

**NOTICE OF ADJOURNMENT**

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

**PERSONNEL COMMITTEE MEETING  
Wednesday, August 19, 2020  
10:00 a.m.**

**Members of the Committee**  
Chris Prevatt, Chair  
Wayne Lindholm, Vice Chair  
Roger Hilton

Pursuant to California Government Code § 54955, **the PERSONNEL COMMITTEE MEETING noticed for Monday, August 17, 2020 at 1:30 p.m. HAS BEEN ADJOURNED TO WEDNESDAY, AUGUST 19, 2020 at 10:00 a.m.** There are no changes to the agenda for the meeting.

Pursuant to Executive Order N-29-20, certain provisions of the Brown Act are suspended due to a State of Emergency in response to the COVID-19 pandemic. Consistent with the Executive Order, this meeting will be conducted by video/teleconference only. None of the locations from which the Board members will participate will be open to the public.

Members of the public who wish to observe and/or participate in the meeting may do so via the Zoom app or via telephone. Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing \* 9 on your telephone keypad.

<b>OCERS Zoom Meeting Video/Teleconference Information</b>	
<b>Join Using Zoom App (Video &amp; Audio)</b> <a href="https://ocers.zoom.us/j/95776481200">https://ocers.zoom.us/j/95776481200</a> <b>Meeting ID: 957 7648 1200 Passcode: 597376</b> Go to <a href="https://www.zoom.us/download">https://www.zoom.us/download</a> to download Zoom app before meeting Go to <a href="https://zoom.us">https://zoom.us</a> to connect online using any browser.	<b>Join by Telephone (Audio Only)</b> Dial by your location +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US (Tacoma) +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) <b>Meeting ID: 957 7648 1200 Password: 597376</b>

A [Zoom Meeting Participant Guide](#) is available on OCERS website [Board & Committee meetings page](#)

## **AGENDA**

The Personnel Committee of 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 Committee may take action on any item included in the agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Committee may consider matters included on the agenda in any order, and not necessarily in the order listed.

### **OPEN SESSION**

#### **CALL MEETING TO ORDER AND ROLL CALL**

#### **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 Committee; and (2) any matter appearing on the Consent Agenda. Members of the public who wish to provide comment at this time may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing \* 9 on your telephone keypad. When addressing the Committee, 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.

### **ACTION ITEMS**

**NOTE:** Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Committee’s discussion of the item.

#### **A-1 2020 OCERS DIRECT PERFORMANCE MANAGEMENT PROGRAM**

*Presentation by Steve Delaney, Chief Executive Officer*

#### **Recommendation:**

1. Select and approve the 2020 Performance Management Program provision related to merit based salary adjustments for OCERS Direct employees to be recommended to the Board of Retirement for approval as part of the OCERS 2021 Budget.
2. Approve and recommend that the Board of Retirement approve an adjustment to the OCERS Direct salary schedule, increasing each position’s published salary range by the CPI as published by the U.S. Bureau of Labor Statistics for the Los Angeles-Long Beach-Anaheim area for the previous twelve months.

Orange County Employees Retirement System  
August 17, 2020  
Personnel Committee Meeting - Agenda

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**COMMITTEE MEMBER COMMENTS**

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

**COUNSEL COMMENTS**

**ADJOURNMENT**

**NOTICE OF NEXT MEETINGS**

**INVESTMENT COMMITTEE MEETING**

**August 26, 2020**

**9:30 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

**2223 E. WELLINGTON AVENUE, SUITE 100**

**SANTA ANA, CA 92701**

**STRATEGIC PLANNING WORKSHOP**

**September 9-10, 2020**

**9:00 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

**2223 E. WELLINGTON AVENUE, SUITE 100**

**SANTA ANA, CA 92701**

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

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



## Memorandum

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**DATE:** August 10, 2020  
**TO:** Members of the Personnel Committee  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** **2020 OCERS DIRECT PERFORMANCE MANAGEMENT PROGRAM**

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### Recommendation

1. Select and approve the 2020 Performance Management Program provision related to merit based salary adjustments for OCERS Direct employees to be recommended to the Board of Retirement for approval as part of the OCERS 2021 Budget.
2. Approve and recommend that the Board of Retirement approve an adjustment to the OCERS Direct salary schedule, increasing each position's published salary range by the CPI as published by the U.S. Bureau of Labor Statistics for the Los Angeles-Long Beach-Anaheim area for the previous twelve months.

### Background/Discussion

OCERS' Leadership has strived to develop a performance management structure that is in alignment with the Board's Compensation Philosophy, consistent from year-to-year, fiscally responsible and sustainable. For the current calendar year, we are seeking direction from the Personnel Committee as it pertains to merit based salary adjustment provisions to be included in OCERS 2020 Performance Management Program.

The Personnel Committee Charter Section 2, Duties and Responsibilities include the following items:

- d. *Review and recommend to the Board for approval salary ranges for all OCERS direct employees according to established compensation policies and procedures and with the approved Operating Budget;*
- e. *Oversee the compensation paid to all OCERS direct employees according to established compensation and benefits policies and procedures and consistent with the CEO Charter;*

The Board's Compensation Philosophy includes the following:

#### *Compensation Strategy*

*Total Compensation of OCERS employees includes both cash compensation and benefits. OCERS' Board of Retirement is responsible for approving salary ranges for each authorized position. The CEO is responsible for managing salaries within the approved salary ranges. The CEO will use the following process:*

- *In November of each year, or other time of year as determined by the Chief Executive Officer, each Executive, Management and/or Professional employee as of June 1 of that year shall receive a written performance evaluation and be eligible for an annual merit increase with a performance rating of meets performance standards or better.*



## Memorandum

- *Salary increases within a range shall not be automatic. The Chief of each division will provide performance feedback and salary adjustment recommendations for the CEO's consideration. The CEO will make the final determination of salary awards based on the annual performance pool and individual award limits approved by the Board of Retirement in connection with the budget.*
- *Salary ranges will be reviewed annually with an intended purpose of keeping total compensation competitive. The CEO may ask the Board of Retirement to consider adjustments to the salary ranges during the annual budget approval process.*

### **OCERS 2020 Performance Management Program**

Per the OCERS Compensation Philosophy, the annual employee performance evaluation process for 2020 is nearing. As part of the performance management process, OCERS Direct employees become eligible for a merit based increase if they receive a rating of meets performance standards or better. The merit based awards are limited to the amounts approved by the Board of Retirement as part of the annual budget process. The Personnel Committee is charged with overseeing the compensation paid to employees. Although a set of limits was established and used by the Board in the past two years, Staff recognized that in the midst of the current pandemic it may be appropriate to consider other options for individual merit increases limits. We conducted a survey of other pension systems and participating employers to determine what other government entities were planning to do with regards to employee salary adjustments in the upcoming year (COLA and merit based adjustments). The results showed a variation in approaches. We have included a summary of the results as an attachment to this report.

In order to prepare the 2020 Performance Management Program and 2021 Budget, we developed three options for the Personnel Committee to consider as it relates to setting the individual employee merit award limits. Staff is requesting that the Committee select the merit adjustment provisions (either one of options listed below or an alternative option developed by the Committee) to recommend to the Board for approval as part of the 2021 Budget.

#### **Option 1:**

Use the same approach as was used in the past two years. The approach includes awarding an increase based on inflation for all employees who receive a performance rating of "meets expectations" or better. Inflation for the previous twelve months through June 2020 is 1.4%. The actual amount to be awarded would be updated based on the published data available at the time the Budget is developed (it is anticipated that data through September would be publically available).

In addition to the inflation based increase, award a merit adjustment (2.75%) for employees who are rated "Exceed Expectations" and award two (2) merit adjustments (2.75% + 2.75% = 5.5%) for employees who are rated "Exceptional". The estimated amount to be included in the 2021 Budget for this option is \$312,000.

This option is recommended by the Personnel Committee Chair, Chris Prevatt.



## Memorandum

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**Option 2:**

Award a merit adjustment based on inflation to all OCERS Direct employees that receive a performance rating of “meets expectations” or better. Inflation for the previous twelve months through June 2020 is 1.4%. The actual amount to be awarded would be updated based on the published data available at the time the Budget is developed (it is anticipated that data through September would be publically available). The estimated amount to be included in the 2021 Budget of this option is \$82,000. This option is recommended by OCERS CEO.

**Option 3:**

Place the OCERS Direct Performance Management program on hold for the current calendar year with an option to reconsider merit based adjustments mid-year.

**OCERS Direct Salary Ranges**

Under OCERS’ Compensation Philosophy, salary ranges are reviewed annually with an intended purpose of keeping total compensation competitive. Adjusting the salary ranges based on the Consumer Price Index is one action that can be taken to prevent the existing ranges from getting out of line with the comparable market. The Board has historically adjusted OCERS’s salary ranges by CPI annually concurrently with the Budget. CPI, as published by the U.S. Bureau of Labor Statistics for the Los Angeles-Long Beach-Anaheim area for the previous twelve months as of June 2020 is 1.4%. The actual recommended adjustments to the OCERS’ Salary Schedule for 2021 will be based on published data available at the time the 2021 Budget is being prepared. It is anticipated that the data through September should be available. Adjustments to the OCERS’ Salary Schedule DO NOT automatically change anyone’s actual paid salary. Individual salary adjustments are made through the Annual Performance Management Program.

Staff recommends that the Personnel Committee approve and recommend that the Board of Retirement approve an adjustment to the OCERS Direct salary schedule, by increasing each position’s published salary range by the CPI as published by the U.S. Bureau of Labor Statistics for the Los Angeles-Long Beach-Anaheim area for the previous twelve months.

**Submitted by:**



**SD - Approved**

Steve Delaney  
Chief Executive Officer



# Personnel Committee Meeting August 17, 2020

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





I. Discuss and select provision to be used for merit based salary adjustments for 2020 Performance Management Program

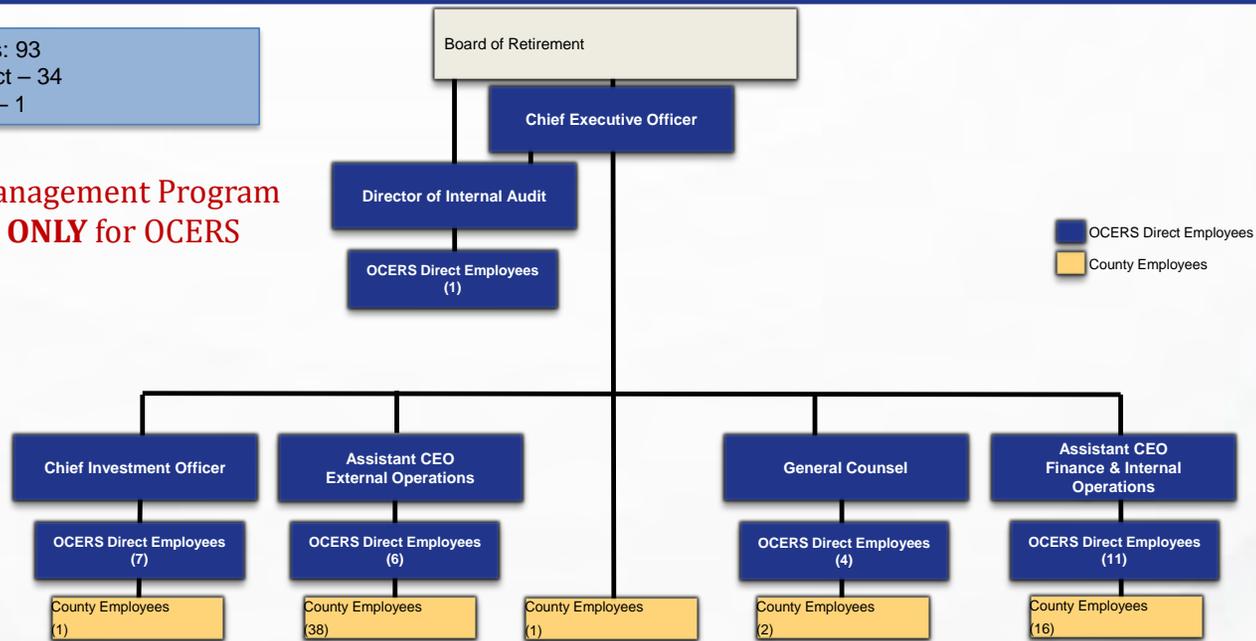
II. Discuss and approve adjustment to OCERS Salary Schedule  
(Effective first pp in January 2021)



# 2020 Organization Chart

Total Budgeted Employees: 93  
 County – 58; OCERS Direct – 34  
 OCERS Direct Extra Help – 1

OCERS Performance Management Program and decision points are **ONLY** for OCERS Direct Employees





## 2021 OCERS Direct Merit Increase Options

### Option 1:

Follow the same performance management program administered over the past two years *(2019-2020) Est. Cost: \$312,000*

### Option 2:

Apply an inflation based merit increase for all OCERS Direct employees that meet performance expectations

*(CPI as of June 2020 is 1.4%) Est. Cost: \$82,000*

### Option 3:

Place the OCERS Performance Management program on hold for the current calendar year with option to revisit mid-year *Est. Cost: \$0*



## Survey Introduction

- On August 3<sup>rd</sup>, OCERS Human Resources' Department conducted a survey via Survey Monkey. Participants were given five (5) days to respond.
- The department invited a total of 71 agencies (OCERS' Plan Sponsors and Local/National Retirement Systems) to participate in the survey.
- The survey closed Friday, August 7. We received 42% participation (30 agencies responded).
- The range of Merit increases are between 2% - 5.5%.
- The range of COLA increases are between 2% - 3.25%.



## Survey Participants - 71 Agencies Invited

### Participated in the Survey - 30

Alameda County Employees' Retirement Association
Arizona State Retirement System (ASRS)
County of Fresno
County of Marin
<b>County of Orange - Plan Sponsor</b>
Fire and Police Pension Association of Colorado
Iowa Public Employees Retirement System
Kern County Employees' Retirement Association
Mendocino County Employees Retirement Association
Merced County Employees' Retirement Association
Municipal Employees' Retirement System of Michigan
Ohio Police & Fire (OP&F)
OPERS (Ohio)
<b>Orange County Fire Authority - Plan Sponsor</b>
<b>Orange County Superior Court – Plan Sponsor</b>
PA State Employees' Retirement System
Pueblo Water Colorado
Sacramento County Employees' Retirement System
San Bernardino County Employees Retirement Association
San Diego City Employees' Retirement System
San Joaquin County
School Employee Retirement System of Ohio
SDCERA
Sonoma County Employees' Retirement Association
State Board of Administration of Florida
STRS Ohio
<b>TCA – Plan Sponsor</b>
Teacher Retirement System of Texas
Washington State Investment Board
Wyoming Retirement System

### Did Not Respond - 41

LACERA
Arizona Public Safety Personnel Retirement System
Arkansas Teacher Retirement System
CalPERS
CalSTRS
City of Austin Employees' Retirement System
Department of the Treasury New Jersey
Employees Retirement System of Texas
Government Employees Retirement System of the Virgin Islands
Illinois Municipal Retirement Fund
Indiana Public Retirement System
Kansas Public Employees retirement System
Kentucky Retirement System
LACERS
Louisiana School Employees Retirement System
Louisiana State Employees Retirement System
Main PERS
Minnesota Retirement System
Missouri State Employees' Retirement System
New York City Board of Education Retirement System
New York State Teachers' Retirement System

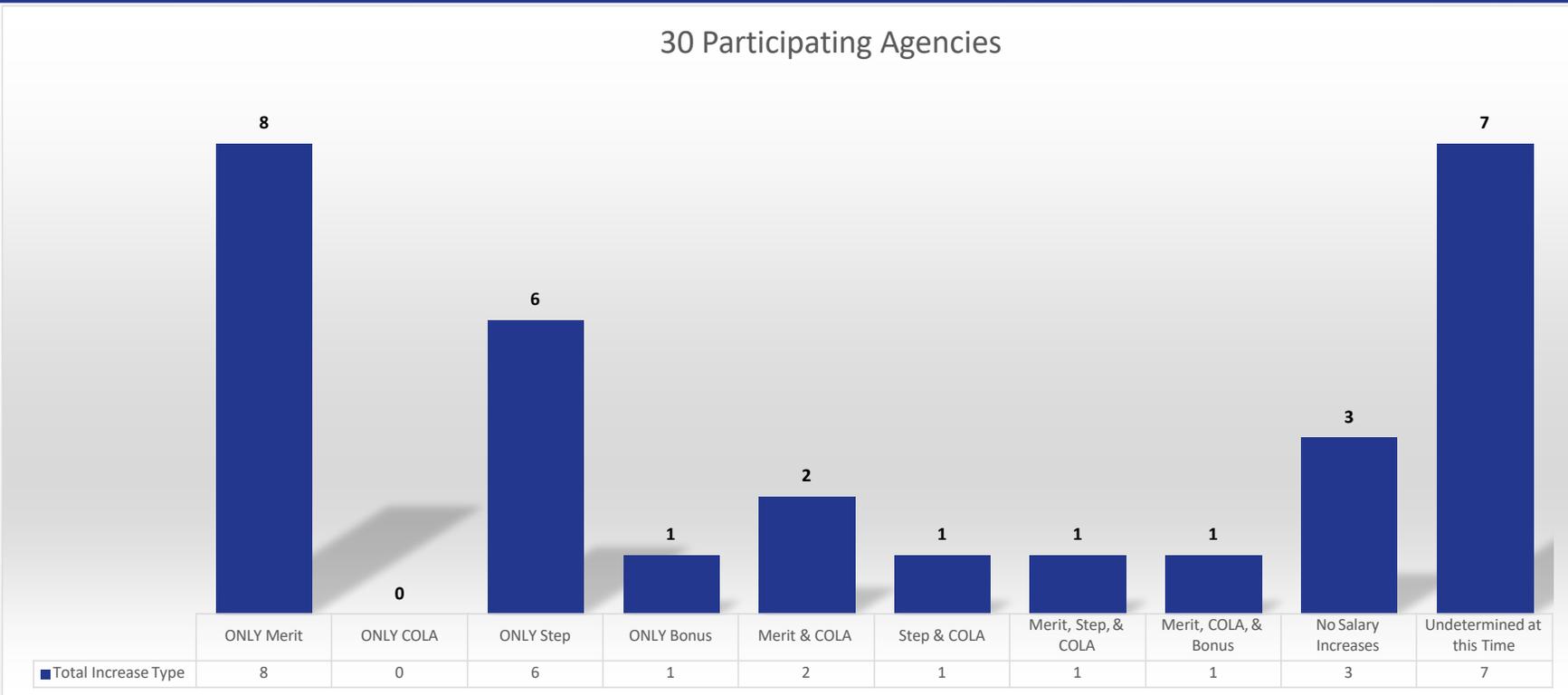
New Zealand Superannuation Fund
OC Sanitation District
OC Transportation Authority
Office of the New York State Controller
Public Employee Retirement System of Idaho
Public Employees Retirement Association of Colorado
Public School and Education Employee Retirement Systems of Missouri
Retirement Systems of Alabama
S.C. Public Employee Benefit Authority
School Employees Retirement System of Ohio
State of New Mexico
State Universities Retirement System of Illinois
Teachers Retirement System of Louisiana
Teachers Retirement System of the State of Illinois
Texas County & District Retirement System (TCDRS)
Texas Municipal Retirement System
Utah Retirement System
Virginia Retirement System
Washington State Department of Retirement System
Wisconsin Department of Employee Trust Funds





## Type of Management-Level Salary Increase

30 Participating Agencies





# OCERS Direct Performance Management

## 2021 Salary Adjustment Recommendation

### I. Performance Adjustments

- ❑ Increases for OCERS' direct staff are based on performance evaluations
- ❑ Base = 1.4% **(based on CPI, may change)**
- ❑ 1 merit increase = 2.75%

Meets	Base
Exceeds	Base + 1 merit increase
Exceptional	Base + 2 merit increases



### II. Salary Range Review

Review OCERS Direct Salary ranges and make an adjustment by inflation



## OCERS Direct Current Salary Range

Position Title	Annual Minimum	Annual Midpoint	Annual Maximum
Chief Executive Officer	Set by Board	Set by Board	Set by Board
Chief Investment Officer	\$220,631	\$275,789	\$330,947
Assistant CEO (External Ops)	\$139,991	\$191,894	\$243,798
Assistant CEO (Internal Ops)	\$139,991	\$191,894	\$243,798
General Counsel	\$139,991	\$208,110	\$276,230
Deputy Legal Counsel	\$139,991	\$172,699	\$205,408
Staff Attorney	\$118,038	\$146,940	\$175,843
Managing Director	\$139,991	\$191,894	\$243,798
Director of Investments	\$139,991	\$172,699	\$205,408
Sr. Investment Officer	\$112,081	\$142,473	\$172,865
Sr. Investment Analyst	\$73,691	\$98,291	\$122,892
Investment Officer	\$84,171	\$112,246	\$140,321
Investment Analyst	\$63,211	\$84,336	\$105,462
Director of Internal Audit	\$110,978	\$138,722	\$166,466
Internal Auditor	\$74,353	\$92,886	\$111,419
Director of Human Resources	\$121,016	\$139,770	\$158,524
Contracts & Risk Performance Administrator	\$63,211	\$93,327	\$123,443
Senior Manager Operations Support Services	\$66,962	\$103,642	\$140,321
Learning and Organizational Development Manager	\$63,211	\$93,327	\$123,443
Human Resources Staff Analyst	\$63,211	\$84,336	\$105,462
Director of Information Technology	\$108,661	\$135,854	\$163,046
Director of Information Security	\$108,661	\$133,592	\$158,524
Information Security Manager	\$66,962	\$103,642	\$140,321
Director of Finance	\$118,369	\$142,142	\$165,915
Finance Manager	\$63,211	\$93,327	\$123,443
Finance Staff Analyst	\$63,211	\$84,336	\$105,462
Communications Manager	\$63,211	\$88,197	\$113,184
Director of Member Services	\$124,877	\$146,279	\$167,680
Retirement Analyst	\$66,962	\$103,642	\$140,321
Member Services Manager	\$63,211	\$93,327	\$123,443
Disability Manager	\$63,211	\$93,327	\$123,443

