

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

**GOVERNANCE COMMITTEE MEETING
October 28, 2021
2:00 p.m.**

Members of the Committee

- Frank Eley, Chair
- Chuck Packard, Vice-Chair
- Wayne Lindholm
- Richard Oates

Pursuant to Assembly Bill 361, signed into law on September 16, 2021 as urgency legislation; Governor Newsom’s Proclamation of a State of Emergency on March 4, 2020, which Proclamation is still in effect; and OCERS Board of Retirement Resolution 2021-01 adopted October 18, 2021, this meeting will be conducted by video/teleconference only, in compliance with Government Code section 54953 as amended by Assembly Bill 361. None of the locations from which the Committee 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.

OCERS Zoom Video/Teleconference information	
<p>Join Using the Zoom App (Video & Audio) https://ocers.zoom.us/j/82003266240</p> <p>Meeting ID: 820 0326 6240 Passcode: 777773</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting</p> <p>Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only) Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US (Tacoma) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) +1 312 626 6799 US (Chicago) <p>Meeting ID: 820 0326 6240 Passcode: 777773</p>

AGENDA

This agenda contains a brief general description of each item to be considered. The Committee may take action on any item listed on this 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 COMMENT

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.

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

March 19, 2021

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. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing *9, at the time the item is called.**

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

A-2 TRIENNIAL REVIEW OF THE PROCUREMENT AND CONTRACTING POLICY

Presentation by Brenda Shott, Assistant Chief Executive Officer, Internal Operations

Recommendation: Approve and recommend the Board adopt the proposed revisions to the Procurement and Contracting Policy.

A-3 TRIENNIAL REVIEW OF THE WRITE OFF POLICY AND REVIEW OF PROPOSED REVISIONS TO THE OVERPAID AND UNDERPAID PLAN BENEFITS POLICY AND THE OVERPAID AND UNDERPAID PLAN CONTRIBUTIONS POLICY

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

Recommendation: Approve and recommend the Board adopt the proposed revisions to the following policies:

- (1) Write Off Policy
- (2) Overpaid and Underpaid Plan Benefits Policy
- (3) Overpaid and Underpaid Plan Contributions Policy

A-4 REVIEW OF THE PROPOSED NEW RECORDS MANAGEMENT POLICY

Presentation by Gina M. Ratto, General Counsel

Recommendation: Approve and recommend the Board adopt a new Records Management Policy as presented, with such revisions as are necessary to update the Member Services Division portion of the Record Retention Schedule.

A-5 OCERS ADMINISTRATIVE PROCEDURE (OAP) – YEARS OF SERVICE CREDIT CALCULATION

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

Recommendation: Adopt, and recommend the Board adopt, the OCERS Administrative Procedure (OAP) on years of service credit calculations.

INFORMATION ITEMS

I-1 REVIEW OF NEW PAY ITEMS PURSUANT TO THE PAY ITEM REVIEW POLICY

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

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

DISABILITY COMMITTEE MEETING

**November 15, 2021
8:30 A.M.**

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

**2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

REGULAR BOARD MEETING

**November 15, 2021
9:30 A.M.**

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

**2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

INVESTMENT COMMITTEE MEETING

**November 17, 2021
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.

Governance Committee Meeting
March 19, 2021

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

**GOVERNANCE COMMITTEE MEETING
March 19, 2021
2:00 p.m.**

MINUTES

The Chair called the meeting to order at 2:01 p.m.

Present via Zoom Video conference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Frank Eley, Chair; Charles Packard, Vice Chair; Roger Hilton; Wayne Lindholm

Also present via Zoom:

Steve Delaney, Chief Executive Officer; Gina Ratto, General Counsel; Suzanne Jenike, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Anthony Beltran, Audio Visual Technician

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

March 5, 2021

MOTION by Mr. Packard, **seconded** by Mr. Lindholm, to approve the Minutes.

The motion passed **unanimously**.

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

Governance Committee Meeting
March 19, 2021

A-2 PROPOSED REVISIONS TO POLICIES, ADMINISTRATIVE PROCEDURES AND OTHER OCERS DOCUMENTS TO REFLECT THE TEST FOR PENSIONABILITY OF PAY FOR SERVICES AFTER NORMAL WORKING HOURS APPROVED BY THE OCERS BOARD ON MARCH 15, 2020

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

Recommendation: Staff recommends that the Committee approve and recommend that the Board adopt revisions to the following policies, procedures, pay item request form and OCERS administrative procedures, as presented:

- (1) Compensation Earnable Policy
- (2) Pensionable Compensation Policy
- (3) Pay Item Request and Approval Procedures for Employers
- (4) Employer Pay Item Request Form
- (5) Administrative Procedure Relating to Compensation Earnable and Pensionable Compensation Determination
- (6) Administrative Procedure Relating to Final Average Salary Calculation

- (1) After discussion by the Committee, **MOTION** by Mr. Packard, **seconded** by Mr. Lindholm, to approve and recommend that the Board adopt the **Compensation Earnable Policy** as presented with the following additional changes:
- Add the date of the Alameda decision to Section 8
 - Add the other exclusions from compensation earnable (other than pay for services outside normal working hours) to Section 7
 - Bold the headings in Section 10

The motion passed **unanimously**.

- (2) After discussion by the Committee, **MOTION** by Mr. Packard, **seconded** by Mr. Lindholm, to approve and recommend that the Board adopt the **Pensionable Compensation Policy** as presented with the following additional change:
- Delete the word "all" from the description of Premium Pay in Section 5(a)

The motion passed **unanimously**.

- (3) After discussion by the Committee, **MOTION** by Mr. Hilton, **seconded** by Mr. Packard, to approve and recommend that the Board adopt the **Pay Item Request and Approval Procedures for Employers** as presented with the following additional change:
- Change the heading of Section VIII to "Review Process"

The motion passed **unanimously**.

- (4) After discussion by the Committee, **MOTION** by Mr. Packard, **seconded** by Mr. Hilton, to approve and recommend that the Board adopt the **Employer Pay Item Request Form** as presented with the following additional changes:
- Delete the word "all" from the description of Premium Pay in Sections 3 (iii) and 4 (iii)
 - Delete the date from the top of the form

The motion passed **unanimously**.

Governance Committee Meeting
March 19, 2021

(5) After discussion by the Committee, **MOTION** by Mr. Packard, **seconded** by Mr. Lindholm, to approve and recommend that the Board adopt the **Administrative Procedure Relating to Compensation Earnable and Pensionable Compensation Determination** as presented with the following additional changes:

- Add the date of the Alameda decision in Section II
- Add the words “each of” before “the 12 month Final Compensation Period(s)” wherever it appears
- Delete the word “all” from the description of Premium Pay
- Initial cap “normal working hours” wherever it appears

The motion passed **unanimously**.

(6) After discussion by the Committee, **MOTION** by Mr. Packard, **seconded** by Mr. Lindholm, to approve and recommend that the Board adopt the **Administrative Procedure Relating to Final Average Salary Calculation** as presented with the following additional change:

- Change the reference to “3[A], above” to “3.2.A, above” on page 4

The motion passed **unanimously**.

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

The meeting adjourned at 3:24 p.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Frank Eley, Chair



Memorandum

DATE: October 20, 2021
TO: Members of the Governance Committee
FROM: Brenda Shott, Asst. CEO, Finance and Internal Operations
SUBJECT: TRIENNIAL REVIEW OF PROCUREMENT AND CONTRACTING POLICY

Recommendation

Approve and recommend the Board adopt the proposed revisions to the Procurement and Contracting Policy.

Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 40 charters and policies and has established a review schedule that requires review of every charter and policy every three years. The Board has established a streamlined process that allows them to manage the scheduled review of the charters and policies. Pursuant to this process, the Governance Committee will review certain charters and policies before presentation to the Board for approval.

The Procurement and Contracting Policy (Policy) was adopted by the Board on November 18, 2002, and was last reviewed on October 15, 2018. The Policy is scheduled for review and approval by the Board, after review by the Governance Committee, in 2021. The Policy sets forth guidelines by which OCERS will procure goods and services.

Staff has reviewed the Policy and is recommending significant structural and formatting changes to the Policy. In addition, staff is also recommending several edits that either provide clarification or reflect current practice and/or best practices seen in the public pension industry. A copy of the Policy, with proposed changes indicated in underlined/strikeout text along with a clean version are attached.

A summary of the material changes to the Procurement and Contracting Policy are as follows:

- Format and structural changes to provide better clarity and better organize the Policy.
- Clarify that investment management agreements are not covered by the Procurement and Contracting Policy.
- Clarification the following roles of the Board of Retirement:
 - Oversee (instead of monitor) compliance with the policy.
 - Authorize staff to execute contracts (instead of approve contracts) with Named Service Providers.
- Add the following roles for the Contract Administrator
 - Maintain appropriate contract and solicitation templates in consultation with the Legal Division.
 - Review Contractor's certificates of insurance to verify compliance with the contracted requirements for coverage.
 - Report to the Board annually all contracts that exceed a Contract Value of \$100,000.
- Revised the Definitions section to provide clarity and removed terms related to types of search and selection processes that were not necessary to be a defined term and instead described the processes in the Search and Selection Process section of the Policy.

- Revised Policy to use defined terms where appropriate throughout the document to provide clarity and eliminate confusion (i.e. utilizing the term Contract Value where appropriate).
- Revised Contract Term section to allow any contract term to not to exceed a total of six years instead of stipulating a required initial term of three years with authority to extend up to a total term of six years.
- Inserted a requirement for obtaining a Service Organization Control type 2 report (SOC 2) as part of due diligence process for certain Information Technology contracts.
- Increase the dollar value of a contract that requires staff to conduct an RFP or IFB from \$50,000 up to \$100,000.
- Allow for a designee of the Responsible Executive to approve contracts valued under \$1,000.
- Remove Custodian and Pension Administration Software Provider as Named Service Providers as these contractors do not report to the Board and the Board has little direct interaction with them.
- Clarified the approval and execution process of contracts with Named Service Providers will include the Board being informed of the general contract term and conditions that have been negotiated instead of informing them only that the contracted was executed

Submitted by:



Brenda Shott
Asst. CEO, Finance and Internal Operations



OCERS Board Policy

Procurement and Contracting

I. Purpose and Background

A. Purpose

The Procurement and Contracting Policy (policy) establishes the guidelines by which OCERS will procure goods and services. Investment Management Agreements (as defined below) are exempt from this policy, and will instead be governed by the CIO Charter and the Investment Policy Statement.

B. Objectives

The objectives of this policy are to ensure that:

1. Contractual arrangements for the purchase of goods and services are made in a manner consistent with OCERS' fiduciary duty to its members and beneficiaries;
2. The procurement of goods and services is efficient, transparent, economical, fair, and in compliance with all applicable laws;
3. A system of internal controls related to the procurement of goods and services is implemented;
4. All contracting activities are performed by qualified individuals with specifically delegated authority using sound business practices in an ethical manner;
5. The selection of Contractors reflects a level of rigor that is commensurate with the importance and cost of the service or goods in question.

C. Roles and Responsibilities

1. The role of the Board of Retirement (Board) is to:
 - i. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - ii. Oversee compliance with such policies
 - iii. Select and appoint Named Service Providers; and
 - iv. Authorize staff to execute contracts with Named Service Providers.
2. The role of the Chief Executive Officer (CEO) is to:
 - i. Approve the purchase of goods and services for which the CEO is responsible under this policy; and
 - ii. Keep the Board apprised of contract actions as necessary for the Board to carry out its oversight function.
3. The role of the Responsible Executive is to:
 - i. Approve the purchase of goods and services for which s/he is responsible under this policy;
 - ii. Keep the CEO apprised of all significant contract actions for which the Responsible Executive is responsible;



OCERS Board Policy

Procurement and Contracting

- iii. Ensure that budget authority exists within the budget line item from which a contract will be paid;
 - iv. Select the appropriate procurement process to be used and participate in the preparation of the solicitation documents for the goods and services being procured.
 - v. Select, or recommend that the CEO select as the case may be, Contractors in the area for which the Responsible Executive is responsible;
 - vi. Negotiate, or delegate to an appropriate staff member who will negotiate terms and conditions of contracts for the purchase of goods and services for which s/he is responsible.
4. The role of the Contract Administrator is to:
- i. Manage the Contractor files and the lifecycle management system, and ensure compliance with best practices for Contractor management;
 - ii. Assemble, manage, and distribute all contract solicitations and other contract acquisition efforts;
 - iii. Maintain appropriate contract and solicitations templates in consultation with the Legal Division;
 - iv. Assist the Responsible Executive with selection of Contractors and negotiation of contractual terms;
 - v. Conduct due diligence for potential Contractors;
 - vi. Review Contractors' certificates of insurance to verify compliance with the contracted requirements for coverage;
 - vii. Serve as the CEO's designee under the Quiet Period Policy;
 - viii. Develop (subject to approval of the Responsible Executive and in consultation with the Legal Division) required and preferred terms and conditions to be included in OCERS contracts;
 - ix. Ensure all solicitations are reflected in the Quiet Period Report to the Board;
 - x. Coordinate and oversee the review of Contractors' performance;
 - xi. Monitor the expiration dates of all contracts to ensure either timely extension of the contract term or timely issuance of contract solicitation; and
 - xii. Report to the Board annually all contracts that exceed a Contract Value of \$100,000.
5. The role of General Counsel or his/her designee is to:
- i. Review contracts before execution for compliance with legal requirements and to provide assessment of risk to the agency;



OCERS Board Policy

Procurement and Contracting

- ii. Assist the CEO, Responsible Executive, and Contract Administrator in preparing Requests for Proposals, Invitations to Bid and other solicitations when requested;
- iii. Assist the Responsible Executive and Contract Administrator in negotiation of contractual terms and conditions when requested; and
- iv. Assist the Contract Administrator in developing necessary and preferred terms and conditions and contract templates.

D. Definitions

1. Executive: The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.
2. Responsible Executive: The Executive who manages the budget line item for the funds being committed under the contract.
3. Contract Value: For the purposes of the dollar thresholds in this policy, the value of a contract is the amount OCERS is obligated to pay for one year under the contract
4. Routine Items: expenses that are regularly budgeted on an annual basis:
 - i. Must have available funds in the approved budget, including any Board approved amendments to the budget.
 - ii. Can be approved by the Executive responsible for the budget item
 - iii. These items include but are not limited to the following:
 - a. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, and
 - b. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building and equipment, printing, Board of Retirement elections, computer consulting, software licenses, messenger services, catering etc.
5. Non-Routine Items: expenses that are not regularly purchased or budgeted on an annual basis. Contracts or purchase orders for non-routine items require:
 - i. Available funds in the approved budget, including any Board approved amendments to the budget designated for the goods or services being procured,
 - ii. Approval by the Executive responsible for the budget in which the goods or services to be paid for expenditures valued at less than \$100,000,
 - iii. Approval by the Board for expenditures valued over \$100,000. The Board may approve of the expenditure either as part of the annual budget, budget amendment, annual Business Plan or a specific Board approval of the contract or purchase order.



OCERS Board Policy

Procurement and Contracting

6. Contractors: For purposes of this policy, Contractors include providers of services and vendors of goods.
7. Named Service Providers: Contractors recommended by the CEO and selected and appointed by the Board where such providers are retained primarily to fulfill an independent audit or advisory role for the Board. See also below section V.
8. Time and Material (T&M) Contracts: agreements with Contractors where the value of the contract is variable based on the time and material costs of the Contractor. In these types of contracts, the contract will include a provision stating that the Contract Value is not to exceed a specified dollar amount, or the Contract Value will be limited by the available budget for the goods or services.
9. Investment Management Agreements: agreements of any kind that evidence and/or govern the investment of OCERS' assets in any investment class. Investment Consultant Agreements are not Investment Management Agreements.

II. Provisions Applicable to All Contracts

A. Contracting Philosophy

1. OCERS will consider as broad a universe of qualified Contractors as is practical and reasonable given budgetary, staffing, time and other relevant constraints and considerations.
2. The search, selection, monitoring, and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established under the law or within other policies of OCERS, the law and such other policies will control.
3. Consistent with Title 2, Division 6, Chapter 7 of the California Code of Regulations, §§ 18700-18720, no OCERS Board Member or staff will be directly or indirectly involved in an OCERS contracting decision if the decision will have a material financial effect on an economic interest of the Board Member, staff person, or the immediate family of the Board Member or staff person.
4. OCERS values diversity and inclusion and is committed to fostering diversity in its procurement process through the outreach to small and diverse businesses. In the distribution and publication of solicitations, OCERS will endeavour to reach beyond traditional sources and list opportunities in locations that will notify a diverse audience of Contractors.

B. Authority for Entering Into Contracts.

1. Before entering into any contract for goods or services, OCERS must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense or Contract Value.
2. Only the Responsible Executive or his/her designee may bind or commit OCERS for the purchase of goods or services as set forth in this policy, except in emergencies and as may be otherwise authorized by the Board.



OCERS Board Policy

Procurement and Contracting

3. An emergency is any circumstance that would interfere with OCERS' ability to meet its fiduciary obligations, threaten the health and safety of its staff, or compromise its legal rights or remedies. If a contract is needed as the result of an emergency, report of the contract will be made to the Responsible Executive or to the Board whose authorization is normally required for such contract as soon as practicable.
4. The CEO may delegate his/her authority to execute documents to an Executive.
5. A Responsible Executive may delegate his/her authority to approve check requests and/or purchase requisitions.
6. All delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.

C. Contract Term

The term of a contract will not exceed six years.

D. Performance Reviews

1. The Contract Administrator will coordinate the evaluation of all Contractors to determine if Contractors are performing their contractual obligations.
2. The performance of Named Service Providers and Contractors with Contract Values that exceed \$100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over \$100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed. For contracts with Named Service Providers, the CEO and the Board or the pertinent committee of the Board will make the performance review and assessment. For Contract Values over \$100,000, the CEO (or his/her designee) will make the performance review and assessment.
3. The results of performance reviews of Named Service Providers will be summarized and reported to the Board.

III. Search and Selection Process

A. Competitive Search and Selection Process

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

1. Invitation for Bid (IFB):
 - i. This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized.



OCERS Board Policy

Procurement and Contracting

- ii. The IFB process requires the evaluation of price, delivery and payment terms, and compliance with technical standards. The bid that provides the best pricing and delivery and payment terms will be selected.
 - iii. The bids may be reviewed by a minimum of three OCERS staff members to identify the bidder who provides the best value to OCERS.
2. Request for Proposal (RFP)
- i. This method will be used where the product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products.
 - ii. The proposal that best meets OCERS' needs, with consideration for price, qualifications, and other relevant factors set forth in the RFP, will be selected.
 - iii. This method will be used in most circumstances where the Contract Value exceeds \$100,000. In cases where the Responsible Executive deems an RFP will not be of benefit, the Responsible Executive or designee will provide a report to the CEO detailing the reasons why an RFP is not beneficial. The CEO must approve the exception prior to selecting a Contractor.
3. Small Purchase Procedure
- i. Where the Contract Value is at least \$1,000 but less than \$100,000, a minimum of three quotes from qualified sources must be obtained. If three qualified sources cannot be reasonably identified, then the Responsible Executive may authorize the use of a sole source process, as set forth below in Section III.C.
4. Process for Receiving Bids in Response to an RFP or IFB
- i. The period for submitting bids in response to an RFP and IFB will be at least fifteen (15) days from the date the RFP or IFB is issued. All RFPs and IFBs will be posted on the OCERS website and distributed to entities that OCERS identifies as likely to be interested.
 - ii. The Contract Administrator or his/her designee will answer questions from any bidder or potential bidder, and all answers provided to any bidder will be made available to all bidders by posting on the OCERS website and by e-mailing all bidders.
 - iii. Best efforts will be made to have at least three OCERS personnel review the bids and recommend finalists. Best efforts will be made to include at least one representative from a department other than the one that has authority over the contract. In the case where external expertise is used to review the bids, at least one reviewer must be an OCERS employee.

B. Contracted Suppliers

Where a Contractor has been selected by OCERS pursuant to a competitive search and selection process or by the County of Orange or other governmental agency pursuant to a competitive search and selection process, the Contractor may be used as a Contracted Supplier under certain circumstances as set forth in this policy. Such Contracted Suppliers may include, by way of example, retail sellers of off the shelf office supplies contracted by the County of Orange or directly by OCERS.



OCERS Board Policy Procurement and Contracting

C. Sole Source

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

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

A report describing the unique characteristics of the situation, the known Contractor and sound justification for a sole source approach will be provided to the Executive who will either approve or deny the request to use a sole source approach. Executives who wish to use a sole source approach will provide the report to the CEO, who will either approve or deny the request. When the CEO is the Responsible Executive, the report will be provided to the Board Chair and Vice-Chair who will either approve or deny the request to use a sole source approach.

D. Exclusions

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

E. Due Diligence

1. Before awarding a contract, the Contract Administrator will conduct due diligence of any bidder selected to ensure that the bidder:
 - i. Meets all minimum qualifications set forth in the solicitation document; and
 - ii. Meets all other standards which, in the exercise of sound business judgment, are required of the Contractor.
2. If a selected bidder is disqualified as a result of the due diligence process, the reason for the disqualification will be documented and forwarded to the Responsible Executive for confirmation.
3. For certain critical Information Technology Contractors, SOC2 reports will be requested during the due diligence process. These reports will then be requested from the Contractor annually to ensure proper Information Technology and security controls are in place.



OCERS Board Policy

Procurement and Contracting

IV. Contract Guidelines Summary

Contract Value	Approver	Signatory	Procurement Requirements
Named Service Provider	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
\$100,000 or More	CEO	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
\$1,000 to \$99,999	Responsible Executive	Responsible Executive + 1 Executive, Director or Manager	IFB, RFP, Small Purchase Procedure, or Contracted Supplier
Under \$1,000	Responsible Executive or designee	Responsible Executive or designee	Contracted Supplier, Small Purchase Procedure, Contracted Supplier
Investment Managers	CEO / CIO	CEO or CIO +1 Executive	In accordance with CIO Charter and IC Charter and IPS

V. Contracts with Named Service Providers

Contracts with Named Service Providers will comply with the requirements of this section.

A. Designation of Named Service Providers

The following service providers are designated as Named Service Providers:

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



OCERS Board Policy Procurement and Contracting

7. Financial auditor; and
8. Any additional consultant not named above but which the Board may, from time to time, designate.

B. Search and Selection Process

1. At least six months before the expiration of the final extension of a contract with a Named Service Provider, or upon direction of the Board following the review of the performance of the Named Service Provider, the CEO will conduct a competitive search and selection process for a Named Service Provider.
2. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary to the Board, which will include:
 - i. The type of service provider being sought and the supporting rationale;
 - ii. The objectives and selection criteria to be met and their relative importance;
 - iii. An estimated timeline for completion of the search process; and
 - iv. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - a. What method of competitive search and selection process will be used;
 - b. Whether a consultant is to be used to assist with the search process;
 - c. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks;
 - d. Such other information that the CEO believes may assist the Board in better understanding the search process.
3. The CEO will provide the Board (or a designated committee of the Board) with periodic reports on the status of all search processes involving Named Service Providers.
4. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board (or a designated committee of the Board) with a written report containing, at a minimum:
 - i. A description of the due diligence activities undertaken;
 - ii. The recommended finalist(s) and analysis of the recommendation;
 - iii. Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred;
 - iv. A description of performance expectations and the proper time horizon for evaluation of results;
 - v. A bid (pricing) summary with annotations regarding differentiating features; and



OCERS Board Policy

Procurement and Contracting

- v. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the Named Service Provider throughout the term of the contract, including the reporting to be provided to the Board.
- 5. The Board (or a designated committee of the Board) will interview the candidate or candidates recommended for appointment as a Named Service Provider. If a committee reviews the candidates, the committee will recommend to the Board the appointment of the Named Service Provider. If the Board interviews the candidates, the Board itself will decide on the appointment.
- 6. Upon selection of the candidate, the CEO (or his/her designee) will negotiate a final contract with the selected Named Service Provider, consistent with the terms of the contract solicitation, this policy, and any other direction from the Board. If, at any time during the negotiations, the CEO determines that there is an impasse in negotiations, s/he may recommend to the Board that the Board select an alternate bidder for the Named Service Provider.

C. Approval and Execution

Upon completion of negotiations with a Named Service Provider, the CEO or his/her designee will inform the Board of the general contract terms and conditions that have been negotiated. Contracts with Named Service Providers must be executed by the CEO and one other Executive.

D. Reports

- 1. The CEO will report promptly to the Board any failures by a Named Service Provider to comply with the terms of their contract.
- 2. At least annually, the CEO will provide the Board a schedule of the contracts with Named Service Providers due for renewal and those whose terms will expire in the coming year.
- 3. The CEO will report regularly and in a timely fashion to the Board on all monitoring efforts involving Named Services Providers, identifying any material issues and actions taken in response.

VI. Contracts with Contract Value of \$100,000 or More

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value exceeds \$100,000 will comply with the requirements of this section.

A. Review and Renewal

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



OCERS Board Policy

Procurement and Contracting

B. Search and Selection Process

1. Contracts for goods or services for which the Contract Value exceeds \$100,000, require a competitive search and selection process.
2. Upon completion of a competitive search and selection process, a written report will be provided to the CEO or his/her designee and will include at a minimum:
 - i. Purpose and need for the goods or services being procured;
 - ii. A description of the procurement process and due diligence activities undertaken; and
 - iii. The recommended finalist and analysis concerning the candidates.
3. Upon the CEO's, or his/her designee's approval of the candidate, the Responsible Executive (or his/her designee) will negotiate a final contract, consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, s/he may recommend to the CEO that the CEO select an alternate candidate.

C. Approval and Execution

1. Contracts for goods or services with a Contract Value that exceeds \$100,000 must be executed by the CEO and one other Executive.
2. For contracts relating to Routine and Non-Routine Items, Board approval of the expenditure may be acquired through either the budgeting process or the annual Business Plan.

VII. Contracts with Contract Value Between \$1,000-\$99,999.99

Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value that is at least \$1,000 but less than \$100,000 will comply with the requirements of this section.

A. Search and Selection Process

1. Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value of at least \$1,000 but less than \$100,000, the Executive Responsible will require a competitive search and selection process. The use of a Contracted Supplier is permitted.
2. Upon selection of the candidate, the Responsible Executive (or his/her designee) will negotiate a final contract consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, s/he may select an alternate candidate.

B. Approval and Execution

1. Upon completion of negotiations, the Responsible Executive will approve the contract.



OCERS Board Policy

Procurement and Contracting

- 2. Any contract under this provision must be executed by at least two Executives.

VIII. Contracts with Contract Value Less than \$1,000

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value is less than \$1,000 will comply with the requirements of this section.

A. Search and Selection Process

The Responsible Executive may enter into a contract with any qualified Contractor that the Responsible Executive determines is in the best interest of OCERS. Alternatively, the Responsible Executive may choose to use a competitive search and selection process if s/he determines it is in the best interest of OCERS.

Policy Review and History

- A. The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- B. The Board adopted this policy on Monday, November 18, 2002.
- C. This policy was revised May 19, 2008, March 22, 2010, May 20, 2013, January 20, 2015, October 15, 2018, and .

Secretary's Certificate

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

Steve Delaney Secretary of the Board	Date
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OCERS Board Policy

Procurement and Contracting

I. Purpose and Background

A. Purpose

The Procurement and Contracting Policy ~~is intended to establish~~(policy) ~~establishes the~~ guidelines by which OCERS will procure goods and services. Investment Management Agreements (as defined below) are exempt from this policy, and will instead be governed by the CIO Charter and the Investment Policy Statement.

B. Objectives

The objectives of this policy are to ensure that:

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

C. Roles and Responsibilities

1. The role of the Board of Retirement (Board) is to:
 - i. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - ii. Monitor/Oversee compliance with such policies;
 - iii. Select and appoint Named Service Providers; and
 - iv. Approve/Authorize staff to execute contracts ~~for which the Board is responsible under this policy~~ with Named Service Providers.
2. The role of the Chief Executive Officer (CEO) is to:



OCERS Board Policy

Procurement and Contracting

- i. Approve the purchase of goods and services for which the CEO is responsible under ~~the provisions of~~ this policy; and
 - ii. ~~Approve the contracts the Board is responsible for under the provisions of this policy; and~~
 - iii. ~~ii.~~ Keep the Board ~~of Retirement~~ apprised of ~~all material and relevant~~ contract actions as necessary for the Board to carry out its oversight function.

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

- 4. The role of the Contract Administrator is to:
 - i. Manage the ~~vendor~~ Contractor files, ~~and the~~ lifecycle management system, and ~~insure~~ ensure compliance with best practices for ~~contract and vendor~~ Contractor management;
 - ii. Assemble, manage, and distribute all contract solicitations and other contract acquisition efforts;
 - iii. Maintain appropriate contract and solicitations templates in consultation with the Legal Division;
 - iii. ~~iv.~~ Assist the Responsible Executive with selection of ~~providers~~ Contractors and negotiation of contractual terms;
 - iv. ~~v.~~ Conduct due diligence for potential ~~contracts and providers~~ Contractors;
 - vi. Review Contractors' certificates of insurance to verify compliance with the contracted requirements for coverage;
 - v. ~~vii.~~ Serve as the CEO's designee under ~~Section 3.b of~~ the Quiet Period Policy; ~~and~~



OCERS Board Policy

Procurement and Contracting

- ~~vi-viii.~~ Develop (subject to approval of the Responsible Executive and in consultation with the Legal Division) required and preferred terms and conditions to be included in OCERS contracts, ~~and develop and maintain contract templates to be used for OCERS;~~
- ~~vii-ix.~~ Ensure all solicitations are reflected in the Quiet Period Report to the Board; ~~and~~
 - x. Coordinate and oversee the review of Contractors' performance;
 - xi. Monitor the expiration dates of all contracts to ensure ~~that there is an appropriate level of oversight for investment manager~~ either timely extension of the contract term or timely issuance of contract solicitation; and
- ~~viii-xii.~~ Report to the Board annually all contracts ~~– that exceed a Contract Value of \$100,000.~~

5. The role of ~~Legal~~General Counsel or his/her designee is to:

- i. Review contracts before execution for compliance with legal requirements and to provide assessment of ~~legal~~ risk to the agency;
- ii. Assist the CEO, Responsible Executive, and Contract Administrator in preparing ~~RFPs, IFBs, Requests for Proposals, Invitations to Bid~~ and other solicitations when requested;
- iii. Assist the Responsible Executive and Contract Administrator in negotiation of contractual terms and conditions when requested; and
- iv. Assist the Contract Administrator in developing necessary and preferred terms and conditions and contract templates.

D. Definitions

1. Executive: ~~The role of CEO, the CIO is to comply with Assistant CEOs, the CIO Charter as it pertains to~~ Chief Investment Officer, and the General Counsel.
2. Responsible Executive: The Executive who manages the budget line item for the funds being committed under the contract.
3. Contract Value: For the purposes of the dollar thresholds in this policy ~~in cases,~~ the value of a contract is the amount OCERS is obligated to pay for one year under the contract
4. Routine Items: expenses that are regularly budgeted on an annual basis:
 - i. Must have available funds in the approved budget, including any Board approved amendments to the budget.
 - ii. Can be approved by the Executive responsible for the budget item
 - iii. These items include but are not limited to the following:
 - a. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, and



OCERS Board Policy

Procurement and Contracting

- ~~b. contract General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and acquisition repair of landscaping, building and equipment, printing, Board of Retirement elections, computer consulting, software licenses, messenger services, catering etc.~~
5. Non-Routine Items: expenses that are not regularly purchased or budgeted on an annual basis. Contracts or purchase orders for non-routine items require:
- i. Available funds in the approved budget, including any Board approved amendments to the budget designated for the goods or services being procured,
 - ii. Approval by the Executive responsible for the budget in which the goods or services to paid from for expenditures valued at less than \$100,000,
 - iii. Approval by the Board for expenditures valued over \$100,000. The Board may approve of the expenditure either as part of the annual budget, budget amendment, annual Business Plan or a specific Board approval of the contract or purchase order.
6. Contractors: For purposes of this policy, Contractors include providers of services and vendors of goods.
7. Named Service Providers: Contractors recommended by the CEO and selected and appointed by the Board where such providers are retained primarily to fulfill an independent audit or advisory role for the Board. See also below section V.
8. Time and Material (T&M) Contracts: agreements with Contractors where the value of the contract is variable based on the time and material costs of the Contractor. In these types of contracts, the contract will include a provision stating that the Contract Value is not to exceed a specified dollar amount, or the Contract Value will be limited by the available budget for the goods or services.
- ~~6-9. Investment Management Agreements: agreements of any kind that evidence and/or govern the investment vendors of OCERS' assets in any investment class. Investment Consultant Agreements are not Investment Management Agreements.~~

II. Provisions Applicable to All Contracts

A. Contracting ~~Policy~~ Philosophy

1. OCERS will consider as broad a universe of qualified ~~service providers and vendors that~~ Contractors as is practical and reasonable given budgetary, staffing, time and other relevant constraints and considerations.
2. ~~OCERS will take advantage of available tools, technology or other resources that will allow for efficient screening of potential service providers and/or vendors so as to arrive at a qualified pool of candidates that warrant detailed examination, provided such tools, technology, or resources are consistent with sound and prudent industry practices.~~



OCERS Board Policy

Procurement and Contracting

~~3-2.~~ ~~All~~The search, selection, monitoring, and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established under the law or within other policies of OCERS, the law and such other policies will control.

~~4-3.~~ Consistent with Title 2, Division 6, Chapter 7 of the California Code of Regulations, §§ 18700-18720, no OCERS Board Member or staff ~~shall~~will be directly or indirectly involved in an OCERS contracting decision if the decision will have a material financial effect on an economic interest of the Board Member, staff person, or the immediate family of the Board Member or staff person.

4. OCERS values diversity and inclusion and is committed to fostering diversity in its procurement process through the outreach to small and diverse businesses. In the distribution and publication of solicitations, OCERS will endeavour to reach beyond traditional sources and list opportunities in locations that will notify a diverse audience of Contractors.

B. Authority for Entering Into Contracts.

1. Before entering into any contract for goods or services, OCERS must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense or ~~cost~~Contract Value.

2. Only the Responsible Executive or his/her designee may bind or commit OCERS for the purchase of goods or services as set forth in this policy, except in emergencies and as may be otherwise authorized by the Board ~~of Retirement~~.

3. An emergency is any circumstance that would interfere with OCERS' ability to meet its fiduciary obligations, threaten the health and safety of its staff, or compromise its legal rights or remedies. If a contract is needed as the result of an emergency, report of the contract will be made to the Responsible Executive or to the Board whose authorization is normally required for such contract as soon as practicable.

~~3-4.~~ The CEO may delegate his/her authority to execute documents to an Executive.

~~4-5.~~ A Responsible Executive may delegate his/her authority to approve check requests and/or purchase requisitions.

~~5-6.~~ All delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.

C. Contract Term

~~C. Definitions~~

~~1. "Executive": The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.~~

~~—"Responsible Executive": The Executive who manages the budget line item for the funds being committed under the contract.~~



OCERS Board Policy

Procurement and Contracting

- ~~3. Value term of a contract. For the purposes of the dollar thresholds in this policy, the value of a contract shall be determined based on the annual expected value of the contract.~~
- ~~— “Contracted Supplier”: A vendor of goods or services which has previously been selected through a competitive bidding process and may be used for procuring additional goods and services, as set forth below in Section III.B.~~
- ~~4. “Invitation for Bid (IFB)”: A procurement process whereby multiple bidders are solicited for the procurement of goods or services where the requirements can be stated in detail, with precision. Typically, an IFB is used for commodities that are easily defined. See also below section III.A.~~
- ~~4. “Request for Proposal (RFP)”: A procurement process whereby a product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products. See also below section III.A.~~
- ~~4. “Request for Qualifications (RFQ)”: A process whereby OCERS seeks to validate qualifications from various vendors for a product or service. This is not a procurement process and would not lead to the execution of a contract unless followed by an appropriate procurement process.~~
- ~~4. “Request for Information (RFI)”: A process whereby OCERS is gathering information from various vendors as a way to determine appropriate bidders and/or details about a product or service for an RFP. This is not a procurement process and would not lead to the execution of a contract unless followed by an appropriate procurement process.~~
- ~~7.1. “Routine items”: are those expenses that are budgeted on an annual basis:=-~~
- ~~i. Must have available funds in the approved budget, including any Board approved amendments to the budget.~~
 - ~~i. Can be approved by the Executive responsible for the budget item~~
 - ~~i. These items include but are not limited to the following:

 - ~~a. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, and~~
 - ~~0. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building and equipment, printing, board of retirement member elections, computer consulting, software licenses, messenger services, catering etc.~~~~
- ~~4. “Non-Routine items”: are those expenses that are not Routine:

 - ~~— Must have available funds in the approved budget, including any Board approved amendments to the budget.~~~~



OCERS Board Policy

Procurement and Contracting

~~i. Valued under \$100,000 can be purchased with the approval of the Executive responsible for the budget in which the goods are to be paid from,~~

~~i. Valued over \$100,000 must be approved by the CEO and the Board as either part of the annual budget or a specific Board approval~~

~~7.1 "Named Service Providers": Are those vendors recommended by the CEO and approved by the Board of Retirement where such providers are retained primarily to fulfill an independent audit or advisory role for the Board of Retirement. See also below section V.~~

~~"Small Purchase Procedure": This process is used for an expenditure of minimal cost. This process must document that the procurement was fair, ethical and transparent. A minimum of three oral or written price or rate quotes from qualified sources must be obtained. Documentation of all quotes received will be retained and provided to the Responsible Executive upon request not exceed six years.~~

D. Performance Reviews

~~1. The performance Contract Administrator will coordinate the evaluation of every contracted provider all Contractors to determine if Contractors are performing their contractual obligations.~~

~~1.2. The performance of Named Service Providers and Contractors with Contract Values that exceed \$100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over \$100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed. For contracts with Named Service Providers, the CEO and the Board or the pertinent committee of the Board will make the performance review and assessment. For Contract Values over \$100,000, the CEO (or his/her designee) will make the performance review and assessment.~~

~~0. The results of performance review reviews of Named Service Providers will be coordinated by summarized and reported to the Contracts Administrator who will solicit performance opinions from various staff and Board members as deemed appropriate.~~

~~3. Performance for Investment Managers will be reviewed based on the guidelines and timelines as outlined within the Investment Policy Statement and the CIO Charter.~~

III. Search and Selection Process

A. Competitive Search and Selection Process

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

1. Invitation for Bid (IFB):



OCERS Board Policy

Procurement and Contracting

- i. This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized.
 - ii. The IFB process requires the evaluation of price, delivery and payment terms, and compliance with technical standards. The bid that provides the best pricing and delivery and payment terms will be selected.
 - iii. The bids may be reviewed by a minimum of three OCERS staff members to identify the bidder who provides the best value to OCERS.
2. Request for Proposal (RFP)
- i. This method will be used where the product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products.
 - ii. ~~The RFP process requires evaluation of the technical and price competition between vendors and service providers.~~ The proposal that best meets OCERS' needs, with consideration for price, qualifications, and other relevant factors set forth in the RFP, will be selected.
 - iii. This method ~~shall~~will be used in most circumstances where the ~~value of the products or services procured~~Contract Value exceeds \$~~50~~100,000 ~~in value~~. In ~~those~~ cases where the Responsible Executive deems an RFP will not be of benefit, the Responsible Executive or designee ~~shall~~will provide a report to the CEO detailing the reasons why an RFP ~~would~~is not be beneficial. The ~~report shall be provided~~CEO must approve the exception prior to ~~purchase or contracting with the selected third party service provider.~~selecting a Contractor.
3. Small Purchase Procedure
- i. Where the ~~procurement of goods and services requires an expenditure of~~Contract Value is at least \$1,000 but less than \$~~50~~100,000, a minimum of three ~~oral or written price or rate~~ quotes from qualified sources must be obtained. If three qualified sources cannot be reasonably identified, then the Responsible Executive may authorize the use of a sole source process, as set forth below in Section III.BC.
 - ~~Documentation of all quotes received will be retained.~~
 - ~~The Small Purchase Procedure process must include documentation that the procurement was fair, ethical and transparent.~~
- ~~6.4.~~ Process for Receiving Bids in Response to an RFP or IFB
- i. ~~Upon issuance of the RFP or IFB,~~ The period for ~~receiving~~submitting bids ~~shall be open for in response to an RFP and IFB will be~~ at least fifteen (15) days ~~from the date the RFP or IFB is issued.~~ All ~~such proposals shall~~RFPs and IFBs will be posted on the OCERS website ~~as well as~~and distributed to entities that OCERS identifies as likely to be interested.
 - ii. The ~~OCERS Contract~~Contract Administrator or his/her designee ~~shall be available to will~~ answer questions from any bidder or potential bidder, and all answers provided to any



OCERS Board Policy

Procurement and Contracting

bidder ~~shall~~will be made available to all bidders by posting on the OCERS website and by e-mailing ~~any person who has submitted a bid~~all bidders.

- iii. ~~Except for Investment Manager Agreements,~~ Best efforts will be made to have at least three ~~(3)~~ OCERS personnel review the bids and recommend finalists. Best efforts will be made to include at least one ~~(1)~~ representative from a department other than the one that has authority over the ~~vendor~~ contract. In the case where external expertise is used to review the bids, at least one ~~(1) decision maker~~reviewer must be an OCERS employee.

B. Contracted Suppliers

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

C. Sole Source

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

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

~~The Responsible Executive must provide to the CEO~~ A report describing the unique characteristics of the situation, the known ~~service provider~~Contractor and sound justification for a sole source approach, ~~and the CEO (and the Board, if it is a contract subject to Board approval) must~~ will be provided to the Executive who will either approve the sole source approach or deny the request to use a sole source approach. Executives who wish to use a sole source approach will provide the report to the CEO, who will either approve or deny the request. When the CEO is the Responsible Executive, the report will be provided to the Board Chair and Vice-Chair who will either approve or deny the request to use a sole source approach.

D. Exclusions

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

E. Due Diligence

1. Before awarding a contract, the Contract Administrator ~~shall~~will conduct due diligence of any bidder selected to ensure that the ~~contractor is qualified. A qualified contractor must~~bidder:



OCERS Board Policy Procurement and Contracting

- ~~i. meet any~~Meets all minimum qualifications set forth in the solicitation document, ~~established by the Board or by the CEO or his or her designee, or required by law,~~
 - ~~ii.i. not have any conflicts of interest that pose substantial legal or operational risks;~~2 and
 - ~~iii.ii. Meet any~~Meets all other standards which, in the exercise of sound business judgment, are required of the Contractor.
- ~~2. If any~~ selected bidder is disqualified as a result of ~~a failure to be a qualified contractor for the contract~~the due diligence process, the reason ~~shall~~for the disqualification will be documented and ~~approved by~~forwarded to the Responsible Executive.
- ~~3.2. A failure of a bidder to be a qualified contractor for one contract shall not prevent the bidder from being a qualified contractor for another contract~~confirmation.
- ~~4.3. For certain critical Information Technology Contractors, SOC2 reports will be requested during the due diligence process. These reports will then be requested from the Contractor annually to ensure proper Information Technology and security controls are in place.~~



OCERS Board Policy

Procurement and Contracting

IV. Contract Guidelines Summary

Contract Value	Approver	Signatory	Procurement Requirements
Named Service Provider	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
\$100,000 or More	CEO	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
\$1,000 to \$99,999. 99	Responsible Executive	Responsible Executive + 1 Executive , Director or Manager From Another Department	IFB, RFP, Small Purchase Procedure, or Contracted Supplier
Under \$1,000	Responsible Executive <u>or designee</u>	Responsible Executive + 1 Director or Manager From Another Department <u>designee</u>	Contracted Supplier, Small Purchase Procedure, Contracted Supplier
Investment Managers	CEO / CIO	CEO or CIO +1 Executive	In accordance with CIO Charter and IC Charter and IPS

V. Contracts with Named Service Providers

~~All contracting~~ Contracts with Named Service Providers ~~shall be carried out in accordance~~ will comply with the requirements of this section.

A. Designation of Named Service Providers

The following service providers are designated as Named Service Providers:

1. Consulting actuary;
2. Actuarial auditor;
3. General investment consultant;
4. Alternative investments consultant;



OCERS Board Policy Procurement and Contracting

- 5. Fiduciary counsel;
- ~~6.—Custodian;~~
- ~~7-6.~~ Securities lending manager;
- ~~8.—Financial auditor;~~
- ~~9-7.~~ Pension Administration Software Provider; and
- ~~10-8.~~ Any additional consultant not named above but which the Board may, from time to time, designate.

~~B.—Term~~

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

~~E.—Review and Renewal~~

- ~~0.— At least six months before the expiration of the initial term of any contract with a Named Service Provider, the CEO and the pertinent committee(s) of the Board shall assess the continued appropriateness and cost effectiveness of the Named Service Provider in question~~
- ~~0.— Performance reviews of Named Service Providers will include opinions solicited from Board of Retirement or designated sub-committee members, and/or selected staff members. The results of the review will be summarized and reported to the Board of Retirement.—~~
- ~~0.— The CEO will report regularly and in a timely fashion to the Board of Retirement on all monitoring efforts involving Named Services Providers, identifying any material issues or actions taken.~~
- ~~0.— Upon recommendation of the CEO and the pertinent committee(s), the Board shall either extend the initial term of the contract or direct the CEO to conduct a new search and selection process.~~
- ~~0.— The CEO will report promptly to the Board any failures by Named Service Providers to comply with the terms of their contract.~~
- ~~0.— At least annually, the CEO will provide the Board of Retirement a schedule of the contracts with Named Service Providers due for renewal and those whose terms will expire in the coming year.~~

~~L.B.~~ Search and Selection Process

- 1. At least six months before the expiration of the final extension of a contract with a Named Service Provider, or upon direction of the Board ~~as set forth in Part C, above~~ following the review of the performance of the Named Service Provider, the CEO ~~shall~~ will conduct a competitive search and selection process for ~~the~~ Named Service Provider.



OCERS Board Policy

Procurement and Contracting

2. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary to the Board, which ~~shall~~will include:
 - i. The type of service provider being sought and the supporting rationale;
 - ii. The objectives and selection criteria to be met and their relative importance;
 - iii. An estimated timeline for completion of the search process; and
 - iv. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - a. What method of competitive search and selection process will be used, ~~a copy of the proposed IFB or RFP will be attached for information purposes;~~
 - b. Whether a consultant is to be used to assist with the search process~~;~~;
 - c. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks;
 - d. Such other information that the CEO believes may assist the Board ~~of Retirement~~ in better understanding the search process.
3. The CEO will provide the Board ~~of Retirement~~ (or a designated committee of the Board ~~of Retirement~~) with periodic reports on the status of all search processes involving Named Service Providers.
4. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board ~~of Retirement~~ (or a designated committee of the Board ~~of Retirement~~) with a written report containing, at a minimum:
 - i. A description of the due diligence activities undertaken;
 - ii. The recommended finalist ~~or a list of finalist candidates(s)~~ and analysis ~~concerning of~~ the ~~candidate~~candidate's recommendation;
 - iii. Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board ~~of Retirement~~ prior to the commencement of the search, or an explanation of any deviations that occurred;
 - iv. A description of performance expectations and the proper time horizon for evaluation of results;
 - v. A bid (pricing) summary with annotations regarding differentiating features; and
 - vi. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the Named Service Provider throughout the term of the contract, including the reporting to be provided to the Board ~~of Retirement~~.
5. The Board ~~of Retirement~~ (or a designated committee of the Board ~~of Retirement~~) will interview the candidate or candidates recommended for appointment as a Named Service ~~Providers~~Provider. If a committee reviews the candidates, the committee ~~shall~~will recommend to the Board the appointment of the Named Service ~~Providers~~Provider. If the



OCERS Board Policy

Procurement and Contracting

Board interviews the candidates, the Board itself ~~shall choose from amongst~~ will decide on the candidates appointment.

6. Upon selection of the candidate, the CEO (or his/her designee) ~~shall~~ will negotiate a final contract with the selected Named Service Provider, consistent with the terms of the contract solicitation ~~(e.g. IFB or RFP),~~ this policy, and any other direction from the Board. If, at any time during the negotiations, the CEO determines that there is an impasse in negotiations, s/he may recommend to the Board that the Board select an alternate bidder for the Named Service Provider.

C. Approval and Execution

~~M.A. Approval and Execution~~

Upon completion of negotiations with a Named Service Provider, the CEO or his/her designee ~~shall~~ will inform the Board of the general contract ~~has terms and conditions that have been executed. Any contract negotiated. Contracts~~ with a Named Service ~~Provider~~ Providers must be executed by the CEO and one other Executive.

D. Contracts Reports

1. The CEO will report promptly to the Board any failures by a Named Service Provider to comply with the terms of their contract.
2. At least annually, the CEO will provide the Board a schedule of the contracts with Named Service Providers due for **Goods and** renewal and those whose terms will expire in the coming year.
3. The CEO will report regularly and in a timely fashion to the Board on all monitoring efforts involving Named Services Providers, identifying any material issues and actions taken in response.

VI. Contracts with Contract Value of \$100,000 or More

~~All contracting Contracts for contracts over goods or services, excluding contracts with Named Service Providers, for which the Contract Value exceeds \$100,000 shall be carried out in accordance~~ will comply with the requirements of this section.

~~A. Term~~

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

C.A. Review and Renewal

1. At least six months before the expiration of the term of a contract with a Contract Value over \$100,000 ~~annually~~, the CEO (or his/her designee) ~~shall~~ will assess the continued appropriateness and cost-effectiveness of the ~~contract provider~~ Contractor in question.



OCERS Board Policy

Procurement and Contracting

2. Upon recommendation of the Responsible Executive (or his/her designee), the CEO ~~shall either will~~: 1) extend the term of the contract up to the maximum total term of six years; 2) direct the Responsible Executive (or his/her designee) to conduct a new search and selection process; or 3) determine that the goods or services ~~provided~~ are no longer necessary.

D.B. Search and Selection Process

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

E.C. Approval and Execution

1. ~~Any contract exceeding~~ Contracts for goods or services with a Contract Value that exceeds \$100,000 must be executed by the CEO and one other Executive.
- ~~3. Contract approval from Board will be acquired for non-routine expenses.—~~
- ~~3-2.~~ For contracts relating to Routine ~~expenses and Non-Routine Items~~, Board approval of the expenditure ~~will may~~ be acquired through either the budgeting process or the annual Business Plan.

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

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

~~B. Term~~



OCERS Board Policy

Procurement and Contracting

~~All contracts for this provision of services may be for an initial term of not more than three years and may be renewed for, with a term of not more than three years (provided that any such original term or extension may be for a shorter period if the Responsible Executive determines it Contract Value that is appropriate), at least \$1,000 but less than \$100,000 will comply with the requirements of this section.~~

A. Search and Selection Process

- ~~1. Any time that OCERS is to enter into Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract for a value greater Value of at least \$1,000 but less than \$50100,000, the Executive Responsible shall direct an RFP or IFB will require a competitive search and selection process. The use of a Contracted Supplier is permitted.~~
- ~~2. If the value of the contract is less than \$50,000, the Executive Responsible may recommend using the Small Purchase Procedure acquisition procedure in order to select the appropriate vendor.~~
- ~~3-2. Upon selection of the candidate, the Responsible Executive (or his/her designee) shall will negotiate a final contract, consistent with the terms of the contract solicitation (e.g. IFB or RFP), this policy, and any other direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, s/he may select an alternate candidate.~~

B. Approval and Execution

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

VIII. Contracts with Contract Value Less than \$1,000

~~VII. Contracts for goods and Services Less than \$1,000~~

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

~~A. Term~~

~~All contracts for this provision of services may be for an initial term of not more than three years and may be renewed for a term of not more than three years (provided that any such original term or extension may be for a shorter period if, for which the Responsible Executive determines it Contract Value is appropriate), less than \$1,000 will comply with the requirements of this section.~~

A. Search and Selection Process

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



OCERS Board Policy Procurement and Contracting

Policy Review and History

- A. The Board ~~of Retirement~~ will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- B. The Board ~~of Retirement~~ adopted this policy on Monday, November 18, 2002.
- C. This policy was revised May 19, 2008, March 22, 2010, May 20, 2013, January 20, 2015, ~~and~~ October 15, 2018, and.

Secretary's Certificate

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

OCTOBER 15, 2018

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: October 28, 2021
TO: Members of the Governance Committee
FROM: Suzanne Jenike, Asst. CEO, External Operations
SUBJECT: **TRIENNIAL REVIEW OF THE WRITE OFF POLICY AND REVIEW OF PROPOSED REVISIONS TO THE OVERPAID AND UNDERPAID PLAN BENEFITS POLICY AND THE OVERPAID AND UNDERPAID PLAN CONTRIBUTIONS POLICY**

Recommendation

Approve and recommend the Board adopt the proposed revisions to the following policies:

- (1) Write Off Policy
- (2) Overpaid and Underpaid Plan Benefits Policy
- (3) Overpaid and Underpaid Plan Contributions Policy

Background/Discussion

Write Off Policy

- Minor modifications to clearly document the process.
- Changed the write off amount from \$100 to \$250 in instances of overpayments to members/payees.
- Left the write off amount of \$75 unchanged in instances of underpayments to members/payees.
- Clarified that ongoing benefit payments would be adjusted prospectively.

Overpaid and Underpaid Plan Benefits Policy

- Format and structural changes to provide better clarity.
- Clarified that benefit payments would be adjusted prospectively to avoid additional over/under payments
- Clarified interest calculation and process for collection
 - When fraud or misconduct by members interest would be recouped from the member/payee
 - When error by OCERS or Employer interest would be recouped from the Employer.
- Changed minimum amount of overpaid benefits to be collected from \$100-\$250 (consistent with write off policy).
- Changed appeal language to administrative review to be consistent with the Board's Administrative Review and Hearing Policy.

Overpaid and Underpaid Plan Contributions Policy

- Format and structural changes to provide better clarity.
- Added language to address employer pick up of employee contributions.
- Clarified that contributions would be adjusted prospectively to avoid additional over/under payments.
- Added language regarding recouping underpaid contributions from the Employer as part of the actuarial valuation process.

- Added language regarding minimum amount of overpaid contributions to be refunded (consistent with write off policy).
- Changed appeal language to administrative review to be consistent with the Board's Administrative Review and Hearing Policy.

Submitted by:



SJ-APPROVED

Suzanne Jenike
Asst. CEO, External Operations



OCERS Board Policy Write Off Policy

Purpose

1. The Orange County Employees Retirement System (OCERS or System) Board of Retirement (Board) is charged with the responsibility of administering the System in a manner that assures appropriate and prompt delivery of benefits and related services to members and their beneficiaries and of managing the assets of the System in a prudent manner. The purpose of this Write Off Policy is to provide guidelines regarding when OCERS is permitted to forgo collection of amounts overpaid by or owing to OCERS, and when OCERS will not be required to make corrective distributions to OCERS members or their beneficiaries.

Principles

2. Considerations of cost effectiveness make it prudent and reasonable to establish a threshold under which (a) OCERS will not be required to seek to recover amounts overpaid by or owed to OCERS; and (b) OCERS will not be required to make corrective distributions to OCERS members and their beneficiaries.

Roles

3. The Chief Executive Officer (CEO) shall be responsible for implementing and monitoring compliance with this Policy and shall annually report to the Board the write offs that have been made pursuant to this Policy.

Policy Guidelines

4. Whenever the cumulative total amount overpaid by OCERS to an OCERS member or beneficiary is less than \$250, OCERS is authorized to forgo recovery of such amount provided that in the case of ongoing payments by OCERS, the payment amount is promptly adjusted (decreased) prospectively.
5. Whenever the total amount underpaid by OCERS to a member or beneficiary is \$75 or less, OCERS is not required to make the corrective distribution provided that, in the case of ongoing payments by OCERS, the payment amount is promptly adjusted (increased) prospectively, and further provided that, in the judgment of the CEO in consultation with legal counsel, the reasonable direct costs of processing and delivering the distribution to the member or beneficiary would exceed the amount of the distribution.
6. In the event of any inconsistency between applicable law (including IRS rules and guidance) and this Policy, the law shall govern. In the event of an inconsistency between this Policy and the Overpaid and Underpaid Plan Benefits Policy, the latter will govern.

Policy Review

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



OCERS Board Policy Write Off Policy

Policy History

8. The Board of Retirement adopted this policy on November 19, 2018, and amended on _____, 2021.



OCERS Board Policy Write Off Policy

Secretary's Certificate

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

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

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy Write Off Policy

Purpose

1. The Orange County Employees Retirement System (OCERS or System) Board of Retirement (Board) is charged with the responsibility of administering the System in a manner that assures appropriate and prompt delivery of benefits and related services to members and their beneficiaries and of managing the assets of the System in a prudent manner. The purpose of this Write Off Policy is to provide guidelines regarding when OCERS is permitted to forgo collection of amounts overpaid by or owing to OCERS, and when OCERS will not be required to make corrective distributions to OCERS members or their beneficiaries.

Principles

2. Considerations of cost effectiveness make it prudent and reasonable to establish a threshold under which (a) OCERS will not be required to seek to recover amounts overpaid by or owed to OCERS; and (b) OCERS will not be required to make corrective distributions to OCERS members and their beneficiaries.

Roles

3. The Chief Executive Officer (CEO) shall be responsible for implementing and monitoring compliance with this Policy and shall annually report to the Board the write offs that have been made pursuant to this Policy.

Policy Guidelines

4. Whenever the cumulative total amount overpaid by OCERS to an OCERS member or beneficiary is less than ~~\$10250 including interest, or the total amount owed by any party to OCERS is less than \$100 including interest~~, OCERS is authorized to forgo recovery of such amount provided that in the case of ongoing payments by OCERS, the payment amount is promptly adjusted (decreased) prospectively.
5. Whenever the total amount underpaid by OCERS to a member or beneficiary, ~~including interest~~, is \$75 or less, OCERS is not required to make the corrective distribution provided that, in the case of ongoing payments by OCERS, the payment amount is promptly adjusted (increased) prospectively, and further provided that, in the judgment of the CEO in consultation with legal counsel, the reasonable direct costs of processing and delivering the distribution to the member or beneficiary would exceed the amount of the distribution.
- ~~5.6.~~ In the event of any inconsistency between applicable law (including IRS rules and guidance) and this Policy, the law shall govern. In the event of an inconsistency between this Policy and the Overpaid and Underpaid Plan Benefits Policy, the latter will govern.

Policy Review

- ~~6.7.~~ The Board of Retirement will review this Policy at least once every three years to ensure that it remains relevant and appropriate.



OCERS Board Policy Write Off Policy

Policy History

~~7.8.~~ The Board of Retirement adopted this policy on November 19, 2018, and amended on _____,
2021.



OCERS Board Policy Write Off Policy

Secretary's Certificate

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

A handwritten signature in blue ink that reads "Steve Delaney". The signature is contained within a rectangular box.

11/19/18

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy

Overpaid and Underpaid Plan Benefits Policy

Purpose and Background

1. The purpose of the Orange County Employees Retirement System (“OCERS,” “System,” or “Plan”) *Overpaid and Underpaid Plan Benefits Policy* (“policy”) is to provide a framework that the System can use as a basis for resolving erroneous payments of Plan benefits to members and their beneficiaries. In the event that an overpayment is the result of a felony conviction OCERS Administrative Procedure (OAP) *Felony Forfeitures* shall be used as a basis for resolution. The OCERS Board of Retirement (“Board”) is charged with the responsibility of administering the System in a manner that assures appropriate and prompt delivery of benefits and related services to members and their beneficiaries and of managing the assets in a prudent manner. The Internal Revenue Service (“IRS”) requires that operational failures be corrected in a prompt, reasonable, and consistent manner that attempts to place the retirement system in the position it would have been in had the erroneous payment not occurred.

Policy Objectives

2. Members and their beneficiaries (herein referred to as “members”) have a right to accurate retirement benefit payments. No member has the right to receive or retain retirement benefit payments that exceed the amounts to which a member is entitled, and no member may be deprived of any benefit payments that he or she is entitled to receive. Subject to all applicable laws and consistent with this policy and the procedures established by the Board, it shall be OCERS’ policy to make every reasonable effort to recover from a member the amount of any overpaid Plan benefits, and remit to a member the amount of any underpaid Plan benefits.

Policy Guidelines

3. After discovery of overpaid or underpaid benefits, and within a reasonable period of time after written notification to the affected member, OCERS will correct the benefit payment amount prospectively to prevent additional overpayments or underpayments, and will pay to the member in a lump sum, or collect from the member through lump sum or installment payments, the amounts to which the member or the Plan is entitled in accordance with this policy and applicable law.
4. These policies and procedures are designed for use when calculation and other errors affect an individual member’s retirement benefits. In the event of a system-wide error that affects multiple members’ benefits, the Board may implement a system-wide correction process that it determines is appropriate under the circumstances.
5. In the event of any inconsistency between applicable law (including IRS rules and guidance) and these policies and procedures, the law shall govern.



OCERS Board Policy

Overpaid and Underpaid Plan Benefits Policy

Policy Procedures for Overpaid Benefits

6. When an overpayment of Plan benefits is discovered more than ninety (90) days after the member/payee's initial benefit payment, OCERS will first adjust the benefit payment prospectively to reflect the correct benefit amount and to prevent additional overpayments. OCERS will also take all reasonable steps to recover the full amount of all overpayments, going back to the inception of the error, and recouping "appropriate interest," as defined in section 7 below, during the period in which the benefit overpayments were made and also during any repayment period (*i.e.*, applied to the outstanding amount due until fully repaid).
7. *Appropriate Interest*
 - a. "Appropriate interest" means an interest amount determined using the System's actuarially assumed rate of return as of the date OCERS sets for commencing repayment.
 - b. In cases where there is evidence that the benefit overpayment resulted from fraud or dishonest conduct by the member/payee or because the member/payee provided, or caused to be provided, inaccurate information to OCERS or the member's employer, then "appropriate interest" shall be recouped from the member/payee.
 - c. In cases other than those described above in Section 7.b, "appropriate interest" shall be recouped from the member's employer.
8. The Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of overpaid benefits only where the cumulative total amount of overpaid benefits is \$250 or more. Accordingly, OCERS is authorized to not seek recovery of any such overpaid benefits where the total amount overpaid to the member is less than \$250.
9. *Time Period for Installment Payments.* When recovering benefit overpayments, the following apply:
 - a. *Director of Member Services:* When the total amount of such overpaid benefits, not including interest, is \$10,000 or less, the Director of Member Services shall have authority to agree to extend the time period for the member's installment payments to a period not exceeding the expected lifetime of the member as determined by the actuary.
 - b. *CEO:* Regardless of the amount of the Plan's claim against the member, the CEO shall have the authority to agree to extend the time period for the member's installment payments to a period not exceeding the expected lifetime of the member as determined by the actuary.
10. *Compromising claims:* The amount of the Plan's claim for overpaid benefits is the difference between the amounts actually paid to the member during the overpayment period and the amounts that should have been paid, together with "appropriate interest" from the dates of the actual overpayments to the date(s) the correction is effective. The likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the member will be considered by the CEO and/or the Board when determining whether to compromise a claim. Compromising a claim may include a different method of repayment than is otherwise provided



OCERS Board Policy

Overpaid and Underpaid Plan Benefits Policy

by this Policy and/or forgiveness or partial forgiveness of principal and/or interest, subject to applicable IRS rules and guidance.

- a. When the total amount of the Plan’s claim against the member, not including interest, is \$1,000 or less, the CEO, on the advice of legal counsel, shall have the authority to compromise the claim.
- b. Only the Board may compromise claims in which the total amount of such overpaid benefits, not including interest, is greater than \$1,000.

11. The Board adopts the following procedures for accomplishing the recovery of overpaid Plan benefits:

- a. Upon discovery of the benefit overpayment, OCERS will send a letter by certified mail, return receipt requested, or by express delivery service, to the member/payee. Subject to the provisions of this Policy, the letter will provide the following information to the member/payee regarding the overpaid benefits:
 - i. Provide notice of the prospective adjustment to the benefit payment (to reflect the correct amount);
 - ii. Request payment to OCERS of the amount of overpaid benefits with appropriate interest as defined in section 7, above; and
 - iii. Unless otherwise determined by the Board, the CEO, or the Director of Member Services (see sections 9.a. and 9.b., above) or, if a repayment plan for a longer period is needed due to the limitation described in section 6, above, the letter will set a repayment plan with two options:
 - *Option 1* – equal installments deducted from the member/payee’s monthly benefit over the same length of time that the overpaid benefits occurred, with “appropriate interest” (as that phrase is defined in section 7, above) applied during the repayment period; and
 - *Option 2* – lump sum payment to the Plan for the full amount overpaid, with “appropriate interest” (as that phrase is defined in section 7, above) applied during the overpayment period.
- b. Notwithstanding the above, any reduction in the member/payee’s ongoing monthly benefit to recover overpayments will be limited to a maximum of 15% of the corrected gross monthly benefit unless the member/payee requests a higher reduction. The balance due will be paid over time, subject to this limitation.
- c. OCERS may pursue all legal remedies to collect such overpaid Plan benefits, including making a claim on an estate or trust. In addition, if the member dies before the full amount of principal and interest is paid, OCERS may recover the remaining principal and interest from any lump sum amount OCERS is obligated to pay to the member’s estate or named beneficiaries of the member; provided, however, OCERS shall not seek to recover any such remaining amounts from any continuation payments made to a surviving spouse or an optional beneficiary of the member, unless an erroneous payment is made to the surviving spouse or optional beneficiary.



OCERS Board Policy

Overpaid and Underpaid Plan Benefits Policy

- d. OCERS will maintain a permanent record of all amounts of such overpaid Plan benefits and the repayment to OCERS of those overpaid benefits. Every year, for cases involving benefit overpayments, the Director of Member Services shall provide a report to the Board.
- e. To the extent OCERS is unable to recoup overpaid Plan benefits from the member/payee, any shortfall will be recouped from the employer as part of the annual actuarial valuation process.

Policy Procedures for Underpaid Benefits

12. When the Plan has underpaid benefits to the member, and the underpayment is discovered more than 90 days after the member/payee's initial benefit payment, the member shall be entitled to a prospective adjustment to his or her retirement benefits to reflect the correct benefit amount. In addition, except as provided in Section 14, below, the member will be entitled to a lump sum payment for all past amounts owed as a result of the error, with interest compounded annually at the rate of 3%. The payment shall be made as soon as administratively feasible.

13. If a member who was underpaid benefits has died prior to payment of the lump sum amount due, the payment, including interest, will be made according to OCERS' standard procedures for paying residual amounts following the death of the member (*e.g.*, to the designated beneficiary, estate, personal representative, trustee of the member trust, etc.).

- a. If, after following its standard procedures and applicable IRS guidance, Plan staff has not been able to locate a person entitled to payment, the Plan shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds may be transferred into the System's pension reserve fund. If someone later appears to claim the funds, the Board or the CEO will consider such claims on a case-by-case basis.
- b. The Plan will maintain a permanent record of all amounts of outstanding refunds of underpaid benefits and any amounts that have been transferred into the pension reserve fund.

14. If the total amount that the Plan owes to the member, is \$75 or less, the Plan is not required to make the corrective distribution if, in the judgment of the CEO in consultation with legal counsel, the reasonable direct costs of processing and delivering the distribution to the member would exceed the amount of the distribution.

Administrative Review

15. A member/payee may request administrative review of any decision regarding corrective actions that the Plan takes with respect to recovering and/or returning over and underpayments of plan benefits.

The review process will generally follow the same pattern as the review process for benefit determinations pursuant to the Board's Administrative Review and Hearings Policy.

- a. Overpayment collection efforts will be stayed, but benefits will be prospectively adjusted to prevent additional overpayments, during the pendency of the administrative review process; provided, however, that the Board shall have the discretion to suspend implementing its



OCERS Board Policy Overpaid and Underpaid Plan Benefits Policy

recovery from the member in whole or in part during any ensuing court action. Interest will continue to accrue on all amounts owed to OCERS during the administrative review process and litigation.

Policy Review

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

Policy History

- 17. This policy was adopted by the Board of Retirement on May 16, 2016 and amended on October 21, 2019 and _____, 2021.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

_____ Date



OCERS Board Policy Overpaid and Underpaid Plan Benefits Policy

Purpose and Background

1. The purpose of the Orange County Employees Retirement System ("OCERS," "System," or "Plan") *Overpaid and Underpaid Plan Benefits Policy* ("policy") is to provide a framework that the System can use as a basis for resolving erroneous payments of Plan benefits to members and their beneficiaries. In the event that an overpayment is the result of a felony conviction OCERS Administrative Procedure (OAP) *Felony Forfeitures* shall be used as a basis for resolution. The OCERS Board of Retirement ("Board") is charged with the responsibility of administering the System in a manner that assures appropriate and prompt delivery of benefits and related services to members and their beneficiaries and of managing the assets in a prudent manner. The Internal Revenue Service requires that operational failures be corrected in a prompt, reasonable, and consistent manner that attempts to place the retirement system in the position it would have been in had the erroneous payment not occurred.

Policy Objectives

2. Members and their beneficiaries (herein referred to as "members") have a right to accurate pension benefit payments. No member has the right to receive or retain retirement benefit payments that exceed the amounts to which a member is entitled, and no member may be deprived of any benefit payments that he or she is entitled to receive. Subject to all applicable laws and consistent with this policy and the procedures established by the Board, it shall be OCERS' policy to make every reasonable effort to recover from a member the amount of any overpaid Plan benefits, and remit to a member the amount of any underpaid Plan benefits.

Policy Guidelines

3. After discovery of overpaid or underpaid benefits, and within a reasonable period of time after written notification to the affected member, OCERS will correct the benefit payment amount prospectively and/or pay to the member, or collect from the member, through lump sum or installment payments the amounts to which the member or the Plan is entitled in accordance with this policy and applicable law.
4. These policies and procedures are designed for use when calculation and other errors affect an individual member's retirement benefits. In the event of a system-wide error that affects multiple members' benefits, the Board may implement a system-wide correction process that it determines is appropriate under the circumstances.
5. In the event of any inconsistency between applicable law (including IRS rules) and these policies and procedures, the law shall govern.



OCERS Board Policy Overpaid and Underpaid Plan Benefits Policy

Policy Procedures for Overpaid Benefits

6. *Appropriate Interest*.—When an overpayment of Plan benefits is discovered more than ninety (90) days after the member/payee’s initial benefit payment, OCERS will first adjust the benefit payment prospectively to reflect the correct benefit amount and prevent additional overpayments. OCERS will also make a prospective adjustment to the member’s benefit and take all reasonable steps to recover the full amount of all overpayments, going back to the inception of the error, and recouping charging “appropriate interest,” as defined in section 7 below, compounded annually during the period in which the benefit overpayments were made and also during any repayment period (*i.e.*, applied to the outstanding amount due until fully repaid).

~~*g.a.* In cases where there is evidence that the benefit overpayment resulted from fraud or dishonest conduct by the member/payee or because the member/payee provided, or caused to be provided, inaccurate information to OCERS or the member’s employer, then “appropriate interest” shall be determined using the System’s actuarially assumed rate of return as of the date OCERS sets for commencing repayment, and charged to the member/payee.~~

~~*h.a.* If the benefit overpayment was solely the result of an error by OCERS and/or the member’s employer, then “appropriate interest” shall be equal to the System’s actuarial assumed rate of return as of the date OCERS sets for commencing repayment, and charged to the member’s employer as an administrative expense, without amortization.~~

~~*i.a.* Notwithstanding the above, any reduction in the member/payee’s ongoing monthly benefit will be limited to a maximum of 15% of the gross monthly benefit. The balance due will be paid over time, subject to this limitation.~~

7. Appropriate Interest

a. “Appropriate Interest” means an interest amount determined using the System’s actuarially assumed rate of return as of the date OCERS sets for commencing repayment.

b. In cases where there is evidence that the benefit overpayment resulted from fraud or dishonest conduct by the member/payee or because the member/payee provided, or caused to be provided, inaccurate information to OCERS or the member’s employer, then “appropriate interest” shall be determined using the System’s actuarially assumed rate of return as of the date OCERS sets for commencing repayment, and charged to recouped from the member/payee.

c. In cases other than those described above in Section 7.b, “appropriate interest” shall be recouped from the member’s employer.

~~If the benefit overpayment was solely the result of an error by OCERS and/or the member’s employer, then “appropriate interest” shall be equal to the System’s actuarial assumed rate of return as of the date OCERS sets for commencing repayment, and charged to the member’s employer as an administrative expense, without amortization.~~

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OCERS Board Policy Overpaid and Underpaid Plan Benefits Policy

~~Notwithstanding the above, any reduction in the member/payee's ongoing monthly benefit will be limited to a maximum of 15% of the gross monthly benefit. The balance due will be paid over time, subject to this limitation.~~

~~a.~~

~~10.8.~~ The Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of overpaid benefits only where the cumulative total amount of overpaid benefits is ~~\$100,250~~ or more. Accordingly, OCERS is authorized to not seek recovery of any such overpaid benefits where the total amount overpaid to the member less than ~~\$100,250~~.

~~11.9.~~ *Time Period for Installment Payments.* When recovering benefit overpayments, the following apply:

~~a.~~ *Director of Member Services:* When the total amount of such overpaid benefits, not including interest, is \$10,000 or less, the Director of Member Services shall have authority to agree to extend the time period for the member's installment payments to a period not exceeding the expected lifetime of the member as determined by the actuary.

~~b.~~ *CEO:* Regardless of the amount of the Plan's claim against the member, the CEO shall have the authority to agree to extend the time period for the member's installment payments to a period not exceeding the expected lifetime of the member as determined by the actuary.

~~a.~~

~~CEO:~~ Regardless of the amount of the Plan's claim against the member, the CEO shall have the authority to agree to extend the time period for the member's installment payments to a period not exceeding the expected lifetime of the member as determined by the actuary.

~~b.~~

~~i.~~ Regardless of the amount of the Plan's claim against the member, the CEO shall have the authority to agree to extend the time period for the member's installment payments to a period not exceeding the expected lifetime of the member as determined by the actuary.

~~ii.~~ In addition, when the total amount of the Plan's claim against the member, not including interest, is \$1,000 or less, the CEO, on the advice of legal counsel, shall have the authority to compromise the claim.

~~e.a.~~ *Board:* Only the Board may compromise claims in which the total amount of such overpaid benefits, not including interest, is greater than \$1,000.

~~d.a.~~ *Compromising claims:* The amount of the Plan's claim for overpaid benefits is the difference between the amounts actually paid to the member for the recovery period and the amounts that should have been paid, together with "appropriate interest" from the dates of the actual payments to the date(s) the correction is effective. The likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the member will be considered by the CEO and/or the Board when determining whether to compromise a claim.

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OCERS Board Policy Overpaid and Underpaid Plan Benefits Policy

~~Compromising a claim may include a different method of repayment than is otherwise provided by this Policy and/or forgiveness or partial forgiveness of principal and/or interest.~~

~~e.a. Reporting: Every year, for cases involving benefit overpayments the Director of Member Services shall provide a report to the Board.~~

~~i. In addition, when the total amount of the Plan's claim against the member, not including interest, is \$1,000 or less, the CEO, on the advice of legal counsel, shall have the authority to compromise the claim.~~

~~c. Board: Only the Board may compromise claims in which the total amount of such overpaid benefits, not including interest, is greater than \$1,000.~~

10. Compromising claims: The amount of the Plan's claim for overpaid benefits is the difference between the amounts actually paid to the member for the recovery period and the amounts that should have been paid, together with "appropriate interest" from the dates of the actual payments to the date(s) the correction is effective. The likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the member will be considered by the CEO and/or the Board when determining whether to compromise a claim. Compromising a claim may include a different method of repayment than is otherwise provided by this Policy and/or forgiveness or partial forgiveness of principal and/or interest.

a. When the total amount of the Plan's claim against the member, not including interest, is \$1,000 or less, the CEO, on the advice of legal counsel, shall have the authority to compromise the claim.

b. Only the Board may compromise claims in which the total amount of such overpaid benefits, not including interest, is greater than \$1,000.

~~Reporting: Every year, for cases involving benefit overpayments the Director of Member Services shall provide a report to the Board.~~

~~11.11.~~ The Board adopts the following procedures for accomplishing the recovery of overpaid Plan benefits:

a. Upon discovery of the benefit overpayment, OCERS will send a letter by certified mail, return receipt requested, or by express delivery service, to the member. Subject to the provisions of this Policy, the letter will provide the following information to the member regarding the overpaid benefits:

- i. Provide notice of the prospective adjustment to the member's benefit payment (to reflect the correct amount);
- ii. Request payment to OCERS of the amount of overpaid benefits with appropriate interest as defined in section 7, above; and
- iii. Unless otherwise determined by the Board, the CEO, or the Director of Member Services (see sections ~~9~~a. and ~~9~~b., above) or, if a repayment plan for a longer period is needed

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OCERS Board Policy

Overpaid and Underpaid Plan Benefits Policy

due to the limitation described section 6.~~b-ii~~, above, the letter will set a repayment plan with two options:

- *Option 1* – equal installments deducted from the member’s monthly benefit over the same length of time that the overpaid benefits occurred, with “appropriate interest” (as that phrase is defined in section 76 above) applied during the ~~overpayment period and during the~~ repayment period; and
- *Option 2* – lump sum payment to the Plan for the full amount overpaid, with “appropriate interest” (as that phrase is defined in section 67 above) applied during the overpayment period.

b. ~~Notwithstanding the above, any reduction in the member/payee’s ongoing monthly benefit to recover overpayments will be limited to a maximum of 15% of the corrected gross monthly benefit unless the member/payee requests a higher reduction. The balance due will be paid over time, subject to this limitation.~~

b-c. OCERS may pursue all legal remedies to collect such overpaid Plan benefits, including making a claim on an estate or trust. In addition, if the member dies before the full amount of principal and interest is paid, OCERS may recover the remaining principal and interest from any lump sum amount OCERS is obligated to pay to the member’s estate or named beneficiaries of the member; provided, however, OCERS shall not seek to recover any such remaining amounts from any continuation payments made to a surviving spouse or an optional beneficiary of the member, unless an erroneous payment is made to the surviving spouse or optional beneficiary.

d. OCERS will maintain a permanent record of all amounts of such overpaid Plan benefits and the repayment to OCERS of those overpaid benefits. Every year, for cases involving benefit overpayments, the Director of Member Services shall provide a report to the Board.

e-e. To the extent OCERS is unable to recoup overpaid Plan benefits from the member/payee, any shortfall will be recouped from the employer as part of the annual actuarial valuation process.

Policy Procedures for Underpaid Benefits

~~13-12.~~ When the Plan has underpaid benefits to the member, and the underpayment is discovered more than 90 days after the member/payee’s initial benefit payment, the member shall be entitled to a prospective adjustment to his or her retirement benefits to correct the benefit amount. ~~necessary to correct the error; In addition, except as provided in Section 14, below, the member will be entitled to as well as~~ a lump sum payment for all past amounts owed as a result of the error with interest compounded annually at the rate of 3%. ~~Interest shall accrue on the amounts owed from the date of each underpaid benefit to the date of the lump sum corrective payment. The payment shall be made within forty five (45) days of discovery and receipt of all information needed to correct the account. The payment shall be made as soon as administrately feasible.~~

~~14-13.~~ If a member who was underpaid benefits has died prior to payment of the lump sum amount due, the payment, including interest, will be made according to OCERS’ standard procedures for



OCERS Board Policy Overpaid and Underpaid Plan Benefits Policy

paying residual amounts following the death of the member (e.g., to the designated beneficiary, estate, personal representative, trustee of the member trust, etc.).

- a. If, after following its standard procedures and applicable IRS guidance, Plan staff has not been able locate a person entitled to payment, the Plan shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds may be transferred into the System's pension reserve fund. If someone later appears to claim the funds, the Board or the CEO will consider such claims on a case-by-case basis.
- b. The Plan will maintain a permanent record of all amounts of outstanding refunds of underpaid benefits and any amounts that have been transferred into the pension reserve fund.

15-14. If the total amount that the Plan owes to the member is \$75 or less, the Plan is not required to make the corrective distribution if in the judgment of the CEO in consultation with legal counsel, the reasonable direct costs of processing and delivering the distribution to the member would exceed the amount of the distribution.

Member Appeal Rights Administrative Review

16-15. A member/payee shall have the right to appeal-request review of any decision regarding corrective actions that the pPlan takes with respect to recovering and/or returning over and underpayments of Plan benefits.

17. The appeal-review process will generally follow the same pattern as the review process for benefit appeals determinations pursuant to the Board's Administrative Review and Hearings Policy.

- ~~a. The member will first appeal a staff decision regarding an erroneous payment to the Director of Member Services. The Director of Member Services shall respond to the member in writing.~~
- ~~b. If the member does not agree with the decision of the Director of Member Services, the member may appeal that decision, in writing and within forty five (45) days of mailing of the decision by the Director of Member Services, to the CEO. The CEO shall respond to the member in writing.~~
- ~~c. If the member does not agree with the decision of the CEO, the member may appeal the matter, in writing and within forty five (45) days of mailing of the decision by the CEO, to the Board.~~
- ~~d. The Board will hear the matter at a regularly scheduled meeting giving reasonable notice to the member so the member may appear at the meeting. Staff will provide background information and documentation to the Board to assist it in making its decision. After due consideration, the Board shall vote on the matter and instruct Member Services staff to notify the member in writing of the Board's determination.~~
- ~~e. If the member disagrees with the determination of the Board, the member may request, in writing and within forty five (45) days of the date of mailing of the Board's decision, an administrative hearing of the matter.~~

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OCERS Board Policy Overpaid and Underpaid Plan Benefits Policy

- ~~f. The matter will then be scheduled for administrative hearing pursuant to OCERS' Board of Retirement Policy for Administrative Hearings.~~
- ~~g. The findings and recommendations of the hearing officer shall be reviewed by staff, and staff shall make a recommendation to the Board to take action pursuant to Government Code Section 31534. If the Board adopts the recommendation of the hearing officer, that decision of the Board shall be final, and Member Services staff will inform the member of the Board's decision in writing with a proof of service attached. Notice to the member of the Board's final decision shall signify exhaustion of the member's administrative remedies.~~
- ~~h. This process may be adjusted in cases where the initial determination is made by the CEO.~~
- ~~ia. Offsets and other Overpayment collection efforts will be stayed, but benefits will be prospectively adjusted to prevent additional overpayments, during the pendency of the above outlined appeals administrative review process; provided, however, that the Board shall have the discretion to suspend implementing its recovery from the member in whole or in part during any ensuing court action. Interest will continue to accrue on all amounts owed to OCERS during the appeals administrative review process and litigation.~~

Policy Review

~~18-16.~~ The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

~~19-17.~~ This policy was adopted by the Board of Retirement on May 16, 2016 and amended on October 21, 2019 and 2021.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

10/21/19

Date



OCERS Board Policy

Overpaid and Underpaid Plan Contributions Policy

Purpose and Background

1. The purpose of the Orange County Employees Retirement System (“OCERS,” “System,” or “Plan”) *Overpaid and Underpaid Plan Contributions Policy* (“policy”) is to provide a framework for resolving erroneous collection of plan contributions from OCERS members and employers. The OCERS Board of Retirement (“Board”) is charged with the responsibility of administering the System in a manner that assures appropriate and prompt delivery of benefits and related services to members and their beneficiaries and of managing the assets of the System in a prudent manner.

Policy Objectives

2. The Board determines, in consultation with its actuary and in accordance with the law, the amount of required member and employer contributions to the Plan. Subject to all applicable laws and consistent with this policy and the procedures established by the Board, it is OCERS’ policy to make every reasonable effort to recover from a member or employer the amount of any underpaid contributions to the Plan, and remit or credit to a member or employer the amount of any overpaid contributions to the Plan, to the extent applicable in accordance with applicable Internal Revenue Service guidance.

Policy Guidelines

3. As soon as practicable after discovery of overpaid or underpaid contributions and after written notification to the affected member and employer, OCERS will (i) correct the contribution amount for active members and employers prospectively; and (ii) pay or credit to, or collect from, the member and credit to or collect from the employer, the amounts to which the member, employer or the Plan is entitled in accordance with this policy and applicable law.
4. This policy is designed for use when calculation and other errors affect contributions made on behalf of an individual member. In the event of a system-wide error that affects contributions made on behalf of multiple members, the Board may implement a system-wide correction process that it determines is appropriate under the circumstances.
5. In the event of any inconsistency between applicable law (including IRS rules and guidelines) and these policies and procedures, the law shall govern.

Procedures for Underpaid Contributions

Employers

6. When an employer has underpaid plan contributions, the employer will be required to:
 - a. Pay to the Plan the underpaid contributions associated with member compensation earned in prior fiscal years as soon as reasonably practicable, and
 - b. Pay to the Plan the underpaid contributions associated with member compensation earned in the current fiscal year no later than the end of the current fiscal year.



OCERS Board Policy

Overpaid and Underpaid Plan Contributions Policy

Interest on the underpaid contributions shall be charged to and paid by the employer at the System's actuarially assumed rate of return. For purposes of this policy, underpaid employer contributions shall include any portion of underpaid member contributions, to the extent the employer elected to pay such portion on behalf of a member pursuant to Government Code section 31581.1. Such amounts shall be recovered from the employer under this Section 6, and not from the member under Section 7.

Members

7. **Active Members.** When an active member has underpaid contributions to the Plan, OCERS will (i) make a prospective correction to (increase in) the member's contribution rate to the Plan to reflect the correct amount of member contributions to the Plan in order to prevent additional underpaid contributions; and (ii) take all reasonable steps to recover the full amount of all underpaid contributions, going back to the inception of the error, and charge interest to the member using the rate of interest credited by OCERS to member contributions, compounded annually during the period in which the contributions were underpaid and during any repayment period (*i.e.*, applied to the outstanding amount due until fully repaid).

The amount of the member's underpaid contributions for active members will be collected in accordance with section 9 below.

If the active member retires or becomes a deferred member of the Plan prior to repayment in full of the underpaid contributions, the remaining amount owing to the Plan will be collected in accordance with section 8 below.

8. **Retired and Deferred Members.** When a retired or deferred member has underpaid contributions to the Plan, OCERS will collect the full amount of all underpaid contributions, going back to the inception of the error, and charge interest to the member using the rate of interest credited by OCERS to member contributions, compounded annually during the period in which the contributions were underpaid.

The amount of the member's underpaid contributions for retired and deferred members will be collected in accordance with section 9 below.

9. The Board adopts the following procedures to recover underpaid contributions by members to the Plan:
- a. **For Active Members.** Upon discovery of the underpaid contributions, OCERS will notify the member of the prospective adjustment to increase the member's contribution rate to the Plan (to reflect the correct amount of member contributions to the Plan) and provide the member with the following two options:
- *Option 1* – Equal pre-tax installment payments deducted from the member's biweekly salary over the same length of time that the underpaid contributions occurred, with interest as set forth in section 7 above applied during the underpayment period and during the repayment period; or



OCERS Board Policy

Overpaid and Underpaid Plan Contributions Policy

- *Option 2* – Lump sum payment to the Plan for the full amount underpaid, with interest as set forth in section 7 above applied during the underpayment period.
 - b. **For Retired and Deferred Members.** Inform the member of the underpayment and provide the member with the following two options:
 - *Option 1* – Equal installments deducted from the member’s monthly pension amount over a period established in the discretion of the Director of Member Services not to exceed five years; or
 - *Option 2* – Lump sum payment to the Plan for the full amount underpaid, with interest as set forth in section 8 above applied during the underpayment period.
 - c. In cases of extreme hardship, the member may request, and the CEO may grant, a longer period of repayment of the underpaid contributions
 - d. OCERS may pursue all legal remedies to collect such underpaid member contributions to the Plan, including making a claim against the member’s estate or trust. In addition, if the member dies before the full amount of principal and interest is paid, OCERS may recover the remaining principal and interest from any lump sum amount OCERS is obligated to pay to the member’s estate or named beneficiaries of the member; provided, however, OCERS shall not seek to recover any such remaining amounts from any continuation payments made to a surviving spouse or an optional beneficiary of the member, unless an erroneous payment is made to the surviving spouse or optional beneficiary.
10. Compromising Claims.
- a. When the total amount of the Plan’s claim against the member, not including interest, is \$1,000 or less, the CEO, on the advice of legal counsel, shall have the authority to compromise the claim.
 - b. Only the Board may compromise claims in which the total amount of such underpaid contributions, not including interest, is greater than \$1,000.
 - c. The amount of the Plan’s claim for underpaid contributions is the difference between the amounts actually paid by the member during the overcontribution and the amounts that should have been paid, together with “appropriate interest” from the dates of the actual contributions to the date(s) the correction is effective. The likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the member will be considered by the CEO and/or the Board when determining whether to compromise a claim. Compromising a claim may include a different method of repayment than is otherwise provided by this policy and/or forgiveness or partial forgiveness of principal and/or interest, subject to applicable IRS rules and guidance.
 - d. To the extent OCERS is unable to recoup all underpaid contributions and interest from the member, any shortfall will be recouped from the employer as part of the annual actuarial valuation process.



OCERS Board Policy

Overpaid and Underpaid Plan Contributions Policy

Procedures for Overpaid Contributions

Employers

11. When an employer has overpaid contributions to the Plan, including overpaid member contributions that were paid by the employer on behalf of the member pursuant to Government Code section 31581.1, the employer shall be entitled to a credit to its actuarial accrued liability in the amount necessary to correct the error, plus interest at System's actuarial assumed rate of return.

Members

12. When a member has overpaid contributions to the Plan, (i) an active member shall be entitled to a prospective adjustment to his or her contribution rate to reflect the correct amount, and OCERS will inform the employer of the amount of the overpayment and the employer will offset the amount against the member's future contributions via the employer's payroll system; and (ii) except as provided in Section 14 below, retired and deferred members will be entitled to a lump sum payment as soon as practical of discovery of the overpayment and receipt of all information needed to make the correction for all past overpaid amounts, with interest compounded annually using the rate of interest credited by OCERS to member contributions.
13. If a member who overpaid contributions to the Plan dies prior to payment of the lump sum amount due, the payment, including interest, will be made according to OCERS' standard procedures for paying residual amounts following the death of the member (*e.g.*, to the designated beneficiary, estate, personal representative, trustee of the member trust, etc.).
 - a. If, after following its standard procedures and applicable IRS guidance, Plan staff is not able to locate a person entitled to payment, the Plan shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds may be transferred into the System's pension reserve fund. If someone later appears to claim the funds, the Board or the CEO will consider such claims on a case-by-case basis.
 - b. The Plan will maintain a permanent record of all amounts of outstanding refunds of overpaid contributions and any amounts that have been transferred into the pension reserve fund.
14. If the total amount that the Plan owes a retired or deferred member under Section 12(ii) above is \$75 or less, the Plan is not required to make the lump sum payment to the member if, in the judgment of the CEO in consultation with legal counsel, the reasonable direct costs of processing and delivering the distribution to the member would exceed the amount of the distribution.

Administrative Review

15. A member request administrative review of any decision regarding corrective actions that the Plan takes with respect to recovering and/or returning over and underpayments of Plan contributions.
16. The review process will generally follow the same pattern as the review process for benefit determinations pursuant to the Board's Administrative Review and Hearing Policy. Efforts to



OCERS Board Policy Overpaid and Underpaid Plan Contributions Policy

collect underpaid contributions will be stayed, but contribution rates will be prospectively adjusted to prevent additional underpaid contributions, during the pendency of the review process; provided, however, that the Board shall have the discretion to suspend implementing its recovery from the member in whole or in part during any ensuing court action. Interest will continue to accrue on all amounts owed to OCERS during the appeals process and litigation.

Policy Review

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

Policy History

18. This policy was adopted by the Board of Retirement on January 16, 2019 and revised on _____, 2021.

Secretary's Certificate

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

Steve Delaney
Secretary of the Board

_____ Date



OCERS Board Policy Overpaid and Underpaid Plan Contributions Policy

Purpose and Background

1. The purpose of the Orange County Employees Retirement System ("OCERS," "System," or "Plan") *Overpaid and Underpaid Plan Contributions Policy* ("policy") is to provide a framework for resolving erroneous collection of plan contributions from OCERS members and employers. The OCERS Board of Retirement ("Board") is charged with the responsibility of administering the System in a manner that assures appropriate and prompt delivery of benefits and related services to members and their beneficiaries and of managing the assets of the System in a prudent manner.

Policy Objectives

2. The Board determines, in consultation with its actuary and in accordance with the law, the amount of required member and employer contributions to the Plan. Subject to all applicable laws and consistent with this policy and the procedures established by the Board, it is OCERS' policy to make every reasonable effort to recover from a member or employer the amount of any underpaid contributions to the Plan, and remit or credit to a member or employer the amount of any overpaid contributions to the Plan, to the extent applicable in accordance with applicable Internal Revenue Service guidance.

Policy Guidelines

3. As soon as practicable after discovery of overpaid or underpaid contributions and after written notification to the affected member and employer, OCERS will (i) correct the contribution amount for active members and employers prospectively; and (ii) pay or credit to, or collect from, the member and credit to or collect from the employer, the amounts to which the member, employer or the Plan is entitled in accordance with this policy and applicable law.
4. This policy is designed for use when calculation and other errors affect contributions made on behalf of an individual member's ~~plan contributions~~. In the event of a system-wide error that affects contributions made on behalf of multiple members' ~~contributions~~, the Board may implement a system-wide correction process that it determines is appropriate under the circumstances.
5. In the event of any inconsistency between applicable law (including IRS rules and guidelines) and these policies and procedures, the law shall govern.

Procedures for Underpaid Contributions

Employers

6. When an employer has underpaid plan contributions, the employer will be required to:
 - a. Pay to the Plan the underpaid contributions associated with member compensation earned in prior fiscal years as soon as reasonably practicable, and



OCERS Board Policy Overpaid and Underpaid Plan Contributions Policy

- b. Pay to the Plan the underpaid contributions associated with member compensation earned in the current fiscal year no later than the end of the current fiscal year.

Interest on the underpaid contributions shall be charged to and paid by the employer at the System's actuarially assumed rate of return. For purposes of this policy, underpaid employer contributions shall include any portion of underpaid member contributions, to the extent the employer elected to pay such portion on behalf of a member pursuant to Government Code section 31581.1. Such amounts shall be recovered from the employer under this Section 6, and not from the member under Section 7.

Members

7. **Active Members.** When an active member has underpaid contributions to the Plan, OCERS will (i) make a prospective correction to (increase in) the member's contribution rate to the Plan to reflect the correct amount of member contributions to the Plan in order to prevent additional underpaid contributions; and (ii) take all reasonable steps to recover the full amount of all underpaid contributions, going back to the inception of the error, and charge interest to the member using the rate of interest credited by OCERS to member contributions, compounded annually during the period in which the contributions were underpaid and during any repayment period (*i.e.*, applied to the outstanding amount due until fully repaid).

The amount of the member's underpaid contributions for active members will be collected in accordance with section 9 below.

If the active member retires or becomes a deferred member of the Plan prior to repayment in full of the underpaid contributions, the remaining amount owing to the Plan will be collected in accordance with section 8 below.

8. **Retired and Deferred Members.** When a retired or deferred member has underpaid contributions to the Plan, OCERS will collect the full amount of all underpaid contributions, going back to the inception of the error, and charge interest to the member using the rate of interest credited by OCERS to member contributions, compounded annually during the period in which the contributions were underpaid.

The amount of the member's underpaid contributions for retired and deferred members will be collected in accordance with section 9 below.

9. The Board adopts the following procedures to recover underpaid contributions by members to the Plan:
- a. **For Active Members.** Upon discovery of the underpaid contributions, OCERS will notify the member of the prospective adjustment to ~~(increase in)~~ the member's contribution rate to the Plan (to reflect the correct amount of member contributions to the Plan) and provide the member with the following two options:
- *Option 1* – Equal pre-tax installment payments deducted from the member's biweekly salary over the same length of time that the underpaid contributions occurred, with



OCERS Board Policy Overpaid and Underpaid Plan Contributions Policy

interest as set forth in section 7 above applied during the underpayment period and during the repayment period; or

- *Option 2* – Lump sum payment to the Plan for the full amount underpaid, with interest as set forth in section 7 above applied during the underpayment period.
- b. **For Retired and Deferred Members.** Inform the member of the underpayment and provide the member with the following two options:
- *Option 1* – Equal installments deducted from the member’s monthly pension amount over a period established in the discretion of the Director of Member Services not to exceed five years; or
 - *Option 2* – Lump sum payment to the Plan for the full amount underpaid, with interest as set forth in section 8 above applied during the underpayment period.
- c. In cases of extreme hardship, the member may request, and the CEO may grant, a longer period of repayment of the underpaid contributions
- d. OCERS may pursue all legal remedies to collect such underpaid member contributions to the Plan, including making a claim against the member’s estate or trust. In addition, if the member dies before the full amount of principal and interest is paid, OCERS may recover the remaining principal and interest from any lump sum amount OCERS is obligated to pay to the member’s estate or named beneficiaries of the member; provided, however, OCERS shall not seek to recover any such remaining amounts from any continuation payments made to a surviving spouse or an optional beneficiary of the member, unless an erroneous payment is made to the surviving spouse or optional beneficiary.

~~The Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of underpaid member contributions only where the cumulative total amount of underpaid contributions benefits, including interest, is \$100 or more. Accordingly, OCERS is authorized to not seek recovery of any such underpaid contributions where the total amount underpaid by the member less than \$100 including interest.~~

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10. Compromising Claims.

- a. When the total amount of the Plan’s claim against the member, not including interest, is \$1,000 or less, the CEO, on the advice of legal counsel, shall have the authority to compromise the claim.
- b. Only the Board may compromise claims in which the total amount of such underpaid contributions, not including interest, is greater than \$1,000.
- c. The amount of the Plan’s claim for underpaid contributions is the difference between the amounts actually paid by the member ~~during the overcontribution for the recovery period~~ and the amounts that should have been paid, together with “appropriate interest” from the dates of the actual ~~payments contributions~~ to the date(s) the correction is effective. The likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the member will be considered by the CEO and/or the Board when determining whether to



OCERS Board Policy Overpaid and Underpaid Plan Contributions Policy

compromise a claim. Compromising a claim may include a different method of repayment than is otherwise provided by this policy and/or forgiveness or partial forgiveness of principal and/or interest, subject to applicable IRS rules and guidance.

d. To the extent OCERS is unable to recoup all underpaid contributions and interest from the member, any shortfall will be recouped from the employer as part of the annual actuarial valuation process.

Procedures for Overpaid Contributions

Employers

11. When an employer has overpaid contributions to the Plan, including overpaid member contributions that were paid by the employer on behalf of the member pursuant to Government Code section 31581.1, the employer shall be entitled to a credit to its actuarial accrued liability in the amount necessary to correct the error, plus interest at System's actuarial assumed rate of return.



OCERS Board Policy Overpaid and Underpaid Plan Contributions Policy

Members

12. When a member has overpaid contributions to the Plan, (i) an active member shall be entitled to a prospective adjustment to his or her contribution rate to reflect the correct amount, and OCERS will inform the employer of the amount of the overpayment and the employer will offset the amount against the member's future contributions via the employer's payroll system; and (ii) except as provided in Section 14 below, retired and deferred members will be entitled to a lump sum payment as soon as practical of within 45 days of discovery of the overpayment and receipt of all information needed to make the correction for all past overpaid amounts, with interest compounded annually using the rate of interest credited by OCERS to member contributions.
13. If a member who overpaid contributions to the Plan dies prior to payment of the lump sum amount due, the payment, including interest, will be made according to OCERS' standard procedures for paying residual amounts following the death of the member (e.g., to the designated beneficiary, estate, personal representative, trustee of the member trust, etc.).
 - a. If, after following its standard procedures and applicable IRS guidance, Plan staff is not able to locate a person entitled to payment, the Plan shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds may be transferred into the System's pension reserve fund. If someone later appears to claim the funds, the Board or the CEO will consider such claims on a case-by-case basis.
 - b. The Plan will maintain a permanent record of all amounts of outstanding refunds of overpaid contributions and any amounts that have been transferred into the pension reserve fund.
14. If the total amount that the Plan owes a retired or deferred member under Section 12(ii) above is \$75 or less, the Plan is not required to make the lump sum payment to the member if, in the judgment of the CEO in consultation with legal counsel, the reasonable direct costs of processing and delivering the distribution to the member would exceed the amount of the distribution.

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Member Appeal Rights Administrative Review

14. A member ~~shall have the right to appeal~~ request administrative review of any decision regarding corrective actions that the Plan takes with respect to recovering and/or returning over and underpayments of Plan contributions.
15. The appeal-review process will generally follow the same pattern ~~as the review process for benefit appeals determinations as set forth in~~ as the review process for the Board's Adjudication and Administrative Review and Hearing Rules (Disability and Non-Disability Benefits) Policy. Efforts to collect underpaid contributions Offsets and other collection efforts will be stayed, but contribution rates will be prospectively adjusted to prevent additional underpaid contributions, during the pendency of the appeals-review process; provided, however, that the Board shall have the discretion to suspend implementing its recovery from the member in whole or in part during any ensuing court action. Interest will continue to accrue on all amounts owed to OCERS during the appeals process and litigation.



OCERS Board Policy
Overpaid and Underpaid
Plan Contributions Policy

Policy Review

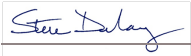
16. The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

17. This policy was adopted by the Board of Retirement on January 16, 2019 and revised on _____, 2021.

Secretary's Certificate

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



Steve Delaney
Secretary of the Board

01/16/19

Date



Memorandum

DATE: October 28, 2021
TO: Members of the Governance Committee
FROM: Gina M. Ratto, General Counsel
SUBJECT: REVIEW OF THE PROPOSED NEW RECORDS MANAGEMENT POLICY

Recommendation

Approve and recommend the Board adopt a new Records Management Policy as presented, with such revisions as are necessary to update the Member Services Division portion of the Record Retention Schedule.

Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 40 charters and policies and established a review schedule that requires review of every charter and policy every three years. At its February and June 2015 meetings, on recommendation of the Governance Committee, the Board approved a streamlined procedure to more efficiently manage the scheduled review of the charters and policies. Pursuant to this process, certain of the charters and policies are to be first reviewed by the Governance Committee before presentation to the Board for approval.

Government Code section 31537 provides that, "The board may establish efficient records management procedures, which may include ... maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction." On October 23, 2003, the Board adopted a Record Retention Policy and Guidelines. This policy was last reviewed and revised on April 17, 2017. (A copy of the existing policy is attached for reference.)

In 2020, OCERS determined that in order to improve the governance and efficient management of OCERS' processes regarding the management, maintenance and disposal of OCERS records, a comprehensive review of the Record Retention Policy and Guidelines was necessary. In addition, OCERS recognizes that more than a written policy is required. Procedures for implementing initial compliance with the policy and ensuring continuing compliance with the policy are necessary. Accordingly, starting in 2020, the OCERS Business Plan has included an objective under the Effective Governance goal to improve the governance and management of OCERS' records. The objective includes developing and implementing, over multiple years, a records management program that reflects best practices and identifies appropriate retention periods for each category of records; establishes storage protocols and automates destruction schedules for electronic mail; establishes an alternative "work space" and/or storage place for emails; systematically brings each department within OCERS into compliance with the new records management program; and establishes procedures to maintain and audit compliance with the records management program.

After initially researching the records management practices of other governmental agencies, including the other CERL systems, the OCERS legal staff drafted a new Records Management Policy (Policy) that clearly communicates the goals of OCERS in adopting, implementing and ensuring compliance with a new comprehensive records management program. The Policy reinforces the objective that records should be retained only as long as they serve the administrative, legal, or fiscal purposes for which they were created, after which they should be disposed of as soon as practicable and in a secure manner.

The Policy includes a new Record Retention Schedule that is the result of meetings between the OCERS legal staff and representatives of each department within OCERS (with one exception) to identify the records that each department is responsible for maintaining. The appropriate retention period for each category of record was determined based on any applicable legal requirements and the business needs of OCERS and each department, and is reflected in the Policy. The one exception is for the Member Services Division. The meeting with the Member Services Division is scheduled for October 29. With the Committee's concurrence, staff will incorporate any changes made during that meeting and have a final Record Retention Schedule that includes the Member Services Division prior to presenting the Policy to the Board for approval.

The Policy emphasizes that proper disposal of outdated records is an essential part of a robust records management program in order to protect any confidential information included in the records, and further, to allow for more efficient search for the records that are still valuable and necessary to OCERS' operations and for the records that are responsive to discovery and public records requests. The Policy specifies that all paper records will be destroyed by placing them in the secure shredding bins located in the OCERS' office; and all electronic records will be purged from OCERS' systems manually by the user or automatically by the system configured to automatically purge/delete the records in accordance with the established retention period.

For the first time, the Policy includes a provision governing electronic mail, and provides that unless otherwise required by law, a litigation hold, or Board policy, email communications will not be retained for more than two years. OCERS' email database will archive all email that is older than one year and then automatically delete email older than two years. The two-year retention period is a starting point. Over time, staff will recommend shortening the retention period until electronic mail is retained for no more than 90 days.

Finally, the Policy for the first time assigns responsibility for compliance with the records management program. It states that it is the responsibility of the Director of each Department (or Senior Executive where there is no Director within the applicable Division) to:

- Ensure the Policy is communicated to every team member in the Department/Division;
- Ensure the Department/Division is initially brought into full compliance with the Policy;
- Institute a periodic reminder system and process for ensuring the Department/Division remains in full compliance with the Policy;
- Require each team member in the Department/Division to certify to the Director on an annual basis that the Department/Division is in full compliance with the Policy; and
- Review the record categories listed in the Retention Schedule on at least an annual basis to confirm that the record categories continue to be accurate and reflective of the types of records maintained by the related Department/Division and promptly inform the Legal Division if any modifications are necessary.

Separately, staff has developed an implementation plan for the records management program. The implementation plan contemplates that by the end of 2021, each Department/Division will designate a records retention compliance person that will act as a liaison with the records management

team/project leader; and determine and standardize storage locations where copies of each record category will be saved and in what format.

By June 30, 2022 for Investments and Legal; by September 30, 2022 for Internal Operations and Internal Audits; and by December 30, 2022 for External Operations and the Executive Division, all Departments within each Division will:

- Identify and destroy/delete unnecessary and duplicate documents and files;
- Purge all records past their retention date;
- Identify and save to alternative format emails requiring longer term preservation;
- Certify initial compliance with Records Management Policy; and
- Commence automatic deletion of emails

Finally, by the end of 2023, each Department/Division will be required to certify for the first time compliance with records management program and the Policy. Certification will be required at the end of every subsequent year.

Staff requests that the Committee approve the attached Records Management Policy, with such revisions as are necessary to update the Member Services Division portion of the Record Retention Schedule and that the Committee recommend that the Board adopt the Policy with such additional revisions.

Attachments

Submitted by:

Gina M. Ratto
General Counsel



PROPOSED **OCERS Board Policy**
Records Management Policy

Authority and Purpose

The OCERS Board of Retirement (Board) has authority to establish efficient records management procedures and to provide for the maintenance and disposal of records within its jurisdiction (Gov. Code § 31537). In addition (per Gov. Code § 12236), the Secretary of State is to establish guidelines for local government record retention. OCERS has leveraged those guidelines in drafting this policy.

This Records Management Policy establishes timeframes for the retention and destruction of OCERS' records in a manner compliant with binding statutes and regulations. This policy recognizes that effective records management ensures that records are kept only as long as they have administrative, fiscal, or legal value.

An up-to-date record retention schedule ensures that OCERS' obsolete records are properly and timely destroyed and enables efficient responses to public record requests. Retaining expired records is costly and makes it more difficult to find the records needed to OCERS business.

Policy Objectives

The objectives of the policy are to ensure that:

- OCERS maintains its records for the necessary time period;
- OCERS properly disposes of records once the retention period has passed; and
- OCERS' staff is informed of the requisite retention periods for agency records.

Definitions

For purposes of this policy, the following definitions apply:

1. **Records** – Documents and files created, received, owned, or used by OCERS regardless of physical form or the manner in which the record has been stored. For records created by OCERS, this policy only applies to records in their final form, that is, records that have been finalized or approved for the OCERS' activity related to the content of the record.
2. **Non-Records** - Material not included within the definition of Records, such as documents or files kept only for convenience or reference. For example:
 - Informal notes, working papers, and calculations.
 - Library and reference material.
 - Rough drafts.
3. **Records Retention Schedule or Retention Schedule** – The table set forth below that designates the period of time that each record must be retained, after which time each record is to be disposed of. Records are listed by Division and category.

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PROPOSED **OCERS Board Policy**
Records Management Policy

4. **Retention Period** – The length of time a record must be retained to fulfill its administrative, fiscal, or legal function. The required retention period is listed in the Retention Schedule.
5. **Drafts** – Drafts consist of works in progress, preliminary drafts, and copies of notes that have either not been finalized or approved. Preliminary drafts and notes are to be disposed of once the document or file they apply to has been finalized. The Retention Schedule does not apply to draft documents and files. It is OCERS' policy that such preliminary drafts and notes are not to be retained.

Retention and Disposition of Records

The Board's policy is that records should be retained only as long as they serve the administrative, legal, or fiscal purposes for which they were created, after which they should be disposed of as soon as practicable and in a secure manner.

Records have administrative value when they are created to help accomplish the functions for which OCERS is responsible, and have administrative value only as long as they assist OCERS in performing current or future work. Their administrative use is exhausted when the transactions to which the records relate are complete.

Records have legal value when they contain evidence of OCERS' legally enforceable rights or obligations. Examples are records that provide the basis for action, such as legal recommendations and opinions; documents representing transactions and agreements, such as leases, titles, and contracts; and records evidencing action in particular cases, such as claim forms, filings, and pleadings.

Fiscal records pertain to OCERS' financial transactions, for example, budgets, ledgers, financial statements, and payrolls. After some fiscal records have served their function, additional retention may be necessary to protect OCERS against court action, to support audits, or to comply with IRS rules.

Proper disposal of outdated records is an essential part of a records management program in order to protect any confidential information included in the records. Additionally, if records were never destroyed, the agency's file cabinets and computer networks would fill up with obsolete records that are no longer useful or necessary to the conduct of OCERS' business. The volume of such records would make it more and more challenging to search for and find the records that are still valuable and necessary to OCERS' operations or that are responsive to discovery and public record requests.

The Retention Schedule specifies the time period that at least one version of a designated record must be retained. For example, paper records may be disposed of at any time after they are saved in a digital format or are transferred to an electronic recordkeeping system. Once the retention period has passed, all copies of the record should be disposed of as soon as practicable or, at the latest, by the end of that calendar year. Copies of the record should be



PROPOSED **OCERS Board Policy**
Records Management Policy

disposed of regardless of format or location, i.e., paper and digital versions, located on- or off-site. Records will be disposed of as follows:

- All paper records will be destroyed by placing them in the secure shredding bins located in the OCERS' office.
- All electronic records will be purged from OCERS' systems manually by the user or automatically by the system configured to automatically purge/delete the records in accordance with the established retention period.

Electronic Mail

Unless otherwise required by law, a litigation hold, or Board Policy, email communications will not be retained for more than two years. OCERS' email database will archive all email that is older than one year and then automatically delete email older than two years.

Exceptions to the Retention Schedule

CEO Approval

The Chief Executive Officer ("CEO") may authorize retention of a record beyond the period shown on the Retention Schedule by designating the record as an archival record and providing a revised disposal date. Requests to depart from the Retention Schedule must be approved in writing by the CEO or their designee.

Litigation Holds

Whenever a division within OCERS learns that litigation against OCERS is reasonably anticipated, threatened, or pending, the division must notify the Legal Division. The Legal Division will analyze the potential for litigation and, as needed, issue a litigation hold letter to the appropriate parties. OCERS' staff must comply with the directives of the Legal Division for the retention of records pursuant to a litigation hold letter even if those directives require retention of a record beyond the period stated in the Retention Schedule.

Compliance

It is the responsibility of the Director of each Department (or Senior Executive where there is no Director within the applicable Division) to:

- ensure this policy is communicated to every team member in the Department/Division;
- ensure the Department/Division is initially brought into full compliance with this policy;
- institute a periodic reminder system and process for ensuring the Department/Division remains in full compliance with this policy;
- require each team member in the Department/Division to certify to the Director on an annual basis that the Department/Division is in full compliance with this policy; and

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PROPOSED **OCERS Board Policy**
Records Management Policy

- review the record categories listed in the Retention Schedule on at least an annual basis to confirm that the record categories continue to be accurate and reflective of the types of records maintained by the related Department/Division and promptly inform the Legal Division if any modifications are necessary.

Record Retention Schedule

Board of Retirement

Record Category	Description/Citations	Retention Period
Board Meeting agendas, materials, and minutes	Materials for any meeting of the Board or Board Committee.	Permanent
Digital Recordings of Board Meetings	Gov. Code § 54953.5(b) allows for destruction of recordings 30 days after the recording is made. However, the board voted on October 21, 2013 to change the retention period to permanent.	Permanent
Board Policies and Charters		Permanent
Board Resolutions		Permanent
Employer Sponsor Agreements and MOUs		Permanent
Board of Supervisors Resolutions		Permanent
Actuarial Reports		Permanent



PROPOSED **OCERS Board Policy**
Records Management Policy

Investments

Record Category	Description/Citations	Retention Period
Capital Call Letters/Wire Transfers	Redundant with Finance Dept and State Street	Active + 5 years
Investment Performance Reports		7 years
Investment Manager, Custodian, and Consultant Correspondence; Portfolio Reviews	Correspondence includes work paper, pacing studies from Investment Consultants and Investment Manager Search Materials from Consultants	7 years
Form ADV	Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Adviser	7 years
Investment Manager Contracts	Including separately managed accounts, limited partnerships, mutual funds, and collective trust funds.	Active + 5 years

Administrative Services

Record Category	Description/Citations	Retention Period
Employee Personnel Files	Including, e.g., performance evaluations, disciplinary actions and family leave records. Civil Rights Act of 1964 (Title VII) Americans with Disabilities Act (ADA) GINA, FMLA 29 CFR §§ 1602.14, 1627.3 Cal Labor Code § 1198.5, CCP §337	Termination + 4 years "Termination" refers to date employee is no longer employed by OCERS for any reason.
Payroll Records	Including time keeping records and wage attachment or garnishment records Cal Labor Code § 1174, CCP §337 29 CFR §§ 1602.31, 1620.33(b), 1627.3	Termination + 4 years

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PROPOSED **OCERS Board Policy**
Records Management Policy

Recruitment Process Records	Including job postings, résumés, applications, and any scored components. Age Discrimination in Employment Act (ADEA) ADA Title VII	Termination + 4 years For non-hires: 1 year from no-hire decision.
Background Checks	Title VII	1 year
Form I-9	8 CFR § 274a.2	Date of hire + 3 years or Termination +1 year, whichever is later
Employment Benefits	Including plan descriptions, reports, and amendments. Employee Retirement Income Security Act (ERISA)	Active + 6 years
OSHA and CAL/OSHA Forms and Records	Occupational Safety and Health Administration (OSHA), e.g., 29 CFR §§1904.2, 1904.33. CAL/OSHA: Cal Labor Code § 6300, 8 CCR 14300.33	5 years
Disability Records and Employee Medical Files	ADA, GINA, FMLA	Termination + 4 year
Workers' Comp Records		Termination + 4 years

Operational Support Services

Record Category	Description/Citations	Retention Period
Contracts and Agreements (including OCERS' RFP and the successful bidder's RFP Response)	Includes Agency-wide contracts other than those for investment managers and for the purchase of real estate. For example, hardware and software licenses and agreements, medical provider contracts, professional services agreements, etc. CCP §337	Active + 4 years
Unfilled RFPs and RFP Responses of unsuccessful bidders		4 years
Real Estate Contracts	Contracts for the purchase of real property.	Duration of ownership + 10 years
Insurance Policies		Active +7 years

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PROPOSED **OCERS Board Policy**
Records Management Policy

Finance

Record Category	Description/Citations	Retention Period
Accounts Payable Ledgers and Schedules, including Vendor Files, Invoices from Vendors, Employee/Board Member Expense Reports and 1099s		7 years
Accounts Receivable Ledgers and Schedules, including invoices to customers, employees, employers, and members		7 years
Actuarial Reports Accounting Support	Consists of accounting schedules provided to Actuary in support of preparing the valuation, including financial statements, reserve schedule, contributions and benefit payments by rate group, and covered payroll. Guidelines for retention of Final Actuarial Report can be found under Board section of the Retention Schedule.	7 years
Agency Administrative Budget, including department budget templates, presentation materials, and other supporting documentation	Final budget will be included in retention guidelines for Board materials under the Board section of the Retention Schedule.	5 years
Audited Financial Statements/Annual Report		Permanent
Bank Statements/Reconciliations, Cancelled Checks, and Deposit Slips		7 years
Cash Disbursements Journal		Permanent
Cash Receipts Journal		Permanent

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PROPOSED **OCERS Board Policy**
Records Management Policy

Contribution Accounting Records for EE & ER Retirement Contributions	Finance is responsible for the accounting activity of EE & ER contributions, but retention of permanent and other EE/ER records (transmittals, contribution rates, etc.) is maintained in the Pension Administration Software and the responsibility of Member Services.	7 years
Fixed Assets and Depreciation Schedules	26 USC §168(e) (IRS depreciation rules)	Permanent
General Ledger and General Journal		Permanent
Chart of Accounts		Permanent

Member Services (not final; pending further review)

Record Category	Description/Citations	Retention Period
Member File	Gov. Code § 31532 ERISA §§ 107, 209 CCP § 338 Hard Copies: Active Members: Until right to payment of benefits to member and any beneficiaries ceases + 5 years Deferred/Inactive Members: 1. Elected Deferred Status: Same as for Active Members 2. Inactive Status: Members who have not elected deferred status but whose contributions remain on file: Same as for Elected Deferred until contributions refunded, then scan and destroy 3. Termination & Withdrawn Contributions: scan and destroy	Permanent All Members: Member file is electronically imaged and maintained permanently upon destruction of hard copy.
Dissolution Matters ▶ Joinder ▶ Conformed DRO ▶ Final Judgment	Gov. Code § 31532 ERISA §§ 107, 209	Permanent in Member File Hard copy in Legal – 5 years from termination of all benefits

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PROPOSED **OCERS Board Policy**
Records Management Policy

Support Orders and Tax Levies	CCP §§ 704.110, 706.031 (Support Orders) Gov. Code § 31532 26 USC §§ 6322, 6333 (IRS Levies) ERISA §§ 107, 209	Permanent in Member File Hard copy in Legal – 5 years from termination of order
1099s	ERISA §§ 107, 209 Gov. Code § 31532	Permanent – Archived after 2 years (Electronic Form Only)
Death Certificates		Permanent- Archived in Member File
Microfiche/misc payroll records	ERISA §§ 107, 209 CCP § 338 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532	Permanent



PROPOSED **OCERS Board Policy**
Records Management Policy

Disability

Record Category	Description/Citations	Retention Period
Disability Files	<p>Disability Files consist of all records relating to a member's disability application, including:</p> <ul style="list-style-type: none"> • Disability application packet • Medical records and reports • Workers' Compensation file documents • Investigator Reports • Employer File documents • Correspondence regarding the disability application <p>* Certain Disability File records are scanned into V3 and retained permanently in the member file, including:</p> <ul style="list-style-type: none"> ▪ Disability Application ▪ Employee and Employer statements ▪ Employer accommodation document ▪ Physician's statement of disability ▪ Attorney designation form ▪ Workers' Compensation statement ▪ Supervisor's statement ▪ IME reports ▪ Disability correspondence between OCERS and member, including earlier effective date requests ▪ Board release <p>ERISA §§107, 209</p>	<p>Active + 6 years*</p> <p>Disability files are considered "Active" until all administrative proceedings have concluded and the Board has made a final decision.</p>



PROPOSED **OCERS Board Policy**
Records Management Policy

Legal

Record Category	Description/Citations	Retention Period
Legal Memoranda and other Attorney Work Product		Indefinitely , i.e., these records are retained for the period of time they are deemed useful by the General Counsel and then destroyed.
Administrative Record and related filings for hearings, appeals, and writs of both member and non-member actions	Cases are considered “Active” until all writs and appeals have been fully adjudicated.	Active + 5 years
Securities Litigation Reports from Outside Counsel		7 years

Communications

Record Category	Description/Citations	Retention Period
At Your Service magazines	Including historical SPD publications.	Indefinitely
Media releases, Board commendations, and Board member biographical info		Indefinitely
OCERS Today newsletters	This includes all employee newsletters created by Communications.	Indefinitely
Informational Videos	This includes video tutorials and FAQs created by Communications.	Active
OCERS by the Numbers publications		Indefinitely

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PROPOSED **OCERS Board Policy**
Records Management Policy

Internal Audit

Record Category	Description/Citations	Retention Period
Audit Reports and Work Papers	PCAOB – Auditing Standard No. 3. Securities and Exchange Commission, RIN 3235-AI74, Retention of Records Relevant to Audits and Reviews.	7 years
Hotline Case Reports		7 years

Information Technology

Record Category	Description/Citations	Retention Period
IT Asset Inventory		Life of Asset
Agency Reports generated by IT		1 year
IT Programming/Operations Requests		1 year
Hardware and Software Reference Material and User Guides	To include design specification documents	Active
IT Audit and Assessment Reports		7 years
Hardware and Software Serial Numbers and Activation Keys		Life of Product
IT Project Documentation		Project life + 1 year
Server Data Backups		1 year



PROPOSED **OCERS Board Policy**
Records Management Policy

Information Security

Record Category	Description/Citations	Retention Period
Information Security Advisory and Audit Committee Material		3 years
IS Audit and Assessment Reports		7 years
Information Security Event Notifications		1 year
Security Incident Reports	Including supporting documentation	5 years
System Summary Reports	For example, email security, and Rapid 7	3 years
Business Continuity Program Documentation	Including meeting materials, recovery documents, plan documents, and summary reports.	5 years

Policy Review

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

Policy History

The Board adopted this policy on October 23, 2003. The policy was amended on June 18, 2007; reviewed on June 21, 2010; reviewed and amended on November 19, 2012, October 21, 2013, January 21, 2014, December 19, 2016, April 17, 2017, and [DATE].

Secretary’s Certificate

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

Steve Delaney
 Secretary of the Board

Date

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OCERS Board Policy

Record Retention Policy and Guidelines

Authority and Purpose

1. The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction. (Gov. Code § 31537)
2. The Records Retention Policy and Guidelines are intended to establish timeframes for the retention and destruction of retirement system records in compliance with legal and regulatory authority.

Policy Objectives

3. The objectives of the policy are to ensure that:
 - a. OCERS properly maintains its business records for the appropriate time period; and
 - b. OCERS assigns proper levels of confidentiality to records; and
 - c. OCERS properly destroys records once the appropriate time period has passed; and
 - d. OCERS staff is apprised of the retention periods and destruction method for the records entrusted to their care.

Policy Review

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

Policy History

5. The Board of Retirement adopted the Records Retention Policy and Guidelines on October 23, 2003. The Policy and Guidelines were amended on June 18, 2007; reviewed on June 21, 2010; and reviewed and amended on November 19, 2012, October 21, 2013, January 21, 2014, December 19, 2016 and April 17, 2017.

Secretary’s Certificate

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

04/17/17

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy

Record Retention Guidelines

Authority

1. The board may establish efficient records management procedures, which may include, but need not be limited to, maintenance and, when determined by the board to be necessary, disposal of records in its jurisdiction. (Gov. Code § 31537)

Record Definition

2. Record is defined as “any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by a state or local agency regardless of physical form or characteristics.” (Gov. Code § 6252 (e))
3. Writing is defined to include “any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored.”

All electronic mail and other electronically stored documents shall be subject to the same retention guidelines as paper documents containing the same or similar subject matter. Gov. Code § 6252 (g))

Confidentiality

4. OCERS has identified four general levels of confidentiality for its records. Confidentiality levels identify the availability of documents to the public and OCERS staff, and provide guidance regarding record destruction methods. Employees should use discretion in handling and destroying all records in order to protect OCERS’ data.

Special handling of particular documents types will be noted in the “Confidentiality” column.

- a. Public – generally available to the public via OCERS publications or website. No special destruction method.
- b. Protected – available by specific written request under the Public Records Act. Destroy in secure shredding bins.
- c. Staff Only – readily available to staff but will not be disclosed to the public except by court order. Destroy in secure shredding bins.
- d. Highly Confidential – limited staff access, not discloseable to the public except by court order. Destroy in secure shredding bins.



OCERS Board Policy Record Retention Guidelines

Litigation Holds

5. Whenever a department within OCERS learns that litigation against OCERS is reasonably anticipated, threatened or pending, the department manager shall notify the Legal Department. The Legal Department will inform managers of the appropriate department which documents should be held.

The litigation hold applies to electronic and hard copy documents including email correspondence, work drafts, notes, memoranda, correspondence, photographs, videotape recordings and other documents pertaining to the litigation as determined by the Legal Department and / or outside counsel if appropriate. All documents pertaining to the litigation in the possession of the department must be preserved until the later of (i) the applicable time period set forth for preservation of the record under these guidelines, or (ii) the date the Legal Department informs the department manager that the litigation hold is no longer in effect. (CCP §§ 2035.010 *et. seq.*; *Zubulake v. UBS Warburg* (S.D.N.Y. 2003) 220 F.R.D. 212, 216.)

Trade Secrets

6. Consultants, investment managers, and other vendors used by OCERS may provide information and documents to OCERS that contain trade secrets. Generally, a trade secret is information, including programs, methods, technology, and processes, that has independent economic value from not being generally known to the public or others who can obtain value from disclosure and which the owner has taken reasonable steps to protect.

Prior to disclosure of any documents or information supplied by a consultant, manager, or vendor, the manager of the department that possesses the document or information shall consult the Legal Department for an opinion regarding whether the material to be disclosed is a trade secret. The Legal Department will then contact the consultant, manager, or vendor to determine whether the document or information contains trade secrets. If a document contains trade secrets, the Legal Department will request that the consultant, manager, vendor redact the document prior to disclosure.



OCERS Board Policy

Record Retention Guidelines

Department Record Retention

Board/Executive

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Board Agendas (with materials presented) Regular Meetings Committee Meetings Portfolio Reviews Special Meetings	Permanent	Public	Cal. const. Art. XVI, § 17 Gov. Code §54957.5 ERISA §209 ¹ 1 Hard Copy and Electronic
Board Minutes Regular Meetings Committee Meetings Portfolio Reviews Special Meetings	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic
Digital Recordings of Board Meetings	Permanent	Public	Gov. Code § 54953.5(b) allows for destruction of recordings 30 days after the recording is made. Board voted on October 21, 2013 to change retention to permanent.
Applications and Notices	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic
Board Policy	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic



OCERS Board Policy Record Retention Guidelines

Board Resolutions	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic
Plan Sponsor Agreements Correspondence Resolutions BOS AIT Early Retirement Incentive ARBA Agreement (w/MOUs) RMBR Agreement	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic
Actuary Correspondence Reports	Permanent	Public	Cal. Const. Art. XVI, § 17 Gov. Code § 54957.5 ERISA §209 1 Hard Copy and Electronic



OCERS Board Policy

Record Retention Guidelines

Investments

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Capital Call Letters Wire Transfers	Active + 5 years	Protected	CCP §337 Gov.Code. §§26202, 26907, 26907.2 (advisory only - apply to county auditor and other officers)
Real Estate Contracts	Active + 10 years	Protected	CCP §§337, 337.1(a), 337.15, Gov. Code §§26202, 26907, 26907.2
Portfolio Reviews	7 years	Public	ERISA §§107, 209
Financial Reports – Investments Only	7 years	Protected	ERISA §§107, 209
Correspondence from Investment Managers, Custodian, Consultants	7 years	Protected	CCP §§ 337, 338 ERISA §§107, 209
Form ADV	7 years	Protected	CCP §§ 337, 338 ERISA §§107, 209
Work papers and pacing studies from Investment Consultants	7 years	Highly Confidential	CCP §§ 337, 338 ERISA §§107, 209
Manager Search Materials from Consultants	7 years	Highly Confidential	CCP §§ 337, 338 ERISA §§107, 209
Investment Manager Contracts (including RFP for successful applicant)	Active + 6 years	Protected	CCP §336a, 337, 338 Check all contracts and RFP responses for Trade Secret information prior to disclosure
Investment RFP (Unsuccessful Applicants)	5 years	Protected	CCP §§ 337, 338 Check all RFP responses for Trade Secret information



OCERS Board Policy Record Retention Guidelines

Administrative Services

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Agreements/Contracts (including OCERS RFP and the successful bidder's RFP Response)	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Unfilled RFPs and RFP Responses of unsuccessful bidders	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Employee Personnel Files Including: <ul style="list-style-type: none"> ▶ Merit ▶ Probation ▶ Annual Review 	Active + 4 years	Highly Confidential	CCP §§313, 335.1, 339, 340, 340.2, 343 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code. §§911.2, 911.4, 29 CFR §§516.5, 1602.14, 1627.3 29 USC §§ 211, 626 42 USC §2000e(EEO)
Payroll & Attendance Reports/Timesheets	Current + 4 years	Highly Confidential	Unemp. Ins. Code §1085 22 CCR §1085-2 29 USC §§211, 626 29 CFR §1627.3 Lab.Code §§1174, 1197.5 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77



OCERS Board Policy Record Retention Guidelines

Personnel Requisitions & Interview Notes	Current + 3 years	Highly Confidential	CCP §338 42 USC §§2000e-5 to 2000e-17 29 USC §§626 Civ.Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77
Form I-9 Employment eligibility/Verification for Employees Hired After 1/6/86 [should be kept in a file separate from other personnel records]	Whichever is later: Date of Hire + 3 years Termination +1 year	Highly Confidential	8 USC 1324a, et. seq. (Immigration Reform & Control Act)
Printing Requisitions	Active + 4 years	Protected	CCP §337
Purchasing Requisitions	Active + 4 years	Protected	CCP §337
Employee Training Records	Active +3 years	Protected. Redact all personal information such as SSN, address, etc. prior to disclosure	42 USC §§2000e-5 to 2000e-17 29 USC §§626 Lab.Code §1197.5
Wage Attachment or Garnishment Records	Active + 6 years	Highly Confidential	Civ.Code §§1798.3, 1798.21, 1798.27, 1798.27, 1798.77
Emergency Evacuation Plans	Current + 2 years	Protected	Gov.Code. §26202
OSHA and CAL/OSHA Records including injury logs and employer Workers' Compensation Records	Injury date + 5 years	Protected	Lab. Code § 6401.7 29 USC § 657 29 CFR §§1904.2, 1904.4, 1904.33, 1904.41, 1904.42 CCR Title 8 Civ.Code §§1798.3, 1798.21, 1798.24 1798.27, 1798.77



OCERS Board Policy Record Retention Guidelines

OSHA Records – Hazardous Condition Reports/Exposures	Active + 3 years	Protected	29 USC §657 29 CFR §§1904.2, 1904.4, 1904.33, 1904.41, 1904.42 CCR Title 8 Civ.Code §§1798.3, 1798.21, 1798.27, 1798.77
County Executive Office (not otherwise specified)	Current + 2 years	Protected	Gov.Code §§26202
Employee Medical File Including: <ul style="list-style-type: none"> ▶ Family Leave Requests & Records ▶ Employee Workers’ Comp/Industrial Injury Reports & Records 	<p>Date of Request + 3 years</p> <p>Active + 5 years</p>	Highly Confidential	<p>29 CFR § 825.500 (FMLA)</p> <p>29 USC § 2616</p> <p>Gov. Code §§ 12945, 12945.2</p> <p>Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77</p> <p>Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77</p>



OCERS Board Policy

Record Retention Guidelines

Employee Relations File	Active + 4 years	Highly Confidential	CCP §§ 313, 335.1, 339, 340, 340.2, 343 Civ. Code §§1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code §§911.2, 911.4, 29 CFR §§ 516.5, 1602.14, 1627.3 29 USC §§ 211, 626 42 USC §2000e (EEO)
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Finance

Retirement Payroll Records (all)	15 years	Highly Confidential	ERISA § 107 26 USC §6502(a) (IRS Levy limitation period)
Budgets	Active + 4 years	Public	CCP §§337, 338, 343 Permanently archived as Board material when attached to Board agendas and minutes
Contribution Reports 1. OCERS Employee Contribution Reports 2. Contribution Balancing Reports 3. Reserve Interest Report	1 and 3: Permanent Electronic copy in Pension Gold and V3 Hard Copies: 1. Active + 2 years 2. Active + 2 years 3. Active + 2 years	Protected Hard copies to be destroyed in bins.)	1 and 3 (Permanent electronic copy) Cal. Const. Art. XVI, § 17 ERISA §209 1-3 (Hard Copies): Professional Standards
Journal Vouchers ▶ Batch books ▶ Batch control reports Bank Reconciliations	5 years	Protected	General accounting principles CCP §§337, 338, 343



OCERS Board Policy Record Retention Guidelines

<p>Investments</p> <ul style="list-style-type: none"> ▶ Form S-Fed Reserve; Bank of New York ▶ Security on loan ▶ Investment Distribution Report ▶ Dom. & Int'l Equities; Fixed income managers recon. ▶ Investment transfers - capital calls and reconciliation ▶ Joint Venture investment activities ▶ State Street and Treasurer cash analysis ▶ Contribution transfer reports ▶ Quarterly performance report ▶ Annual performance report ▶ 401 (h)/115 Medical Trust Statements ▶ Quarterly County ▶ Investment Accounting Report 	<p>7 years</p>	<p>Protected</p>	<p>ERISA §107</p>
<p>Accounts Payable</p> <ul style="list-style-type: none"> ▶ Accounts payable (hard copy and scanned copy) ▶ Batch control reports ▶ Detail vendor files ▶ 1099 files <p>Cash Receipts</p> <p>Retirees Journalized Report</p>	<p>Active + 6 years (AP hard copy – 2 years)</p>	<p>Protected</p>	<p>CCP §337, 338, 343 ERISA §107 General accounting principles</p>



OCERS Board Policy Record Retention Guidelines

Miscellaneous ▶ Reserve Analysis ▶ U.S. Census Qtr. and Annual survey ▶ Reimbursement payments (Board and Staff)	Active + 4 years	Protected	CCP §§ 338, 343 ERISA §107
Actuarial Reports	Permanent	Public	Cal. Const. Art. XVI, § 17 ERISA §§ 209 1 Hard Copy and Electronic
Financial Statements Audited Reports/CAFR	Permanent	Public	Cal. Const. Art. XVI, § 17 ERISA §§ 209 1 Hard Copy and Electronic
Fixed Asset Inventory	5 years + Professional Judgment	Protected	26 USC §168(e) (IRS depreciation rules)

Member Services

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Member File	Permanent All Members: Member file is electronically imaged and maintained permanently upon destruction of hard copy.	Staff Only Subpoenas or other court orders for production of member information should be routed to the Legal department for review	Gov. Code § 31532 ERISA §§ 107, 209 CCP § 338 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Hard Copies: Active Members: Until right to payment of benefits to member and any beneficiaries ceases + 5 years Deferred/Inactive Members: 1. Elected Deferred Status: Same as for



OCERS Board Policy

Record Retention Guidelines

Record Category	Retention Period	Confidentiality Level	Authority/Comments
			Active Members 2. Inactive Status: Members who have not elected deferred status but whose contributions remain on file: Same as for Elected Deferred until contributions refunded, then scan and destroy 3. Termination & Withdrawn Contributions: scan and destroy
Dissolution Matters ▶ Joinder ▶ Conformed DRO ▶ Final Judgment	Permanent in Member File Hard copy in Legal – 5 years from termination of all benefits	Staff Only	Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532 ERISA §§ 107, 209
Support Orders and Tax Levies	Permanent in Member File Hard copy in Legal – 5 years from termination of order	Staff Only	CCP §§ 704.110, 706.031 (Support Orders) Gov. Code § 31532 26 USC §§ 6322, 6333 (IRS Levies) ERISA §§ 107, 209
1099's	Permanent – Archived after 2 years (Electronic Form Only)	Staff Only	ERISA §§ 107, 209 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532
Death Certificates	Permanent- Archived in Member File	Public	California Office of Vital records



OCERS Board Policy

Record Retention Guidelines

Microfiche/misc payroll records	Permanent	Staff Only	ERISA §§ 107, 209 CCP § 338 Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77 Gov. Code § 31532
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OCERS Board Policy Record Retention Guidelines

Disability

Disability File Medical records and Reports Correspondence Workers' Compensation Reports Related materials Investigator Reports	Active + 6 years*	Highly Confidential	Gov. Code § 911.2, 911.4, 31532 CCP §§ 338, 1094.6ERISA §§107, 209 For Disability, cases are considered "Active" until all administrative proceedings have concluded and the Board has made a final decision. *Cannot destroy if member has a <i>pending</i> request for records prior to destruction *In conjunction with Legal Department's requirement for a 5 year retention period Some documents in the disability file are scanned into Liberty and retained permanently in the member file. <ul style="list-style-type: none"> ▶ Employee application ▶ Employer statement ▶ Physician's statement ▶ Attorney designation form (if applicable) ▶ Workers' Compensation statement ▶ Supervisor's statement ▶ Board Ordered Examination reports ▶ Earlier effective date request (if applicable) ▶ Employer accommodation letter (if applicable) ▶ Misc. correspondence
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OCERS Board Policy Record Retention Guidelines

Medical Provider Information Contracts CVs Fee Schedules	Active + 4 years	Protected	CCP §337
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Legal

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Research Memoranda	Various	Staff Only	Research material and memoranda shall follow the retention period applicable to the subject matter (i.e. contract reviews and notes – Active + 4 years under Admin. Services retention guidelines). Attorney notes and memoranda should be reviewed for privilege prior to disclosure.
Disability Hearings, Writs, and Appeals <ul style="list-style-type: none"> ▶ Administrative Record Correspondence Briefs ▶ Hearing Transcripts Finding and Objections Petitions ▶ Motions 	Active + 5 years	Highly Confidential	CCP §§ 337, 338, 1094.6 Gov. Code §§ 911.2, 911.4, 31532 ERISA §§ 107, 209 *In Conjunction with disability Record Retention For Legal, cases are considered “Active” until all writs and appeals have been fully adjudicated.
Securities Litigation Reports	7 years	Highly Confidential	CCP § 336a

Communications

Comprehensive Annual Financial Report	Permanent Reports dating back to 1999 available online	Public	Best practices. Also retained permanently by Finance Department pursuant to Cal. const. Art. XVI § 17 and ERISA §§ 107, 209
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OCERS Board Policy Record Retention Guidelines

At Your Service magazine	Indefinitely Archived electronically	Public	Best Practices
OCERS Extra eZine	Indefinitely Archived electronically	Public	Best Practices
Media releases	Indefinitely Archived electronically	Public	Best Practices
OCERS Today	Indefinitely Archived electronically	Public	Best Practices
Video FAQ's	YouTube removes old versions when updates received	Public	You Tube platform rules
OCERS by the Numbers	Indefinitely Archived electronically	Public	Best Practices



OCERS Board Policy Record Retention Guidelines

Internal Audit

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Audit Work Papers, including but not limited to: <ul style="list-style-type: none"> ▶ Planning Memo ▶ Audit Program ▶ Statement of Independence ▶ Consideration of Fraud ▶ Entrance Conference Sign-in Sheet ▶ Entrance Conference Notes ▶ Interview Notes ▶ Process Descriptions ▶ Testwork ▶ Analyses ▶ Memoranda ▶ Letters of Confirmation ▶ Letters of Representation ▶ Abstracts of Company Documents ▶ Schedules ▶ Commentaries Prepared or Obtained ▶ Exit Conference Sign-in Sheet ▶ Exit Conference Notes 	7 years	Highly Confidential	PCAOB – Auditing Standard No. 3. Securities and Exchange Commission, RIN 3235-AI74, Retention of Records Relevant to Audits and Reviews.



OCERS Board Policy Record Retention Guidelines

Record Category	Retention Period	Confidentiality Level	Authority/Comments
<ul style="list-style-type: none"> ▶ Management Representation Letter ▶ Draft Report ▶ Final Report ▶ Management Response Follow-up on Recommendations			



OCERS Board Policy

Record Retention Guidelines

Information Technology

Record Category	Retention Period	Confidentiality Level	Authority/Comments
Contracts (including Service Level Agreements)	Active + 4 years	Protected	CCP §337 Check all contracts for Trade Secret information prior to disclosure
Software Licenses, End User License Agreements, Software Serial Numbers	Life of Product + 4 years	Protected	CCP §337
Hardware Licenses, End User License Agreements, Hardware Serial Numbers	Life of Product + 4 years	Protected	CCP §337
Activation Keys	Life of Product	Highly Confidential	Gov. Code § 6254.19
Project Status Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Deliverable Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Configuration Reports	Life of Product + 4 years	Highly Confidential	CCP § 337
Requests for Proposals and Vendor Submissions	5 years	Protected	CCP §337 Check all RFPs for Trade Secret information prior to disclosure
Quotations	4 years	Protected	CCP § 337
Purchase Orders	5 years	Protected	CCP § 337
Invoices	5 years	Protected	CCP § 337
Data Backups (Tape Backups)	1 year	Highly Confidential	Best practices. Tape backups may contain privileged and / or confidential information and documents. Tape backups should not be relied upon in lieu of regular document preservation.



Memorandum

DATE: October 28, 2021
TO: Members of the Governance Committee
FROM: Suzanne Jenike, Asst. CEO, External Operations
SUBJECT: **OCERS ADMINISTRATIVE PROCEDURE (OAP) – YEARS OF SERVICE CREDIT CALCULATION**

Recommendation

Adopt, and recommend the Board adopt, the OCERS Administrative Procedure (OAP) on years of service credit calculations.

Background/Discussion

Years of Service Credit is one of the four factors used to calculate a member's monthly retirement allowance, along with the plan's formula factor, age at retirement, and final average salary. Years of service credit are accrued throughout an active member's career as OCERS retirement deductions are taken from the member's compensation while employed, or while receiving paid time off.

This OCERS Administrative Procedure (OAP) is intended to define the process for converting hours paid into years of service credit and to delineate the differences between years with 26 vs 27 pay periods.

Submitted by:



SJ-APPROVED

Suzanne Jenike
Asst. CEO, External Operations



OCERS Administrative Procedure (OAP) Years of Service Credit Calculation

I. Purpose

The purpose of this procedure is to delineate the method OCERS uses for determining Years of Service Credit in the process of calculating a member's retirement allowance.

II. Authority

This OAP is established pursuant the Chief Executive Officer (CEO) Charter, section 8.f., which directs the CEO to develop staff policies and procedures to ensure effective and efficient administration of member benefits. The OAP is in conformance with Board Policy, the County Employees Retirement Law (California Government Code section 31450, et seq.) (CERL), and the Public Employees' Pension Reform Act (Government Code, sections 7522 - 7522.74) (PEPRA).

III. Definition

Years of Service Credit is one of the four factors used to calculate a member's monthly retirement allowance, along with the plan's formula factor, age at retirement, and final average salary.¹

"Years of Service Credit" (or "Service Credit") refers to the credit an OCERS' member earns from the period of time that deductions are taken from their compensation while in "service" (i.e., employed).² Generally, it is only a member's uninterrupted employment that provides Service Credit. However, some interruptions in employment do not break the necessary continuity of

¹ Final average salary is a measure of your earnings based on your average salary for a specified period. It includes your base salary and may also include, for example, other pensionable pay items such as uniform allowance, shift differentials, and bilingual pay. For Legacy Members, the eligible compensation is termed "compensation earnable" and is defined at Gov. Code, §§ 31461 - 31461.6. Under PEPRA, the term "pensionable compensation" is used, and is defined at Gov. Code, § 7522.34.

² Service is defined at Gov. Code, § 31641.



OCERS Administrative Procedure (OAP)

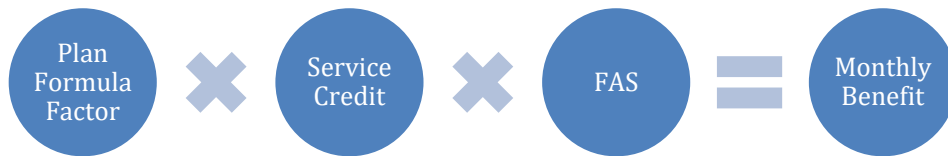
Years of Service Credit Calculation

service.³ One example is when a member goes on a leave of absence and is then reinstated or re-employed within one year from the end of the leave.

To measure Service Credit, OCERS converts the hours worked and those paid via paid time-off (with associated contributions) into years. For example, one year of Service Credit is earned for each 2,080 hours paid in a year, i.e., 40 hours per week x 52 weeks in a year. Working on a part-time basis results in a proportionate amount of Service Credit. Thus, a member working 20 hours per week for a year would receive one half year of Service Credit. The amount of Service Credit cannot exceed one year in a 12-month period.

IV. Application

The retirement formula to determine the amount of a monthly benefit is based on a calculation of the percentage tied to the member's age at retirement known as the plan formula factor (e.g., 3% at age 50 or 2.7% at age 55), multiplied by Service Credit years, multiplied by the final average salary per pay period (FAS).



OCERS computes the number of Service Credit years using the total of the eligible hours worked (and those paid via paid time-off) for all pay periods whose last day ends in the same calendar year. However, most of the time, pay periods do not align with the calendar, so a pay period may straddle the end of December and the beginning of January. For example, if a two-week pay period runs from December 20, 2019, through January 2, 2020, that pay period is deemed to occur in 2020, even though most of the days worked fell in 2019.

³ See Gov. Code § 31642. "Continuity of service; designation of matters not breaking continuity"



OCERS Administrative Procedure (OAP) Years of Service Credit Calculation

The majority of OCERS employers utilize a bi-weekly payroll system, usually with 26 pay periods of 80 hours each, adding up to 2,080 hours in a year. One full pay period then is 1/26th of a year or .03846 years. In that case, a member who works 26 consecutive pay periods is deemed to have earned one year of Service Credit ($26 \times .03846 = 1$) (rounded to four decimals).

Occasionally, a calendar year will be made up of 27 pay periods instead of 26. That is because there are 365 days in a calendar year (or 366 during a leap year), and 26 fourteen-day pay periods add up to only 364 days. 27 pay periods of 80 hours each equals 2,160 hours, rather than the 2,080 hours in 26.

To adjust for a year with 27 pay periods, OCERS applies the fraction of 1/27th of a year or .03704 (rounded to four decimals) years for each of those periods rather than the 1/26th or .03846 years for those with 26 pay periods. Thus, a member will receive credit for either 1/26th or 1/27th of a year per pay period, depending on the year, with either resulting in no more than one year of Service Credit.⁴

The importance of the different fractions used in the calculation comes into play when a member's employment includes less than one full calendar year. For partial years, each pay period is multiplied by the appropriate fraction, .03846 or .03704 (1/26th or 1/27th) and converted to a 5-decimal value on a per pay period basis (the annual and cumulative total are then rounded to 4 decimals). A hypothetical example of the process is as follows:

Member X retires at age 55 with 25 full calendar years of service. In addition, Member X worked for two partial years. The member started on July 1st of the initial year when they were hired and retired on January 31st of their last year. The initial year had 26 pay periods and the last year had 27 pay periods.

Member X's retirement formula is 2.7% at age 55, and their final average monthly salary was \$6,000.00.

⁴ Special calculations are made for pay periods in which the member did not receive compensation for the full period. Also, note that the calculation for Years of Service Credit does not change for leap years.



OCERS Administrative Procedure (OAP) Years of Service Credit Calculation

- For the initial year with 26 pay periods, the member will be credited for 13 pay periods: $13 \text{ pay periods} \times .03846 \text{ years (1/26}^{\text{th}}) = .5000 \text{ years of Service}$. For the last year with 27 pay periods, the member will be credited for 2 pay periods: $2 \text{ pay periods} \times .03704 \text{ years (1/27}^{\text{th}}) = .0741 \text{ years of Service}$.
- Member X's total years of Service Credit will thus be $25 \text{ years} + .5000 \text{ years} + .0741 \text{ years} = 25.5741 \text{ years}$.

Now we can perform the calculation: $\text{plan formula factor} \times \text{Service Credit} \times \text{FAS} = \text{retirement allowance}$.

- $.027 \text{ (2.7\% Formula)} \times 25.5741 \text{ years of Service Credit} = .6905 \text{ (69.05\%)} \times \$6,000 \text{ (FAS)} = \$4,143.00 \text{ (Member X's monthly retirement allowance)}$.



Memorandum

DATE: October 28, 2021
TO: Members of the Governance Committee
FROM: Suzanne Jenike, Assistant Chief Executive Officer, External Operations
SUBJECT: **REVIEW OF NEW PAY ITEMS PURSUANT TO THE PAY ITEM REVIEW POLICY**

Background/Discussion

At the Board meeting held on June 19, 2019, the Board approved the Master Final Average Salary List of pay items (Master List), including the attributes for elements of pensionable pay, for Legacy and PEPRAs members as recommended by staff and directed the staff to commence using four (4) adopted policies:

1. Compensation Earnable Policy – compensation applicable to Legacy members - codifies existing law, the Ventura Decision and Resolution 98-001;
2. Pensionable Compensation Policy – compensation applicable to PEPRAs members;
3. Retirement Enhancement “Spiking” Review Policy; and
4. Pay Item Review Policy.

On March 13, 2020, the Governance Committee reviewed and approved additional pay items submitted to staff between June 19, 2019 and December 31, 2019. Once approved, these new pay items were incorporated into the original master list previously approved by the Board on June 19, 2019.

The Pay Item Review Policy (Policy) requires Staff to perform detailed analysis to determine the qualification for pensionable pay status for any new pay items requested by Employers. In accordance with the Policy, Staff makes the determination regarding pensionable attributes and communicates the decision to the Employer prior to the inclusion of the pay item on the biweekly transmittal file submitted to OCERS. Since the commencement of this process, Employers have agreed with all of the Staff’s determinations without dispute.

In addition to the approval of the Master List and commencement of the review and approval process, the Board directed Staff to report newly added pay items to the Governance Committee and Board on an annual basis. It is this reporting requirement that Staff will address today. I have attached the new pay items added to the Master List between December 31, 2019 and September 30, 2021, including their pensionable attribute determinations for the Committee’s review. Staff has reviewed and implemented these new pay items between December 2019 and September 30, 2021, and the Employers are submitting these items on the transmittal file with the correct pensionable attributes.

Attachments

- List of pay items added between December 31, 2019 and September 30, 2021
- Pay item Review Policy

Submitted by:



SJ-Approved

Suzanne Jenike
Asst. CEO, External Operations

10-28-2021 GOVERNANCE COMMITTEE MEETING - I-1 Review of New Pay Items Pursuant to the Pay Item Policy 12-31-2019 to 10-27-2021



Pay Items Added Between January 1 2020 and August 31, 2021

Employer	Effective	Pay Code	Pay Code Description	MOU / Side Letter Description	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		
					Normal Monthly Rate of Pay or Base Pay **Premium Pay included if part of regularly assigned responsibilities and is a normal, or traditional function of the job	If Premium Pay is It Earnable by Similarly Situated	In Public Pay Schedule	Pymt for Services Rendered Outside Normal Working Hours	Reimbursement or Previously Paid In-Kind	Bonus, One-Time Adhoc Payment	Severance or Terminal Pay	Overtime Other Than Section 207(k) Time	Payment For Any Unused Leave	Employer Contribution to Deferred Comp	PEPRA Pensionable	Compensation at Same Pay Rate as Persons in Same Grade or Class Included if Earnable by everyone in the same grade or class.	If a One-Time or Ad Hoc Payment, is It Paid to All Similarly Situated	If Leave/Vac Payout, is it Earned & Payable in 12 Month Period	If Terminal Pay, is It Earned & Payable in 12 Month Period	Compensation Previously Paid in Kind & Now as Cash	Pymt for Services Rendered Outside Normal Working Hours	Pre-PEPRA Comp Earnable										
County of Orange	01/03/20	DCH	Deputy Coroner Hazard Premium Pay	Hazard Premium Pay for Deputy Coroner Series: Effective the first day of the first full pay period in January 2020, regular, full-time employees in the Deputy Coroner series on pay status shall receive the equivalent of sixty-nine dollars and twenty-five cents (\$69.25) biweekly (approximately one hundred fifty dollars per month). In the event an employee in the Deputy Coroner series is on pay status for a portion of a pay period, the Hazard Premium Pay shall be paid based on the ratio of hours actually paid to hours in a pay period (eighty [80] hours).	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	YES	N/A	N/A	NO	NO	NO	YES	
County of Orange	10/08/20	SECP	Supervisory Engineering Certification Pay	Employees in the classification of Senior Project Manager who possess and maintain a Professional Engineer (Civil) license issued by the California State Board of Professional Engineers shall receive an additional 5.5% pay for all hours worked, based on the following criteria: 1. Agency/department management will determine which assignment(s) and employee(s) will qualify to receive this pay. 2. Supervise and/or manage professional, technical, and/or construction personnel/consultants performing engineering work on Capital and Maintenance improvement projects. All other terms and conditions contained in the 2019-2023 Supervisory Management Unit MOU executed between the County and OCEA, not specifically amended by this Side Letter A form of overtime that is paid at 1.5 times the hourly rate effective the 1st pay period in 2021 According to Sheriff the Subpoena/Court overtime is not specifically addressed in the MOU's. It is similar to overtime pay and not treated differently than it is paid at time and a half. This would fall under the overtime section in the MOU. It is overtime, but Sheriff's dept would like to be able to run reports against it so they wanted the new code.	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	NO	YES	
County of Orange	01/07/21	SBPAY	Court Subpoena Pay - OT	Office of the District Attorney There are two types of special duty pay assignments in the District Attorney's Office—Parole Hearings and Search Warrant Duty. In order to be eligible, the attorney must be in a classification of an Attorney IV or Senior Deputy Attorney (the highest classification in the bargaining unit). Attorneys with Parole Hearing duty appear at a Parole Hearing—which takes place at the custodial facility (usually the prison) in which an inmate is housed. Parole hearings take place during standard business hours and the attorney does not receive special duty pay for the actual parole hearing. The attorney receives 4 hours of special duty pay to prepare for the hearing. When the attorney elects to perform the preparation work is up to them, although the time is recorded on the time entries for the day prior to the hearing. The attorney also receives special duty pay for the time involved in traveling to the hearing. There is a table that establishes the amount of travel time to each prison. Attorneys can choose to travel during regular business hours or the night before a hearing. Thus, the pay for handling the parole hearing is based on the fact that the duty is onerous and requires travel, but not because the work is performed "outside regular business hours" (as it would not be).	NO	YES	YES	YES	NO	NO	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	YES	NO
County of Orange	09/21/21	PHP	Parole Hearing Preparation	Office of the District Attorney There are two types of special duty pay assignments in the District Attorney's Office—Parole Hearings and Search Warrant Duty. In order to be eligible, the attorney must be in a classification of an Attorney IV or Senior Deputy Attorney (the highest classification in the bargaining unit). Attorneys with Parole Hearing duty appear at a Parole Hearing—which takes place at the custodial facility (usually the prison) in which an inmate is housed. Parole hearings take place during standard business hours and the attorney does not receive special duty pay for the actual parole hearing. The attorney receives 4 hours of special duty pay to prepare for the hearing. When the attorney elects to perform the preparation work is up to them, although the time is recorded on the time entries for the day prior to the hearing. The attorney also receives special duty pay for the time involved in traveling to the hearing. There is a table that establishes the amount of travel time to each prison. Attorneys can choose to travel during regular business hours or the night before a hearing. Thus, the pay for handling the parole hearing is based on the fact that the duty is onerous and requires travel, but not because the work is performed "outside regular business hours" (as it would not be).	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	NO	YES
OCHA	08/20/20	IAI	Staff Arson Investigator Haz Duty Pay	In lieu of the 7.5% Hazardous Duty Pay, Arson Investigators working a 40-hour workweek (staff investigators) will continue to receive the applicable staff assignment pay (i.e., 7.5% SAP and the 10% SIP).	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	NO	YES	
OCHA	08/20/20	ZAI	Staff Arson Investigator Haz Duty Pay Overtime	In lieu of the 7.5% Hazardous Duty Pay, Arson Investigators working a 40-hour workweek (staff investigators) will continue to receive the applicable staff assignment pay (i.e., 7.5% SAP and the 10% SIP).	YES	YES	YES	YES	NO	NO	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	YES	NO	
OCHA	08/20/20	AI	Shift Arson Investigator Haz Duty Pay	Arson Investigators working a 56-hour average workweek (shift investigators) will receive Hazardous Duty Pay of seven and one-half percent (7.5%) of base salary per month, prorated on an hourly basis. Such employees who work an overtime shift to cover another Arson Investigator position, due to the absence Page 110 of 162 of the regularly assigned employee, shall also receive the Hazardous Duty Pay on a prorated bases for that overtime shift or	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	NO	YES	
OCHA	08/20/20	AID	Shift Arson Investigator Haz Duty Pay Overtime	Arson Investigators working a 56-hour average workweek (shift investigators) will receive Hazardous Duty Pay of seven and one-half percent (7.5%) of base salary per month, prorated on an hourly basis. Such employees who work an overtime shift to cover another Arson Investigator position, due to the absence Page 110 of 162 of the regularly assigned employee, shall also receive the Hazardous Duty Pay on a prorated bases for that overtime shift or	YES	YES	YES	YES	NO	NO	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	YES	NO	
OCHA	08/20/20	IAO	Staff AirOps Hazardous Duty Pay	a. All personnel in the Air Operations positions of Chief Pilot, Pilot, and Crew Chief working a 56-hour average workweek (shift personnel) will receive Hazardous Duty Pay of seven and one-half percent (7.5%) of base salary per month, prorated on an hourly basis. Such employees who work an overtime shift to cover another Air Operations shift position, due to the absence of the regularly assigned employee, shall also receive the Hazardous Duty Pay on a prorated bases for that overtime shift or portion thereof.	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	NO	YES	
OCHA	08/20/20	ZAO	Staff AirOps Hazardous Duty Pay Overtime	a. All personnel in the Air Operations positions of Chief Pilot, Pilot, and Crew Chief working a 56-hour average workweek (shift personnel) will receive Hazardous Duty Pay of seven and one-half percent (7.5%) of base salary per month, prorated on an hourly basis. Such employees who work an overtime shift to cover another Air Operations shift position, due to the absence of the regularly assigned employee, shall also receive the Hazardous Duty Pay on a prorated bases for that overtime shift or portion thereof.	YES	YES	YES	YES	NO	NO	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	YES	NO	
OCHA	08/20/20	AO	Shift AirOps Hazardous Duty Pay	In lieu of the 7.5% Hazardous Duty Pay for non-medics and in lieu of the 2.5% Hazardous Duty Pay for medics, all Air Operations Personnel working a 40-hour workweek (staff assignment on the 10-hour helicopter) will continue to receive the applicable staff assignment pay (i.e., 7.5% SAP and the 10% SIP).	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	NO	YES	



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OCA	04/07/20	PIM	Shift Incentive Pay - MEDIC/PIO	<p>This Side Letter of Agreement ("Agreement") between the Orange County Fire Authority ("Authority") and the Orange County Professional Firefighters Association, Local 3631 ("Association"), (collectively, "Parties") is entered into with respect to the following:</p> <p>WHEREAS, as a result of the Parties' recent discussions about transitioning staff Public Information Officer (PIO) positions to shift PIO positions, the Parties agree to all of the following terms for employees regularly assigned to the PIO positions, effective as of the date in which the transition from staff to shift PIOs becomes effective (estimated in February 2020):</p> <ol style="list-style-type: none"> The OCA will complete an internal recruitment to hire three current OCA Fire Captains to fill three Shift PIO positions, with each assigned to work a fifty-six hour average workweek, and with the assignment requiring a commitment for each Shift PIO to serve a minimum of two-years. The Shift PIO shall not be involuntarily removed from the assignment during the two-year commitment absent due process and the other rights provided by Article VIII of the parties' MOU. The Shift PIOs will work at the Regional Fire Operations & Training Center (RFOTC) as their regular daily work location, and will sleep in the dorms in the Emergency Command Center (ECC) at the RFOTC. The Shift PIOs will report to the Communications Director as their immediate supervisor with respect to day to day functions. However, with respect to performance of fire suppression work by the Shift PIOs, for which technical skills are required, the Shift PIOs shall report to their Battalion Chief in the Battalion where the fire suppression work is being performed (such as when the Shift PIOs may work overtime shifts in the field, or other similar performance of fire suppression work). Hiring for backfill of the Shift PIOs will be handled by the Communications Director based on need. When backfill or callback of a Shift PIO is necessary, the Communications Director will utilize the new list of qualified employees to fill the vacancy. Every effort will be made to maintain the basic intent of equal backfill distribution. Shift PIOs are exempt from forced backfill for vacancies in field post positions and may be forced for Shift PIO positions at the discretion of the Communications Director. The performance of PIO work will remain, as it always has, a function performed by members of the Association. The Shift PIOs will receive SAP and SP, which is authorized pursuant to the MOU for designated staff positions. The following definition is added to the 2016-2020 MOU to clarify the parties intent that the Shift PIOs are the only shift employees recognized as designated 	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	YES



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OCA	04/16/20	PIO	Shift Incentive Pay - PIO OVERTIME	<p>This Side Letter of Agreement ("Agreement") between the Orange County Fire Authority ("Authority") and the Orange County Professional Firefighters Association, Local 3631 ("Association"), (collectively, "Parties") is entered into with respect to the following:</p> <p>WHEREAS, as a result of the Parties' recent discussions about transitioning staff Public Information Officer (PIO) positions to shift PIO positions, the Parties agree to all of the following terms for employees regularly assigned to the PIO positions, effective as of the date in which the transition from staff to shift PIOs becomes effective (estimated in February 2020):</p> <ol style="list-style-type: none"> The OCA will complete an internal recruitment to hire three current OCA Fire Captains to fill three Shift PIO positions, with each assigned to work a fifty-six hour average workweek, and with the assignment requiring a commitment for each Shift PIO to serve a minimum of two-years. The Shift PIO shall not be involuntarily removed from the assignment during the two-year commitment absent due process and the other rights provided by Article VIII of the parties' MOU. The Shift PIOs will work at the Regional Fire Operations & Training Center (RFOTC) as their regular daily work location, and will sleep in the dorms in the Emergency Command Center (ECC) at the RFOTC. The Shift PIOs will report to the Communications Director as their immediate supervisor with respect to day to day functions. However, with respect to performance of fire suppression work by the Shift PIOs, for which technical skills are required, the Shift PIOs shall report to their Battalion Chief in the Battalion where the fire suppression work is being performed (such as when the Shift PIOs may work overtime shifts in the field, or other similar performance of fire suppression work). Hiring for backfill of the Shift PIOs will be handled by the Communications Director based on need. When backfill or callback of a Shift PIO is necessary, the Communications Director will utilize the new list of qualified employees to fill the vacancy. Every effort will be made to maintain the basic intent of equal backfill distribution. Shift PIOs are exempt from forced backfill for vacancies in field post positions and may be forced for Shift PIO positions at the discretion of the Communications Director. The performance of PIO work will remain, as it always has, a function performed by members of the Association. The Shift PIOs will receive SAP and SP, which is authorized pursuant to the MOU for designated staff positions. The following definition is added to the 2016-2020 MOU to clarify the parties intent that the Shift PIOs are the only shift employees recognized as designated 	NO	YES	YES	YES	NO	NO	NO	YES	NO	NO	NO	NO	YES	N/A	N/A	N/A	NO	YES	NO



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OCA	04/07/20	PIP	Shift Incentive Pay - PIO	<p>This Side Letter of Agreement ("Agreement") between the Orange County Fire Authority ("Authority") and the Orange County Professional Firefighters Association, Local 3631 ("Association"), (collectively, "Parties") is entered into with respect to the following:</p> <p>WHEREAS, as a result of the Parties' recent discussions about transitioning staff Public Information Officer (PIO) positions to shift PIO positions, the Parties agree to all of the following terms for employees regularly assigned to the PIO positions, effective as of the date in which the transition from staff to shift PIOs becomes effective (estimated in February 2020):</p> <ol style="list-style-type: none"> The OCA will complete an internal recruitment to hire three current OCA Fire Captains to fill three Shift PIO positions, with each assigned to work a fifty-six hour average workweek, and with the assignment requiring a commitment for each Shift PIO to serve a minimum of two-years. The Shift PIO shall not be involuntarily removed from the assignment during the two-year commitment absent due process and the other rights provided by Article VIII of the parties' MOU. The Shift PIOs will work at the Regional Fire Operations & Training Center (RFOTC) as their regular daily work location, and will sleep in the dorms in the Emergency Command Center (ECC) at the RFOTC. The Shift PIOs will report to the Communications Director as their immediate supervisor with respect to day to day functions. However, with respect to performance of fire suppression work by the Shift PIOs, for which technical skills are required, the Shift PIOs shall report to their Battalion Chief in the Battalion where the fire suppression work is being performed (such as when the Shift PIOs may work overtime shifts in the field, or other similar performance of fire suppression work). Hiring for backfill of the Shift PIOs will be handled by the Communications Director based on need. When backfill or callback of a Shift PIO is necessary, the Communications Director will utilize the new list of qualified employees to fill the vacancy. Every effort will be made to maintain the basic intent of equal backfill distribution. Shift PIOs are exempt from forced backfill for vacancies in field post positions and may be forced for Shift PIO positions at the discretion of the Communications Director. The performance of PIO work will remain, as it always has, a function performed by members of the Association. The Shift PIOs will receive SAP and SP, which is authorized pursuant to the MOU for designated staff positions. The following definition is added to the 2016-2020 MOU to clarify the parties intent that the Shift PIOs are the only shift employees recognized as designated 	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	YES



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OCA	04/16/20	PMO	Shift Incentive Pay - MEDIC/PIO OVERTIME	<p>This Side Letter of Agreement ("Agreement") between the Orange County Fire Authority ("Authority") and the Orange County Professional Firefighters Association, Local 3631 ("Association"), (collectively, "Parties") is entered into with respect to the following:</p> <p>WHEREAS, as a result of the Parties' recent discussions about transitioning staff Public Information Officer (PIO) positions to shift PIO positions, the Parties agree to all of the following terms for employees regularly assigned to the PIO positions, effective as of the date in which the transition from staff to shift PIOs becomes effective (estimated in February 2020):</p> <ol style="list-style-type: none"> The OCA will complete an internal recruitment to hire three current OCA Fire Captains to fill three Shift PIO positions, with each assigned to work a fifty-six hour average workweek, and with the assignment requiring a commitment for each Shift PIO to serve a minimum of two-years. The Shift PIO shall not be involuntarily removed from the assignment during the two-year commitment absent due process and the other rights provided by Article VIII of the parties' MOU. The Shift PIOs will work at the Regional Fire Operations & Training Center (RFOTC) as their regular daily work location, and will sleep in the dorms in the Emergency Command Center (ECC) at the RFOTC. The Shift PIOs will report to the Communications Director as their immediate supervisor with respect to day to day functions. However, with respect to performance of fire suppression work by the Shift PIOs, for which technical skills are required, the Shift PIOs shall report to their Battalion Chief in the Battalion where the fire suppression work is being performed (such as when the Shift PIOs may work overtime shifts in the field, or other similar performance of fire suppression work). Hiring for backfill of the Shift PIOs will be handled by the Communications Director based on need. When backfill or callback of a Shift PIO is necessary, the Communications Director will utilize the new list of qualified employees to fill the vacancy. Every effort will be made to maintain the basic intent of equal backfill distribution. Shift PIOs are exempt from forced backfill for vacancies in field post positions and may be forced for Shift PIO positions at the discretion of the Communications Director. The performance of PIO work will remain, as it always has, a function performed by members of the Association. The Shift PIOs will receive SAP and SP, which is authorized pursuant to the MOU for designated staff positions. The following definition is added to the 2016-2020 MOU to clarify the parties intent that the Shift PIOs are the only shift employees recognized as designated 	NO	YES	YES	YES	NO	NO	NO	YES	NO	NO	NO	NO	YES	N/A	N/A	N/A	NO	YES	NO



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OCA	04/16/20	SAO	Shift Assignment Pay - PIO OVERTIME	<p>This Side Letter of Agreement ("Agreement") between the Orange County Fire Authority ("Authority") and the Orange County Professional Firefighters Association, Local 3631 ("Association"), (collectively, "Parties") is entered into with respect to the following:</p> <p>WHEREAS, as a result of the Parties' recent discussions about transitioning staff Public Information Officer (PIO) positions to shift PIO positions, the Parties agree to all of the following terms for employees regularly assigned to the PIO positions, effective as of the date in which the transition from staff to shift PIOs becomes effective (estimated in February 2020):</p> <ol style="list-style-type: none"> The OCA will complete an internal recruitment to hire three current OCA Fire Captains to fill three Shift PIO positions, with each assigned to work a fifty-six hour average workweek, and with the assignment requiring a commitment for each Shift PIO to serve a minimum of two-years. The Shift PIO shall not be involuntarily removed from the assignment during the two-year commitment absent due process and the other rights provided by Article VIII of the parties' MOU. The Shift PIOs will work at the Regional Fire Operations & Training Center (RFOTC) as their regular daily work location, and will sleep in the dorms in the Emergency Command Center (ECC) at the RFOTC. The Shift PIOs will report to the Communications Director as their immediate supervisor with respect to day to day functions. However, with respect to performance of fire suppression work by the Shift PIOs, for which technical skills are required, the Shift PIOs shall report to their Battalion Chief in the Battalion where the fire suppression work is being performed (such as when the Shift PIOs may work overtime shifts in the field, or other similar performance of fire suppression work). Hiring for backfill of the Shift PIOs will be handled by the Communications Director based on need. When backfill or callback of a Shift PIO is necessary, the Communications Director will utilize the new list of qualified employees to fill the vacancy. Every effort will be made to maintain the basic intent of equal backfill distribution. Shift PIOs are exempt from forced backfill for vacancies in field post positions and may be forced for Shift PIO positions at the discretion of the Communications Director. The performance of PIO work will remain, as it always has, a function performed by members of the Association. The Shift PIOs will receive SAP and SP, which is authorized pursuant to the MOU for designated staff positions. The following definition is added to the 2016-2020 MOU to clarify the parties intent that the Shift PIOs are the only shift employees recognized as designated 	NO	YES	YES	YES	NO	NO	NO	YES	NO	NO	NO	NO	YES	N/A	N/A	N/A	NO	YES	NO



Pay Items Added Between January 1 2020 and August 31, 2021

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OCA	04/07/20	SAP	Shift Assignment Pay - PIO	<p>This Side Letter of Agreement ("Agreement") between the Orange County Fire Authority ("Authority") and the Orange County Professional Firefighters Association, Local 3631 ("Association"), (collectively, "Parties") is entered into with respect to the following:</p> <p>WHEREAS, as a result of the Parties' recent discussions about transitioning staff Public Information Officer (PIO) positions to shift PIO positions, the Parties agree to all of the following terms for employees regularly assigned to the PIO positions, effective as of the date in which the transition from staff to shift PIOs becomes effective (estimated in February 2020):</p> <ol style="list-style-type: none"> 1. The OCA will complete an internal recruitment to hire three current OCA Fire Captains to fill three Shift PIO positions, with each assigned to work a fifty-six hour average workweek, and with the assignment requiring a commitment for each Shift PIO to serve a minimum of two-years. The Shift PIO shall not be involuntarily removed from the assignment during the two-year commitment absent due process and the other rights provided by Article VIII of the parties' MOU. 2. The Shift PIOs will work at the Regional Fire Operations & Training Center (RFOTC) as their regular daily work location, and will sleep in the dorms in the Emergency Command Center (ECC) at the RFOTC. 3. The Shift PIOs will report to the Communications Director as their immediate supervisor with respect to day to day functions. However, with respect to performance of fire suppression work by the Shift PIOs, for which technical skills are required, the Shift PIOs shall report to their Battalion Chief in the Battalion where the fire suppression work is being performed (such as when the Shift PIOs may work overtime shifts in the field, or other similar performance of fire suppression work). 4. Hiring for backfill of the Shift PIOs will be handled by the Communications Director based on need. When backfill or callback of a Shift PIO is necessary, the Communications Director will utilize the new list of qualified employees to fill the vacancy. Every effort will be made to maintain the basic intent of equal backfill distribution. Shift PIOs are exempt from forced backfill for vacancies in field post positions and may be forced for Shift PIO positions at the discretion of the Communications Director. The performance of PIO work will remain, as it always has, a function performed by members of the Association. 5. The Shift PIOs will receive SAP and SP, which is authorized pursuant to the MOU for designated staff positions. The following definition is added to the 2016-2020 MOU to clarify the parties intent that the Shift PIOs are the only shift employees recognized as designated 	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	YES
OCA	04/14/20	SCV	Sick Leave - COVID19	<p>Sick COVID-19 (SCV) - This timeslip code allows an employee to receive 2/3 of his/her salary up to a designated cap (up to 112 hours for suppression/shift personnel and up to 80 hours for RFOTC/Professional Staff). Use of this leave code is subject to approval. Employees who already utilized timeslip code SCV from March 13, 2020 through May 21, 2020 will be eligible to request a new allotment of SCV benefits, as needed.</p> <p>Sick COVID-19 Full Salary (SCF) - This timeslip code allows an employee to receive his/her full salary up to a designated cap (up to 112 hours for suppression/shift personnel and up to 80 hours for RFOTC/Professional Staff). Use of this leave code is subject to approval.</p>	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	YES



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OCA	09/28/20	EMC	Emergency Medical Tech - Chief Officers	<p>Any employee newly promoted or hired into the bargaining unit after July 1, 2020, must maintain a California Emergency Medical Technician (EMT) Certification or paramedic license. If a newly hired employee does not have the certification or license, that employee shall have six (6) months in which to obtain it. Any employee newly promoted or hired into the bargaining unit after July 1, 2020, who loses their certification or license shall be provided six (6) months in which to re-obtain it, provided however, the employee shall not receive the pay set forth in this section during the period when their certification or license was not valid.</p> <p>Any employee who was in the bargaining unit on July 1, 2020, who maintains a California EMT Certificate or paramedic license, shall receive the pay described below. These employees shall not be required to maintain the certification or license, and shall not receive the pay unless and until they are certified or licensed.</p> <p>The Authority will provide recertification opportunities for all members of the unit.</p> <p>Effective with the pay period including July 1, 2020, employees will receive, in addition to their regular salary, four and one half percent (4.5%) of each employee's base salary for their regularly scheduled hours (i.e., not for overtime hours) once they have received (and provide proof of receipt) of their EMT Certification and/or paramedic license.</p> <p>Effective with the pay period including July 1, 2021, employees, will receive, in addition to their regular salary, an additional one and three quarters' percent (1.75%) for a total of six and one quarter percent (6.25%) percent of each employee's base salary for their regularly scheduled hours (i.e., not for overtime hours) once they have received (and provide proof of receipt) of their EMT Certification and/or paramedic license. Effective with the pay period including July 1, 2022, employees, will receive, in addition to their regular salary, an additional one quarter of one percent (.25%) for a total of six and one half percent (6.5%) percent of each employee's base salary for their regularly scheduled hours (i.e., not for overtime hours) once they have received (and provide proof of receipt) of their EMT Certification and/or paramedic license.</p> <p>EMT Certification or Paramedic License pay shall apply to workers' compensation and be considered as part of the employee's base pay for the earning of other benefits as provided by law.</p>	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	N/A	N/A	N/A	NO	NO	YES
OCA	01/20/21	PTL	Paid Annual Leave Payout (Term) - EM	<p>227.3. Unless otherwise provided by a collective-bargaining agreement, whenever a contract of employment or employer policy provides for paid vacations, and an employee is terminated without having taken off his vested vacation time, all vested vacation shall be paid to him as wages at his final rate in accordance with such contract of employment or employer policy respecting eligibility or time served; provided, however, that an employment contract or employer policy shall not provide for forfeiture of vested vacation time upon termination. The Labor Commissioner or a designated representative, in the resolution of any dispute with regard to vested vacation time, shall apply the principles of equity and fairness.</p> <p>(Amended by Stats. 1976, Ch. 1041.)</p>	NO	YES	YES	NO	NO	YES	YES	NO	YES	NO	NO	NO	YES	N/A	N/A	N/A	NO	YES	NO



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TCA	01/04/20	CB	Callback	<p>Due to the nature of our business we may have occasions when employees are required to be on a call back status. The requirements for Call Back status are as follows:</p> <p>Call-back duty requires the Stand By Duty employee to respond to a request to return to the 125 Pacifica building within one (1) hour or less of any call for service and then proceed as required to respond to the call for service after the normal work shift has been completed and the employee has left his/her normal work location Those periods of overtime which had been scheduled by the Facilities Manager prior to the end of the normal work shift are not considered call-back duty. Any employee on duty responding to a call-back shall be compensated at the applicable overtime rates defined in the TCA Employee Handbook and Personnel Policies. The employee shall be guaranteed a minimum of two hours compensation per call. An employee on duty responding to a call back shall be compensated normal to normal</p>	NO	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	YES	N/A	N/A	N/A	NO	YES	NO



OCERS Board Policy Pay Item Review Policy

Purpose and Background

1. The purpose of this policy is to set forth a procedure for the submittal and approval of pay items by OCERS participating employers to assist OCERS in properly and timely determining whether elements of compensation are appropriately treated as Compensation Earnable (for Legacy Member) or pensionable compensation (for PEPRA members).

Policy Objectives

2. The objectives of this policy are to comply with the requirements of the County Employees Retirement Law (CERL; California Government Code Title 3, Part 3, Chapters 3 & 3.9), as amended by the Public Employees Pension Reform Act (PEPRA; California Government Code sections 7522 - 7522.74) and to ensure OCERS' effective assessment and determination of whether an element of compensation is properly categorized for purposes of collecting contributions.

Policy Guidelines

3. OCERS shall not accept any new pay items from employers for processing contributions and reporting compensation until each pay item has been reviewed by OCERS staff and approved by the CEO or his/her designee for inclusion as, or exclusion from, Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members. OCERS staff under the direction of the CEO and with assistance of OCERS legal counsel is responsible for implementing this Policy. OCERS staff will analyze each pay item to determine whether each meets the definition of Compensation Earnable or Pensionable Compensation. Unless appealed, the CEO's determination shall be final.
4. Employers are responsible notifying OCERS of new or modified pay items for review and approval sufficiently in advance of implementation of the Items. Failure to do so may result in OCERS imposing costs on the employer in accordance with Government Code section 31542.5.
5. OCERS staff will review employer pay Item listings for compliance with this Policy. When reviewing items of compensation, OCERS will audit pay items to determine whether each of them meets the applicable statutory definitions and applicable Board Policies.
6. After concluding the foregoing assessment, OCERS staff shall send written notification to the employer of staff's determination, including the specific supporting facts, circumstances, reasoning and analyses.
7. The employer shall have 30 calendar days from the date of staff's final notice of determination within which to appeal the staff determination to the Board. If the employer accepts staff's determination, or if a timely appeal it to the Board is not filed, the matter shall be deemed concluded and the staff determination shall be final and the employer shall comply with the determination.
8. Upon receipt of a timely request for appeal to the Board of staff's determination, staff shall place the matter on a future Board agenda and shall prepare a written report to the Board making a recommendation to the Board on the pay items in question. Staff shall provide the employer with advance notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board, and likewise the employer shall provide OCERS with all materials it intends to submit to the Board.



OCERS Board Policy Pay Item Review Policy

- 9. The Board shall consider the all written materials submitted as well as any arguments presented by the employer. The Board shall then make a decision as to whether the pay item qualifies as Compensation Earnable or Pensionable Compensation, or both, which decision shall be final and the employer shall comply with the Board’s determination.

Policy Review

- 10. The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

- 11. The Board adopted this policy on March 18, 2019.

Secretary’s Certificate

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

03/18/19

Steve Delaney
Secretary of the Board

Date