

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

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

**PERSONNEL COMMITTEE MEETING
Monday, June 19, 2023**

12:00 P.M. or immediately following the Regular Board Meeting, whichever is later.

Members of the Committee

Charles Packard, Chair
Roger Hilton, Vice Chair
Shawn Dewane
Chris Prevatt

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the OCERS Boardroom or (2) via the Zoom app or telephone (information below) from any location.

OCERS Zoom Meeting Video/Teleconference Information	
<p>Join Using Zoom App (Video & Audio)</p> <p>https://ocers.zoom.us/j/82171673785</p> <p>Meeting ID: 821 7167 3785 Passcode: 781874</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)</p> <p>Dial by your location</p> <p>+1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US (Tacoma) +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown)</p> <p>Meeting ID: 821 7167 3785 Passcode: 781874</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AGENDA

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

OPEN SESSION

- 1. CALL MEETING TO ORDER AND ROLL CALL**
- 2. BOARD MEMBER STATEMENT REGARDING PARTICIPATION VIA ZOOM (IF NECESSARY)
(Government Code section 54953(f))**
- 3. PUBLIC COMMENTS**

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. Members of the public who participate in the meeting from the OCERS Boardroom and who wish to provide comment during the meeting may do so from the podium located in the OCERS Boardroom. When addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

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.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Committee Member requests separate action on a specific item.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes

Personnel Committee Meeting

May 24, 2023

Recommendation: Approve minutes.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the 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. Persons attending the meeting in person and wishing to provide comment on a matter listed on the agenda should fill out a speaker card located at the back of the Boardroom and deposit it in the Recording Secretary’s box located near the back counter.**

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

A-2 CEO PERFORMANCE EVALUATION POLICY

Presentation by Steve Delaney, Chief Executive Officer

Recommendation:

1. CRITERIA: That the Personnel Committee approve and recommend that the Board adopt revisions to the CEO Performance Evaluation Policy to include criteria principally related to the successful administration of the Board’s Strategic Plan goals. [See attached redlined Policy for all changes EXCEPT for Section 14]
2. NEGOTIATOR: That the Personnel Committee approve and recommend that the Board adopt revisions to the CEO Performance Evaluation Policy to allow for the use of a

negotiator when considering the CEO's annual compensation and benefits package. [See attached redlined Policy, Section 14 ONLY]

INFORMATION ITEMS

Each of the following informational items will be presented to the Committee for discussion.

NONE

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Committee requests discussion.

NONE

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

DISABILITY COMMITTEE MEETING

July 17, 2023

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

July 17, 2023

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS' website: <https://www.ocers.org/board-committee->

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meetings. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS' website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

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.

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

**PERSONNEL COMMITTEE MEETING
Wednesday, May 24, 2023
2:00 P.M.**

MINUTES

OPEN SESSION

Chair Packard called the meeting to order at 2:00 p.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Shawn Dewane, Board Member; Roger Hilton, Board Member; Chris Prevatt, Board Member

Also Present: Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Cynthia Hockless; Director of Human Resources; Manuel Serpa, Deputy General Counsel; Marielle Horst, Recording Secretary; Anthony Beltran, Audio Visual Technician.

Present via Zoom: Charles Packard, Chair; Steve Delaney, Chief Executive Officer

**2. COMMITTEE MEMBER REQUEST TO PARTICIPATE VIA ZOOM UNDER "EMERGENCY CIRCUMSTANCES" EXCEPTION
(Government Code section 54953(f))**

MOTION by Mr. Dewane, **seconded** by Mr. Hilton to accept Mr. Packard's request to participate in the committee meeting via zoom under the Emergency Circumstances provision of the Brown Act.

The motion passed **unanimously**.

PUBLIC COMMENT

None.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes

Personnel Committee Meeting Minutes

October 12, 2022

MOTION by Mr. Dewane, **seconded** by Mr. Prevatt, to approve the Minutes.

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May 24, 2023
Personnel Committee Meeting

The motion passed **unanimously**.

ACTION ITEMS

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

A-2 REVIEW OF PERSONNEL COMMITTEE CHARTER

Presentation by Cynthia Hockless, Director of Human Resources

Recommendation: Review, and recommend the Board approve the revisions to the Personnel Committee Charter.

After Committee discussion, **MOTION** by Mr. Prevatt, **seconded** by Mr. Dewane to adopt all of the revisions to the Personnel Committee Charter as recommended by staff, with the following exceptions and addition:

1. Reject the proposed addition of sections 2.c. and 2.g. to the Charter; and
2. Insert the words "Draft the scope of work for and" at the beginning of section 2.i., so that section 2.i. reads as follows:
 - i. Draft the scope of work for and oversee selection and hiring process of compensation consultant(s).

The motion passed **unanimously**.

A-3 OCERS CEO PERFORMANCE REVIEW CRITERIA

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: OCERS Board Chair Dewane would like the committee to direct staff to craft language changing the criteria used in judging the CEO's performance to a process focused on how well the CEO performed in executing the Board's multi-year strategic plan goals.

After discussion, the chair directed staff to prepare proposed revisions to the CEO Performance Evaluation Policy to reflect that the following criteria will be the criteria used in judging the CEO's performance commencing with the 2024 review period:

1. Fund Sustainability
2. Excellent Service and Support
3. Risk Management
4. Talent Management
5. Effective Governance
6. Communications
7. Other criteria that the Board determines is appropriate

The chair further directed staff to present the proposed revisions to the policy to the committee at its next meeting.

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A-4 CEO PERFORMANCE REVIEW TIME PERIOD

Presentation by Steve Delaney, Chief Executive Officer and Cynthia Hockless, Director of Human Resources

Recommendation: Change the period for the Chief Executive Officer's (CEO) performance review from an annual January through December time period, to one that coincides with the OCERS Board's annual September review of the Strategic Plan, by moving the performance review period to September through August.

Make the change effective with a truncated 2023 performance review period of January 2023 through August 2023.

Do NOT change the related salary consideration, with that process remaining as part of the normal October/November budget consideration and approval.

After Committee discussion, **MOTION** by Mr. Prevatt, **seconded** by Mr. Dewane to adopt, and recommend to the Board at its meeting on June 19, 2023, that the Board approve staff's recommendation.

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 CEO ANNUAL SALARY NEGOTIATIONS

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: OCERS Board Chair Dewane suggests the OCERS Board appoint a designated representative under Government Code §54957.6(a) to negotiate the salary, salary schedule, or compensation paid in the form of fringe benefits of the OCERS CEO.

After discussion by the committee, the chair directed staff to prepare proposed revisions to the CEO Performance Evaluation Policy to reflect that the OCERS Board will appoint a designated representative under Government Code §54957.6(a) to negotiate the salary, salary schedule, or compensation paid in the form of fringe benefits of the OCERS CEO. The chair further directed staff to present the proposed revisions to the policy to the committee at its next meeting.

I-2 OCERS CLASSIFICATION AND COMPENSATION STUDY - UPDATE

Presentation by Cynthia Hockless, Director of Human Resources

Ms. Hockless informed the committee of the status of the Classification and Compensation Study, noting the project is currently on track. Mr. Delaney thanked staff and OCEA for their efforts throughout the study.

COMMITTEE MEMBER COMMENTS

None

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STAFF COMMENTS

None

CHIEF EXECUTIVE OFFICER

COUNSEL COMMENTS

None

ADJOURNMENT

Chair Packard adjourned the meeting at 3:10 p.m.

Submitted by:

Submitted by:

Approved by:

Cynthia Hockless
Committee Liaison

Steve Delaney
Secretary to the Board

Charles Packard
Chair



Memorandum

DATE: June 19, 2023
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: CEO PERFORMANCE EVALUATION POLICY

Recommendation

1. **CRITERIA:** That the Personnel Committee approve and recommend that the Board adopt revisions to the CEO Performance Evaluation Policy to include criteria principally related to the successful administration of the Board’s Strategic Plan goals. [See attached redlined Policy for all changes EXCEPT for Section 14]
2. **NEGOTIATOR:** That the Personnel Committee approve and recommend that the Board adopt revisions to the CEO Performance Evaluation Policy to allow for the use of a negotiator when considering the CEO’s annual compensation and benefits package. [See attached redlined Policy, Section 14 ONLY]

Background/Discussion

At its meeting on May 24, 2023, the Personnel Committee considered a request of Board Chair Shawn Dewane to consider modifying the current criteria used as the basis for the Chief Executive Officer (CEO) annual performance review.

Presently the CEO Performance Evaluation Policy (“Policy”), a copy of which is attached, provides the following six criteria for evaluating the CEO’s performance:

6. In addition, the CEO’s performance for the prior twelve months may be based on the six categories below:
 - a. Achievement of performance targets established for the System as a whole;
 - b. Implementation of the annual Business Plan;
 - c. Implementation of Board policies and associated reporting to the Board;
 - d. Leadership and related qualities;
 - e. Ability to address special developments or situations that may arise; and
 - f. Other criteria that the Board may determine to be appropriate.

Section 6 of the Policy states that the aforementioned six criteria are “in addition” to an earlier directive. Earlier sections of the Policy allow for the Board Chair to add additional criteria, which has been the case in recent years.

Chair Dewane recommended the Board judge the CEO’s annual performance using the five stated goals of the current Strategic Plan (a copy of the Strategic Plan is attached) as the sole criteria for evaluating the CEO’s performance:

Those goals are:

1. Fund Sustainability
2. Excellent Service and Support
3. Risk Management
4. Talent Management
5. Effective Governance

The committee concurred with Chair Dewane, and directed staff to return to the committee with a proposed revisions to the Policy incorporating the five Strategic Plan goals as well as two additional criteria, one pertaining to communications, and final criteria to allow for “other” criteria that may arise in a given year and require the CEO’s attention at the Board’s direction.

The attached redline of the Policy makes those changes, with the exception of SECTION 14, which is discussed below.

BACKGROUND REGARDING NEGOTIATOR

Also on May 24, 2023, the Personnel Committee considered a request of Board Chair Shawn Dewane to modify the Policy to allow the Board to appoint a negotiator (as permitted by Government Code section 54957.6(a)) to engage with the CEO during the annual review of the CEO’s compensation and benefits rather than doing so as a full Board from the dais as has been the practice for the past 15 years.

The committee indicated its willingness to consider the possibility and directed staff to return with proposed revisions to the Policy for these purposes.

These proposed revisions are reflected in Section 14 of the attached redline of the Policy.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Background and Objectives

1. The Board of Retirement supervises the Chief Executive Officer. Formal evaluation procedures and practices are required. This process shall be performed on an annual basis.
2. The objectives of this policy are to:
 - a. Assist the Board in arriving at and communicating clear and meaningful goals and performance targets for the Chief Executive Officer;
 - b. Ensure that the Chief Executive Officer receives meaningful, objective, and timely feedback that will allow the Chief Executive Officer to perform, over time, at the highest levels possible; and
 - c. Enable the Board to hold the Chief Executive Officer accountable for performance.

Roles

3. The Board will be responsible for evaluating the performance of the Chief Executive Officer.
4. The Chair and Vice Chair will be responsible for coordinating the evaluation process. The Board may use a third party to facilitate the process.

Policy Guidelines

Process and Timelines

5. The Chief Executive Officer's performance review period will be September through August.
- ~~5-6.~~ The Chief Executive Officer will discuss the following items with the Chair during the month of August~~November~~ each year:
 - a. Proposed CEO evaluation criteria for the coming ~~calendar~~ year;
 - b. Proposed weights for each of the above criteria; and
 - c. Proposed CEO Evaluation Form for the coming ~~calendar~~ year.
- ~~6-7.~~ In addition, the CEO's performance for the prior twelve months may be based on the following ~~sevensix~~ categories based on the goals stated in the OCERS Strategic Plan~~below~~:
 - a. Fund Sustainability
 - b. Excellent Service and Support
 - c. Risk Management
 - d. Talent Management
 - e. Effective Governance
 - f. Communications



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

g. Other criteria that the Board determines is appropriate.

- ~~a. Achievement of performance targets established for the System as a whole;~~
- ~~b. Implementation of the annual Business Plan;~~
- ~~c. Implementation of Board policies and associated reporting to the Board;~~
- ~~d. Leadership and related qualities;~~
- ~~e. Ability to address special developments or situations that may arise; and~~
- ~~Other criteria that the Board may determine to be appropriate.~~

The Board will attempt to ensure that the criteria:

- a. Are objective and measurable; and
- b. Pertain only to outcomes over which the Chief Executive Officer has a reasonable degree of control.

~~7-8.~~ The Chair ~~will~~shall distribute the CEO Evaluation Package to each member of the Board in ~~July~~October of each year. The Evaluation Package will include copies of the Evaluation Form to be completed by each Board member, Business Plan, and the CEO's self-evaluation. The Chief Executive Officer's self-evaluation report is designed to assist the Board in the evaluation process. It should describe the extent to which the CEO believes the evaluation criteria were met over the past year, as well as all relevant supporting data. Supporting data may be confirmed by internal audit material where appropriate. The report may also describe any additional accomplishments during the year.

~~8-9.~~ The Board shall treat this material as confidential. Completed individual Evaluation Forms will be returned to the Chair or the designated third party with a copy to the Vice Chair within the time frame specified. The Chair will ensure that all data is tabulated and summarized in a Master CEO Evaluation Form and treated as confidential until released to the Board.

~~9-10.~~ Evaluation of the Chief Executive Officer will be completed by ~~August~~November each year. The evaluation process itself will be conducted in executive session. The Chair will distribute a copy of the Master CEO Evaluation Form and invite discussion by the Board. At the conclusion of discussion, the Chief Executive Officer will join the Board for review and discussion of his/her performance along with any suggestions for improvement. The Board may have preliminary discussions in ~~October~~July, but will complete the process by ~~August~~November.

~~10-11.~~ Upon completion of the Master CEO Evaluation Form, the Chair and the Chief Executive Officer will sign the Master CEO Evaluation Form and cause it to be placed in the Chief Executive Officer's personnel file.

Documentation

~~11-12.~~ The Individual and Master CEO Evaluation Form(s) may take any format the Board deems appropriate, but must allow Board members an opportunity to provide general comments.



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Compensation

~~12.13.~~ The Board of Retirement will consider the Chief Executive Officer’s compensation ~~at the time the performance evaluation is conducted~~ during the months of October and November to coincide with the Board’s consideration and approval of OCERS’ budget.

~~13.14.~~ In establishing the Chief Executive Officer’s salary, the Board will appoint a designated representative under Government Code section 54957.6(a) to assist the Board in negotiating for these purposes. As directed by the Board, the designated representative will negotiate with the Chief Executive Officer the salary, salary schedule and/or compensation paid in the form of fringe benefits that will be paid to the Chief Executive Officer subject to final action by the Board.

Policy Review

~~14.15.~~ The Board will review this policy at least every three years to ensure that it remains relevant and appropriate.

Policy History

~~15.16.~~ This policy will be implemented in February 19, 2002. This policy was revised May 16, 2005, May 19, 2008, March 22, 2010, January 21, 2014 , November 14, 2016, ~~and~~ August 19, 2019 and MONTH DATE, 2023.

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

08/19/19

Date



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Background and Objectives

1. The Board of Retirement supervises the Chief Executive Officer. Formal evaluation procedures and practices are required. This process shall be performed on an annual basis.
2. The objectives of this policy are to:
 - a. Assist the Board in arriving at and communicating clear and meaningful goals and performance targets for the Chief Executive Officer;
 - b. Ensure that the Chief Executive Officer receives meaningful, objective, and timely feedback that will allow the Chief Executive Officer to perform, over time, at the highest levels possible; and
 - c. Enable the Board to hold the Chief Executive Officer accountable for performance.

Roles

3. The Board will be responsible for evaluating the performance of the Chief Executive Officer.
4. The Chair and Vice Chair will be responsible for coordinating the evaluation process. The Board may use a third party to facilitate the process.

Policy Guidelines

Process and Timelines

5. The Chief Executive Officer's performance review period will be September through August.
6. The Chief Executive Officer will discuss the following items with the Chair during the month of August each year:
 - a. Proposed CEO evaluation criteria for the coming year;
 - b. Proposed weights for each of the above criteria; and
 - c. Proposed CEO Evaluation Form for the coming year.
7. In addition, the CEO's performance for the prior twelve months may be based on the following seven categories based on the goals stated in the OCERS Strategic Plan:
 - a. Fund Sustainability
 - b. Excellent Service and Support
 - c. Risk Management
 - d. Talent Management
 - e. Effective Governance
 - f. Communications



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

- g. Other criteria that the Board determines is appropriate.

The Board will attempt to ensure that the criteria:

- a. Are objective and measurable; and
 - b. Pertain only to outcomes over which the Chief Executive Officer has a reasonable degree of control.
8. The Chair will distribute the CEO Evaluation Package to each member of the Board in July of each year. The Evaluation Package will include copies of the Evaluation Form to be completed by each Board member, Business Plan, and the CEO's self-evaluation. The Chief Executive Officer's self-evaluation report is designed to assist the Board in the evaluation process. It should describe the extent to which the CEO believes the evaluation criteria were met over the past year, as well as all relevant supporting data. Supporting data may be confirmed by internal audit material where appropriate. The report may also describe any additional accomplishments during the year.
9. The Board shall treat this material as confidential. Completed individual Evaluation Forms will be returned to the Chair or the designated third party with a copy to the Vice Chair within the time frame specified. The Chair will ensure that all data is tabulated and summarized in a Master CEO Evaluation Form and treated as confidential until released to the Board.
10. Evaluation of the Chief Executive Officer will be completed by August each year. The evaluation process itself will be conducted in executive session. The Chair will distribute a copy of the Master CEO Evaluation Form and invite discussion by the Board. At the conclusion of discussion, the Chief Executive Officer will join the Board for review and discussion of his/her performance along with any suggestions for improvement. The Board may have preliminary discussions in July, but will complete the process by August.
11. Upon completion of the Master CEO Evaluation Form, the Chair and the Chief Executive Officer will sign the Master CEO Evaluation Form and cause it to be placed in the Chief Executive Officer's personnel file.

Documentation

- 12. The Individual and Master CEO Evaluation Form(s) may take any format the Board deems appropriate, but must allow Board members an opportunity to provide general comments.

Compensation

- 13. The Board of Retirement will consider the Chief Executive Officer's compensation during the months of October and November to coincide with the Board's consideration and approval of OCERS' budget.
- 14. In establishing the Chief Executive Officer's salary, the Board will appoint a designated representative under Government Code section 54957.6(a) to assist the Board in negotiating for these purposes. As directed by the Board, the designated representative will negotiate with the



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Chief Executive Officer the salary, salary schedule and/or compensation paid in the form of fringe benefits that will be paid to the Chief Executive Officer subject to final action by the Board.

Policy Review

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

Policy History

- 16. This policy will be implemented in February 19, 2002. This policy was revised May 16, 2005, May 19, 2008, March 22, 2010, January 21, 2014 , November 14, 2016, August 19, 2019 and MONTH DATE, 2023.

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