with the OCERS staff, both of which are attached here for your information.

The OCERS Crisis Management Team met twice in the past week (March 10 and 12) to review our Crisis Management Plan and provide me with the input needed to make determinations as to how OCERS will respond.

I have been in regular communication with Mr. Hilton as Board Chair, and the executive team held our regular semi-monthly meeting with the Chair, Vice Chair (Dewane) and Immediate Past Chair (Packard) March 13 to discuss OCERS actions.

From these activities it has become apparent that it would be prudent to grant the OCERS CEO certain emergency authority to ensure efficient continuity of OCERS activities through to the end of this health crisis. The requested authority would come with the requirement that I look to the OCERS Board Chair or Vice Chair for concurrence if action based on this emergency authority were warranted and required immediate attention."

Submitted



SD - Approved

Steve Delaney
Chief Executive Officer

From: [Delaney, Steve](#)
To: [All OCERS](#)
Subject: COVID 19 - Taking Precautions
Date: Wednesday, March 11, 2020 1:07:05 PM
Attachments: [image001.png](#)

Good afternoon all,

As promised in follow up to the CMT meeting yesterday afternoon, I have directed that OCERS adopt the following protocols and/or guidelines in response to the COVID-19 disease. These protocols and/or guidelines are consistent with guidelines of the Centers for Disease Control (CDC) and the Orange County Health Care Agency and state and federal law.

TRAVEL AND IN PERSON MEETINGS/INTERACTIONS (These are more rigorous/aggressive than CDC guidance)

You can choose to forgo travel on non-essential business even if it results in loss of pre-paid travel or conference attendance costs. For upcoming **essential** business travel, employees who do not feel comfortable traveling under the circumstances should discuss with their supervisors, who will make every effort to make alternative arrangements.

You are encouraged to conduct meetings and interactions by telephone whenever possible. The IT Division is also available to assist you with options for videoconferencing.

If a face-to-face meeting or interaction cannot be avoided, we recommend that you not shake hands and that you maintain physical distance between yourself and others attending the meeting.

You are encouraged to practice social distancing both inside and outside of the workplace.

PERSONS WITH SYMPTOMS OR EXPOSURE TO PERSONS WITH SYMPTOMS

If you are experiencing coronavirus symptoms (cough, fever, shortness of breath) or if you have been around others who have exhibited coronavirus symptoms, we encourage you to self-quarantine and stay home in order to prevent potential spread of the virus.

PERSONS WHO HAVE TESTED POSITIVE FOR COVID-19 OR WHO LIVE WITH SOMEONE WHO HAS COVID-19

In the event you have been confirmed to have COVID-19, or you live with someone who has COVID-19, please report this to Cynthia Hockless, Director of Human Resources, or to a member of the Senior Executive team so that precautionary measures may be taken with other OCERS employees, and so you can conduct a risk assessment with respect to your own potential exposure. Please rest assured that any information of a medical nature that you share with OCERS will be kept confidential.

CLEANING/DISINFECTING OF OUR OFFICE SPACE AND BUILDING

We have instructed our day porter and night janitorial service provider, effective immediately, to institute cleaning and disinfecting protocols that are more aggressive than recommended by the CDC, including the use of hospital grade sanitizer in common areas.

COMMUNICATIONS PORTAL

IT is currently working on a portal on SharePoint where you will be able to anonymously direct any questions you may have regarding the coronavirus or OCERS' response to the coronavirus. Your anonymous questions and the management team's responses to your questions will be posted so that they can be accessed by all OCERS team members. In the interim, you can deposit your questions in one of the Suggestion Boxes located on each floor, and the CMT will collect and post responses to your questions on the intranet.

GOOD HYGIENE AT HOME AND AT WORK

You are always encouraged to stay home when you are sick – with COVID-19 symptoms or otherwise. Similarly, for your own protection and the protection of your co-workers, we ask that you avoid contact with people who are sick.

Please cover your nose and mouth with a tissue when you sneeze or cough (or sneeze or cough into your elbow or shoulder if no tissue is available).

Clean your hands frequently with soap and water for at least 20 seconds or with an alcohol-based hand sanitizer. Hand sanitizer stations are located throughout the office.

Avoid touching your face.

Routinely clean all frequently touched surfaces in your workstation, counter tops and door knobs using disinfecting wipes. Please let Lisa D'Aiello know if you need more disinfecting wipes in your work area.

OUR COMMITMENT TO YOU

As you know, the situation in which we find ourselves is very fluid, and much remains unknown about the coronavirus and how it is spread. It is only natural to feel fear and uncertainty under the circumstances.

While we are all here united in our desire to fulfill our mission on behalf of our members, that does not override the fact that your health and the health of all of OCERS employees is of utmost importance to OCERS management. The CMT and OCERS management team is committed to staying informed of all developments in the disease and timely sharing with you any new information that we learn.

Please do not hesitate to contact your supervisor, the Human Resources Division or a member of the Senior Executive team if you have any questions or concerns.

STEVE DELANEY | Chief Executive Officer | **Orange County Employees Retirement System (OCERS)**

P: (714) 558-6222 | C: (714) 697-8291 | sdelaney@ocers.org | 2223 E. Wellington Ave., Suite 100 | Santa Ana, CA 92701

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

From: [Delaney, Steve](#)
To: [All OCERS](#)
Subject: COVID - 19
Date: Tuesday, March 10, 2020 1:13:25 PM

Good afternoon OCERS team:

As you may know, OCERS has in place a Crisis Management Team (CMT) and a Crisis Management Plan.

Your good health and safety are very important. With that in mind the CMT and the OCERS senior team are closely monitoring developments in the coronavirus (COVID-19) situation and considering the actions that OCERS may take in response. The CMT met last Friday and will meet again this afternoon.

To be clear, OCERS is NOT activating its Crisis Management Plan at this time. We expect to send a more detailed communication to each of you later this week after the CMT meets this afternoon. That communication will inform you of any developments or changes in OCERS' operations.

In the meantime, please keep in mind the guidance offered by the Centers for Disease Control (CDC):

- Please stay home if you are sick and avoid close contact with people who are sick
- Please practice good cough and sneeze etiquette by coughing or sneezing into a tissue if you have one, or into your sleeve if you don't have a tissue
- Please wash your hands with soap frequently and vigorously (for 20 seconds or longer) and use hand sanitizer when you do not have access to soap and water

Thank you for your support and patience during this evolving situation. If you have any questions, please do not hesitate to contact your supervisor, the Human Resources Division or one of the Senior Executive team members.

Thank you,

Steve Delaney
CEO, OCERS
(714) 558-6222 [desk]
(714) 697-8291 [cell]

Introduction

1. On November 18, 2002, the Board of Retirement (“Board”) approved a CEO Charter setting forth the roles and responsibilities of the CEO. The CEO Charter was last revised on March 18, 2019.
2. The CEO Charter includes Emergency Authority authorizing the CEO, in emergency situations and after making reasonable attempts to contact the Board Chair and Vice Chair, to act on matters not expressly stated within the CEO Charter provided that the action is, in the CEO’s judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a noticed meeting of the Board or its committees. The CEO is required to promptly report to the Board any emergency actions taken and the reasons why the CEO determined immediate action was necessary.
3. On March 4, 2020, the Governor of the State of California proclaimed a State of Emergency to exist in California as part of the State’s response to address the global COVID-19 outbreak (“State of Emergency”).
4. The Board sets forth herein a Temporary Delegation of Authority to the CEO, effective as provided herein.

Temporary Authority

5. Effective March 16, 2020, the CEO, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on all matters affecting the administration of OCERS, provided that:
 - a. The action is, in the CEO’s judgment, necessary to protect the System, its employees, its members, the Fund, or System assets or investments from material loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a noticed meeting of the Board or its committees; and
 - b. The CEO promptly reports to the Board the action taken, and the reasons why the CEO determined action was immediately necessary.
6. Without limiting the generality of Paragraph 5, above, while this Temporary Delegation of Authority remains in effect, any limitations on the CEO’s signing authority are hereby expressly suspended.
7. This Temporary Delegation of Authority will be effective until the earlier of (i) September 20, 2020; or (ii) the State of Emergency in California is rescinded, at which time it will be revoked without further action by the Board.



**OCERS Board
Temporary Delegation to the CEO During
COVID-19 Epidemic**

Secretary's Certificate

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

A handwritten signature in blue ink that reads "Steve Delaney" is enclosed in a thin blue rectangular box.

03/16/2020

Steve Delaney
Secretary of the Board

Date

*Orange County Employees Retirement System
Retirement Board Meeting
March 16, 2020
Application Notices*

Member Name	Agency/Employer	Retirement Date
Alford, Christine	Public Defender	12/9/2019
Baker, Allen	Health Care Agency	1/22/2020
Baker, William	Sheriff's Dept	1/17/2020
Baldwin, Russell	Sheriff's Dept	1/3/2020
Berg, Sondra	OC Community Resources	1/3/2020
Bowen, Polly	Fire Authority (OCFA)	1/17/2020
Boyd, Frank	OC Public Works	1/3/2020
Brickner, Leah	Superior Court	1/4/2020
Castillo, Charlie	Social Services Agency	1/10/2020
Cayabyab, Maria	OC Community Resources	12/31/2019
Cook, Daniel	Public Defender	1/17/2020
Cruz, Leonard	OCTA	1/5/2020
Dey, Rosemary	OC Community Resources	1/23/2020
Duong, Lucia	Health Care Agency	1/10/2020
Fakhry, Sayed	OC Public Works	12/27/2019
Frey, Irene	Social Services Agency	1/2/2020
Gabaldon, Carmen	Social Services Agency	1/17/2020
Green, Gail	OCWR	1/1/2020
Holford, Donovan	District Attorney	1/17/2020
Holgado, Azucena	Social Services Agency	1/3/2020
Johnson, Thomas	City of San Juan Capistrano	1/17/2020
Kendrick, Martin	Fire Authority (OCFA)	1/17/2020
Kinney, Patrick	Sheriff's Dept	1/17/2020
Lai, Rosalynn	Social Services Agency	1/3/2020
Le, Bien	Social Services Agency	1/3/2020
Lin, Wei	John Wayne Airport	1/1/2020
Mailhot, Karen	Superior Court	1/15/2020
Mcfetridge, George	District Attorney	1/17/2020
Moore, Cindy	Fire Authority (OCFA)	12/31/2019
Ogan, Judy	Health Care Agency	1/7/2020
Orr, David	Fire Authority (OCFA)	12/30/2019
Parker, Jeffrey	City of San Juan Capistrano	3/13/2019
Patton, Charles	Sheriff's Dept	1/3/2020
Patton, Shari	Superior Court	1/3/2020
Pearson, Kimberly	Health Care Agency	1/3/2020
Peloquin, Gabrielle	Sheriff's Dept	1/3/2020
Pratte, James	OC Public Works	1/17/2020
Saiz, Vera	Superior Court	1/3/2020
Schaaf, Wayne	OC Public Works	1/17/2020
Schiller, Clare	Probation	1/17/2020
Sims, Brian	Sheriff's Dept	1/3/2020
Tellez, Francisco	Health Care Agency	1/3/2020
Tober, Melissa	Health Care Agency	1/17/2020
Torok, Ioan	OCTA	12/22/2019
Torres, Jorge	OCTA	1/5/2020
Uppal, Simkie	OCTA	1/5/2020
Wolfe, Cynthia	OC Community Resources	1/17/2020
Wooding, Robert	District Attorney	1/3/2020
Zafary, Marta	Social Services Agency	1/17/2020

<i>Member Name</i>	<i>Agency/Employer</i>	<i>Retirement Date</i>
Zaman, Zille	District Attorney	1/17/2020

*Orange County Employees Retirement
Retirement Board Meeting
March 16, 2020
Death Notices*

<i>Active Members</i>	<i>Agency/Employer</i>
Catlapp, Constance	Superior Court
McElroy, Tomm	Sanitation District
Rondan, Monica	Social Services Agency

<i>Retired Members</i>	<i>Agency/Employer</i>
Boccumini, Vicki	Probation
Bogue, Helen	Assessor
Bonilla Gonzales, Amada	Health Care Agency
Churchill, Esther	Social Services Agency
Di Luzio, Suzanne	Superior Court
Diersing, Lorraine	Fire Authority (OCFA)
Drake, Roxanne	Superior Court
Ely, Lucy	Assessor
Finn, Andree	Social Services Agency
Fleming, Patty	Health Care Agency
Floyd, Carol	Social Services Agency
Gannon, Timothy	Health Care Agency
Gorthi, Vijaya	OCWR
Harris, Andrea	Sheriff's Dept
Hicks, Frank	OC Public Works
Magsam, Jane	Social Services Agency
Maze, David	Sheriff's Dept
Mitchell, Charles	OC Public Works
Munroe, Harold	OC Public Works
Neureither, Donald	District Attorney
Omsted, Sonja	Social Services Agency
Ruiz, Carmen	OC Public Works
Schaffroth, Harold	Sheriff's Dept
Shipp, Gloria	Social Services Agency
Sullivan, Michael	OC Public Works
Taban, Osman	Health Care Agency
VanKirk, Fay	Probation
Vu, Christine	Health Care Agency
Wallace, Linda	Superior Court
Way, Bernard	Social Services Agency
Webb, Martha	Health Care Agency
Westman, Gary	OC Public Works

<i>Surviving Spouses</i>	
Dickerson, John	
Fox, Jamie	

Hollon, Kathryn	
Majors, Viola	
Martinson, James	
Minardi, Joseph	
Perez, Mary	
Reilly, Betty	
Smith, Nancy	
Socia, Phyllis	
Sullivan, Julia	
Yniguez, Maria	



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: COMMITTEE MEETING MINUTES

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

Steve Delaney
Chief Executive Officer



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO FUTURE AGENDAS AND 2020 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

APRIL

Biennial Brown Act Training
Annual Fiduciary Training
SACRS Board of Directors Election

MAY

Preliminary December 31, 2019 Actuarial Valuation

JUNE

December 31, 2019 Actuarial Valuation Final Approval
Strategic Planning Workshop Proposed Agenda
OCERS 2020 Business Plan and 2020-2022 Strategic Plan: Mid-Year Review

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2020 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
System Oversight		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)	
Board Governance				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)	
Regulation / Policies	Communication Policy Fact Sheet (I)											
Compliance				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

DATE: March 3, 2020
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: QUIET PERIOD – NON-INVESTMENT CONTRACTS

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. Bids were received that are currently being evaluated.
- An RFP for additional Investment Counsel firm(s) will be issued in March, 2020. We had originally anticipated distributing the RFP in February but additional review was needed to cover our requirements. The need for this RFP is to get at least one additional Investment Counsel Firm (Attorney group) to handle the volume of investments that are being reviewed.

Submitted by:

Jim Doezie
Contracts, Risk and Performance Administrator



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD COMMUNICATIONS

Written Report

Background/Discussion

To ensure that the public has free and open access to those items that could have bearing on the decisions of the Trustees of the Board of Retirement, the OCERS Board has directed that all written communications to the entire Board during the interim between regular Board meetings be included in a monthly communications summary.

News Links

The various news and informational articles that have been shared with the full Board are being provided to you here by web link address. By providing the links in this publicly available report, we comply with both the Brown Act public meeting requirements, as well as avoid any copyright issues.

The following news and informational item was provided by staff and the CEO for distribution to the entire Board:

Steve Delaney:

Attached: OCERS Activities for January 2020.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Monthly Staff Status January 2020

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 January 2020.

TOP 3 MEMBER QUESTIONS:

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

QUESTION ONE:

Q: When will the 1099s be mailed?

A: OCERS mailed 2020 1099-Rs to all payees on January 31st, and these were also available on the MyOCERS portal as of January 24th. If a member had a recent address change and did not yet receive their 1099, they may contact Member Services and we will re-mail a replacement.

QUESTION TWO:

Q: What will the Cost of Living Adjustment (COLA) be in 2020?

A: 2020 COLA was announced at February's Regular Board Meeting, and is 3.0%. This will increase eligible benefits by 3.0%.

QUESTION THREE:

Q: I'm an OCERS Retiree, how can I change my address?

A: A retiree can change their address directly on the myOCERS portal. Alternately, you may submit your address change to OCERS in writing.

Customer Service Statistics

Member Approval: 99%

Un-Planned Recalculations: 0

Retirement Applications Received:

Jan – 2020	249
Dec – 2019	75
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



Monthly Staff Status

January 2020

MEMBER SERVICES TELEPHONE METRICS

Member Services Call History			
Month / Year	Incoming Calls Through Queue	Incoming Calls Direct to Extension	Total Calls (Queue + Direct)
January 2020	1793	2845	4638
January 2019	1810	2743	4553
January 2018	2489	3041	5530

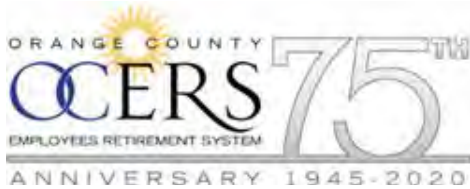
*2019 Queue call metrics may not be accurate due to sporadic issues with Mitel's Phone Reporting.

ACTIVITIES

OCERS INVESTMENT DEPARTMENT

Mr. Beeson reports on January Investment Department activity:

“The portfolio returned 1.8% net of fees in December, bringing the 2019 performance to 14.4% for the year. The fund value now stands at \$17.3 billion. OCERS did not have an Investment Committee meeting in January since year-end performance would not be available yet. OCERS’ Investment Team kicked off the 2020 asset allocation study by traveling to Meketa’s office in Carlsbad for a strategy session in late January. The Investment Team discussed Meketa’s new capital market assumptions (which will be presented at the February Investment Committee meeting), timing for the asset allocation study, and potential changes to the asset allocation to model. The Investment Team was also able to conduct a few due diligence trips during January. Molly Murphy and Dave Beeson spent a few days in Menlo Park and San Francisco meeting with private equity managers. Reggie Tucker spent a week in NYC for the AIF Global Annual Investors Meeting and other manager due diligence meetings. AIF is an independent economic think tank that promotes the exchange of best ideas, practices, research, and information among institutional investors globally. Finally, Molly Murphy, Dave Beeson, and Nic DiLoretta from TorreyCove spent a couple days in Houston meeting with energy managers. This trip focused on getting an update on the upstream energy sector, given the recent challenges in the exit environment for upstream energy companies, as well as potential ways to diversify the energy bucket. “



Monthly Staff Status January 2020

REMINDING STAFF OF FULL BENEFIT PACKAGE

Some years ago Treasurer Freidenrich suggested it would be a good practice to annually remind our OCERS team members that compensation for their hard work is not limited to salary alone. Other benefits, particularly a defined pension benefit, are also provided, something OCERS team members are as thankful for as are our 40,000+ members. We continue to follow that suggested practice, and in January the OCERS HR Department sent the following note to all OCERS team members:

“Good afternoon,

When most of us hear the term “compensation” we typically only think of the money we receive in our paycheck each payday. However, “Total Compensation” goes beyond salary, it is the complete pay package for employees. Your Total Compensation includes all forms of remuneration including the costs paid by OCERS for your retirement and health insurance benefits among others.

As a current employee, you may not be aware of the amount of money contributed toward the cost of benefits, and/or the value of the various components of the compensation package beyond your base salary. To this end, we ask that you log in to the payroll portal to view your Total Compensation for 2019. The instructions below will provide you with how to view your Total Compensation based on your salary and benefits selections.

If you have any questions regarding your Total Compensation, please feel free to contact a Human Resources team member.

Sincerely,

OCERS Human Resources Department”

OCERS TRADEMARK

In 2019 we received an inquiry from a private firm outside the country, asking if we would be opposed to their using the same acronym as us – OCERS. While we were not particularly concerned about foreign usage, it got us thinking about the possible importance of protecting the OCERS brand via trademarking the OCERS acronym and logo here in California, as well as the rest of the USA. We checked with the other CERL systems, and none had done so. CalPERS



Monthly Staff Status January 2020

has however taken this step. I asked the OCERS legal team to look into the matter, and determining that the cost was minimal, less than \$1,000, I directed the legal office to make the necessary arrangements. Mr. Manuel Serpa, our newest member in the OCERS legal office, is leading the effort and provided this report:

“We have filed the trademark applications for both the OCERS acronym and the acronym with the logo. It is supposed to take approximately three months for the applications to be assigned to a USPTO attorney for review and evaluation. That attorney will contact me if they need additional information or if there are any problems. The whole process is estimated to take 12 months.”

OCERS ANNUAL “LAUNCH” PARTY

OCERS held its Second Annual “Launch” party on January 9. Escaping from the holiday season, we several years ago moved instead to a once a year celebration of all that was accomplished in the prior year, with a chance to “launch” into the New Year. Together with awards recognizing Employee of the Year, Manager of the Year, and an award for modeling OCERS values, this year’s celebration was particularly special, as we used the occasion to recognize OCERS 75th Anniversary.





Monthly Staff Status January 2020



EXECUTIVE MANAGEMENT SEMI-ANNUAL TRAINING & PLANNING WORKSHOP (JAN 23)





Monthly Staff Status January 2020

UPDATES

OCERS HQ BUILDING

I have asked Ms. Shott to provide a monthly update regarding the purchase of the building next door and its eventual development, to be provided here in each monthly summary update. From Ms. Shott for the month of January:

“During the month of January, staff continued to work with OCERS' Due Diligence Team to gather and review information about the new building. We received the property assessment, zoning, environmental conditions and title reports. The review of the reports received did not identify any conditions that signaled a need to extend the due diligence period. As such, the schedule remains that escrow on 1200 N. Tustin Ave. will close on February 21, 2020. Ms. Shott continued her quest to gather information and gain knowledge on options for the future optimal use of the new property and OCERS existing property. Mr. Ball graciously agreed to meet with Ms. Shott and Mr. Delaney to share some of his experience and knowledge about the land development process and offered some great advice on what the project planning process should entail. He encouraged Ms. Shott to reach out to previously used consultants and other experts in the land development and construction industries to gain additional insight on current trends in the market and lessons learned from other projects similar to OCERS. In that effort, several meetings were scheduled for February to further the information gathering process and prepare for the next steps once escrow closes.”



As a reminder you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the March 16 meeting of the OCERS Board of Retirement.



Memorandum

DATE: March 16, 2020
 TO: Members of the Board of Retirement
 FROM: Steve Delaney, Chief Executive Officer
 SUBJECT: **OCERS BOARD POLICY COMPLIANCE**

Written Report

Background/Discussion

In 2018 Trustee Ball posed a very practical question to OCERS staff regarding the OCERS Board Policies – How can the Board of Trustees know if policies have been adhered to in the prior year? Separate from the triennial review process whereby every policy is considered for current applicability and possible update or modification due to the passage of time, this was a perfect question to pose as part of OCERS’ cultural shift to continuous improvement and best practice governance. A policy may be properly drafted, but is there compliance with the policy directives? The full Board of Trustees was assured that your staff would look into the issue and provide a report regarding policy compliance in the prior calendar year.

Following that initial query OCERS senior management team met and assigned a senior executive as primary reviewer to each policy. A tracking mechanism was created in our SharePoint database, and a training session was held to assist the executive team in determining how to investigate compliance and capture findings in the new database.

This is now the second annual OCERS Policy Compliance report codifying that effort. The OCERS Executive Team attests to general compliance with all policies except for one. As you know, the 2020 Business Plan includes an initiative to develop and implement a comprehensive records retention program that reflects best practices, systematically brings each OCERS department into compliance, and establishes procedures to maintain such compliance. The new program will supersede and replace the existing “Record Retention Policy and Guidelines” and until the new program is in place, we have suspended monitoring of compliance with the Record Retention Policy.

Staff will continue to monitor the compliance process throughout the 2020 calendar year, and will report next with the March 2021 annual Policy Compliance report.

Submitted by:



SD - Approved

Steve Delaney, Chief Executive Officer

03-16-2020 REGULAR BOARD MEETING - I-6 Policy Compliance

Title	Assigned To	Status	Due Date	In Compliance?
Policy Compliance Review for Adjudication Policy and Administrative Hearing Rules	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for Administrative Hearing Procedures	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for Budget Approval Policy	Bowman, Tracy	Completed	12/31/2019	Yes
Policy Compliance Review for CEO Performance Evaluation Policy	Hockless, Cynthia	Completed	12/31/2019	Yes
Policy Compliance Review for Communications Policy	Kinsler, Robert	Completed	12/31/2019	Yes
Policy Compliance Review for Compensation Earnable Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Cost Impacting Policy	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for Data Request Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Declining Employer Payroll Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Disposition of Surplus Property Policy	Shott, Brenda	Completed	12/31/2019	Yes
Policy Compliance Review for Election Procedures	Hockless, Cynthia	Completed	12/31/2019	Yes
Policy Compliance Review for Ethics Compliance and Fraud Hotline	Kim, David	Completed	12/31/2019	Yes
Policy Compliance Review for Extraordinary Expense Recovery Policy	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for Hearing Officer Selection and Retention Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Indemnity and Defense Policy	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for Legislative Policy	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for Monitoring and Reporting	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Overpaid and Underpaid Contributions Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Overpaid and Underpaid Plan Benefits Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Pay Item Review Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Planning Policy	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Procurement and Contracting	Hockless, Cynthia	Completed	12/31/2019	Yes
Policy Compliance Review for Quiet Period Policy	Shott, Brenda	Completed	12/31/2019	Yes
Policy Compliance Review for Record Retention Policy and Guidelines	Ratto, Gina	Completed	12/31/2019	No
Policy Compliance Review for Reserves and Interest-Crediting Policy	Shott, Brenda	Completed	12/31/2019	Yes
Policy Compliance Review for Retirement Enhancement Review Policy	Jenike, Suzanne	Completed	12/31/2019	Policy Rescinded
Policy Compliance Review for Rules of Parliamentary Procedure	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for SACRS Voting Authority Policy	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Securities Litigation Policy	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for Succession Policy	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Travel Policy	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Trustee Education Policy	Hockless, Cynthia	Completed	12/31/2019	Yes
Policy Compliance Review for Whistleblower Policy	Hockless, Cynthia	Completed	12/31/2019	Yes
Policy Compliance Review for Write Off Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Code of Ethics and Standards of Professional Conduct Policy	Murphy, Molly	Completed	12/31/2019	Yes
Policy Compliance Review for Placement Agent Disclosure Policy	Murphy, Molly	Completed	12/31/2019	Yes
Policy Compliance Review for Proxy Voting	Murphy, Molly	Completed	12/31/2019	Yes
Policy Compliance Review for Audit Committee Charter - 051517	Kim, David	Completed	12/31/2019	Yes
Policy Compliance Review for Board of Retirement Chair Charter	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Board Vice Chair Charter	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Chief Executive Officer Charter	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Chief Investment Officer Charter	Murphy, Molly	Completed	12/31/2019	Yes
Policy Compliance Review for Committee Chair Charter	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Disability Committee Charter	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Governance Committee Charter	Ratto, Gina	Completed	12/31/2019	Yes
Policy Compliance Review for Internal Audit Charter	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Personnel Committee Charter	Shott, Brenda	Completed	12/31/2019	Yes
Policy Compliance Review for Pensionable Compensation Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Assistant CEO Finance and Internal Operations Charter	Shott, Brenda	Completed	12/31/2019	Yes
Policy Compliance Review for OCERS Compensation Philosophy	Delaney, Steve	Completed	12/31/2019	Yes
Policy Compliance Review for Disability Retirement Reemployment Policy	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Assistant CEO External Operations Charter	Jenike, Suzanne	Completed	12/31/2019	Yes
Policy Compliance Review for Public Records Request Policy	Kinsler, Robert	Completed	12/31/2019	Yes
Policy Compliance Review for Actuarial Valuation Policy	Shott, Brenda	Completed	12/31/2019	Yes
Policy Compliance Review for Operational Risk Policy	Shott, Brenda	Completed	1/17/2020	Yes
Policy Compliance Review for	Jenike, Suzanne	Completed	12/19/2022	Yes
Policy Compliance Review for Withdrawing Plan Sponsor Policy	Jenike, Suzanne	Completed	12/19/2022	Yes
Policy Compliance Review for Member Services Customer Services Policy	Bercaru, Adina	Completed	3/6/2020	Yes
Policy Compliance Review for Membership Eligibility Requirements	Bercaru, Adina	Completed	3/6/2020	Yes
Policy Compliance Review for Communications Policy Fact Sheet	Kinsler, Robert	Completed	12/18/2020	Yes
Policy Compliance Review for Investment Policy Statement	Johnson, Brandon	Completed	3/6/2020	Yes



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **FIRST QUARTER REVIEW OF OCERS 2020-2022 STRATEGIC PLAN**

Written Report

Background/Discussion

The current three-year Orange County Employees Retirement System (OCERS) Strategic Plan for the period of January 1, 2020 through December 31, 2022 was approved by the OCERS Board of Retirement at the October 2019 administrative meeting of the Board.

The OCERS 2020-2022 Strategic Plan document outlines the broad goals and objectives this agency is committed to attaining in the coming three-year period. The 2020 OCERS Business Plan is included to provide detail, outlining the tasks to be undertaken in this current calendar year to advance OCERS towards the stated goals and objectives.

The OCERS Board has directed the strategic plan be provided for consideration in each calendar quarter, to allow for modifications if so desired.

Your executive team met last month to discuss future projects that would help each Division and Department get to what I have called “perfect state.”

The conversation was engaging, but I heard clearly that we need to approach all projects - whether directed by the Board, by the Strategic Plan, the Business Plan, or as outcomes from our recent “perfect state” discussion, as a whole, with clear assignment of responsibility, resources and timing/outcome expectations. We will continue meeting to that end through the coming month.

What that suggests to me is that while I have no changes to recommend to the current 2020-2022 Strategic Plan, I would expect our mid-year review will likely include some modifications that would improve our effectiveness as we proceed.

Attached: OCERS 2020-2022 Strategic Plan
OCERS 2020 Business Plan

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

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

2020-2022 STRATEGIC PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

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

VISION STATEMENT:

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

VALUES:

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

STRATEGIC PLAN

2020-2022 STRATEGIC GOALS

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

FUND SUSTAINABILITY

STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Objective A: Mitigate the risk of significant investment loss

Objective B: Prudent Use and Security of Resources

EXCELLENT SERVICE AND SUPPORT

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

- Objective A:** Provide accurate and timely benefits
- Objective B:** Provide education to our members and plan sponsors
- Objective C:** Continuously improve business processes and procedures to be efficient and effective

RISK MANAGEMENT

CULTIVATE A RISK-INTELLIGENT ORGANIZATION

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

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

TALENT MANAGEMENT

RECRUIT, RETAIN AND INSPIRE A HIGH-PERFORMING WORKFORCE

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

Objective B: Develop and empower every member of the team

Objective C: Cultivate a collaborative, inclusive and creative culture

EFFECTIVE GOVERNANCE

IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND STAFF BY CLARIFYING ROLES AND RESPONSIBILITIES, IMPROVING OVERSIGHT, CLARIFYING ACCOUNTABILITY AND IMPROVING DECISION MAKING

Objective A: Employ a governance structure that supports a dynamic System

Objective B: Improve the governance and management of OCERS' records



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

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
www.ocers.org

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

2020 BUSINESS PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

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

VISION STATEMENT:

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

VALUES:

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

2020-2022 STRATEGIC GOALS

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

FUND SUSTAINABILITY

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

Business Plan Initiatives

Objective A: Mitigate the Risk of Significant Investment Loss

Executive Lead – Molly Murphy

1. Conduct and begin implementation of a triennial asset allocation study
2. Conduct a competitive procurement for an investment/risk management system

Objective B: Prudent Use and Security of Resources

Executive Leads – Molly Murphy;

1. Investigate Custodial Bank Services options

EXCELLENT SERVICE AND SUPPORT

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

Business Plan Initiatives

Objective A: Provide Accurate and Timely Benefits

Executive Leads – Suzanne Jenike;

1. Streamline the service retirement process by implementing;
 - a. LEAN action items
 - b. Application packets
2. Improve customer service standards by enhancing V3 workflows, monitoring and reporting (year two)

Objective B: Provide Education to our Members and Employers

Executive Lead – Suzanne Jenike

1. Design and implement a bi-annual employer workshop
2. Create white board videos that will provide education to members and stakeholders about OCERS benefits (year two)

Objective C: Continuously Improve Business Processes and Procedures to be Efficient and Effective

Executive Lead – Brenda Shott and Suzanne Jenike

1. Explore the process of obtaining LEAN certifications
2. Identify additional business process to implement LEAN principles
3. Procure and begin conversion to new accounting software

RISK MANAGEMENT

GOAL: CULTIVATE A RISK-INTELLIGENT ORGANIZATION

Business Plan Initiatives

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

Executive Leads – Brenda Shott, Matt Eakin & Jenny Sadoski

1. Continue implementation plan for security and operational best practice controls
2. Continuously assess current Information Security environment and address identified risks:
 - a. Implement software application whitelisting solution to prevent the installation and execution of unknown programs on OCERS systems
 - b. Implement a Privileged Account Management (PAM) solution to secure, control, manage and monitor privileged accounts
 - c. Perform review of firewall solutions and migrate to new firewall solution if warranted
 - d. Continue development of OCERS data map, data classification structure and data exchange flows and identify associated risks (year two)
 - e. Develop a process for mitigating risks associated with external third party IT business partners
3. Implement tools and processes to mitigate the risk of data or financial loss or information disclosure:

- a. Implement an Identity and Access Management (IAM) solution incorporating Single Sign-On (SSO) and Multi-Factor Authentication (MFA)
 - b. Implement tools to secure OCERS cloud based environments
 - c. Implement automated hardware and software inventory tool
 - d. Enhance processes between Managed Security / Managed Detection & Response vendor and Information Security staff
 - e. Determine alternative methods of exchanging member identification protocols
4. Enhance the Business Continuity and Disaster Recovery Program:
- a. Establish alternate work space / work site plan (year two)
 - b. Expand the Business Continuity and Disaster Recovery test plan

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

- 1. Plan and implement building security, safety and health upgrades and space management projects (year three)

TALENT MANAGEMENT

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

Business Plan Initiatives

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

Executive Lead – Steve Delaney and Cynthia Hockless

1. Enhance onboarding and transitioning of new hires into the organization
 - a. Continue to expand the newly implemented onboarding process
2. Expand advertising and outreach sources in order to continue to encourage diversity in recruitments
3. Implement recommendations from workforce analysis (year three)
4. Implement recommendations of the Personnel Committee regarding staff retention strategies

Objective B: Develop and empower every member of the team

Executive Lead – Steve Delaney

1. Design and develop a comprehensive training program that embeds a talent management mindset throughout the organization
2. Customize training programs based on individual needs and career goals within OCERS
3. Create succession plans across the agency (year three)
4. Develop a comprehensive standardized library of procedure manuals accessible on the OCERS Intranet following last year's initial review

Objective C: Cultivate a Collaborative, Inclusive and Creative Culture

Executive Lead – Steve Delaney

1. Explore methods to measure OCERS culture of engagement and continuous improvement
2. Provide inclusion training to staff
3. Celebrate OCERS 75th Anniversary

EFFECTIVE GOVERNANCE

GOAL: IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND STAFF BY CLARIFYING ROLES AND RESPONSIBILITIES, IMPROVING OVERSIGHT, CLARIFYING ACCOUNTABILITY AND IMPROVING DECISION MAKING

Objective A: Employ a Governance Structure that Supports a Dynamic System

Executive Lead – Steve Delaney

1. Explore methods of focusing Board and staff time and effort on activities that support or advance OCERS' Strategic Goals

Objective B: Improve the Governance and Management of OCERS' Records

Executive Lead – Gina Ratto

1. Identify “best practices” in record retention
2. Develop and implement a records retention program that reflects best practices and identifies appropriate retention periods for each category of records
3. Establish storage protocols and automate destruction schedules for electronic mail
4. Establish an alternative “work space” and/or storage place for emails
5. Systematically bring each department within OCERS into compliance with the records retention program
6. Establish procedures to maintain and audit compliance with the record retention program



ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
www.ocers.org



Memorandum

DATE: February 28, 2020
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: FOURTH QUARTER 2019 BUDGET TO PRELIMINARY ACTUALS REPORT

Written Report

Highlights

Fourth Quarter Target: 100% Used /0% Remaining

	Actuals to Date	Annual Budget	Budget \$ Remaining	Budget % Remaining
Administrative Budget				
Personnel Costs	\$ 13,630,916	\$ 14,764,600	\$ 1,133,684	7.7%
Service and Supplies	8,159,216	11,298,230	3,139,014	27.8%
Capital Expenditures	52,264	370,000	317,736	85.9%
Grand Total	<u>\$ 21,842,396</u>	<u>\$ 26,432,830</u>	<u>\$ 4,590,434</u>	<u>17.4%</u>

Background/Discussion

The Board of Retirement approved OCERS' Administrative Budget for Fiscal Year 2019 (FY19) on November 19, 2018, in the amount of \$26,432,830 for administration and investment related activities.

OCERS' budgeting authority is regulated by California Government Code Sections 31580.2 and 31596.1, including a provision that OCERS' budget for administrative expenses is limited to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system, excluding investment related costs and expenditures for computer software, hardware and related technology consulting services (commonly referred to as the 21 basis point test). The approved FY19 administrative budget represents 8.93 basis points of the projected actuarial accrued liability. As directed by the OCERS' Board, the calculation of the previous legal budget limitation of 18 basis points of the projected actuarial value of total assets is also provided for informational purposes. The approved budget represents 14.20 basis points of these assets for FY19.

The Chief Executive Officer, or the Assistant CEO, has the authority to transfer funds within the three broad categories of the budget: 1) Personnel Costs, 2) Services and Supplies, and 3) Capital Expenditures. Funds may not be moved from one category to another without approval from the Board of Retirement.

Administrative Summary

- For the year ended December 31, 2019, preliminary actual administrative expenses were \$21,842,396 or 82.6% of the \$26,432,830 administrative budget and below budget by approximately \$4.6 million. A summary of all administrative expenses and explanations of significant variances are provided below:

**Summary of all Administrative Expenses
For the Year Ended December 31, 2019**

	<u>Actuals to Date</u>	<u>Annual Budget</u>	<u>% of Budget Used</u>	<u>Budget vs. Actuals (Over)/Under</u>
Personnel Costs	\$ 13,630,916	\$ 14,764,600	92.3%	\$ 1,133,684
Services and Supplies				
Bldg. Prop. Mgmt./Maintenance	558,346	680,000	82.1%	121,654
Due Diligence	26,292	80,000	32.9%	53,708
Equipment Lease	51,958	62,000	83.8%	10,042
Equipment/Software Expenses	296,900	706,500	42.0%	409,600
Infrastructure Maintenance	691,482	829,100	83.4%	137,618
Legal Services	900,015	1,475,000	61.0%	574,985
Meetings & Mileage	60,125	61,350	98.0%	1,225
Membership/Periodicals	74,902	71,960	104.1%	(2,942)
Office Supplies	69,956	80,000	87.4%	10,044
Postage	109,445	164,500	66.5%	55,055
Printing	70,455	105,000	67.1%	34,545
Professional Services	4,782,275	6,331,000	75.5%	1,548,725
Telephone	140,835	165,500	85.1%	24,665
Training	326,230	486,320	67.1%	160,090
Services and Supplies	8,159,216	11,298,230	72.2%	3,139,014
Capital Expenditures*	52,264	370,000	14.1%	317,736
Administrative Expense Total	\$ 21,842,396	\$ 26,432,830	82.6%	\$ 4,590,434

*Capital expenditures represent purchases of assets to be amortized in future periods.

Personnel Costs

Personnel Costs incurred as of year-end were approximately \$13.6 million or 92.3% of the annual budget for this category. These costs are slightly below budget due to the timing of hiring new staff. The newly created Learning and Organizational Development Manager position adopted in the 2019 Budget was filled during the second quarter. During the third quarter, four staff vacancies were filled; two Retirement Program Specialists, one Staff Attorney and one Investment Analyst. Also in the third quarter, the Director of Member Services position became vacant and a replacement is expected to be hired in early 2020. In addition to the aforementioned changes, natural staff attrition occurred creating short-term vacancies throughout the year.

Services and Supplies

Expenditures for services and supplies were approximately \$8.2 million or 72.2% of the annual budget for this category. The positive variance of \$3.1 million between the budget and year-to-date actuals is primarily due to the following:

- Building Property Mgmt./Maintenance costs utilized 82.1% of the annual budget and were lower than the budget by \$121,654. Overall costs are lower than budget due to postponement of some repairs for the HVAC system and roof until next year when a new property manager will be in place.
- Due Diligence costs are at 32.9% of the annual budget and lower than the budget by \$53,708. This lower than anticipated cost is due to fewer visits than planned and the ability of the new Managing Director of Investments to meet with investment managers while living on the east coast prior to relocating to the west coast. Due diligence visits to investment managers tend to fluctuate throughout the year and are often done in conjunction with other investment conference/training travel.
- Equipment/Software expense utilized 42.0% of the annual budget, and is lower than the budget by \$409,600. The lower than expected expenditures is the result of several projects budgeted for the year which are either in process or have not been started, such as the manage file transfer solution, rapid recovery appliance, change management solution, HW/SW inventory solution, log aggregation appliance, and multi-factor authentication solution. These software solutions have been re-budgeted for 2020. In addition, the patch management project was completed in 2018 resulting in the 2019 budget not being needed and the budget for information security remediation contingency was not needed.
- Infrastructure Maintenance costs are at 83.4% of the annual budget resulting in an unused budget of \$137,618. Various infrastructure maintenance costs associated with software and hardware support services did not incur costs until the third quarter although were budgeted for the full year, such as Microsoft Software Assurance and website hosting. Additionally, many hardware and software support services are currently lower than budgeted, including server and workstation hardware support, printer and computer room maintenance, other miscellaneous software and Oracle-V3 support.
- Legal Services are at 61.0% of the budget and are lower than the budget by \$574,985. Legal services for investments, litigation and tax counsel are utilized on an as-needed basis. Investment legal services are below budget by approximately \$230,000 due to fewer new agreements than originally expected, and the negotiation of a flat rate for each new investment agreement. General board, tax counsel and other counsel services are under budget by approximately \$348,000 primarily due to less than expected litigation costs.
- Memberships/Periodical expense is at 104.1% of the annual budget which is slightly over the budget by \$2,942. Several membership costs came in higher than expected. As the total amount expended under the Services and Supplies category remains under budget, an amendment was not required to cover the Membership budget shortfall. The CEO or Assistant CEO has the authority to move budget dollars within the Services and Supplies category to cover the shortfall and as of the end of the year, there were sufficient dollars available in other Services and Supplies line items to offset this shortage.
- Postage is at 66.5% of the annual budget and lower than the budget by \$55,055. This is attributable to only three bulk mailings to members, instead of the budget of four mailings, and the use of postage on an as-needed basis. Postage expense for miscellaneous and mass mailings was \$40,000, but no additional mass mailings were required.

- Printing costs are at 67.1% of the annual budget and lower than the budget by \$34,545. As with postage, printing costs are lower due to timing of mailings and a savings from the reduction in the number of pages in each mailing. In 2019 only three newsletters were sent to members during the year versus four in 2018. The cost of printing the quarterly mailings was reduced during the second quarter of 2019 resulting in a savings of approximately \$10,000 per newsletter.
- Professional Services utilized 75.5% of the annual budget and are lower than the budget by \$1,548,725. The variance is primarily due to costs not incurred for various Information Security and IT related consulting such as Office 365 migration consulting, managed security/detection and response services and security penetration testing; less than anticipated costs in some areas such as the completion of the website redesign project, white board videos, Board election costs, actuarial services and investment risk reporting services; as well as costs used on an as-needed-basis, including internal audit consultants and services, CEO contingency and court reporter fees. Office 365 migration consulting and managed security/detection response services were re-budgeted for the 2020 budget year.
- Telephone expenses are at 85.1% of the annual budget, and currently below the budget by \$24,665. This is primarily due to costs for cellular and mobile services coming in less than anticipated.
- Training expense is at 67.1% of the annual budget and lower than the budget by \$160,090, primarily due to training costs coming in less than anticipated for investment conferences, IT-related training, and the SACRS fall conference, as well as employee tuition reimbursement that was budgeted, but unused as of year-end.

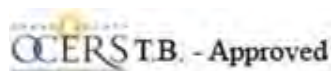
Capital Expenditures

Capital Expenditures as of the end of the year total \$52,264. Capital expenditures budgeted in 2019 were \$120,000 for building HVAC repairs and \$250,000 for board room audio visual improvements. The building HVAC has only been partially serviced and additional capital expenditures have been incurred related to building assessment costs for the headquarters building. The audio visual improvements for the board room have been re-budgeted for the 2020 budget year.

Conclusion:

As of year-end, the Administrative Budget based on preliminary actuals is at 82.6% of the annual budget. As actual administrative expenses are under the annual budget, OCERS is in compliance with the 21 basis point test and still meets the 18 basis point test as well.

Submitted by:



Tracy Bowman
Director of Finance



Memorandum

DATE: March 4, 2020
TO: Members of the Board of Retirement
FROM: Tracy Bowman, Director of Finance
SUBJECT: **FOURTH QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**

Written Report

Background/Discussion

The attached financial statements reflect the unaudited financial activity for the year ended December 31, 2019. These reports are preliminary and do not reflect the reclassification of certain investments for financial reporting and timing/market differences between investment manager statements and custodian bank statements. These, and other potential year-end adjustments that may result from the upcoming year-end audit, will be recorded if it is determined to have a material impact in the final Comprehensive Annual Financial Report (CAFR). The final CAFR, the official financial statements of OCERS, will be made available on our website, www.ocers.org, after the anticipated completion of the audit at the end of June 2020.

In 2018, the OCTA OPEB 115 had been reported as an Agency Fund. Starting with the first quarterly statement of 2019, the OCTA OPEB 115 fund is being reported as a Custodial Fund in accordance with the implementation of GASB Statement No. 84, *Fiduciary Activities*. The change from an Agency Fund to a Custodial Fund records the activity of the fund in the Statement of Changes in Fiduciary Net Position. This results in presenting an additional fund in the Statement of Changes in Fiduciary Net Position, and an ending fiduciary net position for the Custodial Fund.

Summary

Statement of Fiduciary Net Position (Unaudited)

As of December 31, 2019, the net position restricted for pension and other postemployment benefits is \$17.1 billion, an increase of \$2.3 billion, or 15.3%, from December 31, 2018. The change is a result of an increase in total assets of \$2.2 billion and a decrease in total liabilities of \$40.8 million as described below:

The increase of \$2.2 billion, or 14.1%, in total assets can be attributed to a \$2.2 billion increase in total investments at fair value and a \$230.0 million increase in total receivables. These increases were off-set by decreases of \$174.5 million in total cash and short-term investments and \$2.5 million in total capital assets.

The \$2.2 billion increase in total investments at fair value in the fourth quarter of 2019 can be attributed to increases in net appreciation of investments at fair value, in addition to earnings from interest and dividends, and the investment of proceeds received from prepaid employer contributions. 2019 was a bull-market year for both stocks and bonds because investors were less worried about global and economic growth, trade wars and

geopolitical uncertainty. This was a reversal from the 2018 sell-off when views about the economy were more pessimistic. In addition, an easing monetary policy with three rounds of interest rate cuts helped aid the financial markets. Global public equities, which increased by \$1.3 billion in 2019, performed well particularly in the U.S. equity market which recovered all of 2018's sell-off and reached an all-time high. The increases in private equity, core fixed income and risk mitigation are in line with the new asset allocation policy adopted by the Board of Retirement in October 2018, to increase investments in the areas of private equity and risk mitigation, while eliminating or limiting the investments in real assets and credit categories. Private equity increased by \$241.8 million as of December 31, 2019 as OCERS' private equity fund-of-fund managers performed well throughout the year and continued to benefit from a strong exit environment which led to significant distributions enhancing performance numbers. Core fixed income increased by \$216.2 million in 2019 and performed well as yields came down and prices went up. Four new investment managers were added to risk mitigation in 2019 which increased by \$923.9 million, led by the U.S. Long Treasury bond positions that have long duration and significantly benefited from the interest rate cuts resulting in strong performance for the year. The credit, real assets and absolute return asset classes decreased by a total of \$532.1 million, which is in line with the new asset allocation policy.

The total receivables increase of \$230.0 million is related to pending securities sales which increased \$225.6 million.

The decrease of \$174.5 million in total cash and short-term investments consists of a decrease of \$49.9 in cash and cash equivalents due to the timing of investing redemptions and distributions, as well as employee and employer contributions received during the quarter and a decrease in securities lending collateral of \$124.7 million due to lower demand which has led to lower balances across most of the asset classes in the securities lending program.

The decrease in total capital assets, net, of \$2.5 million from the prior year is primarily due to depreciation expense related to the Pension Administration System Solution (PASS) Project, V3.

Total liabilities decreased by \$40.8 million, or -4.4%, from December 31, 2018 to December 31, 2019, which included a \$124.7 million decrease in the obligations under the securities lending program, which is directly related to the decrease in securities lending collateral, as previously discussed. The decrease was offset by an increase in unsettled security purchases of \$75 million and unearned contributions which increased \$13.2 million due to larger prepaid employer contributions received for the fiscal year 2019-2020 prepayment program compared to the prior year's prepayment program. Retiree payroll payable increased \$5.2 million due to gradual increases in the number of participants in the plan and retiree benefits paid. Other liabilities decreased by \$7.3 million due to the timing of other investment related activity.

Statement of Changes in Fiduciary Net Position (Unaudited)

The ending net position restricted for pension and other postemployment benefits for the year ended December 31, 2019 increased by \$2.3 billion, or 15.3%, when compared to the year ended December 31, 2018. The increase can be attributed to higher investment returns in 2019 versus 2018. The investment portfolio reported a combined return of 14.41% for the year ended December 31, 2019, compared to a loss of -1.67% for the same period ended December 31, 2018.

Net investment income for the year ended December 31, 2019 is \$2.2 billion versus a loss of -\$331.2 million for the year ended December 31, 2018, an increase of \$2.6 billion. Financial markets performed stronger in 2019 compared to 2018 where the markets were more volatile and reported negative investment returns in multiple investment categories. Global public equities significantly rebounded and experienced strong market performance in 2019 with a return of 26.85% versus a loss of -10.59% in 2018. Core fixed income reported a return of 8.81% for the year ended December 31, 2019 compared to a loss of -0.22% in 2018 (investors view bonds as a safe hedge against equity prices). Investment fees and expenses increased by \$5.1 million. The primary components of the increase include investment manager fees for credit and private equity asset classes which increased \$3.8 million and \$8.3 million, respectively, offset by a decrease in real assets of \$7.4 million.

Total contributions for the year ended December 31, 2019 increased \$82.6 million from the prior year. The increase is related to employer contributions in the Pension Trust Fund which increased by \$72.7 million compared to the prior year due to unfunded actuarial accrued liability payments made during the year by the Transportation Corridor Agencies for \$12.8 million, the Orange County Fire Authority for \$19 million and the Orange County Sanitation District (OCSD) for \$38 million, which includes \$29.9 million that per the terms of a Memorandum of Understanding between OCERS and OCSD, will be used by OCSD to pay down their deferred unfunded actuarial accrued liability.

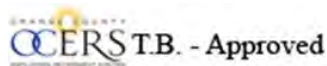
Total deductions from fiduciary net position restricted for pension and other postemployment benefits increased \$76.5 million, or 8.6%, from the prior year. Participant benefits increased by \$74.9 million, which is expected due to the continued and anticipated growth in member pension benefit payments, both in the total number of OCERS' retired members receiving a pension benefit and an increase in the average benefit received.

Other Supporting Schedules

In addition to the basic financial statements for the year ended December 31, 2019, the following supporting schedules are provided for additional information pertaining to OCERS:

- Total Plan Reserves
- Schedule of Contributions
- Schedule of Investment Expenses
- Schedule of Administrative Expenses
- Administrative Expense Compared to Actuarial Accrued Liability (21 basis points test).

Submitted by:



Tracy Bowman
Director of Finance



ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

Unaudited Financial Statements

For the Year Ended December 31, 2019

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

Unaudited Financial Statements
For the Year Ended December 31, 2019

Table of Contents

Statement of Fiduciary Net Position (Unaudited).....	1
Statement of Changes in Fiduciary Net Position (Unaudited).....	2
Total Plan Reserves.....	3
Schedule of Contributions.....	4
Schedule of Investment Expenses	5
Schedule of Administrative Expenses.....	6
Administrative Expense Compared to Projected Actuarial Accrued Liability.....	7

Statement of Fiduciary Net Position (Unaudited)
As of December 31, 2019
(with summarized comparative amounts as of December 31, 2018)
(Dollars in Thousands)

	<u>Pension</u> <u>Trust Fund</u>	<u>Health</u> <u>Care</u> <u>Fund-</u> <u>County</u>	<u>Health</u> <u>Care</u> <u>Fund-</u> <u>OCFA</u>	<u>OPEB 115</u> <u>Custodial</u> <u>Fund</u>	<u>Total</u> <u>Funds</u>	<u>Comparative</u> <u>Totals</u> <u>2018</u>
ASSETS						
Cash and Short-Term Investments						
Cash and Cash Equivalents	\$ 414,694	\$ 9,145	\$ 1,032	\$ 467	\$ 425,338	\$ 475,196
Securities Lending Collateral	192,379	4,238	478	-	197,095	321,770
Total Cash and Short-Term Investments	<u>607,073</u>	<u>13,383</u>	<u>1,510</u>	<u>467</u>	<u>622,433</u>	<u>796,966</u>
Receivables						
Investment Income	18,054	398	45	-	18,497	19,623
Securities Sales	335,681	7,394	835	-	343,910	118,301
Contributions	24,104	-	-	-	24,104	20,834
Foreign Currency Forward Contracts	514	11	1	-	526	64
Other Receivables	4,948	109	12	-	5,069	3,234
Total Receivables	<u>383,301</u>	<u>7,912</u>	<u>893</u>	<u>-</u>	<u>392,106</u>	<u>162,056</u>
Investments at Fair Value						
Global Public Equity	6,597,475	145,323	16,405	11,860	6,771,063	5,449,639
Private Equity	1,694,344	37,321	4,213	-	1,735,878	1,494,052
Core Fixed Income	2,787,092	61,391	6,930	5,694	2,861,107	2,644,944
Credit	1,574,316	34,678	3,915	-	1,612,909	1,726,250
Real Assets	2,198,809	48,433	5,467	-	2,252,709	2,671,001
Risk Mitigation	1,666,705	36,713	4,144	-	1,707,562	783,665
Absolute Return	944	21	2	-	967	1,386
Total Investments at Fair Value	<u>16,519,685</u>	<u>363,880</u>	<u>41,076</u>	<u>17,554</u>	<u>16,942,195</u>	<u>14,770,937</u>
Capital Assets, Net	16,060	-	-	-	16,060	18,542
Total Assets	<u>17,526,119</u>	<u>385,175</u>	<u>43,479</u>	<u>18,021</u>	<u>17,972,794</u>	<u>15,748,501</u>
LIABILITIES						
Obligations Under Securities Lending Program	192,379	4,238	478	-	197,095	321,770
Securities Purchased	301,621	6,644	750	-	309,015	234,056
Unearned Contributions	259,285	-	-	-	259,285	246,133
Foreign Currency Forward Contracts	196	4	-	-	200	2,366
Retiree Payroll Payable	73,559	3,446	798	-	77,803	72,555
Other	20,497	462	52	-	21,011	28,330
Due to Employer	-	-	-	15,496	15,496	15,496
Total Liabilities	<u>847,537</u>	<u>14,794</u>	<u>2,078</u>	<u>15,496</u>	<u>879,905</u>	<u>920,706</u>
Net Position Restricted for Pension and Other Postemployment Benefits	<u>\$ 16,678,582</u>	<u>\$ 370,381</u>	<u>\$ 41,401</u>	<u>\$ 2,525</u>	<u>\$ 17,092,889</u>	<u>\$ 14,827,795</u>

Statement of Changes in Fiduciary Net Position (Unaudited)

For the Year Ended December 31, 2019

(with summarized comparative amounts for the Year Ended December 31, 2018)

(Dollars in Thousands)

	<u>Pension Trust Fund</u>	<u>Health Care Fund- County</u>	<u>Health Care Fund- OCFA</u>	<u>OPEB 115 Custodial Fund</u>	<u>Total Funds</u>	<u>Comparative Totals 2018</u>
ADDITIONS						
Contributions						
Employer	\$ 653,793	\$ 54,788	\$ 2,111	\$ -	\$ 710,692	\$ 637,961
Employee	279,373	-	-	-	279,373	270,070
Other Postemployment Contributions	-	-	-	613	613	-
Total Contributions	<u>933,166</u>	<u>54,788</u>	<u>2,111</u>	<u>613</u>	<u>990,678</u>	<u>908,031</u>
Investment Income						
Net Appreciation / (Depreciation) in Fair Value of						
Investments	1,951,975	38,441	4,714	1,097	1,996,227	(476,680)
Dividends, Interest, & Other Investment Income	337,022	7,424	838	2,156	347,440	247,729
Securities Lending Income						
Gross Earnings	7,522	166	19	-	7,707	7,483
Less: Borrower Rebates and Bank Charges	(6,380)	(141)	(16)	-	(6,537)	(5,931)
Net Securities Lending Income	<u>1,142</u>	<u>25</u>	<u>3</u>	<u>-</u>	<u>1,170</u>	<u>1,552</u>
Total Investment Income / (Loss)	<u>2,290,139</u>	<u>45,890</u>	<u>5,555</u>	<u>3,253</u>	<u>2,344,837</u>	<u>(227,399)</u>
Investment Fees and Expenses	<u>(106,330)</u>	<u>(2,342)</u>	<u>(264)</u>	<u>(3)</u>	<u>(108,939)</u>	<u>(103,807)</u>
Net Investment Income / (Loss)	<u>2,183,809</u>	<u>43,548</u>	<u>5,291</u>	<u>3,250</u>	<u>2,235,898</u>	<u>(331,206)</u>
Total Additions	<u>3,116,975</u>	<u>98,336</u>	<u>7,402</u>	<u>3,863</u>	<u>3,226,576</u>	<u>576,825</u>
DEDUCTIONS						
Participant Benefits	887,003	35,012	5,018	-	927,033	852,142
Death Benefits	650	-	-	-	650	570
Member Withdrawals and Refunds	13,249	-	-	-	13,249	13,933
Other Postemployment Benefits	-	-	-	1,318	1,318	-
Administrative Expenses	<u>19,171</u>	<u>20</u>	<u>21</u>	<u>20</u>	<u>19,232</u>	<u>18,334</u>
Total Deductions	<u>920,073</u>	<u>35,032</u>	<u>5,039</u>	<u>1,338</u>	<u>961,482</u>	<u>884,979</u>
Net Increase / (Decrease)	2,196,902	63,304	2,363	2,525	2,265,094	(308,154)
Net Position Restricted For Pension and Other						
Postemployment Benefits, Beginning of Year	<u>14,481,680</u>	<u>307,077</u>	<u>39,038</u>	<u>-</u>	<u>14,827,795</u>	<u>15,135,949</u>
Ending Net Position Restricted For Pension and Other Postemployment Benefits	<u>\$ 16,678,582</u>	<u>\$ 370,381</u>	<u>\$ 41,401</u>	<u>\$ 2,525</u>	<u>\$ 17,092,889</u>	<u>\$ 14,827,795</u>

Total Plan Reserves

For the Year Ended December 31, 2019

(with summarized comparative amounts for the Year Ended December 31, 2018)

(Dollars in Thousands)

	<u>2019</u>	<u>2018</u>
Pension Reserve	\$ 9,885,751	\$ 9,154,999
Employee Contribution Reserve	3,421,183	3,261,626
Employer Contribution Reserve	2,785,209	2,667,017
Annuity Reserve	1,842,827	1,608,925
Health Care Reserve	411,782	346,115
OPEB 115 Reserve	2,525	-
County Investment Account (POB Proceeds) Reserve	150,416	131,890
OCSD UAAL Deferred Reserve	30,688	-
Contra Account	<u>(1,437,492)</u>	<u>(2,342,777)</u>
Total Net Position Restricted for Pension and Other Postemployment Benefits	<u>\$ 17,092,889</u>	<u>\$ 14,827,795</u>

Schedule of Contributions
For the Year Ended December 31, 2019
(with summarized comparative amounts for the Year Ended December 31, 2018)
(Dollars in Thousands)

	2019		2018	
	Employee	Employer	Employee	Employer
Pension Trust Fund Contributions				
County of Orange	\$ 215,481	\$ 458,721	\$ 209,469	\$ 437,162
Orange County Fire Authority	25,522	89,510 ¹	23,491	91,680 ¹
Orange County Superior Court of California	17,187	31,424	16,950	29,779
Orange County Transportation Authority	9,822	26,415	9,162	24,725
Orange County Sanitation District	7,999	46,056 ²	7,825	7,728
UCI Medical Center & Campus	-	2,789 ³	-	2,875 ³
Orange County Employees Retirement System	1,090	2,503	978	2,187
City of San Juan Capistrano	842	2,444	809	2,437
Orange County Mosquito & Vector Control District	-	878 ⁵	-	-
Transportation Corridor Agencies	748	14,063 ⁴	840	1,641
Orange County Department of Education	-	267 ³	-	301 ³
Orange County In-Home Supportive Services Public Authority	122	188	109	191
Orange County Cemetery District	153	187	141	171
Orange County Local Agency Formation Commission	45	150	39	130
Orange County Children & Families Commission	203	129	98	207
Orange County Public Law Library	159	118	159	169 ⁶
Cypress Recreation & Parks District	-	-	-	740 ⁷
Contributions Before Prepaid Discount	279,373	675,842	270,070	602,123
Prepaid Employer Contributions Discount	-	(22,049)	-	(21,218)
Total Pension Trust Fund Contributions	279,373	653,793	270,070	580,905
Health Care Fund - County Contributions	-	54,788	-	52,520
Health Care Fund - OCFA Contributions	-	2,111	-	4,536
OPEB 115 Custodial Fund Postemployment Contributions	-	613	-	-
Total Contributions	\$ 279,373	\$ 711,305	\$ 270,070	\$ 637,961

¹ Unfunded actuarial accrued liability payments (UAAL) were made in 2019 for \$19.0 million and 2018 for \$23.4 million for the Orange County Fire Authority.

² Unfunded actuarial accrued liability payments were made in 2019 for \$38.0 million for the Orange County Sanitation District which includes \$29.9 million for the deferred UAAL account.

³ Unfunded actuarial accrued liability payments have been made in accordance with a separate 20-year level dollar payment schedule to include liabilities for employee benefits related to past service credit.

⁴ Unfunded actuarial accrued liability payments were made in 2019 for \$12.8 million for the Transportation Corridor Agencies.

⁵ Unfunded actuarial accrued liability payments were made in 2019 for \$0.9 million for the Orange County Mosquito & Vector Control District.

⁶ This balance reflects the payoff of \$1.5 million of the Orange County Public Law Library's full unfunded actuarial accrued liability (UAAL) on December 15, 2017, reducing the UAAL contributions rate to 0%.

⁷ This balance reflects the unfunded actuarial accrued liability obligation payment made in October 2018 to fund the obligations for the ongoing benefits owed to Cypress Recreation & Parks District's retired and disabled employees and their survivors and beneficiaries.

⁸ Presentation of the OPEB 115 Custodial Fund due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Due to immateriality of activity, 2018 has not been restated.

Schedule of Investment Expenses
For the Year Ended December 31, 2019
(with summarized comparative amounts for the Year Ended December 31, 2018)
(Dollars in Thousands)

	<u>2019</u>	<u>2018</u>
Investment Management Fees*		
Global Public Equity		
U.S. Equity	\$ 2,360	\$ 2,581
International Equity	5,066	5,130
Emerging Markets Equity	7,007	7,111
Total Global Public Equity	<u>14,433</u>	<u>14,822</u>
Core Fixed Income		
U.S. Fixed Income	<u>2,535</u>	<u>2,118</u>
Total Core Fixed Income	<u>2,535</u>	<u>2,118</u>
Credit		
High Yield	1,770	1,369
Emerging Markets Debt	2,316	614
Direct Lending	2,782	2,528
Multi-Strategy	5,067	3,860
Non-U.S. Direct Lending	2,276	2,033
Total Credit	<u>14,211</u>	<u>10,404</u>
Real Assets		
Real Estate	11,181	19,369
Real Return		
Timber	780	1,228
Agriculture	1,242	1,158
Infrastructure	2,982	1,127
Energy	12,626	13,360
Total Real Return	<u>17,630</u>	<u>16,873</u>
Total Real Assets	<u>28,811</u>	<u>36,242</u>
Absolute Return		
Direct Hedge Fund	<u>129</u>	<u>16</u>
Total Absolute Return	<u>129</u>	<u>16</u>
Private Equity	17,825	9,504
Risk Mitigation	8,226	9,062
Short-Term Investments	366	296
Total Investment Management Fees	<u>86,536</u>	<u>82,464</u>
Other Fund Expenses¹	<u>17,249</u>	<u>16,931</u>
Other Investment Expenses (Expenses Not Subject to the Statutory Limit)		
Consulting/Research Fees	1,877	1,699
Investment Department Expenses	2,158	1,660
Legal Services	520	456
Custodian Services	580	579
Investment Service Providers	19	18
Total Other Investment Expenses	<u>5,154</u>	<u>4,412</u>
Security Lending Activity		
Security Lending Fees	281	393
Rebate Fees	6,256	5,538
Total Security Lending Activity	<u>6,537</u>	<u>5,931</u>
Total Investment Expenses	<u>\$ 115,476</u>	<u>\$ 109,738</u>

* Does not include undisclosed fees deducted at source.

¹ These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

Schedule of Administrative Expenses
For the Year Ended December 31, 2019
(with summarized comparative amounts for the Year Ended December 31, 2018)
(Dollars in Thousands)

	2019	2018
Pension Trust Fund Administrative Expenses		
Expenses Subject to the Statutory Limit		
Personnel Services		
Employee Salaries and Benefits	\$ 11,660	\$ 10,993
Board Members' Allowance	16	16
Total Personnel Services	11,676	11,009
Office Operating Expenses		
Depreciation/Amortization	2,534	2,292
General Office and Administrative Expenses	1,488	1,629
Professional Services	1,811	1,690
Rent/Leased Real Property	610	489
Total Office Operating Expenses	6,443	6,100
Total Expenses Subject to the Statutory Limit	18,119	17,109
Expenses Not Subject to the Statutory Limit		
Actuarial Fees	236	396
Equipment/Software	176	353
Information Technology Professional Services	533	426
Information Security Professional Services	107	-
Total Expenses Not Subject to the Statutory Limit	1,052	1,175
Total Pension Fund Administrative Expenses	19,171	18,284
Health Care Fund - County Administrative Expenses	20	20
Health Care Fund - OCFA Administrative Expenses	21	30
OPEB 115 Custodial Fund - Administrative Expenses	20	-
Total Administrative Expenses	\$ 19,232	\$ 18,334

¹ Presentation of the OPEB 115 Custodial Fund due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Due to immateriality of activity, 2018 has not been restated.

Administrative Expense Compared to Actuarial Accrued Liability
 For the Year Ended December 31, 2019
 (Dollars in Thousands)

Administrative Expense Compared to Actuarial Accrued Liability	
Projected Actuarial Accrued Liability (AAL) as of December 31, 2019	\$ 21,747,090
Maximum Allowed For Administrative Expense (AAL * 0.21%)	45,669
Actual Administrative Expense ¹	<u>18,119</u>
Excess of Allowed Over Actual Expense	<u><u>27,550</u></u>
Actual Administrative Expense as a Percentage of Projected Actuarial Accrued Liability as of December 31, 2019	0.08%
Actual Administrative Expense as a Percentage of Projected Actuarial Accrued Liability as of December 31, 2018	0.08%
¹ Administrative Expense Reconciliation	
Administrative expense per Statement of Changes in Fiduciary Net Position	\$ 19,171
Less administrative expense not considered per CERL section 31596.1	<u>(1,052)</u>
Administrative Expense allowable under CERL section 31580.2	<u><u>\$ 18,119</u></u>



Form Report of Attendance at Conference or Seminar

Name of Member Attending: _____ Reginald D. Tucker _____

Name of Conference/Seminar: _____ AIF Global Annual Investors' Meeting 2020 _____

Location of Conference/Seminar: _____ New York, NY _____

Conference/Seminar Sponsor: _____ Various _____

Dates of Attendance: _____ January 13 - January 14 _____

Total Cost of Attendance: _\$727.72 (Flight + 2 Nights Hotel) _____

Brief Summary of Information and Knowledge Gained: AIF Global <https://aifglobal.org/about-aif-global/>

AIF is an independent economic think tank focusing on institutional investment policy. Its mission is to promote the exchange of best ideas, practices, research and information among institutional investors globally to help plans like OCERS achieve its investment objectives. AIF does this by collaborating with asset owners and preeminent finance academics, investment consultants and asset managers to create timely, thoughtful and actionable content based upon their real-time needs.

AIF holds its forums in small, secure environments that facilitate a dialogue among all of the stakeholders in the investments process. There is no audience or media present. There is a good dialogue between investors, academics and asset managers on current investment topics.

Key panels for the 2020 Investors' Meeting are noted with key takeaways below:

Investor Deep Dive Session on 'Out of the Box' Investing (primarily discussion on Co-Investments):

- Interest in out of box strategies (alternative vehicles, non-traditional fund structures, uncorrelated strategies and co-investments growing and now accounts for 30 - 40% of GP capital raised
- After initially mixed performance, co-investments now enhance core return by +7% on average
- Success requires good fund selectors > those that can select primary funds well tend to have positive co-investment performance
- Not a one size fits all approach or structure > More sophisticated LPs perform better

AIF Institute Infrastructure Investing Symposium Review and Roundtable

- Not a one size fits all asset class for LPs. Classifications are developing as the asset class matures and distinguishes itself from Real Estate.



Form

Report of Attendance at Conference or Seminar

- Target return spectrum associated with the categories has also evolved so it has become more difficult to generalize or bucket > Seeing risk creep with some managers now taking PE-like risk for Core-like returns
- Sector needs to better define risk to better evaluate and calibrate risk/return expectations and dynamics > One of the challenges is that there is not a clear benchmark
- May be helpful to group and benchmark similar funds and strategies against each other to better assess opportunities and monitor performance

Portfolio Construction Roundtable

- Challenging market dynamics leading to investors to technology to help manage and build portfolios
- Alternatives continue to be an increasingly important and needed > Focusing on even longer duration/long hold PE
- Increasing challenges in combining public equity and alternatives > Need to look through multiple lenses and think out of the box like adding long-only HFs to public equity book > All is leading to increasing complexity in portfolios
- Investors looking at different ways to use things like private credit > Use to offset risk in portfolio and protect downside

Private Credit Roundtable

- Seeing a lot of inflows from liquid FI into the space > making overall portfolios less liquid
- Natural evolution is FI substitute and Direct Lending and evolving into Core+Satellite with more niche strategies
- Key question is how much liquidity to most investors have in their FI allocations and how they need > may be able to enhance returns through increased PC allocations
- Challenges are benchmarking and scalability of certain strategies

View on where PC sits in the Portfolio

- Inside of each of the asset classes for proper coverage vs others saw it better to have a dedicated team that can leverage expertise in the space

Structures

- Views on SMAs > can customize triggers and exposure as well as create structures that can pivot from liquid/illiquid
- Challenges > SMAs work well if you have a clear view on customization > Tend to be more expensive to set up and run but could work well for larger commitment sizes and larger LPs

Benchmarking

- Hard to standardize a benchmark given the diversification of strategies
- Benchmarking should likely focus around the role of PC in the portfolio



Form

Report of Attendance at Conference or Seminar

Views on Distressed

- Marathon > In their study average hold period for distressed positions(1000 bps or wider) when market is generally tight (300-400) is 3 years and these type of companies tend to be in structural decline > Poor risk/reward to invest in distressed when spreads tight
- When spreads are 700-900 bps the overall return enhanced significantly > You can time distress > usually through triggers and disciplined investment process (Marathon has a 750 bps trigger)

Need patient capital vehicles that can call capital at those times. Some investors may have issue with where the capital is invested in the meantime (often the manager managers the cash in the interim)

Evaluation of the Conference or Seminar:

AIF's target audience is the universe of chief and senior investment officers and board members of the world's largest institutional asset owners, i.e., pension and superannuation plans and other retirement savings programs, sovereign wealth funds, insurance companies, endowments, foundations and family offices. This is a great group of sophisticated investors and thought leaders to potential trade notes on current challenges and opportunities and attendance would be recommended as OCERS increases the level of complexity in processes and products in its portfolio.

Recommendation Concerning Future Attendance:

The AIF Global Annual Meeting takes place in NYC, which gives Staff the ability to network with a number of peer plans and other investors in the areas, as well as potentially meet with a number of both funded and prospective managers in an efficient manner.

Participation in the 2019 AIF Insurance Investors' Forum may qualify for CPE Credits. Participants can earn up to 8.5 CPE credits in Finance and Management Advisory Services fields of study.

Submitted by:



MAM - Approved

Molly A. Murphy, CFA
Chief Investment Officer

Approved by:



SD - Approved

Steve Delaney
Chief Executive Officer

— Celebrating 15 Years —

Best ideas.
Best practices.
Best information.

AIF Global



2020 AIF Annual Investors' Meeting

January 13–14 · New York City

Promoting the exchange of best ideas, practices
and information among institutional investors globally
to help them achieve their investment objectives

Best ideas.
Best practices.
Best information.

AIF Global



2019 AIF Annual Investors' Meeting

Celebrating the 15th anniversary of AIF Global

January 13–14 · New York City

Metropolitan Club of New York City · One East Sixtieth Street · New York NY

[Register online](#)

Bringing Investments Thought Leaders to Institutional Investors Globally

AIF is an independent economic think tank focusing on institutional investment policy. Its mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives.

A Format that Ensures the Best Ideas, Best Practices, and Best Information

AIF's model is to travel to institutional investors and deliver its content free of cost. AIF brings leading investment managers, consultants, and academics together with local institutional investors to dialogue about practical, actionable investment topics and investment policy in a small, controlled roundtable format.

No service provider or audience is present, and no selling is permitted at any Regional Roundtable.

AIF's content and membership are determined by AIF's four advisory boards, which consist of more than 100 of the world's most influential investment thought leaders. AIF's Board is chaired by Josh Lerner, Ph.D., Jacob H. Schiff Professor of Investment Banking at Harvard Business School.

Earn Continuing Professional Education (CPE) Credits

Participation in the 2019 AIF Insurance Investors' Forum may qualify for CPE Credits. Participants can earn up to 8.5 CPE credits in Finance and Management Advisory Services fields of study.

Our mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives

Agenda at a Glance

Monday, January 13, 2020

10:00–10:30 a.m. Registration for the Women-only Sessions

10:30–11:30 a.m. Board Readiness: Toolkit for Success (Women-only)

Moderators

- Melissa Waller, President, AIF Institute and Former Deputy Treasurer, North Carolina
- Sharmila Kassam, Senior Consultant, Funston Advisory Services and Former Deputy CIO, Employees' Retirement System of Texas

11:45 a.m.–12:45 p.m. Luncheon and Women's Leadership Panel (Women-only)

Moderator

Susan Oh, Director, Risk Parity, Currency Hedging, and Strategic Implementation, Commonwealth of Pennsylvania, Public School Employees' Retirement System

Panelists

- Caroline Atkinson, Senior Advisor, RockCreek; Former Deputy National Security Adviser, White House and Former Head of Policy, Google, Inc.
- Anne Melissa Dowling, Director, Prosperity Life Group; Former Director of Insurance, State of Illinois and Former Deputy Commissioner of Insurance, State of Connecticut
- Elena Manola-Bonthond, CIO, CERN Pension Fund

End of women-only sessions. The remainder of the day is open to all participants.

1:00–1:30 p.m. Break and General Attendee Registration



Best ideas.
Best practices.
Best information.

AIF Global

Monday, January 13, 2020 (continued)

1:30–2:45 p.m.

Investor Deep Dive Session Part I: Investment Vignettes
Breakout Discussions

Presenter

- Josh Lerner, Ph.D., Jacob H. Schiff Professor of Investment Banking, **Harvard Business School** and Advisory Board Chair, **AIF Global**

Discussion Table Leaders

- Mark Baumgartner, CIO, Institute for Advanced Study and Board Trustee, **YMCA Retirement Fund**
- TJ Carlson, CIO, **Texas Municipal Retirement System**
- Robin Clifford, Head of Private Equity, **New Jersey Division of Investment**
- Gila Cohen, Managing Director, Real Estate and Private Equity, **Mitsubishi UFJ Financial Group, Inc. (MUFG)**
- Sue Crotty, Multiemployer Practice Leader and Senior Vice President, **Segal Marco Advisors**
- Edward Lewis, Senior Managing Director and Head of Alternative Investments, **CIGNA Investment Management**
- Julia Mord, Managing Director, **Tulane University Investment Management**
- Andrew Palmer, CIO, **Maryland State Retirement and Pension System**
- Sheryl Schwartz, Senior Advisor, **Flexstone Partners**
- Philip Titolo, Portfolio Manager, **MassMutual**
- Reginald Tucker, Managing Director, Investments, **Orange County Employees Retirement System**

3:00–4:00 p.m.

Investor Deep Dive Session Part II: New Insights in Investment Research

Presenters

- Gregory Brown, Ph.D., Sarah Graham Kenan Distinguished Scholar of Finance and Executive Director, **Kenan Institute of Private Enterprise, University of North Carolina, Kenan-Flagler Business School**
- Tim Jenkinson, Ph.D., Professor of Finance, **Saïd Business School, University of Oxford**

4:00–5:30 p.m.

Infrastructure Session: AIF Institute Infrastructure Investing Symposium
Review and Roundtable

Moderator

- Lars Pace, Principal, **Hamilton Lane**

Roundtable Participants

- Shawn Wooden, State Treasurer, **State of Connecticut**
- Petya Nikolova, Head of Infrastructure, **New York City Retirement System**
- Aaron Vale, Vice President, **CBRE Caledon**
- Kevin Higgins, Alternative Investment Portfolio Manager, **New Jersey Division of Investment**

Our mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives

Monday, January 13, 2020 (continued)

5:30–6:30 p.m. Welcome Reception

6:30 p.m. Awards of Excellence and Recognition Dinner

Tuesday, January 14, 2020

8:15–8:45 a.m. Registration

8:45–9:45 a.m. Portfolio Construction Session
(Open to investors, consultants, and academics only)

Moderators

- Kristen Doyle, Partner, Aon Hewitt Investment Consulting
- Pete Keliuotis, Executive Vice President, Alternatives Consulting, Callan
- Jonathan Grabel, CIO, Los Angeles County Employees' Retirement Association (LACERA)

9:30–10:15 a.m. General Attendee Registration

The remainder of the day is open to all participants.

10:15–11:15 a.m. Private Credit I Session

Moderator

- Sylvia Owens, Global Private Credit Strategist, Aksia

Investor Participants

- John Hershey, Director of Alternative Investments, Oregon State Treasury
- Andrew Palmer, CIO, Maryland State Retirement and Pension System

AIF's content and membership are determined by AIF's four advisory boards, which consist of more than 100 of the world's most influential investment thought leaders.

Best ideas.
Best practices.
Best information.

AIF Global

Tuesday, January 14, 2020 (continued)

11:30 a.m.–12:30 p.m.

Private Credit II Session

Moderator

- Alec Stais, CIO, Employees' Retirement System of Rhode Island
- Thomas Lynch, Senior Managing Director, Cliffwater LLC

Investor Participants

- TJ Carlson, CIO, Texas Municipal Retirement System
- Bryan Lewis, CIO, U.S. Steel Corporation

12:30–2:00 p.m.

CIO Luncheon Panel

Moderators

- Greg Brown, Professor of Finance, Kenan Flagler Business School, University of North Carolina
- Tim Jenkinson, Professor of Finance, Said Business School, University of Oxford

Panelists

- Dominic Garcia, CIO, New Mexico PERA
- Tom Lee, Executive Director and CIO, New York State Teachers' Retirement System
- Ash Williams, Executive Director and CIO, Florida State Board of Administration

2:00–3:00 p.m.

Diversifiers/Opportunistic Session

Moderators

- Michael Weinberg, Managing Director, Head of Hedge Funds and Alternative Alpha, APG
- John Claisse, Group CEO, Albourne Partners

Academic Leader

- Andrew Lo, Ph.D., Charles and Susan T. Harris Professor of Finance, Director, Laboratory for Financial Engineering, MIT Sloan School of Management

AIF's content and membership are determined by AIF's four advisory boards, which consist of more than 100 of the world's most influential investment thought leaders.

Our mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives

Tuesday, January 14, 2020 (continued)

3:15–4:15 p.m.

Private Equity Session

Moderators

- Steve Moseley, Head of Alternative Investments, Alaska Permanent Fund Corporation
- Mike Elio, Partner, StepStone Group

Investor Participants

- John Hershey, Director of Alternative Investments, Oregon State Treasury
- Hunter Reisner, CIO, YMCA Retirement Fund

4:30–5:00 p.m.

Real Estate Session

Moderators

- Danita Johnson, Principal Investment Officer—Real Assets, State of Connecticut Retirement Plans and Trust Funds
- Rob Kochis, Partner, The Townsend Group

Investor Participants

- Tom Tull, CIO, Employees Retirement System of Texas
- Gila Cohen, Managing Director, Real Estate and Private Equity, Mitsubishi UFJ Financial Group, Inc. (MUFG)
- Kevin Higgins, Alternative Investment Portfolio Manager, New Jersey Division of Investment

5:30–6:30 p.m.

Closing Reception



Best ideas.
Best practices.
Best information.

AIF Global

2020 AIF Annual Investors' Meeting Participants

The investors and consultants below have confirmed their desire to participate (subject to any required internal approvals and final schedules):

Investors and Consultants

Aflac Global Investments

Ksenija Jovanovic, Vice President, Investments

AIG

Milla Tonkonogy, Chief Investment Officer,
General Insurance North America

Felix Lurye, Managing Director,
Insurance Portfolio Management

Aksia

Sylvia Owens, Global Private Credit Strategist

Rebecca Levy, Senior Portfolio Advisor

Alison Hayford, Senior Analyst

Alaska Permanent Fund Corporation

Steve Moseley, Head of Alternative Investments

Alberta Investment Management Corporation

Kenneth Kroner, Trustee/Board Member

Albourne Partners

John Claisse, Group CEO

Mark Rudovic, Real Estate Investment
Due Diligence Analyst

Aon Hewitt Investment Consulting

Kristen Doyle, Partner

Lila Han, Associate Partner, Investment Solutions

APG Asset Management US Inc

Michael Weinberg, Managing Director, Head of
Hedge Funds and Alternative Alpha

William Wang, Senior Associate

Arizona Public Safety Personnel Retirement System

William Buividas, Chairman, Board of Trustees

AXA XL

Ravi Srinivasan, Portfolio Manager,
Alternative Investments

CSAA Insurance Group (a AAA Company)

Gretchen Tai, CIO

Callan Associates

Pete Keliuotis, Executive Vice President
and Head of Alternatives Consulting

Carnegie Corporation

Kim Lew, CIO

Catalina Holdings (Bermuda)

Adi Divgi, Head of Alternative Investments

CBRE Caledon

Aaron Vale, Vice President

Igor Nirenshtein, Associate Vice President

CERN Pension Fund

Elena Manola-Bonthond, CIO

CIGNA Investment Management

Edward Lewis, Senior Managing Director
and Head of Alternative Investments

Our mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives

Investors and Consultants (continued)

Cliffwater

Thomas Lynch, Senior Managing Director

Connecticut Retirement Plans and Trust Funds

Shawn Wooden, State Treasurer, Connecticut

Danita Johnson, Principal Investment Officer

Employees' Retirement System of Rhode Island

Alec Stais, CIO

Employees' Retirement System of Texas

Tom Tull, CIO

Evangelical Lutheran Church in America (ELCA)

Eric Golberg, Trustee,
Investment Committee Chair

Essent Guaranty

Vassos Vassiliou, Vice President

Florida State Board of Administration

Ash Williams, Executive Director and CIO

General Electric Corporation

Harshal Chaudhari, CIO – Global Pensions

Global Atlantic

Robby Abraham, Head of Direct Lending

Hamilton Lane

Lars Pace, Principal

Hanwha Asset Management

Jung Woo Sung, Managing Director and CEO

IBM

Joseph Veeneman, Investment Director, Head of
Equity & Liquid Alternatives

Johnson Company

Megan Ruan, Investment Analyst

Joint Industry Board of the Electrical Industry

Rongbiao Fu, Senior Investment Officer

Kingdon Foundation

Rosemary Sagar, CIO

Korea Post

Bongjun Jin, Chief Executive and NY Office

Kyobo Life Insurance

Cheahwa Chung, President of the New York Office

Los Angeles County Employees Retirement Association (LACERA)

Jonathan Grabel, Chief Investment Officer

Liberty Mutual Investments

Thomas Shevlin, Managing Director—Asset
Allocation and Investment Strategy

Marron Capital LLC

Julie Lawson, Head of Public Markets Investments

Maryland State Retirement and Pension System

Andrew Palmer, CIO

MassMutual Insurance

Phillip Titolo, Portfolio Manager

Best ideas.
Best practices.
Best information.

AIF Global

Investors and Consultants (continued)

Mercer

Cara Williams, Global Lead, Family Offices and
Financial Intermediaries and Wealth Lead,
Multinational Client Group

MetLife Investments

Agata R. Praczuk, Director

Mitsubishi UFG Financial Group

Gila Cohen, Managing Director, Real Estate and
Private Equity

Mount Sinai Health System

Jonathan Heil, Investment Analyst

National Electrical Benefits Fund

Monte Tarbox, CIO

Nationwide Investments

Michael Cohan, Senior Investment Professional

New Mexico Public Employees Retirement Association

Dominic Garcia, CIO

New Jersey Division of Investment

Robin Clifford, Private Equity Portfolio Management

Kevin Higgins, Alternative Investment
Portfolio Manager

New York City Board of Education Retirement System

Daniel Miller, Deputy Executive Director

New York City Fire Pension Fund

Paul Mannix, Trustee

New York City Retirement System

Petya Nikolova, Head of Infrastructure Investments

New York Life Investment Management

Jae Yoon, CIO

New York State Common Retirement Fund

James Celestine, Director of Real Assets

New York State Teachers' Retirement System

Tom Lee, Executive Director and CIO

Oregon State Treasury

John Hershey, Director of Alternative Investments

Pennsylvania Public School Employee' Retirement System

Susan Oh, Director, Risk Parity, Currency Hedging,
and Strategic Implementation

Prosperity Life Group

Anne Melissa Dowling, Director

SCS Financial

Sam Martin, Vice President - Hedge Funds

Segal Marco Advisors

Sue Crotty, Multiemployer Practice Leader
and Senior Vice President

Wendy Pan, Director

Sompo Japan Nipponkoa Asset Management

Shiro Kasai, Investment Manager

Stafford Capital Partners

Rick Fratus, Partner

Our mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives

Investors and Consultants (continued)

StepStone Group

Mike Elio, Partner

Alex Abrams, Director, StepStone Real Estate

Stony Brook Foundation

David Marcus, CIO

Texas Municipal Retirement System

TJ Carlson, CIO

TIAA

Nina Tannenbaum, Managing Director,
Alternative Investments

Gilbert Ong, Managing Director

The Townsend Group

Rob Kochis, Partner

Tulane University Investment Management

Julia Mord, Managing Director

Uniformed Fire Officers Association

Paul Mannix, Board Member

United Nations Joint Staff Pension Fund

Roberta Waxman-Lenz, Portfolio Manager,
Investment Officer—Real Estate

Elizabeth Caldas, Investment Officer

Natalie Hong, Portfolio Manager, Investment Officer

Boriana Petkova, Investment Officer

University of Pennsylvania Endowment

Perry Golkin, Trustee

U.S. Steel Corporation

Bryan Lewis, CIO

YMCA Retirement Fund

Hunter Reisner, CIO

Best ideas.
Best practices.
Best information.

AIF Global



Best ideas.
Best practices.
Best information.

AIF Global

About AIF Global

AIF is an independent economic think tank focusing on institutional investment policy. Its mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives.

Founder and CEO



Brant Maller

**Founder and CEO
AIF Global**

Brant Maller founded AIF (aifglobal.org) after having served on committees overseeing the U.S.'s three largest pension plans' investments programs and as an officer of one of the world's largest family offices. That service enabled him to see the need for a neutral forum through which the world's largest institutional investors could exchange best ideas, practices and information with each other and with its leading finance academics, investment consultants and asset managers. He executed on that vision in forming AIF in 2005.

Mr. Maller is a member of the Board of Trustees of the National Institute of Public Finance (NIPF), which is the educational arm of the National Association of State Treasurers (NAST) Foundation. He is also the Chair of the NIPF's Investments Track. He has served as a member of the California Controller's Advisory Council on Investments and the New York State Common Retirement Fund investment committee.

Mr. Maller has been ranked one of the nation's leading investment lawyers by Best Lawyers in America, Chambers USA and Super Lawyers, among other ranking services, and as one of the world's leading investments lawyers by Chambers Global. Mr. Maller received a B.A. from the University of Pennsylvania and a joint M.C.R.P.-J.D. degree from Harvard University-Boston University.

President, AIF Institute



Melissa Waller

**President, AIF Institute
Former Deputy Treasurer, State of North Carolina**

Melissa Waller serves as President of the AIF Institute, and is the former Deputy Treasurer and Chief of Staff for the North Carolina Department of State Treasury, where she successfully oversaw Department strategic planning, operations, and public-policy implementation, along with a staff of more than 400 employees. The North Carolina Retirement Systems, the pension fund for the state, is the tenth largest public pension fund in the United States, with assets in excess of \$90 billion.

Melissa's background includes over 20 years of private and public-sector financial industry experience, including 15 years in the banking sector with Wachovia/Wells Fargo. She has served as Chair of the North Carolina Department of State Treasurer's Corporate Governance Committee, as well as on the Council of Institutional Investors Board of Directors and the Governor's Board of Innovation for the North Carolina University System. She currently serves as Executive Program Director for the National Institute of Public Finance, as well as Director of Public and Private Partnerships for the Kenan Institute.

Our mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives

AIF Advisory Board Chair



Josh Lerner, Ph.D.

**Jacob H. Schiff Professor of Investment Banking, Harvard Business School
Advisory Board Chair, AIF**

Josh Lerner is the Jacob H. Schiff Professor of Investment Banking at Harvard Business School, and head of the Entrepreneurial Management unit. He graduated from Yale College with a special divisional major that combined physics with the history of technology.

He worked for several years on issues concerning technological innovation and public policy at the Brookings Institution, for a public-private task force in Chicago, and on Capitol Hill. He then earned a Ph.D. from Harvard's Economics Department.

Much of his research focuses on venture capital and private equity organizations. (This research is collected in three books, *The Venture Capital Cycle*, *The Money of Invention*, and *Boulevard of Broken Dreams*.) He also examines policies on innovation and how they impact firm strategies. (That research is discussed in the books *Innovation and Its Discontents*, *The Comingled Code*, and *the Architecture of Innovation*.)

He co-directs the National Bureau of Economic Research's Productivity, Innovation, and Entrepreneurship Program and serves as co-editor of their publication, *Innovation Policy and the Economy*. He founded and runs the Private Capital Research Institute, a nonprofit devoted to encouraging access to data and research about venture capital and private equity, and serves as vice-chair of the World Economic Forum's Global Agenda Council on the Future of Investing.

Note: Participation in the AIF Annual Investors' Meeting may qualify for CPE Credits. Please see below.

Learning Objectives – at this Forum, institutional investor participants will:

- *Discuss and identify solutions for overall portfolio construction with an emphasis on asset allocation and risk management; and*
- *Apply those solutions to individual asset class construction, in particular, to alternative asset classes and strategies such as private equity, hedge funds, and real estate and real assets.*

Registration – please register online or contact Brant Maller at bmaller@aifglobal.org.

Forum Policies – there is no fee charged to institutional investor participants. For more information regarding concerns or cancellation policies, please contact our offices at (212) 401-4843.

Conference participants can earn up to 8.5 CPE credits in Finance and Management Advisory Services fields of study. Program Level: overview (no prerequisites or advance preparation required)

AIF reserves the right to record its sessions solely for purposes of preparing session summaries for the benefit of institutional asset owners globally. Those summaries are thematic in nature and follow the Chatham House Rule (neither the identity of the speaker, nor that of any other participant, will be revealed).

Delivery Method: Group-Live

AI Forum LLC (n/k/a AIF Global LLC and d/b/a Alternative Investments Forum (AIF)) is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have the final authority on the acceptance of individual courses for CPE Credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

Best ideas.
Best practices.
Best information.

AIF Global

Best ideas,
Best practices,
Best information.

AIF Global

AIF Member Firms and Advisory Board Members

Advisory Board Chair: Josh Lerner, Ph.D., Jacob H. Schiff Professor of Investment Banking, Harvard Business School

Investor Board

<p>Florida State Board of Administration Ash Williams (Chair), Executive Director and CIO</p>	<p>Brighthouse Financial Maria V. Tarhanidis, Managing Director, Head of Alternative Investments</p>	<p>China Investment Corporation Roslyn Zhang, Managing Director, Fixed Income and Absolute Return Investment Department</p>	<p>First State Super Jenny Newmarch, Portfolio Manager, Growth Assets</p>	<p>Indiana Public Retirement System Steve Russo, Executive Director</p>
<p>Maine Public Employees Retirement System Andrew Sawyer (Vice Chair), CIO</p>	<p>British Columbia Investment Management Corporation (BCI) Dave Finstad, Senior Portfolio Manager</p>	<p>Church Commissioners of England Roy Kuo, Team Head— Alternative Strategies</p>	<p>Future Fund Wendy Norris, Deputy CIO for Private Markets</p>	<p>Institute for Advanced Study Mark Baumgartner, CIO</p>
<p>AIG Investments Monika Racz, Managing Director</p>	<p>BT Pension Scheme Management Limited Davide Deagostino, Principal, Portfolio Management</p>	<p>CIGNA Investment Management Edward Lewis, Senior Managing Director and Head of Alternative Investments</p>	<p>Ben Samild, Head of Alternatives</p>	<p>Intesa SanPaolo Gaetano Vallefuoco, Senior Portfolio Manager</p>
<p>Alaska Permanent Fund Corporation Stephen Moseley, Head of Private Equity</p>	<p>California State Teachers Retirement System Scott Chan, Deputy CIO</p>	<p>CSAA Insurance Group (a AAA Company) Gretchen Tai, CIO</p>	<p>Alicia Gregory, Head of Private Equity</p>	<p>Kaiser Permanente Anton Orlich, Head of Alternative Investments</p>
<p>AMP Celine Kabashima, Portfolio Manager</p>	<p>Catalina Holdings (Bermuda) Limited Adi Divgi, Head of Alternative Investments</p>	<p>CSAA Insurance Group (a AAA Company) Gretchen Tai, CIO</p>	<p>Gandel Group (Single Family Office) Ben Margow, Director of Global Investment</p>	<p>Kern County Employees' Retirement Association Daryn Miller, CIO</p>
<p>APG Michael Weinberg, Managing Director, Head of Hedge Funds and Alternative Alpha</p>	<p>Cbus Super Grant Harrison, Investment Manager, Private Markets</p>	<p>Employees Retirement System of Rhode Island Alec Stais, CIO</p>	<p>General Electric Harshal Chaudhari, Deputy Treasurer and CIO, Global Pensions</p>	<p>Liberty Mutual Investments Thomas Shevlin, Managing Director—Asset Allocation and Investment Strategy</p>
<p>AXA Equitable Life Insurance Company Nicki Livanos, Director, Real Estate Investments</p>	<p>CERN Pension Fund Elena Manola-Bonthond, CIO</p>	<p>Employees Retirement System of Texas (ERS) Panayiotis Lambropoulos, Portfolio Manager— Hedge Funds</p>	<p>Hanwha Asset Management (USA) Ltd. Jung Woo Sung, Global Co- Head of Alternative Investments, Managing Director & CEO of the U.S.</p>	<p>Los Angeles County Employees' Retirement Association Jon Grabel, CIO</p>
<p>Blue Cross and Blue Shield of Michigan Waymond Harris, Vice President, Investments</p>		<p>Farmers Insurance Tom Rogers, CIO</p>	<p>IBM Retirement Funds Joseph E. Veeneman, Director, Head of Equity & Liquid Alternatives</p>	<p>Los Angeles Department of Water and Power Jeremy Wolfson, CIO</p>
		<p>Fire and Police Pension Association of Colorado Dale Martin, Director of Illiquid Alternatives</p>		<p>Maryland State Retirement and Pension System Andrew Palmer, CIO</p>

Our mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives

Investor Board (continued)

MassMutual Phillip Titolo, Portfolio Manager	New Jersey Division of Investment Robin Clifford, Private Equity Investment Officer	Pennsylvania Public School Employees' Retirement System Susan E. Oh, Senior Portfolio Manager	Texas Education Agency Permanent School Fund Kathryn Gernert, Portfolio Manager	United Nations Joint Staff Pension Fund Roberta Waxman-Lenz, Investment Officer—Real Estate
Massachusetts Pension Reserves Investment Management Board (PRIM) Eric Nierenberg, Chief Strategy Officer	New Mexico Investment Council Nino Carpenito, Investment Officer	Pepperdine University Michael Nicks, Director of Investments	Texas Municipal Retirement System T.J. Carlson, CIO	University of California Regents John Ritter, Managing Director of Real Assets
Mercy Health Elizabeth Jourdan, Deputy CIO	New York City Retirement System—Office of the Comptroller Petya Nikolova, Head of Infrastructure Investments	Public Employees Retirement Association of New Mexico Dominic Garcia, Chief Investment Officer	Texas Tech University Tim Barrett, Associate Vice Chancellor and CIO	University of Michigan Investment Office Dan Feder, Managing Director
MetLife Investments Agata Praczuk, Director—Private Equity and Hedge Funds	Nippon Life Global Investors Americas, Inc. Eric Golberg, Director, Portfolio Manager	Railway Pension (UK) Paul Bishop, Investment Director	Texas Treasury Safekeeping Trust Company Mohamed Elkordy, Senior Portfolio Manager, Opportunistic and Special Situations	University System of Maryland Foundation Samuel Gallo, CIO
Mitsubishi UFJ Financial Group, Inc. (MUFG) Gila Cohen, Managing Director, Real Estate and Private Equity	Ontario Teachers' Pension Plan Joe Topley, Senior Principal	Sacramento County Employees Retirement System Steve Davis, CIO	TIAA Nina Tannenbaum, Managing Director, Alternative Investments	Victorian Funds Management Corporation (VFMC) Paul Murray, Head of Portfolio Management
Mount Sinai Health Scott Pittman, CIO	Orange County Employees Retirement System Reginald Tucker, Managing Director	San Bernardino County Employees' Retirement Association Don Pierce, CIO	Emilia Wiener, Managing Director, Head of Fixed Income/General Account Organization	YMCA Retirement Hunter Reisner, CIO
Mutual of Omaha Juan Prieto, Head of Alternative Investment Mandates	Oregon State Treasury John Hershey, Director of Alternative Investments	State of Connecticut Retirement Plans and Trust Funds Danita Johnson, Principal Investment Officer—Real Assets	Tulane University Investment Management Office Julia Mord, Director of Investments	Zurich Alternative Asset Management Ferdinand Seibert, Managing Director, Head of Private Equity
National Electrical Benefit Fund Monte Tarbox, CIO	Pacific Life James Burritt, Managing Director and Head of Alternative Investments	Sunsuper (Australia) Bruce Tomlinson, Portfolio Manager	UniSuper Kent Robbins, Head of Property and Infrastructure	Ken Frier Former CIO, UAW VEBA Former CIO, Stanford University Former CIO, Hewlett-Packard Former CIO, Disney
Nationwide Insurance Michael Cohan, Senior Investment Professional	Penn Mutual Life Trevor Williams, Managing Director and Portfolio Manager	TelstraSuper Miriam Patterson, Head of Real Assets		Larry Schloss, Former CIO, City of New York
New Hampshire Retirement System Lawrence A. Johansen, CIO				

Best ideas.
Best practices.
Best information.

AIF Global

Consultant Board

Callan Associates
Pete Keliuotis (Chair),
Executive Vice President and
Head of Alternative Investments

Brady O'Connell,
Senior Vice President

Aksia LLC

Jim Vos, CEO

Valerie Benard, Partner
and Head of Aksia Europe

Matt Mullarkey,
Head of Portfolio Advisory,
Americas

Sylvia Owens,
Global Private Credit Strategist

Albourne Partners Ltd.

John Claisse, CEO

Jonny Lach, Partner
John Shearman, Partner
Lincoln Smith, Partner

**Aon Hewitt Investment
Consulting**

Kristen Doyle, Partner

bfinance

Sweta Chattopadhyay,
Director, Private Markets,
Private Equity

Cambridge Associates

Tod Trabocco,
Managing Director

Cliffwater LLC

Chris Solarz, Managing Director

Flexstone Partners
Sheryl Schwartz, Senior Advisor

Hamilton Lane

Brian Gildea,
Head of Investments

Meketa Investments Group
Stephen McCourt,
Managing Principal/Co-CEO
Judy Chambers, Managing Principal

Mercer Investments

Tom Kierzkowski, Alternatives
Portfolio Manager

NEPC

Sean Gill, Partner
Rhett Humphreys, Partner
Allan Martin, Partner
Andrew Coupe, Senior Consultant

ORG Portfolio Management
Edward Schwartz,
Managing Principal

Pavilion Alternatives Group
William Charlton, Ph.D.,
Managing Director

Redington Ltd.
Pete Drewienkiewicz,
Head of Manager Research

Rocaton

Robert A. Kennelley,
Principal

Segal Marco Advisors
Sue Crotty,
Multiemployer Practice Leader
and Senior Vice President

StepStone Group
Monte Brem, Partner and CEO
Tom Keck, Partner and CIO
Michael Elio, Partner

TorreyCove Capital Partners
David Fann,
President and CEO

The Townsend Group
Rob Kochis, Principal
Karen Rode, Partner

Willis Towers Watson
Todor Todorov,
Senior Investment Consultant

Wilshire Associates
Steve Foresti, CIO
Marc Friedberg, Managing Director

Academic Board

Josh Lerner, Ph.D. (Chair)
Jacob H. Schiff Professor of
Investment Banking
Harvard Business School

Andrew Lo, Ph.D.

Charles E. and Susan T. Harris
Professor of Finance

Director, Laboratory for
Financial Engineering
**MIT Sloan School of
Management**

Donald B. Keim, Ph.D.
John B. Neff Professor of Finance
Director, Rodney L. White Center
for Financial Research
**The Wharton School,
University of Pennsylvania**

Sheridan Titman, Ph.D.
Professor, Department of Finance
Director, Energy Management and
Innovation Center

**The University of Texas at Austin
McCombs School of Business**

Robert J. Hodrick, Ph.D.
Nomura Professor of International
Finance and Academic Advisory
Board Member for Program
for Financial Studies
Columbia Business School

John Geanakoplos, Ph.D.
James Tobin Professor
of Economics
Yale University

Gregory W. Brown, Ph.D.
Sarah Graham Kenan
Distinguished Scholar of Finance
Research Director,
Institute for Private Capital
**UNC Kenan-Flagler
Business School**

Michael Brandt, Ph.D.
Kalman J. Cohen Professor
of Business Administration
**The Fuqua School of Business
Duke University**

David T. Robinson, Ph.D.
Professor of Finance
J. Rex Fuqua Professor of
International Management
**The Fuqua School of Business
Duke University**

Christopher Polk, Ph.D.
Professor of Finance
and Head of Department
London School of Economics

Tim Jenkinson, Ph.D.
Professor of Finance,
**Saïd Business School
University of Oxford**

Randolph B. Cohen, Ph.D.
Senior Lecturer
Harvard Business School

Visiting Associate Professor
of Finance
**MIT Sloan School of
Management**

Mark Mitchell, Ph.D.
Co-Founder and Principal
CNH Partners

Adjunct Professor of Finance
**University of Chicago
Booth School of Business**
and Former Associate Professor
of Finance
Harvard Business School

Andrew Ang, Ph.D.
Managing Director and Head of
Factor Investing Strategies
BlackRock

Former Ann F. Kaplan Professor
of Business
Columbia Business School

Our mission is to promote the exchange of best ideas, practices and information among institutional investors globally to help them achieve their investment objectives

Trustee Board

Ohio Police and Fire Pension Fund J. David Heller, Trustee (Chair)	Korea Post Sam Chung, Member, Insurance Division Investment Committee	NYS Common Retirement Fund JoAnn Hanson, Member, Real Estate Advisory Committee and President, Church Investment Group	Northwell Health Michael I. Schwartz Trustee and Investment Committee Member	University of Pennsylvania Perry Golkin, Trustee
Alberta Investment Management Corporation (AIMCo) Kenneth Kroner, Director	Los Angeles Department of Water and Power Mel Levine, Board President	New York State Insurance Fund David Ourlicht, Commissioner and Investment Committee Chair	San Francisco Employees' Retirement System (SFERS) Joseph Driscoll, Commissioner	Wyoming Retirement System Tom Chapman, Board Member and Chair, Investment Committee
Arizona Public Safety Personnel Retirement System William Buividas, Chairman, Board of Trustees	National Pension Service of Korea (NPS) Sam Chung, Member, Investment Policy Professional Committee	New York State Teachers' Retirement System (NYSTRS) Nick Smirensky, Trustee	South Carolina Retirement System Investment Commission Curtis M. Loftis, Jr., Commissioner and State Treasurer	YMCA Retirement Mark Baumgartner, Trustee
Evangelical Lutheran Church in America (ELCA) Eric Golberg, Trustee				

Member Firms

17Capital	Balyasny Asset Management	Deerpath Capital Management, LP	Insight Investment	Owl Rock Capital Partners
400 Capital Management	Barings	Edelweiss Financial Services Limited	Invesco	PGIM Real Estate
ACORE Capital	Beach Point Capital Management LP	EQT Partners	Investec Asset Management	Rockwood Capital
Antares Capital	Benefit Street Partners	First State Investments	J.P. Morgan Asset Management	Sightway Capital, a Two Sigma Company
Apollo Global Management	Capital Dynamics	Goldman Sachs Asset Management	KKR	Square Mile Capital Management
Ares Management LP	Cerberus Capital Management	HPS Investment Partners, LLC	Marathon Asset Management	Torchlight Investors
Audax Private Debt	Crescent Capital Group, LP	IFM Investors	Monarch Alternative Capital	UBS Realty Investors
Axonix Capital LLC			Natixis	

Best ideas.
Best practices.
Best information.

AIF Global



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Gina M. Ratto, General Counsel
SUBJECT: **STATE AND FEDERAL LEGISLATIVE UPDATE**

Presentation

State Legislative Update

The California Legislature reconvened on January 6, 2020, marking the beginning of the second year of the legislative session. The deadline to introduce new bills was February 21, 2020.

A comprehensive list and description of the pending bills that staff will monitor during the second year of the 2019-2020 legislative session is attached. Bills that were signed or vetoed by the Governor during the first year of the session have been deleted from the list.

Below is a brief summary of the bills that may be of greater interest to the Board. **New or updated information since the last report to the Board are indicated in bold text.**

SACRS Sponsored Bills

- **AB 2937 (Fong)**

The CERL prescribes the methods for calculating a non-service-connected disability retirement for different membership classifications and for the purpose of calculating reciprocal benefits. In these instances, the sum of allowance may vary depending on whether or not the retirement board finds, in its opinion, the member's disability is due to intemperate use of alcoholic liquor or drugs, among other things. In this regard, the CERL conditions the grant of a disability retirement pension by a county or district on a finding by the board that the member's disability is not the result of intemperate use of alcoholic liquor or drugs.

This bill would create an optional provision, to be elected by a county board of supervisors, that would remove the retirement board's assessment regarding the intemperate use of alcoholic liquor or drugs as a condition to the disability retirement.

(STATUS: Introduced 02/21/20. Read first time 02/24/20.)

- **SB 783 (Senate Committee on Labor, Public Employees and Retirement)**

The CERL authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension and death benefits to county and district employees. This bill would correct several erroneous and obsolete cross-references within CERL.

(STATUS: Introduced 03/07/19. Read third time. Passed. Ordered to the Assembly on 05/02/19. In Assembly. Read first time. Held at desk on 05/02/19. Referred to Committee on P.E. & R. on 05/16/19.)

Bills That Would Amend the CERL or Other Laws That Apply to OCERS

- **AB 287 (Voepel)**

Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program.

(STATUS: Introduced 01/28/19. Referred to Committee on P.E. & R on 02/07/19. **Died pursuant to Art. IV, Sec. 10(c) of the Constitution¹.**)

- **AB 472 (Voepel)**

PEPRA establishes various limits on retirement benefits generally applicable to a public employee retirement system, as defined. The act prescribes, among other things, limits on service after retirement without reinstatement into the applicable retirement system. This bill would make non-substantive changes to that provision.

(STATUS: Introduced 02/11/19. Pending committee assignment. **Died at Desk on 02/03/20.**)

- **AB 664 (Cooper)**

The CERL provides that a member who is permanently incapacitated shall be retired for disability despite age if, among other conditions, the member's incapacity is a result of injury or disease arising out of and in the course of the member's employment, and that employment contributes substantially to that incapacity or the member has completed 5 years of service and not waived retirement in respect to the particular incapacity or aggravation thereof, as specified. This bill would require, for purposes of determining permanent incapacity of certain members employed as peace officers in the County of Sacramento, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer who is described under Section 830 of the Penal Code. The bill would apply to members who file applications for disability on or after the effective date of the act, except for cases on appeal at that time. The bill would require the board of retirement to develop a method of tracking the costs of providing permanent disability retirement to the members who become eligible for disability retirement pursuant to the bill's provisions. The bill would repeal these provisions on December 31, 2024.

¹ Art. IV, Sec. 10(c) of the Constitution states, in pertinent part, that "Any bill introduced during the first year of the biennium of the legislative session that has not been passed by the house of origin by January 31 of the second calendar year of the biennium may no longer be acted on by the house. ..."

(STATUS: Introduced 02/15/19. Passed out of the Assembly and ordered to the Senate on 05/13/19. Referred to Committees on L., P.E. & R. and APPR on 05/22/19. In committee: Set, first hearing. Hearing cancelled at request of author on 06/26/19.)

- **AB 992 (Mullin)**

The Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines “meeting” for purposes of the act and prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body. This bill would provide that the prohibition described above does not apply to the participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(STATUS: Introduced 02/21/19. In committee: Set, first hearing. Failed passage. Reconsideration granted on 05/01/19. Passed out of committee on 01/15/20. Read second time. Ordered to third reading on 01/16/20. **Read third time. Passed. Ordered to Senate. Read first time in Senate; to Committee on RLS. for assignment on 01/30/20.**)

- **AB 1198 (Stone)**

PEPRA, among other things, establishes new retirement formulas, which are generally applicable to employees first employed on or after January 1, 2013, and which a public employer offering a defined benefit pension plan is prohibited from exceeding. PEPRA excepts certain public employees from its provisions, including certain transit workers whose interests are protected by specified federal law until a federal district court ruled that a United States Department of Labor determination that the application of PEPRA to these workers violated federal law was in error, or until January 1, 2016, as specified. A district court ruling to this effect occurred on December 31, 2014. This bill would except transit workers hired before January 1, 2016 from PEPRA by removing the federal district court contingency language from the provision excepting certain transit workers from PEPRA, as described above.

(STATUS: Introduced 02/21/19. Set for first hearing in committee; hearing cancelled at the request of author on 04/24/19. **Died pursuant to Art. IV, Sec. 10(c) of the Constitution².**)

- **AB 2473 (Cooper)**

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Existing law excludes from the disclosure requirement certain records regarding alternative investments in which public investment funds invest. This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by a public investment fund, including quarterly and annual financial statements of the borrower or its constituent owners, unless the information has

² See footnote 1, above.

already been publicly released by the keeper of the information. Current constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings to that effect.

(STATUS: Introduced 02/19/20.)

- **AB 2659 (Chen)**

The Information Practices Act of 1977 prescribes a set of requirements, prohibitions, and remedies applicable to public agencies, as defined, with regard to their collection, storage, and disclosure of personal information. The act specifically requires an agency to establish rules of conduct for persons involved in the design, development, operation, disclosure, or maintenance of records containing personal information and to instruct these people with respect to the rules and the requirements of the act. This bill would require that the above-described rules of conduct include security awareness and training policies and procedures.

(STATUS: Introduced 02/20/20.)

- **AB 2676 (Quirk)**

Current law exempts from disclosure critical infrastructure information, as defined, that is voluntarily submitted to the Office of Emergency Services for use by that office, including the identity of the person who or entity that voluntarily submitted the information. This law defines “voluntarily submitted” for that purpose. This bill would remove the restriction that the submission be voluntary, thereby expanding that exemption.

Current constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings to that effect. The California Constitution also requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect.

(STATUS: Introduced 02/20/20.)

- **AB 2967 (O'Donnell)**

The CERL authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension and death benefits to county and district employees, including firefighters. The County Peace Officers' Retirement Law (Government Code §§31900, *et seq.*), the County Peace Officer and Fire Service Retirement Plan Law (Government Code §§33000, *et seq.*), the County Fire Service Retirement Law (Government Code §§32200, *et seq.*), also provide retirement

system structure options that a county may choose to adopt for purposes of providing benefits to specified peace officers and firefighters. This bill would make nonsubstantive changes to those provisions.

(STATUS: Introduced 02/21/20. Read first time on 02/24/20.)

- **SB 615 (Hueso)**

The California Public Records Act requires a public agency to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions. The act permits any person to institute proceedings for injunctive or declaratory relief or a writ of mandate to enforce the right to receive a copy of any public record covered by the act. This bill would require a person to meet and confer in good faith with the agency in an attempt to informally resolve each issue before instituting any proceeding for injunctive or declarative relief or writ of mandate. The bill would require the person or their attorney to file a declaration stating that this has occurred at the time that proceedings are instituted. Because the declaration would be made under penalty of perjury, the bill would expand the definition of a crime and impose a state-mandated local program.

(STATUS: Introduced 02/22/19. Referred to Committee on JUD. on 03/14/19. Died pursuant to Joint Rule 56³ on 02/03/20.)

- **SB 749 (Durazo)**

The California Public Records Act provides that nothing in the act requires the disclosure of corporate proprietary information including trade secrets, among other things. This bill would provide that specified records of a private industry employer that are prepared, owned, used, or retained by a public agency are not trade secrets and are public records, including certain records relating to employment terms and conditions of employees working for a private industry employer pursuant to a contract with a public agency, if those wages, benefits, working hours and other employment terms and conditions relate to work performed under the contract, records of compliance with local, state, or federal domestic content requirements, and records of a private industry employer's compliance with job creation, job quality, or job retention obligations contained in a contract or agreement with a state or local agency. The bill, however, would exclude contracts between a public agency and a private industry employer entered into on or before January 1, 2020, and records that include communications between the state or local agency and specified state or local officials, on matters posing a threat to the security of a public building, a threat to the security of essential public services, or a threat to the public's right of access to public services or public facilities, from these provisions. Because the bill would require local officials to perform additional duties, it would impose a state-mandated local program.

³ Consistent with Art. IV, Sec. 10(c) of the Constitution (see footnote 1, above), under Joint Rule 56, any bill introduced during the first year of the biennium of the legislative session that has not been passed by the house of origin by January 31 of the second calendar year of the biennium may no longer be acted on by the house.

(STATUS: Introduced 02/22/19. From committee with author's amendments. Read second time and amended. Re-referred to Committee on JUD. on 09/10/19. Assembly Rule 96 suspended. Withdrawn from committee. Ordered to third reading on 09/12/19. Ordered to inactive file on request of Assembly Member Calderon on 09/13/19.)

- **SB 931 (Wieckowski)**

The Brown Act requires meetings of the legislative body of a local agency to be open and public and also requires regular and special meetings of the legislative body to be held within the boundaries of the territory over which the local agency exercises jurisdiction, with specified exceptions. Current law authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. This bill would require a legislative body to email a copy of the agenda or a copy of all the documents constituting the agenda packet if so requested. By requiring local agencies to comply with these provisions, this bill would impose a state-mandated local program.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect.

The California Constitution also requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.

(STATUS: Introduced 02/05/20. Read first time; to Committee on RLS. for assignment on 02/05/20. Referred to Committee on GOV. and F. on 02/12/20.)

- **SB 1297 (Moorlach)**

This bill would revise the provision of pension and other benefits to members of all state or local public retirement systems. The bill would apply its provisions prospectively to any member of a state or local public retirement system who is employed upon the date of its enactment and to any person who may be employed and become a member thereafter.

The bill would:

- **void any limit on a pension that prohibits the pension from exceeding a percentage of final compensation, as specified;**
- **prohibit a local entity from establishing a deferred retirement option program, as described, and if a local entity has established a deferred retirement option program, whether or not the program is closed to new participants, it would be required to disenroll any participating employees and close the program;**

- with regard to any member of a state or local public retirement system, the bill would require that final annual compensation used for purposes of ascertaining any pension or benefit be calculated as an average of the member's three highest earning years;
- prohibit, for any method of calculating a pension that is based on fractional percentage of final compensation multiplied by years of service with respect to a particular age at retirement, that fractional percentage from exceeding 2.7%;
- include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities;
- require that an agency participating in PERS that increases the compensation of a member who was previously employed by a different agency to bear all actuarial liability for the action, if it results in an increased actuarial liability beyond what would have been reasonably expected for the member;
- require that the increased actuarial liability be in addition to reasonable compensation growth that is anticipated for a member who works for an employer or multiple employers over an extended time;
- require, if multiple employers cause increased liability, that the liability be apportioned equitably among them; and
- apply to an increase in actuarial liability, as specified, due to increased compensation paid to an employee on and after January 1, 2021.

(STATUS: Introduced on 02/21/20. To Committee on RLS for assignment on 02/21/20. Read first time on 02/24/20.)

Other Bills of Interest

- **AB 315 (Garcia)**

Existing law authorizes the legislative body of a local agency, defined as a county, city, or city and county, or a district, defined broadly to include other political subdivisions or public corporations in the state other than the state or a county, city and county, or city, to attend the Legislature and the Congress of the United States, and any committees thereof, and to present information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district. Existing law also authorizes the legislative body of a local agency or a district to enter into an association for these purposes and specifies that the cost and expense incident to the legislative body's or district's membership in the association and the activities of the association are proper charges against the local agencies or districts comprising the association.

This bill, with respect to moneys paid to or otherwise received by an association from a local agency or district member of the association, would prohibit an association of local agencies or districts from expending those moneys for any purpose other than the above-described activities and educational activities. The bill would also require the association to publicly disclose the amount of those moneys expended on the above-described activities of the association. The bill would prohibit an association

from incurring any travel-related expenses except as may be necessary for the association to hold an annual conference or other gathering of its members **or to hold or send its members to attend educational activities, as defined.**

(STATUS: Introduced 01/30/19 as a bill relating to non-vehicular air pollution. Amended in the Assembly on 07/05/19 and 01/06/20 to relate to lobbying associations. In committee: Set, first hearing. Hearing cancelled at the request of author. **Amended and re-referred to Committee on L. GOV. Read second time and amended on 01/06/20. Re-referred to Committee on L. Gov. on 01/07/20. In committee: Set, first hearing. Hearing cancelled at the request of author on 01/09/20. Died pursuant to Art. IV, Sec. 10(c) of the Constitution on 01/31/20⁴.**)

- **AB 1332 (Bonta)**

This bill, the Sanctuary State Contracting Act, would, among other things, require the Department of Justice, commencing on January 1, 2020, and quarterly thereafter, to publish a list on its internet website, based on specified criteria, of each person or entity that, in the opinion of the Department of Justice, is providing data broker, extreme vetting, or detention facilities support to any federal immigration agency, as specified. The bill would prohibit a state or local agency from entering into a new, amended, or extended contract or agreement with any person or entity that appears on the list published by the Department of Justice unless the state or local agency has made a finding that no reasonable alternative exists, as specified. The bill would exempt certain contracts or agreements from these provisions related to provisions the administration of retirement benefits and investment of moneys for retirement benefits, as specified. This bill would authorize the Department of Justice to initiate, and require the department to receive and investigate, all complaints regarding violations of these provisions, and would require the department to issue findings regarding any alleged violation and notify any affected state or local agency. By increasing the duties of local officials, this bill would impose a state-mandated local program. Additionally, this bill would make a violation of these provisions subject to civil and criminal penalties, thereby imposing a state-mandated local program.

(STATUS: Introduced 02/22/19. In committee: Set, first hearing. Referred to APPR. suspense file on 05/08/19. In committee: Held under submission on 05/16/19. Died pursuant to Art. IV, Sec. 10(c) of the Constitution⁵ on 01/31/20.)

- **AB 2226 (Voepel)**

The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax, including an exclusion for combat-related special compensation. This bill, for taxable years beginning on or after January 1, 2021, and before January 1, 2031, would exclude from gross income specified amounts of retirement pay received by a taxpayer from the federal government for service performed in the uniformed services, as defined, during the taxable year. Current law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection

⁴ See footnote 1, above.

⁵ See footnote 1, above.

requirements. The bill also would include additional information required for any bill authorizing a new tax expenditure. This bill would take effect immediately as a tax levy.

(STATUS: Introduced 02/12/20. Referred to Committee on REV. and TAX on 02/20/20.)

- **AB 2452 (C. Garcia)**

Current law authorizes the California State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency, including any city, county, or special district, or any publicly created entity that the California State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. Existing law authorizes the California State Auditor to consult with the Controller, the Attorney General, and other state agencies in identifying local government agencies that are at high risk.

Current law also authorizes the legislative body of a local agency or a district to enter into an association for the purposes of attending the Legislature and the Congress of the United States, and any committees thereof, and presenting information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district.

This bill would authorize the California State Auditor to include in the high-risk local government agency audit program any local agency or district association that the California State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.

(STATUS: Introduced 02/19/20.)

- **AB 3249 (Fong)**

Current law requires state and local public retirement systems to submit audited financial statements to the Controller at the earliest practicable opportunity within 6 months of the close of each fiscal year, and requires the Controller, within 12 months of receipt of the information, to compile and publish a report on the financial condition of all state and local public retirement systems. This bill would additionally require the Controller to post the report on the financial condition of all state and local public retirement systems on the Controller's internet website.

(STATUS: Introduced 02/21/2020.)

- **SB 53 (Wilk)**

The Bagley-Keene Open Meeting Act requires that all meetings of a state body, as defined, be open and public and that all persons be permitted to attend and participate in a meeting of a state body, subject to certain conditions and exceptions. This bill would specify that the definition of "state body" includes an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body that consists of 3 or more individuals, as prescribed, except a board, commission, committee, or similar multimember body on which a member of a body serves in his or her official capacity as a representative of that state body and that is supported, in whole or in

part, by funds provided by the state body, whether the multimember body is organized and operated by the state body or by a private corporation. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced 12/10/18. Placed on APPR. suspense file on 08/14/19. Heard on 08/30/19. Held in committee and under submission on 08/30/19.)

- **SB 715 (Galgiani)**

The California Constitution establishes the University of California as a public trust with full powers of organization and government, subject only to specified limitations. Under this independent constitutional authority, the University of California established retirement systems to provide various retirement benefits to its members. Existing law prohibits the University of California from contracting for services unless a contractor certifies that the services will be performed solely by workers within the United States or if the contractor's bid describes any work that will be performed by workers outside the United States. This bill would prohibit the University of California from contracting for services with an asset manager for a defined contribution plan if that plan is a stand-alone optional plan that is not a complement to a defined benefit pension plan. The bill would apply this prohibition to a contract entered into on or after January 1, 2015.

(STATUS: Introduced 02/22/19. Failed to pass out of committee. Reconsideration granted 04/24/19.

Died pursuant to Joint Rule 56⁶ on 02/03/20.)

- **SB 1042 (Pan)**

The California Secure Choice Retirement Savings Trust Act, establishes the CalSavers Retirement Savings Program to be administered by the California Secure Choice Retirement Savings Investment Board. Existing law requires the Treasurer, on behalf of the board, to appoint an executive director, who is not a member of the board and who serves at its pleasure. Existing law requires eligible employers to offer a payroll deposit retirement savings arrangement so that eligible employees may contribute a portion of their salary or wages to a retirement savings program account in the program, as specified. Existing law requires the board to take various actions upon implementation of the program and, for to up 3 years following its initial implementation of the program, requires the board to establish managed accounts invested in United States Treasuries, myRAs, or similar investments. Existing law states that the program is implemented as of January 1, 2017.

This bill would rename the California Secure Choice Retirement Savings Trust Act as the CalSavers Retirement Savings Trust Act, the body that administers the act as the CalSavers Retirement Savings Board, and make conforming changes in this regard. The bill would make various changes in the act to reflect that it has been implemented, including eliminating the requirement to establish managed accounts invested in United States Treasuries, myRAs, or similar investments described above. The bill would authorize the board to delegate rulemaking authority to its executive director. The bill would authorize an employee to opt out of participation in the program by telephone and would eliminate a

⁶ See footnote 3, above.

condition relating to contribution amounts that depends on the length of time that an employee has contributed to the program.

Current law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. Existing law, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities. MAUCRSA generally divides responsibility for the state licensure and regulation of commercial cannabis activity among the Department of Food and Agriculture, the State Department of Public Health, and the Bureau of Cannabis Control, which are generally referred to as licensing authorities. This bill would require the licensing authorities described above to provide specified information regarding licensees to the CalSavers Retirement Savings Board upon request by the board.

(STATUS: Introduced on 02/18/20. Read first time. To Committee on RLS. for assignment on 02/18/20.)

Bills that Apply to CalPERS and/or CalSTRS Only:

- **AB 462 (Rodriguez)**

This bill would require the Boards of Administration of CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions. This bill contains other related provisions and other existing laws.

(STATUS: Introduced 02/11/19. Referred to Committee on RLS. on 05/01/19. From committee chair, with author's amendments: Amend and re-refer to committee. Read second time, amended, and re-referred to Com. on RLS. on 05/21/19.)

- **AB 979 (Reyes)**

This bill would require the Boards of Administration of CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions.

(STATUS: Introduced February 21, 2019 as a law relating to the Judges' Retirement System II and was amended on 01/06/2020 to relate to emerging manager asset management. Passed out of committee and re-referred to Committee on Com. and APPR on 01/08/2020. **Passed out of committee. Read second time. Ordered to third reading on 01/23/20. Read third time. Passed. Ordered to Senate on 01/27/20. Read first time in Senate; to Committee on RLS. for assignment on 01/28/20.)**

- **SB 266 (Leyva)**

Under existing law, CalPERS is responsible for correcting errors and omissions in the administration of the system and the payment of benefits. Existing law requires the board to correct all actions taken as a result of errors or omissions of the state or a contracting agency, in accordance with certain procedures. This bill would establish new procedures under PERL for cases in which CalPERS determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPRA and other specified laws and thus impermissible under PERL. The bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require PERS to adjust the benefit to reflect the exclusion of the disallowed compensation, and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay retired members, survivors, and beneficiaries whose benefits have been reduced an annuity or a lump sum, as prescribed, that reflects the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided. The bill would require the system to provide certain notices in this regard. This bill would require the system to provide confidential contact information of retired members, and their survivors and beneficiaries, who are affected by these provisions to the relevant employing entities, the confidentiality of which the entities would be required to maintain.

The bill would authorize the state, a school employer, as specified, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed to be included or contained in a memorandum of understanding or collective bargaining agreement on and after January 1, 2020, that is intended to form the basis of a pension benefit calculation in order for PERS to review its consistency with PEPRA and other laws, as specified, and would require PERS to provide guidance

regarding the review within 90 days, as specified. The bill would require PERS to publish notices regarding proposed compensation language submitted to the system for review and the guidance given by the system that is connected with it. For educational entities that participate in the system, the final responsibility for funding payments to the system and to retired members, survivors, and beneficiaries would belong to the educational entity that is the actual employer of the employee.

(STATUS: Introduced 02/12/19. Read third time in Assembly; ordered to the Senate; Senate concurred in amendments; ordered to engrossing and enrolling on 09/12/19. Withdrawn from engrossing and enrolling, and ordered held at the Desk on 09/13/19.)

- **SB 341 (Morell)**

Existing law requires the CalPERS and CalSTRS retirement boards to provide annual reports to the Legislature and the Governor with regard to investment returns on assets of CalPERS and CalSTRS, respectively. As part of these reports, the boards are required to calculate and report on the rate of return on investments based on different assumptions. This bill would require the Board of Administration of CalPERS to report a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill would require the CalSTRS Retirement Board to provide a description of the discount rate the board uses for reporting liabilities, a calculation of liabilities based on a discount rate that is 2% below the long-term rate of return assumed by the board, and a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. This bill would also appropriate \$1 billion from the General Fund for transfer to the Teachers' Retirement Fund to reduce the unfunded liability of the STRS defined benefit program, and appropriate another \$1 billion to the Teachers' Retirement Fund if the Legislative Analyst determines in the May Revision of the 2019-20 Budget that the State has collected more than \$1 billion in unanticipated General Fund revenue.

(STATUS: Introduced 02/19/19. Referred to Committee on L., P.E. & R on 02/28/19. Set for hearing on 03/27/19. Failed passage in committee. Reconsideration granted. **Died pursuant to Joint Rule 56⁷.**)

- **SB 430 (Wieckowski)**

PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement. PEPRA defines "new member" to mean, among other things, an individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who was not a member of any other public retirement system prior to date. Existing law creates the Judges' Retirement System II, which is administered by the Board of Administration of the Public Employees' Retirement System, for the provision of retirement and other benefits to specified judges and their beneficiaries.

⁷ See footnote 3, above.

This bill would grant a judge who was elected to office in 2012, but did not take office until on or after January 1, 2013, the option of making a one-time, irrevocable election to have a pre-January 1, 2013, membership status in the Judges' Retirement System II for service accrued after on and after July 1, 2020. The bill would require the election to be made during a 30-day period beginning March 1, 2020. A judge making this election would no longer be a new member under specified provisions of PEPRA. The election would apply prospectively only, and membership rights and obligations that accrued based on service subject to PEPRA prior to July 1, 2020, would remain unchanged. The bill would specify that the Public Employees' Retirement System is not obligated to inform or locate a person who may be eligible to make the election and that its provisions do not affect the Legislature's reserved right to increase contributions or reduce benefits for purposes of the Judges' Retirement System II.

(STATUS: Introduced 02/21/19. Passed out of the Senate and ordered to the Assembly on 05/21/19.

Referred to the Committee on P.E. & R. on 05/30/19. Set for first hearing; cancelled at request of author on 06/26/19.)

- **AB 2378 (Cooper)**

The PERL requires that, upon the death of certain members after retirement and while receiving a retirement allowance, a specified sum of money be paid to the member's designated beneficiary. Existing law provides that the additional employer contributions required to fund these benefits be computed as a level percentage of member compensation, and requires the contributions to be deposited in the Public Employees' Retirement Fund, a continuously appropriated fund. This bill would authorize the Board of Administration of the Public Employees' Retirement System, beginning on or after January 1, 2021, to adjust the death benefit amounts following each actuarial valuation to reflect changes in the All Urban California Consumer Price Index, as specified. By authorizing the board to increase contributions deposited in the Public Employees' Retirement Fund, this bill would make an appropriation. (STATUS: Introduced 02/18/20. Referred to Committee on P.E. and R. on 02/24/20.)

- **AB 2394 (Cooper)**

Pursuant to the PERL, CalPERS provides a defined benefit to members of the system, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law generally provides that retirement allowances are adjusted annually to reflect increases in the cost of living in relation to the consumer price index, as defined. Existing law defines "consumer price index" for these purposes to mean the United States city average "Consumer Price Index for All Urban Consumers," effective January 1, 1978. Existing law establishes the Department of Industrial Relations as an instrumentality of California government. This bill would change the definition of "consumer price index," effective January 1, 2021, to instead refer to the California Consumer Price Index for All Urban Consumers for all items, as determined by the Department of Industrial Relations.

(STATUS: Introduced 02/18/20. Referred to Committee on P.E. and R. on 02/24/20.)

- **AB 2510 (Cooley)**

The CalSTRS Defined Benefit Program provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Current law authorizes the CalSTRS board, upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers, as provided. This bill would additionally authorize the board to contract with investment advisers, as defined, upon the same finding by the board and approval by the State Personnel Board. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.

(STATUS: Introduced 02/19/20.)

- **AB 2998 (Kiley)**

The CalSTRS Defined Benefit Program provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. The Defined Benefit Program is funded by employer and employee contributions, as well as investment returns and state appropriations, which are deposited or credited to the Teachers' Retirement Fund. This bill would state the intent of the Legislature to subsequently amend this bill to include provisions that would authorize a school district to offer an optional contract to its employees that has a defined contribution plan in lieu of a defined benefit plan provided that the decision to select that contract is made by the employee.

(STATUS: Introduced 02/19/20.)

Divestment Proposals (CalPERS and CalSTRS Only)

- **AB 33 (Bonta)**

This bill would prohibit CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a private prison company, as defined. This bill would require the boards to liquidate investments in private prison companies on or before July 1, 2020, and would require the boards, in making a determination to liquidate investments, to constructively engage with private prison companies to establish whether the companies are transitioning their business models to another industry. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the constitution. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified. The bill would make related legislative findings and declarations.

(STATUS: Introduced 12/03/18. Referred to Committee on P.E. & R on 01/17/19. Second hearing cancelled at the request of author 04/24/19. **Died pursuant to Art. IV, Sec. 10(c) of the Constitution⁸ on 01/31/20.**)

Federal Legislation Affecting '37 Act Systems

The Federal SECURE Act (HR 1865)

On December 20, 2019, the President signed HR 1865, which includes the Setting Every Community Up for Retirement Enhancement Act of 2019 ("SECURE Act"), into law. Two provisions affect the '37 Act Systems.

Section 114 of the SECURE Act

Prior to passage of the SECURE Act, tax qualified plans were required to distribute a member's entire benefit or begin to distribute a member's benefit no later than the "required beginning date." Internal Revenue Code (IRC) § 401(a)(9) defined required beginning date as April 1 of the calendar year following the later of (i) the calendar year in which the member attains age 70½ or (ii) the member retires.

Section 114 of the SECURE Act increases the required beginning date age factor from age 70½ to age 72. Under this new guidance, to satisfy the required minimum distribution rules, members must begin receiving benefits by April 1 of the calendar year following the later of (i) the calendar year in which the member attains age 72, or the member retires. The new rule applies to individuals who turn 70½ after December 31, 2019. For anyone who turned 70½ in 2019, the first RMD must still be taken by April 1, 2020. Individuals turning 70½ in 2020 or later will not be required to take their first withdrawal until April 1 of the year following their 72nd birthday.

The SACRS Legislative Committee is reviewing whether an amendment to the CERL will be necessary in order to conform the CERL to Section 114 of the SECURE Act. In addition, the OCERS team will review and amend as necessary our §401(a)(9) regulations or procedures to ensure the higher distribution age is reflected. Unless further extended by the Secretary of the Treasury, any necessary amendments will be required to be made no later than the last day of the first plan year beginning on or after January 1, 2024. Therefore, calendar year Systems like OCERS must amend affected regulations by December 31, 2024 (fiscal year Systems will have until June 30, 2025).

Section 402 of the SECURE Act

IRS Form 945, Annual Return of Withheld Federal Income Tax, is typically used to report federal income taxes withheld on distributions made from a retirement system. IRC §6651 imposes a tax penalty for the failure to timely file a Form 945.

Section 402 of the SECURE Act increases the minimum tax penalty imposed by IRC §6651. As amended, IRC §6651 allows for the imposition of a tax equal to at least the lesser of \$435 (to be adjusted for inflation) or 100% of the amount required to be shown as tax on the return where the Form 945 is not filed within 60 days of its

⁸ See footnote 1, above.

due date (including any applicable filing extensions). The penalty may still be waived if a System can show reasonable cause for the failure to timely file a Form 945.

The increase in penalties applies to IRS Forms 945 with a due date after December 31, 2019, including extensions. While no amendments or policy updates may be required as a result of this change, future failures to timely file Form 945 may trigger increased penalties.

Attachments

Submitted by:



Gina M. Ratto
General Counsel



**OCERS BOARD OF RETIREMENT
MARCH 16, 2020 MEETING**

LEGISLATIVE UPDATE – ATTACHMENT

**2019 - 2020 CALIFORNIA STATE LEGISLATIVE SESSION
BILLS OF INTEREST**

New or updated information in bold text

AB 33 (Bonta)

This bill would prohibit the CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a private prison company, as defined. This bill would require the boards to liquidate investments in private prison companies on or before July 1, 2020, and would require the boards, in making a determination to liquidate investments, to constructively engage with private prison companies to establish whether the companies are transitioning their business models to another industry. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the constitution. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.

(STATUS: Introduced 12/03/18. Referred to Committee on P.E. & R on 01/17/19. Second hearing canceled at request of author on 04/24/19. **Died pursuant to Art. IV, Sec. 10(c) of the Constitution¹ on 01/31/20.**)

AB 287 (Voepel)

Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program.

(STATUS: Introduced 01/28/19. Referred to Committee on P.E. & R on 02/07/19. **Died pursuant to Art. IV, Sec. 10(c) of the Constitution².**)

¹ Art. IV, Sec. 10(c) of the Constitution states, in pertinent part, that "Any bill introduced during the first year of the biennium of the legislative session that has not been passed by the house of origin by January 31 of the second calendar year of the biennium may no longer be acted on by the house. ..."

² See footnote 1, above.

AB 315 (Garcia)

Existing law authorizes the legislative body of a local agency, defined as a county, city, or city and county, or a district, defined broadly to include other political subdivisions or public corporations in the state other than the state or a county, city and county, or city, to attend the Legislature and the Congress of the United States, and any committees thereof, and to present information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district. Existing law also authorizes the legislative body of a local agency or a district to enter into an association for these purposes and specifies that the cost and expense incident to the legislative body's or district's membership in the association and the activities of the association are proper charges against the local agencies or districts comprising the association.

This bill, with respect to moneys paid to or otherwise received by an association from a local agency or district member of the association, would prohibit an association of local agencies or districts from expending those moneys for any purpose other than the above-described activities and educational activities. The bill would also require the association to publicly disclose the amount of those moneys expended on the above-described activities of the association. The bill would prohibit an association from incurring any travel-related expenses except as may be necessary for the association to hold an annual conference or other gathering of its members **or to hold or send its members to attend educational activities, as defined.**

(STATUS: Introduced 01/30/19 as a bill relating to non-vehicular air pollution. Amended in the Assembly on 07/05/19 and 01/06/20 to relate to lobbying associations. In committee: Set, first hearing. Hearing cancelled at the request of author. **Amended and re-referred to Committee on L. GOV. Read second time and amended on 01/06/20. Re-referred to Committee on L. Gov. on 01/07/20. In committee: Set, first hearing. Hearing cancelled at the request of author on 01/09/20. Died pursuant to Art. IV, Sec. 10(c) of the Constitution on 01/31/20³.**)

AB 462 (Rodriguez)

This bill would require the Boards of Administration of CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions.

(STATUS: Introduced 02/11/19. Referred to Committee on RLS. on 05/01/19. From committee chair, with author's amendments: amend and re-refer to committee. Read second time, amended, and re-referred to Com. on RLS. on 05/21/19.)

AB 472 (Voepel)

PEPRA establishes various limits on retirement benefits generally applicable to a public employee retirement system, as defined. The act prescribes, among other things, limits on service after retirement without

³ See footnote 1, above.

reinstatement into the applicable retirement system. This bill would make non-substantive changes to that provision.

(STATUS: Introduced 02/11/19. Pending committee assignment. **Died at Desk on 02/03/20.**)

AB 510 (Cooley)

Existing law authorizes the head of a department of a county or city, or the head of a special district to destroy recordings of routine video monitoring maintained by that county, city, or special district after one year if that person receives approval from the legislative body and the written consent of the agency attorney. Existing law authorizes the head of a department of a county or city, or the head of a special district to destroy recordings of telephone and radio communications maintained by that county, city, or special district after 100 days if that person receives approval from the legislative body and the written consent of the agency attorney. This bill would exempt the head of a department of a county or city, or the head of a special district from these recording retention requirements if the county, city, or special district adopts a records retention policy governing recordings of routine video monitoring and recordings of telephone and radio communications.

(STATUS: Introduced 02/13/19. Referred to Committee on L. Gov. on 02/21/19. **Died pursuant to Art. IV, Sec. 10(c) of the Constitution⁴.**)

AB 664 (Cooper)

The CERL provides that a member who is permanently incapacitated shall be retired for disability despite age if, among other conditions, the member's incapacity is a result of injury or disease arising out of and in the course of the member's employment, and that employment contributes substantially to that incapacity or the member has completed 5 years of service and not waived retirement in respect to the particular incapacity or aggravation thereof, as specified. This bill would require, for purposes of determining permanent incapacity of certain members employed as peace officers in the County of Sacramento, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer who is described under Section 830 of the Penal Code. The bill would apply to members who file applications for disability on or after the effective date of the act, except for cases on appeal at that time. The bill would require the board of retirement to develop a method of tracking the costs of providing permanent disability retirement to the members who become eligible for disability retirement pursuant to the bill's provisions. The bill would repeal these provisions on December 31, 2024.

(STATUS: Introduced 02/15/19. Passed out of the Assembly and ordered to the Senate on 05/13/19. Referred to Committees on L., P.E. & R. and APPR on 05/22/19. In committee: Set, first hearing. Hearing cancelled at request of author on 06/26/19.)

AB 979 (Reyes)

This bill would require the Boards of Administration of CalPERS and CalSTRS to each provide a report to the Legislature, commencing March 1, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible

⁴ See footnote 1, above.

for asset management within each system's portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions.

(STATUS: Introduced February 21, 2019 as a law relating to the Judges' Retirement System II and was amended on 01/06/2020 to relate to emerging manager asset management. Passed out of committee and re-referred to Committee on Com. and APPR on 01/08/2020. **Passed out of committee. Read second time. Ordered to third reading on 01/23/20. Read third time. Passed. Ordered to Senate on 01/27/20. Read first time in Senate; to Committee on RLS. for assignment on 01/28/20.**)

AB 992 (Mullin)

The Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines "meeting" for purposes of the act and prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body. This bill would provide that the prohibition described above does not apply to the participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(STATUS: Introduced 02/21/19. In committee: Set, first hearing. Failed passage. Reconsideration granted on 05/01/19. Passed out of committee on 01/15/20. Read second time. Ordered to third reading on 01/16/20.

Read third time. Passed. Ordered to Senate. Read first time in Senate; to Committee on RLS. for assignment on 01/30/19.)

AB 1198 (Stone)

PEPRA, among other things, establishes new retirement formulas, which are generally applicable to employees first employed on or after January 1, 2013, and which a public employer offering a defined benefit pension plan is prohibited from exceeding. PEPRA excepts certain public employees from its provisions, including certain transit workers whose interests are protected by specified federal law until a federal district court ruled that a United States Department of Labor determination that the application of PEPRA to these workers violated federal law was in error, or until January 1, 2016, as specified. A district court ruling to this effect occurred on December 31, 2014. This bill would except transit workers hired before January 1, 2016 from PEPRA by removing the federal district court contingency language from the provision excepting certain transit workers from PEPRA, as described above.

(STATUS: Introduced 02/21/19. Set for first hearing in committee; hearing canceled at request of author on 04/24/19. **Died pursuant to Art. IV, Sec. 10(c) of the Constitution**⁵.)

⁵ See footnote 1, above.

AB 1332 (Bonta)

This bill, the Sanctuary State Contracting Act, would, among other things, require the Department of Justice, commencing on January 1, 2020, and quarterly thereafter, to publish a list on its internet website, based on specified criteria, of each person or entity that, in the opinion of the Department of Justice, is providing data broker, extreme vetting, or detention facilities support to any federal immigration agency, as specified. The bill would prohibit a state or local agency from entering into a new, amended, or extended contract or agreement with any person or entity that appears on the list published by the Department of Justice unless the state or local agency has made a finding that no reasonable alternative exists, as specified. The bill would exempt certain contracts or agreements from these provisions related to provisions the administration of retirement benefits and investment of moneys for retirement benefits, as specified. This bill would authorize the Department of Justice to initiate, and require the department to receive and investigate, all complaints regarding violations of these provisions, and would require the department to issue findings regarding any alleged violation and notify any affected state or local agency. By increasing the duties of local officials, this bill would impose a state-mandated local program. Additionally, this bill would make a violation of these provisions subject to civil and criminal penalties, thereby imposing a state-mandated local program.

(STATUS: Introduced 02/22/19. In committee: Set, first hearing. Referred to APPR. suspense file on 05/08/19. In committee: Held under submission on 05/16/19. **Died pursuant to Art. IV, Sec. 10(c) of the Constitution**⁶.)

AB 2226 (Voepel)

The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax, including an exclusion for combat-related special compensation. This bill, for taxable years beginning on or after January 1, 2021, and before January 1, 2031, would exclude from gross income specified amounts of retirement pay received by a taxpayer from the federal government for service performed in the uniformed services, as defined, during the taxable year. Current law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements. The bill also would include additional information required for any bill authorizing a new tax expenditure. This bill would take effect immediately as a tax levy.

(STATUS: Introduced 02/12/20. Referred to Committee on REV. and TAX on 02/20/20.)

AB 2378 (Cooper)

The PERL requires that upon the death of certain members after retirement and while receiving a retirement allowance, a specified sum of money be paid to the member's designated beneficiary. Existing law provides that the additional employer contributions required to fund these benefits be computed as a level percentage of member compensation, and requires the contributions to be deposited in the Public Employees' Retirement Fund. This bill would authorize the CalPERS Board, beginning on or after January 1, 2021, to adjust the death benefit amounts following each actuarial valuation to reflect changes in the All Urban California

⁶ See footnote 1, above.

Consumer Price Index, as specified. By authorizing the board to increase contributions deposited in the Public Employees' Retirement Fund, this bill would make an appropriation.

(STATUS: Introduced 02/18/20. Referred to Committee on P.E. and R. on 02/24/20.)

AB 2394 (Cooper)

Pursuant to the PERL, CalPERS provides a defined benefit to members of the system, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law generally provides that retirement allowances are adjusted annually to reflect increases in the cost of living in relation to the consumer price index, as defined. Existing law defines "consumer price index" for these purposes to mean the United States city average "Consumer Price Index for All Urban Consumers," effective January 1, 1978. Existing law establishes the Department of Industrial Relations as an instrumentality of California government. This bill would change the definition of "consumer price index," effective January 1, 2021, to instead refer to the California Consumer Price Index for All Urban Consumers for all items, as determined by the Department of Industrial Relations.

(STATUS: Introduced 02/18/20. Referred to Committee on P.E. and R. on 02/24/20.)

AB 2452 (C. Garcia)

Current law authorizes the California State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency, including any city, county, or special district, or any publicly created entity that the California State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. Existing law authorizes the California State Auditor to consult with the Controller, the Attorney General, and other state agencies in identifying local government agencies that are at high risk.

Current law also authorizes the legislative body of a local agency or a district to enter into an association for the purposes of attending the Legislature and the Congress of the United States, and any committees thereof, and presenting information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district.

This bill would authorize the California State Auditor to include in the high-risk local government agency audit program any local agency or district association that the California State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.

(STATUS: Introduced 02/19/20.)

AB 2473 (Cooper)

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Existing law excludes from the disclosure requirement certain records regarding alternative investments in which public investment funds invest. This

bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by a public investment fund, including quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information. Current constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings to that effect.

(STATUS: Introduced 02/19/20.)

AB 2510 (Cooley)

The CalSTRS Defined Benefit Program provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Current law authorizes the CalSTRS board, upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers, as provided. This bill would additionally authorize the board to contract with investment advisers, as defined, upon the same finding by the board and approval by the State Personnel Board. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.

(STATUS: Introduced 02/19/20.)

AB 2659 (Chen)

The Information Practices Act of 1977 prescribes a set of requirements, prohibitions, and remedies applicable to public agencies with regard to their collection, storage, and disclosure of personal information. The act specifically requires an agency to establish rules of conduct for persons involved in the design, development, operation, disclosure, or maintenance of records containing personal information and to instruct these people with respect to the rules and the requirements of the act. This bill would require that the above-described rules of conduct include security awareness and training policies and procedures.

(STATUS: Introduced 02/20/20.)

AB 2676 (Quirk)

Current law exempts from disclosure critical infrastructure information, as defined, that is voluntarily submitted to the Office of Emergency Services for use by that office, including the identity of the person who or entity that voluntarily submitted the information. This law defines “voluntarily submitted” for that purpose. This bill would remove the restriction that the submission be voluntary, thereby expanding that exemption.

Current constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings

to that effect. The California Constitution also requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect.

(STATUS: Introduced 02/20/20.)

AB 2937 (Fong)

The CERL prescribes the methods for calculating a non-service-connected disability retirement for different membership classifications and for the purpose of calculating reciprocal benefits. In these instances, the sum of allowance may vary depending on whether or not the retirement board finds, in its opinion, the member's disability is due to intemperate use of alcoholic liquor or drugs, among other things. In this regard, the CERL conditions the grant of a disability retirement pension by a county or district on a finding by the board that the member's disability is not the result of intemperate use of alcoholic liquor or drugs.

This bill would create an optional provision, to be elected by a county board of supervisors, that would remove the retirement board's assessment regarding the intemperate use of alcoholic liquor or drugs as a condition to the disability retirement.

(STATUS: Introduced 02/21/20. Read first time 02/24/20.)

AB 2967 (O'Donnell)

The CERL authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension and death benefits to county and district employees, including firefighters. The County Peace Officers' Retirement Law (Government Code §§31900, *et seq.*), the County Peace Officer and Fire Service Retirement Plan Law (Government Code §§33000, *et seq.*), the County Fire Service Retirement Law (Government Code §§32200, *et seq.*), also provide retirement system structure options that a county may choose to adopt for purposes of providing benefits to specified peace officers and firefighters. This bill would make non-substantive changes to those provisions.

(STATUS: Introduced 02/21/20. Read first time on 02/24/20.)

AB 2998 (Kiley)

The CalSTRS Defined Benefit Program provides a defined benefit to members of the program based on final compensation, credited service, and age at retirement, subject to certain variations. The Defined Benefit Program is funded by employer and employee contributions, as well as investment returns and state appropriations, which are deposited or credited to the Teachers' Retirement Fund. This bill would state the intent of the Legislature to subsequently amend this bill to include provisions that would authorize a school district to offer an optional contract to its employees that has a defined contribution plan in lieu of a defined benefit plan provided that the decision to select that contract is made by the employee.

(STATUS: Introduced 02/19/20.)

AB 3249 (Fong)

Current law requires state and local public retirement systems to submit audited financial statements to the Controller at the earliest practicable opportunity within 6 months of the close of each fiscal year, and requires the Controller, within 12 months of receipt of the information, to compile and publish a report on the financial condition of all state and local public retirement systems. This bill would additionally require the Controller to post the report on the financial condition of all state and local public retirement systems on the Controller's internet website.

(STATUS: Introduced 02/21/2020.)

SB 53 (Wilk)

The Bagley-Keene Open Meeting Act requires that all meetings of a state body, as defined, be open and public and that all persons be permitted to attend and participate in a meeting of a state body, subject to certain conditions and exceptions. This bill would specify that the definition of "state body" includes an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body that consists of 3 or more individuals, as prescribed, except a board, commission, committee, or similar multimember body on which a member of a body serves in his or her official capacity as a representative of that state body and that is supported, in whole or in part, by funds provided by the state body, whether the multimember body is organized and operated by the state body or by a private corporation. This bill would declare that it is to take effect immediately as an urgency statute.

(STATUS: Introduced 12/10/18. Placed on APPR. suspense file on 08/14/19. Heard on 08/30/19. Held in committee and under submission on 08/30/19.)

SB 266 (Leyva)

Under existing law, CalPERS is responsible for correcting errors and omissions in the administration of the system and the payment of benefits. Existing law requires the board to correct all actions taken as a result of errors or omissions of the state or a contracting agency, in accordance with certain procedures. This bill would establish new procedures under PERL for cases in which CalPERS determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with PEPR and other specified laws and thus impermissible under PERL. The bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation, for active members, be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state, school employer, or contracting agency return to the member any contributions paid by the member or on the member's behalf.

With respect to retired members, survivors, or beneficiaries whose benefits are based on disallowed final compensation, the bill would require PERS to adjust the benefit to reflect the exclusion of the disallowed

compensation, and provide that contributions made on the disallowed compensation be credited against future contributions on behalf of the employer entity that reported the disallowed compensation. Additionally, if specified conditions are met, the bill would require the employing entity to refund overpayment costs to the system and to pay retired members, survivors, and beneficiaries whose benefits have been reduced an annuity or a lump sum, as prescribed, that reflects the difference between the monthly allowance that was based on the disallowed compensation and the adjusted monthly allowance calculated without the disallowed compensation, as provided. The bill would require the system to provide certain notices in this regard. This bill would require the system to provide confidential contact information of retired members, and their survivors and beneficiaries, who are affected by these provisions to the relevant employing entities, the confidentiality of which the entities would be required to maintain.

The bill would authorize the state, a school employer, as specified, or a contracting agency, as applicable, to submit to the system an additional compensation item proposed to be included or contained in a memorandum of understanding or collective bargaining agreement on and after January 1, 2020, that is intended to form the basis of a pension benefit calculation order for PERS to review its consistency with PEPRA and other laws, as specified, and would require PERS to provide guidance regarding the review within 90 days, as specified. The bill would require PERS to publish notices regarding proposed compensation language submitted to the system for review and the guidance given by the system that is connected with it. For educational entities that participate in the system, the final responsibility for funding payments to the system and to retired members, survivors, and beneficiaries would belong to the educational entity that is the actual employer of the employee.

(STATUS: Introduced 02/12/19. Read third time in Assembly; ordered to the Senate; Senate concurred in amendments; ordered to engrossing and enrolling on 09/12/19. Withdrawn from engrossing and enrolling, and ordered held at the Desk on 09/13/19.)

SB 341 (Morell)

Existing law requires the CalPERS and CalSTRS retirement boards to provide annual reports to the Legislature and the Governor with regard to investment returns on assets of CalPERS and CalSTRS, respectively. As part of these reports, the boards are required to calculate and report on the rate of return on investments based on different assumptions. This bill would require the Board of Administration of CalPERS to report a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill would require the CalSTRS Retirement Board to provide a description of the discount rate the board uses for reporting liabilities, a calculation of liabilities based on a discount rate that is 2% below the long-term rate of return assumed by the board, and a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. This bill would also appropriate \$1 billion from the General Fund for transfer to the Teachers' Retirement Fund to reduce the unfunded liability of the STRS defined benefit program, and appropriate another \$1 billion to the Teachers' Retirement Fund if the Legislative Analyst determines in the May Revision of the 2019-20 Budget that the State has collected more than \$1 billion in unanticipated General Fund revenue.

(STATUS: Introduced 02/19/19. Referred to Committee on L., P.E. & R on 02/28/19. Set for hearing on 03/27/19. Failed passage in committee. Reconsideration granted. **Died pursuant to Joint Rule 56⁷ on 02/04/20.**)

SB 430 (Wieckowski)

PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee’s retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement. PEPRA defines “new member” to mean, among other things, an individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who was not a member of any other public retirement system prior to date. Existing law creates the Judges’ Retirement System II, which is administered by the Board of Administration of the Public Employees’ Retirement System, for the provision of retirement and other benefits to specified judges and their beneficiaries.

This bill would grant a judge who was elected to office in 2012, but did not take office until on or after January 1, 2013, the option of making a one-time, irrevocable election to have a pre-January 1, 2013, membership status in the Judges’ Retirement System II for service accrued after on and after July 1, 2020. The bill would require the election to be made during a 30-day period beginning March 1, 2020. A judge making this election would no longer be a new member under specified provisions of PEPRA. The election would apply prospectively only, and membership rights and obligations that accrued based on service subject to PEPRA prior to July 1, 2020, would remain unchanged. The bill would specify that the Public Employees’ Retirement System is not obligated to inform or locate a person who may be eligible to make the election and that its provisions do not affect the Legislature’s reserved right to increase contributions or reduce benefits for purposes of the Judges’ Retirement System II.

(STATUS: Introduced 02/21/19. Passed out of the Senate and ordered to the Assembly on 05/21/19. Referred to the Committee on P.E. & R. on 05/30/19. Hearing cancelled at request of author on 06/26/19.)

SB 615 (Hueso)

The California Public Records Act requires a public agency to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions. The act permits any person to institute proceedings for injunctive or declaratory relief or a writ of mandate to enforce the right to receive a copy of any public record covered by the act. This bill would require a person to meet and confer in good faith with the agency in an attempt to informally resolve each issue before instituting any proceeding for injunctive or declarative relief or writ of mandate. The bill would require the person or their attorney to file a declaration stating that this has occurred at the time that proceedings are instituted. Because

⁷ Consistent with Art. IV, Sec. 10(c) of the Constitution (see footnote 1, above), under Joint Rule 56, any bill introduced during the first year of the biennium of the legislative session that has not been passed by the house of origin by January 31 of the second calendar year of the biennium may no longer be acted on by the house.

the declaration would be made under penalty of perjury, the bill would expand the definition of a crime and impose a state-mandated local program.

(STATUS: Introduced 02/22/19. Referred to Committee on JUD. on 03/14/19. **Died pursuant to Joint Rule 56 on 02/03/20⁸.**)

SB 715 (Galgiani)

The California Constitution establishes the University of California as a public trust with full powers of organization and government, subject only to specified limitations. Under this independent constitutional authority, the University of California established retirement systems to provide various retirement benefits to its members. Existing law prohibits the University of California from contracting for services unless a contractor certifies that the services will be performed solely by workers within the United States or if the contractor's bid describes any work that will be performed by workers outside the United States. This bill would prohibit the University of California from contracting for services with an asset manager for a defined contribution plan if that plan is a stand-alone optional plan that is not a complement to a defined benefit pension plan. The bill would apply this prohibition to a contract entered into on or after January 1, 2015.

(STATUS: Introduced 02/22/19. Failed to pass out of committee; reconsideration granted on 04/24/19. **Died pursuant to Joint Rule 56 on 02/03/20⁹.**)

SB 749 (Durazo)

The California Public Records Act provides that nothing in the act requires the disclosure of corporate proprietary information including trade secrets, among other things.

This bill would provide that specified records of a private industry employer that are prepared, owned, used, or retained by a public agency are not trade secrets and are public records, including certain records relating to employment terms and conditions of employees working for a private industry employer pursuant to a contract with a public agency, if those wages, benefits, working hours and other employment terms and conditions relate to work performed under the contract, records of compliance with local, state, or federal domestic content requirements, and records of a private industry employer's compliance with job creation, job quality, or job retention obligations contained in a contract or agreement with a state or local agency. The bill, however, would exclude contracts between a public agency and a private industry employer entered into on or before January 1, 2020, and records that include communications between the state or local agency and specified state or local officials, on matters posing a threat to the security of a public building, a threat to the security of essential public services, or a threat to the public's right of access to public services or public facilities, from these provisions. Because the bill would require local officials to perform additional duties, it would impose a state-mandated local program.

(STATUS: Introduced 02/22/19. From committee with author's amendments. Read second time and amended. Re-referred to Committee on JUD. on 09/10/19. Assembly Rule 96 suspended. Withdrawn from committee. Ordered to third reading on 09/12/19. Ordered to inactive file on request of Assembly Member Calderon on 09/13/19.)

⁸ See footnote 7, above.

⁹ See footnote 7, above.

SB 783 (Senate Committee on Labor, Public Employees and Retirement)

The CERL authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension and death benefits to county and district employees. This bill would correct several erroneous and obsolete cross-references within CERL.

(STATUS: Introduced 03/07/19. Passed out of the Senate and ordered to the Assembly on 05/02/19. Referred to Committee on P.E. & R. on 05/16/19.)

SB 931 (Wieckowski)

The Ralph M. Brown Act requires meetings of the legislative body of a local agency to be open and public and also requires regular and special meetings of the legislative body to be held within the boundaries of the territory over which the local agency exercises jurisdiction, with specified exceptions. Current law authorizes a person to request that a copy of an agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. This bill would require a legislative body to email a copy of the agenda or a copy of all the documents constituting the agenda packet if so requested. By requiring local agencies to comply with these provisions, this bill would impose a state-mandated local program.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect.

The California Constitution also requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.

(STATUS: Introduced 02/05/20. Read first time; to Committee on RLS. for assignment on 02/05/20. Referred to Committee on GOV. and F. on 02/12/20.)

SB 1042 (Pan)

The California Secure Choice Retirement Savings Trust Act establishes the CalSavers Retirement Savings Program to be administered by the California Secure Choice Retirement Savings Investment Board. Existing law requires the Treasurer, on behalf of the board, to appoint an executive director, who is not a member of the board and who serves at its pleasure. Existing law requires eligible employers to offer a payroll deposit retirement savings arrangement so that eligible employees may contribute a portion of their salary or wages to a retirement savings program account in the program, as specified. Existing law requires the board to take various actions upon implementation of the program and, for to up 3 years following its initial implementation of the program, requires the board to establish managed accounts invested in United States

Treasuries, myRAs, or similar investments. Existing law states that the program is implemented as of January 1, 2017.

This bill would rename the California Secure Choice Retirement Savings Trust Act as the CalSavers Retirement Savings Trust Act, the body that administers the act as the CalSavers Retirement Savings Board, and make conforming changes in this regard. The bill would make various changes in the act to reflect that it has been implemented, including eliminating the requirement to establish managed accounts invested in United States Treasuries, myRAs, or similar investments described above. The bill would authorize the board to delegate rulemaking authority to its executive director. The bill would authorize an employee to opt out of participation in the program by telephone and would eliminate a condition relating to contribution amounts that depends on the length of time that an employee has contributed to the program.

Current law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. Existing law, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities. MAUCRSA generally divides responsibility for the state licensure and regulation of commercial cannabis activity among the Department of Food and Agriculture, the State Department of Public Health, and the Bureau of Cannabis Control, which are generally referred to as licensing authorities. This bill would require the licensing authorities described above to provide specified information regarding licensees to the CalSavers Retirement Savings Board upon request by the board.

(STATUS: Introduced on 02/18/20. Read first time; to Committee on RLS. for assignment on 02/18/20.)

SB 1297 (Moorlach)

This bill would revise the provision of pension and other benefits to members of all state or local public retirement systems. The bill would apply its provisions prospectively to any member of a state or local public retirement system who is employed upon the date of its enactment and to any person who may be employed and become a member thereafter.

The bill would:

- void any limit on a pension that prohibits the pension from exceeding a percentage of final compensation, as specified;
- prohibit a local entity from establishing a deferred retirement option program, as described, and if a local entity has established a deferred retirement option program, whether or not the program is closed to new participants, it would be required to disenroll any participating employees and close the program;

- with regard to any member of a state or local public retirement system, the bill would require that final annual compensation used for purposes of ascertaining any pension or benefit be calculated as an average of the member's three highest earning years;
- prohibit, for any method of calculating a pension that is based on fractional percentage of final compensation multiplied by years of service with respect to a particular age at retirement, that fractional percentage from exceeding 2.7%;
- include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities;
- require that an agency participating in PERS that increases the compensation of a member who was previously employed by a different agency to bear all actuarial liability for the action, if it results in an increased actuarial liability beyond what would have been reasonably expected for the member;
- require that the increased actuarial liability be in addition to reasonable compensation growth that is anticipated for a member who works for an employer or multiple employers over an extended time;
- require, if multiple employers cause increased liability, that the liability be apportioned equitably among them; and
- apply to an increase in actuarial liability, as specified, due to increased compensation paid to an employee on and after January 1, 2021.

(STATUS: Introduced on 02/21/20. To Committee on RLS for assignment on 02/21/20. Read first time on 02/24/20.)

2020 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 10-18-19

JANUARY							
	S	M	T	W	TH	F	S
				1	2	3	4
Wk. 1	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28	29	30	31	

FEBRUARY							
	S	M	T	W	TH	F	S
Wk. 4							1
Wk. 1	2	3	4	5	6	7	8
Wk. 2	9	10	11	12	13	14	15
Wk. 3	16	17	18	19	20	21	22
Wk. 4	23	24	25	26	27	28	29

MARCH							
	S	M	T	W	TH	F	S
Wk. 1	1	2	3	4	5	6	7
Wk. 2	8	9	10	11	12	13	14
Wk. 3	15	16	17	18	19	20	21
Wk. 4	22	23	24	25	26	27	28
Wk. 1	29	30	31				

APRIL							
	S	M	T	W	TH	F	S
Wk. 1				1	2	3	4
Spring Recess	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28	29	30		

MAY							
	S	M	T	W	TH	F	S
Wk. 4						1	2
Wk. 1	3	4	5	6	7	8	9
Wk. 2	10	11	12	13	14	15	16
Wk. 3	17	18	19	20	21	22	23
No Hrgs.	24	25	26	27	28	29	30
Wk. 4	31						

*Holiday schedule subject to final approval by Rules Committee.

DEADLINES

- Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 6** Legislature reconvenes (J.R. 51(a)(4)).
- Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- Jan. 17** Last day for **policy committees** to hear and report to **fiscal committees** fiscal bills introduced in their house in the odd-numbered year (J.R. 61(b)(1)).
- Jan. 20** Martin Luther King, Jr. Day.
- Jan. 24** Last day for any committee to hear and report to the **floor** bills introduced in that house in the odd-numbered year. (J.R. 61(b)(2)). Last day to submit **bill requests** to the Office of Legislative Counsel.
- Jan. 31** Last day for each house to pass bills introduced in that house in the odd-numbered year (J.R. 61(b)(3)) (Art. IV, Sec. 10(c)).

- Feb. 17** Presidents' Day.
- Feb. 21** Last day for bills to be **introduced** (J.R. 61(b)(4), J.R. 54(a)).

- Mar. 27** Cesar Chavez Day observed.

- Apr. 2** **Spring Recess** begins upon adjournment (J.R. 51(b)(1)).
- Apr. 13** Legislature reconvenes from Spring Recess (J.R. 51(b)(1)).
- Apr. 24** Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(b)(5)).

- May 1** Last day for **policy committees** to hear and report to the floor **nonfiscal** bills introduced in their house (J.R. 61(b)(6)).
- May 8** Last day for **policy committees** to meet prior to June 1 (J.R. 61(b)(7)).
- May 15** Last day for **fiscal committees** to hear and report to the **floor** bills introduced in their house (J.R. 61 (b)(8)). Last day for **fiscal committees** to meet prior to June 1 (J.R. 61 (b)(9)).
- May 25** Memorial Day.
- May 26-29** **Floor session only.** No committee may meet for any purpose except for Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(10)).
- May 29** Last day for each house to pass bills introduced in that house (J.R. 61(b)(11)).

OVER

2020 TENTATIVE LEGISLATIVE CALENDARCOMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 10-18-19

JUNE							
	S	M	T	W	TH	F	S
Wk. 4		1	2	3	4	5	6
Wk. 1	7	8	9	10	11	12	13
Wk. 2	14	15	16	17	18	19	20
Wk. 3	21	22	23	24	25	26	27
Wk. 4	28	29	30				

June 1 Committee meetings may resume (J.R. 61(b)(12)).**June 15** Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)).**June 25** Last day for a legislative measure to qualify for the Nov. 3 General Election ballot (Elections Code Sec. 9040).**June 26** Last day for **policy committees** to hear and report **fiscal bills** to fiscal committees (J.R. 61(b)(13)).

JULY							
	S	M	T	W	TH	F	S
Wk. 4				1	2	3	4
Summer Recess	5	6	7	8	9	10	11
Summer Recess	12	13	14	15	16	17	18
Summer Recess	19	20	21	22	23	24	25
Summer Recess	26	27	28	29	30	31	

July 2 Last day for **policy committees** to meet and report bills (J.R. 61(b)(14)).**Summer Recess** begins upon adjournment, provided Budget Bill has been passed (J.R. 51(b)(2)).**July 3** Independence Day observed.

AUGUST							
	S	M	T	W	TH	F	S
Summer Recess							1
Wk. 1	2	3	4	5	6	7	8
Wk. 2	9	10	11	12	13	14	15
No Hrgs.	16	17	18	19	20	21	22
No Hrgs.	23	24	25	26	27	28	29
No Hrgs.	30	31					

Aug. 3 Legislature reconvenes from **Summer Recess** (J.R. 51(b)(2)).**Aug. 14** Last day for **fiscal committees** to meet and report bills (J.R. 61(b)(15)).**Aug. 17 – 31 Floor session only.** No committee may meet for any purpose except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(16)).**Aug. 21** Last day to **amend** bills on the floor (J.R. 61(b)(17)).**Aug. 31** Last day for each house to pass bills (Art. IV, Sec 10(c), J.R. 61(b)(18)). **Final Recess** begins upon adjournment (J.R. 51(b)(3)).**IMPORTANT DATES OCCURRING DURING FINAL RECESS****2020**

Sept. 30 Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor's possession on or after Sept. 1 (Art. IV, Sec. 10(b)(2)).

Oct. 1 Bills enacted on or before this date take effect January 1, 2021. (Art. IV, Sec. 8(c)).

Nov. 3 General Election.

Nov. 30 Adjournment *sine die* at midnight (Art. IV, Sec. 3(a)).

Dec. 7 2021-22 Regular Session convenes for Organizational Session at 12 noon. (Art. IV, Sec. 3(a)).

2021

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

*Holiday schedule subject to final approval by Rules Committee.



Memorandum

DATE: March 16, 2020
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CALAPRS 2020 GENERAL ASSEMBLY OVERVIEW**

Written Report

Mr. Delaney will report on the CALAPRS General Assembly Outcomes when the Board meets on Monday, March 16, 2020

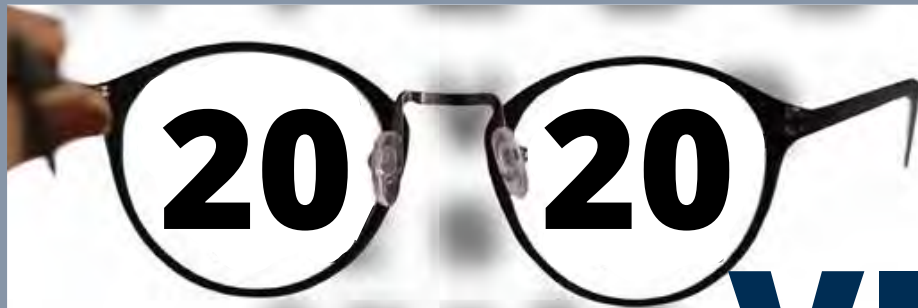
Attachment: Agenda

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



VISION

INTO THE FUTURE
OF PENSION MANAGEMENT

CALAPRS GENERAL ASSEMBLY

MARCH 7-10, 2020

**Omni Rancho Las Palmas Resort
Rancho Mirage, CA**

CALAPRS
EDUCATION · COMMUNICATION · NETWORKING
California Association of Public Retirement Systems

575 Market Street, Suite 2125
San Francisco, CA 94105
P: 415-764-4860
info@calaprs.org | www.calaprs.org

CALAPRS 2020 GENERAL ASSEMBLY PROGRAM

The California Association of Public Retirement Systems, CALAPRS, invites you to attend the General Assembly on March 7-10, 2020 at the Omni Rancho Las Palmas Resort in Rancho Mirage, CA. The General Assembly is an educational conference for retirement system trustees, senior staff, and annual sponsors of CALAPRS.

Saturday – March 7, 2020

4:00 - 6:00 PM | Early-Bird Registration

Sunday - March 8, 2020

10:00 AM – 5:00 PM | Registration Open

10:00 AM – 12:00 PM | AB 1234 Ethics in Public Service
Required ethics training for public fund trustees. Certificate of completion will be provided.
Speaker: Ashley Dunning, Partner, Nossaman

1:00 – 2:00 PM | Investment Staff Round Table
For retirement system staff only. Pre-registration required.

2:00 – 2:15 PM | Opening Remarks
Speakers: Carl Nelson, SLOPT, CALAPRS President and Steve Delaney, OCERS, General Assembly Conference Chair

2:15 – 3:00 PM | Fund Governance War Stories – A Real World Examination of Distressed or Adversarial Fund Governance Scenarios
Speaker: John D’Agostino, Global Head of Investor Engagement, DMS Governance

3:00 – 3:15 PM | Networking Break

3:15 - 4:30 PM | 6 Years Post-PEPRA – Are We Getting the Savings As Promised?
Speakers: Nicholas J. Collier, Principal, Consulting Actuary, Milliman; Paul Angelo, Senior VP and Actuary, Segal Consulting; Graham Schmidt, Consulting Actuary, Cheiron; and Scott Terando, Chief Actuary, CalPERS

7:00 - 9:30 PM | Dinner at the Palm Springs Air Museum
Transportation provided. Retirement system guests welcome.

Monday - March 9, 2020

7:00 AM – 4:00 PM | Registration Open

7:15 - 8:15 AM | Breakfast

8:15 – 8:30 AM | Opening Remarks
Speakers: Carl Nelson, SLOPT, CALAPRS President; Steve Delaney, OCERS, Conference Chair; and Lisa Middleton, Trustee, CalPERS

8:30 – 9:30 AM | The Canadian Model
Speaker: Ron Mock, Former President and CEO, Ontario Teacher’s Pension Plan

9:30 – 10:00 AM | Networking Break

10:00 - 11:00 AM | Revisiting Simplicity in Investing
Speakers: Stephen J. Edmundson, Investment Officer, Public Employees’ Retirement System of Nevada; Donald Pierce, CIO, SBCERA; and Michael Coultrip, CIO, SamCERA

11:00 AM – 12:00 PM | U.S.-China: The Great Decoupling
Speaker: Gordon G. Chang, Author

12:00 - 1:30 PM | Lunch

1:30 - 2:30 PM | Global Economic Outlook: Resilience Rested
Speaker: Simona Mocuta, Vice President & Senior Economist, State Street Global Advisors

2:30 - 3:00 PM | Networking Break

3:00 - 4:00 PM | Updates about National Trends
Speaker: Keith Brainard, Research Director, National Association of State Retirement Administrators

5:00 – 6:00 PM | Hosted Networking Reception

Tuesday – March 10, 2020

7:30 – 8:30 AM | Breakfast

8:30 – 9:30 AM | Disaster Recovery: Lessons Learned
Speakers: Julie Wyne, CEO, SCERA and Jesse Evans, Jr., Director, City of New Orleans Municipal Retirement System

9:30 – 10:00 AM | Networking Break

10:00 – 11:00 AM | Governing Innovation: The Challenge of Changing Pension Investing and Operations
Speaker: Dr. Ashby Monk, Executive and Research Director, Stanford Global Projects Center

11:00 - 11:15 AM | Closing Remarks & Adjourn

Register online at: <http://www.calaprs.org>

- Retirement Systems: \$250/person
- Sponsors: \$2,500/company (2 representatives)

Book your room at: **Omni Rancho Las Palmas**

41000 Bob Hope Drive, Rancho Mirage, CA 92270

By Phone: 1-800-THE-OMNI

Online: <https://www.omnihotels.com/hotels/palm-springs-rancho-las-palmas>



20 20

VISION

INTO THE FUTURE
OF PENSION MANAGEMENT

CALAPRS GENERAL ASSEMBLY

MARCH 7-10, 2020

**Omni Rancho Las Palmas Resort
Rancho Mirage, CA**

CALAPRS

EDUCATION · COMMUNICATION · NETWORKING

California Association of Public Retirement Systems

575 Market Street, Suite 2125
San Francisco, CA 94105
P: 415-764-4860

info@calaprs.org | www.calaprs.org

CALAPRS 2020 GENERAL ASSEMBLY

Welcome to the The California Association of Public Retirement Systems, CALAPRS, General Assembly! Registration is located in the Fiesta Ballroom Foyer. All sessions will take place in Salons 1-4 unless otherwise noted.

GENERAL ASSEMBLY INFORMATION

CONFERENCE WiFi

Use the following credentials to access the conference WiFi:

- Network: Omni Meeting
- Passcode: CALAPRS2020

GENERAL ASSEMBLY APP

Use the conference web app to access presentations, the attendee list, and session information.

- To Access — Using any device (smartphone, tablet, laptop), go to <https://app.2shoes.com/event/GA2020>
- To View the Program — Click the “Download” drop-down and select “CALAPRS GA 2020_OnSite Program”
- To Ask Questions —
 1. Click on the session you are attending
 2. Enter a question OR vote on the question(s) you wish the moderator to pose to the speaker by clicking on the up arrow
- View Presentations —
 1. Click on the session you are attending
 2. Click the “Download” drop-down to access the presentation files

Important Notes: App download is not required. This mobile site works in any browser. The moderator will select the questions to be asked and answered during the session.

POST-MEETING SURVEY

Please take a moment to complete the General Assembly survey. Your feedback is important and will help ensure the General Assembly meets the needs of our members and sponsors. The evaluation can be accessed from the meeting app, or go to the following link: <http://2sho.es/1lb>.

GENERAL ASSEMBLY PLANNING COMMITTEE

Thank you to our 2020 General Assembly Planning Committee for their work developing this year’s program:

Steve Delaney (*Chair*)
Orange County Employees Retirement System

Scott Hood
San Mateo County Employees’ Retirement Association

David Nelsen
Alameda County Employees’ Retirement Association

Johanna Shick
San Joaquin County Employees’ Retirement Association

James Wilbanks
Mendocino County Employees’ Retirement Association

PROGRAM | Saturday, March 7

4:00 – 6:00 PM | Early-Bird Registration

PROGRAM | Sunday, March 8

9:00 AM – 5:00 PM | Registration Open

10:00 AM – 12:00 PM | AB 1234 Ethics for California Public Retirement System Trustees (Salons 7-8)

Required ethics training for public fund trustees. Certificate of completion will be provided.

This two hour mandatory bi-annual training for public officials covers conflict of interest rules, public meeting and record requirements, due process requirements, and other significant rules for legal compliance by public officials, with a particular focus on how these rules apply to retirement board trustees and senior staff.

Moderator: Jeff Wickman, Administrator, MCERA

Speaker: Ashley Dunning, Partner, Co-Chair of Public Pensions & Investments Group, Nossaman LLP

1:00 – 2:00 PM | Investment Staff Round Table (*Salon 6*)
For retirement system staff only. Visit the registration desk for details.

2:00 – 2:15 PM | Welcome Remarks

Speakers: Carl Nelson, Executive Director and CIO, SLOPT, CALAPRS President and Steve Delaney, CEO, OCERS, General Assembly Conference Chair

2:15 – 3:00 PM | Fund Governance War Stories – A Real World Examination of Distressed or Adversarial Fund Governance Scenarios

John D'Agostino will take us through the anatomy of an asset management failure – providing lessons in governance and risk management from both academic and real world perspectives. John teaches a course in governance at Columbia University, and will combine research with real world experience as a pension fiduciary and risk manager to examine how and why funds fail, how complexity and technology create greater blow-up risk, what warning signs we may miss, and how to best minimize economic and reputational fallout through better governance.

Moderator: Roberto Peña, CEO, Office of Retirement Services, City of San Jose

Speaker: John D'Agostino, Global Head of Investor Engagement, DMS Governance

3:00 – 3:15 PM | Networking Break (*Fiesta Patio*)

3:15 – 4:30 PM | 6 Years Post-PEPRA – Are We Getting the Savings As Promised?

It has been seven years since the Public Employees' Pension Reform Act, or PEPRA, was effective January 1, 2013. This panel of Actuaries, representing all the SACRS systems, CALPERS and CALSTRS, will take a deep dive into the data to see the impacts that PEPRA has already had on our plans, and what impacts we may see moving forward.

Moderator: Dave Nelsen, CEO, ACERA

Speakers: Nicholas J. Collier, Principal, Consulting Actuary, Milliman; Paul Angelo, Senior VP and Actuary, Segal; Graham Schmidt, Consulting Actuary, Cheiron; and Scott Terando, Chief Actuary, CalPERS

7:00 – 9:30 PM | Strolling Dinner at the Palm Springs Air Museum

System attendees may bring a guest. If you have not already notified CALAPRS staff that you are bringing a guest, please visit the Registration Desk. Transportation will be provided between the Omni Rancho Las Palmas and the Palm Springs Air Museum. Buses will depart from the Omni at 6:30 PM, in front of the main entrance of the hotel.

The return transportation schedule is as follows:

- 1st Return: 8:30 PM
- 2nd Return: 8:45 PM
- 3rd Return: 9:00 PM
- 4th Return: 9:15 PM
- 5th Return: 9:30 PM
- FINAL Return: 9:45 PM

7:00 AM – 4:00 PM | Registration Open

7:15 – 8:15 AM | Breakfast (*Starlight Terrace*)

8:15 – 8:30 AM | Opening Remarks with Special Guest Lisa Middleton, Board Member, CalPERS and Councilmember, City of Palm Springs

Opening remarks also provided by: Steve Delaney, CEO, OCERS, General Assembly Conference Chair

8:30 – 9:30 AM | The Canadian Model

This session will provide a concise description of "The Canadian Public Pension Model" or "The Canadian Model".

Critical points of the model will be presented focusing on governance (sponsors and boards), joint risk sharing and decision making between government and public employees (joint sponsors), independent boards for the plans, compensation programs for plan management, and other key defining features. These features are common to all the large Canadian plans although the Ontario Teacher's Pension Plan is credited for paving the way for other large plans to follow."

Moderator: Steve Delaney, CEO, OCERS

Speaker: Ron Mock, Former President and CEO, Ontario Teacher's Pension Plan

9:30 – 10:00 AM | Networking Break (*Fiesta Patio*)

10:00 – 11:00 AM | Revisiting Simplicity in Investing

A discussion about the merits of simplicity in investment portfolio design and whether it will continue to be a viable option going forward.

Moderator: Chris Wisdom, Investment Officer, SJCERA

Speakers: Stephen J. Edmundson, Investment Officer, Public Employees' Retirement System of Nevada; Donald Pierce, CIO, SBCERA; and Michael Coultrip, CIO, SamCERA

11:00 AM – 12:00 PM | U.S.-China: The Great Decoupling

Name the area, and you are sure to find that Washington and Beijing are in disagreement. Not long ago, Americans and Chinese were trying to find common solutions. Now, they are going their separate ways. U.S. policy makers have lost patience as Chinese ruler Xi Jinping is now driving his country in especially troubling directions as he reacts to mounting economic, demographic, societal, and environmental challenges. The result of the Washington-Beijing friction is that the world is splitting into camps, each with its own ideologies, business chains, and technologies. U.S. policy makers, after decades of pursuing generous policies, are now confronting Beijing. Welcome to the "great decoupling."

Moderator: Scott Hood, CEO, SamCERA

Speaker: Gordon G. Chang, Author

12:00 - 1:30 PM | Lunch (*Starlight Terrace*)

1:30 - 2:30 PM | Global Economic Outlook: Resilience Retested

After a rocky 2019, the Phase 1 trade deal, the USMCA deal, and the budget deal in late December seemed to tilt the economic risk balance in a more favorable direction. But the resilience of the global economy is now being re-tested amid the coronavirus epidemic. Can the “long cycle” continue and will US outperformance persist under these circumstances? This session will provide an update on the global economic outlook highlighting both the latest cyclical developments as well as structural challenges to growth.

Moderator: Johanna Shick, CEO, SJCERA

Speaker: Simona Mocuta, Vice President & Senior Economist, State Street Global Advisors

2:30 - 3:00 PM | Networking Break (*Fiesta Patio*)

3:00 - 4:00 PM | Updates about National Trends

This presentation will provide an overview of the public pension community in the U.S. and in California, and examine key public pension trends and issues.

Moderator: Steve Delaney, CEO, OCERS

Speaker: Keith Brainard, Research Director, National Association of State Retirement Administrators

5:00 – 6:00 PM | Hosted Networking Reception (*Las Palmas Lawn*)

PROGRAM | Tuesday, March 10

7:30 – 8:30 AM | Breakfast (*Starlight Terrace*)

8:30 – 9:30 AM | Disaster Recovery: Lessons Learned

All systems have some sort of disaster recovery program in place. But how will your system react should the day come that it has to be put into action. We have two CEOs ready to share with us their system’s experiences when disaster struck. Ms. Julie Wyne, CEO of the Sonoma County Employees Retirement Association will share what they experienced as destructive fires raged through their County. Mr. Jesse Evans, Jr., Director of the City of New Orleans Employees Retirement System will follow outlining their experience with Hurricane Katrina, and more recently, a ransomware attack that has caused them to revisit many of their planned recovery processes.

Moderator: Steve Delaney, CEO, OCERS

Speakers: Julie Wyne, CEO, SCERA and Jesse Evans, Jr., Director, City of New Orleans Municipal Retirement System

9:30 – 10:00 AM | Networking Break (*Fiesta Patio*)

10:00 – 11:00 AM | Governing Innovation: The Challenge of Changing Pension Investing and Operations

This presentation will discuss the many difficulties public pension funds face when trying to change or innovate the way they invest. Dr. Monk will offer insights and examples of how innovation can catalyzed, managed and targeted, drawing on his research program at Stanford University for evidence.

Moderator: Carl Nelson, Executive Director and CIO, SLOPT

Speaker: Dr. Ashby Monk, Executive and Research Director, Stanford Global Projects Center

11:00 - 11:15 AM | Closing Remarks & Adjourn

Speaker: Carl Nelson, Executive Director and CIO, SLOPT



CALAPRS 2020 GENERAL ASSEMBLY OVERVIEW

March 16, 2020





VISION

INTO THE FUTURE
OF PENSION MANAGEMENT

CALAPRS GENERAL ASSEMBLY

March 7-10, 2020 | Rancho Mirage, CA

Agenda

CALAPRS 2020 GENERAL ASSEMBLY

Welcome to the The California Association of Public Retirement Systems, CALAPRS, General Assembly! Registration is located in the Fiesta Ballroom Foyer. All sessions will take place in Salons 1-4 unless otherwise noted.

GENERAL ASSEMBLY INFORMATION

CONFERENCE WIFI

Use the following credentials to access the conference WIFI:

- Network: Omni Meeting
- Passcode: CALAPRS2020

GENERAL ASSEMBLY APP

Use the conference web app to access presentations, the attendee list, and session information.

- To Access — Using any device (smartphone, tablet, laptop), go to <https://app.2shoes.com/event/GA2020>
- To View the Program — Click the "Download" drop-down and select "CALAPRS GA 2020_OnSite Program"
- To Ask Questions —
 1. Click on the session you are attending
 2. Enter a question OR vote on the question(s) you wish the moderator to pose to the speaker by clicking on the up arrow
- View Presentations —
 1. Click on the session you are attending
 2. Click the "Download" drop-down to access the presentation files

Important Notes: App download is not required. This mobile site works in any browser. The moderator will select the questions to be asked and answered during the session.

POST-MEETING SURVEY

Please take a moment to complete the General Assembly survey. Your feedback is important and will help ensure the General Assembly meets the needs of our members and sponsors. The evaluation can be accessed from the meeting app, or go to the following link: <http://2shoes.com/11b>

GENERAL ASSEMBLY PLANNING COMMITTEE

Thank you to our 2020 General Assembly Planning Committee for their work developing this year's program:

- Steve Delaney (*Chair*)
Orange County Employees Retirement System
- Scott Hood
San Mateo County Employees' Retirement Association
- David Nelsen
Alameda County Employees' Retirement Association
- Johanna Shick
San Joaquin County Employees' Retirement Association
- James Wilbanks
Mendocino County Employees' Retirement Association

PROGRAM | Saturday, March 7

4:00 – 6:00 PM | Early-Bird Registration

PROGRAM | Sunday, March 8

9:00 AM – 5:00 PM | Registration Open

10:00 AM – 12:00 PM | AB 1234 Ethics for California Public Retirement System Trustees (Salons 7-8)
Required ethics training for public fund trustees. Certificate of completion will be provided.

This two hour mandatory bi-annual training for public officials covers conflict of interest rules, public meeting and record requirements, due process requirements, and other significant rules for legal compliance by public officials, with a particular focus on how these rules apply to retirement board trustees and senior staff.

Moderator: Jeff Wickman, Administrator, MCERA
Speaker: Ashley Dunning, Partner, Co-Chair of Public Pensions & Investments Group, Nossaman LLP

1:00 – 2:00 PM | Investment Staff Round Table (*Salon 6*)
For retirement system staff only. Visit the registration desk for details.

2:00 – 2:15 PM | Welcome Remarks

Speakers: Carl Nelson, Executive Director and CIO, SLOPT, CALAPRS President and Steve Delaney, CEO, OCERS, General Assembly Conference Chair

PROGRAM | Sunday, March 8 (continued)

2:15 – 3:00 PM | Fund Governance War Stories – A Real World Examination of Distressed or Adversarial Fund Governance Scenarios

John D'Agostino will take us through the anatomy of an asset management failure – providing lessons in governance and risk management from both academic and real world perspectives. John teaches a course in governance at Columbia University, and will combine research with real world experience as a pension fiduciary and risk manager to examine how and why funds fail, how complexity and technology create greater blow-up risk, what warning signs we may miss, and how to best minimize economic and reputational fallout through better governance.

Moderator: Roberto Peña, CEO, Office of Retirement Services, City of San Jose
Speaker: John D'Agostino, Global Head of Investor Engagement, DMS Governance

3:00 – 3:15 PM | Networking Break (*Fiesta Patio*)

3:15 – 4:30 PM | 6 Years Post-PEPRA – Are We Getting the Savings As Promised?

It has been seven years since the Public Employees' Pension Reform Act, or PEPRA, was effective January 1, 2013. This panel of Actuaries, representing all the SACRS systems, CALPERS and CALSTRS, will take a deep dive into the data to see the impacts that PEPRA has already had on our plans, and what impacts we may see moving forward.

Moderator: Dave Nelsen, CEO, ACERA
Speakers: Nicholas J. Collier, Principal, Consulting Actuary, Millman; Paul Angelo, Senior VP and Actuary, Segal; Graham Schmidt, Consulting Actuary, Cheiron; and Scott Terando, Chief Actuary, CalPERS

7:00 – 9:30 PM | Strolling Dinner at the Palm Springs Air Museum

System attendees may bring a guest. If you have not already notified CALAPRS staff that you are bringing a guest, please visit the Registration Desk. Transportation will be provided between the Omni Rancho Las Palmas and the Palm Springs Air Museum. Buses will depart from the Omni at 6:30 PM, in front of the main entrance of the hotel. The return transportation schedule is as follows:

- 1st Return: 8:30 PM
- 2nd Return: 8:45 PM
- 3rd Return: 9:00 PM
- 4th Return: 9:15 PM
- 5th Return: 9:30 PM
- FINAL Return: 9:45 PM

PROGRAM | Monday, March 9

7:00 AM – 4:00 PM | Registration Open

7:15 – 8:15 AM | Breakfast (*Starlight Terrace*)

8:15 – 8:30 AM | Opening Remarks with Special Guest Lisa Middleton, Board Member, CalPERS and Councilmember, City of Palm Springs
Opening remarks also provided by: Steve Delaney, CEO, OCERS, General Assembly Conference Chair

8:30 – 9:30 AM | The Canadian Model

This session will provide a concise description of "The Canadian Public Pension Model" or "The Canadian Model". Critical points of the model will be presented focusing on governance (sponsors and boards), joint risk sharing and decision making between government and public employees (joint sponsors), independent boards for the plans, compensation programs for plan management, and other key defining features. These features are common to all the large Canadian plans although the Ontario Teacher's Pension Plan is credited for paving the way for other large plans to follow.
Moderator: Steve Delaney, CEO, OCERS
Speaker: Ron Mork, Former President and CEO, Ontario Teacher's Pension Plan

9:30 – 10:00 AM | Networking Break (*Fiesta Patio*)

10:00 – 11:00 AM | Revisiting Simplicity in Investing
A discussion about the merits of simplicity in investment portfolio design and whether it will continue to be a viable option going forward.
Moderator: Chris Wisdom, Investment Officer, SJCERA
Speakers: Stephen J. Edmundson, Investment Officer, Public Employees' Retirement System of Nevada; Donald Pierce, CIO, SBCERA; and Michael Coultrip, CIO, SamCERA.

11:00 AM – 12:00 PM | U.S.-China: The Great Decoupling

Name the area, and you are sure to find that Washington and Beijing are in disagreement. Not long ago, Americans and Chinese were trying to find common solutions. Now, they are going their separate ways. U.S. policy makers have lost patience as Chinese ruler Xi Jinping is now driving his country in especially troubling directions as he reacts to mounting economic, demographic, social, and environmental challenges. The result of the Washington-Beijing friction is that the world is splitting into camps, each with its own ideologies, business chains, and technologies. U.S. policy makers, after decades of pursuing generous policies, are now confronting Beijing. Welcome to the "great decoupling."

Moderator: Scott Hood, CEO, SamCERA
Speaker: Gordon G. Chang, Author

Agenda

12:00 - 1:30 PM | Lunch (*Starlight Terrace*)

1:30 - 2:30 PM | Global Economic Outlook: Resilience Retested

After a rocky 2019, the Phase 1 trade deal, the USMCA deal, and the budget deal in late December seemed to tilt the economic risk balance in a more favorable direction. But the resilience of the global economy is now being re-tested amid the coronavirus epidemic. Can the "long cycle" continue and will US outperformance persist under these circumstances? This session will provide an update on the global economic outlook highlighting both the latest cyclical developments as well as structural challenges to growth.

Moderator: Johanna Shick, CEO, SJCERA

Speaker: Simona Mocuta, Vice President & Senior Economist, State Street Global Advisors

2:30 - 3:00 PM | Networking Break (*Fiesta Patio*)

3:00 - 4:00 PM | Updates about National Trends

This presentation will provide an overview of the public pension community in the U.S. and in California, and examine key public pension trends and issues.

Moderator: Steve Delaney, CEO, OCERS

Speaker: Keith Brainard, Research Director, National Association of State Retirement Administrators

5:00 - 6:00 PM | Hosted Networking Reception (*Las Palmas Lawn*)

PROGRAM | Tuesday, March 10

7:30 - 8:30 AM | Breakfast (*Starlight Terrace*)

8:30 - 9:30 AM | Disaster Recovery: Lessons Learned

All systems have some sort of disaster recovery program in place. But how will your system react should the day come that it has to be put into action. We have two CEOs ready to share with us their system's experiences when disaster struck. Ms. Julie Wyne, CEO of the Sonoma County Employees Retirement Association will share what they experienced as destructive fires raged through their County. Mr. Jesse Evans, Jr., Director of the City of New Orleans Employees Retirement System will follow outlining their experience with Hurricane Katrina, and more recently, a ransomware attack that has caused them to revisit many of their planned recovery processes.

Moderator: Steve Delaney, CEO, OCERS

Speakers: Julie Wyne, CEO, SCERA and Jesse Evans, Jr., Director, City of New Orleans Municipal Retirement System

9:30 - 10:00 AM | Networking Break (*Fiesta Patio*)

10:00 - 11:00 AM | Governing Innovation: The Challenge of Changing Pension Investing and Operations

This presentation will discuss the many difficulties public pension funds face when trying to change or innovate the way they invest. Dr. Monk will offer insights and examples of how innovation can catalyzed, managed and targeted, drawing on his research program at Stanford University for evidence.

Moderator: Carl Nelson, Executive Director and CIO, SLOPT

Speaker: Dr. Ashby Monk, Executive and Research Director, Stanford Global Projects Center

11:00 - 11:15 AM | Closing Remarks & Adjourn

Speaker: Carl Nelson, Executive Director and CIO, SLOPT



The Big Eight Canadian Public Sector Pensions

	AUM(billions)
CPPIB Canadian Pension Plan	356
CDPQ Caisse de Depot	309
OTPPB Ontario Teachers Pension Plan	191
HOOPP Health Workers of Ontario	79
OMERS Ontario Municipal Workers	97
PSP Public Sector Pension Investment	153
AIMCO Alberta Investment Mgmt.	108
BCI British Columbia Investment	153
Total	1,446 (2018)
EST	1,600 (2019)

Governance (Sponsors)

- Canadian pension organizations are governed to run as high performing arm's-length entities that meet high standards of transparency, accountability and ethical conduct.
- **Plan sponsors share funding and benefit decisions, cannot bring the plan into labour negotiation and have no say in the plan's discount rate. The Plan Board decides the discount rate.**
- Plan sponsors typically do not sit on Plan boards. Sponsors must agree on independent chair. Board members are independent. Skill matrix set by existing board.

Governance (Independent Boards Role)

Continued

- Accountable to members/sponsors
- Must act independently of both sponsors and management
- Executive Compensation
- Create committees of the Board
- No labour negotiation role or involvement
- Sets the discount rate annually for pension liabilities
- Politically indifferent but aware

Role of Management

- Execute day to day operation of the plan within risk, regulatory, asset mix, strategic and various policy frameworks.
- Adhere to the various Acts including the Pension Benefit Act which is “Prudent Person” at its core. Plan administrators must invest assets with the same level of prudence expected of a person dealing with another's property.

Role of Management (Cont'd)

- Prepare Asset Mix, Risk/Return target, Benchmarks, Annual targets, Compensation Program, Budget, Liquidity, Discount Rate recommendation, etc. for Board approval.
- Very substantial delegated authority given to CEO and in turn delegated to the various levels of management.

Challenges for the Future

- Lower expected returns
- Demographics
- Pension inequality
- Value for money
- Regulatory environment

Disaster Recovery

Julie Wyne
Sonoma CERS

Disaster Recovery: Lessons Learned

Best Laid Plans

What we had

- Disaster Recovery Plan – covered business continuity when unable to process retiree/vendor payroll
 - Tested regularly
 - Covers other functions like 1099 printing
 - Coordinated with Custodian Bank for access to trust assets

What we lacked

- No real plan for:
 - Building access
 - Personnel Issues
 - Authority/Chain of Command
 - Communication
 - Computer Access
 - Contradictory County Policies
 - General confusion and stress

Lessons Learned In Disaster

Jesse Evans Jr.

Director

City of New Orleans Retirement System



Date: August 29, 2005

- Mandatory Evacuation
- Communication Failure
- Levee Failure
- Impassable Roads
- Pandemic Flooding
- \$70 Billion in damage
- 1,464 Fatalities

Return to City Work:
October 8, 2005

Pre-Katrina Operations

- Use of a number of internal main frame (housed in City Hall) system reports to complete various member related calculations
- Employee and Employer Contribution checks physically deposited at a local bank
- Investment and operational transactions were done primarily by fax
- Annual Audit work began in earnest in the third quarter

Post-Katrina Operations

- The mainframe is hosted and backed up at various location throughout the country
- Vital data information needed to complete various member calculations are now maintained in an online environment
- Investment and other operational transactions are now initiated and completed within a secure online platform
- Work on the annual audit is done on a more quarterly basis

Lesson Learned: After the hurricane, the thought was to decentralize many of our functions, with the use of many online tools through the use of many current and some new vendors. The retirement system had to be able to run in a productive manner outside of the comforts of our physical office location.

Pre-Katrina Payroll

- Payroll processed in-house using a mainframe system housed within City Hall
- 65% of benefit payments delivered by mail, 35% delivered by direct deposit
- All tax filings and 1099 preparation, mailing, corrects, etc. were completed in-house

Post-Katrina Payroll

- Payroll processing moved to an online platform with the custody
- 100% of benefit payments are delivered by direct deposit and is now mandatory
- All tax filings and 1099 preparation and delivery related items (mailing and online access) are completed by the custody bank

Lesson Learned: It is easier and more efficient for benefit payments to be delivered by direct deposit than by mail. Additionally, decentralizing the payroll production process and utilizing an online platform makes for ease of access by staff and members with the use of an internet connection.

Cyberattack

December 13, 2019

Suggested Cyber Failure Preparations

- Readily available paper copy of disaster recovery plan
- Coordinated disaster recovery plan with vendors (custody bank, external IT support, etc.)
- Alternative methods of identification and authentication
- Alternative communication methods (text messages, email, "NOLA Ready")
- Standardized protocol for email security