

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

**REGULAR MEETING  
Monday, July 17, 2023  
9:30 A.M.**

**MINUTES**

Chair Tagaloa called the meeting to order at 9:35 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present in Person: Shawn Dewane, Chair; Adele Tagaloa, Vice Chair; Charles Packard, Chris Prevatt, Arthur Hidalgo, Richard Oates, Roger Hilton, Chris Prevatt; Jeremy Vallone, Wayne Lindholm, Shari Freidenrich

Present via Zoom (under Government Code Section 54953(f)): None

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, Chief Investments Officer; Gina Ratto, General Counsel; Manuel Serpa, Deputy General Counsel; David Kim, Director of Internal Audit; Tracy Bowman, Director of Finance; Will Tsao, Director of Enterprise Project Management Office; Mary-Joy Coburn, Director of Communications; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

Guests: Harvey Leiderman, ReedSmith, Andy Yeung and Paul Angelo, Segal

Absent: None

**CONSENT AGENDA**

**BENEFITS**

**C-1 OPTION 4 RETIREMENT ELECTION**

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

- NONE

**ADMINISTRATION**

**C-2 BOARD MEETING MINUTES**

Regular Board Meeting Minutes

June 19, 2023

**Recommendation:** Approve minutes.

**MOTION** by Mr. Hilton, **SECONDED** by Mr. Hidalgo, to approve the Consent Agenda items, C-2.

The motion passed **unanimously**.

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**DISABILITY/MEMBER BENEFITS AGENDA**

**CONSENT ITEMS**

**A. Disability Committee Recommendations:**

**DC-1: RICHARD CHAPPELL- CONTINUED TO FUTURE MONTH**  
Construction Inspection Supervisor, Orange County Sanitation District (General Member)

**Recommendation:** The Disability Committee recommends that the Board:

- Deny service connected disability retirement due to insufficient evidence of permanent incapacity.

**DC-2: BRIAN KURKA**  
Sheriff's Special Officer II, Orange County Sheriff's Department (General Member)

**Recommendation:** The Disability Committee recommends that the Board:

- Deny service and non-service connected disability retirement without prejudice because the member has opted not to join in the employer filed application.

**B. CEO Recommendations:**

**DC-3: JOLEANE ALEXANDER**  
Coach Operator, Orange County Transportation Authority (General Member)

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as July 18, 2021.

**DC-4: KRISTOPHER KILTZ**  
Sergeant, Orange County Sheriff’s Department (Safety Member)

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as February 9, 2023.

**DC-5: MARK OSTERHUES**  
Fire Apparatus Engineer, Orange County Fire Authority (Safety Member)

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as February 10, 2023.

**DC-6: MICHELLE RODRIGUEZ**  
Sergeant, Orange County Sheriff’s Department (Safety Member)

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as December 2, 2022.

**DC-7: JULIAN VALENCIA**  
Deputy Sheriff II, Orange County Sheriff’s Department (Safety Member)

**Recommendation:** Steve Delaney, CEO, recommends that the Board:

- Grant service connected disability retirement.
- Set the effective date as the day after last day of regular compensation.

**MOTION** by Mr. Lindholm, **SECONDED** by Mr. Tagaloa, to approve items, DC-2 to DC-7, on the Disability Consent Agenda. DC-1 was continued to another month.

The motion passed **unanimously**.

#### **ACTION ITEMS**

**A-2 CONSIDERATION OF EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS FOR FISCAL YEAR-2024-2025**

*Presentation by Brenda Shott, Asst. Chief Executive Officer, Internal Operations and Molly Murphy, Chief Investment Officer, CFA, OCERS*

**Recommendation:** Approve the terms of a prepayment discount program for the advance payment of employer contributions, including a 7% discount rate to be used for contribution year July 2024 through June 2025.

**MOTION** by Ms. Freidenrich, **SECONDED** by Mr. Packard, to approve the staff recommendation.

The motion passed **unanimously**.

**A-3 REVISIONS TO THE CEO PERFORMANCE EVALUATION POLICY – APPOINTMENT OF A DESIGNATED REPRESENTATIVE UNDER GOVERNMENT CODE § 54957.6(a) –PERSONNEL COMMITTEE RECOMMENDATION**

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

**Recommendation:** The Personnel Committee recommends the Board adopt revisions to the CEO Performance Evaluation Policy to allow for the appointment of a designated representative under Government Code § 54957.6(a) to assist the Board in negotiating the CEO’s salary, salary schedule and/or compensation in the form of fringe benefits.

In conformance with the Brown Act, after significant discussion, **MOTION** by Mr. Prevatt, **SECONDED** by Mr. Packard, to approve Personnel Committee recommendation with the designation, to be included in the Charter for the Personnel Committee, of the Chair of the Personnel Committee to act as representative under Government Code § 54957.6(a) to assist the Board in negotiating the CEO’s salary, salary schedule and/or compensation in the form of fringe benefits.

The motion passed, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane		Ms. Freidenrich	
Mr. Hidalgo			
Mr. Hilton			
Mr. Lindholm			
Mr. Oates			
Mr. Packard			
Mr. Prevatt			
Ms. Tagaloa			

*The Board recessed for break at 10:17 a.m.*

*The Board reconvened from break at 10:33 a.m.*

*Recording Secretary administered the Roll Call attendance.*

**INFORMATION ITEMS**

**I-1 ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INVESTMENT RETURN SCENARIOS**

*Presentation by Andy Yeung and Paul Angelo, Segal*

**I-2            SENSITIVITY ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE INFLATION AND INVESTMENT RETURN ASSUMPTIONS**

*Presentation by Andy Yeung and Paul Angelo, Segal*

**I-3            ACTUARIAL RISK ASSESSMENT BASED ON THE DECEMBER 31, 2022 ACTUARIAL VALUATION**

*Presentation by Andy Yeung and Paul Angelo, Segal*

**WRITTEN REPORTS**

**R-1        MEMBER MATERIALS DISTRIBUTED**

Written Report

Application Notices

July 17, 2023

Death Notices

July 17, 2023

**R-2        COMMITTEE MEETING MINUTES**

- May 2023- Personnel Committee Minutes

**R-3        CEO FUTURE AGENDAS AND 2023 OCERS BOARD WORK PLAN**

Written Report

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

Written Report

**R-5        BOARD COMMUNICATIONS**

Written Report

**R-6        LEGISLATIVE UPDATE**

Written Report

**R-7        QUARTERLY TRAVEL AND TRAINING EXPENSE REPORT**

Written Report

**R-8        SEPTEMBER 2023 OCERS STRATEGIC PLANNING WORKSHOP**

Written Report

**R-9        INDIANA PUBLIC RETIREMENT SYSTEM VISIT REPORT**

Written Report

**R-10      CONTRACT STATUS FOR NAMED SERVICE PROVIDERS**

Written Report

**CIO COMMENTS-** Ms. Murphy anticipates a healthy year on the backs of a few tech stocks. The OCERS portfolio is currently up 7.5%. Always mindful of the global markets, Ms. Murphy notes that Secretary Yellen’s China visit was fruitful, and it will likely have spillover effects on the global economy.

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**—Matt Eakin, Director of Information Security, notes the cybersecurity concerns since the CalPERS and CalSTRS breach of information. Mr. Prevatt suggests a policy regarding offering credit monitoring in the case of a system hack to be brought back to Governance. Trustees also discussed a Cyber Risk Insurance policy, but Mr. Eakin noted that the insurance policy is commonly determined on a case-by-case basis. Mr. Eakin also notes that a major concern on the part of members of CalPERS and CalSTRS include a slow response to PDI’s slow response to data breach.

CEO Delaney thanks Ms. Ratto for her many years of service.

**COUNSEL COMMENTS**

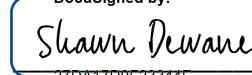
**BOARD MEMBER COMMENTS-** Ms. Freidenrich, after having had reviewed the report of CEO Delaney’s visit to INPRS, was impressed with their monthly reports to the Board and asked that OCERS staff consider something similar. Ms. Tagaloa noted that the Call Center for INPRS works from home. Mr. Lindholm thanked Ms. Gina Ratto for her service.

Meeting **ADJOURNED** at 12:05 pm in memory of active members, retired members, and surviving spouses who passed away this passed month.

Submitted by:

Approved by:

DocuSigned by:  
  
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Steve Delaney  
Secretary to the Board

DocuSigned by:  
  
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Shawn Dewane  
Chairman