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

REGULAR MEETING (AMENDED)
Monday, August 21, 2023
9:30 A.M.

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 Video/Teleconference information	
Join Using Zoom App (Video & Audio) **https://ocers.zoom.us/j/85710528851** **Meeting ID: 857 1052 8851** **Passcode: 617768** Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.	**Join by Telephone (Audio Only)** Dial by your location +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) **Meeting ID: 857 1052 8851** **Passcode: 617768**
A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page	

AGENDA

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

1. **CALL MEETING TO ORDER AND ROLL CALL**

2. **PLEDGE OF ALLEGIANCE**

3. **BOARD MEMBER STATEMENT REGARDING PARTICIPATION VIA ZOOM (IF NECESSARY) (Government Code section 54953(f))**

4. **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 Board Member requests separate action on a specific item.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- Lopez, Jesus
- McKenzie, Dan

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes July 17, 2023

Recommendation: Approve minutes.

C-3 2023 PENSION FUNDS FORUM- TRAVEL APPROVAL

Recommendation: Approve Mr. Packard's attendance of the 2023 Public Funds Forum to be held September 7-9 at the Montage, Palmetto Bluff, South Carolina.

Anticipated cost is approximately $3,000 [Registration: $950; Airfare: $700; Hotel: $900 [3 nights x $279]; Meals: $200; Transportation to and from airport: $200]

C-4 ORANGE COUNTY AUDITOR-CONTROLLER REQUEST TO FORGO GOVERNMENT CODE 31582 AUDITOR CERTIFICATION

Recommendation: Approve the Orange County Auditor-Controller's request to forgo the Auditor's written certification per Government Code Section 31582 as allowed under Government Code Section 31582.1

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DISABILITY/MEMBER BENEFITS AGENDA
9:30 AM

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF DISABILITY RETIREMENT DETERMINATIONS, THE BOARD MAY ADJOURN TO CLOSED SESSION TO DISCUSS MATTERS RELATING TO THE MEMBER'S APPLICATION OR APPEAL PURSUANT TO GOVERNMENT CODE SECTIONS 54957 OR 54956.9. IF THE MATTER IS A DISABILITY APPLICATION UNDER SECTION 54957, THE MEMBER MAY REQUEST THAT THE DISCUSSION BE IN PUBLIC.

OPEN SESSION

CONSENT ITEMS

All matters on the Consent Agenda are to be approved by one action unless a Board member requires separate action on a specific item. If separate action is requested, the item will be discussed in closed session during agenda item DA-1.

A. Disability Committee Recommendations:

DC-1: **ZORINA CATUNA**
Public Health Nurse III, Orange County Health Care Agency (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.

DC-2: **MERY VALDEZ**
Data Entry Technician, Orange County Probation (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.

DC-3: **AMELIA HEDGES**
Legal Processing Specialist, Orange County Superior Court (General Member)

Recommendation: The Disability Committee recommends that the Board:

- Deny service connected disability retirement due to insufficient evidence of job causation.

B. CEO Recommendations:

DC-4: **CHRISTIAN BRIGHT**
Deputy Sheriff II, Orange County Sheriff's Department (Safety Member)

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

- Grant service connect disability retirement.
- Set the effective date as March 10, 2023

DC-5: **DANIELA COSTEA**
Correctional Service Assistant, Orange County Sheriff's Department (Safety Member)

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

- Grant service connect disability retirement.
- Set the effective date as January 27, 2023.

DC-6: **STEPHEN HURDLE**
Fire Battalion Chief, Orange County Fire Authority (Safety Member)

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

- Grant service connect disability retirement.
- Set the effective date as January 27, 2023.

DC-7: **MARK PETZ**
Fire Captain, Orange County Fire Authority (Safety Member)

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

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

CLOSED SESSION

Government Code section 54957

Adjourn to Closed Session under Government Code section 54957 to consider member disability applications and to discuss member medical records submitted in connection therewith. The applicant may waive confidentiality and request his or her disability application to be considered in Open Session.

DA-1: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE DISABILITY/MEMBER BENEFITS CONSENT AGENDA

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board's discussion of the item. **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 TRIENNIAL STUDY OF ACTUARIAL ASSUMPTIONS
Presentation by Paul Angelo and Andy Yeung, Segal Consulting

Recommendation: Approve the recommended economic and demographic and actuarial assumptions provided in the Actuarial Experience Study for the period of January 1, 2020 through December 31, 2022 as presented by Segal.

A-3 REVISIONS TO THE CEO PERFORMANCE EVALUATION POLICY –PERSONNEL COMMITTEE RECOMMENDATION
Presentation by Steve Delaney, Chief Executive Officer

Recommendation: The Personnel Committee recommends the Board:

1. Approve the following criteria for evaluating the CEO's performance, effective for the current performance review period:
   a. Fund Sustainability
   b. Excellent Service and Support
   c. Risk Management
   d. Talent Management
   e. Effective Governance
   f. Communications
   g. Other criteria that the Board determines is appropriate;

2. Adopt the same rating metrics for evaluating the CEO's performance as the metrics that are used by OCERS in evaluating the performance of OCERS direct employees;

3. Change the review period for the Chief Executive Officer's (CEO) performance from a January through December review period to a September through August review period;

4. Make the change to the review period for the CEO's performance effective with a truncated 2023 performance review period of January 2023 through August 2023;

5. Continue to consider the CEO's salary during the months of October and November; and

6. Approve revisions to the Chief Executive Officer Performance Evaluation Policy as presented to effectuate all of the above.

A-4 BUILDING COMMITTEE OUTCOMES--- OCERS HEADQUARTERS PROJECT OWNER'S REPRESENTATIVE/PROGRAM AND CONSTRUCTION MANAGER SELECTION
Presentation by Brenda Shott, Assistant CEO, Internal Operations

Recommendation: The Building Committee recommends the Board authorize Staff to execute a contract with Griffin Structures for OCERS Headquarters Owner's Representative/Program and Construction Management services for a term of forty-one (41) months with a fixed fee amount not-to-exceed $2,180,011 paid monthly ($53,171/month) with an OCERS option to extend the term by six (6) months at an amount not to exceed an additional $320,000, paid monthly if and as required.

INFORMATION ITEMS

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

None

WRITTEN REPORTS

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

R-1 MEMBER MATERIALS DISTRIBUTED
Written Report

Application Notices	August 21, 2023
Death Notices	August 21, 2023

R-2 COMMITTEE MEETING MINUTES
- January 2023- Building Committee Minutes
- June 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 SECOND QUARTER 2023 BUDGET TO ACTUALS REPORT
Written Report

R-8 **SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023**
Written Report

R-9 **OCERS BY THE NUMBERS (2023 EDITION)**
Written Report

R-10 **THE EVOLUTION OF OCERS' UAAL (2023 EDITION)**
Written Report

R-11 **2023 OCERS BOARD STRATEGIC PLANNING WORKSHOP – Final Agenda**
Written Report

R-12 **2023 EMPLOYER AND EMPLOYEE CONTRIBUTIONS MATRIX**
Written Report

CLOSED SESSION ITEMS

E-1 **CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1))**
Adjourn pursuant to Government Code section 54956.9(d)(1).
Eder Palma v. Board of Retirement, OCERS; Orange County Superior Court, Case No. 30-2022-01280823-CU-WM-CJC

Recommendation: Take appropriate action.

E-2 **CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED (GOVERNMENT CODE SECTION 54956.9(d)(1))**
Adjourn pursuant to Government Code section 54956.9(d)(1).
James Morell v. Board of Retirement, OCERS; Los Angeles Superior Court, Case No. 22STCP02345

Recommendation: Take appropriate action.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

BOARD MEMBER COMMENTS

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

NOTICE OF NEXT MEETINGS

GOVERNANCE COMMITTEE MEETING
August 24, 2023

9:30 A.M.

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

INVESTMENT COMMITTEE MEETING
August 30, 2023
9:00 A.M.

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

STRATEGIC PLANNING WORKSHOP
September 13 AND 14, 2023
8:30 A.M. to 4:45 P.M.

WESTIN SOUTH COAST PLAZA
686 ANTON BLVD.
COSTA MESA, CA 92626

DISABILITY COMMITTEE MEETING
September 18, 2023
8:30 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-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
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:

AYES	NAYS	ABSTAIN	ABSENT
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:
___________________________	______________________________
Steve Delaney	Shawn Dewane
Secretary to the Board	Chairman

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **2023 PENSION FUNDS FORUM- TRAVEL APPROVAL**

Recommendation

Approve Mr. Packard's attendance of the 2023 Public Funds Forum to be held September 7-9 at the Montage, Palmetto Bluff, South Carolina.

Anticipated cost is approximately $3,000 [Registration: $950; Airfare: $700; Hotel: $900 [3 nights x $279]; Meals: $200; Transportation to and from airport: $200]

Background/Discussion

Mr. Packard seeks the Board's approval for his attendance of the 2023 Public Funds Forum.

The conference agenda is found here: https://www.publicfundsforum.com/agenda/

Because this is not a pre-approved conference, the OCERS Board's Travel policy states that "approval by the Board" is required:

> **LIMITATION ON ATTENDANCE AT CONFERENCES AND SEMINARS**
> 17. Board members who want to attend events (i.e. conferences, seminars, meetings, or courses) that require overnight lodging and are not automatically authorized under paragraphs 10, 11, 12 or 14 require advance approval by the Board.

In addition, the Travel policy also requires that Mr. Packard submit a written report regarding his attendance, a helpful tool in determining if future conferences by this provider should be added to the existing list of pre-approved conference providers:

> **REPORT ON CONFERENCE OR SEMINAR**
> 22. Board members and staff who travel to conferences or seminars that are not automatically authorized in paragraphs 10, 11, 12 or 14 shall file with the Chief Executive Officer a report that briefly summarizes the information and knowledge gained that may be relevant to other Board Members or staff, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board Member or staff will be made on the Conference/Seminar Report form shown in the appendix. A copy of the report will be included in the materials for the next meeting of the Board.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Attachment: Travel Policy

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Travel Policy

Purpose

1. Prudent oversight of a public sector pension plan requires that trustees and staff occasionally travel to business meetings and educational conferences or seminars, held in or outside of the state of California. Travel and related costs incurred in doing so not only represent legitimate expenses of the plan, but are a sound investment in the ongoing success of the organization in meeting the needs of the membership.
2. The purpose of the Travel Policy is to encourage and facilitate the pursuit of relevant educational and business related initiatives by trustees and staff. The policy is designed to assist them in meeting their fiduciary duties to administer the pension plan, ensure that expenditures incurred in the education and travel process are prudent and cost-effective, and to mitigate the risk of improprieties arising from travel or business related activities. Exceptions to any provision of this policy for a Board member or the Chief Executive Officer require the pre-approval of the Board Chair or Vice Chair; and require the pre-approval of the Chief Executive Officer in the case of an exception for a staff member.

Content Requirements

3. As a general rule, and with the exception of public retirement system meetings discussed below, unless a conference/seminar agenda contains an average of five (5) hours of substantive educational content per day, attendance at the particular conference/seminar will not be approved and related travel expenses will not be reimbursed. Educational forums, conferences and seminars that routinely and consistently satisfy this requirement will automatically qualify for Board approval for attendance. The Chief Executive Officer will screen and determine those conferences or seminars that meet the five (5) hour requirement and provide a list thereof to the Board members and appropriate staff members. Authorization to attend and receive travel expense reimbursement for a client conference organized or sponsored by a single company or firm shall be restricted to those conferences sponsored by firms who have a contractual relationship with OCERS. Board members or staff members who have independent relationships with a conference sponsor are not automatically entitled to attend such conferences at OCERS' expense. The Board of Retirement shall consider each request individually regardless of any Board or staff affiliation.

Board Member

4. The term "Board Member" shall include a designee of the Treasurer, provided such person is designated in writing to act as the designee, has taken the oath of office and has filed the written designation with the County Clerk, County Auditor and OCERS.

Travel Authorization

5. Except as otherwise provided herein, reimbursement of travel expenses for a Board member to attend an educational conference or seminar (or other type of meeting or event) requires the prior approval of the Board of Retirement.

6. All reimbursement of travel expenses for an employee of OCERS to attend an educational conference or seminar (or other type of meeting or event) or for administrative purposes requires the prior approval of the Chief Executive Officer or his or her designee.

7. Travel on OCERS' business within the Southern California region by Board members or staff need not be approved in advance provided that overnight accommodations are not required. The Southern California region shall include the counties of Orange, Los Angeles, San Bernardino, Riverside, San Diego, Imperial, Ventura, Santa Barbara and Kern.

Limitation on Meeting for Business Purpose

8. No more than four members of the Board are authorized to meet together for business purposes within the State of California unless there is appropriate public notice of the meeting. Attendance at educational conferences, seminars and social activities by more than four members of the Board is not a violation of this provision.

Cost of Administration

9. Approved education and travel expenses for Board and staff members shall be direct costs of administration of OCERS (or directly charged to Investments in the case of education, due diligence, and travel expenses for Investments staff) paid by OCERS, and shall not be paid through third party contracts or otherwise without express written authorization of the Board of Retirement. All approved travel and education expenses shall be included in the OCERS annual budget approved by the Board of Retirement.

Pre-Approved Conferences and Meetings

10. Board members and the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:

    a. Regular meetings of the State Association of County Retirement Systems (SACRS);

    b. Conferences of the National Conference on Public Employee Retirement Systems (NCPERS);

    c. CALAPRS annual General Assembly and Round Table meetings;

    d. Conferences of the National Association of State Retirement Administrators (NASRA);

    e. Conferences of the National Institute on Retirement Security (NIRS);

    f. Conferences sponsored by the Board of Retirement's retained consultants and/or investment managers;

    g. Conferences sponsored by the California Retired County Employees Association (CRCEA);

    h. Conferences sponsored by the National Association of Police Organizations (NAPO); and

    i. Conferences sponsored by a firm that has a contractual relationship with OCERS.

    In addition, the OCERS staff members designated by the Chief Executive Officer are automatically authorized and encouraged to attend the following:

j. Annual Conference of the Public Pension Financial Forum (P2F2);

k. Conferences of the National Association of Public Pension Attorneys (NAPPA);

l. Conferences sponsored by the Government Finance Officers Association (GFOA); and

m. Conferences sponsored by CEM Benchmarking.

11. Board members and staff members designated by the Chief Executive Officer who are appointed or elected to serve on committees and/or the Board of Directors of the organizations named in paragraph 10 are automatically authorized to attend meetings of the committee(s) to which they have been appointed or elected.

12. Board members and staff members designated by the Chief Executive Officer are automatically authorized to attend each of the following full curriculum pension management programs and courses:

    a. Basic and advance educational programs sponsored by CALAPRS – once during each Board member's term, and one time only for OCERS staff members;

    b. Basic and advanced educational programs sponsored by SACRS – once during each Board member's term, and one time only for OCERS staff members;

    c. Basic and advanced investment programs sponsored by the Wharton School -- one time only for Board members and staff; provided, however, if the Wharton School does not offer an advanced investment program, the basic program may be taken a second time after three years of initially completing the program; and

    d. Global Financial Markets Institute, Inc. – various programs are available; Board members and staff may attend each program only once.

13. New Board members, other than those with prior experience administering a public retirement system or pension fund, are encouraged to attend one of the courses listed in paragraph 12 within the first year after their election or appointment.

14. The Chief Executive Officer has identified the following conferences/seminars that Board members and designated staff members are automatically authorized to attend, subject to the limits set forth in paragraph 16, at OCERS expense:

    a. Conferences and Programs (CAPP) sponsored by the International Foundation of Employee Benefit Plans (IFEBP);

    b. Conferences sponsored by the Pension Real Estate Association (PREA);

    c. Conferences sponsored by Pension and Investments;

    d. Conferences sponsored by the Pacific Pension Institute (PPI);

    e. Forums sponsored by Institutional Investor;

    f. Conferences sponsored by the Council of Institutional Investors (CII);

    g. Conferences sponsored by Institutional Real Estate, Inc. (IREI);

    h. Conferences sponsored by the Opal Financial Group;

i. Conferences sponsored by WithIntelligence and all of its subsidiaries;

j. Conferences sponsored by the Investment and Wealth Institute;

k. Conferences sponsored by SuperReturn;

l. Conferences sponsored by Global ARC;

m. Conferences sponsored by Institutional Shareholder Services (ISS) Media Solutions and all of its subsidiaries;

n. Conferences sponsored by the Institutional Limited Partners Association;

o. Conferences sponsored by the Markets Group;

p. Conferences sponsored by Public Retirement Information Systems Management (PRISM); and

q. Conferences sponsored by Gartner.

15. The Chief Executive Officer shall provide newly elected or appointed Board members with a list of approved conferences scheduled to take place within the current calendar year.

Limitation on Attendance at Conferences and Seminars

16. A Board member is authorized to attend up to three events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging at OCERS' expense each calendar year. Attendance at the pre-approved events listed in paragraphs 10, 11 and 12 are not subject to the three-event limit imposed by this paragraph even if they require overnight travel.

17. Board members who want to attend events (i.e., conferences, seminars, meetings or courses) that require overnight lodging and that are not automatically authorized under paragraphs 10, 11, 12 or 14 require advance approval by the Board. Staff members who want to attend events (i.e., conferences, seminars, meetings or courses) that require overnight lodging and that are not automatically authorized under paragraphs 10, 11, 12 or 14 require advance approval by the Chief Executive Officer or his or her designee.

18. OCERS will not reimburse overnight lodging for travel within Orange County, regardless of whether the event is pre-approved under any of the provisions of this policy. An exception to this provision may be granted by the Board Chair or Vice Chair upon the request of, and showing of good cause by, a Board member or the Chief Executive Officer; and by the Chief Executive Officer upon the request of, and showing of good cause by, a staff member.

19. In cases where attendance at a particular conference, seminar or other event is limited, the CEO will identify those trustees who will be authorized to attend as follows:

    a. first, by giving priority to those trustees who have not previously attended the specific conference, seminar or other event and, if needed, make selections by lottery of the interested trustees in this group;

    b. second, if additional opportunities to attend remain available, make selections by lottery of other interested trustees, and

    c. third, designate the remaining interested trustees as alternate attendees, who may attend in the event the trustees originally selected are unable to attend.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Travel Policy

International Travel and Travel Outside the Continental United States

20. Travel by Board members to a destination outside the continental United States requires pre-approval by the Board, regardless of whether the event is pre-approved under any of the provisions of this policy. Travel by staff to a destination outside the continental United States requires pre-approval by the Chief Executive Officer and notification to the Board Chair. Travel to attend a conference, seminar or meeting held outside the continental United States shall not be reimbursed by OCERS unless it can be demonstrated to the satisfaction of the Board (for travel by a Board member or the Chief Executive Officer) or the Chief Executive Officer (for travel by a staff member) that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period of time.

Travel Reports

21. The Chief Executive Officer shall submit a quarterly report on conference, seminar and educational course attendance by Board members and staff and OCERS' costs related to such events. Such reports shall identify the individual (Board Member or staff), location, purpose and cost of travel. The Board of Retirement will review these reports in January, April, July and October of each calendar year. The report also shall include scheduled travel for the ensuing quarter.

Report on Conference or Seminar

22. Board Members and staff who travel to conferences or seminars that are not automatically authorized in paragraphs 10, 11, 12 or 14 shall file with the Chief Executive Officer a report that briefly summarizes the information and knowledge gained that may be relevant to other Board Members or staff, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board Member or staff will be made on the Conference/Seminar Report form shown in the appendix. A copy of the report will be included in the materials for the next meeting of the Board.

Claims for Reimbursement

23. Reimbursement for travel by a Board member or staff shall be submitted through OCERS expense management application accompanied by all supporting original receipts or documentation of the expense incurred. All expense claim forms will be reviewed and approved (or disapproved) in accordance with the provisions of this policy. The Board Chair shall approve expense claims for Board members and the Chief Executive Officer. The Vice Chair will approve expense claims for the Chair. The Chief Executive Officer or his or her designee will approve all expense claims for staff. All approvals are subject to ultimate review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph 21.

Cash Advances

24. Cash advances will be provided upon request only for those conferences, seminars, meetings, and courses identified in paragraphs 10, 11, 12 or 14 of this policy as pre-approved by the Board and Chief Executive Officer. Any and all cash advances for travel and training shall be requested through the Chief Executive Officer. Cash advances are subject to approval by the Chair of the Board of Retirement and the Chief Executive Officer. Notice of all cash advances for travel and training shall be placed on the Consent Agenda for the next Regular Meeting of the Board of Retirement as an informational item.

Time Limit for Expense Claims

25. Claims for reimbursement pursuant to this policy must be submitted within 30 days following return to Orange County. In no event will a claim for reimbursement be approved if submitted 90 days after the end of the calendar year in which the expense was incurred.

Expenses for Traveling Companions

26. Expenses of family members and/or traveling companions are not reimbursable by OCERS.

Limitation on Time and Expense Allowance

27. Board and staff members will be reimbursed daily travel expenses, such as meals as outlined in paragraph 29, and gratuities as outlined in paragraph 42, for each day of travel when such travel is outside Orange County. Allowance for time and expense shall not exceed that which is reasonable and necessary as claimed by others to that precise destination whether by private automobile or common carrier. Expense reimbursements are limited to those items and amounts considered to be non-taxable income to the recipient by the Internal Revenue Service (IRS). Whenever feasible, Board and staff members are encouraged to travel on the same day of a one-day event and on the first and last days of a multiple-day event, rather than the day before or after, in order to save the System lodging and meal costs. Expense costs for extra days prior to or after a conference will be reimbursed only if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions shall include the cost of salary for any work days lost by the extension.

Travel and Lodging Cancellations

28. Board members and staff are responsible for the timely cancellation of registration fees, travel and lodging reservations made on his/her behalf that will not be used, so that no unnecessary expense will be incurred by OCERS.

Meals

29. **Meals While Attending Events that Require Overnight Travel.** Meals purchased by a Board or staff member while attending an event (i.e., conference, seminar, meeting or course) that requires overnight travel will be reimbursed at the actual and reasonable cost of the meals, including non-alcoholic beverages, tax and tip, (a) provided that both an itemized receipt and a charge receipt (when a payment card is used) are submitted, and (b) provided further that any meals included and already paid for by OCERS (such as through the conference registration fee) and meals paid for by a

third party and subject to reporting requirements under the Political Reform Act will not be reimbursed. If an itemized receipt is not submitted, OCERS will reimburse the Board or staff member up to the GSA rate for that meal, upon request.

30. **Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved**. Board and staff members will be reimbursed for the actual and reasonable expense of meals, including non-alcoholic beverages, tax and a reasonable tip, consumed and purchased during meetings where business is conducted during the course of the meal, and no overnight travel is required to attend the meeting. (See paragraph 29 for meal reimbursement during trips with overnight travel.) The Board or staff member must provide both an itemized receipt and a charge receipt (when a payment card is used) for all such meals. The names of the people who attended the business-purpose meeting and a brief description of the business discussed or conducted shall be submitted with the reimbursement request. In the event an itemized receipt is lost or is not available, a Missing Receipt Form must be completed and submitted with the expense reimbursement claim. The Missing Receipt Form includes a certification that only allowable items are included in the request for reimbursement.

Hotels

31. Actual expenses for economical and practical lodging will be reimbursed. Reimbursement will be limited to a room considered to be in a standard class. Whenever possible, a request for a government or conference rate will be made.
32. If, at the conclusion of a business-related trip, it would be impractical for a Board member or staff member to return home the same day, the Board member or staff member will be entitled to be reimbursed for one additional night of lodging.

Airline Travel

33. OCERS' Board members and staff will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse a Board or staff member to fly business class (or the equivalent) except in the case of international travel that exceeds six (6) hours, or first class except in extraordinary circumstances, and then only with the approval of the Board Chair or Vice Chair where the traveler is a Board member or the Chief Executive Officer, or the approval of the Chief Executive Officer where the traveler is a staff member. In addition, for travel that exceeds four (4) hours in length, additional legroom seats or premium economy fees will be reimbursed. An individual may, at his or her own expense, pay to upgrade travel to business or first class.
34. If a significant savings can be realized on the airline fare by having a Board member or staff member extend their stay to include a Saturday night, the Board or staff member, at his or her option, may extend his or her stay in order to realize such savings. OCERS will reimburse the additional lodging and meal costs resulting from an extended itinerary, not to exceed the savings in airline fare.

Automobile Mileage

35. A Board member or staff member who uses his/her personal automobile for transportation on OCERS business will keep records of the actual mileage driven on business, and will report such

mileage through OCERS expense management application and will use the mileage calculator in the application or attach documentation of the miles driven (e.g., copy of map and route). Reimbursement will be made at the per-mile rate allowed by the IRS. Mileage will be reimbursed for only those miles incurred beyond the staff member's normal commute to his or her regular worksite (i.e., if an employee departs from or returns to his or her home instead of the regular worksite, only the mileage in excess of the normal daily commute will be reimbursed).

36. Board members who use their personal automobiles for transportation to OCERS (or to OCERS' offsite meeting locations) to attend meetings of the Board or committees of the Board or for the purpose of conducting other OCERS business will be reimbursed for actual mileage driven at the per-mile rate allowed by the IRS. The Board member will report such mileage to the CEO's Executive Assistant who will submit the claim through the OCERS expense management application and will use the mileage calculator in the application or attach documentation of the miles driven (e.g., copy of map and route).

37. A Board member or staff member who elects to use his/her personal automobile for travel will be reimbursed for mileage and parking fees up to an amount that does not exceed the cost of traveling by air, which will be calculated to include the most economical (least expensive) round-trip ticket between Orange County and the destination city, airline baggage fees, transportation to/from and parking fees at the local airport, and transportation between the destination airport and hotel/conference site.

Parking and Tolls

38. Parking and tolls will be reimbursed at current rates. A receipt is required for amounts over $25.00.

Public Transportation

39. Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar) and public transportation for OCERS business (including attendance by a Board member at meetings of the Board or committees of the Board) will be reimbursed at current rates. The most economical mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttle) is not required. A receipt is required for amounts over $25.00.

Car Rentals

40. The use of a rental car by a Board member or staff will be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars, shared ride services or public transportation. Board members and staff are required to obtain and purchase (and OCERS will reimburse) Loss Damage Waiver and Supplemental Liability Insurance when renting vehicles on OCERS' business. Rental car discounts must be used whenever possible and appropriate. If available, a compact vehicle will be requested, unless several Board members and/or staff will be using the vehicle together.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Incidental Business Expenses

41. Incidental business expenses reasonably incurred in connection with OCERS business, such as telephone, fax, Internet access, and similar business expenses, will be reimbursed. Receipts are required for all amounts.

Porterage/Housekeeping/Other

42. OCERS will reimburse a maximum of $15 per day of travel for porterage, housekeeping and non-meal related gratuities. Receipts are not required for these expenses.

Excluded Expenses

43. The following expenses will not be reimbursed: Alcoholic beverages, tobacco, in-room movies, barber shop, beauty shop, gifts, magazines, personal telephone calls and mini-bar charges. In the case of a trip longer than five business days or an emergency situation, laundry and dry cleaning expenses will be reimbursed.
44. OCERS will not reimburse or pay for charges for attendance at or participation in networking, social or entertainment type events (e.g., golf, cocktail parties, excursions, outings, etc.) that are in addition to or not included in the general conference registration fee, except that OCERS will pay for NASRA-sponsored networking events that take place during, and are included in the agenda for, NASRA-sponsored conferences.

Staff Travel

45. In furtherance of this policy, the Chief Executive Officer shall have discretionary authority to approve staff travel as necessary to carry out the administrative responsibilities of OCERS, such as attendance at legislative meetings or hearings, conducting on-site visits as part of due diligence evaluation of existing and proposed service providers, participating in continuing education programs, and other duties as directed.

Policy Review

46. This policy shall be reviewed every three years by the Governance Committee and may be amended by the Board of Retirement at any time.

Policy History

47. The Retirement Board adopted this policy on December 16, 2002, and last revised on November 14, 2022.

OCERS Board Policy

Travel 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.

Steve Delaney
Secretary of the Board

11/14/22
Date

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Travel Policy

Report of Attendance at Conference or Seminar

Name of Member Attending: ______________________________

Name of Conference/Seminar: ______________________________

Location of Conference/Seminar: ______________________________

Conference/Seminar Sponsor: ______________________________

Dates of Attendance: ______________________________

Total Cost of Attendance: ______________________________

Brief Summary of Information and Knowledge Gained:

____

____

Evaluation of the Conference or Seminar:

____

____

Recommendation Concerning Future Attendance:

____

____

____
Signature

Return to: Executive Assistant

Copies to: Board Members
Chief Executive Officer
Assistant Chief Executive Officers

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations

SUBJECT: Orange County Auditor-Controller Request to Forego Government Code §31582 Auditor Certification

Recommendation

Approve the Orange County Auditor-Controller's request to forego Government Code §31582 Auditor Certification as allowed under Government Code Section §31582.1.

Background/Discussion

OCERS collects contributions from participating employers after every pay period for both employer and employee contributions (if an employer prepays contributions, we still obtain payroll and contribution data with each pay period to apply the prepayment to the applicable pay period) The County Employees Retirement Law of 1937 as found in various sections within the California Government Code provides for the requirement of participating employers to pay to OCERS their required contributions as defined. California Government Code §31582 also requires that the county auditor certify the compensation earnable:

California Government Code §31582. Transfer from appropriation to retirement fund; amount; advance payment (the Code) states:

> *(a)* ***The county auditor shall certify to the board at the end of each month or at the end of each pay period the compensation earnable****, as defined in Section 31461, paid to all safety members of the retirement association covered by Article 7.5 (commencing with Section 31662) and the compensation earnable, as defined in Section 31461, paid to all other members of the retirement association, and the auditor shall thereupon transfer from the appropriation to the retirement fund the percentage of this amount determined pursuant to Sections 31453, 31453.5, and 31454. Until that determination, the amount of the transfer shall be 23.77 percent of the compensation earnable, as defined in Section 31461, paid to all safety members covered by Article 7.5 (commencing with Section 31662) and 8.85 percent of the compensation earnable, as defined in Section 31461, paid to all other members.*

In accordance with the Code, the Orange County Auditor-Controller provides a signed certification each pay period that includes a summary of total compensation earnable subject to retirement contributions for both safety members and general members.

On July 27, 2023, the Orange County Auditor-Controller sent a request to OCERS that the County of Orange forego the Auditor's written certification as allowed by California Government Code §31582.1, which states:

§ 31582.1. Certification requirements of Section 31582; provisions to forego

> *In any county in which the board of retirement so provides,* ***the county auditor shall not be required to make the certifications required by Section 31582****.*

While the Orange County Auditor-Controller recognizes that certification can be beneficial in certain situations, they have evaluated the requirements and concluded that pursing written certification at this time would not yield significant advantages for the County of Orange. By opting out of certification, they can streamline their processes and allocate resources more efficiently towards other pressing priorities. A copy of the Orange County Auditor-Controller's request is attached to this memorandum.

Staff has evaluated this request and determined that absent this certification, there are other sections of the California Government Code that provides assurance that the County is responsible for paying the required contributions on all compensation earnable, including:

§ 31542.5 Pay period for compensation reported to board; failure of county or district to report compensation

(a) When a county or district reports compensation to the board, it shall identify the pay period in which the compensation was earned regardless of when it was reported or paid. Compensation shall be reported in accordance with Section 31461 and shall not exceed compensation earnable, as defined in Section 31461.

(b) The board may assess a county or district a reasonable amount to cover the cost of audit, adjustment, or correction, if it determines that a county or district knowingly failed to comply with subdivision (a). A county or district shall be found to have knowingly failed to comply with subdivision (a) if the board determines that either of the following applies:

(1) The county or district knew or should have known that the compensation reported was not compensation earnable, as defined in Section 31461.
(2) The county or district failed to identify the pay period in which compensation earnable was earned, as required by this section.

(c) A county or district shall not pass on to an employee any costs assessed pursuant to subdivision (b)

§ 31581. County contribution, rate

> *After the date a system becomes operative the board of supervisors shall, in the preparation and adoption of the county budget, add to the appropriation for salaries and wages and include therein an appropriation determined pursuant to Sections 31453, 31453.5 and 31454. Until such determination the additional appropriations shall equal 23.77 percent of the total compensation provided for all safety members covered by Article 7.5 (commencing with Section 31662) and 8.85 percent of the total compensation provided for all other employees who are members of the retirement association.*

§ 31584. Failure of board to make appropriations or transfers

> *The board of supervisors shall make the appropriations, and if it fails or neglects to make the appropriations, the county auditor shall transfer from any money available in any fund in the county treasury the sums specified by this chapter and this transfer shall have the same force and effect as it would have had if the required appropriation had been made by the board of supervisors.*

§31454.7. Board's plenary authority to recommend adjustments to county and district contributions

> *The Legislature affirms the ruling of Mijares v. Orange County Employees' Retirement System (2019) 32 Cal.App.5th 316, with respect to a board's plenary authority to recommend adjustments to county and district contributions as necessary to ensure the appropriate funding of the system, and with respect to the mandate of Section 31454 that the county and districts adjust the rates of contributions of members and appropriations in accordance with the board's recommendations. Under all circumstances, the county and districts shall each remain liable to the retirement system for their respective share of any unfunded actuarial liability of the system, as determined by the board.*

In addition, the process of receiving the County's payroll information and contributions has evolved over the years. The current process is completed digitally, whereby employers upload their contribution transmittal file directly into OCERS pension administration system. OCERS team reconciles the expected contributions based on the payroll information and applicable contribution rates to actual contributions received directly from the files uploaded by the employer. The paper certification process as described in §31582 had a more significant role in the contribution payment process when submissions of compensation earnable information and contributions were made in hard copy format.

In a survey of the other County Employee Retirement Systems, we found that of the ten systems who responded as of the time of writing this report seven (7) systems did not receive signed certification forms from the County Auditor-Controller and three (3) did still receive the signed certifications every pay period.

Based on this background and discussion, Staff recommends that the Board approve the Orange County Auditor-Controller's request to forego the Auditor's written certification as allowed by Section 31582.1.

Approved by:

OCERS B.S. - Approved

Brenda Shott, CPA
Assistant CEO, Finance and Internal Operations

OFFICE OF THE
ORANGE COUNTY AUDITOR-CONTROLLER

ANDREW N. HAMILTON, CPA
AUDITOR-CONTROLLER

July 27, 2023

Brenda Shott
Assistant CEO, Finance & Internal Operations
Orange County Employees Retirement System
2223 E. Wellington Ave., Ste. 100
Santa Ana, CA 92701

Dear Brenda,

I am writing to formally request that the County of Orange forgo the Auditor's written certification as allowed by Section 31582.1 of the County Employees Retirement Law of 1937. We will continue to electronically provide the bi-weekly worksheet showing salary and premium pays subject to retirement contribution for both safety members (Tier I/Tier II) and general members (Tier I/Tier II); however, I believe that the circumstances surrounding this certification are not applicable or necessary in the current context. While certification is undoubtedly beneficial in certain situations, we have evaluated the requirements and have concluded that pursuing written certification at this time would not yield significant advantages for the County of Orange. By opting out of certification, we can streamline our processes and allocate our resources more efficiently towards other pressing priorities.

If you require any additional information or would like to discuss this matter further, please do not hesitate to reach out to me. I am available to address any concerns or questions you may have.

Sincerely,

Andrew Hamilton
Auditor-Controller

1770 N. BROADWAY • SANTA ANA, CALIFORNIA 92706
PHONE: (714) 834-2450 • FAX: (714) 834-2569 • WWW.OCAUDITOR.COM

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **TRIENNIAL STUDY OF ACTUARIAL ASSUMPTIONS**

Recommendation

Approve the recommended economic and demographic and actuarial assumptions provided in the Actuarial Experience Study for the period of January 1, 2020 through December 31, 2022 as presented by Segal.

Background/Discussion

Every three years OCERS engages Segal as system's actuary to conduct an actuarial experience study. It is that time again. That process involves comparing assumed to actual experience for the period January 1, 2020 through December 31, 2022.

On August 21, Mr. Paul Angelo and the Segal team will present the study findings.

While various triennial studies in the past have required the OCERS Board to consider a number of alternative assumptions, leading to consideration spreading over multiple months, that is not the case with this study.

Segal has provided a unified assumption recommendation for the Board's consideration, two issues which will be discussed in detail on August 21:

1. Special consideration in setting the service retirement assumptions as a result of the number of retirements during the study period associated with the County's Voluntary Incentive Program (see pages 30 – 31 of their experience study report).
2. Change in the allocation of normal cost between members and the employer to fund COLA benefits for Legacy Safety members with 30 years of service (see page 78 of their experience study report).

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Orange County Employees
Retirement System

Actuarial Experience Study

Analysis of Actuarial Experience During the Period January 1, 2020 through December 31, 2022

Segal

Segal

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

August 11, 2023

Board of Retirement
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701

RE: Review of Actuarial Assumptions for the December 31, 2023 Actuarial Valuation

Dear Members of the Board:

We are pleased to submit this report of our review of the actuarial experience for the Orange County Employees Retirement System. This study utilizes the census data for the period January 1, 2020 to December 31, 2022 as well as prior periods for some assumptions, and provides the proposed actuarial assumptions, both economic and demographic, to be used in the December 31, 2022 valuation.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to reviewing this report with you and answering any questions you may have.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

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

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

JY/jl

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1. Introduction, Summary, and Recommendations

To project the cost and liabilities of the Retirement System, assumptions are made about all future events that could affect the amount and timing of the benefits to be paid and the assets to be accumulated. Each year actual experience is compared against the projected experience, and to the extent there are differences, the future contribution requirement is adjusted.

If assumptions are modified, contribution requirements are adjusted to take into account a change in the projected experience in all future years. There is a great difference in both philosophy and cost impact between recognizing the actuarial deviations as they occur annually and changing the actuarial assumptions. Taking into account one year's gains or losses without making a change in the assumptions means that year's experience is treated as temporary and that, over the long run, experience will return to what was originally assumed. For example, the actuarial assumptions used in the most recent valuation did not include any possible short-term or long-term impacts on mortality of the covered population that emerged due to COVID-19.[1] Changing assumptions reflects a basic change in thinking about the future, and has a much greater effect on the current contribution requirements than recognizing gains or losses as they occur.

The use of realistic actuarial assumptions is important in maintaining adequate funding, while paying the promised benefit amounts to participants already retired and to those near retirement. The actuarial assumptions used do not determine the "actual cost" of the plan. The actual cost is determined solely by the benefits and administrative expenses paid out, offset by investment income received. However, it is desirable to estimate as closely as possible what the actual cost will be so as to permit an orderly method for setting aside contributions today to provide benefits in the future, and to maintain equity among generations of participants and taxpayers.

This study was undertaken in order to review the economic and demographic actuarial assumptions and to compare the actual experience with that expected under the current assumptions during the three-year experience period from January 1, 2020 through December 31, 2022. The study was performed in accordance with Actuarial Standard of Practice (ASOP) No. 27 "Selection of Economic Assumptions for Measuring Pension Obligations"[2] and ASOP No. 35 "Selection of Demographic and Other Non-Economic Assumptions for Measuring Pension Obligations." These Standards of Practice provide guidance for the selection of the various actuarial assumptions utilized in a pension plan actuarial valuation. Based on the study's results and expected future experience, we are recommending various changes in the current actuarial assumptions.

We are recommending changes in the assumptions for: merit and promotion salary increases, retirement from active employment, retirement age for inactive vested members, percent of members assumed to go on to work for a reciprocal system, reciprocal salary increases, pre-retirement mortality, post-retirement healthy and disabled life mortality, beneficiary mortality,

[1] An analysis of the ongoing impact of the COVID-19 pandemic is beyond the scope of the current experience study.
[2] References made later in this report are with respect to the revised ASOP 27 adopted in June 2020.

termination (refunds and deferred vested retirements), disability incidence (service and non-service), and additional cashouts. We are also recommending a change in the allocation of the cost of COLA benefits after Legacy Safety members reach 30 years of service as well as some technical changes to the application of the Entry Age cost allocation method.

Our recommendations for the major actuarial assumption categories are as follows:

Pg #	Actuarial Assumption Categories	Recommendation
11	**Inflation:** Future increases in the Consumer Price Index (CPI), which drives investment returns and active member salary increases.	Maintain the inflation assumption at 2.50% per annum as discussed in Section (3)(A).
14	**Retiree Cost-of-Living Increases:** Future increases in the cost-of-living adjustment for retirees.	Maintain the retiree cost-of-living assumption at 2.75% per annum (based on our recommended inflation assumption of 2.50% plus a margin for adverse deviation of 0.25%) as discussed in Section (3)(A).
15	**Investment Return:** The estimated average future net rate of return on current and future assets of the System as of the valuation date. This rate is used to discount liabilities.	Maintain the current investment return assumption at 7.00% per annum as discussed in Section (3)(B).
24	**Individual Salary Increases:** Increases in the salary of a member between the date of the valuation to the date of separation from active service. This assumption has three components: • Inflationary salary increases • Real "across the board" salary increases • Merit and promotion increases	Maintain the current inflationary salary increase assumption at 2.50% and maintain the current real "across the board" salary increase assumption at 0.50%. This means that the combined inflationary and real "across the board" salary increases will remain unchanged at 3.00%. Adjust the merit and promotion rates of salary increase as developed in Section 3(C) to reflect past experience. Future merit and promotion salary increases are higher in some service categories and lower in other service categories under the proposed assumptions. The recommended <u>total</u> rates of salary increase anticipate slightly lower increases overall than the current assumptions for General and Safety members.
30	**Retirement Rates:** The probability of retirement at each age at which participants are eligible to retire. **Other Retirement Related Assumptions including:** • Retirement age for deferred vested members • Future reciprocal members and reciprocal salary increases • Percent married and spousal age differences for members not yet retired	For active members, adjust the current retirement rates to those developed in Section (4)(A). For General members, increase the assumed retirement age for reciprocal deferred vested members from 59 to 60 and decrease the assumed retirement age for non-reciprocal deferred vested members from 59 to 58. For Safety members, maintain the assumed retirement age for both reciprocal and non-reciprocal deferred vested members at 54. Decrease the current proportion of future deferred vested members expected to be covered by a reciprocal system from 15% to 12.5% for General members and maintain the assumption at 20% for Safety members. In addition, decrease the reciprocal salary increase assumption from 4.00% to 3.90% for General members and decrease the reciprocal salary increase assumption from 4.60% to 4.50% for Safety members. For active and deferred vested members, maintain the current percent married at retirement assumption at 75% for males and 55% for females. Maintain the spouse age difference assumption that male retirees are three years older than their spouses and female retirees are two years younger than their spouses.

Pg #	Actuarial Assumption Categories	Recommendation
52	**Mortality Rates:** The probability of dying at each age. Mortality rates are used to project life expectancies.	**Healthy Retirees:** Current base table for General Members: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 5% for males and females. Recommended base table for General Members: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 5% for females. Current base table for Safety Members: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table. Recommended base table for Safety Members: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates decreased by 5% for females. **All Beneficiaries:** Current base table: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 5% for males and females. Recommended base table – in pay status at the valuation: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 10% for males. Recommended base table – not in pay status at the valuation: For the purposes of the actuarial valuations (for funding and financial reporting), when calculating the liability for the continuance to a beneficiary of a surviving member we recommend that the General Healthy Retiree mortality tables be used for beneficiary mortality both before and after the expected death of the General or Safety member. **Pre-Retirement Mortality:** Current & recommended base table for General Members: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. Current & recommended base table for Safety Members: Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table.

Pg #	Actuarial Assumption Categories	Recommendation
	Mortality Rates (continued)	**Disabled Retirees:** Current & recommended base table for General Members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table, with rates decreased by 5% for males and females. Current base table for Safety Members: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table. Recommended base table for General Members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates decreased by 5% for females. **All current tables** are projected generationally with the two-dimensional mortality improvement scale MP-2019. **All recommended tables** are projected generationally with the two-dimensional mortality improvement scale MP-2021. This is the most recent projection scale, as an updated projection scale was not published in 2022. **For member contribution rates, optional forms, and reserves:** change the mortality rates to those developed in Section (4)(B).
65	**Termination Rates:** The probability of leaving employment at each age and receiving either a refund of member contributions or a deferred vested retirement benefit.	Adjust the termination rates to those developed in Section (4)(D) to reflect a slightly higher incidence of termination for General All Other (non-OCTA) members and Safety Law and Fire members, and a slightly lower incidence of termination for General OCTA and Safety Probation members. In addition, a lower proportion of members is expected to elect a withdrawal of member contributions with a higher proportion electing instead to receive a deferred vested benefit under the recommended assumptions.
72	**Disability Incidence Rates:** The probability of becoming disabled at each age.	Adjust the disability rates to those developed in Section (4)(E) to reflect slightly lower incidence of disability for General members and slightly higher incidence of disability for Safety members.
77	**Leave Cashouts:** Additional pay elements that are expected to be received during the member's final average earnings period.	Adjust the additional cashout assumptions to those developed in Section (4)(F) to reflect recent years' experience.
78	Including **Change in the allocation of the cost of COLA benefits after legacy Safety members reach 30 years of service.**	Adjust the allocation as discussed in Section (4)(G), and make technical changes to the application of the Entry Age cost allocation method.

We have estimated the impact of all the recommended economic and demographic assumptions as if they were applied to the December 31, 2022 actuarial valuation. The table below shows the changes in the employer and member contribution rates due to the proposed assumption changes separately for the recommended economic assumption changes (as recommended in Section 3 of this report) and the recommended demographic assumption changes (as recommended in Section 4 of this report).

Cost Impact of the Recommended Assumptions Based on December 31, 2022 Actuarial Valuation

Assumption	Impact on Average Employer Contribution Rates
Decrease due to changes in economic assumptions	(0.15%)
Increase due to changes in demographic assumptions and methods[1]	1.06%
Total increase in average employer rate	**0.91%**
Total estimated decrease in annual dollar amount ($000s)[2]	**$18,422**

Assumption	Impact on Weighted Average Member Contribution Rates
Decrease due to changes in economic assumptions	(0.01%)
Decrease due to changes in demographic assumptions and methods[3]	(0.13%)
Total decrease in average member rate	**(0.14%)**
Total estimated decrease in annual dollar amount ($000s)[2]	**$(3,081)**

Assumption	Impact on UAAL ($000s)
Decrease due to changes in economic assumptions	$(42,218)
Increase due to changes in demographic assumptions and methods[4]	193,621
Total increase in UAAL ($000s)	**$151,403**

	Impact on Funded Percentage on VVA Basis
Change in Funded Percentage	81.5% to 81.0%

Of the various assumption changes, the most significant rate increase for employer is due to the retirement assumption followed by the mortality assumption.

Section 2 provides some background on the basic principles and methodology used for the experience study and for the review of the economic and demographic actuarial assumptions. A detailed discussion of each assumption and reasons for the proposed changes are found in Section 3 for the economic assumptions and Section 4 for the demographic assumptions. The cost impact of the proposed changes by Rate Group is detailed in Section 5.

1 The increase in the average employer contribution rate due to the change in allocation of the cost of COLA benefits after legacy Safety members reach 30 years of service, as discussed in more detail on page 78, is 0.08% of payroll.
2 Based on December 31, 2022 projected annual payroll as determined under each set of assumptions.
3 The decrease in the average member contribution rate due to the change in allocation of the cost of COLA benefits after legacy Safety members reach 30 years of service, as discussed in more detail on page 78, is 0.07% of payroll.
4 There is no impact on the UAAL due to the change in allocation of the cost of COLA benefits after legacy Safety members reach 30 years of service.

2. Background and Methodology

In this report, we analyzed both economic and demographic ("non-economic") assumptions. The primary economic assumptions reviewed are inflation, investment return, and salary increases. Demographic assumptions include the probabilities of certain events occurring in the population of members, referred to as "decrements," e.g., termination from service, disability retirement, service retirement, and death before and after retirement. In addition to decrements, other demographic assumptions reviewed in this study include the percentage of members with an eligible spouse or domestic partner, spousal age difference, percent of members assumed to go on to work for a reciprocal system, reciprocal salary increase and additional cashouts.

Economic Assumptions

Economic assumptions consist of:

- **Inflation:** Increases in the price of goods and services. The inflation assumption reflects the basic return that investors expect from securities markets. It also reflects the expected basic salary increase for active employees and drives increases in the allowances of retired members (if any).
- **Investment Return:** Expected long-term rate of return on the System's investments after accounting for certain investment expenses and all administrative expenses. This assumption has a significant impact on contribution rates.
- **Salary Increases:** In addition to inflationary increases, it is assumed that salaries will also grow by real "across the board" pay increases in excess of price inflation. It is also assumed that employees will receive raises above these average increases as they advance in their careers. These are commonly referred to as merit and promotion increases. Payments to amortize any Unfunded Actuarial Accrued Liability (UAAL) are assumed to increase each year by the price inflation rate plus any real "across the board" pay increases that are assumed.

The setting of these economic assumptions is described in Section 3.

Demographic Assumptions

In order to determine the probability of an event occurring, we examine the "decrements" and "exposures" of that event. For example, taking termination from service, we compare the number of employees who actually terminate in a certain age and/or service category (i.e., the number of "decrements") with those who could have terminated (i.e., the number of "exposures"). For example, if there were 500 active employees in the 20-24 age group at the beginning of the year and 50 of them left during the year, we would say the probability of termination in that age group is 50 ÷ 500 or 10%.

The reliability of the resulting probability is highly dependent on both the number of decrements and the number of exposures. For example, if there are only a few people in a high age category at the beginning of the year (number of exposures), we would not lend as much credibility to the probability of termination developed for that age category, especially if it is out of line with the pattern shown for the other age groups. Similarly, if we are considering the death decrement, there may be a large number of exposures in the age 20-24 category, but very few decrements (actual deaths); therefore, we would not be able to rely heavily on the probability developed for that category.

One reason we use several years of experience for such a study is to have more exposures and decrements, and therefore more statistical reliability. Another reason for using several years of data is to smooth out fluctuations that may occur from one year to the next. However, we also calculate the rates on a year-to-year basis to check for any trend that may be developing in the later years.

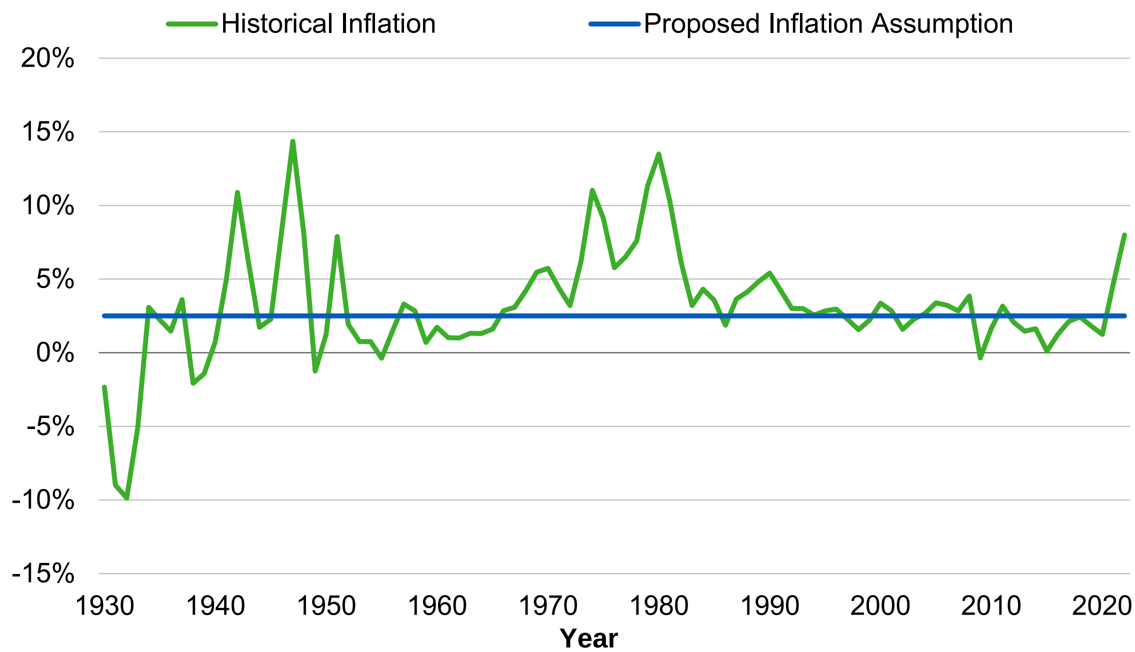
3. Economic Assumptions

A. Inflation

Unless an investment grows at least as fast as prices increase, investors will experience a reduction in the inflation-adjusted value of their investment. There may be times when "riskless" investments return more or less than inflation, but over the long term, investment market forces will generally require an issuer of fixed income securities to maintain a minimum return which protects investors from inflation.

The inflation assumption is long term in nature, so our analysis begins with a review of historical information. Following is a graph showing historical inflation rates and a comparison with the inflation assumption of 2.50% that we recommend in this report:

Historical Consumer Price Index – 1930 to 2022[1]
(U.S. City Average - All Urban Consumers)



There has been a spike in inflation that started in the second quarter of 2021 and continued into 2022. However, the rate of inflation, while still elevated, has leveled off and started to decline since the Federal Reserve began to increase interest rates starting around the second quarter of 2022. In particular, the change in the CPI from June 30, 2022 to June 2023 was 2.97%.

Based on information found in the Public Plans Database, which is produced in partnership with the National System of State Retirement Administrators (NASRA), the median inflation

[1] Source: Bureau of Labor Statistics – Based on annual-to-annual CPI for All Items in U.S. city average, all urban consumers, not seasonally adjusted (Series ID: CUUR0000SA0).

assumption used by 194 large public retirement funds in their 2021 fiscal year valuations was 2.50%.[1] In California, CalSTRS and six[2] 1937 Act CERL systems currently use an inflation assumption of 2.75%, the other fourteen 1937 Act CERL systems (including OCERS) use an inflation assumption of 2.50%[3] and CalPERS uses an inflation assumption of 2.30%.

OCERS' investment consultant, Meketa, anticipates an annual inflation rate of 2.63% over a 20-year horizon, while the average inflation assumption provided by Meketa and five other investment advisory firms retained by Segal's California public sector clients, as well as Segal's investment advisory division (Segal Marco Advisors),[4] was 2.43%. Note that, in general, investment consultants use a time horizon for this assumption that is shorter than the time horizon we use for the process of setting actuarial assumptions.[5]

To find a forecast of inflation based on a longer time horizon, we referred to the Social Security Administration's (SSA) 2023 report on the financial status of the Social Security program.[6] The projected average increase in the Consumer Price Index (CPI) over the next 75 years under the intermediate cost assumptions used in that report was 2.40%. The SSA report also includes alternative projections using lower and higher inflation assumptions of 1.80% and 3.00%, respectively.

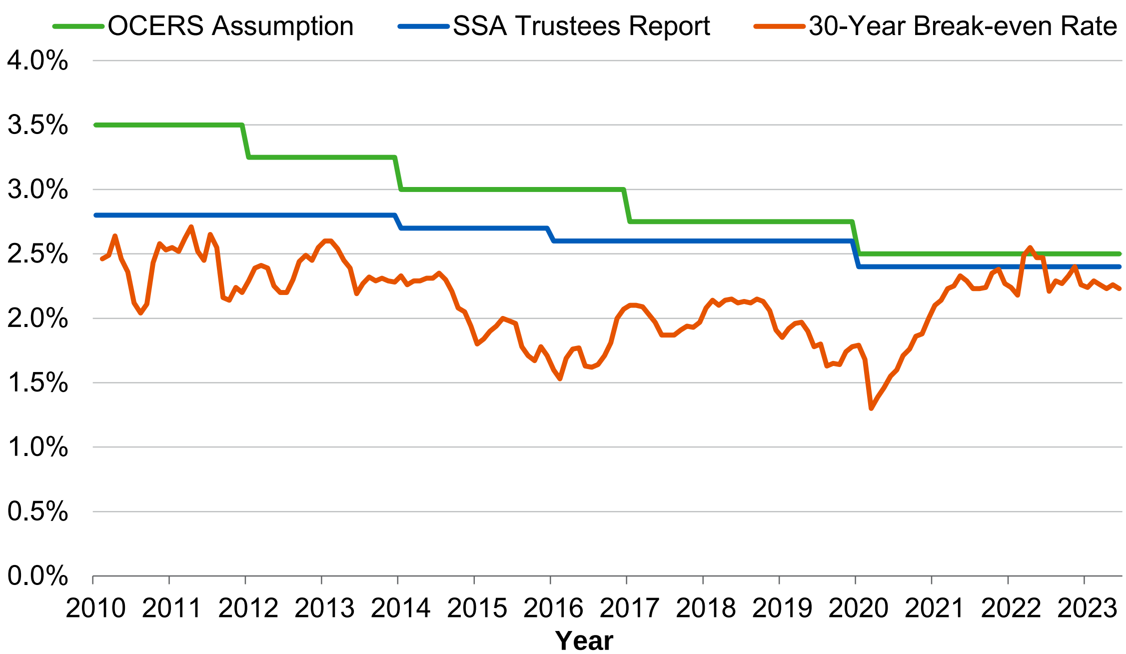
We also compared the yields on the 30-year inflation indexed U.S. Treasury bonds to comparable 30-year traditional U.S. Treasury bonds.[7] This "break-even rate" is commonly regarded as a market-based gauge of future inflation expectations. As of June 2023, the difference in yields is about 2.23% which provides a measure of market expectations of inflation. This market expectation for long-term inflation can be quite volatile and has dropped from the high of 2.55% over the last 12 months, which is illustrated in the table below. It is worth noting that even during the peak of the recent inflation spike this break-even rate exceeded 2.50% in only a single month, April 2022.

1 Among 219 large public retirement funds, the 2021 fiscal year inflation assumption was not available for 25 of the public retirement funds in the survey data as of March 2023.
2 We note that out of these six 1937 Act CERL Systems, two of those are served by Segal and we would generally expect to recommend 2.50% as the inflation assumption in their next experience study.
3 Six of these 1937 Act CERL systems use a 2.50% inflation assumption with a 2.75% COLA assumption.
4 We note that this is the first time we have included inflation and real rate of return assumptions used by Segal Marco Advisors in our review of economic assumptions for OCERS.
5 The time horizon used by the six investment consultants included in our review, with the exception of one investment consultant that uses a 1-year horizon, generally ranges from 20 years to 30 years, with Meketa using a 20-year horizon.
6 Source: Social Security Administration: The 2023 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.
7 Source: Board of Governors of the Federal Reserve System.

Observation Month	Difference in Yields	Observation Month	Difference in Yields
January 2022	2.24%	October 2022	2.33%
February 2022	2.18%	November 2022	2.40%
March 2022	2.49%	December 2022	2.26%
April 2022	2.55%	January 2023	2.24%
May 2022	2.47%	February 2023	2.29%
June 2022	2.47%	March 2023	2.26%
July 2022	2.21%	April 2023	2.23%
August 2022	2.29%	May 2023	2.26%
September 2022	2.27%	June 2023	2.23%

The following graph shows OCERS' historical and current proposed inflation assumptions compared to the two other metrics just discussed, going back to 2010. In effect, this compares OCERS' assumption to two separate independent forecasts, one based on market observations and one developed by economists at the SSA. The graph shows that over the observed period, OCERS' assumption has been higher but consistently moving towards these other forecasts.

Historical Inflation Forecasts



The setting of the inflation assumption using the information outlined above is a somewhat subjective process, and Segal does not apply a specific weight to each of the metrics in determining our recommended inflation assumption. Based on a consideration of all of the above metrics, beginning in 2021 we are generally recommending the same 2.50% inflation assumption in our experience studies for our California public retirement system clients.

Based on all of the above information, we recommend maintaining the annual inflation assumption at 2.50%.

Retiree Cost-of-Living Increases

In our last experience study as of December 31, 2020, the Board adopted a 2.75% cost-of-living adjustment (COLA) for all retirees[1] with a 0.25% margin on top of the 2.50% inflation assumption.

In the table below, we continue to observe that the changes in the average annual CPI based on Los Angeles-Long Beach-Anaheim area used by the Board to set COLAs have exceeded those of the average annual CPI for the U.S. City Average during the most recent 5-year, 10-year and 20-year periods ending before December 31, 2022.

	Change in Average Annual CPI for Los Angeles-Long Beach-Anaheim Area	Change in Annual Average CPI for U.S. City Average
5-Year Period	3.94%	3.61%
10-Year Period	2.76%	2.46%
20-Year Period	2.71%	2.46%

We recommend maintaining the current assumptions to value the post-retirement COLA benefit at 2.75% per year which includes a 0.25% margin above our recommended inflation assumption.

In developing the COLA assumption, we also considered the results of a stochastic approach that would attempt to account for the possible impact of low inflation that could occur before COLA banks are able to be established for the member. Although the results of this type of analysis might justify the use of a lower COLA assumption, we are not recommending that at this time. The reasons for this conclusion include the following:

- The results of the stochastic modeling are significantly dependent on assuming that lower levels of inflation will persist in the early years of the projections. If this is not assumed, then the stochastic modeling will produce results similar to our proposed COLA assumptions.
- Using lower long-term COLA assumptions based on a stochastic analysis would mean that an actuarial loss would occur even when the inflation assumption of 2.50% (before considering the 0.25% margin on top of the inflation assumption for COLA) is met in a year. We question the reasonableness of this result.

We do not see the stochastic possibility of COLAs averaging less than those predicted by the assumed rate of inflation as a reliable source of cost savings that should be anticipated in our COLA assumptions. Therefore, we continue to recommend setting the COLA assumption consistent with the COLA assumption we have used in prior years.

[1] For current retirees and beneficiaries, we would utilize the accumulated COLA banks to value annual 3.00% COLA increases as long as the COLA banks are available.

B. Investment Return

The investment return assumption is comprised of two primary components, inflation and real rate of investment return, with adjustments for certain expenses and risk.

Real Rate of Investment Return

This component represents the portfolio's incremental investment market returns over inflation. Generally, when an investor takes on greater investment risk, the return on the investment is expected to also be greater, at least in the long run. This additional risk and return is expected to vary by asset class and empirical data supports that expectation. For that reason, the real rate of return assumptions are developed by asset class. Therefore, the real rate of return assumption for a retirement plan's portfolio will vary with the Board's asset allocation among asset classes.

The System's current target asset allocation and the assumed real rate of return assumptions by asset class are shown in the following table. The first column of real rate of return assumptions are determined by reducing Meketa's total or "nominal" 2023 return assumptions by their assumed 2.63% inflation rate. The second column of returns (except certain asset classes as noted in the table) represents the average of a sample of real rate of return assumptions. The sample includes the expected annual real rate of return provided to us by Meketa and five other investment advisory firms retained by Segal's public sector clients, as well as Segal's investment advisory division. We believe these averages are a reasonable consensus forecast of long-term future market returns in excess of inflation.[1]

[1] Note that, just as for the inflation assumption, in general the time horizon used by the investment consultants in determining the real rate of return assumption is shorter than the time horizon encompassed by the actuarial valuation.

OCERS' Target Asset Allocation and Assumed Arithmetic Net Real Rate of Return Assumptions by Asset Class and for the Portfolio

Asset Class	Percentage of Portfolio	Meketa's Assumed Net Real Rate of Return[1]	Average Assumed Net Real Rate of Return from a Sample of Consultants to Segal's California Public Sector Clients[2]
Global Equity	45.00%	7.94%	7.05%
Investment Grade Bonds	9.00%	2.13%	1.97%
High Yield Bond	0.50%	5.23%	4.63%
TIPS	2.00%	2.06%	1.77%
Emerging Market Debt	0.50%	4.44%	4.72%
Long-Term Government Bonds	3.30%	2.99%	2.82%
Real Estate	3.00%	4.46%	3.86%
Private Equity	15.00%	11.29%	9.84%
Private Credit	3.50%	7.33%	6.47%
Value Added Real Estate	3.00%	7.38%	7.38%[3]
Opportunistic Real Estate	1.00%	9.74%	9.74%[3]
Energy	2.00%	10.89%	10.89%[3]
Infrastructure (Core Private)	1.00%	5.98%	5.98%[3]
Infrastructure (Non-Core Private)	3.00%	8.88%	8.88%[3]
Global Macro	1.70%	3.17%	3.17%[3]
CTA (Trend Following)	3.30%	3.15%	3.15%[3]
Alternative Risk Premia	1.70%	3.24%	3.24%[3]
Special Situations Lending	1.50%	8.96%	8.96%[3]
Total	**100.00%**	**7.25%**	**6.55%**

Generally, the above are representative of "indexed" returns for securities that are publicly traded, returns net of fees for securities that are non-publicly traded and do not include any additional returns ("alpha") from active management. Consideration of returns without alpha is consistent with the Actuarial Standard of Practice No. 27, Section 3.8.3.d, which states:

> "Investment Manager Performance - Anticipating superior (or inferior) investment manager performance may be unduly optimistic (or pessimistic). The actuary should not assume that superior or inferior returns will be achieved, net of investment expenses, from an active investment management strategy compared to a passive investment management strategy unless the actuary has reason to believe, based on relevant

1 The rates shown have been estimated by Segal by taking Meketa's nominal projected arithmetic returns and reducing by Meketa's assumed 2.63% inflation rate to develop the assumed real rate of return shown.

2 These are based on the projected arithmetic returns provided by Meketa and five other investment advisory firms serving the county retirement system of OCERS and 16 other city and county retirement systems in California, as well as Segal's investment advisory division. These return assumptions are net of any applicable investment management expenses.

3 For this asset class, Meketa's assumption is applied in lieu of the average because there is a larger disparity in returns for these asset classes among the firms surveyed and using Meketa's assumption should more closely reflect the underlying investments made specifically for OCERS.

supporting data, that such superior or inferior returns represent a reasonable expectation over the long term."

The following are some observations about the returns provided above:

1. The investment consultants to our California public sector clients, as well as Segal's investment advisory division, have each provided us with their expected real rates of return for each asset class, over various future periods of time. However, in general, the returns available from investment consultants are projected over time periods that are shorter than the durations of a retirement plan's liabilities.
2. As discussed in the next section, the real rates of return provided this year by the investment consultants reflect a change in how investment expenses are reported.
3. Using a sample average of expected net real rates of return allows the System's investment return assumption to reflect a broader range of capital market information and should help reduce year to year volatility in the investment return assumption.
4. Therefore, we recommend that the 6.55% portfolio net real rate of return be used to determine OCERS' investment return assumption, but with some caution. This return is 0.88% higher than the 5.67% gross return that was used three years ago in the review to prepare the recommended investment return assumption for the December 31, 2020 valuation even before we consider the approximately 0.55% in investment management expense that, as discussed in the next section, will no longer be subtracted from the 6.55% return.
5. The 0.88% increase in the portfolio net real rate of return since the 2021 return is due to changes in the real rate of return assumptions provided to us by the investment advisory firms (+0.56% under the 2020 asset allocation), changes in OCERS' target asset allocation (+0.39%) and the interaction effect between these changes (-0.07%). We believe the increase in the portfolio net real rate of return attributable to those real rate of return assumptions may be due to the very low returns earned in the first half of the 2022 calendar year, as well as the increase in the federal funds rate during 2022, and so should be used with caution in selecting a long-term investment return assumption.

System Expenses

For funding purposes, the real rate of return assumption for the portfolio needs to reflect investment expenses expected to be paid from investment income. Current practice for OCERS also adjusts for expected administrative expenses. In the prior experience studies, we have adjusted the gross real rate of return developed using the target asset allocation by the investment expenses expected to be paid by OCERS.

However, as prevailing practice by investment advisory firms is to provide us with the real rates of return net of expected investment expenses, especially for active portfolio management, we now need to make adjustments only for investment consulting fees, custodian fees and other miscellaneous investment expenses.

The following table provides these investment and administrative expenses in relation to the valuation value of assets as of the beginning of the year, for the six-year period ending December 31, 2022.

Investment and Administrative Expenses as a Percentage of Valuation Value of Assets *(Dollars in 000's)*

Year Ending December 31	Valuation Value of Assets[1]	Investment Expenses[2,3]	Administrative Expenses	Investment and Administrative %
2017	$13,102,978	$10,219	$17,002	0.21%
2018	14,197,125	20,850	18,284	0.28
2019	14,994,420	21,866	19,171	0.27
Three-Year Average (2017-2019)				**0.25**
2020	16,036,869	19,563	20,428	0.25
2021	17,525,117	27,966	21,473	0.28
2022	19,488,761	37,213	23,546	0.31
Three-Year Average (2020-2022)				**0.28**
Six-Year Average				**0.27**
Current Assumption (including investment management fees)				**0.85**
Proposed Assumption (excluding investment management fees)				**0.30**

Based on the above experience, we recommend reducing the investment and administrative expense component of the investment return assumption from 0.85% to 0.30%.

Note related to investment expenses paid to active managers – As cited above, under Section 3.8.3.d of ASOP No. 27, the effect of an active investment management strategy should be considered "net of investment expenses…unless the actuary believes, based on relevant data, that such superior or inferior returns represent a reasonable expectation over the measurement period."

We have not performed a detailed analysis to measure how much of the investment expenses paid to active managers might have been offset by additional returns ("alpha") earned by that active management. For this study, we will continue to use the current approach that any "alpha" that may be identified would be treated as an increase in the risk adjustment and corresponding confidence level that are discussed in the next section. However, as discussed above, the real return assumptions provided by the investment advisory firms assume that active management will generate additional returns to cover the expense of such management, an assumption that is consistent with ASOP No. 27.

Risk Adjustment

The real rate of return assumption for the portfolio is adjusted to reflect the potential risk of shortfalls in the return assumptions. OCERS' asset allocation determines this portfolio risk, since risk levels are driven by the variability of returns for the various asset classes and the

[1] As of beginning of plan year.

[2] Equals the sum of investment consulting fees, custodian fees and other miscellaneous investment expenses. Excludes investment manager fees.

[3] Net of securities lending expenses. Because we do not assume any additional net return for this program, we effectively assume that any securities lending expenses will be offset by related income.

correlation of returns among those asset classes. This portfolio risk is incorporated into the real rate of return assumption through a risk adjustment.

The purpose of the risk adjustment (as measured by the corresponding confidence level) is to increase the likelihood of achieving the actuarial investment return assumption in the long term.[1] This is consistent with our experience that retirement plan fiduciaries would generally prefer that returns exceed the assumed rate more often than not.

The 6.55% expected real rate of return developed earlier in this report was based on expected arithmetic average returns. A retirement system using an expected arithmetic average return as the discount rate in a funding valuation is expected on average to have no surplus or asset shortfall relative to its expected obligations assuming all other actuarial assumptions are met in the future.[2] That is the basis used in Segal's previous experience studies for OCERS.

Beginning with this study, in addition to no longer including an explicit adjustment for investment management fees, we are converting the portfolio's expected arithmetic average return to an expected geometric average return. A retirement system using an expected geometric average return as the discount rate in a funding valuation will, over long periods of time, have an equal likelihood of having a surplus or asset shortfall relative to its expected obligations assuming all actuarial assumptions are met in the future.[3]

Under either the arithmetic or geometric model, the confidence level associated with a particular risk adjustment represents a relative likelihood that future investment earnings would equal or exceed the assumed earnings over a 15-year period. The 15-year time horizon represents an approximation of the "duration" of the fund's liabilities, where the duration of a liability represents the sensitivity of that liability to interest rate variations.

For comparison purposes we first consider how the earlier model would look if used in this year's study. Three years ago, the Board adopted an investment return assumption of 7.00%. Under the model used in that experience study, that return implied a risk adjustment of 0.32%, corresponding to a 15-year confidence level of 54%, based on an annual portfolio return standard deviation of 13.60% provided by Meketa in 2020.

If we use the same 54% 15-year confidence level from our last study to set this year's risk adjustment and the current annual portfolio return standard deviation of 14.00% provided by Meketa, the corresponding risk adjustment would be 0.33%. Together with the other investment return components (including for this comparison updated expected arithmetic average returns and the same expense adjustment as used in the prior study), this would result in an investment return assumption of 7.87%, which is higher than the current assumption of 7.00%.

Based on the general practice of using one-quarter percentage point increments for economic assumptions, we evaluated the effect on the confidence level of other alternative investment return assumptions. We also considered that, as discussed above, the increase in the real rates of return provided by the investment consultants may reflect the very low returns earned in the first half of the 2022 calendar year, as well as the increase in the federal funds rate during 2022, and so could be overly optimistic when used for selecting a long-term investment return

1 This type of risk adjustment is referred to in the Actuarial Standards of Practice as a "margin for adverse deviation."
2 The mathematical terminology for this is that the mean (or average) surplus or asset shortfall is expected to be zero.
3 The mathematical terminology for this is that over time the median surplus or asset shortfall is expected to be zero.

assumption. For that reason, for this comparison value we considered the current net investment return assumption of 7.00% which, together with the other investment return components, would produce a risk adjustment of 1.20% which corresponds to a confidence level of 63% under the model and expense adjustment used in prior studies. We believe this increase in confidence level would be appropriate given the concerns stated regarding the increase in the portfolio net real rate of return.

As noted above, beginning with this study, in addition to no longer including an explicit adjustment for investment management fees, we are converting the portfolio's expected arithmetic average return to an expected geometric average return. For any given asset portfolio, the expected geometric average return will be less than expected arithmetic average return.[1] The difference depends on the variability of the portfolio as measured by its standard deviation. Based on the annual portfolio return standard deviation of 14.00% provided by Meketa, the adjustment to an expected geometric average return reduces the expected return by 0.91%.

Together with the other investment return components (now excluding investment management expenses) and prior to any risk adjustment, this would result in a median expected assumption of 7.84%, which is higher than the current assumption of 7.00%. In applying this model to OCERS for the first time we again considered the current net investment return assumption of 7.00% which, together with the other investment return components, would produce a risk adjustment of 0.84% which under the expected geometric average return model corresponds to a confidence level of 59%. **We recommend this increased confidence level given our stated concerns that current capital market assumptions could be overly optimistic when used for selecting a long-term investment return assumption.**

Recommended Investment Return Assumption

The following table summarizes the components of the recommended investment return assumption developed in the previous discussion. For comparison purposes, we have also included similar values from the last study as well as the comparison values discussed above that apply the prior year's model to this year's information.

[1] This is because the expected geometric average return reflects expected median outcomes, while the expected arithmetic average return reflects expected average or mean outcomes. Expected median outcomes are lower than expected average outcomes because they are less affected by the possibility of extraordinary ("outlier") favorable outcomes.

Assumption Component	December 31, 2023 Recommended Value	December 31, 2023 Comparison Values	December 31, 2020 Adopted Value
Inflation	2.50%	2.50%	2.50%
Portfolio Expected Arithmetic Real Rate of Return	6.55%	6.55%	5.67%
Expense Adjustment	(0.30)%	(0.85)%[1]	(0.85)%
Adjustment to Expected Geometric Real Rate of Return	(0.91)%	N/A	N/A
Risk Adjustment	(0.84)%	(1.20)%	(0.32)%
Total	**7.00%**	**7.00%**	**7.00%**
Confidence Level	**59%**	**63%**	**54%**

Based on this analysis, we recommend maintaining the investment return assumption at 7.00% per annum.

The table below shows OCERS' recommended investment return assumption and the corresponding risk adjustment and confidence level compared to the similar values for prior studies.

Historical Investment Return Assumptions, Risk Adjustments and Confidence Levels based on Assumptions Adopted by the Board

Years Ending December 31	Investment Return	Risk Adjustment	Corresponding Confidence Level
2004 - 2007	7.75%	0.39%	56%
2008 - 2010	7.75%	0.80%	61%
2011	7.75%	-0.23%	<50%
2012 - 2013	7.25%	0.34%	55%
2014 - 2016	7.25%	0.28%	53%
2017 - 2019	7.00%	0.22%	53%[2]
2020 - 2022	7.00%	0.32%	54%
2023 (Comparison)	7.00%	1.20%	63%
2023 (Recommended)	7.00%	0.84%	59%

As we have discussed in prior experience studies, the risk adjustment model and associated confidence level is most useful as a means for comparing how OCERS has positioned itself relative to risk over periods of time.[3] The use of either a 63% or 59% confidence level should be considered in context with other factors, including:

[1] For purposes of these comparison values we have assumed the same investment expenses as in the previous study, which included investment management fees.

[2] This was based on the 2.75% inflation assumption adopted by the Board. In our December 31, 2017 triennial experience study report, we calculated a 55% confidence level based on an inflation assumption of 3.00%.

[3] In particular, it would not be appropriate to use this type of risk adjustment as a measure of determining an investment return rate that is "risk-free."

- As noted above, the confidence level is more of a relative measure than an absolute measure, and so can be reevaluated and reset for future comparisons. This is particularly true when comparing confidence levels developed using different models, as we are doing in this transitional year from one model to another.
- The confidence level is based on the standard deviation of the portfolio that is determined and provided to us by Meketa. The standard deviation is a statistical measure of the future volatility of the portfolio and so is itself based on assumptions about future portfolio volatility and can be considered somewhat of a "soft" number.
- We have not taken into account any additional returns ("alpha") that might be earned on active management. This means that if active management generates enough alpha to cover its related expenses, this would increase returns. This aspect of Segal's model is further evaluated below.
- As with any model, the results of the risk adjustment model should be evaluated for reasonableness and consistency. This is discussed in the later section on "Comparison with Other Public Retirement Systems."
- As noted earlier, we believe the increased confidence level is appropriate given our stated concerns that current capital market assumptions could be overly optimistic when used for selecting a long-term investment return assumption.

Comparison with Alternative Model used to Review Investment Return Assumption

In previous studies, we have consistently reviewed investment return assumptions based on our model that incorporates expected arithmetic real returns for the different asset classes and for the entire portfolio as one component of that model.[1] The use of "forward looking expected arithmetic returns" is one of the approaches discussed for use in the Selection of Economic Assumptions for measuring Pension Obligations under Actuarial Standards of Practice (ASOP) No. 27.

Besides using forward looking expected arithmetic returns, ASOP No. 27 also discusses setting investment return assumptions using an alternative "forward looking expected geometric returns" approach, which is the model we have used in this study.[2] Even though as noted earlier expected geometric returns are lower than expected arithmetic returns, public retirement systems that have set investment return assumptions using this geometric approach have in practice adopted investment return assumptions that are comparable to those adopted by the Board for OCERS under the arithmetic approach. This is because under the model used by those retirement systems and by Segal in this report, the investment return assumption is <u>not</u> reduced to anticipate future investment management expenses. That is also why the comparison values and recommended values discussed earlier reach the same 7.00% expected return with generally comparable confidence levels.

[1] Again, as discussed earlier in this section, if a retirement system uses the expected arithmetic average return as the discount rate in the funding valuation, that retirement system is expected to have no surplus or asset shortfall relative to its expected obligations assuming all actuarial assumptions are met in the future.

[2] As also noted earlier in slightly different terms, if a retirement system uses the expected geometric average return as the discount rate in the funding valuation, that retirement system is expected to have an asset value that generally converges to the median accumulated value as the time horizon lengthens assuming all actuarial assumptions are met in the future.

In the interest of still having an alternative model for comparison, we evaluated the recommended 7.00% assumption based on the expected geometric return for the entire portfolio gross of investment management expenses, but using a fully stochastic approach and a different source for capital market assumptions. Under this alternative model, over a 15-year period, there is a 50% likelihood that future average geometric returns will meet or exceed 7.00%[1] developed using the capital market assumptions compiled by Horizon Actuarial Services based their most recent survey published in August 2022. This 50% likelihood is lower than the corresponding likelihood of 59% that we observed in this comparison during the assumption review in 2020. However, note that some of the investment advisory firms that participated in the 2022 Horizon survey have since raised their capital market assumptions and it is reasonable to expect the 50% likelihood to increase if we were to revise these results using the updated capital market assumptions when the 2023 Horizon survey becomes available.

Comparing with Other Public Retirement Systems

One final test of the recommended investment return assumption is to compare it against those used by other public retirement systems, both in California and nationwide.

While we are recommending that OCERS maintain the 7.00% investment return assumption, an investment return of 6.75% or lower is becoming more common among California public sector retirement systems. Of the twenty 1937 Act CERL systems, seven use a 7.00% investment return assumption (including OCERS), eight use 6.75%, three use 6.50% and one uses 6.25%. The remaining 1937 Act CERL system currently uses a 7.25% investment return assumption. Furthermore, CalSTRS currently uses a 7.00% investment return assumption and CalPERS uses a 6.80% investment return assumption, while the San Jose and San Diego City retirement systems use investment return assumptions of 6.625% and 6.50%, respectively.

The following table compares the System's recommended net investment return assumption against those of the 210 large public retirement funds in their 2021 fiscal year valuations based on information found in the Public Plans Database, which is produced in partnership with NASRA:[2]

		Public Plans Data[3]		
Assumption	**OCERS**	**Low**	**Median**	**High**
Net Investment Return	7.00%	4.25%	7.00%	8.25%

The detailed survey results show that over 80% of the systems have an investment return assumption in the range of 6.75% to 7.50%. Also, over half of the systems have reduced their investment return assumption from 2017 to 2021. State systems outside of California tend to change their economic assumptions less frequently and so may lag behind emerging practices in this area.

[1] We performed this stochastic simulation using the capital market assumptions included in the 2022 survey prepared by Horizon Actuarial Services. That simulation was performed using 10,000 trial outcomes of future market returns, using assumptions from 20-year arithmetic returns, standard deviations and correlation matrix that were found in the 2022 survey that included responses from 24 investment advisors.

[2] Among 219 large public retirement funds, the 2021 fiscal year investment return assumption was not available for 9 of the public retirement funds in the Public Plans Database as of March 2023.

[3] Public Plans Data website – Produced in partnership with the National System of State Retirement Administrators (NASRA).

C. Salary Increase

Salary increases impact plan costs in two ways: (1) by increasing members' benefits (since benefits are a function of the members' highest average pay) and future normal cost collections; and (2) by increasing total active member payroll which in turn generates lower UAAL contribution rates as a percent of payroll. These two impacts are discussed separately as follows:

As an employee progresses through his or her career, increases in pay are expected to come from three sources:

1. **Inflation:** Unless pay grows at least as fast as consumer prices grow, employees will experience a reduction in their standard of living. There may be times when pay increases lag or exceed inflation, but over the long term, labor market forces may require an employer to maintain its employees' standards of living.

   As discussed earlier in this report, we recommend maintaining the annual inflation assumption at 2.50%. This inflation component is used as part of the salary increase assumption.

2. **Real "Across the Board" Pay Increases:** These increases are typically termed productivity increases since they are considered to be derived from the ability of an organization or an economy to produce goods and services in a more efficient manner. As that occurs, at least some portion of the value of these improvements can provide a source for pay increases. These increases are typically assumed to extend to all employees "across the board". The State and Local Government Workers Employment Cost Index produced by the Department of Labor provides evidence that real "across the board" pay increases have averaged about 0.5% – 0.8% annually during the last ten to twenty years.

   We also referred to the annual report on the financial status of the Social Security program published in March 2023. In that report, real "across the board" pay increases are forecast to be 1.14% per year under the intermediate assumptions.

   The real pay increase assumption is generally considered a more "macroeconomic" assumption that is not necessarily based on individual plan experience. However, recent salary experience with public systems in California as well as anecdotal discussions with plans and plan sponsors indicate lower future real wage growth expectations for public sector employees. We note that for OCERS' active members, the actual average inflation plus "across the board" increase (i.e., wage inflation) over the three-year period ending December 31, 2022 was 3.16%, which is less than the change in annual average CPI for Los Angeles- Riverside-Orange County Area of 4.30% during that same period, largely as a result of the inflation spike discussed above:

Valuation Date	Actual Average Increase[1]	Change in Annual Average CPI for Los Angeles- Riverside-Orange County Area
December 31, 2020	3.78%	1.62%
December 31, 2021	2.43%	3.83%
December 31, 2022	3.27%	7.45%
Three-Year Average	**3.16%**	**4.30%**

[1] Reflects the increase in average salary for members at the beginning of the year versus those at the end of the year. It does not reflect the average salary increases received by members who worked the full year.

Even though the actual average salary increase was lower than the average change in the CPI over the 3-year period ending December 31, 2022, this was in part due to the spike in inflation in 2022.

Based on all of the above information, we recommend maintaining the real "across the board" salary increase assumption at 0.50%. This means that the combined inflation and "across the board" salary increase assumption will remain at 3.00%.

3. **Merit and Promotion Increases:** As the name implies, these increases come from an employee's career advances. This form of pay increase differs from the previous two, since it is specific to the individual. For OCERS, there are service-specific merit and promotion increases.

   The annual merit and promotion increases are determined by measuring the actual increases received by members over the experience period, net of the inflationary and real "across the board" pay increases. Increases are measured separately for General and Safety members. This is accomplished by:

   a. Measuring each continuing member's actual salary increase over each year of the experience period on a salary-weighted basis, with higher weights assigned to experience from members with larger salaries;
   b. Excluding any members with increases of more than 50% or any decreases during any particular year;
   c. Categorizing these increases according to member demographics;
   d. Removing the wage inflation component from these increases (assumed to be equal to the increase in the members' average salary during the year);
   e. Averaging these annual increases over the experience period; and
   f. Modifying current assumptions to reflect some portion of these measured increases reflective of their "credibility."

   To be consistent with the other economic assumptions, these merit and promotion assumptions should be used in combination with the total 3.00% assumed inflation and real "across the board" increases recommended in this study.

   Due to the high variability of the actual salary increases, we have analyzed this assumption using data for the past six years. We believe that when the experience from the current and prior studies is combined, it provides a more reasonable representation of potential future merit and promotion salary increases over the long term.

The following table shows the General members' actual average merit and promotion increases by years of service over the three-year period from January 1, 2020 through December 31, 2022 along with the actual average increases based on combining the current three-year period with the three-year period from the prior experience study. The current and proposed assumptions are also shown. The actual increases were reduced by the actual average inflation plus "across the board" increase (i.e., wage inflation, estimated as the increase in average salaries) for each year during the experience period (3.25% on average for the most recent three-year period, 2.57% on average for the prior three-year period).

General

Rate (%)

Years of Service	Current Assumption	Actual Average Increase from Current Study (Last 3 Years)	Actual Average Increase from Current and Prior Studies (Last 6 Years)	Proposed Assumption
Less than 1	8.00	3.38	4.03	5.00
1 – 2	7.25	6.97	7.24	7.25
2 – 3	6.25	6.76	6.72	6.50
3 – 4	5.25	5.77	5.95	5.50
4 – 5	4.25	4.98	5.19	4.50
5 – 6	3.50	4.25	4.13	3.75
6 – 7	2.75	3.27	3.19	3.00
7 – 8	2.50	2.86	2.76	2.75
8 – 9	1.70	2.42	2.01	2.00
9 – 10	1.70	2.05	1.89	1.80
10 – 11	1.60	1.86	1.65	1.60
11 – 12	1.60	1.31	1.47	1.50
12 – 13	1.50	1.31	1.44	1.40
13 – 14	1.50	1.29	1.37	1.30
14 – 15	1.25	1.29	1.23	1.25
15 – 16	1.25	1.21	1.07	1.25
16 – 17	1.00	1.36	1.08	1.15
17 – 18	1.00	1.25	0.98	1.10
18 – 19	1.00	1.25	0.97	1.10
19 – 20	1.00	0.83	0.81	0.90
20 & Over	1.00	0.66	0.68	0.90

The following table shows the Safety members' actual average merit and promotion increases by years of service over the three-year period from January 1, 2020 through December 31, 2022 along with the actual average increases based on combining the current three-year period with the three-year period from the prior experience study. The current and proposed assumptions are also shown. The actual increases were reduced by the actual average inflation plus "across the board" increase (i.e., wage inflation, estimated as the increase in average salaries) for each year during the experience period (3.14% on average for the most recent three-year period, 3.01% on average for the prior three-year period).

Safety
Rate (%)

Years of Service	Current Assumption	Actual Average Increase from Current Study (Last 3 Years)	Actual Average Increase from Current and Prior Studies (Last 6 Years)	Proposed Assumption
Less than 1	12.00	12.82	11.67	12.00
1 – 2	10.00	9.42	10.64	10.00
2 – 3	8.50	10.66	10.91	8.75
3 – 4	7.50	10.18	10.26	7.75
4 – 5	6.50	8.51	8.62	6.75
5 – 6	5.50	6.14	6.85	5.75
6 – 7	5.00	4.25	5.35	5.00
7 – 8	4.00	2.12	3.17	3.75
8 – 9	3.00	2.03	2.65	3.00
9 – 10	2.50	2.75	2.91	2.75
10 – 11	1.85	2.26	2.20	2.00
11 – 12	1.85	1.54	2.05	1.85
12 – 13	1.85	1.84	1.85	1.85
13 – 14	1.85	1.52	1.86	1.85
14 – 15	1.85	1.74	1.87	1.85
15 – 16	1.60	1.96	1.65	1.60
16 – 17	1.60	1.88	1.58	1.60
17 – 18	1.60	0.83	1.31	1.60
18 – 19	1.60	0.86	1.30	1.60
19 – 20	1.60	1.43	1.47	1.50
20 & Over	1.60	1.43	1.72	1.50

Based on this experience, we are proposing changes in the merit and promotion salary increases for both General and Safety members, with increases in some service categories and decreases in other service categories. Overall, *merit and promotion* salary increases are assumed to be slightly lower for General and about the same for Safety members.

Chart 1 that follows later in the section compares actual experience with the current and proposed rates of actual merit and promotion increases for General members. Also shown is the actual merit and promotion increases based on an average of both the current and previous three-year experience periods.

Chart 2 compares actual experience with the current and proposed rates of actual merit and promotion increases for Safety members. Also shown is the actual merit and promotion increases based on an average of both the current and previous three-year experience periods.

Active Member Payroll

Projected active member payrolls are used to develop the UAAL contribution rate. Future values are determined as a product of the number of employees in the workforce and the average pay for all employees. The average pay for all employees increases only by inflation and real "across the board" pay increases. The merit and promotion increases are not an influence, because this average pay is not specific to an individual.

Under the Board's current practice, the UAAL contribution rate is developed by assuming that the total payroll for all active members will increase annually over the amortization periods at the same assumed rates of inflation plus real "across the board" salary increase assumptions as are used to project the members' future benefits.

Consistent with the combined recommended inflation and real "across the board" salary increase assumptions, we recommend maintaining the payroll growth assumption at 3.00% annually.

Chart 1: Merit and Promotion Salary Increase Rates
General Members

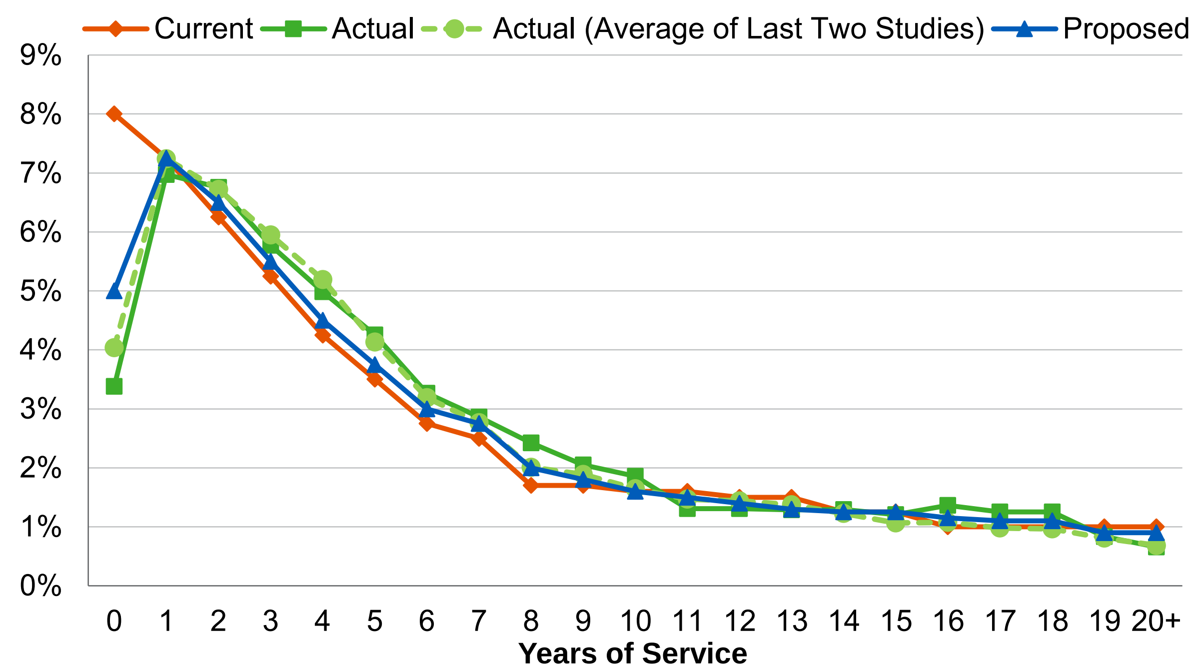
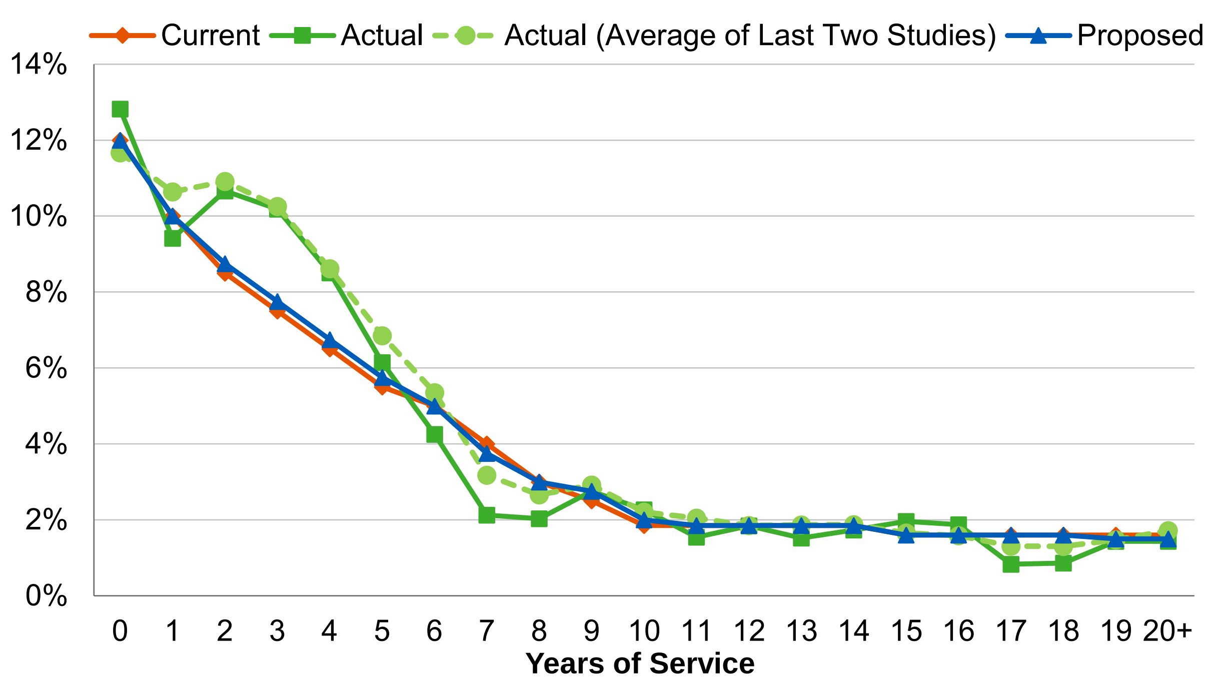


Chart 2: Merit and Promotion Salary Increase Rates
Safety Members



4. Demographic Assumptions

A. Retirement Rates

The age at which a member retires from service (i.e., who did not retire on a disability pension) will affect both the amount of the benefits that will be paid to that member as well as the period over which funding must take place.

The System's current retirement rates for the non-CalPEPRA Plans[1] are separated into:

(1) General Enhanced

(2) General Non-Enhanced[2]

(3) General SJC (2.0% @ 57 under §31676.12)

(4) Safety Law Enforcement (3.0% @ 50 under §31664.1)

(5) Safety Law Enforcement (3.0% @ 55 under §31664.2)

(6) Safety Fire (3.0% @ 50 under §31664.1)

(7) Safety Fire (3.0% @ 55 under §31664.2)

(8) Safety Probation (3.0% @ 50 under §31664.1)

For members who are covered under the CalPEPRA Plans, the retirement rates are separated into:

(1) CalPEPRA General

(2) CalPEPRA Safety Probation

(3) CalPEPRA Safety Law Enforcement

(4) CalPEPRA Safety Fire

As of the last experience study, we recommended that retirement rates be structured as a function of both age and years of service for the legacy tiers that have been adopted for a longer period of time for which we have enough data to support proposing rates based on both age and service. The new structure of retirement assumptions for these tiers will apply different sets of age-based retirement assumptions for those with less than 30 years of service and for those with more than 30 years of service. For General San Juan Capistrano or SJC (2.0% @ 57 under §31676.12), Safety Law Enforcement (3.0% @ 55 under §31664.2), and Safety Fire (3.0% @ 55 under §31664.2), as well as the CalPEPRA Tiers, we continue to recommend that retirement rates be structured as a function of only age until more data on actual retirement experience is available to review the retirement rates based on both age and service.

The retirement experience during the current three-year period indicated that there were more actual retirements than expected, likely due in large part to actual retirements under the County of Orange's Voluntary Incentive Program (VIP) that occurred during 2020. Aside from a few

[1] CalPEPRA or California Public Employees' Pension Reform Act of 2013 imposed lower benefit tiers for General and Safety members together with other changes.

[2] These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (§31676.01).

exceptions, all employees in the County were eligible to participate in this program. Because of this, we have also reviewed the retirement experience over a six-year period from January 1, 2017 through December 31, 2022, in order to dampen the effect of the VIP. However, there is a significant increase in the actual retirement experience for Safety Probation group (about 40% increase without adjusting for the size of the pool of members eligible to retire in each of the two three-year periods) for the current three-year period which we believe can be substantially explained by high utilization of the VIP. For that reason we recommend maintaining the current retirement assumptions for Safety Probation members, and will review their experience in the next experience study.

The following table summarizes the number of actual retirements over the most recent three-year period as compared to the prior three-year period for the groups that were affected by the VIP:

Actual Retirement	Most Recent Three-Year Period	Prior Study Three-Year Period
General Enhanced[1]	1,760	1,604
General Non-Enhanced[1]	255	236
Safety Law Enforcement	276	250
Safety Probation	127	93

The following table summarizes the number of actual retirements over the most recent three-year period compared to those expected prepared using the current and the proposed assumptions.

Most Recent Three-Year Period	Actual Retirement	Expected Retirement - Current Rate	Expected Retirement - Proposed Rate
General Enhanced[1]	1,760	1,500	1,632
General Non-Enhanced[1]	255	250	257
Safety Law Enforcement	276	224	247
Safety Probation	127	84	84

The table on the following page shows the observed service retirement rates for General Enhanced members based on the actual experience over the past three years as well as the prior three-year period. The observed service retirement rates were determined by comparing those members who actually retired from service to those eligible to retire from service. This same methodology is followed throughout this report and was described in Section 2. Also shown are the current assumed rates and the rates we propose.

[1] Include both County and non-County members.

General Enhanced

Rate of Retirement (%)

	Less than 30 Years of Service				30 or More Years of Service			
Age	Current Rate	Actual Rate	Prior Study Actual Rate	Proposed Rate	Current Rate	Actual Rate	Prior Study Actual Rate	Proposed Rate
49	0.00	N/A	N/A	0.00	30.00	0.00	0.00	30.00
50	2.00	4.81	2.97	2.25	4.00	9.09	7.14	5.00
51	2.00	2.53	1.82	2.25	4.00	4.69	3.23	5.00
52	2.50	2.52	2.79	2.50	5.00	3.96	3.64	5.00
53	2.50	4.06	2.48	3.00	5.00	10.22	10.11	9.00
54	7.00	9.39	7.51	7.50	14.00	23.21	16.81	16.00
55	12.00	14.79	11.72	13.00	30.00	41.36	41.77	35.00
56	9.00	11.11	9.05	10.00	19.00	28.23	24.58	24.00
57	9.00	10.13	7.77	10.00	18.00	22.73	30.51	22.00
58	9.00	9.88	8.88	10.00	18.00	31.53	24.04	22.00
59	10.00	11.31	10.97	11.00	20.00	31.82	20.78	24.00
60	11.00	13.35	11.54	12.00	20.00	28.42	29.27	24.00
61	11.00	12.03	9.54	12.00	20.00	32.18	23.29	24.00
62	13.00	17.53	13.87	14.00	20.00	30.16	24.00	24.00
63	13.00	14.99	12.82	14.00	22.00	22.41	28.79	24.00
64	16.00	22.50	16.20	17.00	24.00	42.03	18.37	30.00
65	24.00	30.77	24.92	25.00	28.00	34.78	38.64	30.00
66	24.00	29.58	24.35	25.00	30.00	30.30	40.48	30.00
67	24.00	33.33	24.06	25.00	30.00	36.36	29.63	30.00
68	22.00	29.27	21.84	25.00	27.50	28.00	22.22	25.00
69	22.00	32.61	19.86	25.00	27.50	8.33	23.53	25.00
70	25.00	17.39	27.27	25.00	27.50	7.14	11.76	25.00
71	25.00	24.36	24.44	25.00	27.50	28.57	54.55	25.00
72	25.00	18.03	28.77	22.00	27.50	10.00	22.22	25.00
73	20.00	22.81	13.21	20.00	27.50	30.00	37.50	25.00
74	20.00	13.33	18.00	20.00	27.50	0.00	33.33	25.00
75 & Over	100.00	25.76	24.09	100.00	100.00	30.00	22.22	100.00

As shown above, we are recommending increases overall in the retirement rates for General Enhanced members for both less than 30 years of service and 30 or more years of service.

Chart 3 that follows later in this section compares actual experience with the current and proposed rates of retirement for General Enhanced members with less than 30 years of service.

Chart 4 compares actual experience with the current and proposed rates of retirement for General Enhanced members with 30 or more years of service.

The following table shows the observed retirement rates for General Non-Enhanced members over the past three years as well as the prior three-year period. Also shown are the current rates assumed and the rates we propose:

General Non-Enhanced
Rate of Retirement (%)

	Less than 30 Years of Service				30 or More Years of Service			
Age	Current Rate	Actual Rate	Prior Study Actual Rate	Proposed Rate	Current Rate	Actual Rate	Prior Study Actual Rate	Proposed Rate
49	0.00	N/A	0.00	0.00	25.00	0.00	N/A	25.00
50	3.00	1.39	3.73	2.75	3.00	N/A	0.00	2.75
51	3.00	1.32	3.31	2.75	3.00	0.00	0.00	2.75
52	2.00	5.88	0.68	2.75	2.00	0.00	0.00	2.75
53	3.50	2.38	5.44	2.75	3.50	0.00	0.00	2.75
54	2.75	2.70	1.30	2.75	2.75	0.00	0.00	2.75
55	3.25	3.94	4.38	3.25	3.25	0.00	0.00	3.50
56	3.50	1.71	2.82	3.25	3.50	0.00	5.56	3.50
57	5.00	6.11	4.19	5.50	5.00	0.00	4.35	5.50
58	5.50	9.02	5.59	6.50	5.50	0.00	9.09	6.50
59	6.50	6.62	7.80	6.50	6.50	3.03	4.17	6.50
60	9.00	4.20	10.60	8.00	13.50	2.50	13.33	12.00
61	9.00	6.25	7.52	8.00	13.50	26.32	15.15	15.00
62	9.00	6.86	7.69	8.00	18.00	13.04	24.14	18.00
63	9.50	12.38	7.00	10.00	19.00	30.30	15.79	22.00
64	10.00	16.28	9.28	12.00	20.00	31.03	25.00	25.00
65	22.00	32.58	21.13	22.00	26.40	36.00	38.46	30.00
66	25.00	26.67	25.00	25.00	30.00	50.00	30.00	32.00
67	25.00	38.64	18.00	27.00	30.00	22.22	40.00	32.00
68	30.00	41.67	35.29	32.00	27.50	50.00	0.00	32.00
69	30.00	29.41	40.00	30.00	27.50	33.33	0.00	30.00
70	20.00	35.71	26.67	25.00	27.50	0.00	0.00	30.00
71	20.00	10.00	9.52	20.00	27.50	33.33	0.00	30.00
72	20.00	12.50	4.35	20.00	27.50	66.67	0.00	30.00
73	20.00	11.11	30.77	20.00	27.50	0.00	0.00	30.00
74	20.00	22.22	18.18	20.00	27.50	0.00	0.00	30.00
75 & Over	100.00	24.00	26.67	100.00	100.00	40.00	0.00	100.00

As shown above, we are recommending increases overall in the retirement rates for General Non-Enhanced members for both less than 30 years of service and 30 or more years of service.

Chart 5 that follows later in this section compares actual experience with the current and proposed rates of retirement for General Non-Enhanced members with less than 30 years of service.

Chart 6 compares actual experience with the current and proposed rates of retirement for General Non-Enhanced members with 30 or more years of service.

The following table shows the observed retirement rates for Safety Law Enforcement (3.0% @ 50 under §31664.1) members over the past three years as well as the prior three-year period. Also shown are the current rates assumed and the rates we propose:

Safety Law Enforcement (3.0% @ 50 under §31664.1)

Rate of Retirement (%)

	Less than 30 Years of Service				30 or More Years of Service			
Age	Current Rate	Actual Rate	Prior Study Actual Rate	Proposed Rate	Current Rate	Actual Rate	Prior Study Actual Rate	Proposed Rate
45	1.00	2.90	1.27	2.50	16.00	N/A	N/A	16.00
46	1.00	3.16	0.91	2.50	16.00	N/A	N/A	16.00
47	1.00	6.03	2.38	2.50	16.00	N/A	N/A	16.00
48	1.00	6.67	0.00	2.50	16.00	N/A	N/A	16.00
49	11.00	14.29	10.53	12.00	16.00	N/A	N/A	16.00
50	16.00	21.62	16.00	18.00	16.00	0.00	20.00	20.00
51	16.00	21.02	14.65	18.00	16.00	50.00	16.67	20.00
52	17.00	19.67	17.29	18.00	16.00	0.00	9.09	20.00
53	19.00	23.53	19.59	20.00	30.00	60.00	37.50	35.00
54	24.00	23.19	25.88	24.00	30.00	26.67	40.00	35.00
55	24.00	27.27	23.08	24.00	30.00	52.94	29.41	35.00
56	22.00	18.18	22.50	24.00	30.00	45.45	41.18	35.00
57	22.00	26.92	23.53	24.00	30.00	50.00	20.00	35.00
58	22.00	36.84	23.81	24.00	40.00	0.00	50.00	40.00
59	22.00	30.00	20.00	24.00	40.00	44.44	50.00	40.00
60	30.00	11.11	30.77	30.00	40.00	50.00	25.00	40.00
61	30.00	12.50	38.46	30.00	40.00	0.00	50.00	40.00
62	30.00	55.56	10.00	30.00	40.00	0.00	50.00	40.00
63	30.00	33.33	33.33	30.00	40.00	0.00	60.00	40.00
64	30.00	0.00	20.00	30.00	40.00	0.00	60.00	40.00
65 & Over	100.00	25.00	41.67	100.00	100.00	100.00	66.67	100.00

As shown above, we are recommending increases overall in the retirement rates for Safety Law Enforcement (3.0% @ 50 under §31664.1) members for both less than 30 years of service and 30 or more years of service.

Chart 7 that follows later in this section compares actual experience with the current and proposed rates of retirement for Safety Law Enforcement (3.0% @ 50 under §31664.1) members with less than 30 years of service.

Chart 8 compares actual experience with the current and proposed rates of retirement for Safety Law Enforcement (3.0% @ 50 under §31664.1) members with 30 or more years of service.

The following table shows the observed retirement rates for Safety Fire (3.0% @ 50 under §31664.1) members over the past three years as well as the prior three-year period. Also shown are the current rates assumed and the rates we propose:

Safety Fire (3.0% @ 50 under §31664.1)

Rate of Retirement (%)

	Less than 30 Years of Service				30 or More Years of Service			
Age	Current Rate	Actual Rate	Prior Study Actual Rate	Proposed Rate	Current Rate	Actual Rate	Prior Study Actual Rate	Proposed Rate
45	2.00	0.00	0.00	2.00	10.00	N/A	N/A	10.00
46	2.00	0.00	0.00	2.00	10.00	N/A	N/A	10.00
47	2.00	3.03	0.00	2.00	10.00	N/A	N/A	10.00
48	2.00	2.63	0.00	2.00	10.00	N/A	N/A	10.00
49	2.00	0.00	6.82	2.00	10.00	0.00	0.00	10.00
50	4.00	5.63	5.88	4.50	10.00	0.00	0.00	10.00
51	4.00	4.62	2.82	4.50	10.00	20.00	14.29	10.00
52	4.00	7.84	1.54	4.50	10.00	0.00	8.33	10.00
53	9.00	10.42	8.93	9.00	20.00	27.27	22.73	20.00
54	12.00	9.76	11.76	12.00	25.00	33.33	28.57	25.00
55	12.00	16.67	12.12	12.00	25.00	11.76	26.32	25.00
56	12.00	13.64	11.76	12.00	25.00	38.10	28.57	25.00
57	18.00	6.67	21.21	20.00	25.00	54.55	50.00	25.00
58	18.00	23.08	4.76	20.00	30.00	20.00	40.00	30.00
59	18.00	28.57	16.67	25.00	30.00	33.33	50.00	30.00
60	18.00	31.25	27.27	25.00	30.00	42.86	14.29	30.00
61	18.00	37.50	11.11	25.00	30.00	40.00	33.33	30.00
62	18.00	33.33	20.00	25.00	35.00	20.00	33.33	30.00
63	18.00	0.00	0.00	25.00	35.00	16.67	20.00	30.00
64	18.00	33.33	0.00	25.00	35.00	28.57	33.33	30.00
65 & Over	100.00	25.00	22.22	100.00	100.00	13.33	22.22	100.00

As shown above, we are recommending increases in most of the retirement rates for Safety Fire (3.0% @ 50 under §31664.1) members with less than 30 years of service and recommending decreases in some of the retirement rates for Safety Fire (3.0% @ 50 under §31664.1) members with 30 or more years of service.

Chart 9 that follows later in this section compares actual experience with the current and proposed rates of retirement for Safety Fire (3.0% @ 50 under §31664.1) members with less than 30 years of service.

Chart 10 compares actual experience with the current and proposed rates of retirement for Safety Fire (3.0% @ 50 under §31664.1) members with 30 or more years of service.

The following table shows the observed retirement rates for Safety Probation (3.0% @ 50 under §31664.1) members over the past three years as well as the prior three-year period. Also shown are the current rates assumed and the rates we propose:

Safety Probation (3.0% @ 50 under §31664.1)

Rate of Retirement (%)

	Less than 30 Years of Service				30 or More Years of Service			
Age	**Current Rate**	**Actual Rate**	**Prior Study Actual Rate**	**Proposed Rate**	**Current Rate**	**Actual Rate**	**Prior Study Actual Rate**	**Proposed Rate**
45	3.00	3.92	0.00	3.00	5.00	N/A	N/A	5.00
46	3.00	1.49	3.64	3.00	5.00	N/A	N/A	5.00
47	3.00	0.00	5.56	3.00	5.00	N/A	N/A	5.00
48	3.00	0.00	5.56	3.00	5.00	N/A	N/A	5.00
49	3.00	7.69	3.64	3.00	5.00	N/A	N/A	5.00
50	9.00	15.53	18.68	9.00	12.00	N/A	N/A	12.00
51	7.00	15.66	5.63	7.00	10.00	N/A	N/A	10.00
52	5.00	8.06	5.26	5.00	9.00	N/A	0.00	9.00
53	7.00	16.36	11.36	7.00	9.00	20.00	0.00	9.00
54	7.00	25.53	5.56	7.00	12.00	33.33	25.00	12.00
55	12.00	40.74	9.09	12.00	30.00	72.73	57.14	30.00
56	18.00	27.78	19.23	18.00	30.00	50.00	57.14	30.00
57	25.00	13.33	31.58	25.00	30.00	0.00	0.00	30.00
58	25.00	37.50	20.00	25.00	30.00	50.00	42.86	30.00
59	18.00	18.18	16.67	18.00	30.00	50.00	0.00	30.00
60	20.00	20.00	21.43	20.00	40.00	66.67	0.00	40.00
61	20.00	40.00	15.38	20.00	40.00	50.00	50.00	40.00
62	20.00	40.00	15.38	20.00	40.00	0.00	100.00	40.00
63	20.00	50.00	20.00	20.00	40.00	100.00	N/A	40.00
64	20.00	20.00	16.67	20.00	40.00	N/A	100.00	40.00
65 & Over	100.00	46.67	29.41	100.00	100.00	N/A	N/A	100.00

As shown above, we are recommending maintain the current retirement rates for Safety Probation (3.0% @ 50 under §31664.1) members, both with less than 30 years of service and 30 or more years of service. As discussed above this recommendation is related to the extraordinary number of retirements during 2020 as a result of the VIP.

Chart 11 compares actual experience with the current and proposed rates of retirement for Safety Probation (3.0% @ 50 under §31664.1) members with less than 30 years of service.

Chart 12 compares actual experience with the current and proposed rates of retirement for Safety Probation (3.0% @ 50 under §31664.1) members with 30 or more years of service.

For General SJC under (2.0% @ 57 under §31676.12), Safety Law Enforcement (3.0% @ 55 under §31664.2) and Safety Fire (3.0% @ 55 under §31664.2), we do not have credible experience from the past three years to propose new rates based on actual retirement from members of these newer plans. However, we are recommending revising some of the rates currently used for those plans to commensurate with the overall changes to the retirement rates that we observed and are recommending for the other older plans.

The following are the current and proposed rates of retirement for General SJC (31676.12), Safety Law Enforcement (31664.2), and Safety Fire (31664.2) members:

Rate of Retirement (%)

	General SJC (31676.12)		Safety Law Enforcement (31664.2)		Safety Fire (31664.2)	
Age	**Current Rate**	**Proposed Rate**	**Current Rate**	**Proposed Rate**	**Current Rate**	**Proposed Rate**
50	4.00	4.00	11.50	12.00	8.00	8.00
51	4.00	4.00	12.00	12.50	9.00	9.00
52	4.00	4.00	12.70	13.00	10.00	10.00
53	4.00	4.00	17.90	18.00	12.00	12.00
54	4.00	4.00	18.80	19.00	14.00	14.00
55	4.00	4.00	35.00	35.00	23.00	24.00
56	5.00	5.00	25.00	25.00	22.00	23.00
57	6.00	6.00	25.00	25.00	25.00	25.00
58	7.00	7.00	25.00	25.00	25.00	25.00
59	9.00	9.00	30.00	30.00	35.00	35.00
60	10.00	10.00	40.00	40.00	40.00	40.00
61	12.00	12.00	40.00	40.00	40.00	40.00
62	13.00	13.00	40.00	40.00	40.00	40.00
63	13.00	13.00	40.00	40.00	40.00	40.00
64	19.00	19.00	40.00	40.00	40.00	40.00
65	20.00	22.00	100.00	100.00	100.00	100.00
66	25.00	26.00	100.00	100.00	100.00	100.00
67	25.00	26.00	100.00	100.00	100.00	100.00
68	25.00	26.00	100.00	100.00	100.00	100.00
69	25.00	26.00	100.00	100.00	100.00	100.00
70	45.00	45.00	100.00	100.00	100.00	100.00
71	45.00	45.00	100.00	100.00	100.00	100.00
72	45.00	45.00	100.00	100.00	100.00	100.00
73	45.00	45.00	100.00	100.00	100.00	100.00
74	45.00	45.00	100.00	100.00	100.00	100.00
75 & Over	100.00	100.00	100.00	100.00	100.00	100.00

Chart 13 compares the current rates with the proposed rates of retirement for General SJC under (2.0% @ 57 under §31676.12).

Chart 14 compares the current rates with the proposed rates of retirement for Safety Law Enforcement (3.0% @ 55 under §31664.2).

Chart 15 compares the current rates with the proposed rates of retirement for Safety Fire (3.0% @ 55 under §31664.2).

On January 1, 2013, new CalPEPRA formulas were implemented for new General and Safety tiers. For these new formulas, we do not have credible experience from the past three years to propose new rates based on actual retirement from members of the newer plans. However, we have revised some of our recommended rates for CalPEPRA General and Safety formulas so that those rates will remain comparable to the proposed retirement rates we are recommending for the non-CalPEPRA General and Safety formulas.

Rate of Retirement (%)

	CalPEPRA - General		CalPEPRA - Safety Law Enforcement		CalPEPRA - Safety Fire		CalPEPRA – Safety Probation	
Age	Current Rate	Proposed Rate	Current Rate	Proposed Rate	Current Rate	Proposed Rate	Current Rate	Proposed Rate
50	0.00	0.00	11.00	11.50	6.00	6.00	3.00	3.00
51	0.00	0.00	11.50	12.00	6.50	6.50	3.00	3.00
52	6.00	5.50	12.00	12.50	8.00	8.00	3.50	3.50
53	2.00	2.00	16.00	16.50	10.00	10.00	3.50	3.50
54	2.00	2.00	17.00	17.50	11.50	12.00	6.00	6.00
55	2.50	2.75	29.00	30.00	20.00	20.00	12.00	12.00
56	3.50	3.75	19.00	20.00	19.00	19.00	12.00	12.00
57	5.50	5.50	19.00	20.00	21.00	21.00	15.00	15.00
58	7.50	7.50	23.00	25.00	24.00	25.00	25.00	25.00
59	7.50	7.50	26.00	30.00	30.00	30.00	25.00	25.00
60	7.50	7.50	40.00	40.00	40.00	40.00	40.00	40.00
61	7.50	7.50	40.00	40.00	40.00	40.00	40.00	40.00
62	14.00	14.00	40.00	40.00	40.00	40.00	40.00	40.00
63	14.00	14.00	40.00	40.00	40.00	40.00	40.00	40.00
64	14.00	15.00	40.00	40.00	40.00	40.00	40.00	40.00
65	20.00	20.00	100.00	100.00	100.00	100.00	100.00	100.00
66	22.00	22.00	100.00	100.00	100.00	100.00	100.00	100.00
67	23.00	23.00	100.00	100.00	100.00	100.00	100.00	100.00
68	23.00	23.00	100.00	100.00	100.00	100.00	100.00	100.00
69	23.00	23.00	100.00	100.00	100.00	100.00	100.00	100.00
70	25.00	25.00	100.00	100.00	100.00	100.00	100.00	100.00
71	25.00	25.00	100.00	100.00	100.00	100.00	100.00	100.00
72	25.00	25.00	100.00	100.00	100.00	100.00	100.00	100.00
73	25.00	25.00	100.00	100.00	100.00	100.00	100.00	100.00
74	25.00	25.00	100.00	100.00	100.00	100.00	100.00	100.00
75 & Over	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Chart 16 compares the current rates with the proposed rates of retirement for CalPEPRA General members.

Chart 17 compares the current rates with the proposed rates of retirement for CalPEPRA Safety Law Enforcement members.

Chart 18 compares the current rates with the proposed rates of retirement for CalPEPRA Safety Fire members.

Chart 19 compares the current rates with the proposed rates of retirement for CalPEPRA Safety Probation members.

Deferred Vested Members

Under the current assumptions, deferred vested General members are assumed to retire at age 59 regardless of reciprocity status and Safety members are assumed to retire at age 54 regardless of reciprocity status.

The following table shows the observed deferred vested retirement age for General members based on the actual experience over the past three years, separately for those who went on to work at a reciprocal retirement system and those that did not. Also shown are the current assumed retirement ages and the retirement ages we propose.

General Members' Deferred Vested Retirement Age

	Reciprocal Members	Non-Reciprocal Members
Current Assumption	59.0	59.0
Actual Average Age	60.3	57.8
Proposed Assumption	**60.0**	**58.0**

Based on this experience, we recommend increasing the deferred vested retirement age assumption for General reciprocal members from age 59 to 60 and decreasing the deferred vested retirement age assumption for General non-reciprocal members from age 59 to 58.

The following table shows the observed deferred vested retirement age for Safety members based on the actual experience over the past three years, separately for those who went on to work at a reciprocal retirement system and those that did not. Also shown are the current assumed retirement ages and the retirement ages we propose.

Safety Members' Deferred Vested Retirement Age

	Reciprocal Members	Non-Reciprocal Members
Current Assumption	54.0	54.0
Actual Average Age	53.6	54.5
Proposed Assumption	**54.0**	**54.0**

Based on this experience, we recommend maintaining the deferred vested retirement age assumption for Safety members at age 54 regardless of reciprocity status.

For members who terminate with less than five years of service after January 1, 2003 and are not vested, we assume they would retire at age 70 for both General and Safety if they decide to leave their contributions on deposit as permitted by §31629.5.

Reciprocity

Under the current assumptions, it is assumed that 15% of General and 20% of Safety future deferred vested members would be covered under a reciprocal retirement system. For those covered under a reciprocal retirement system, a General member is assumed to receive 4.00% annual salary increases, while a Safety member is assumed to receive 4.60% annual salary increases from termination until their date of retirement. As of December 31, 2022, about 10.8% of the total General deferred vested members and 16.6% of the total Safety deferred vested members went on to be covered by a reciprocal retirement system.

We recommend decreasing the reciprocal assumption from 15.0% to 12.5% for General members and maintaining the assumption at 20%[1] **for Safety members.** This recommendation reflects the experience of all deferred vested members as of December 31, 2022 instead of just new deferred vested members during the three-year period. This is because there is generally a lag between a member's date of termination and the time that it is known if they have reciprocity with a reciprocal retirement system.

In addition, we recommend 3.90% and 4.50% annual salary increase assumptions for General and Safety members, respectively, be utilized to anticipate salary increases from the date of termination from OCERS to the expected date of retirement for deferred vested members covered by a reciprocal retirement system. These assumptions are based on the ultimate 0.90% and 1.50% merit and promotion salary increase assumptions for General and Safety members, respectively, together with the 2.50% inflation and 0.50% real "across the board" salary increase assumptions that are recommended earlier in Section 3 of this report.

Survivor Continuance under the Unmodified Option

In prior valuations, it was assumed that 75% of all active male members and 55% of all active female members who selected the unmodified option would be married or have an eligible domestic partner when they retired.

We reviewed experience for new retirees during the three-year period and determined the actual percentage of these new retirees that were married or had a domestic partner at retirement. The results of that analysis are shown below.

New Retirees – Actual Percent with Eligible Spouse or Domestic Partner and Selected Unmodified Option

Year Ending December 31	Male	Female
2020	77.4%	60.4%
2021	73.5%	55.1%
2022	76.2%	59.5%
Total	**76.0%**	**58.9%**

According to experience of members who retired during the last three years, about 76.0% of all male members and 58.9% of all female members who selected the unmodified

[1] We are not recommending a reduction in the assumption for Safety members as this assumption was reduced from 25 to 20% in the prior experience study.

option were married or had a domestic partner at retirement. We recommend maintaining the assumption at 75% for male members and 55% for female members.

Since the present value of the survivor's automatic continuance benefit is dependent on the survivor's age and sex, we must also have assumptions for the age and sex of the survivor. Based on the experience for members who retired during the most recent three-year period (results shown in the table below) and studies done for other retirement systems, **we recommend the following:**

1. Since most the survivors are the opposite sex, even with the inclusion of domestic partners, **we will continue to assume that the survivor's sex is the opposite of the member.**

2. **We recommend the current assumptions for the age of the survivors for all active and inactive members (shown below) be maintained.** These assumptions will continue to be monitored in future experience studies.

Member's Age as Compared to Spouse's Age

	Male Retiree	Female Retiree
Current Assumption	3 years older	2 years younger
Actual Experience	2.7 years older	2.5 years younger
Proposed Assumption	3 years older	2 years younger

Chart 3: Retirement Rates
General Enhanced Members with Less than 30 Years of Service

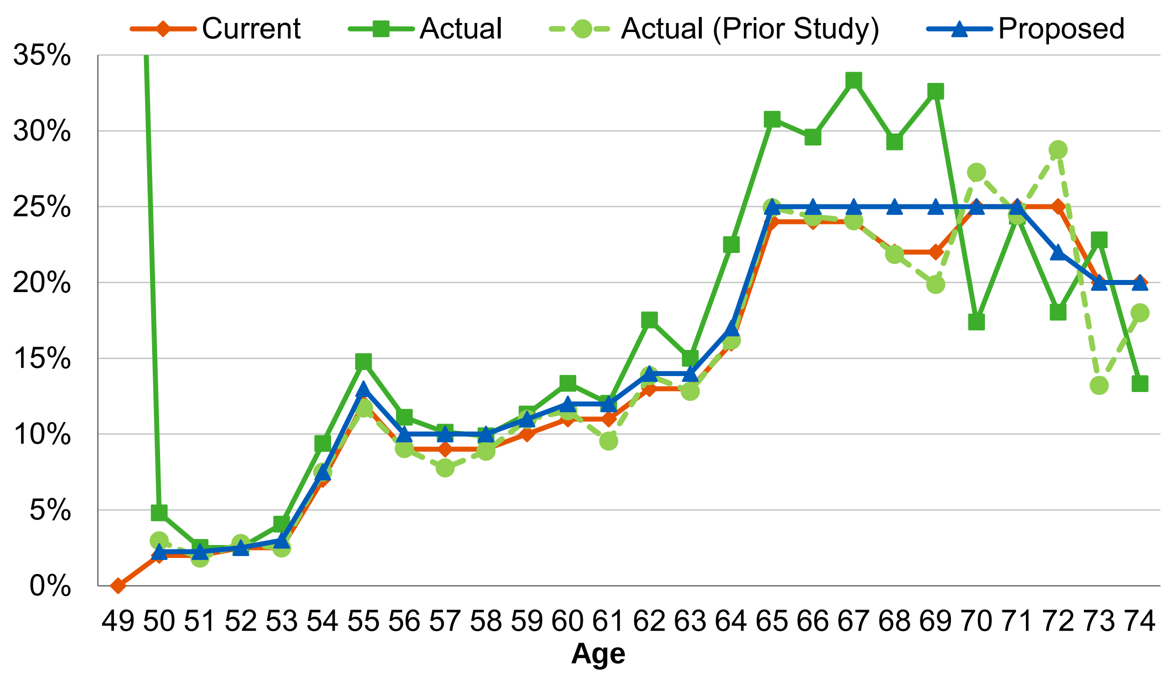


Chart 4: Retirement Rates
General Enhanced Members with More than 30 Years of Service

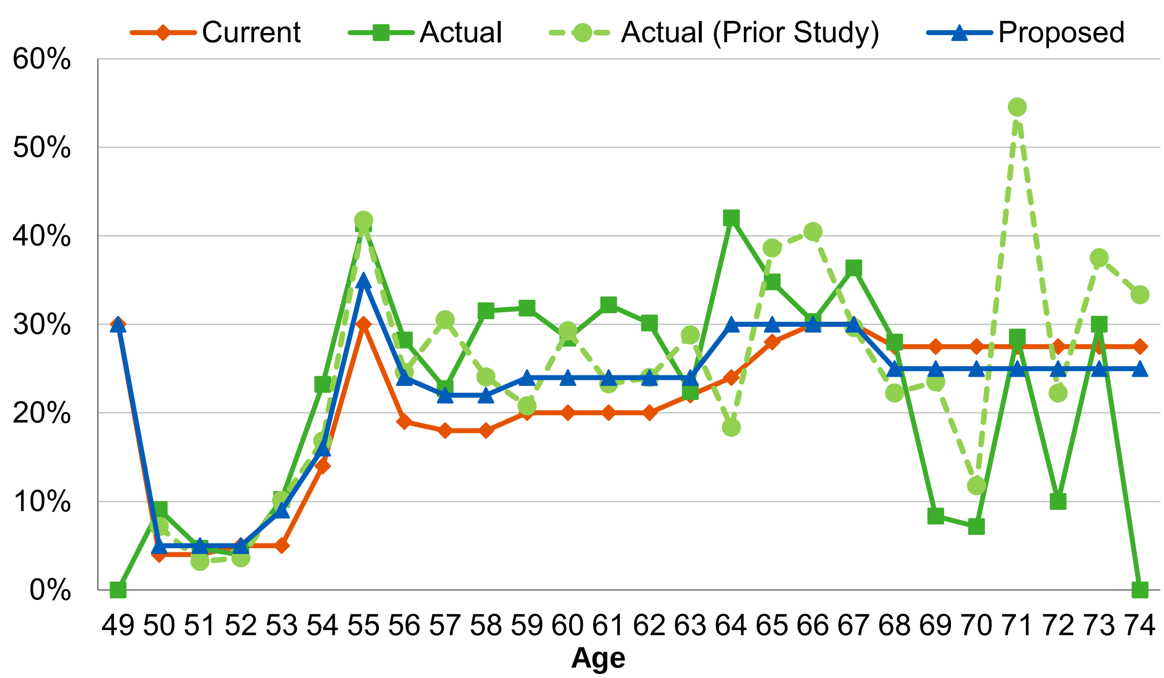


Chart 5: Retirement Rates
General Non-Enhanced Members with Less than 30 Years of Service

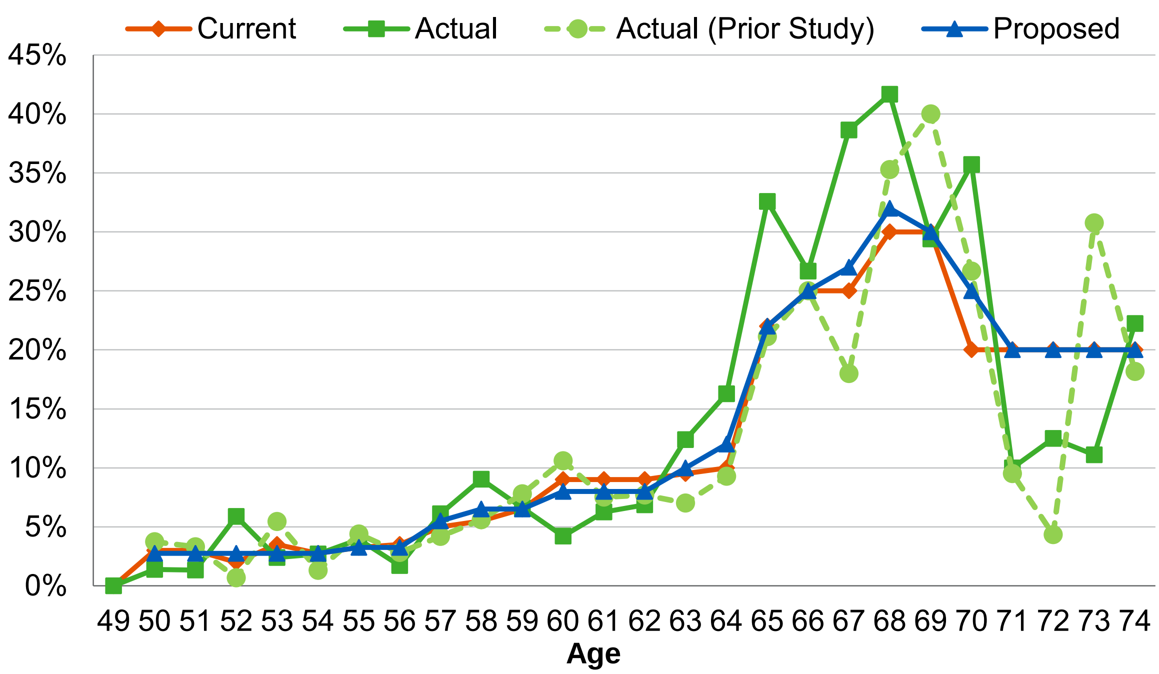


Chart 6: Retirement Rates
General Non-Enhanced Members with More than 30 Years of Service

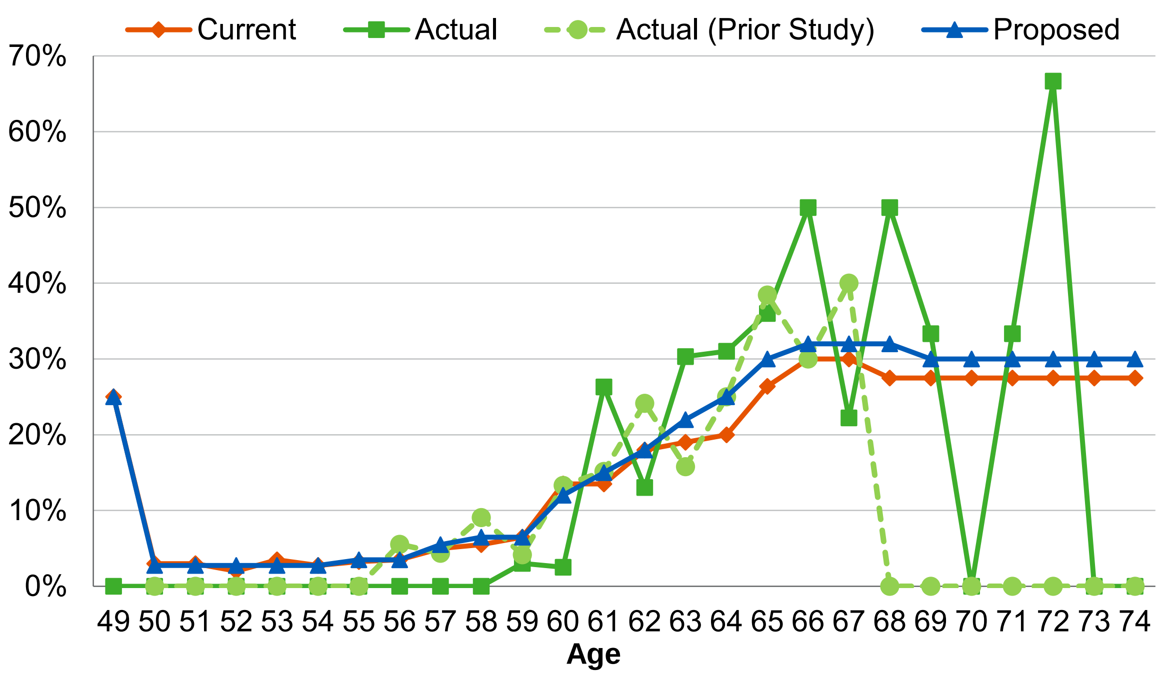


Chart 7: Retirement Rates
Safety Law Enforcement Members (31664.1) with Less than 30 Years of Service

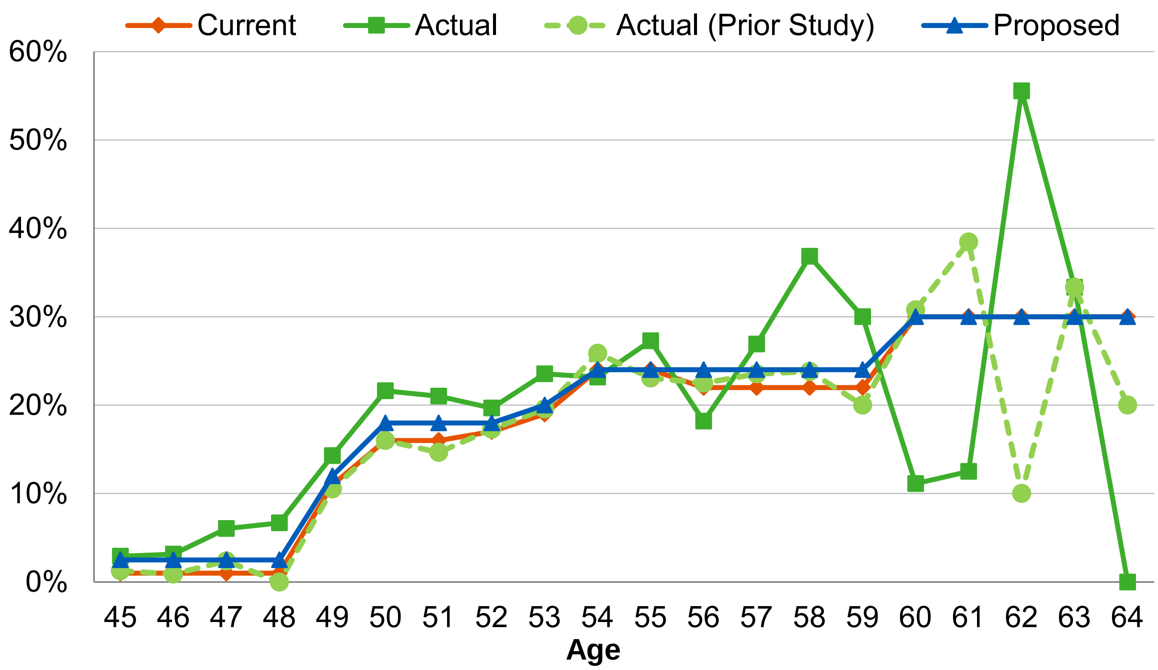


Chart 8: Retirement Rates
Safety Law Enforcement Members (31664.1) with More than 30 Years of Service

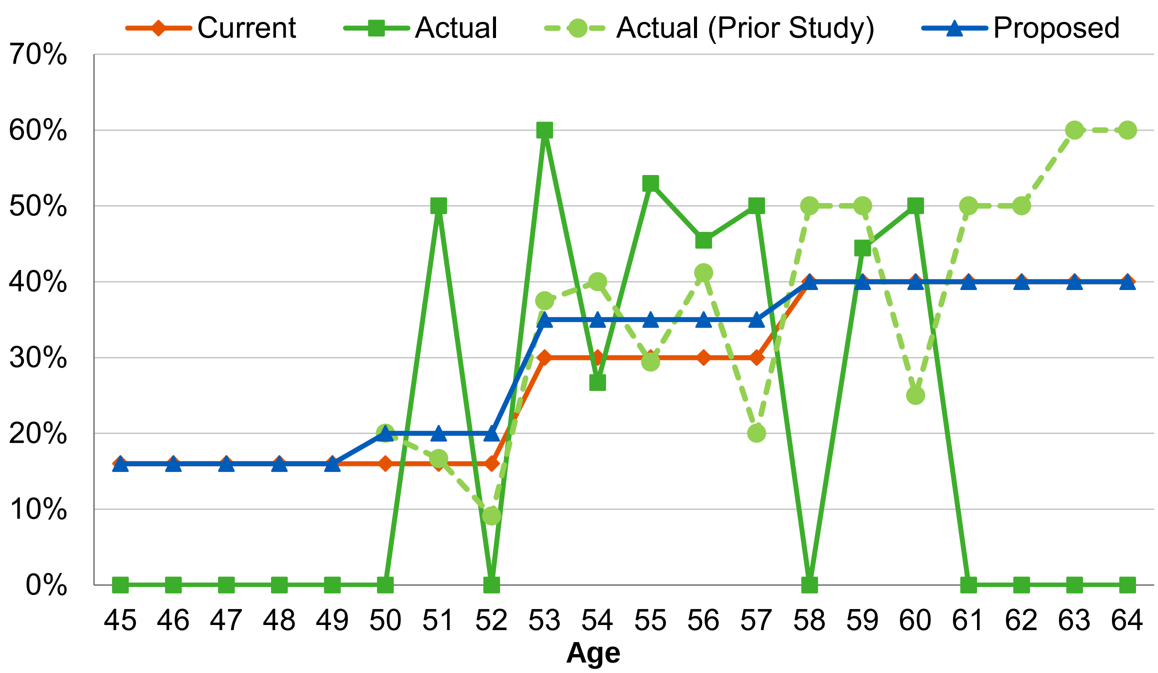


Chart 9: Retirement Rates
Safety Fire (3.0% @ 50 under §31664.1) with Less than 30 Years of Service

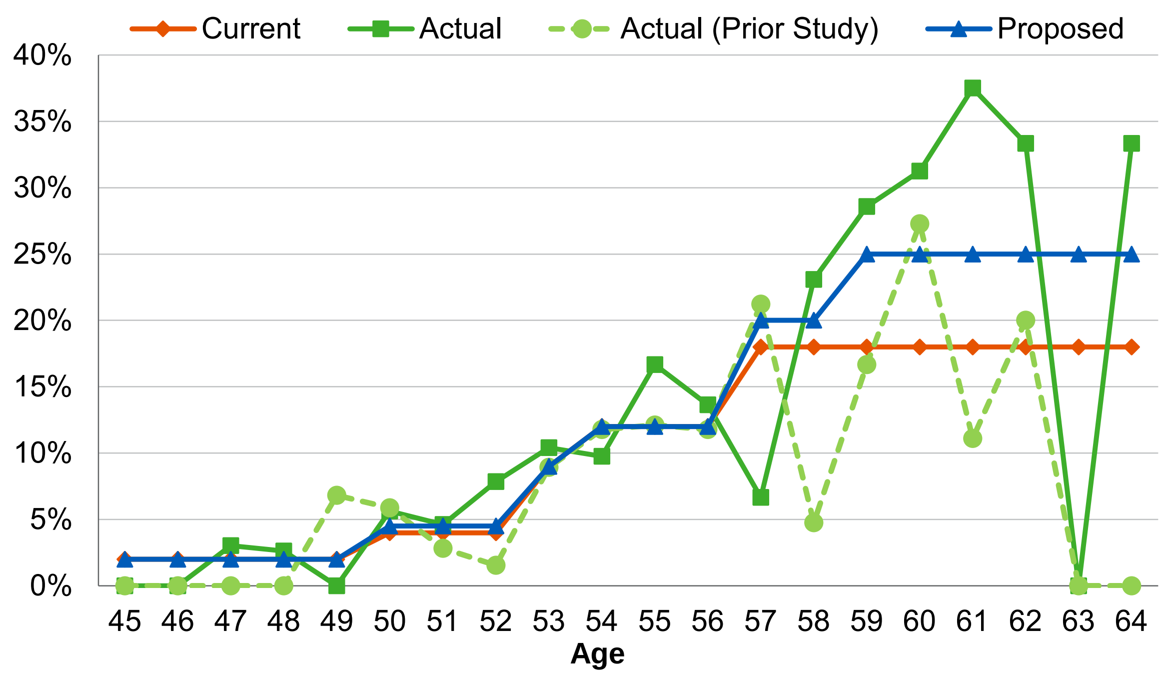


Chart 10: Retirement Rates
Safety Fire (3.0% @ 50 under §31664.1) with More than 30 Years of Service

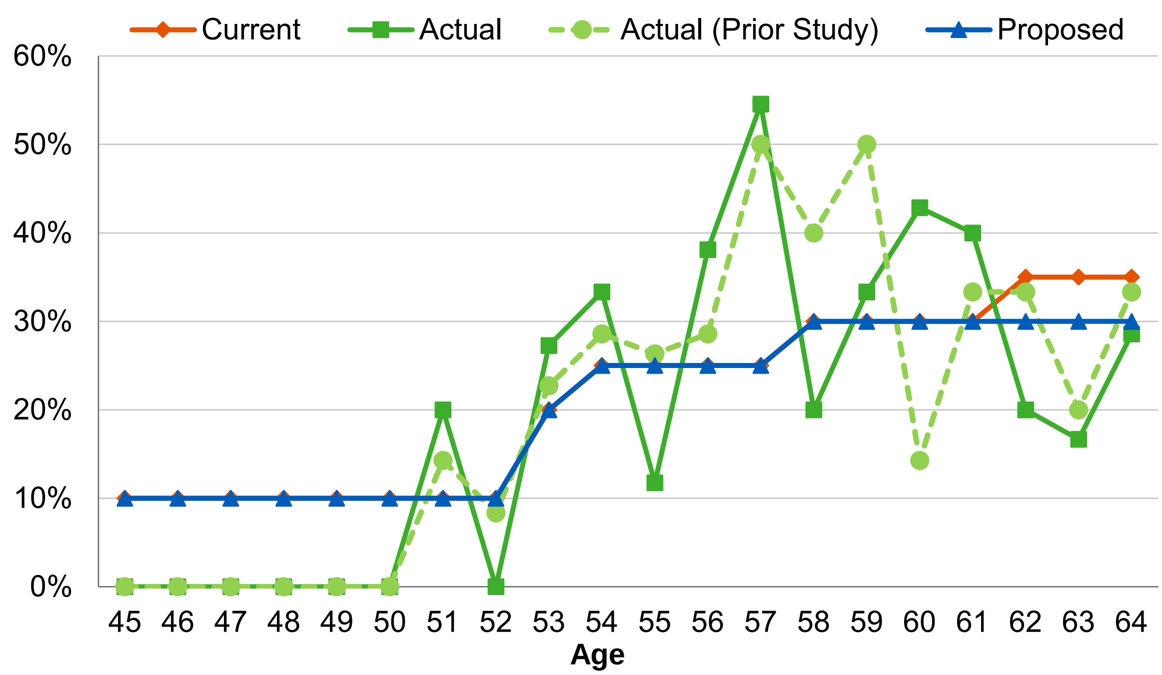


Chart 11: Retirement Rates
Safety Probation (3.0% @ 50 under §31664.1) with Less than 30 Years of Service

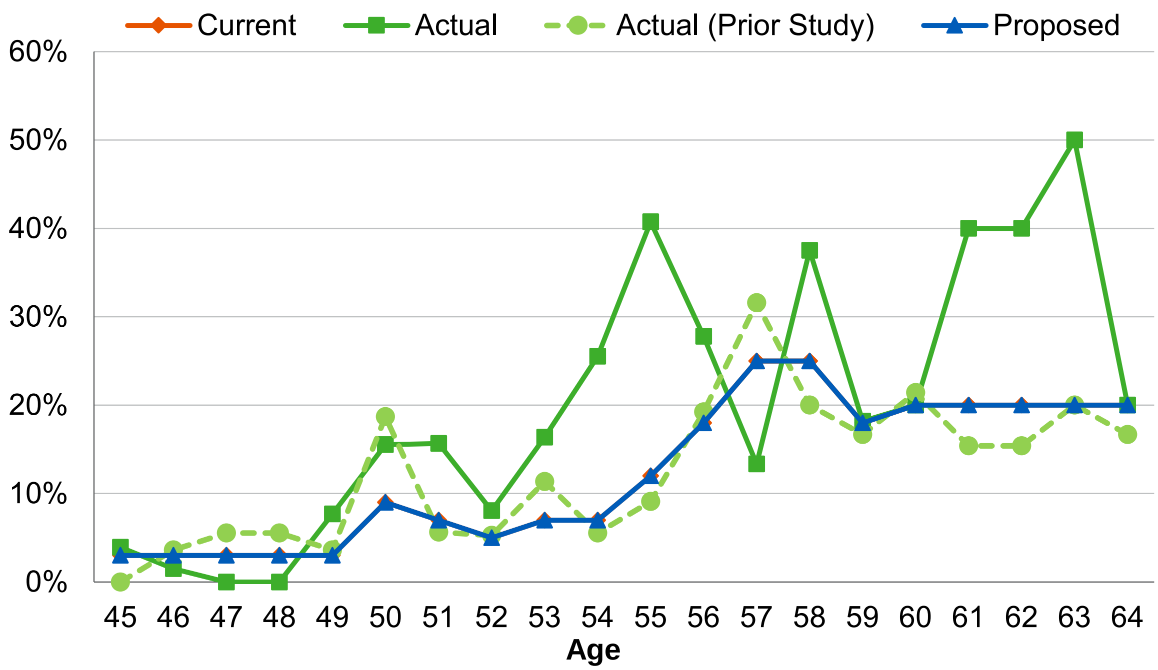


Chart 12: Retirement Rates
Safety Probation (3.0% @ 50 under §31664.1) with More than 30 Years of Service

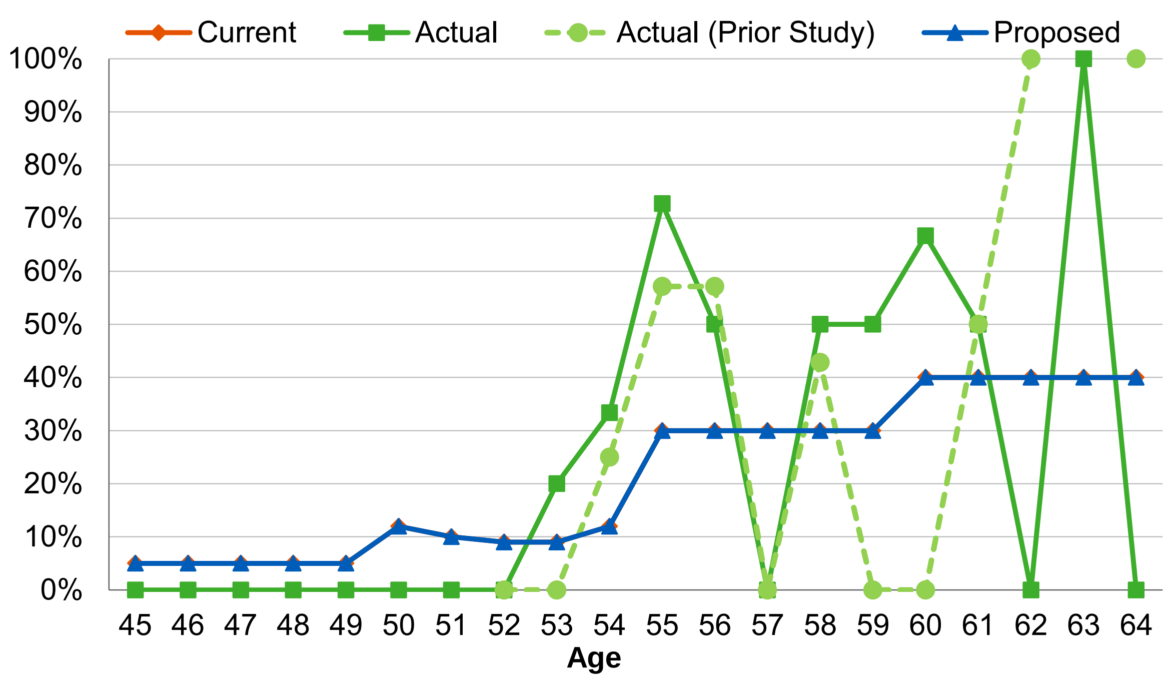


Chart 13: Retirement Rates
General SJC Members (31676.12)

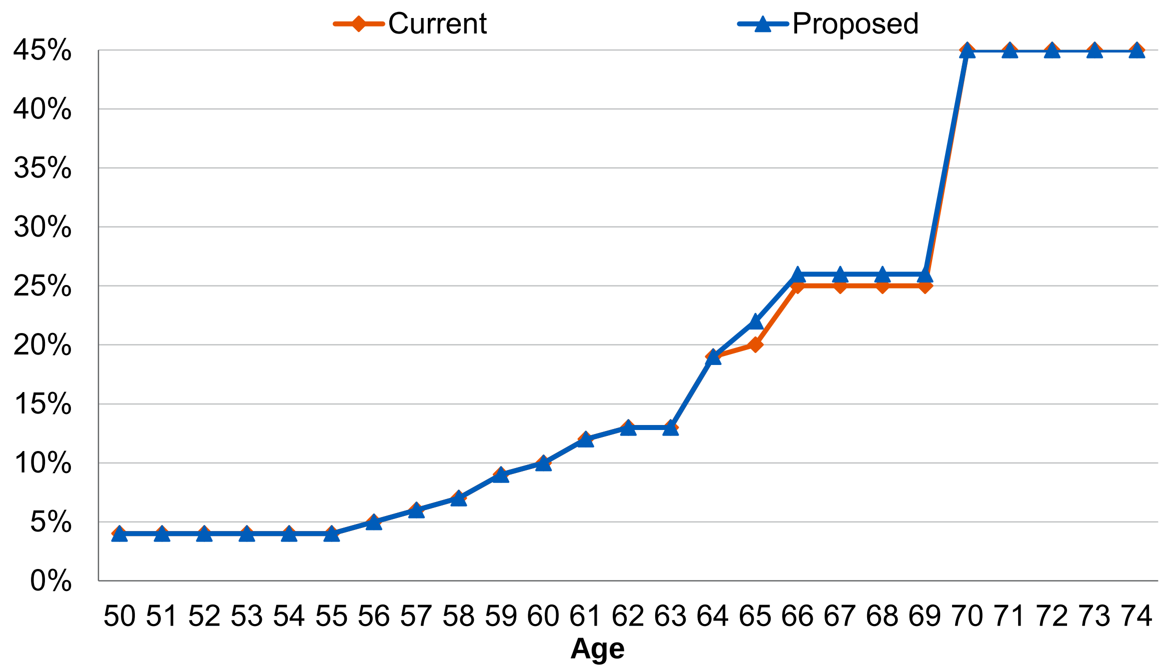


Chart 14: Retirement Rates
Safety Law Enforcement Members (31664.2)

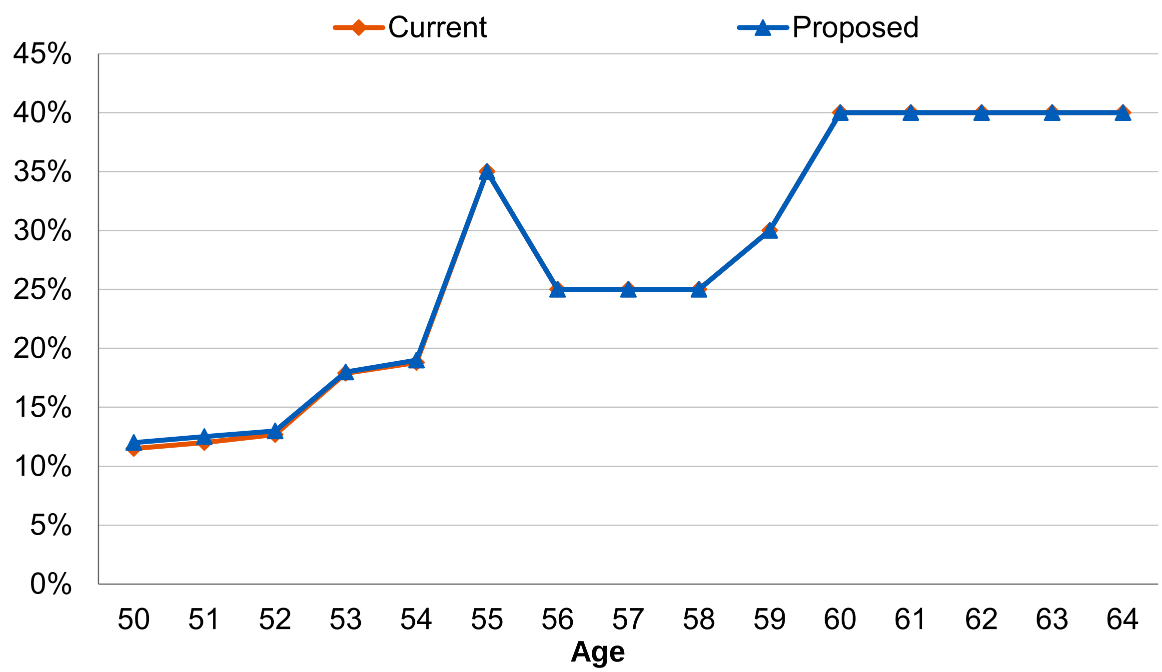


Chart 15: Retirement Rates
Safety Fire Authority Members (31664.2)

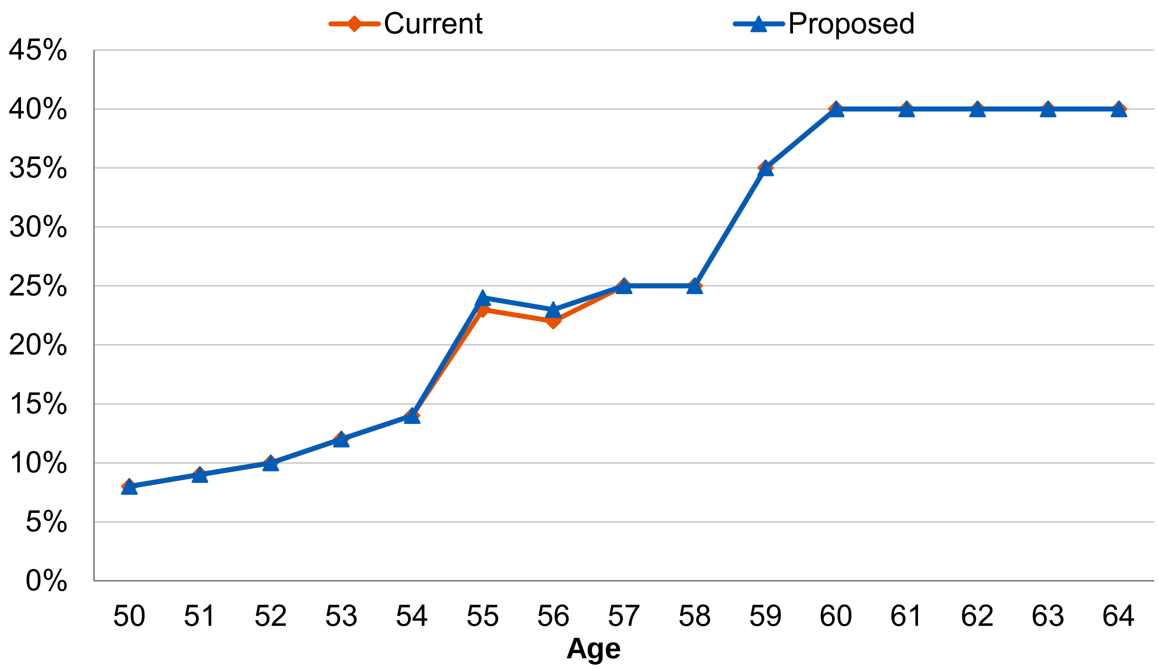


Chart 16: Retirement Rates
CalPEPRA General Members

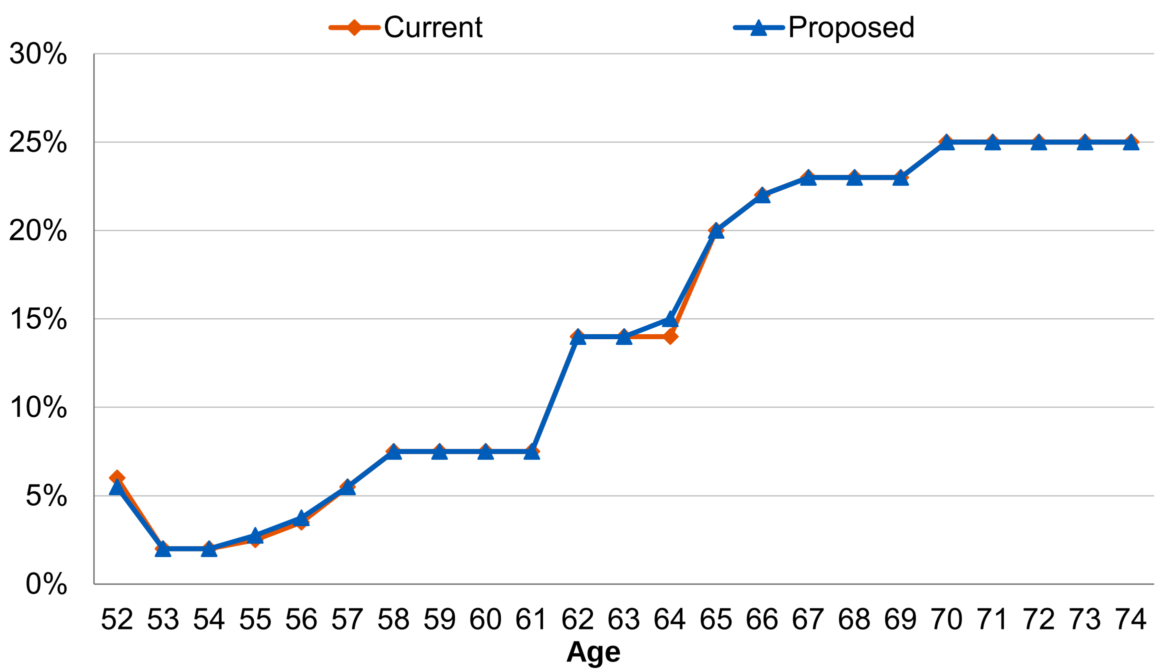


Chart 17: Retirement Rates
CalPEPRA Safety Law Enforcement Members

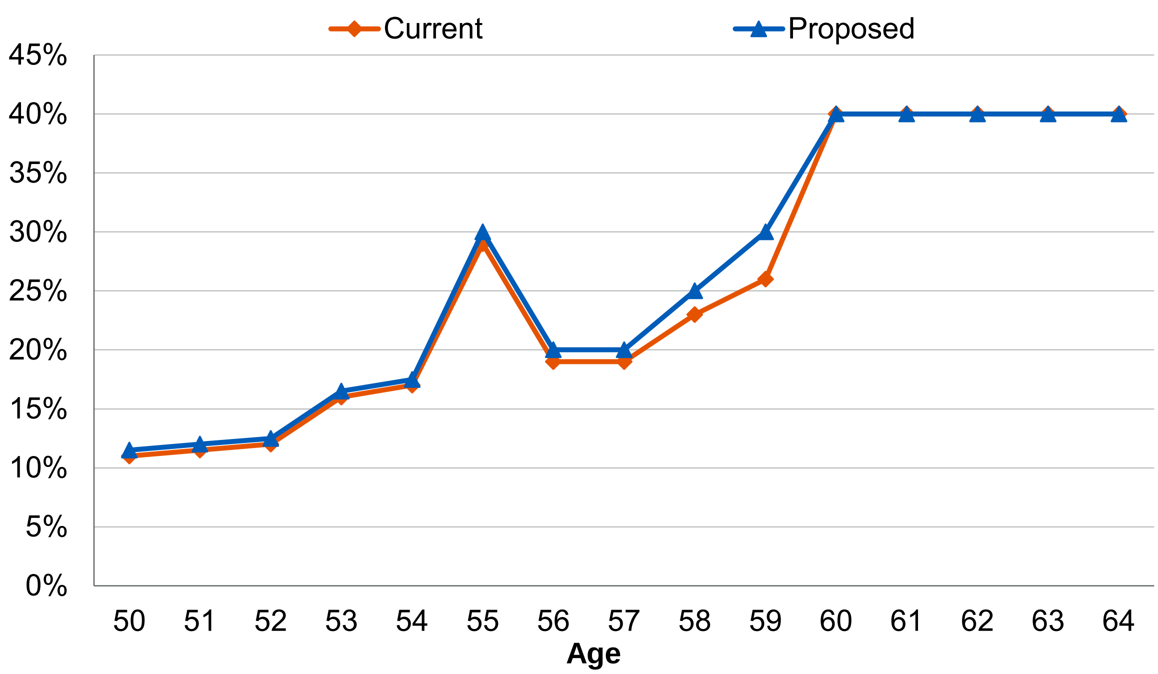


Chart 18: Retirement Rates
CalPEPRA Safety Fire Authority Members

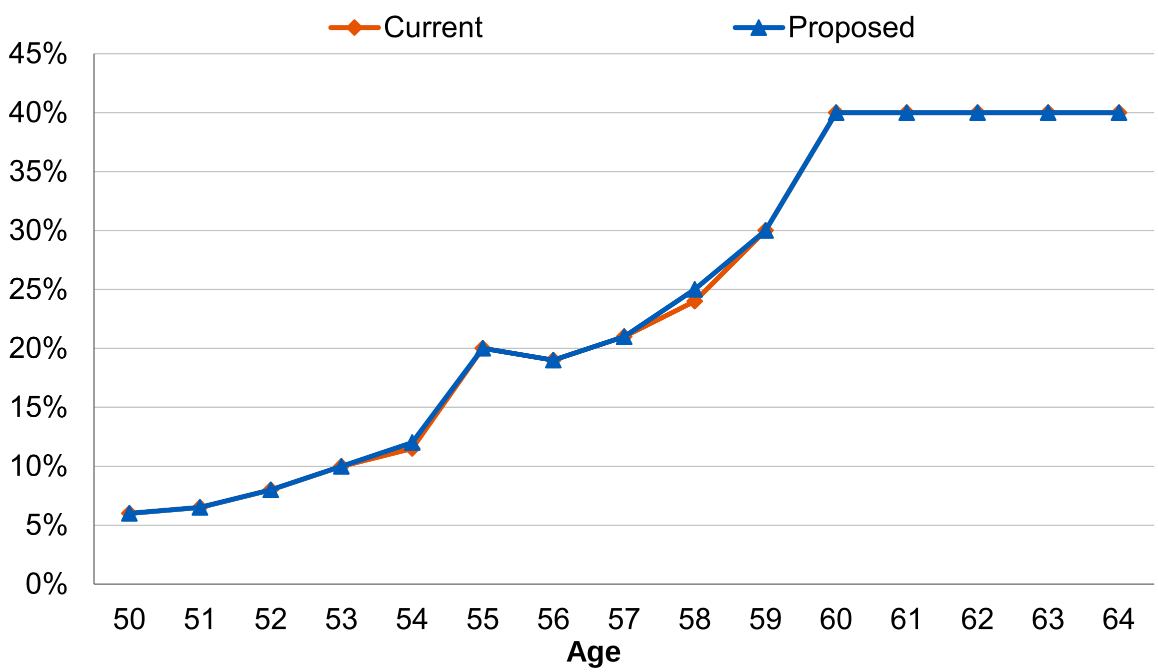
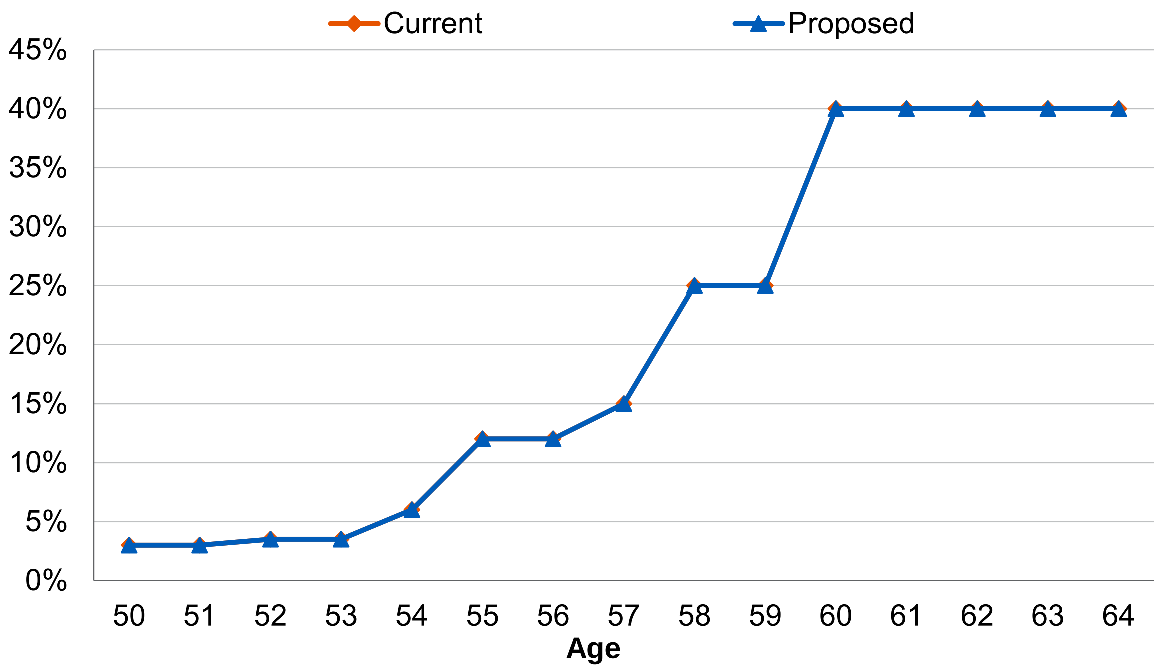


Chart 19: Retirement Rates
CalPEPRA Safety Probation Members



B. Mortality Rates - Healthy

The “healthy” mortality rates project the life expectancy of a member who retires from service (i.e., who did not retire on a disability pension). Also, the “healthy” pre-retirement mortality rates project what proportion of members will die before retirement. For General members, the table currently being used for post-service retirement mortality rates is the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019. For Safety members, the table currently being used for post-service retirement mortality rates is the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019. For all beneficiaries, the table currently being used is the Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

The Public Retirement Plans Mortality tables (Pub-2010) were published by the Retirement Plans Experience Committee (RPEC) of the SOA in 2019. For the first time, the published mortality tables are based exclusively on public sector pension plan experience in the United States. Within the Pub-2010 family of mortality tables, there are separate tables by job categories of General, Safety and Teachers. Included with the mortality tables is the analysis prepared by RPEC that continues to observe that benefit amount for healthy retirees and salary for employees are the most significant predictors of mortality differences within the job categories. Therefore, Pub-2010 includes mortality rates developed for annuitants on a “benefit” weighted basis, with higher credibility assigned to experience from annuitants receiving larger benefits. We continue to recommend using the "amount weighted" above-median version of the Pub-2010 mortality tables (adjusted for OCERS experience as discussed herein).

We also continue to recommend that the mortality improvement scale be applied generationally where each future year has its own mortality table that reflects the forecasted improvements, using the published improvement scales. The “generational” approach is now the established practice within the actuarial profession.

A generational mortality table provides dynamic projections of mortality experience for each cohort of retirees. For example, the mortality rate for someone who is 65 next year will be slightly less than for someone who is 65 this year. In general, using generational mortality anticipates increases in the cost of the Plan over time as participants’ life expectancies are projected to increase.

We understand that RPEC intends to publish annual updates to their mortality improvement scales. Improvement scale MP-2021 is the latest improvement scale available as RPEC decided not to release an updated projection scale in 2022. According to RPEC, they have been relying on the most recent population mortality experience in their model to project future mortality trends. In 2022, if they were to follow their past practice, they would have relied on the newest mortality data available from 2020 to prepare their “MP-2022” mortality improvement scale. However, population data from 2020 was severely affected by the COVID-19 pandemic. They believed it would not be appropriate to incorporate, without adjustment, the substantially higher rates of population mortality experience from 2020 into their graduation and projection models used to forecast future mortality. As a result, they elected not to release a new mortality improvement scale for 2022. We recommend that the Board adopt the Amount-Weighted Above-Median Pub-2010 mortality tables (adjusted for OCERS experience as discussed herein), and project the mortality improvement generationally using the MP-2021 mortality improvement scale.

In order to reflect more OCERS experience in our analysis, we have used experience for a twelve-year period by using data from the current (from January 1, 2020 through December 31, 2022) and the last three (from January 1, 2017 to December 31, 2019; from January 1, 2014 to December 31, 2016; and from January 1, 2011 to December 31, 2013) experience study periods in order to analyze this assumption. Based on our analysis of the January 1, 2020 through December 31, 2022 data, we observed that the actual deaths weighted by benefits were somewhat lower than expected by the current assumptions. Accordingly, we concluded that there was no significant impact to the data by COVID-19[1] that would have made the data unreliable and therefore have included all twelve years of data in the mortality study.

Even with the use of twelve years of experience, based on standard statistical theory the data is only partially credible especially under the recommended benefit-weighted basis when dispersion of retirees' benefit amounts is taken into account. In 2008 the SOA published an article recommending that mortality assumptions include an adjustment for credibility. Under this approach, the number of deaths needed for full credibility for a headcount-weighted mortality table is just over 1,000, where full credibility means a 90% confidence that the actual experience will be within 5% of the expected value. Therefore, in our recommended assumptions, we have only partially adjusted the Pub-2010 mortality tables to fit OCERS' experience. In future experience studies, more data will be available which may further increase the credibility of the OCERS experience.

Post-Retirement Mortality (Service Retirements)

Among all retired members, the actual deaths weighted by benefit amounts under the current assumptions for the twelve-year period are shown in the table below. We also show the deaths weighted by benefit amount under the proposed assumptions. We continue to recommend the use of a generational mortality table, which incorporates a more explicit assumption for future mortality improvement. Accordingly, the goal is to start with a mortality table that closely matches the current experience (without a margin for future mortality improvement), and then reflect mortality improvement by projecting lower mortality rates in future years.

The proposed mortality table also reflects current experience to the extent that the experience is credible based on standard statistical theory. For OCERS, the volume of General member data makes it relatively credible. In contrast, there is much less Safety data, so it is given substantially less credibility. The proposed mortality tables (as shown in the table below) after adjustments for partial credibility have actual to expected ratios of 99% and 92% for General and Safety, respectively. In future years the ratio should remain around 99% and 92% for General and Safety, respectively, as long as actual mortality improves at the same rates as anticipated by the generational mortality tables. The number of actual deaths compared to the number expected under the current and proposed assumptions weighted by benefit amounts for the last twelve years are as follows:

[1] We were provided data by OCERS that identified which of the deaths in 2020-2022 were a result of COVID-19.

Healthy Retiree Mortality Experience – Benefit Weighted
(Dollars in millions)

	General Members			Safety Members		
Gender	**Current Expected Weighted Deaths**	**Actual Weighted Deaths**	**Proposed Expected Weighted Deaths**	**Current Expected Weighted Deaths**	**Actual Weighted Deaths**	**Proposed Expected Weighted Deaths**
Male	$61.96	$57.32	$58.90	$17.88	$16.72	$17.83
Female	48.56	49.34	48.34	1.75	1.28	1.65
Total	**$110.53**	**$106.65**	**$107.23**	**$19.63**	**$18.00**	**$19.47**
Actual / Expected	**96%**		**99%**[1]	**92%**		**92%**[2]

Notes:
1. Experience shown above is weighted by annual benefit amounts for deceased members.
2. Expected amounts under the proposed generational mortality table are based on mortality rates from the base year projected with mortality improvements to the experience study period.
3. Results may not add due to rounding.

For General members, we recommend updating the post-retirement mortality to follow the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Safety members, we recommend updating the post-retirement mortality to follow the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Chart 20 that follows later in this section compares the number of actual to expected deaths on a benefit-weighted basis over the twelve-year period for the current and proposed assumptions for Service Retirement General members.

Chart 21 compares the number of actual to expected deaths on a benefit-weighted basis over the twelve-year period for the current and proposed assumptions for Service Retirement Safety members.

Chart 22 shows the life expectancies (i.e., expected future lifetime) under the current and the proposed tables for General members on a benefit-weighted basis. Life expectancies under the proposed generational mortality rates are based on age as of 2023. In practice, assumed life expectancies will increase as a result of the mortality improvement scale.

Chart 23 shows the life expectancies (i.e., expected future lifetime) under the current and the proposed tables for Safety members on a benefit-weighted basis. Life expectancies under the

[1] If we use the benchmark Pub-2010 General table without any adjustment, the proposed actual to expected ratio would be 102%.

[2] If we use the benchmark Pub-2010 Safety table without any adjustment, the proposed actual to expected ratio would still round to 92%.

proposed generational mortality rates are based on age as of 2023. In practice, assumed life expectancies will increase as a result of the mortality improvement scale.

Beneficiaries Mortality

The Pub-2010 Contingent Survivors Table is developed based only on contingent survivor data after the death of the retirees. This is consistent with the mortality experience that we have available for beneficiaries. The Pub-2010 Contingent Survivor mortality rates are comparable to OCERS' actual mortality experience for beneficiaries. However, in contrast to service retirees, there is much less beneficiary data, so it is given little credibility when adjusting the base table. As shown in the table below, the proposed mortality tables have an actual to expected ratio of 104%, after adjustments for partial credibility. In future years the ratio should remain around 104% as long as actual mortality improves at the same rates as anticipated by the generational mortality tables. The number of actual deaths compared to the number expected under the current and proposed assumptions weighted by benefit amounts for the twelve-year period are as follows:

Beneficiary Mortality Experience – Benefit Weighted
(Dollars in millions)

Gender	Current Expected Weighted Deaths	Actual Weighted Deaths	Proposed Expected Weighted Deaths
Male	$39.84	$49.19	$41.69
Female	208.86	199.98	198.28
Total	**$248.70**	**$249.17**	**$239.98**
Actual / Expected	**100%**		**104%[1]**

Notes:

1. Experience shown above is weighted by annual benefit amounts for deceased beneficiaries.
2. Expected amounts under the proposed generational mortality table are based on mortality rates from the base year projected with mortality improvements to the experience study period.
3. Results may not add due to rounding.

For all beneficiaries, we recommend updating the beneficiary mortality to follow the Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

As noted above, the Contingent Survivor mortality tables are developed based on contingent survivor data only after the death of the retirees (i.e., it does not reflect any contingent survivor data before the death of the retirees). In the last experience study, we recommended that the Board apply the Contingent Survivor mortality tables to predict the mortality rates for the beneficiaries both before and after the death of the retirees. According to analysis provided by

[1] If we used the benchmark Pub-2010 Contingent Survivor table without any adjustment, the proposed actual to expected ratio would be 105%.

RPEC, the mortality rates for the beneficiaries could be somewhat overstated before the death of the retirees as the Contingent Survivor mortality tended to be higher than retiree mortality and the difference was statistically significant. Based on this analysis, for the purposes of the actuarial valuations (for funding and financial reporting), when calculating the liability for the continuance to a beneficiary of a surviving member, we recommend that the General Healthy Retiree mortality tables be used for beneficiary mortality both before and after the expected death of the General or Safety member. Upon the actual death of the member (i.e., for all beneficiaries in pay status as of the valuation date), we recommend for the purposes of the actuarial valuations that we use the Contingent Survivor mortality tables as stated above. We note that the use of different mortality tables (before and after the death of the member) has been found by the RPEC to be reasonable.

Pre-Retirement Mortality

For General members, the table currently being used for pre-retirement mortality rates is the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional scale MP 2019. For Safety members, the table currently being used for pre-retirement mortality rates is the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional scale MP 2019.

When analyzing pre-retirement mortality, there is much less data available, so it is given little credibility when adjusting the base table. As shown in the table below, the proposed mortality tables have an actual to expected ratio of 146% and 84% for General and Safety, respectively, after adjustments for partial credibility. In future years the ratio should remain around 146% and 84% for General and Safety, respectively, as long as actual mortality improves at the same rates as anticipated by the generational mortality tables. The number of actual deaths compared to the number expected under the current and proposed assumptions weighted by annual salary for the last twelve years are as follows:

Pre-Retirement Mortality Experience – Salary Weighted
($ in millions)

	General Members			Safety Members		
Gender	**Current Expected Weighted Deaths**	**Actual Weighted Deaths**	**Proposed Expected Weighted Deaths**	**Current Expected Weighted Deaths**	**Actual Weighted Deaths**	**Proposed Expected Weighted Deaths**
Male	$8.75	$11.85	$8.75	$3.10	$2.38	$3.11
Female	6.51	10.27	6.45	0.36	0.53	0.36
Total	**$15.26**	**$22.12**	**$15.20**	**$3.46**	**$2.90**	**$3.46**
Actual / Expected	**145%**		**146%**	**84%**		**84%**

Notes:
1. Experience shown above is weighted by annual salary for deceased members.
2. Expected amounts under the proposed generational mortality table are based on mortality rates from the base year projected with mortality improvements to the experience study period.
3. Results may not add due to rounding.

For General members, we recommend updating the pre-retirement mortality to follow the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Safety members, we recommend updating the pre-retirement mortality to follow the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Currently, our assumption is that 100% of General member pre-retirement deaths are non-service connected. For Safety members, 10% are assumed to be service connected deaths and 90% are assumed to be non-service connected.

Observed experience over the past three years for active member deaths are shown in the table below. In particular, there were 82 General member pre-retirement deaths and only 8 Safety member pre-retirement deaths, and all were non-service connected.

Service vs. Non-Service Connected Death

Service Connected Death %	General	Safety
Current Assumption	0%	10%
Actual Experience	0%	0%
Proposed Assumption	**0%**	**10%**

We recommend maintaining the current assumption that 100% of General member pre-retirement deaths are non-service connected and that 10% of Safety member pre-

retirement deaths are service connected while 90% are assumed to be non-service connected.[1]

Mortality Table for Member Contributions, Optional Forms of Payment, and Reserves

There are administrative reasons why a generational mortality table is more difficult to implement for determining member contributions for the legacy tiers (i.e., non-CalPEPRA), optional forms of payment and reserves. For determining member contributions, one emerging practice is to approximate the use of a generational mortality table by the use of a static table with projection of the mortality improvement from the measurement year over a period that is close to the duration of the benefit payments for active members. We would recommend the use of this approximation for determining member contributions for employees in the legacy tiers.

For General members, we recommend that the mortality table used for determining contributions be updated to a blended table based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 40% male and 60% female.

For Safety members, we recommend that the mortality table used for determining contributions be updated to a blended table based on the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates decreased by 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 85% male and 15% female.

For optional forms of payment, there are some administrative issues that we may need to resolve with the System and its vendor maintaining the pension administration software before we would recommend a comparable generational scale to anticipate future mortality improvement. We will provide a recommendation to the System for use in reflecting mortality improvement for determining optional forms of payment after we have those discussions with the System and its vendor.

[1] While it is possible that COVID-19 deaths for members in certain industries may be considered service connected, we do not recommend a change in our assumption to reflect this possible short-term increase in service connected deaths.

Chart 20: Post-Retirement Benefit-Weighted Deaths (In Millions)
Service Retirement General Members
(January 1, 2011 through December 31, 2022)

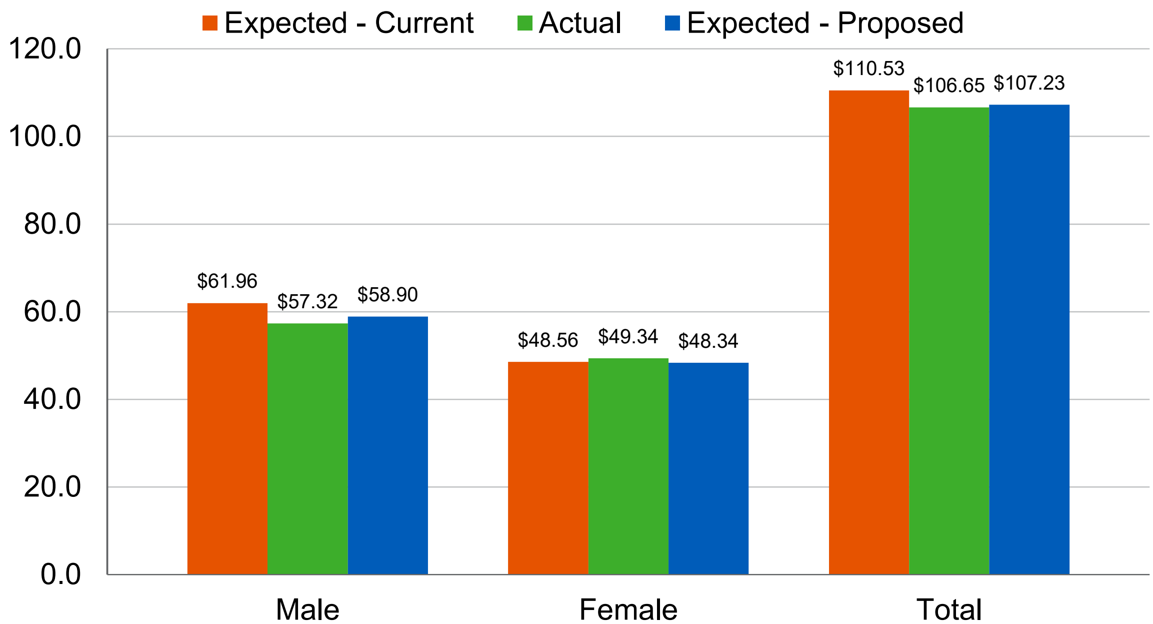


Chart 21: Post-Retirement Benefit-Weighted Deaths ($ In Millions)
Service Retirement Safety Members
(January 1, 2011 through December 31, 2022)

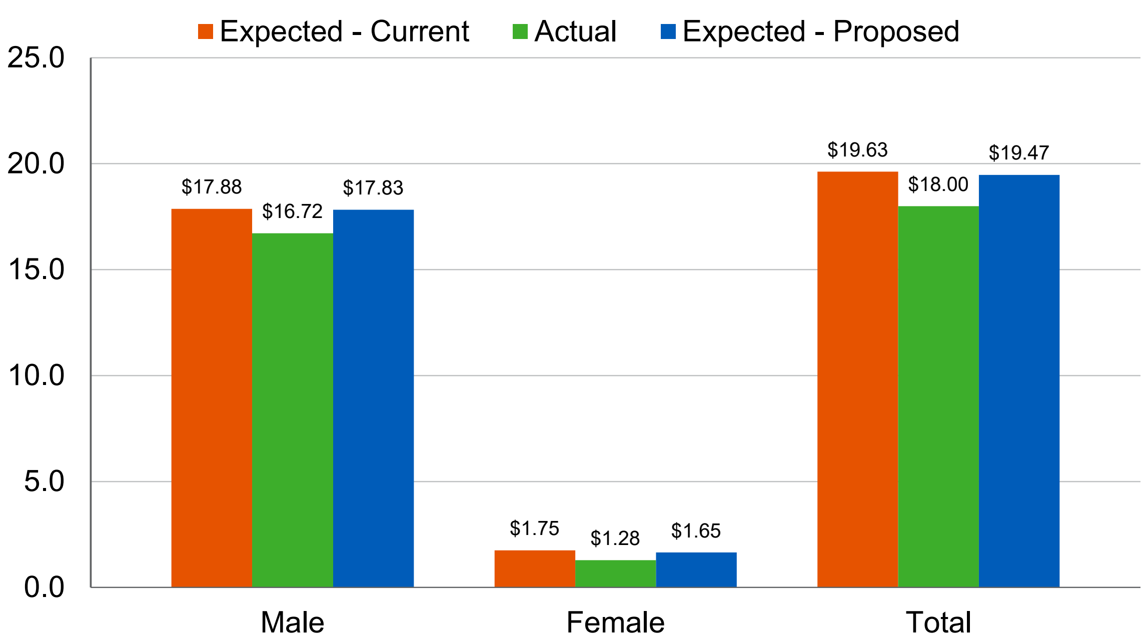


Chart 22: Benefit-Weighted Life Expectancies Service Retirement General Members

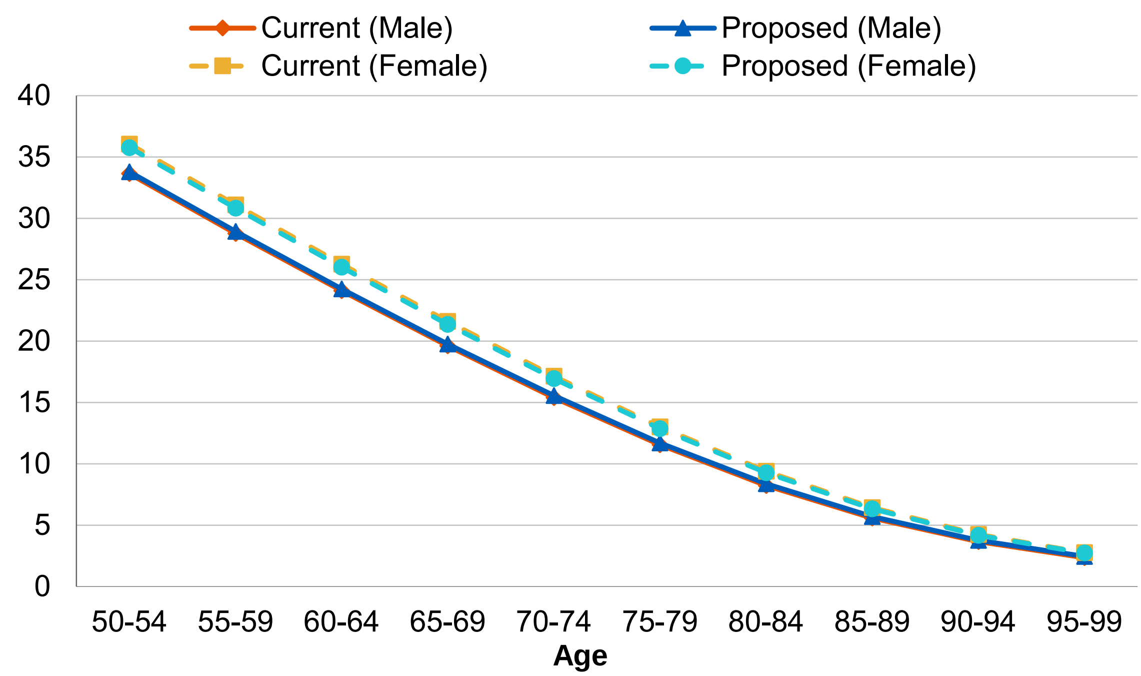
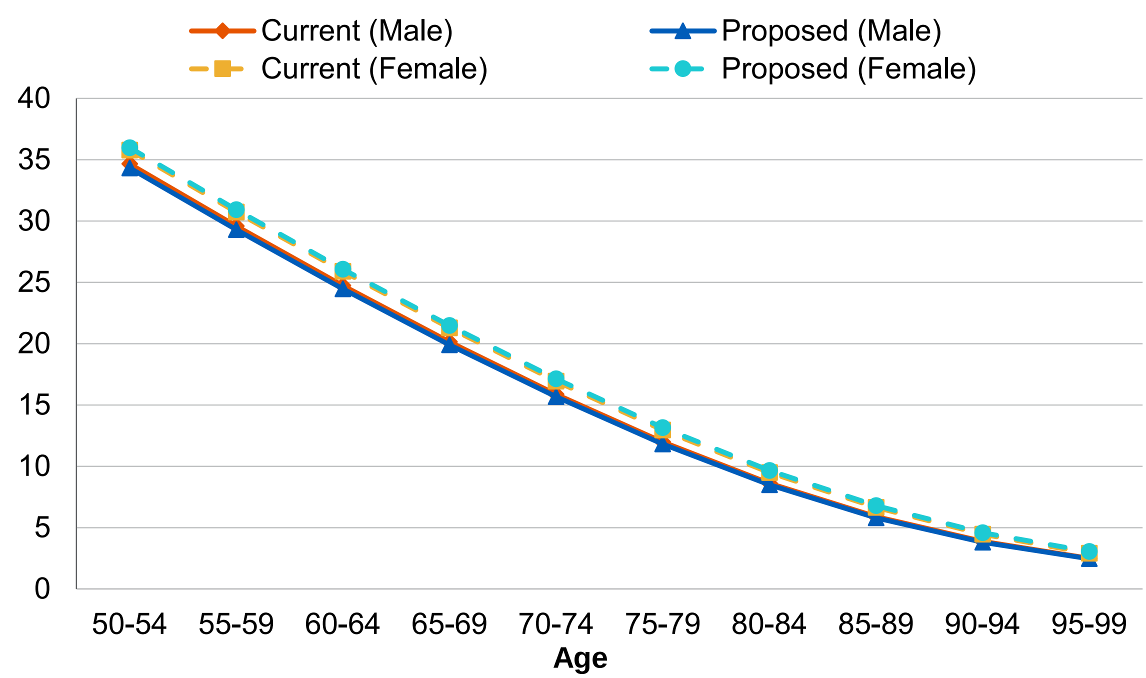


Chart 23: Benefit-Weighted Life Expectancies Service Retirement Safety Members



C. Mortality Rates - Disabled

Since mortality rates for disabled members can vary from those of healthy members, a different mortality assumption is often used. For General members the table currently being used is the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), with rates decreased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019. For Safety members, the table currently being used is the Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2019.

Similar to mortality rates for service retirees, the proposed mortality table reflects current experience to the extent that the experience is credible based on standard statistical theory. For OCERS, there is far less data for disabled retirees, so it is given little credibility, even using experience for a twelve-year period. As shown in the table below, the proposed mortality tables have actual to expected ratios of 90% and 94% for General and Safety respectively, after adjustments for partial credibility. In future years the ratio should remain around 90% and 94% for General and Safety, respectively, as long as actual mortality improves at the same rates as anticipated by the generational mortality tables. The number of actual deaths compared to the number expected under the current and proposed assumptions weighted by benefit amounts for the twelve-year period are as follows:

Disabled Retiree Mortality Experience – Benefit Weighted
(Dollars in millions)

	General Members			Safety Members		
Gender	**Current Expected Weighted Deaths**	**Actual Weighted Deaths**	**Proposed Expected Weighted Deaths**	**Current Expected Weighted Deaths**	**Actual Weighted Deaths**	**Proposed Expected Weighted Deaths**
Male	$5.84	$5.29	$5.83	$5.23	$5.11	$5.22
Female	4.50	3.94	4.47	0.46	0.19	0.43
Total	**$10.33**	**$9.23**	**$10.29**	**$5.69**	**$5.30**	**$5.65**
Actual / Expected	**89%**		**90%**[1]	**93%**		**94%**[2]

Notes:

1. Experience shown above is weighted by annual benefit amounts for deceased members.
2. Expected amounts under the proposed generational mortality table are based on mortality rates from the base year projected with mortality improvements to the experience study period.
3. Results may not add due to rounding.

[1] If we use the benchmark Pub-2010 General disabled table without any adjustment, the proposed actual to expected ratio would be 85%.

[2] If we use the benchmark Pub-2010 Safety disabled table without any adjustment, the proposed actual to expected ratio would be 93%.

For General disabled members, we recommend updating the disabled mortality to follow the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Safety disabled members, we recommend updating the disabled mortality to follow the Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Chart 24 compares the number of actual to expected deaths on a benefit-weighted basis over the twelve-year period for the current and proposed assumptions for disabled General members.

Chart 25 compares the number of actual to expected deaths on a benefit-weighted basis over the twelve-year period for the current and proposed assumptions for disabled Safety members.

Chart 26 shows the life expectancies (i.e., expected future lifetime) under the current and the proposed tables for disabled General members on a benefit-weighted basis. Life expectancies under the current and proposed generational mortality rates are based on age as of 2023. In practice, life expectancies will be assumed to increase as a result of the mortality improvement scale.

Chart 27 shows the life expectancies (i.e., expected future lifetime) under the current and the proposed tables for disabled Safety members on a benefit-weighted basis. Life expectancies under the current and proposed generational mortality rates are based on age as of 2023. In practice, life expectancies will be assumed to increase as a result of the mortality improvement scale.

Chart 24: Post-Retirement Benefit-Weighted Deaths (In Millions) Disabled General Members (January 1, 2011 through December 31, 2022)

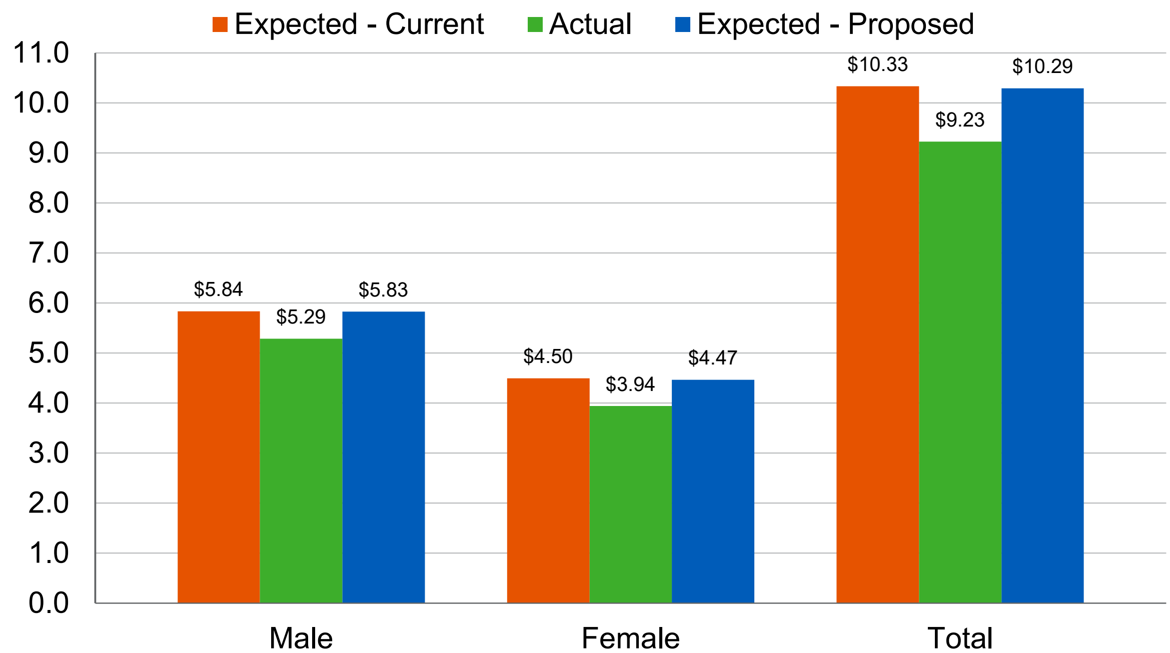


Chart 25: Post-Retirement Benefit-Weighted Deaths (In Millions) Disabled Safety Members (January 1, 2011 through December 31, 2022)

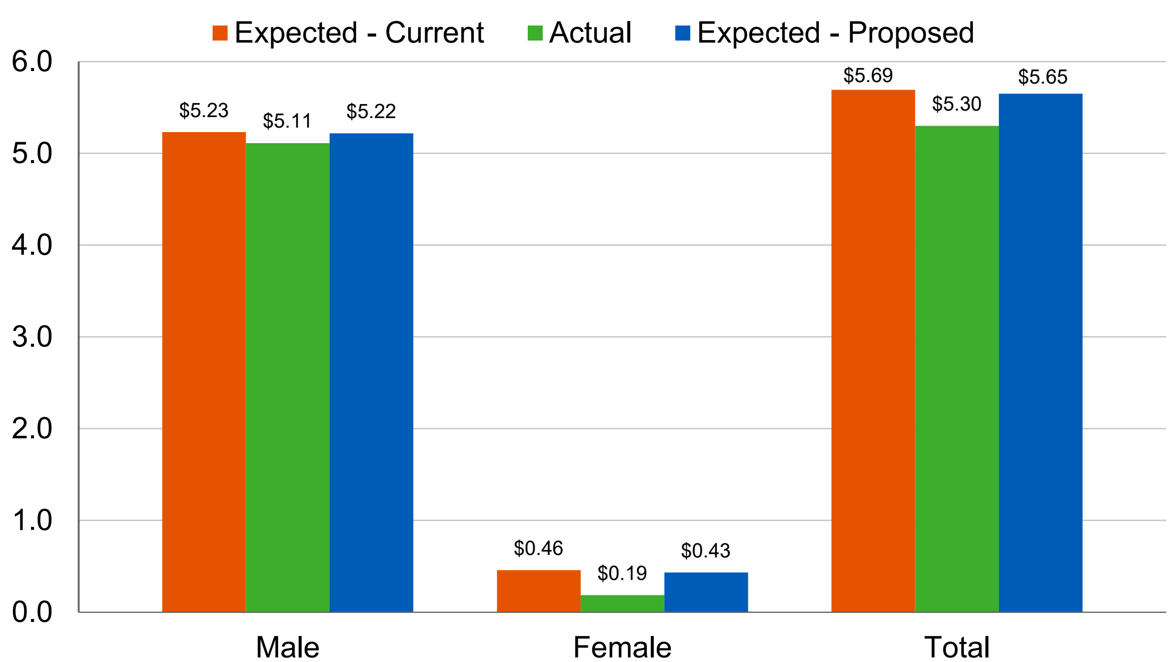


Chart 26: Benefit-Weighted Life Expectancies
Disabled General Members

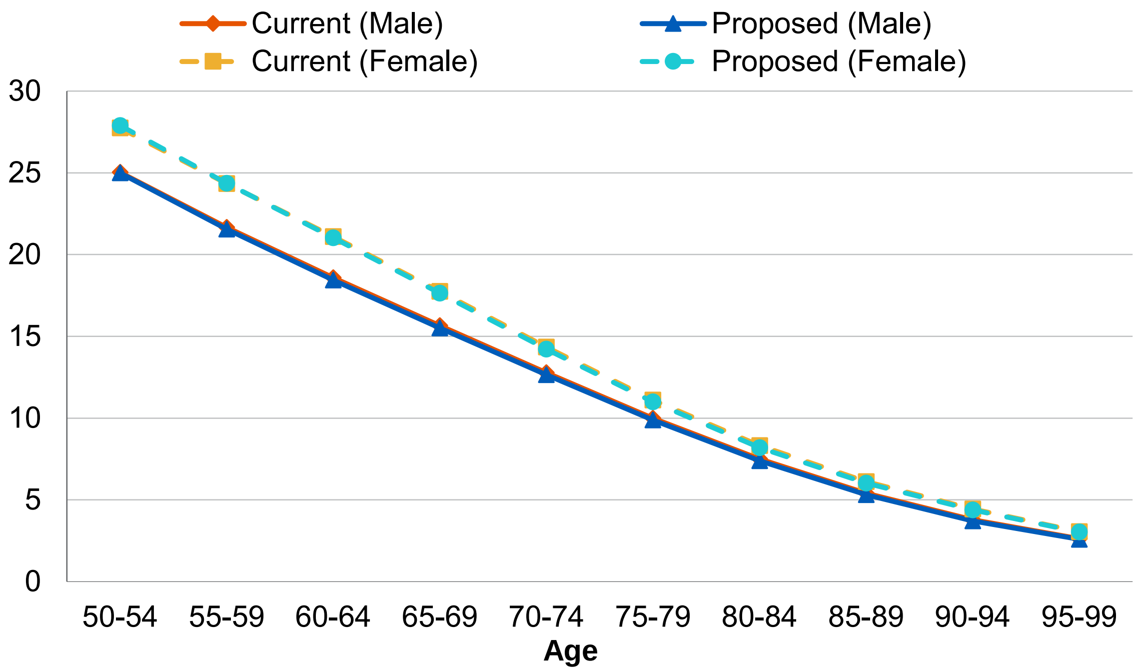
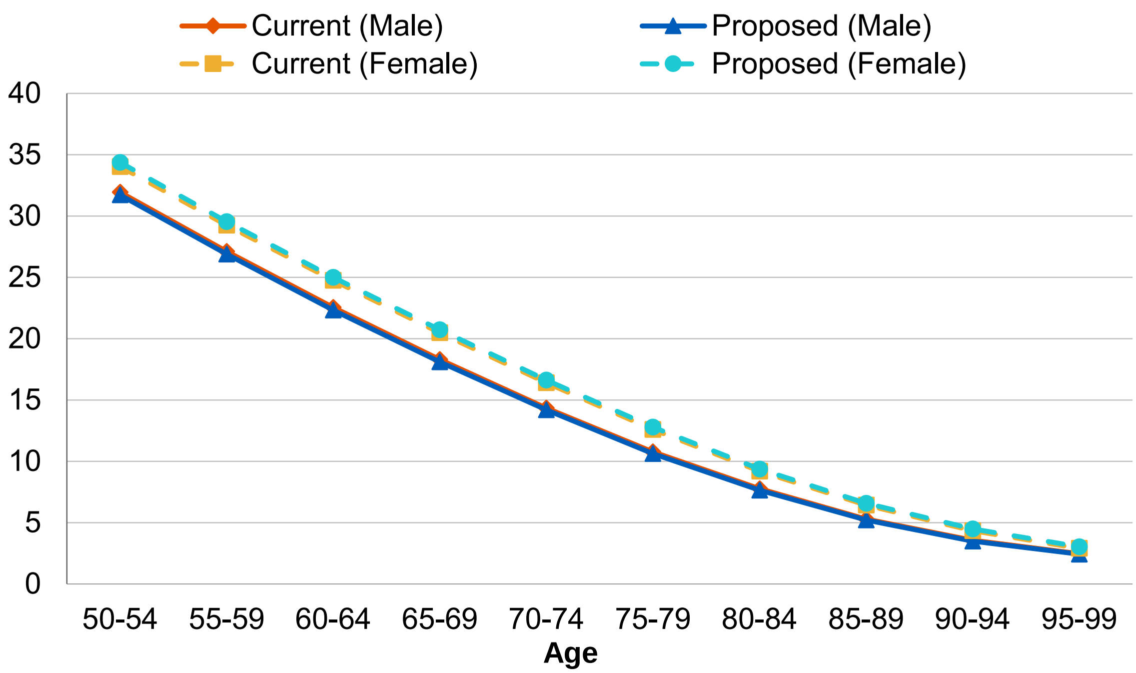


Chart 27: Benefit-Weighted Life Expectancies
Disabled Safety Members



D. Termination Rates

Termination rates include all terminations for reasons other than death, disability, or retirement. Under the current assumptions there is an overall incidence of termination assumed, combined with assumptions, based on the plan membership and years of service. There is also another set of assumptions to anticipate the percentage of members who will withdraw their contributions and members who will leave their contributions on deposit and receive a deferred vested benefit.

We understand that the County's VIP also provided some incentive to members who resigned during a certain window in 2020. However, when we average out the number of terminations during each month of 2020, we do not observe a significant increase in the number of terminations during that window. Therefore, we have not made any adjustments to the process we use to select the proposed assumptions.

We have developed rates for the following four groups: (1) General All Other, (2) General OCTA, (3) Safety Law Enforcement and Fire and (4) Safety Probation. The termination experience over the last three years is shown by years of service in the following tables. We also show the current and proposed assumptions.

Rates of Termination – General

Rates (%)

	General All Other			General OTA		
Years of Service	**Current Rate**	**Actual Rate**	**Proposed Rate**	**Current Rate**	**Actual Rate**	**Proposed Rate**
Less than 1	11.00	11.45	11.25	17.00	15.94	16.50
1 – 2	7.25	7.44	7.25	11.50	11.15	11.50
2 – 3	6.50	6.38	6.50	9.00	10.85	9.25
3 – 4	5.50	5.47	5.50	8.50	4.23	8.25
4 – 5	5.00	5.44	5.25	8.00	4.29	7.75
5 – 6	4.50	5.33	4.75	7.00	5.93	6.50
6 – 7	4.00	5.09	4.25	4.25	6.57	4.25
7 – 8	3.50	5.22	4.00	4.00	1.55	4.00
8 – 9	3.25	5.04	3.50	3.25	5.88	3.50
9 – 10	3.00	3.35	3.00	3.00	2.60	2.75
10 – 11	2.50	2.86	2.50	2.75	1.75	2.75
11 – 12	2.00	3.13	2.00	2.50	3.17	2.50
12 – 13	2.00	1.68	1.75	2.50	4.00	2.50
13 – 14	2.00	1.67	1.75	2.25	3.50	2.25
14 – 15	1.50	2.25	1.60	2.25	1.94	2.25
15 – 16	1.40	1.53	1.50	2.25	1.86	2.00
16 – 17	1.30	1.51	1.40	2.00	2.75	2.00
17 – 18	1.20	1.79	1.30	1.80	1.05	1.75
18 – 19	1.10	1.47	1.20	1.60	2.73	1.75
19 – 20	1.00	1.26	1.00	1.40	0.76	1.25
20 & Over	0.75	0.39	0.50	1.20	0.48	0.75

Rates of Termination – Safety

Rates (%)

	Safety Law and Fire			Safety Probation		
Years of Service	**Current Rate**	**Actual Rate**	**Proposed Rate**	**Current Rate**	**Actual Rate**	**Proposed Rate**
Less than 1	4.25	2.45	4.00	14.00	8.51	12.50
1 – 2	2.75	4.96	3.00	13.00	6.12	11.50
2 – 3	2.25	3.61	2.50	11.00	4.26	9.50
3 – 4	1.75	3.98	2.25	5.00	8.11	5.00
4 – 5	1.50	2.23	2.00	4.00	0.00	4.00
5 – 6	1.25	3.25	1.75	3.25	5.88	3.25
6 – 7	1.00	2.06	1.25	2.75	0.00	2.75
7 – 8	0.95	0.78	1.20	2.75	0.00	2.75
8 – 9	0.90	1.64	1.15	2.50	0.00	2.50
9 – 10	0.85	1.86	1.10	1.75	9.09	1.75
10 – 11	0.80	1.36	1.05	1.50	0.00	1.50
11 – 12	0.75	1.42	1.00	1.50	8.33	1.50
12 – 13	0.70	1.47	0.95	1.25	0.00	1.25
13 – 14	0.65	0.49	0.65	1.00	1.03	1.00
14 – 15	0.60	0.67	0.60	0.75	0.71	0.75
15 – 16	0.55	0.00	0.55	0.75	1.71	0.75
16 – 17	0.50	0.84	0.50	0.75	0.00	0.75
17 – 18	0.45	0.00	0.45	0.75	0.00	0.75
18 – 19	0.40	0.91	0.40	0.50	0.61	0.50
19 – 20	0.30	0.78	0.30	0.25	0.00	0.25
20 & Over	0.15	0.05	0.15	0.15	0.25	0.20

Based upon the recent experience, we have increased the termination rates slightly overall for General All Other members and Safety Law and Fire members while decreasing the termination rates slightly overall for General OCTA members and Safety Probation members.

The next two tables show the currently assumed, actual and proposed assumed percentages for members who withdraw their contributions. The assumed percentages for members who leave their contributions on deposit and receive a deferred vested benefit is equal to 100% minus the percentage of those assumed to withdraw.

Proportion of Total Termination Assumed to Withdraw Contributions – General

Rates (%)

	General All Other			General OTA		
Years of Service	**Current Rate**	**Actual Rate**	**Proposed Rate**	**Current Rate**	**Actual Rate**	**Proposed Rate**
Less than 5	30.00	16.38	25.00	40.00	23.66	35.00
5 – 9	25.00	14.04	17.50	30.00	28.57	30.00
10 – 14	25.00	16.86	17.50	25.00	13.33	25.00
15 & Over	17.50	14.84	15.00	15.00	15.00	15.00

Proportion of Total Termination Assumed to Withdraw Contributions – Safety

Rates (%)

	Safety Law and Fire			Safety Probation		
Years of Service	**Current Rate**	**Actual Rate**	**Proposed Rate**	**Current Rate**	**Actual Rate**	**Proposed Rate**
Less than 5	20.00	25.64	25.00	25.00	N/A	20.00
5 – 9	20.00	25.64	25.00	25.00	33.33	20.00
10 – 14	10.00	18.75	12.50	25.00	N/A	20.00
15 & Over	10.00	0.00	12.50	15.00	20.00	15.00

For General All Other, General OCTA, and Safety Probation members, the overall actual rates for electing a refund of contributions are lower than the current assumptions for the past three years while the overall actual rates for electing a refund of contributions are higher than the current assumptions for Safety Law and Fire. **We recommend decreasing the rates of electing a refund of contributions for most service bands as shown above for General All Other members, General OCTA members and Safety Probation members. We recommend increasing the rates of electing a refund of contributions as shown above for Safety Law and Fire members.**

Chart 38 compares actual to expected terminations over the past three years for both the current and proposed assumptions for General All Other, General OCTA, Safety Law Enforcement and Fire and Safety Probation members.

Chart 39 shows the actual termination rates over the past three years compared to the current and proposed assumptions for General All Other members.

Chart 40 - 42 shows the same information as Chart 39, but for General OCTA, Safety Law and Fire and Safety Probation members.

Chart 38: Actual Number of Terminations Compared to Expected

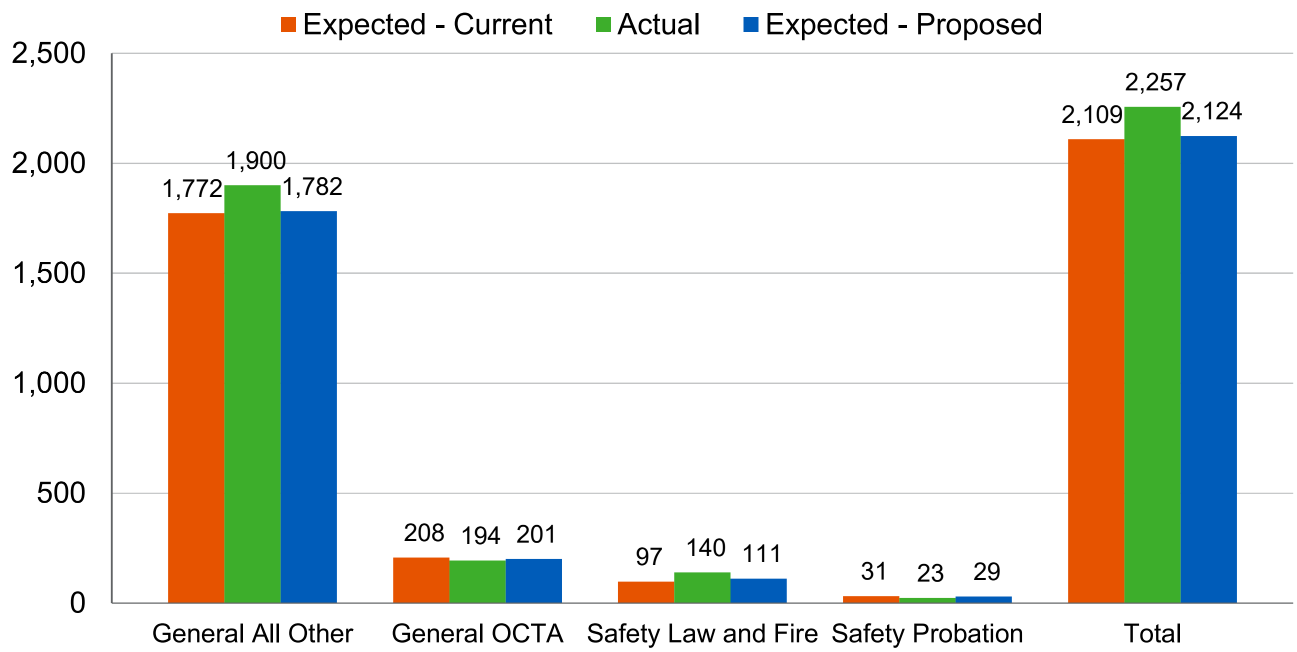


Chart 39: Termination Rates – General All Other Members

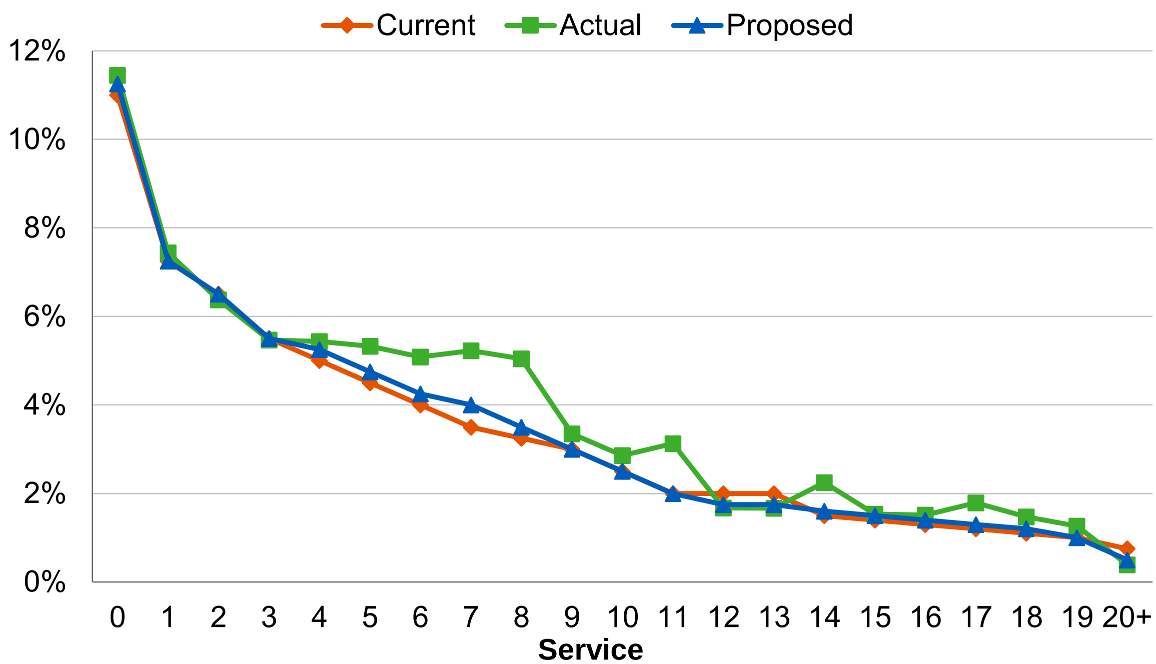


Chart 40: Termination Rates – General OCTA Members

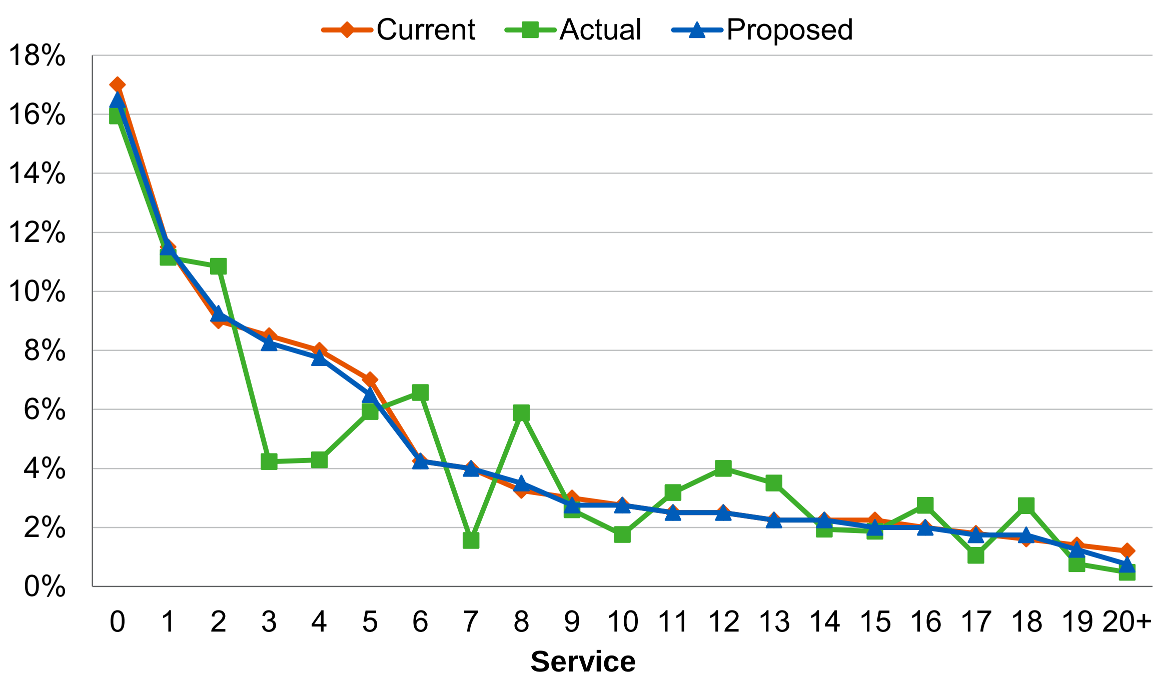


Chart 41: Termination Rates – Safety Law and Fire Members

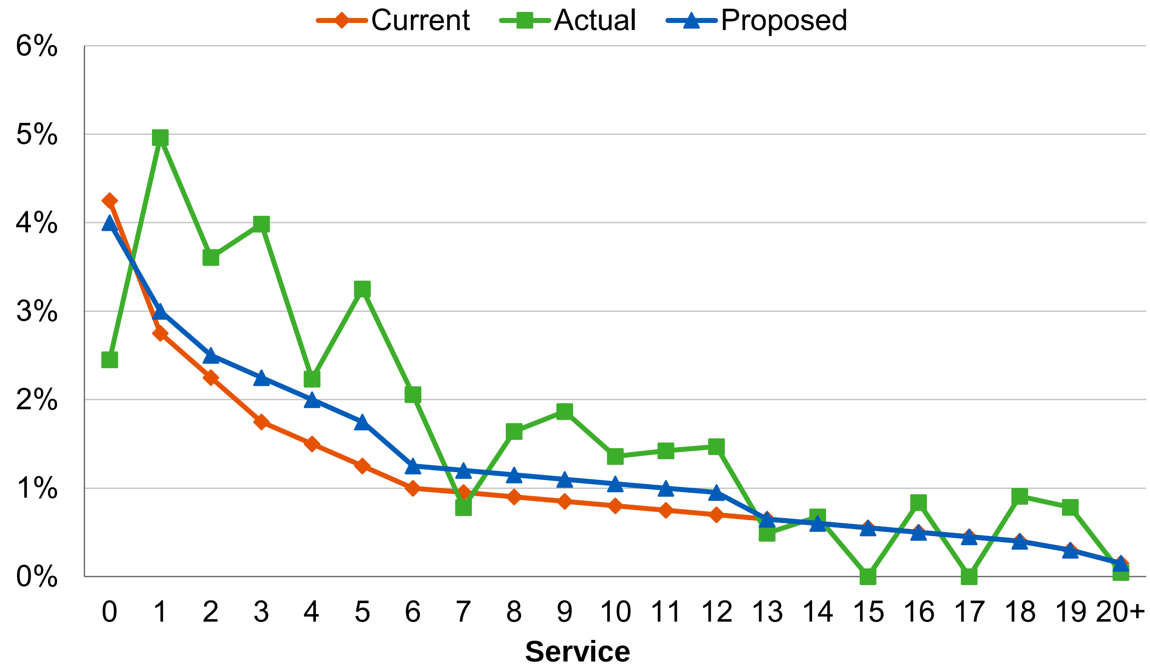
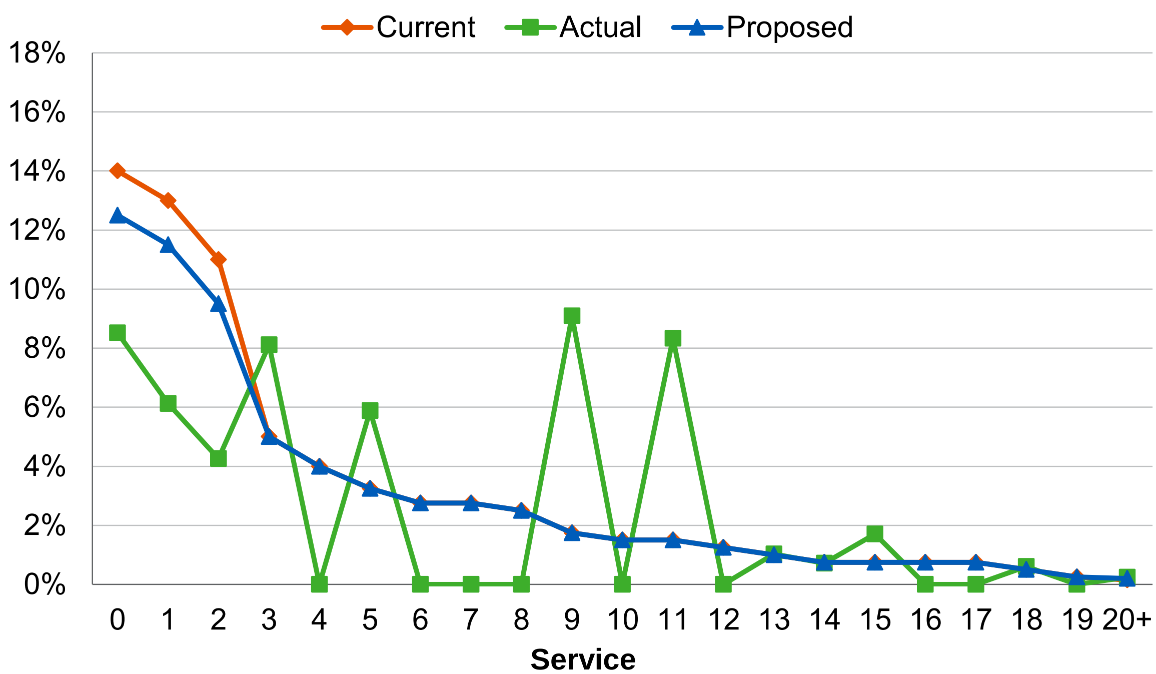


Chart 42: Termination Rates – Safety Probation Members



E. Disability Incidence Rates

When a member becomes disabled, he or she may be entitled to at least a 50% of pay pension (service connected disability), or a pension that depends upon the member's years of service (non-service connected disability).

The following summarizes the actual incidence of combined service and non-service connected disabilities over the past three years and six years compared to the current and proposed assumptions for both service connected and non-service connected disability incidence:

Disability Incidence

Rates (%)

	General All Other				General OCTA			
Age	Current Rate	Actual Rate (3 years)	Actual Rate (6 years)	Proposed Rate	Current Rate	Actual Rate (3 years)	Actual Rate (6 years)	Proposed Rate
20 – 24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25 – 29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30 – 34	0.01	0.00	0.00	0.01	0.05	0.00	0.00	0.05
35 – 39	0.05	0.06	0.06	0.05	0.30	0.34	0.16	0.30
40 – 44	0.10	0.04	0.06	0.08	0.45	0.22	0.34	0.40
45 – 49	0.16	0.16	0.17	0.16	0.50	0.58	0.66	0.50
50 – 54	0.22	0.25	0.24	0.24	0.55	0.76	0.67	0.60
55 – 59	0.30	0.18	0.27	0.30	0.80	0.70	0.80	0.80
60 – 64	0.35	0.20	0.27	0.30	1.50	0.68	0.93	1.20
65 – 69	0.35	0.15	0.34	0.30	1.75	2.10	2.14	2.00

	Safety Law and Fire				Safety Probation			
Age	Current Rate	Actual Rate (3 years)	Actual Rate (6 years)	Proposed Rate	Current Rate	Actual Rate (3 years)	Actual Rate (6 years)	Proposed Rate
20 – 24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25 – 29	0.02	0.10	0.05	0.04	0.05	0.00	0.00	0.05
30 – 34	0.10	0.06	0.17	0.10	0.10	0.00	0.00	0.10
35 – 39	0.25	0.24	0.29	0.25	0.10	0.45	0.16	0.15
40 – 44	0.35	0.49	0.53	0.40	0.15	0.96	0.51	0.20
45 – 49	0.50	0.62	0.44	0.50	0.25	0.34	0.44	0.30
50 – 54	1.50	2.42	1.94	1.70	0.30	0.53	0.43	0.40
55 – 59	3.50	6.35	5.35	4.50	0.50	0.85	0.39	0.55
60 – 64	6.00	7.61	6.16	6.00	0.00	0.00	0.00	0.00
65 – 69	8.00	10.34	11.71	8.50	0.00	0.00	3.33	0.00

Based on this experience, we recommend slightly decreasing the disability incidence rate assumption for General All Other and General OCTA members, while slightly increasing the disability incidence for Safety Law and Fire and Safety Probation members.

Chart 43 compares the actual number of non-service connected and service connected disabilities over the past three years to that expected under both the current and proposed assumptions.

Chart 44 shows actual disablement rates, compared to the assumed and proposed rates for General All Other members. Charts 45-47 graph the same information as Chart 44, but for General OCTA, Safety Law and Fire and Safety Probation members. Also shown is the actual disability rates based on an average of both the current and previous three-year experience periods.

The following table shows the currently assumed, actual and proposed assumed percentages for service versus non-service connected disability over the past three years for the groups.

Service vs. Non-Service Connected Disability

Service Connected %	General All Other	General OCTA	Safety Law and Fire	Safety Probation
Current Assumption	65%	80%	100%	75%
Actual Experience	76%	88%	99%	100%
Proposed Assumption	**75%**	**85%**	**100%**	**85%**

Based upon the recent experience, we have increased the assumed percentages for service connected disability for General All Other, General OCTA, and Safety Probation members while maintaining the assumed percentages for Safety Law and Fire members.

Chart 43: Actual Number of Service and Non-service Disability Retirements Compared to Expected

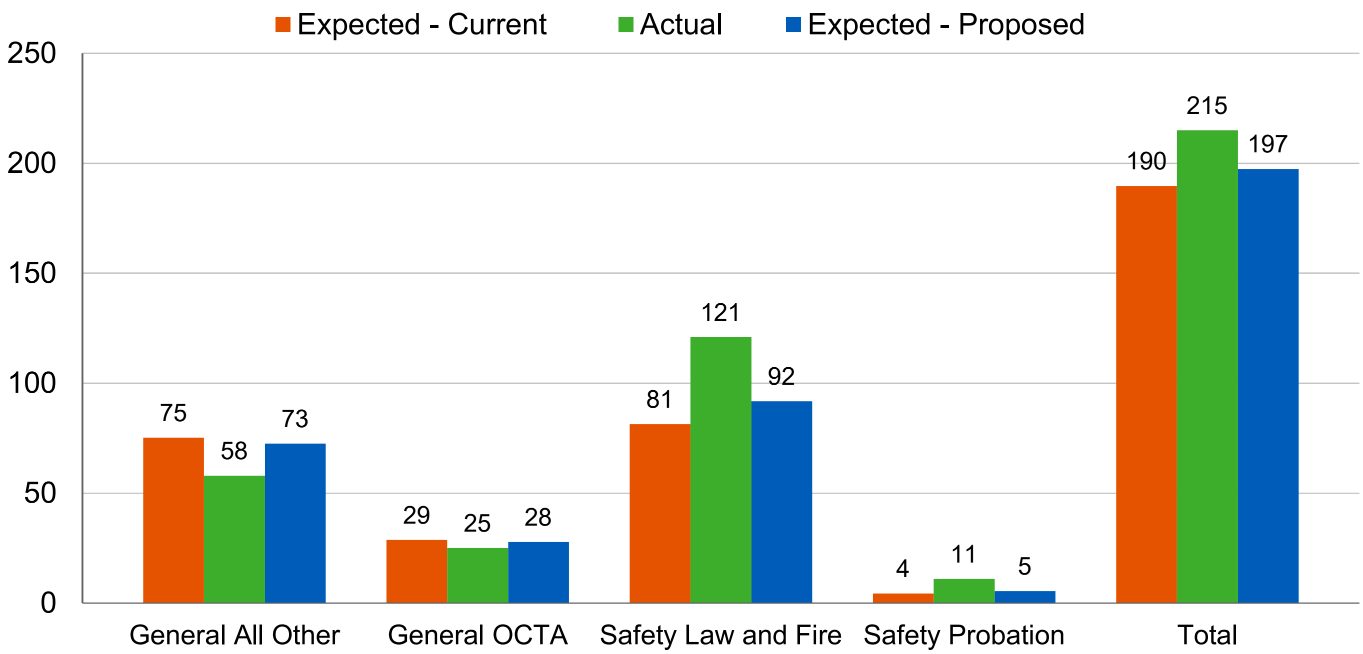


Chart 44: Disability Incidence Rates General All Other Members

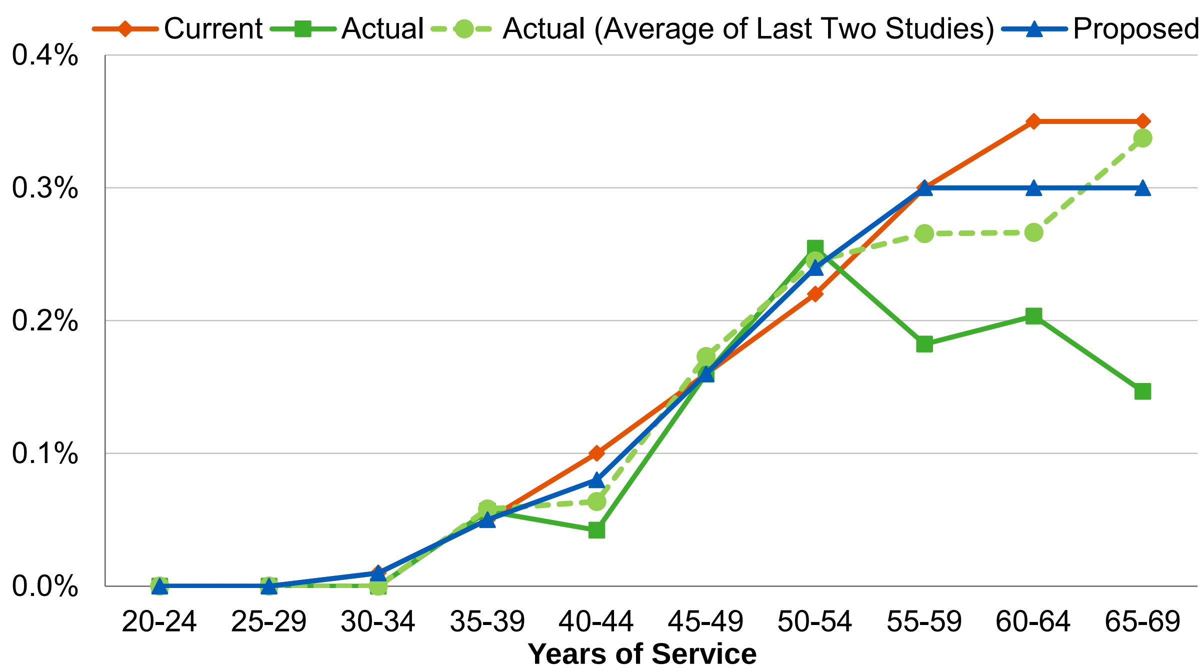


Chart 45: Disability Incidence Rates General OCTA Members

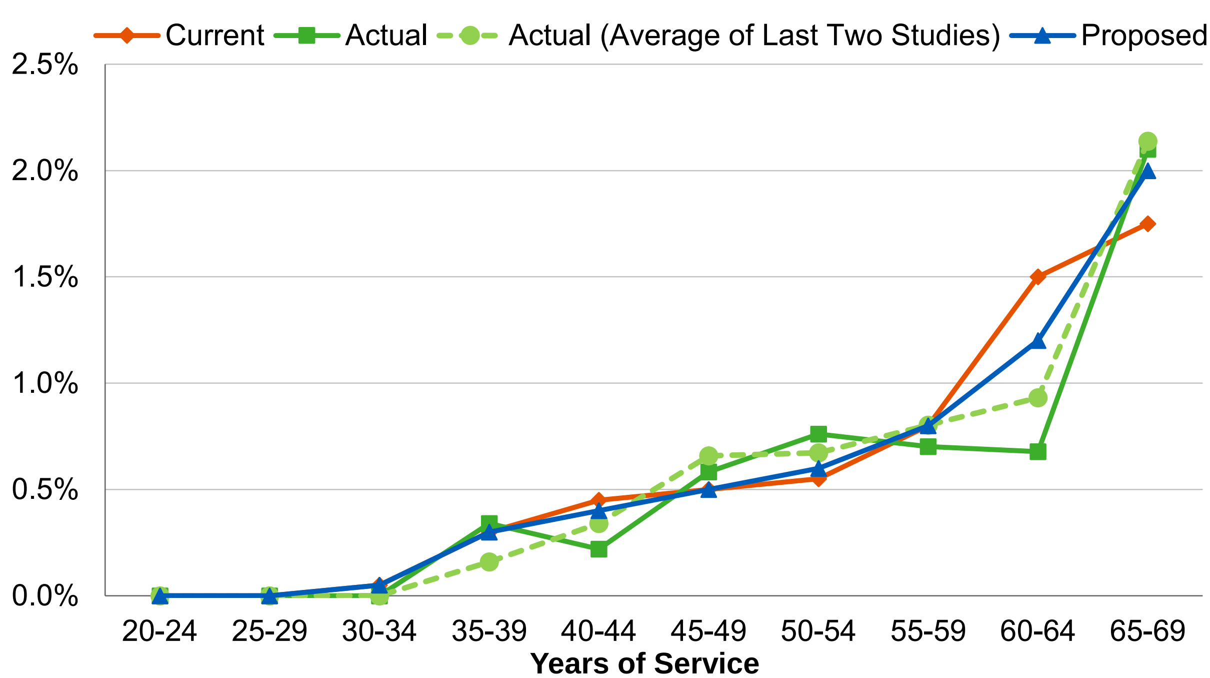


Chart 46: Disability Incidence Rates
Safety Law and Fire Members

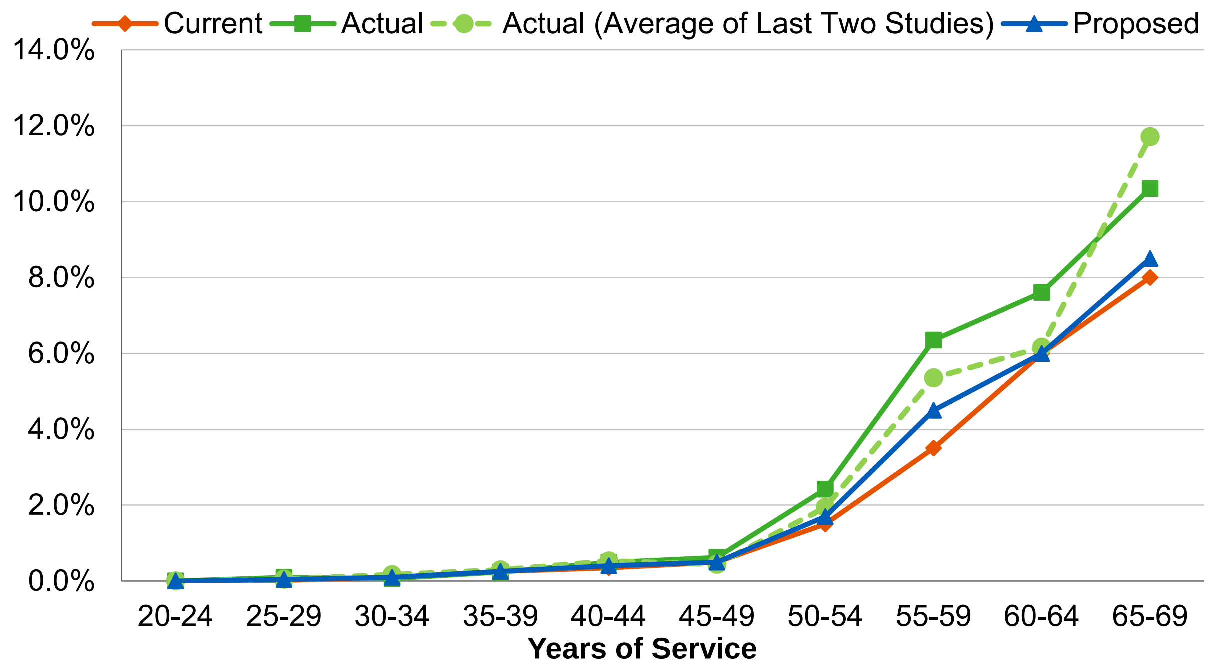
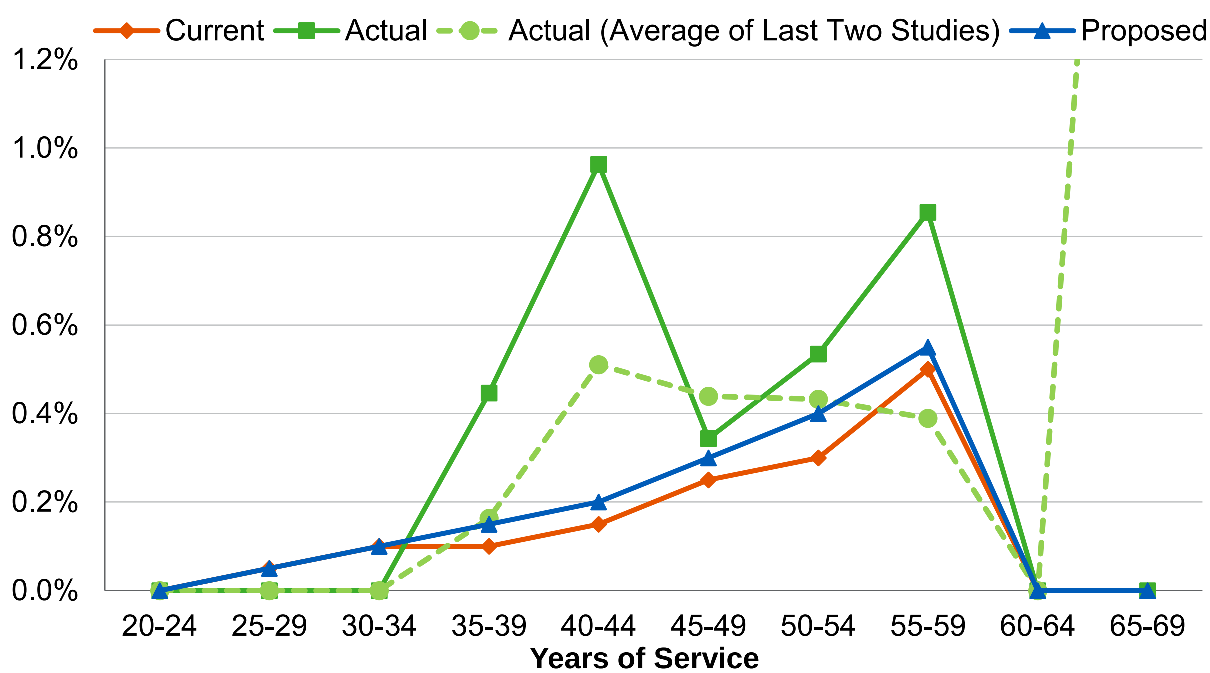


Chart 47: Disability Incidence Rates
Safety Probation Members



F. Additional Cashouts

Certain OCERS legacy members are eligible for additional cashouts on an annual basis. These cashouts are included as part of a member's Earnable Compensation at retirement. These additional pay elements fall into two categories:

- Ongoing Pay Elements – Those that are expected to be received relatively uniformly over a member's employment years; and
- Terminal Pay Elements – Those that are expected to be received only during the member's final average earnings pay period.

The first category is recognized in the actuarial calculations by virtue of being included in the current pay of active members. Any year-to-year fluctuation in the amount of additional cashouts would be incorporated in the salary scale assumptions discussed in the prior section of this report. The second category requires a separate actuarial assumption to anticipate its impact on a member's retirement benefit.

In this study, we have been provided with final average salaries determined by OCERS before ("FAS - Base")[1] as well as after ("FAS - Final")[2] including the terminal pay elements for members who retired during the last three years. We have studied the impact of including these pay elements by taking the ratio of "FAS - Final" to "FAS - Base". Members covered under CalPEPRA plans are not eligible to receive leave cashouts.

The current and recommended additional cashout assumptions are provided in the following table:

	Final One-Year Salary			Final Three-Year Salary		
Membership	Current Assumption	Actual Rate	Proposed Assumption	Current Assumption	Actual Rate	Proposed Assumption
General Members	3.00%	4.62%	3.00%	2.90%	3.64%	3.20%
Safety Probation	3.80%	N/A	N/A	3.40%	3.75%	3.50%
Safety Law Enforcement	N/A	N/A	N/A	6.90%	6.07%	6.60%
Safety Fire	N/A	N/A	N/A	1.50%	1.61%	1.50%

Note that the Safety Probation, Safety Law Enforcement, and Safety Fire Tiers 1 no longer have any active members and there are only 12 General Tier 1 active members as of the December 31, 2022 valuation.

Based on the above experience, we recommend increasing the cashout assumption slightly for General and Safety Probation and decreasing the cashout assumption slightly for Safety Law Enforcement for the Final Three-Year Salary tiers.

[1] Per OCERS, this is calculated by the System using base earnable salary plus those reported pensionable pay items (regularly included in the annual actuarial valuation) based on the highest system-calculated FAS period.

[2] Per OCERS, this is equal to "FAS - Base" plus all eligible pensionable pay items that had not been formerly transmitted to OCERS from the employer.

G. Change in Allocation of the Cost of COLA Benefits for Legacy Safety members with 30 Years of Service and Other Technical Changes Under the Entry Age Cost Allocation Method

With this experience study and starting with the December 31, 2023 valuation, we recommend a change to allocate the suspended COLA normal cost contributions for legacy Safety (Probation, Law and OCFA) members with at least 30 years of service to the employers instead of to the remaining legacy Safety members with less than 30 years of service. This is consistent with the current practice to allocate the suspended basic normal cost contributions for legacy Safety members with over 30 years of service to the employer normal cost.

Based on our understanding of the 1937 CERL, the basic normal cost for legacy Safety members with at least 30 years of service has been allocated to the employer. In contrast, in prior actuarial valuations one-half of the COLA normal cost for legacy Safety members with at least 30 years of service has been allocated to the legacy Safety members with less than 30 years of service. This prior practice has produced stable member rates as long as there have been (1) relatively few Safety members who continue to work after 30 years of service and (2) relatively small changes in the proportions of payroll for members with less than 30 years of service compared to payroll for members with at least 30 years of service.

However, the proportions of payroll could continue to shift over time with the enrollment of new Safety members in the CalPEPRA instead of the Legacy plans. For that reason, we believe it would be practical and reasonable to treat suspended COLA member contributions the same as current practice for suspended basic member contributions.

This change would result in a net increase in the average employer contribution rate for Rate Groups #6, #7 and #8 of about: 0.9%, 0.3% and 0.2% of total (legacy and CalPEPRA) member payrolls, respectively, and a corresponding net decrease in the average member contribution rates of about the same amount. We note that the rate impact is a larger percentage of only the legacy member payroll for members with less than 30 years of service for Rate Groups #6, #7 and #8, i.e., about 1.1%, 0.5% and 0.4% of payroll, respectively. (The variability in the rate increases among the three Rate Groups is due to the different proportions of payroll for members with less than 30 years compared to payroll for members with over 30 years of service.)

We are also recommending two other technical changes to the application of the Entry Age cost allocation method. One is an improvement in reflecting the timing of decrements in calculating the total normal cost rate for each plan and the other is to use the individual (instead of the aggregate) version of the Entry Age cost allocation method to determine the normal cost of the COLA benefits.

5. Cost Impact

We have estimated the impact of all the recommended demographic and economic assumptions as if they were applied to the December 31, 2022 actuarial valuation. The table below shows the changes in the employer and member contribution rates due to the proposed assumption changes separately for the recommended economic assumption changes including the recommended merit and promotion salary increases (as recommended in Section 3 of this report) and the recommended demographic assumption and method changes (as recommended in Section 4 of this report).

Cost Impact of the Recommended Assumptions
Based on December 31, 2022 Actuarial Valuation

Assumption	Impact on Average Employer Contribution Rates
Decrease due to changes in economic assumptions	(0.15%)
Increase due to changes in demographic assumptions and methods[1]	1.06%
Total increase in average employer rate	**0.91%**
Total estimated decrease in annual dollar amount ($000s)[2]	**$18,422**

Assumption	Impact on Weighted Average Member Contribution Rates
Decrease due to changes in economic assumptions	(0.01%)
Decrease due to changes in demographic assumptions and methods[3]	(0.13%)
Total decrease in average member rate	**(0.14%)**
Total estimated decrease in annual dollar amount ($000s)[2]	**$(3,081)**

Assumption	Impact on UAAL ($000s)
Decrease due to changes in economic assumptions	$(42,218)
Increase due to changes in demographic assumptions and methods[4]	193,621
Total increase in UAAL ($000s)	**$151,403**

[1] The increase in the average employer contribution rate due to the change in allocation of the cost of COLA benefits after legacy Safety members reach 30 years of service, as discussed in more detail on page 78, is 0.08% of payroll.
[2] Based on December 31, 2022 projected annual payroll as determined under each set of assumptions.
[3] The decrease in the average member contribution rate due to the change in allocation of the cost of COLA benefits after legacy Safety members reach 30 years of service, as discussed in more detail on page 78, is 0.07% of payroll.
[4] There is no impact on the UAAL due to the change in allocation of the cost of COLA benefits after legacy Safety members reach 30 years of service.

	Impact on Funded Percentage on VVA Basis
Change in Funded Percentage	81.5% to 81.0%

Of the various assumption changes, the most significant rate increase for employer is due to the retirement assumption followed by the mortality assumption.

We have also analyzed in the tables below the average employer and member contribution rate impacts for each cost group due to the recommended assumption and method changes as if they were applied to the December 31, 2022 actuarial valuation.

Employer Contribution Rate Increases/(Decreases)

(% of Payroll)

	Normal Cost	UAAL	Total	Annual Amount[1] ($000s)
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD)	0.05%	0.18%	0.23%	$174
Rate Group #2 – Plans I, J, O, P, S, T, U and W (County et al.)	0.41%	0.88%	1.29%	15,591
Rate Group #3 – Plans B, G, H and U (OCSD)[2]	0.31%	0.00%	0.31%	246
Rate Group #5 – Plans A, B and U (OCTA)	0.21%	0.59%	0.80%	900
Rate Group #9 – Plans M, N and U (TCA)	0.21%	0.00%	0.21%	14
Rate Group #10 – Plans I, J, M, N and U (OCFA)	0.28%	0.59%	0.87%	299
Rate Group #11 – Plans M and N, future service, and U (Cemetery)	0.20%	0.61%	0.81%	16
Rate Group #12 – Plans G, H, future service, and U (Law Library)	0.69%	0.00%	0.69%	8
Rate Group #6 – Plans E, F and V (Probation)	1.03%	0.28%	1.31%	731
Rate Group #7 – Plans E, F, Q, R and V (Law Enforcement)	0.05%	0.06%	0.11%	382
Rate Group #8 – Plans E, F, Q, R and V (OCFA)	(0.01%)	0.04%	0.03%	61
All Categories Combined	**0.31%**	**0.60%**	**0.91%**	**$18,422**

1 Based on December 31, 2022 projected annual payroll as determined under each set of assumptions.

2 There is no increase or decrease in UAAL rates for Rate Groups #3, #9 and #12 because these three rate groups are overfunded both before and after the assumption changes.

Average Member Contribution Rate Increases/(Decreases)

(% of Payroll)

	Total	Annual Amount[1] ($000s)
Rate Group #1 – Plans A, B and U (non-OCTA, non-OCSD)	(0.04%)	$(75)
Rate Group #2 – Plans I, J, O, P, S, T, U and W (County et al.)	(0.03%)	(588)
Rate Group #3 – Plans B, G, H and U (OCSD)	(0.03%)	(29)
Rate Group #5 – Plans A, B and U (OCTA)	(0.02%)	(40)
Rate Group #9 – Plans M, N and U (TCA)	0.04%	2
Rate Group #10 – Plans I, J, M, N and U (OCFA)	(0.04%)	(15)
Rate Group #11 – Plans M and N, future service, and U (Cemetery)	(0.05%)	(1)
Rate Group #12 – Plans G, H, future service, and U (Law Library)	(0.01%)	(0)
Rate Group #6 – Plans E, F and V (Probation)	(0.97%)	(552)
Rate Group #7 – Plans E, F, Q, R and V (Law Enforcement)	(0.48%)	(1,366)
Rate Group #8 – Plans E, F, Q, R and V (OCFA)	(0.25%)	(417)
All Categories Combined	**(0.14%)**	**$(3,081)**

[1] Based on December 31, 2022 projected annual payroll as determined under each set of assumptions.

Appendix A: Current Actuarial Assumptions

Economic Assumptions

Net Investment Return:	7.00%, net of administrative and investment expenses.
Member Contribution Crediting Rate:	5.00%, compounded semi-annually.
Inflation Assumption:	2.50%
Cost of Living Adjustments (COLA):	Retiree COLA increases of 2.75% per year. For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Payroll Growth:	Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year.
Increase in Section 7522.10 Compensation Limit:	Increase of 2.50% per year from the valuation date.

Salary Increases:

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- "Across the board" salary increases of 0.50% per year, plus
- The following merit and promotion increases:

Years of Service	Rate (%)[1] General	Rate (%)[1] Safety
Less than 1	8.00	12.00
1 – 2	7.25	10.00
2 – 3	6.25	8.50
3 – 4	5.25	7.50
4 – 5	4.25	6.50
5 – 6	3.50	5.50
6 – 7	2.75	5.00
7 – 8	2.50	4.00
8 – 9	1.70	3.00
9 – 10	1.70	2.50
10 – 11	1.60	1.85
11 – 12	1.60	1.85
12 – 13	1.50	1.85
13 – 14	1.50	1.85
14 – 15	1.25	1.85
15 – 16	1.25	1.60
16 – 17	1.00	1.60
17 – 18	1.00	1.60
18 – 19	1.00	1.60
19 – 20	1.00	1.60
20 & Over	1.00	1.60

[1] In addition to the individual salary increase assumptions, we have applied an average of two hours of additional salary annually for leap-year salary adjustment.

Demographic Assumptions

Post-Retirement Mortality Rates:	*Healthy* • **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 • **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019 *Disabled* • **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 • **Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019 *Beneficiary* • **All Beneficiaries:** Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019

Pre-Retirement Mortality Rates:

- **General Members:** Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019
- **Safety Members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019

	Rate (%)			
	General		Safety	
Age	Male	Female	Male	Female
20	0.04	0.01	0.04	0.02
25	0.02	0.01	0.03	0.02
30	0.03	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.14
65	0.41	0.27	0.35	0.20
70	0.61	0.44	0.66	0.39

All General pre-retirement deaths are assumed to be non-service connected. For Safety, 90% of pre-retirement deaths are assumed to be non-service connected. The other 10% are assumed to be service connected. Note that generational projections beyond the base year (2010) are not reflected in the above mortality rates.

Mortality Rates for Member Contributions:

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5%, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 40% male and 60% female
- **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 80% male and 20% female

Disability Incidence Rates:

	Rate (%)			
Age	**General All Other[1]**	**General OCTA[2]**	**Safety Law & Fire[3]**	**Safety Probation[4]**
20	0.00	0.00	0.00	0.00
25	0.00	0.00	0.01	0.03
30	0.01	0.03	0.07	0.08
35	0.03	0.20	0.19	0.10
40	0.08	0.39	0.31	0.13
45	0.14	0.48	0.44	0.21
50	0.20	0.53	1.10	0.28
55	0.27	0.70	2.70	0.42
60	0.33	1.22	5.00	0.20

[1] 65% of General All Other disabilities are assumed to be service connected disabilities. The other 35% are assumed to be non-service connected.
[2] 80% of General OCTA disabilities are assumed to be service connected disabilities. The other 20% are assumed to be non-service connected.
[3] 100% of Safety Law Enforcement and Fire disabilities are assumed to be service connected disabilities.
[4] 75% of Safety Probation disabilities are assumed to be service connected disabilities. The other 25% are assumed to be non-service connected.

Termination Rates:

Years of Service	Rate (%) General All Other	General OCTA	Safety Law and Fire	Safety Probation
Less than 1	11.00	17.00	4.25	14.00
1 – 2	7.25	11.50	2.75	13.00
2 – 3	6.50	9.00	2.25	11.00
3 – 4	5.50	8.50	1.75	5.00
4 – 5	5.00	8.00	1.50	4.00
5 – 6	4.50	7.00	1.25	3.25
6 – 7	4.00	4.25	1.00	2.75
7 – 8	3.50	4.00	0.95	2.75
8 – 9	3.25	3.25	0.90	2.50
9 – 10	3.00	3.00	0.85	1.75
10 – 11	2.50	2.75	0.80	1.50
11 – 12	2.00	2.50	0.75	1.50
12 – 13	2.00	2.50	0.70	1.25
13 – 14	2.00	2.25	0.65	1.00
14 – 15	1.50	2.25	0.60	0.75
15 – 16	1.40	2.25	0.55	0.75
16 – 17	1.30	2.00	0.50	0.75
17 – 18	1.20	1.80	0.45	0.75
18 – 19	1.10	1.60	0.40	0.50
19 – 20	1.00	1.40	0.30	0.25
20 & Over	0.75	1.20	0.15	0.15

Election for Withdrawal of Contributions

Years of Service	Rate (%) General All Other	General OCTA	Safety Law and Fire	Safety Probation
Less than 5	30.00	40.00	20.00	25.00
5 – 9	25.00	30.00	20.00	25.00
10 – 14	25.00	25.00	10.00	25.00
15 & over	17.50	15.00	10.00	15.00

Retirement Rates:

	Rate (%)[1]			
	General Enhanced		General Non-Enhanced[2]	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
49	0.00	30.00	0.00	25.00
50	2.00	4.00	3.00	3.00
51	2.00	4.00	3.00	3.00
52	2.50	5.00	2.00	2.00
53	2.50	5.00	3.50	3.50
54	7.00	14.00	2.75	2.75
55	12.00	30.00	3.25	3.25
56	9.00	19.00	3.50	3.50
57	9.00	18.00	5.00	5.00
58	9.00	18.00	5.50	5.50
59	10.00	20.00	6.50	6.50
60	11.00	20.00	9.00	13.50
61	11.00	20.00	9.00	13.50
62	13.00	20.00	9.00	18.00
63	13.00	22.00	9.50	19.00
64	16.00	24.00	10.00	20.00
65	24.00	28.00	22.00	26.40
66	24.00	30.00	25.00	30.00
67	24.00	30.00	25.00	30.00
68	22.00	27.50	30.00	27.50
69	22.00	27.50	30.00	27.50
70	25.00	27.50	20.00	27.50
71	25.00	27.50	20.00	27.50
72	25.00	27.50	20.00	27.50
73	20.00	27.50	20.00	27.50
74	20.00	27.50	20.00	27.50
75	100.00	100.00	100.00	100.00

[1] The retirement rates only apply to members that are eligible to retire at the age shown.
[2] These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

Retirement Rates (continued):

	Rate (%)[1]					
	Safety Law (31664.1)		Safety Fire (31664.1)		Safety Probation (31664.1)	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
45	1.00	16.00	2.00	10.00	3.00	5.00
46	1.00	16.00	2.00	10.00	3.00	5.00
47	1.00	16.00	2.00	10.00	3.00	5.00
48	1.00	16.00	2.00	10.00	3.00	5.00
49	11.00	16.00	2.00	10.00	3.00	5.00
50	16.00	16.00	4.00	10.00	9.00	12.00
51	16.00	16.00	4.00	10.00	7.00	10.00
52	17.00	16.00	4.00	10.00	5.00	9.00
53	19.00	30.00	9.00	20.00	7.00	9.00
54	24.00	30.00	12.00	25.00	7.00	12.00
55	24.00	30.00	12.00	25.00	12.00	30.00
56	22.00	30.00	12.00	25.00	18.00	30.00
57	22.00	30.00	18.00	25.00	25.00	30.00
58	22.00	40.00	18.00	30.00	25.00	30.00
59	22.00	40.00	18.00	30.00	18.00	30.00
60	30.00	40.00	18.00	30.00	20.00	40.00
61	30.00	40.00	18.00	30.00	20.00	40.00
62	30.00	40.00	18.00	35.00	20.00	40.00
63	30.00	40.00	18.00	35.00	20.00	40.00
64	30.00	40.00	18.00	35.00	20.00	40.00
65	100.00	100.00	100.00	100.00	100.00	100.00

[1] The retirement rates only apply to members that are eligible to retire at the age shown.

Retirement Rates (continued):

	Rate (%)[1]		
Age	**General SJC (31676.12)**	**Safety Law (31664.2)**	**Safety Fire (31664.2)**
50	4.00	11.50	8.00
51	4.00	12.00	9.00
52	4.00	12.70	10.00
53	4.00	17.90	12.00
54	4.00	18.80	14.00
55	4.00	35.00	23.00
56	5.00	25.00	22.00
57	6.00	25.00	25.00
58	7.00	25.00	25.00
59	9.00	30.00	35.00
60	10.00	40.00	40.00
61	12.00	40.00	40.00
62	13.00	40.00	40.00
63	13.00	40.00	40.00
64	19.00	40.00	40.00
65	20.00	100.00	100.00
66	25.00	100.00	100.00
67	25.00	100.00	100.00
68	25.00	100.00	100.00
69	25.00	100.00	100.00
70	45.00	100.00	100.00
71	45.00	100.00	100.00
72	45.00	100.00	100.00
73	45.00	100.00	100.00
74	45.00	100.00	100.00
75	100.00	100.00	100.00

[1] The retirement rates only apply to members that are eligible to retire at the age shown.

Retirement Rates (continued):

	Rate (%)[1]			
Age	**CalPEPRA 2.5% @ 67 General Formula**	**CalPEPRA 2.7% @ 57 Safety Formula Probation**	**CalPEPRA 2.7% @ 57 Safety Formula Law**	**CalPEPRA 2.7% @ 57 Safety Formula Fire**
50	0.00	3.00	11.00	6.00
51	0.00	3.00	11.50	6.50
52	6.00	3.50	12.00	8.00
53	2.00	3.50	16.00	10.00
54	2.00	6.00	17.00	11.50
55	2.50	12.00	29.00	20.00
56	3.50	12.00	19.00	19.00
57	5.50	15.00	19.00	21.00
58	7.50	25.00	23.00	24.00
59	7.50	25.00	26.00	30.00
60	7.50	40.00	40.00	40.00
61	7.50	40.00	40.00	40.00
62	14.00	40.00	40.00	40.00
63	14.00	40.00	40.00	40.00
64	14.00	40.00	40.00	40.00
65	20.00	100.00	100.00	100.00
66	22.00	100.00	100.00	100.00
67	23.00	100.00	100.00	100.00
68	23.00	100.00	100.00	100.00
69	23.00	100.00	100.00	100.00
70	25.00	100.00	100.00	100.00
71	25.00	100.00	100.00	100.00
72	25.00	100.00	100.00	100.00
73	25.00	100.00	100.00	100.00
74	25.00	100.00	100.00	100.00
75	100.00	100.00	100.00	100.00

[1] The retirement rates only apply to members that are eligible to retire at the age shown.

Retirement Age and Benefit for Deferred Vested Members:	General Retirement Age: 59 Safety Retirement Age: 54 Future deferred vested members who terminate with less than five years of service and are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit. 15% of future General and 20% of future Safety deferred vested members are assumed to continue to work for a reciprocal employer. For reciprocals, 4.00% and 4.60% compensation increases are assumed per annum for General and Safety, respectively.
Liability Calculation for Current Deferred Vested Members:	Liability for a current deferred vested member is calculated based on salary (adjusted with the additional cashout assumptions for non-CalPEPRA members), service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary information that have 3 or more years of service, we used an average salary. For those members without salary information that have less than 3 years of service or for those members without service information, we assumed a refund of account balance.
Future Benefit Accruals:	1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Form of Payment:	All active and inactive members are assumed to elect the unmodified option at retirement.
Percent Married:	For all active and inactive members, 75% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement.
Age and Gender of Spouse:	For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.
Cashout Assumptions:	Additional compensation amounts are expected to be received during a member's final average earnings period. The percentages used in this valuation are:

	Rate (%)	
Years of Service	**Final One Year Salary**	**Final Three Year Salary**
General Non-CalPEPRA	3.00%	2.90%
Safety Probation Non-CalPEPRA	3.80%	3.40%
Safety Law Non-CalPEPRA	N/A	6.90%
Safety Fire Non-CalPEPRA	N/A	1.50%
General CalPEPRA	N/A	N/A
Safety Probation CalPEPRA	N/A	N/A
Safety Law CalPEPRA	N/A	N/A
Safety Fire CalPEPRA	N/A	N/A

The additional cashout assumptions are the same for service and disability retirements.

Appendix B: Proposed Actuarial Assumptions

Economic Assumptions

Net Investment Return:	7.00%, net of administrative and investment expenses.
Member Contribution Crediting Rate:	5.00%, compounded semi-annually.
Inflation Assumption:	2.50%
Cost of Living Adjustments (COLA):	Retiree COLA increases of 2.75% per year. For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Payroll Growth:	Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year.
Increase in Section 7522.10 Compensation Limit:	Increase of 2.50% per year from the valuation date.

Salary Increases:

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- "Across the board" salary increases of 0.50% per year, plus
- The following merit and promotion increases:

Years of Service	Rate (%)[1]	
	General	Safety
Less than 1	5.00	12.00
1 – 2	7.25	10.00
2 – 3	6.50	8.75
3 – 4	5.50	7.75
4 – 5	4.50	6.75
5 – 6	3.75	5.75
6 – 7	3.00	5.00
7 – 8	2.75	3.75
8 – 9	2.00	3.00
9 – 10	1.80	2.75
10 – 11	1.60	2.00
11 – 12	1.50	1.85
12 – 13	1.40	1.85
13 – 14	1.30	1.85
14 – 15	1.25	1.85
15 – 16	1.25	1.60
16 – 17	1.15	1.60
17 – 18	1.10	1.60
18 – 19	1.10	1.60
19 – 20	0.90	1.50
20 & Over	0.90	1.50

[1] In addition to the individual salary increase assumptions, we have applied an average of two hours of additional salary annually for leap-year salary adjustment.

Demographic Assumptions

Post-Retirement Mortality Rates:	*Healthy* • **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021 • **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021 *Disabled* • **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2021 • **Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021 *Beneficiary* • **Beneficiaries not currently in Pay Status:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021 • **Beneficiaries in Pay Status:** Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021 The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates:

- **General Members:** Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021
- **Safety Members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021

	Rate (%)			
	General		Safety	
Age	Male	Female	Male	Female
20	0.04	0.01	0.04	0.02
25	0.02	0.01	0.03	0.02
30	0.03	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.14
65	0.41	0.27	0.35	0.20
70	0.61	0.44	0.66	0.39

All General pre-retirement deaths are assumed to be non-service connected. For Safety, 90% of pre-retirement deaths are assumed to be non-service connected. The other 10% are assumed to be service connected. Note that generational projections beyond the base year (2010) are not reflected in the above mortality rates.

Mortality Rates for Member Contributions:

- **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 40% male and 60% female
- **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) decreased by 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 85% male and 15% female

Disability Incidence Rates:

	Rate (%)			
Age	**General All Other**[1]	**General OCTA**[2]	**Safety Law & Fire**[3]	**Safety Probation**[4]
20	0.00	0.00	0.00	0.00
25	0.00	0.00	0.02	0.03
30	0.01	0.03	0.08	0.08
35	0.03	0.20	0.19	0.13
40	0.07	0.36	0.34	0.18
45	0.13	0.46	0.46	0.26
50	0.21	0.56	1.22	0.36
55	0.28	0.72	3.38	0.49
60	0.30	1.04	5.40	0.22
65	0.30	1.68	7.50	0.00

[1] 75% of General All Other disabilities are assumed to be service connected disabilities. The other 25% are assumed to be non-service connected.

[2] 85% of General OCTA disabilities are assumed to be service connected disabilities. The other 15% are assumed to be non-service connected.

[3] 100% of Safety Law Enforcement and Fire disabilities are assumed to be service connected disabilities.

[4] 85% of Safety Probation disabilities are assumed to be service connected disabilities. The other 15% are assumed to be non-service connected.

Termination Rates:

Years of Service	Rate (%) General All Other	General OCTA	Safety Law and Fire	Safety Probation
Less than 1	11.25	16.50	4.00	12.50
1 – 2	7.25	11.50	3.00	11.50
2 – 3	6.50	9.25	2.50	9.50
3 – 4	5.50	8.25	2.25	5.00
4 – 5	5.25	7.75	2.00	4.00
5 – 6	4.75	6.50	1.75	3.25
6 – 7	4.25	4.25	1.25	2.75
7 – 8	4.00	4.00	1.20	2.75
8 – 9	3.50	3.50	1.15	2.50
9 – 10	3.00	2.75	1.10	1.75
10 – 11	2.50	2.75	1.05	1.50
11 – 12	2.00	2.50	1.00	1.50
12 – 13	1.75	2.50	0.95	1.25
13 – 14	1.75	2.25	0.65	1.00
14 – 15	1.60	2.25	0.60	0.75
15 – 16	1.50	2.00	0.55	0.75
16 – 17	1.40	2.00	0.50	0.75
17 – 18	1.30	1.75	0.45	0.75
18 – 19	1.20	1.75	0.40	0.50
19 – 20	1.00	1.25	0.30	0.25
20 & Over	0.50	0.75	0.15	0.20

Election for Withdrawal of Contributions

Years of Service	Rate (%) General All Other	General OCTA	Safety Law and Fire	Safety Probation
Less than 5	25.00	35.00	25.00	20.00
5 – 9	17.50	30.00	25.00	20.00
10 – 14	17.50	25.00	12.50	20.00
15 & over	15.00	15.00	12.50	15.00

Retirement Rates:

	Rate (%)[1]			
	General Enhanced		General Non-Enhanced[2]	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
49	0.00	30.00	0.00	25.00
50	2.25	5.00	2.75	2.75
51	2.25	5.00	2.75	2.75
52	2.50	5.00	2.75	2.75
53	3.00	9.00	2.75	2.75
54	7.50	16.00	2.75	2.75
55	13.00	35.00	3.25	3.50
56	10.00	24.00	3.25	3.50
57	10.00	22.00	5.50	5.50
58	10.00	22.00	6.50	6.50
59	11.00	24.00	6.50	6.50
60	12.00	24.00	8.00	12.00
61	12.00	24.00	8.00	15.00
62	14.00	24.00	8.00	18.00
63	14.00	24.00	10.00	22.00
64	17.00	30.00	12.00	25.00
65	25.00	30.00	22.00	30.00
66	25.00	30.00	25.00	32.00
67	25.00	30.00	27.00	32.00
68	25.00	25.00	32.00	32.00
69	25.00	25.00	30.00	30.00
70	25.00	25.00	25.00	30.00
71	25.00	25.00	20.00	30.00
72	22.00	25.00	20.00	30.00
73	20.00	25.00	20.00	30.00
74	20.00	25.00	20.00	30.00
75	100.00	100.00	100.00	100.00

[1] The retirement rates only apply to members that are eligible to retire at the age shown.
[2] These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

Retirement Rates (continued):

	Rate (%)[1]					
	Safety Law (31664.1)		Safety Fire (31664.1)		Safety Probation (31664.1)	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
45	2.50	16.00	2.00	10.00	3.00	5.00
46	2.50	16.00	2.00	10.00	3.00	5.00
47	2.50	16.00	2.00	10.00	3.00	5.00
48	2.50	16.00	2.00	10.00	3.00	5.00
49	12.00	16.00	2.00	10.00	3.00	5.00
50	18.00	20.00	4.50	10.00	9.00	12.00
51	18.00	20.00	4.50	10.00	7.00	10.00
52	18.00	20.00	4.50	10.00	5.00	9.00
53	20.00	35.00	9.00	20.00	7.00	9.00
54	24.00	35.00	12.00	25.00	7.00	12.00
55	24.00	35.00	12.00	25.00	12.00	30.00
56	24.00	35.00	12.00	25.00	18.00	30.00
57	24.00	35.00	20.00	25.00	25.00	30.00
58	24.00	40.00	20.00	30.00	25.00	30.00
59	24.00	40.00	25.00	30.00	18.00	30.00
60	30.00	40.00	25.00	30.00	20.00	40.00
61	30.00	40.00	25.00	30.00	20.00	40.00
62	30.00	40.00	25.00	30.00	20.00	40.00
63	30.00	40.00	25.00	30.00	20.00	40.00
64	30.00	40.00	25.00	30.00	20.00	40.00
65	100.00	100.00	100.00	100.00	100.00	100.00

[1] The retirement rates only apply to members that are eligible to retire at the age shown.

Retirement Rates (continued):

	Rate (%)[1]		
Age	**General SJC (31676.12)**	**Safety Law (31664.2)**	**Safety Fire (31664.2)**
50	4.00	12.00	8.00
51	4.00	12.50	9.00
52	4.00	13.00	10.00
53	4.00	18.00	12.00
54	4.00	19.00	14.00
55	4.00	35.00	24.00
56	5.00	25.00	23.00
57	6.00	25.00	25.00
58	7.00	25.00	25.00
59	9.00	30.00	35.00
60	10.00	40.00	40.00
61	12.00	40.00	40.00
62	13.00	40.00	40.00
63	13.00	40.00	40.00
64	19.00	40.00	40.00
65	22.00	100.00	100.00
66	26.00	100.00	100.00
67	26.00	100.00	100.00
68	26.00	100.00	100.00
69	26.00	100.00	100.00
70	45.00	100.00	100.00
71	45.00	100.00	100.00
72	45.00	100.00	100.00
73	45.00	100.00	100.00
74	45.00	100.00	100.00
75	100.00	100.00	100.00

[1] The retirement rates only apply to members that are eligible to retire at the age shown.

Retirement Rates (continued):

	Rate (%)[1]			
Age	**CalPEPRA 2.5 @ 67 General Formula**	**CalPEPRA 2.7 @ 57 Safety Formula Probation**	**CalPEPRA 2.7 @ 57 Safety Formula Law**	**CalPEPRA 2.7 @ 57 Safety Formula Fire**
50	0.00	3.00	11.50	6.00
51	0.00	3.00	12.00	6.50
52	5.50	3.50	12.50	8.00
53	2.00	3.50	16.50	10.00
54	2.00	6.00	17.50	12.00
55	2.75	12.00	30.00	20.00
56	3.75	12.00	20.00	19.00
57	5.50	15.00	20.00	21.00
58	7.50	25.00	25.00	25.00
59	7.50	25.00	30.00	30.00
60	7.50	40.00	40.00	40.00
61	7.50	40.00	40.00	40.00
62	14.00	40.00	40.00	40.00
63	14.00	40.00	40.00	40.00
64	15.00	40.00	40.00	40.00
65	20.00	100.00	100.00	100.00
66	22.00	100.00	100.00	100.00
67	23.00	100.00	100.00	100.00
68	23.00	100.00	100.00	100.00
69	23.00	100.00	100.00	100.00
70	25.00	100.00	100.00	100.00
71	25.00	100.00	100.00	100.00
72	25.00	100.00	100.00	100.00
73	25.00	100.00	100.00	100.00
74	25.00	100.00	100.00	100.00
75	100.00	100.00	100.00	100.00

[1] The retirement rates only apply to members that are eligible to retire at the age shown.

Retirement Age and Benefit for Deferred Vested Members:

For current and future deferred vested members, retirement age assumptions are as follows:

General Retirement Age

Reciprocal members: 60
Other members: 58

Safety Retirement Age

Reciprocal members: 54
Other members: 54

Future deferred vested members who terminate with less than five years of service and are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit.

12.5% of future General and 20% of future Safety deferred vested members are assumed to continue to work for a reciprocal employer. For reciprocals, 3.90% and 4.50% compensation increases are assumed per annum for General and Safety, respectively.

Liability Calculation for Current Deferred Vested Members:

Liability for a current deferred vested member is calculated based on salary (adjusted with the additional cashout assumptions for non-CalPEPRA members), service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary information that have 3 or more years of service, we used an average salary. For those members without salary information that have less than 3 years of service or for those members without service information, we assumed a refund of account balance.

Future Benefit Accruals:

1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Form of Payment:

All active and inactive members are assumed to elect the unmodified option at retirement.

Percent Married:

For all active and inactive members, 75% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement.

Age and Gender of Spouse:

For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.

Cashout Assumptions:

Additional compensation amounts are expected to be received during a member's final average earnings period. The percentages used in this valuation are:

	Rate (%)	
Years of Service	**Final One Year Salary**	**Final Three Year Salary**
General Non-CalPEPRA	3.00%	3.20%
Safety Probation Non-CalPEPRA	N/A	3.50%
Safety Law Non-CalPEPRA	N/A	6.60%
Safety Fire Non-CalPEPRA	N/A	1.50%
General CalPEPRA	N/A	N/A
Safety Probation CalPEPRA	N/A	N/A
Safety Law CalPEPRA	N/A	N/A
Safety Fire CalPEPRA	N/A	N/A

The additional cashout assumptions are the same for service and disability retirements.

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **CEO PERFORMANCE EVALUATION POLICY**

Recommendation

The Personnel Committee recommends the Board:

1. Approve the following criteria for evaluating the CEO's performance, effective for the current performance review period:
    a. Fund Sustainability
    b. Excellent Service and Support
    c. Risk Management
    d. Talent Management
    e. Effective Governance
    f. Communications
    g. Other criteria that the Board determines is appropriate;

2. Adopt the same rating metrics for evaluating the CEO's performance as the metrics that are used by OCERS in evaluating the performance of OCERS direct employees;

3. Change the review period for the Chief Executive Officer's (CEO) performance from a January through December review period to a September through August review period;

4. Make the change to the review period for the CEO's performance effective with a truncated 2023 performance review period of January 2023 through August 2023;

5. Continue to consider the CEO's salary during the months of October and November; and

6. Approve revisions to the Chief Executive Officer Performance Evaluation Policy as presented to effectuate all of the above.

Background/Discussion

The Personnel Committee (Committee) considered revisions to the process of evaluating the performance of the Chief Executive Officer (CEO) during its past three meetings, beginning in May of this year. The genesis of the Committee's work were the following three suggestions from Board Chair Shawn Dewane:

1. Incorporate a process for the Board to use the services of a designated representative/labor negotiator when considering the CEO's salary and benefits (as permitted by the Brown Act).

2. Change the criteria for evaluating the CEO's performance, which has been focused on implementation of the annual Business Plan (see, Chief Executive Officer Performance Evaluation Policy dated August 19, 2019 (Attachment A)), to a set of criteria focused on the long term implementation of the multi-year Strategic Plan.
3. Change the CEO performance review period from January through December, to September through August, to more closely adhere to the development of the multi-year Strategic Plan, which is reviewed each September.

PERSONNEL COMMITTEE MEETING – MAY 24, 2023

The Committee met on May 24, 2023, to consider Mr. Dewane's three suggestions. After significant discussion, the Committee approved the change to the CEO performance review period to a September through August time period (Item 3, above) and recommended this change be forwarded to the OCERS Board for approval on June 19. The Committee requested that Items 1 and 2 be brought back to the Committee further consideration.

BOARD MEETING – JUNE 19, 2023

At its June 19, 2023 meeting, the Board considered the recommendation of the Committee to change the CEO performance review period. Objections to tying the timeline of the CEO performance to the multi-year strategic plan rather than the annual business plan were raised by some Trustees. With Chair Dewane unable to attend the Board meeting, and thus not available to assist in answering the questions raised, this item was referred back to the Personnel Committee.

PERSONNEL COMMITTEE – JUNE 19, 2023

The Committee met later on the same day as the Board meeting, and directed that the change in criteria for evaluating the CEO's performance and the change to the performance review period both be referred to a July meeting of the Committee when Chair Dewane would be present to assist in the discussion.

At the meeting, the Committee approved incorporating a process for the Board to use the services of a designated representative/labor negotiator when considering the CEO's salary and benefits (as permitted by the Brown Act). This recommendation was forwarded to the July 17 Board meeting for approval.

BOARD MEETING – JULY 17, 2023

At its meeting on July 17, the Board approved the Committee's recommendation 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. A new Section 14 was added to the Chief Executive Officer Performance Evaluation Policy for this purpose. The Board also determined that the Chair of the Personnel Committee would be the negotiator for these purposes and directed that the Committee's Charter be revised to reflect this appointment.

PERSONNEL COMMITTEE – JULY 19, 2023

On July 19, 2023, the Committee considered new criteria for the CEO's performance review, criteria tied to the implementation of the multi-year Strategic Plan rather than the annual Business Plan.

Mr. Dewane was present and offered some observations in support of this change.

He found the current criteria:

1. Achievement of performance targets established for the System as a whole;
2. Implementation of the annual Business Plan;
3. Implementation of Board policies and associated reporting to the Board;
4. Leadership and related qualities;
5. Ability to address special developments or situations that may arise; and
6. Other criteria that the Board may determine to be appropriate.

were encompassed within the five goals of the Strategic Plan:

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

Chair Dewane indicated his hope that using the broader criteria based on the Strategic Plan goals would lead to more active discussion between the Board and the CEO, with greater opportunity for idea generation.

The Committee concurred with Chair Dewane and approved recommending that the Board change the criteria for use in evaluating the CEO's performance so that it is tied to the five primary Strategic Plan goals, plus two additional criteria, one pertaining to communications, and an "other" category to allow for consideration of matters that may arise in a given year and require the CEO's attention at the Board's direction.

The Committee also further considered Chair Dewane's recommendation to change the CEO performance review period, which had been previously considered by the Board in June, with a new focus on the impact to timing resulting from the use of a negotiator with related public notice requirements. The Committee determined to recommend to the Board that the review period for evaluating the CEO's performance run for the 12-month period of September through August, with the following schedule:

1. September - Begin collecting Trustee comments for the now completed 12-month period
2. October Meeting of the Board – Board discusses and completes the review of the CEO's performance
3. November Meeting of the Board – Board meets with the negotiator to discuss the salary, salary range, proposed compensation to be negotiated between the negotiator and the CEO, and to give instructions to the negotiator on their authority to negotiate salary and benefits with the CEO
4. November Meeting of the Board – Open session item for the Board to announce the offer
5. December Meeting of the Board – Board meets in open session to discuss and vote on the salary and benefits of the CEO

The Committee recommends that the new review process be effective this year with a truncated 2023 performance review period of January 2023 through August 2023.

Redlined and clean versions of the recommended changes to the Policy are attached.

Attachments:

A. Chief Executive Officer Performance Evaluation Policy (August 19, 2019)
B. Proposed Revisions to Chief Executive Officer Performance Evaluation Policy (redlined)
C. Proposed Revisions to Chief Executive Officer Performance Evaluation Policy (unmarked)

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 will discuss the following items with the Chair during 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. 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.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

7. 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 shall distribute the CEO Evaluation Package to each member of the Board in 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.
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 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, but will complete the process by November.
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 at the time the performance evaluation is conducted.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

Policy Review

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

Policy History

15. 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.

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

Steve Delaney Secretary of the Board	**08/19/19** Date

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

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   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 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~~ review period will be evaluated using the same rating metrics as are used by OCERS in evaluating the performance of OCERS direct employees, and may be based on the following seven~~six~~ 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

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OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

f. Communications

g. Other criteria that the Board determines is appropriate.

~~Achievement of performance targets established for the System as a whole;~~

~~Implementation of the annual Business Plan;~~

~~b. Implementation of Board policies and associated reporting to the Board;~~

~~b. Leadership and related qualities;~~

~~b. 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 September~~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.

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~~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 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, but will complete the process by 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

OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

~~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.

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.

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~~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.

~~08/19/19~~

Steve Delaney
Secretary of the Board

Date

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Roles

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Policy Guidelines

Process and Timelines

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6. The Chief Executive Officer will discuss the following items with the Chair during the month of November 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 review period will be evaluated using the same rating metrics as are used by OCERS in evaluating the performance of OCERS direct employees, and 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

OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

f. Communications

g. Other criteria that the Board determines is appropriate.

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Steve Delaney
Secretary of the Board

Date

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations

SUBJECT: **BUILDING COMMITTEE OUTCOMES--- OCERS HEADQUARTERS PROJECT OWNER'S REPRESENTATIVE/PROGRAM AND CONSTRUCTION MANAGER SELECTION**

Recommendation

The Building Committee recommends the Board authorize Staff to execute a contract with Griffin Structures for OCERS Headquarters Owner's Representative/Program and Construction Management services for a term of forty-one (41) months with a fixed fee amount not-to-exceed $2,180,011 paid monthly ($53,171/month) with an OCERS option to extend the term by six (6) months at an amount not to exceed an additional $320,000, paid monthly if and as required.

Background/Discussion

Our existing headquarters building was constructed in 1979. As the building's mechanical, electrical, and plumbing systems approach and in many instances exceed their service life, it is increasingly troublesome and costly to operate and maintain the building at an acceptable level of service. That, along with the need for additional office space to accommodate our growing operation started conversations in 2018 for a larger office building. Thereafter, OCERS retained a consultant to assist in developing concepts and probable costs to rehabilitate our existing building to improve space efficiency within its existing footprints. Upon the conceptual presentations made by the consultants in August 2019, the Board directed staff to explore the option of purchasing the property adjacent to OCERS current headquarters as it was on the market being advertised to residential developers. The purchase of the 1200 N. Tustin Avenue property closed in February 2020. The purchase of the building created two potential future possible paths: build a new OCERS Headquarters at the 1200 N Tustin Avenue Property or market both properties together to developers and relocate OCERS Headquarters.

The Building Committee directed staff to put the Headquarters project on hold when the pandemic started in March 2020. In 2022, staff recommended the project be taken off hold and began working with the Committee on evaluating options. In April 2022, the Committee recommended, and the Board approved pursuing the development of the existing OCERS' properties for the future use of a new OCERS headquarters and other best use of the remaining portion of the properties, if any. Acknowledging the ever-changing commercial real estate market the Committee performed due diligence by touring several locally available buildings but did not find them satisfactory in meeting OCERS needs.

Since that time Staff arranged for multiple meetings with the City of Santa Ana Planning Department (the City) to discuss the projects, met with several architects and received conceptual site plans, hired a Senior Manager of Facilities and Operations Support Services, toured recently built public facilities (city halls and county administrative buildings) and engaged a legal firm experienced in construction and real estate to advise OCERS through the project.

Given that our Facilities & Operations Support Services Department is not staffed to handle this large and complex construction project, the Committee at its January 2023 meeting instructed staff to initiate a Request For Qualifications/Proposal (RFQ/RFP) process for an Owner's Representative/Program and Construction Manager (OR/PM). The OR/PM will serve as an extension of OCERS staff, providing master planning, programming and project delivery options and recommendations; preparing the requisite documents to retain subconsultant architectural and engineering services for numerous specialty work such as needs assessments, architectural services, site geotechnical investigations, ALTA survey, environmental documentation and findings, shepherding the Schematic Design (SD), Design Development (DD), and Construction Design (DD) efforts; engaging the City, gathering support from our neighbors, and representing OCERS throughout the Entitlement efforts and processes; conducting constructability reviews; completing Building Information Modeling (BIM); plan checking the architectural and engineer (A/E) subconsultants' work for completeness; bidding the construction work for a competitive guaranteed maximum price (GMP) construction contract; coordinating with Verizon Wireless to relocate the existing cellular tower; preparing the documents and competitively bid the other required trades and services such as existing medical office building demolition and clearing, materials testing, inspections, landscaping, furniture, fixtures and equipment, move-in, and commissioning; resolving construction issues; negotiating contract change orders; generating and completing punch lists; and ensuring the Project will be delivered on time and within budget.

Following the January 2023 Building Committee meeting, staff issued an RFQ to the firms in the construction project/program and construction management community via PlanetBids (PB) to solicit their interest and qualifications to compete for the OR/PM work. Five (5) firms responded to the RFQ. Those respondents, in alphabetical order, were BioMed Development Group, C.W. Driver, Griffin Structures, Lincoln Property Company, and TELACU-Construction Management.

Upon discussions with in-house and outside legal counsel, staff issued the attached RFP via PB on May 5, 2023. Fifteen (15) firms downloaded the RFP for their pursuance. Three (3) firms responded by the June 16, 2023, proposals submittal deadline. They were, in alphabetical order, Griffin Structures, Lincoln Property Company, and TELACU – Construction Management.

A four-member review panel consisting of OCERS executive management team members and a staff member from the County of Orange's Public Works department independently evaluated the proposals in accordance with the Proposal Evaluation Criteria set forth in the RFP as follows:

OR/PM firm and key personnel's experience with projects similar or larger in scope than is described in Section-3	Maximum 80 points
Suggested approach to OCERS' Project	Maximum 30 points
Proposed schedule/methodology for earliest OCERS occupancy possible	Maximum 20 points
Past successes in Entitlement work:	Maximum 15 points

Past projects with effective design management:	Maximum 20 points
Past projects' Contract Change Order (CCO) history:	Maximum 15 points
Past projects' estimated vs actual final total cost deviation:	Maximum 10 points
Past FF&E and Move-In success:	Maximum 10 points
Total	Max Possible: 200 points

A summary of the individual and composite ratings is as follows:

	Rater-1	Rater-2	Rater-3	Rater-4	Max 800 Points Possible	100-Point Equivalent Scale
Griffin Structures	180	193	188	172.5	733.5	92
Lincoln Property Company	160	145	163	130	598	75
TELACU - Construction Management	120	115	143	150	528	66

The Building Committee, at its August 1, 2023, meeting, interviewed two finalist firms: Griffin Structures and Lincoln Property Company. Both companies are well-known within the construction-OR/PM community. After the 30-minute presentations and a question/answer period concluded, the Committee deliberated on the merits of both firms as to which team will best fit our project. The Committee unanimously selected Griffin Structures for their 40+ years record in assisting and delivering local government agencies projects, their recent OR/PM role on the successful downtown County of Orange Civic Center Project, as well as their thorough understanding and experience with the City's staff and entitlement procedures and processes of which our project must succeed to become successful. Staff was then directed to negotiate with Griffin Structures (Griffin) on the scope of services, fees, and terms.

Griffin's originally proposed to complete the Owners Rep/Program and Construction Management work within forty-one (41) months for a fixed cost of $56,000 per month or $2,296,000, with a list of exclusions. While some of these exclusions are customary, staff engaged Griffin to discuss the inclusion of CASp (Certified Accessibility Specialist), coordinating the procurement of furniture, fixture & equipment (FF&E) and arranging for the commissioning of the building as well as a revised fee. Griffin agreed to include these originally excluded work items and a reduced total fixed fee amount of $2,180,011 for a period not to exceed forty-one (41) months at $53,171 per month. In addition, OCERS also requested that the contract include an option for OCERS to extend the contract should it be required. Griffin agreed to an option for up to six (6) additional months without any increase in the monthly fee should the project schedule need to be extended. The option to extend is an additional not-to-exceed amount of $320,000.

To determine the reasonableness of the revised proposed fee, Staff did some comparisons. First, we compared Griffin's fee to the other bidders. Lincoln Properties bid their fees as percentage of total project cost (5%). Assuming a project cost of $55M-$70M, their fee would be between $2,750,000 and $3,500,000. TELACU, who was not selected as a finalist, proposed their fees at $2,792,690 (based on hourly rates and estimated time – not a fixed fee). Griffin's fee was the lowest of all proposal received and is deemed reasonable.

The other comparison performed was with other public projects. Griffin provided similar services for the County of Orange's County Administration Buildings project. Specifically looking at the County Administrative North (CAN) building (which was the most recent building completed), the County paid approximately 3.6% of the total project cost for a similar scope of work as OCERS project. Using the same cost estimate as the cost of County's CAN building cost ($772/sf) and assuming an 80,000sf building, the proposed fee would equate to 3.5% for OCERS. Based on this comparison, Griffin's fees appear to be reasonable and after reaching out to a representative in the County's Public Works Department, they concurred.

In addition, staff also looked at both OCTA and City's contracts with Griffin. Although both of those projects have significant differences in scope of services from OCERS' project, staff concluded with Building Committee Chair Lindholm's concurrence, that in combination of all the research discussed above, current market conditions and an industry estimate of 2%-5% for OR/PM services, the revised fee proposal from Griffin is reasonable.

If the Board approves the recommended action, the Project will be managed with the Assistant CEO serving as the Project Sponsor and Executive Project Owner and the Senior Manager of Facilities & Operations Support Services providing daily oversight of the project. The Building Committee will provide guidance to staff as to the scope, schedule and budget for the project and make recommendations to the Board as necessary or desirable to guide or assist the Board and OCERS staff in carrying out their respective duties and responsibilities.

The OR/PM work will begin with an in-depth analysis of the current construction environment focusing on the paths available to achieve the most cost-effective solution that will provide the best overall long-term value to OCERS in terms of meeting our operational needs, on-going maintenance and operational costs, property management expenses, and other desirable qualities that will attract and retain talent/employees. The OR/PM will conduct a needs assessment to systematically forecast the optimal building square footage and facilities that will accommodate OCERS' operations and projected growth over the next 25-30 years. Once the amount of space needed is determined, the OR/PM will prepare the documents necessary to solicit interest from professional A/E firms for the various Entitlement, Design, and Construction work.

Since the OR/PM serves as an extension of OCERS staff to advise, recommend, prepare, and execute the many competitively bid services and packages, and to shepherd the project progress, OCERS will be expected to enter separate contracts with A/E firms, construction contractors, materials testing and inspection companies, suppliers and vendors, and trade certification specialists. The value of these contracts will become more apparent after the design elements have been finalized. Additional Board actions will be required to complete the project. The funds used to pay for the project will be recorded as a capital asset on OCERS financial statements. Capital expenditures do not count against the budget limitations set by the CERL (21 basis points of Actuarial Accrued Liabilities). Instead, once the assets are placed into service, the annual depreciation expense will be included in the 21-basis point test. The current year budget is under the regulatory budget limit by $25.8 million and therefore the impact of the depreciation of this building project on future year's budget limitation test is not expected to be problematic.

Griffin indicated that they have the availability to start work immediately upon contract execution.

Based on Griffin's revised fee, the funding needed for this contract in 2023 is approximately $213,000 (with the remainder of the contract value being budgeted in future years). The 2023 Administrative Budget includes $300K in the Capital Expenditures category for space planning needs. The space planning project was included in the budget to create new workspace to accommodate the new positions added in 2023. Staff ended up accommodating all the positions without needing to use the budgeted space planning budget funds. Therefore, the $300,000 space planning budgeted funds can be repurposed to pay for this year's portion of the recommended contract with Griffin. The repurposing of the funds is within the CEO and Assistant CEO, Finance, and Internal Operations' authority as it is a transfer within the same category (Capital Expenditures). As such, a budget amendment is not needed currently. The total cost of the Project will be developed in the coming months. Staff will work through the Building Committee on the development of the scope, schedule and budget of the project and will obtain the necessary Board approvals when appropriate.

Conclusion

OCERS needs more office space for its operations and to support future growth. The current headquarters building, and its mechanical systems are aged and in some cases near or past their useful life. To meet the long term needs of OCERS a new headquarters building is required. The Building Committee has explored options for the future Headquarters and continues to support building a new building utilizing OCERS existing owned properties.

The Building Committee recommends the Board authorize Staff to execute a contract with Griffin Structures for OCERS Headquarters Owner's Representative/Program and Construction Management services for a term of forty-one (41) months with a fixed fee amount not-to-exceed $2,180,011 paid monthly ($53,171/month) with an OCERS option to extend the term by six (6) months at an amount not to exceed and additional $320,000, paid monthly if and as required.

Submitted by:

OCERS B.S. - Approved

Brenda Shott, CPA
Assistant CEO, Finance and Internal Operations

Attachments: a. Request for Proposals
b. Griffin Structure Proposal
c. Substantial final form of contract

Owner's Representative/Program Manager Services for OCERS New Headquarters Project

Request for Proposals

May 2023

Orange County Employees Retirement System (OCERS)
PO Box 1229
Santa Ana, CA 92702 USA
1-(714)-558-6200
http://www.ocers.org

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Section 1: Introduction

The Orange County Employees Retirement System (OCERS) through this Request for Proposal (RFP) seeks competitive proposals from qualified firms interested in working with OCERS as Owner's Representative/Program Manager (OR/PM) in all phases of planning, designing and constructing the OCERS Headquarters (Project) in the city of Santa Ana, on the corner of Tustin Ave and Wellington Ave. OCERS has previously pre-qualified certain firms pursuant to a Request for Qualifications dated February 2023 (the "RFQ"). These pre-qualified entities and other invited firms meeting the minimum qualifications set forth herein are invited to submit proposals based on the updated scope of work and proposal requirements established by this RFP which fully supersedes the RFQ and all previously issued information regarding this opportunity for the Project and clarifies the current intent of OCERS.

Questions about this RFP must be submitted in writing by **5:00 PM, Pacific Time, Thursday, June 6, 2023** to OCERS via PlanetBids.

The invited firms must submit their completed proposal via PlanetBids by **5:00 PM, Pacific Time, Friday, June 16, 2023.** Specific instructions for proposal submissions are contained in Section 7 of this RFP.

Section 2: Background

Organization

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937 and provides its 50,000 active, deferred and retired members with retirement, disability, death, and cost-of-living benefits. OCERS is governed by a nine-member Board of Retirement ("Board") which has plenary authority and fiduciary responsibility for the investment of money and administration of the retirement system. It operates as a cost-sharing multiple-employer defined benefit pension plan for thirteen active participating employers:

- County of Orange
- Orange County Superior Court of California
- City of San Juan Capistrano
- Orange County Cemetery District,
- Children and Families Commission of Orange County,
- Orange County Employees Retirement System,
- Orange County Fire Authority,
- Orange County In-Home Supportive Services Public Authority,
- Orange County Local Agency Formation Commission (LAFCO),
- Orange County Public Law Library,
- Orange County Sanitation District,
- Orange County Transportation Authority and
- Transportation Corridor Agencies.

The OCERS Chief Executive Officer is appointed by the Board and is responsible for the management of the agency which currently has a staffing plan of 127 team members.

For additional information about OCERS, please refer to our website at www.ocers.org .

Project

OCERS has determined that its current 50,000 SF headquarters building at 2223 E. Wellington Avenue, Santa Ana, CA 92701 will be inadequate to accommodate its future operations and expected staffing increase. It therefore acquired the adjoining property located at 1200 N. Tustin Ave, Santa Ana, CA 92705 (Tustin Property) to its immediate east for the purpose of designing and constructing a new headquarters building (currently estimated to be approximately 80,000 sq. ft) on that 2.77 acre parcel to meet its future operational needs.

In addition to the new office building, which OCERS desires to design and construct as soon as reasonably possible, OCERS is also considering the future use of the existing Wellington Ave property. OCERS' would also like the Owner's Rep to assist with evaluating options for the second parcel in including options to meet parking requirements (surface, below ground or structure). The possibility of having a separate Board room that is connected to the primary building is also being explored as part of the Project. OCERS would like to get the highest and best acceptable use out of any remaining land on the properties.

Section 3: Scope of Services

General

OCERS is seeking a consultant to supplement its Facilities Department staff to research and advise OCERS leadership on the available delivery method options to complete the design and construction of the headquarters building and Board room within the OCERS parcels as well as being the OR/PM for the entire Project duration. OCERS desires to design, construct and occupy the Headquarters building as soon as reasonably possible and accordingly seeks an OR/PM who will offer creative and innovative ideas to achieve completion and occupancy by OCERS at the earliest possible date. To update and clarify the description of the Project tasks originally summarized in the RFQ, OCERS' intention with this RFP is to obtain the services of a qualified firm to assist OCERS with procuring through one or more additional and separate contracts the professional design and construction services necessary to complete the Project. To be clear, OCERS has not committed to any specific project delivery method and remains open to design/build, construction management multi-prime (agency or at risk), and/or another potentially viable project delivery methodology. However, due to the applicable constraints of California law related to impermissible conflicts, the consultant (and its A/E subconsultants, if any) selected for this OR/PM role shall be prohibited from competing for or obtaining any of the future OCERS contracts to be potentially procured for the final design/construction of the Project.

Specifically, the OR/PM will enter into a professional services agreement with OCERS using its standard Services Agreement form to:

1. Act as the Owner's representative on behalf of OCERS from the start of planning, including the needs assessment, planning and programming, through the design and construction phases through building occupancy and punch list completion.
2. Act as the Owner's advisor and provide design and construction consulting and assist OCERS with identifying project challenges and constraints prior to design and construction commencing as well as when they occur.
3. Provide professional advice and recommendations on how OCERS can most effectively and timely complete the design and construction of the Project through one or more delivery method options in a simple,

transparent and easily understood manner for communication to OCERS' various stakeholders.

4. Provide professional analysis, assessment, and projections of cost savings achieved through energy-efficient design features.
5. Provide value engineering of alternate methods and building systems and provide detailed analysis of options for review and approval by OCERS throughout the Project duration.
6. Advise on how best to solicit and procure the additional design/construction contracts necessary to complete the Project and the timing of such to achieve least cost and maximum efficiency.
7. Under the direction of OCERS, provide/arrange for the preparation, advertisement, evaluation process(es) and provide recommendations for all necessary design professionals, subconsultants, contractors, vendors, and suppliers work packages for competitive procurements consistent with OCERS standard policies and all applicable laws.
8. Provide schedules, supporting documents, cost validations, and/or detailed analysis to support the project scope, schedule, budget, design, or sub-contracts and other recommendations. In addition, provide independent verification of all such information provided by design and construction team related to these same Project deliverables from those entities.
9. Provide/Arrange for OCERS to solicit, procure, and manage all A&E and/or other specialized services necessary to prepare the documents and engineering studies (geotechnical, pavement structural sections, hydraulics and hydrology, water demand, sewer demand, trip generation, cultural resources, WQMP, A.I.C., Initial Study, Use Permits, etc.) required by the City and/or other applicable governing agencies to secure City Planning Commission approval. The selected OR/PM firm may propose to self-perform and/or provide portions of such services through a sub-consultant to the extent permissible by applicable law.
10. Represent OCERS at community and city meetings.
11. Coordinate with Verizon Wireless to incorporate relevant information, including the preparation, processing, and approval of easement documents, of their cell tower relocation work onto the Project's site plans, environmental documents, etc.
12. Provide/Arrange for OCERS to solicit, procure, and manage all construction services necessary to complete the Project, including, but not limited to advising, assisting, and coordinating construction activities necessary to move the project from commencement of construction to punch list completion through the achievement of plant and landscaping maintenance
13. Prepare monthly update progress reports.
14. Present progress reports to OCERS' Building Committee and/or the Board of Retirement as requested
15. Prepare final reports.
16. Provide/Arrange for OCERS to enforce warranty, guarantee, and/or other post construction remedies necessary to ensure appropriate correction of any defective/incomplete/warranty repairs.

To summarize, OCERS is interested in effectively partnering with the selected OR/PM firm to provide the wide range of professional services needed to assist OCERS with design and construction of the Project in the most economic and efficient manner possible. OCERS intends to look to the selected OR/PM to advise and assist OCERS to the maximum extent possible to ensure the delivery of the Project on time and on budget. Proposals should focus on how the prospective OR/PM firm will partner with OCERS to achieve these goals.

Section 4: General Conditions

All terms, conditions, requirements, and procedures included in this RFP must be met for a proposal to be deemed complete. A proposal that fails to meet any material term, condition, requirement, or procedure of this RFP may be disqualified. OCERS reserves the right to waive or permit the cure of non-material errors or omissions. OCERS reserves the right to modify, amend, or cancel the terms of this RFP at any time.

OCERS may modify this RFP before the date fixed for submission of a proposal by uploading an addendum to invited firms via PlanetBids. However, failure of a respondent to receive or acknowledge receipt of any addendum shall not relieve the respondent of the responsibility for complying with the terms thereof.

A respondent's proposal shall constitute an irrevocable offer for the 120 days following the deadline for submission of proposals. Reference to a certain number of days in this RFP shall mean calendar days unless otherwise specified.

All proposals submitted in response to this RFP will become the exclusive property of OCERS. Therefore, proposals will not be returned to respondents.

By submitting a proposal, the respondent acknowledges that it has read this RFP, understands it, and agrees to be bound by its requirements unless clearly and specifically noted in the proposal submitted.

Section 5: Point of Contact

A quiet period will be in effect from the date of issuance of this RFP until announcement of the firm selected. During the quiet period, respondents are not permitted to communicate with any OCERS staff member or Board Member regarding this RFP except through PlanetBids. Respondents violating this quiet period may be disqualified at OCERS' discretion. In addition, respondents having current business with OCERS must limit their communications to the subject of such business.

OCERS' regular business hours are from 08:00 to 17:00, Monday through Friday, except for federal and state holidays.

The Point of Contact for all matters relating to this RFP is:	
Name:	Jim Doezie
Title:	Contracts, Risk & Performance Administrator
Address:	OCERS 2223 E Wellington Ave., Suite 100 Santa Ana, CA 92701
Telephone:	(714) 569-4884
Email:	jdoezie@ocers.org
OCERS Website:	www.OCERS.org
Status:	See PlanetBids.com for status of the RFP and announcements.

Section 6: Response to Request for Proposal

Proposals must be submitted through PlanetBids by the due date and time stated below in the RFP Schedule. If the supplemental materials supporting the Proposals are too large for uploading to PlanetBids, they may be delivered to Mr. Doezie's office at 2223 E. Wellington Avenue, Santa Ana, CA 92701 within one (1) working day of the Proposal electronic submittal deadline.

OCERS is not responsible for mis-deliveries. It is therefore encumbered upon the respondents to ascertain that OCERS has received the supplemental materials through written receipt(s).

RFP Schedule

The following timetable constitutes a tentative schedule for this RFP process. OCERS reserves the right to modify this schedule at any time.

Deliverable	Date	Time
Release of RFP	May 5, 2023	5:00 PM
RFP Questions Deadline	June 6, 2023	5:00 PM
RFP Answers Posted	June 13, 2023	Noon
RFP Submission Deadline	June 16, 2023	5:00 PM
OCERS Review of RFP Submissions	To be determined	
Selection of Finalists	To be determined	
Interviews of Finalists	To be determined	
Service Award [or recommendation to the Board]	To be determined	

Section 7: Proposal Requirements

Submittal Content Requirements

Proposals must include the following information:

- The "Minimum Qualifications Certification", attached as Exhibit "A".
- The "Proposal Cover Page and Check List", attached as Exhibit "B".
- A maximum 2-page Summary of the Proposer's main line of work as it relates to the OR/PM services needed for this Project.
- The Proposal, excluding the résumés of key personnel and covers, should not exceed one hundred (100) single-sided 8.5" X 11" pages with minimum 12-point fonts.
- All necessary information to respond directly to all Proposal Evaluation Criteria listed under Section 8.
- Provide at least three (3) completed or substantially completed similar projects. The submittal of videos and/or photos of the interiors and exteriors of the completed projects are strongly recommended to give OCERS a glimpse of the proposed teams' philosophies/methodologies for effectively partnering with OCERS to deliver the Project on time and on budget.
- Without naming projects, list five (5) most difficult situations encountered on the listed projects that would have caused time delays and how they were resolved.
- Discuss in 1,000 words or less as to how best to approach OCERS' Project.
- Identify the personnel that will comprise the full Owner's Rep team and describe each individual's responsibilities on the Project, provide resumes for named key personnel. Indicate if any subcontractors will be utilized (include firm name, key personnel and their roles and responsibilities on the Project)
- Provide a proposed schedule for the entire Project including all major milestones beginning with Owner's Rep contract execution through punch list completion and any warranty period with an emphasis on achieving occupancy by OCERS as soon as reasonably possible.
- Describe how the needs assessment, planning and programming will be conducted, specify if any of the work

will be subcontracted or self-performed.

- Describe the services that are included for the period after the punch list completion through achievement of plant/landscaping maintenance and any warranty period
- A minimum of three (3) references of past OR/PM work on public works projects of a similar size and scope.
- An explanation of all actual or potential conflicts of interest that the respondent may have in contracting with OCERS. If none, state "None".
- A description of all past, pending, or threatened litigation, including malpractice claims, administrative, state ethics, disciplinary proceedings, and other claims against the respondent and/or any of the individuals proposed to provide services to OCERS in the past seven years. If none, state "None".
- Any other information that the respondent deems relevant to OCERS' selection process.

Fee Proposal

The cost of arranging A/E Teams to present their project ideas for OCERS' selection shall have been made an integral part of the submitted fee.

Quality Based Selection (QBS)

Since the received Proposals will be evaluated through QBS, the proposed fees, budgetary estimates, and the Fees Schedule **SHALL NOT BE INCLUDED** as a part of the Proposal and are to be uploaded to PlanetBids separately. The failure to follow this submittal requirement could be cause for disqualification from the selection process.

Compliance Audit Costs

The Proposers are hereby made aware that this Project is subject to audit by OCERS to help verify compliance with OCERS' Procurement and Contracting Policy. The cost of the Consultant's efforts in working with OCERS' audit team shall be made an integral part of the proposed fees.

Fee Schedule

Being the Project will span multiple years, it is encumbered upon the respondents to indicate on the Fee Schedule the calendar year(s) for which the listed rates are effective. If no effective year(s) is/are indicated, it will be agreed upon by the respondent that the listed rates apply to the entire Project duration and no cost adjustment(s) will be requested.

Section 8: Proposal Evaluation Criteria

Each Proposal will be rated as follows:

• OR/PM firm and key personnel's experience with projects similar or larger in scope than is described in Section-3:	Maximum 80 points
• Suggested approach to OCERS' Project:	Maximum 30 points
• Proposed schedule/methodology for earliest OCERS occupancy possible	Maximum 20 points
• Past successes in Entitlement work:	Maximum 15 points
• Past projects' with effective design management:	Maximum 20 points
• Past projects' Contract Change Order (CCO) history:	Maximum 15 points
• Past projects' estimated vs actual final total cost deviation:	Maximum 10 points
• Past FF&E and Move-In successes:	Maximum 10 points
	Max Possible: 200

Section 9: Selection and Contract Negotiations

Up to three (3) highest-rated Proposals could be selected for Interviews/Next Steps.

The Proposers are hereby made aware and agreed that the proposed Fees submitted in response to this RFP, represent estimated dollar values that may be further discussed and agreed upon by OCERS. In the event that OCERS and the top-rated Proposer are not able to reach an agreement, OCERS at its sole discretion reserves the right to terminate further discussions with the top-rated Proposer and starts discussions with the next highest-rated Proposer.

OCERS will propose a contract to the successful respondent, which will contain such terms as OCERS, in its sole discretion, may require. In addition, the selected firm will agree that this RFP and the firm's proposal will be incorporated by reference into any resulting contract.

This RFP is not an offer to contract. Acceptance of a proposal neither commits OCERS to award a contract to any respondent, nor does it limit OCERS' right to negotiate the terms of a contract in OCERS' best interest, including the addition of terms not mentioned in this RFP. The final contract must, among other terms and conditions required by OCERS, allow OCERS to terminate the contract a) for OCERS' convenience, b) if funds are not appropriated for the services to be provided, or c) for default.

The general form of the contract OCERS intends to use is included as Exhibit "C" ("OCERS Template Services Agreement"). OCERS reserves the right to make changes to the contract prior to execution, including material changes. The final Scope of Services to be included in the contract will be negotiated determined at the conclusion of the RFP process with the selected Proposer.

By submitting a proposal without comment on the OCERS Template Services Agreement, the respondent will be deemed to have agreed to each term in the OCERS Services Agreement, and to not seek any modifications to it. If the respondent objects to any term in the OCERS Services Agreement or wishes to modify or add terms to the OCERS Services Agreement, the proposal must identify each objection and propose language for each modification and additional term sought. A rationale should be included for each objection, modification, or addition.

Section 10: Project Timeline

OCERS staff anticipates a Consultant Selection no later than approximately six (6) weeks after the Proposal submittal deadline. The final Services Agreement could be presented to the Building Committee for Recommendation to the full Board for execution as early as two (2) months after Consultant Selection. The Project "clock" begins on the first workday after Board Contract Approval.

It is therefore paramount that the Consultant, upon Selection Notification, at its own cost and risks, assembles the proposed team and schedule the project meetings ahead of Contract signing. As described above OCERS desires to achieve the earliest possible building occupancy date and encourages proposers to ensure submissions and proposed schedules demonstrate how they will creatively/innovatively assist OCERS in achieving this project goal.

OCERS initial estimated total timeline for the OR/PM work from the start of planning until Board Acceptance (completion of punch list) is four (4) calendar years or less excluding maintenance periods based on the following baseline forecasts:

Entitlements:	3-12 Months
Planning/Design/Approval Phase:	9-12 Months
Construction Phase:	18-24 Months

Time periods could run concurrently based on OR/PM proposed methodology.

Section 11: Invoicing

Invoicing should be scheduled no more frequent than monthly. Invoices shall be net 60. OCERS will strive to review, process, and issue the payments within one (1) month of receipt.

Section 12: Non-Discrimination Requirement

By submitting a proposal, the respondent represents that it and its subsidiaries do not and will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, ethnic group identification, mental disability, physical disability, medical condition, genetic information, marital status, ancestry, sex, gender, sexual orientation, gender identity, gender expression, age, or military and veteran status.

Section 13: Notice Regarding the California Public Records Act and the Brown Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq., the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying unless specifically exempted under one of several exemptions set forth in the Act. If a respondent believes any portion of its proposal is exempt from public disclosure or discussion under the Act, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and OCERS will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," a respondent represents it has a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by OCERS under the Act. Fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY".

If OCERS receives a request pursuant to the Act for materials that a respondent has marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," and if OCERS agrees that the material requested is not subject to disclosure under the Act, OCERS will either notify the respondent so that it can seek a protective order at its own cost and expense, or OCERS will deny disclosure of those materials. OCERS will not be held liable, however, for inadvertent disclosure of such materials, data, and information or for disclosure of such materials if deemed appropriate in OCERS' sole discretion. OCERS retains the right to disclose all information provided by a respondent.

If OCERS denies public disclosure of any materials designated as "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY", the respondent agrees to reimburse OCERS for, and to indemnify, defend and hold harmless OCERS, its Boards, officers, fiduciaries, employees, and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses, including, without limitation, attorneys' fees, expenses, and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to OCERS' non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to OCERS' public disclosure of any such designated portions of a

proposal if OCERS determines disclosure is required by law, or if disclosure is ordered by a court of competent jurisdiction.

Section 14: Reservations by OCERS

In addition to the other provisions of this RFP, OCERS reserves the right to:

Cancel or modify this RFP, in whole or in part, at any time.

Make such investigation as it deems necessary to determine the respondent's ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as OCERS may request.

Reject the proposal of any respondent who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner, or for any other reason in OCERS' sole discretion.

Waive irregularities, to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.

Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of OCERS in OCERS' sole discretion, which may not be the proposal offering the lowest fees.

Request additional documentation or information from respondents, which may vary by the respondent. OCERS may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the scope of the work or other terms of the RFP.

Reject any or all proposals submitted in response to this RFP.

Choose to not enter into an agreement with any of the respondents to this RFP or negotiate for the services described in this RFP with a party that did not submit a proposal.

Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.

Defer the selection of a bidder to a time of OCERS' choosing.

Consider information about a respondent other than, and in addition to, that submitted by the respondent.

Exhibit A

MINIMUM QUALIFICATIONS CERTIFICATION

All firms submitting a proposal in response to this RFP are required to sign and return this attachment, along with written evidence of how the respondent meets each qualification.

The undersigned hereby certifies that it fulfills the minimum qualifications outlined below, as well as the requirements contained in the RFP.

Minimum Qualifications include:

1. Firm's experience on vertical construction OR/PM work on public works projects of similar size and scope.
2. Firm's ability and availability to begin work upon contract.
3. Firm's record of timely project delivery.

The undersigned hereby certifies that they are an individual authorized to bind the Firm contractually, and said signature authorizes verification of this information.

__________________________ _______________________

Authorized Signature Date

____

Name and Title (please print)

____

Name of Firm

Exhibit B

PROPOSAL COVER PAGE AND CHECKLIST

(TO BE SUBMITTED ON FIRM'S LETTERHEAD)

Respondent Name:

Respondent Address:

By submitting this response, the undersigned hereby affirms and represents that they have reviewed the proposal requirements and have submitted a complete and accurate response to the best of their knowledge. By signing below, I hereby affirm that the respondent has reviewed the entire RFP and intends to comply with all requirements.

Respondent specifically acknowledges the following:

1. Respondent possesses the required technical expertise and has sufficient capacity to provide the services outlined in the RFP.
2. Respondent has no unresolved questions regarding the RFP and believes that there are no ambiguities in the scope of services.
3. The fee schedule submitted in response to the RFP is for the entire scope of services and no extra charges or expenses will be paid by OCERS.
4. Respondent has completely disclosed to OCERS all facts bearing upon any possible interests, direct or indirect, that Respondent believes any member of OCERS, or other officer, agent, or employee of OCERS presently has, or will have, in this contract, or in the performance thereof, or in any portion of the profits thereunder.
5. Materials contained in the proposal and all correspondence and written questions submitted during the RFP process are subject to disclosure pursuant to the California Public Records Act.
6. Respondent is not currently under investigation by any state of federal regulatory agency for any reason.
7. Except as specifically noted in the proposal, respondent agrees to all of the terms and conditions included in OCERS Services Agreement.
8. The signatory below is authorized to bind the respondent contractually.

Exhibit C

SAMPLE MASTER SERVICES AGREEMENT

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
AGREEMENT FOR SERVICES

This Agreement for Services ("Agreement") is entered into this ___ day of ________, 20__ (the "Effective Date") by and between the Orange County Employees Retirement System, ("OCERS") and ___________ ("Contractor"). OCERS and Contractor are sometimes individually referred to as "Party" and collectively as "Parties." The Parties hereby agree as follows:

1. PURPOSE.

1.1 Project.

Contractor desires to perform and assume responsibility for the provision of, and OCERS desires to engage Contractor to render, services for **Owner's Representative / Program Manager Services for OCERS new headquarters project**, from project planning through building occupancy, and until the end of the plan establishment and maintenance period, on the terms and conditions set forth in this Agreement and its attached exhibits.

2. TERMS.

2.1 Scope of Services. Contractor promises and agrees to furnish to OCERS all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately perform all services contemplated by this Agreement ("Services"), as more particularly described in the attached **Exhibit "A"** ("Scope of Services"). All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state, and federal laws, rules, and regulations. Contractor represents and warrants to OCERS that Contractor will perform the Services in a professional and workmanlike manner, in accordance with best industry standards and practices used in well-managed operations performing services similar to the Services.

2.2 Term. The term of this Agreement will commence upon the Effective Date and will continue forty-eight (48) months from the Effective Date ("Term"), unless earlier terminated as provided herein. The Parties may, by mutual written agreement with substantiated circumstances, extend the Term for additional 6-month periods. In no event shall the total term of the Agreement exceed seventy-two (72) months.

2.3 Consideration.

2.3.1 Compensation. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement as set forth in **Exhibit "B"** ("Fee Schedule").

2.3.2 Invoices and Payment. Contractor shall submit to OCERS monthly itemized invoices as required by the Fee Schedule. OCERS shall pay all approved charges within net thirty (30) days of receiving such invoice.

2.3.3 Extra Work. At any time during the term of this Agreement, OCERS may request that Contractor perform Extra Work. As used herein, "Extra Work" means any work which is determined by OCERS to be necessary for the proper completion of the Services, but which the Parties did not reasonably anticipate would be necessary as of the Effective Date. Contractor shall not perform, nor be compensated for, Extra Work without written authorization by OCERS. Extra Work, if authorized, will be compensated at the rates and manner set forth in this Agreement.

2.4 Responsibilities of Contractor.

2.4.1 Independent Contractor. The Services shall be performed by Contractor or by Contractor's employees under Contractor's supervision. Contractor will determine the means, methods, and details of performing the Services subject to the requirements of this Agreement. Contractor is an independent contractor and not an employee of OCERS. Except as OCERS may agree in writing, Contractor shall have no authority, expressed or implied, to act on behalf of OCERS in any capacity whatsoever as an agent of OCERS. Any additional personnel performing the Services under this Agreement on behalf of Contractor will also not be employees of OCERS and will at all times be under Contractor's exclusive direction and control.

2.4.2 Payment of Subordinates. Contractor will pay all wages, salaries, and other amounts due its personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Contractor will bear the sole responsibility and liability for furnishing Workers' Compensation benefits to all such personnel for injuries arising from or connected with the Services.

2.4.3 Licensing. Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications, and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement.

2.4.4 Conformance to Applicable Requirements. All Services performed by Contractor shall be subject to the approval of OCERS.

2.4.5 Substitution of Key Personnel. Contractor has represented to OCERS that certain key personnel will perform and coordinate the Services under this Agreement ("Key Personnel"). The Key Personnel assigned to this Agreement are identified in the attached **Exhibit "C"** ("Key Personnel"). Key Personnel will be available to perform Services under the terms and conditions of this Agreement immediately upon commencement of the term of this Agreement. If one or more of such Key Personnel becomes unavailable, Contractor may substitute other personnel of at least equal competence upon written approval of OCERS. Contractor shall provide OCERS written notification detailing the circumstances of the unavailability of the Key Personnel and designating replacement personnel prior to the effective date of the unavailability of such Key Personnel, to the maximum extent feasible, but no later than five (5) business days after the date of the Key Personnel's unavailability. OCERS will have the right to approve or disapprove the reassignment or substitution of Key Personnel for any reason at OCERS' sole discretion. In the event that OCERS and Contractor cannot agree as to the substitution of Key Personnel, OCERS will be entitled to terminate this Agreement for cause.

2.4.6 Removal of Key Personnel. Contractor agrees to remove any Key Personnel from performing Services under this Agreement within twenty-four (24) hours or as soon thereafter as is practicable if reasonably requested to do so by the OCERS.

2.4.7 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Services. If the Contractor performs any work knowing it to be contrary to such laws, rules, and regulations, Contractor shall be solely responsible for all costs arising therefrom.

2.4.8 Labor Code Provisions.

(a) Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Contractor shall comply with all prevailing wage requirements under the California Labor Code and Contractor shall forfeit as penalty to OCERS a sum of not more than $200 for each calendar day, or portion thereof, for each worker paid less than the prevailing rates. This penalty shall be in addition to any shortfall in wages paid. OCERS has obtained the general prevailing rate of wages, as determined by the Director of the Department of Industrial Relations ("DIR"), a copy of which is on file in OCERS's office and shall be made available for viewing to any interested party upon request. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Services available to interested parties upon request and shall post copies at the Contractor's principal place of business and at the site where Services are performed.

(b) Registration and Labor Compliance. If the Services are being performed as part of an applicable "public works" or "maintenance" project, then, in addition to the foregoing, pursuant to Labor Code sections 1725.5 and 1771.1, Contractor and all subcontractors must be registered with the DIR. Contractor shall maintain registration for the duration of this Agreement and require the same of any subcontractors. The Services may also be subject to compliance monitoring and enforcement by the DIR. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

(c) Labor Certification. By its signature hereunder, Contractor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and agrees to comply with such provisions before commencing the performance of the Services.

2.4.9 Accounting Records. Contractor shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Contractor shall allow a representative of OCERS during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Contractor shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of four (4) years from the date of final payment under this Agreement.

2.4.10 Business Continuity Plan. Contractor warrants that it has and will maintain throughout the term of this Agreement a written business continuity plan ("BCP") to enable it to recover and resume the Services provided by it to OCERS within one (1) Business Day in the event of any disruptive event. Contractor further represents and warrants that it has tested its BCP and will continue to conduct sufficient ongoing verification testing for the recovery and resumption of services provided to OCERS and will update its BCP at least annually. Contractor will notify OCERS within thirty (30) days of any material alterations to its BCP that would impair its ability to recover and resume any interrupted Services it provides to OCERS. Upon request by OCERS, Contractor will provide to OCERS a description of its BCP procedures as they relate to the recovery and resumption of the Services accompanied by a written certification that the BCP has undergone review and testing to account for any changes to such Services. Contractor shall promptly notify OCERS of any actual, threatened, or anticipated event that does or may disrupt or impact the Services provided by Contractor and will cooperate fully with OCERS to minimize any such disruption and promptly restore and recover the Services.

2.5 Representatives of the Parties.

2.5.1 OCERS' Representative. OCERS hereby designates [name and title of OCERS' rep, or "its Chief Executive Officer, or their designee"], to act as its representative for the performance of this Agreement ("OCERS' Representative"). Contractor shall not accept direction or orders from any person other than the OCERS' Representative.

2.5.2 Contractor's Representative. Contractor hereby designates **[**name or title**]**, or their designee, to act as its representative for the performance of this Agreement ("Contractor's Representative"). Contractor's Representative shall have full authority to represent and act on behalf of the Contractor for all purposes under this Agreement. The Contractor's Representative shall supervise and direct performance of the Services, using their best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

2.6 Indemnification.

To the fullest extent permitted by law, Contractor shall indemnify, immediately defend, and hold OCERS, the members of the OCERS Board of Retirement (each a "Board member"), and OCERS' officials, officers, employees, volunteers, and agents free and harmless from any and all third party claims, demands, causes of action, suits, expenses, liabilities, losses, damages, or injury of any kind, in law or equity, to property or persons, including wrongful death (collectively, "Indemnity Claims"), in any manner arising out of, pertaining to, or incident to any negligent act, error or omission, intentional misconduct, or breach of this Agreement by Contractor, its officials, officers, employees, subcontractors, contractors, or agents in connection with the performance of the Services, or this Agreement, including attorneys' fees and costs, including expert witness fees. Contractor's duty to indemnify does not extend to the Indemnity Claims caused by OCERS' sole negligence or willful misconduct.

Contractor shall immediately defend, with legal counsel reasonably agreed to by OCERS and at Contractor's own cost, expense, and risk, any Indemnity Claims; excluding, however, such claims arising from OCERS' sole negligence or willful misconduct. Contractor shall control the defense or settlement of any such action, except that Contractor will not have the right to settle or compromise the claim without the consent of OCERS. Contractor shall pay and satisfy any judgment, award, or decree that may be rendered against OCERS or its Board members, officials, officers, employees, volunteers, and agents as part of any Indemnity Claim(s). Contractor shall also reimburse OCERS for the cost of any settlement paid by OCERS or its Board members, officials, officers, employees, agents, or volunteers as part of any Indemnity Claim. Such reimbursement shall include payment for OCERS' attorneys' fees and costs, including expert witness fees. Contractor's obligation to defend and indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by OCERS, its Board, officials, officers, employees, agents, or volunteers.

Notwithstanding the foregoing, to the extent the Services are subject to Civil Code

Section 2782.8, the above indemnity and duty to defend shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Contractor.

2.7 Insurance

2.7.1 Time for Compliance. Contractor shall not commence work under this Agreement until it has provided evidence satisfactory to OCERS that it has secured all insurance required under this Section 2.7. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until Contractor has provided evidence satisfactory to OCERS that the subcontractor has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the OCERS to terminate this Agreement for cause.

2.7.2 Minimum Requirements. Contractor shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Contractor, its agents, representatives, employees, or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) Commercial General Liability. These policies shall include OCERS, and its board members, officers, agents, and employees, as an additional insured on a blanket basis and be primary and not contributory to any policy maintained by OCERS. Contractor shall maintain limits no less than two million dollars ($2,000,000) per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury, and property damage.

(b) Automobile Liability. Business automobile liability insurance insuring all owned, non-owned, and hired automobiles, in the amount of one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

(c) Workers' Compensation and Employer's Liability Insurance. Contractor shall maintain Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount no less than one million dollars ($1,000,000) per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against OCERS, its Board of Trustees, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Contractor.

(d) Professional Liability. Contractor shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following the termination or expiration of this Agreement, errors and omissions liability insurance appropriate to their profession covering Contractor's wrongful acts, negligent actions, errors, or omissions. The retroactive date (if any) is to be no later than the effective date of this Agreement. Contractor shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. Such insurance shall be in an amount not less than two million dollars ($2,000,000) per claim.

(e) Fidelity Insurance. Contractor shall procure and maintain a comprehensive fidelity insurance policy. Such fidelity insurance coverage shall include employee dishonesty coverage in an amount not less than five million dollars ($5,000,000) per occurrence and shall contain a deductible no greater than ten thousand dollars ($10,000). Any such deductible shall be paid solely by Contractor.

(f) Excess Liability. The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess coverage shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of OCERS (if agreed to in a written contract or agreement) before OCERS's own primary or self-Insurance shall be called upon to protect it as a named insured. The policy shall be endorsed to state that OCERS, its Board, officials, officers, employees, agents, and volunteers shall be covered as additional insured. The coverage shall contain no special limitations on the scope of protection afforded to OCERS, its Board, officials, officers, employees, agents, and volunteers.

2.7.3 All Coverages. The general liability and automobile liability policy shall include or be endorsed to state that: (1) OCERS, its Board, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to work by or on behalf of the Contractor, including materials, parts, or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the OCERS, its directors, officials, officers, employees, agents, and volunteer, or if excess, shall stand in an unbroken chain of coverage excess of the Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by OCERS, its Board members, officials, officers, employees, agents, and volunteers shall be excess of the Contractor's insurance and shall not be called upon to contribute with it in any way.

(a) The insurance policies required above shall contain or be endorsed to contain the following specific provisions:

(i) The policies shall contain a waiver of transfer rights of recovery ("waiver of subrogation") against OCERS, its Board members, officers, employees, agents, and volunteers, for any claims arising out of the work of Contractor.

(ii) Policies may provide coverage which contains deductible or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to OCERS under such policies. Contractor shall be solely responsible for deductible and/or self-insured retention and OCERS, at its option, may require Contractor to secure the payment of such deductible or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit. The insurance policies that contain deductibles or self-insured retentions in excess of $25,000 per occurrence shall not be acceptable without the prior approval of OCERS.

(iii) Prior to start of work under this Agreement, Contractor shall file with OCERS evidence of insurance as required above from an insurer or insurers certifying to the required coverage. The coverage shall be evidenced on a certificate of insurance signed by an authorized representative of the insurer(s).

(iv) Each policy required in this section shall contain a policy cancellation clause that provides the policy shall not be cancelled or otherwise terminated by the insurer or the Contractor or reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to OCERS, Attention: **Jim Doezie, Contracts Administrator**

(v) Insurance required by this Agreement shall be placed with insurers licensed by the State of California to transact insurance business of the types required herein. Each insurer shall have a current Best Insurance Guide rating of not less than A: VII unless prior approval is secured from OCERS as to the use of such insurer.

(vi) Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

2.7.4 Reporting of Claims. Contractor shall report to OCERS, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the Services under this Agreement.

2.8 Termination of Agreement. OCERS may, by written notice to Contractor, terminate the whole or any part of this Agreement without liability to OCERS if Contractor fails to perform or breaches any of the terms contained herein. In addition, either Party may terminate this Agreement for any reason or for no reason on thirty (30) days' written notice to the other Party. Upon termination, Contractor shall be compensated only for those Services that have been performed and delivered to OCERS' satisfaction, and Contractor shall be entitled to no further compensation.

2.9 Ownership of Materials and Confidentiality.

2.9.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for OCERS to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Contractor under this Agreement ("Documents & Data"). Contractor shall deliver to OCERS on demand or upon the termination or expiration of this Agreement, all such Documents & Data which shall be and remain the property of the OCERS. If OCERS uses any of the data, reports, and documents furnished or prepared by Contractor for use in Services other than as shown on Exhibit A, Contractor shall be released from responsibility to third parties concerning the use of the data, reports, and documents. Contractor may retain copies of the materials. OCERS may use or reuse the materials prepared by Contractor without additional compensation to Contractor.

2.9.2 Confidential Information. Any financial, statistical, personal, technical, and other data and information relating to a Party's operations which are made available to the other Party in order to carry out this Agreement shall be reasonably protected by such other Party from unauthorized use, except to the extent that disclosure thereof is required to comply with applicable law, including the California Public Records Act. The disclosing Party shall identify all confidential data and information at the time it is provided. Confidentiality does not apply to information which is known to a receiving Party from other sources, which is otherwise publicly available, or which is required to be disclosed pursuant to an order or requirements of a regulatory body or a court.

2.9.3 Customer Data. Contractor acknowledges that it may receive confidential information from OCERS or otherwise in connection with this Agreement or the performance of the Services, including personally identifiable information of OCERS' customers ("Customer Data"). Except for information in the public domain, unless such information falls into the public domain by disclosure or other acts of OCERS or through the fault of OCERS, Contractor agrees:

(a) To maintain Customer Data in confidence;

(b) Not to use Customer Data other than in the course of this Agreement;

(c) Not to disclose or release Customer Data except on a need-to-know only basis;

(d) Not to disclose or release Customer Data to any third person without the prior written consent of OCERS, except for authorized employees or agents of Contractor;

(e) To promptly notify OCERS in writing of any unauthorized release of confidential information, including Customer Data;

(f) To take all appropriate action, whether by instruction, agreement or otherwise, to ensure that third persons with access to the information under the direction or control or in any contractual privity with Contractor, do not disclose or use, directly or indirectly, for any purpose other than for performing the Services during or after the term of this Agreement, any confidential information, including Customer Data, without first obtaining the written consent of OCERS;

(g) Upon request by OCERS and upon the termination or expiration of this Agreement for any reason, Contractor shall promptly return to OCERS all copies, whether in written, electronic, or other form or media, of Customer Data in its possession or in the possession of its employees or agents, or securely dispose of all such copies, and certify in writing to OCERS that such Customer Data has been returned to OCERS or disposed of securely; and

(h) That the requirements in this Section 2.9.3 shall survive the expiration or termination of this Agreement.

2.9.4 Disclosure. Except as may be required by applicable law, neither Party shall make any disclosure of any designated confidential information related to this Agreement without the specific prior written approval from the other of the content to be disclosed and the form in which it is disclosed, except for such disclosures to the Parties' financing sources, other secured parties, creditors, beneficiaries, partners, members, officers, employees, agents, consultants, attorneys, accountants, and exchange facilitators as may be necessary to permit each Party to perform its obligations hereunder and as required to comply with applicable laws or rules of any exchange upon which a Party's shares may be traded. Notwithstanding the foregoing, nothing contained herein shall be deemed to restrict or prohibit OCERS from complying with applicable law regarding disclosure of information, including the California Public Records Act.

2.9.5 Publicity. Contractor shall not use OCERS' name or insignia, photographs of OCERS property, or any publicity pertaining to the Services in any advertisement, magazine, trade paper, newspaper, television, or radio production, or other similar medium without the prior written consent of OCERS.

2.10 Subcontracting/Subconsulting.

2.10.1 Prior Approval Required. Contractor shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of OCERS. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Contractor will be solely responsible for the payment of all subcontractors and other third parties engaged by or through Contractor to provide, perform, or assist in the provision and delivery of the Services.

3. General Provisions.

3.1.1 Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

OCERS:	**Contractor:**

Orange County Employees Retirement System
PO Box 1229
Santa Ana, CA 92701
Attention: Jim Doezie
e-mail: jdoezie@ocers.org

Such notice shall be deemed made when personally delivered or when mailed, upon deposit in the U.S. Mail, first class postage prepaid and registered or certified addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.1.2 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee, or applicant for employment because of race, religion, color, national origin, ethnic group identification, mental disability, physical disability, medical condition, genetic information, marital status, ancestry, sex, gender, sexual orientation, gender identity, gender expression, age, or military and veteran status. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, or termination.

3.1.3 Time of Essence. Time is of the essence for each and every provision of this Agreement. The acceptance of late performance shall not waive the right to claim damages for such breach nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

3.1.4 OCERS' Right to Employ Other Contractors. OCERS reserves the right to employ other contractors in connection with the Services.

3.1.5 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.1.6 Assignment or Transfer. Contractor shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of OCERS.

3.1.7 Amendment. This Agreement may not be altered or amended except in a writing signed by both Parties.

3.1.8 Waiver. All waivers under this Agreement must be in writing to be effective. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition.

3.1.9 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.1.10 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.1.11 Governing Law; Venue. This Agreement shall be governed by the laws of the State of California. The exclusive venue for any dispute arising out of or relating to this Agreement shall be in Orange County, California.

3.1.12 Attorneys' Fees. If either Party commences an action against the other Party, either legal, administrative, or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.1.13 Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.1.14 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.1.15 Integration. This Agreement represents the entire understanding of OCERS and Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. Neither Party shall be deemed to be the drafter of this Agreement and no presumption for or against the drafter shall be applicable in interpreting or enforcing this Agreement.

3.1.16 Interpretation. This Agreement has been negotiated at arm's length and between parties sophisticated and knowledgeable in the matters dealt with in this Agreement. Each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including, without limitation, California's Civil Code Section 1654) or legal decisions that would require interpretation of any ambiguities in this Agreement against the party that has drafted it shall not be applicable and are hereby waived. The provisions of the Agreement shall be interpreted in a reasonable manner to effectuate the purpose of the Parties and this Agreement.

3.1.17 Precedence. In the event of any conflict, inconsistency, or ambiguity between the terms and conditions in the main body of this Agreement and the terms and conditions in any exhibit, the main body of this Agreement shall control. This Agreement and all attached exhibits will be construed to be consistent, insofar as reasonably possible. When interpreting this Agreement, precedence shall be given to its respective parts and amendments in the following descending order:

(a) Amendments to this Agreement entered into pursuant to Section 3.1.7 herein.

(b) This Agreement.
(c) Exhibit A: Scope of Services, Exhibit B: Fee Schedule, and Exhibit C: Key Personnel.
(d) OCERS Request for Proposal dated _________, attached as Exhibit "D".
(e) Contractor's Response to OCERS Request for Proposal, attached as Exhibit "E".

IN WITNESS WHEREOF, the Parties hereby have caused this Agreement to be executed on the Effective Date:

APPROVED:	APPROVED:
OCERS	**[CONTRACTOR]**
By: ________________________________	By:___________________________________
Name:_______________________________	Name: ______________________________
Title:_______________________________	Title:_________________________________
By: ________________________________	
Name:_______________________________	
Title:_______________________________	

EXHIBIT A
SCOPE OF SERVICES

Starting on the Effective Date, and continuing during the Term, Contractor will perform the Services in accordance with the terms of the Agreement. The Services consist of:

17. Act as the Owner's representative on behalf of OCERS from the start of planning, including the needs assessment, planning and programming, through the design and construction phases through building occupancy and punch list completion.
18. Act as the Owner's advisor and provide design and construction consulting and assist OCERS with identifying project challenges and constraints prior to design and construction commencing as well as when they occur.
19. Provide professional advice and recommendations on how OCERS can most effectively and timely complete the design and construction of the Project through one or more delivery method options in a simple, transparent and easily understood manner for communication to OCERS' various stakeholders.
20. Provide professional analysis, assessment, and projections of cost savings achieved through energy-efficient design features.
21. Provide value engineering of alternate methods and building systems and provide detailed analysis of options for review and approval by OCERS throughout the Project duration.
22. Advise on how best to solicit and procure the additional design/construction contracts necessary to complete the Project and the timing of such to achieve least cost and maximum efficiency.
23. Under the direction of OCERS, provide/arrange for the preparation, advertisement, evaluation process(es) and provide recommendations for all necessary design professionals, subconsultants, contractors, vendors, and suppliers work packages for competitive procurements consistent with OCERS standard policies and all applicable laws.
24. Provide schedules, supporting documents, cost validations, and/or detailed analysis to support the project scope, schedule, budget, design, or sub-contracts and other recommendations. In addition, provide independent verification of all such information provided by design and construction team related to these same Project deliverables from those entities.
25. Provide/Arrange for OCERS to solicit, procure, and manage all A&E and/or other specialized services necessary to prepare the documents and engineering studies (geotechnical, pavement structural sections, hydraulics and hydrology, water demand, sewer demand, trip generation, cultural resources, WQMP, A.I.C., Initial Study, Use Permits, etc.) required by the City and/or other applicable governing agencies to secure City Planning Commission approval. The selected OR/PM firm may propose to self-perform and/or provide portions of such services through a sub-consultant to the extent permissible by applicable law.
26. Represent OCERS at community and city meetings.
27. Coordinate with Verizon Wireless to incorporate relevant information, including the preparation, processing, and approval of easement documents, of their cell tower relocation work onto the Project's site plans, environmental documents, etc.
28. Provide/Arrange for OCERS to solicit, procure, and manage all construction services necessary to

complete the Project, including, but not limited to advising, assisting, and coordinating construction activities necessary to move the project from commencement of construction to punch list completion through the achievement of plant and landscaping maintenance

29. Prepare monthly update progress reports.
30. Present progress reports to OCERS' Building Committee and/or the Board of Retirement as requested
31. Prepare final reports.
32. Provide/Arrange for OCERS to enforce warranty, guarantee, and/or other post construction remedies necessary to ensure appropriate correction of any defective/incomplete/warranty repairs.

EXHIBIT B
FEE SCHEDULE

1. **Fees and Expenses.** Contractor agrees to accept the compensation set forth in this Exhibit B as full payment for performing all Services, including all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the Services, for risks connected with the Services, and for performance by Contractor of all its duties and obligations under the Agreement. OCERS will pay the following fees in accordance with the provisions of this Agreement:

   -
   - *The total compensation shall not exceed **XXX** Dollars ($XXX.00) without written approval by OCERS.*
   - *[provision for expense reimbursement]*

2. **Payment Terms – Payment in Arrears:** Invoices are to be submitted in arrears to OCERS unless otherwise directed in this Agreement. Payment by OCERS will be net thirty (30) days after receipt and approval of an invoice in a format acceptable to OCERS.

3. **Payment – Invoicing Instructions:** Contractor will provide an invoice on the Contractor's letterhead for services rendered under this Agreement. Each invoice will have a number and will include the following information:

   a. Contractor's name and address
   b. Contractor's remittance address, if different from item #1 above
   c. Contractor's Taxpayer ID Number
   d. Name of OCERS Agency/Department
   e. Delivery/service address
   f. Agreement number
   g. Agency/Department's Account Number
   h. Date of invoice
   i. Description and price of services provided
   j. Sales tax, if applicable
   k. Freight/delivery charges, if applicable
   l. Total

Invoice and support documentation are to be forwarded to:

Orange County Employees Retirement System
2223 E. Wellington Avenue
Santa Ana, CA 92701
Attention: Accounts Payable
Email: Accountspayable@ocers.org

EXHIBIT C
KEY PERSONNEL

Exhibit D
Request for Proposal

Exhibit E
Response to Request for Proposal

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM (OCERS)

NEW HEADQUARTERS PROJECT

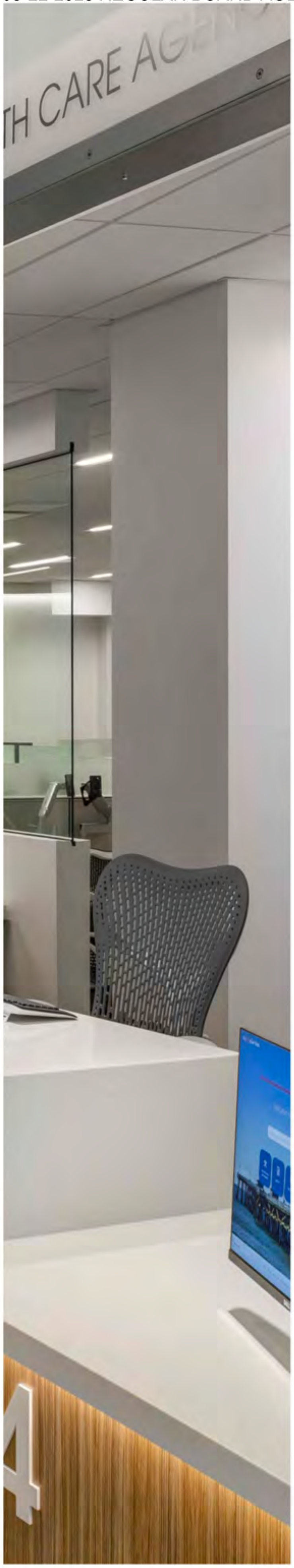
OWNER'S REPRESENTATIVE / PROGRAM MANAGER SERVICES ■ GRIFFIN STRUCTURES

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

GRIFFIN STRUCTURES

Why Griffin Structures?

- ✓ 42 years as Owner's Representatives, Program and Construction Managers, headquartered in Orange County with projects spanning over 200 California cities and counties.
- ✓ Team leadership who led the successful delivery of the $400M County of Orange Civic Center on schedule & $8.1M under budget, proposed for your project.
- ✓ Demonstrated experience in providing Owner's Representation / Program Management for Design-Build and Progressive Design-Build projects with credentialed DBIA Associates included on our team.
- ✓ Extensive experience for-and-within the City of Santa Ana including the Santa Ana City Hall, Main Library & Ross Annex, Delhi Community Center, Santa Ana Children's Zoo, County of Orange Civic Center & Griffin Towers.
- ✓ Stewardship in establishing GMPs, entitlements and additional critical activities from the perspective of a developer.
- ✓ Extensive experience with innovative scheduling methodologies, energy efficient design management, cellular tower relocations, move / relocation management, and associated elements.



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CONFIDENTIAL

California Civil Code § 3426.1 (d); California Evidence Code section 1040 and 1060; California Government Code section 6254(k); Freedom of Information Act, 5 U.S.C. § 552(b)(4)

DO NOT RELEASE WITHOUT GRIFFIN STRUCTURES' CONSENT & REDACTIONS

THANK YOU

1. COVER LETTER & STRATEGIC CONSIDERATIONS

COUNTY OF ORANGE CIVIC CENTER, SANTA ANA, CA

June 16, 2023

Orange County Employees Retirement System (OCERS)
PO Box 1229, Santa Ana, CA 92702

RE: Owner's Representative / Program Manager for the Orange County Employees Retirement System New Headquarters Project

Dear Mr. Doezie & OCERS Evaluation Committee,

Griffin Structures, celebrating 42 years of Owner's Representation, Program and Construction Management (PMCM), is pleased to submit our proposal to the Orange County Employees Retirement System (OCERS) for its New Headquarters Project. We are confident in our ability to work in close collaboration with OCERS to successfully shepherd this project towards cost and time efficient delivery, managing the process from pre-design to completion, while providing exceptional value to OCERS. We offer demonstrated expertise with all delivery methods and your exact project type, a team comprised of senior Program and Construction Managers, and a commitment to maximizing OCERS' investment from "concept to keys".

Our team is uniquely qualified to deliver this project given our diverse portfolio inclusive of nationally recognized administrative headquarters projects, both in the role as a public sector Owner's Representative / PMCMs as well as a P3 developers with demonstrated prior experience for many of the County's largest projects, including the $400M County of Orange Civic Center, ongoing $150M OCTA Headquarters, completed $135M Design-Build SchoolsFirst Federal Credit Union Headquarters, and several public sector projects for the City of Santa Ana.

TO SUMMARIZE, WE OFFER THE FOLLOWING KEY BENEFITS:

- **Expedited Project Delivery:** We recognize the need for efficiency and expedited delivery in today's fast-paced environment. Our streamlined Progressive Design-Build process, proactive approach to problem-solving, and close collaboration with stakeholders enable us to meet aggressive timelines while ensuring project quality.
- **Comprehensive Management:** Our services encompass the entire project lifecycle, from pre-design to completion. We possess the expertise required to oversee pre-design, design, and construction, ensuring seamless coordination and quality adherence throughout the process.
- **Iterative Process:** We are committed to providing OCERS with an iterative process that allows for continuous feedback and refinement, ensuring their vision is effectively translated into tangible results. Our iterative approach fosters collaboration, adaptability, and the opportunity to deliver a solution that exceeds expectations.
- **Design-Build Expertise:** We have extensive experience in managing Design-Build and Progressive Design-Build projects, with several credentialed DBIA Associates within our ranks. Our team understands the unique challenges and benefits associated with this method of delivery, leveraging our knowledge of best practices, effectively mitigating risks and optimizing project outcomes.
- **Experienced & Qualified Team:** Our team consists of highly skilled professionals with a proven track record in delivering projects of similar scope, including the team who led the delivery of the $400M County of Orange Civic Center. We possess the necessary qualifications, training, and technical expertise to provide only the greatest value in the quality of services we provide.
- **Budget & Schedule Adherence:** As an extension of your team, we are committed to upholding OCERS' budget and schedule as if it were our very own. Our meticulous cost control measures, effective project scheduling, and diligent monitoring ensure that the project remains on track without compromising quality.

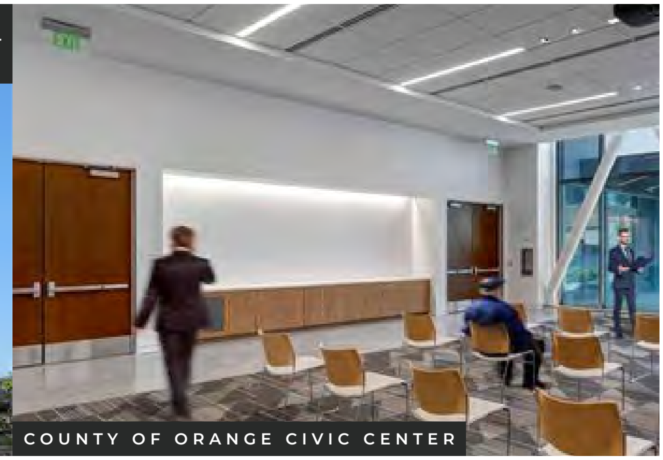
Griffin Structures takes great pride in providing both competitive pricing, highly qualified professionals and goes to great measures to ask, "What is our true value-added proposition to OCERS?". The answer is, simply, our team. Our staff offer creative delivery options, solutions-based recommendations, and a true perspective of ownership that our competitors do not possess. This is our differentiator, and the meaning behind our pledge to provide EXCELLENCE IN PROJECT DELIVERY.

This proposal is valid for a period of 120 days following the submission of our proposal.

We look forward to working together,

Roger Torriero, CEO & Principal-In-Charge
(949) 497-9000 x210 | rtorriero@griffinholdings.net

SCHOOLSFIRST FEDERAL CREDIT UNION HQ



COUNTY OF ORANGE CIVIC CENTER

Strategic Considerations

Griffin Structures goes to great lengths to research and understand the challenges and opportunities for every pursuit. As a result of this effort, we have prepared the following representative examples of strategic considerations to demonstrate our approach and illustrate the value we offer. These considerations are prepared in a hypothetical "question-and-answer" format for ease of reading.

What strategies can the project employ to accelerate the schedule to move OCERS into the new facility as quickly as possible?

We believe the best way for OCERS to accelerate this project is to utilize a Progressive Design-Build (PDB) delivery approach. This form of delivery allows for the acceleration of both the design and construction phases of the project, while also allowing OCERS to maintain complete design oversight and overall project control. By utilizing the approach, as described in more detail within our proposal, we believe the project can achieve significant savings in procurement times, design times, realize the advantages of early and creative procurement strategies, improve productivity in the field, and minimize unforeseen project delays. Combined, we believe this approach may provide time savings of as much as one year or more.

How can OCERS be confident the project team understands how to achieve the highest and best use of its assets?

Griffin Structures has a long history of active engagement with a wide spectrum of real estate services, and has the market understanding, real estate expertise, and programming acumen to provide OCERS with a comprehensive understanding of how to best position its assets. Utilizing our Strategic Services team (led by our Pre-Development Manager, Dustin Alamo), we will provide a variety of options to best determine how the existing property can be utilized, what elements are critical to achieving its long terms goals, and how to position OCERS for maximizing its return on investment.

Can you identify how might this project mitigate one key example of potential delays and cost overruns?

One of the most significant challenges facing any project right now is the impact of utility companies, particularly Southern California Edison. To mitigate this potential impact, we are prepared to oversee and manage the selection of a dedicated Dry Utility Consultant to produce an owner engineered service application in lieu of relying on SCE's engineering division. This approach will save the project considerable time (projected to be as much as 6 – 10 months) streamlining the necessary approval process. This will also provide the added benefit of providing certainty of certain cost components early in the project and also allow for early procurement of critical long lead items related to switchgear and infrastructure.

GRIFFIN TOWERS, SANTA ANA

SB COUNTY HIGH DESERT GOVT CTR & PUBLIC SAFETY OPS CTR

In what ways can the construction be phased to accelerate the schedule?

For large new construction projects such as this, it is often beneficial to separate the permit submissions into distinct packages. For this project we envision a (1) demolition, grading, and underground utility package, (2) core and shell package, (3) Interiors package, and (4) site improvements package. By undertaking the permitting and construction in this manner, the project will be able to begin construction earlier in the design process, allowing for demolition and underground improvements to be performed while the remaining packages are still in design and plan check. This will in turn accelerate the schedule and provide greater certainty of key site conditions which can be incorporated in packages to follow.

How does Griffin Structures differ in its approach to providing programming and needs assessment services?

As an expert in needs assessment and programming, we understand the importance of developing a space program which can be utilized as the foundation and basis for all work which follows. In the case of Griffin Structures, we possess a unique advantage that stems from our in-house analytic capability for needs assessments, which enables us to provide objective reviews of OCERS operations and translate them into spatial needs. We have the ability to gather comprehensive data on the organization's processes, workflows, and resource utilization, and analyze them in a spatial context. By leveraging this capability, we can identify specific spatial requirements and optimize the allocation of resources within the organization's physical infrastructure. This holistic approach not only ensures efficiency and cost-effectiveness but also enables us to design tailored solutions that align precisely with OCERS operational needs. This strategic advantage positions us as the go-to provider for needs assessment and programming, as no other competitor can offer the same level of in-depth analysis and spatial translation that we are able to provide.

By providing these critically important services, we are "first in". This gives Griffin an in-depth understanding of the genesis of the project and allows us to provide OCERS with well considered and highly informed options and variables relative to ultimate spatial needs and related costs well in advance of the commencement of actual design.

2. SUMMARY OF THE PROPOSER

SCHOOLSFIRST FEDERAL CREDIT UNION HEADQUARTERS, TUSTIN, CA

COUNTY OF ORANGE CIVIC CENTER

Introduction

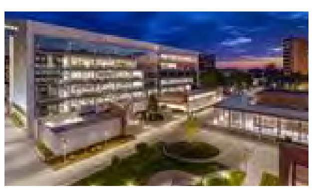
Griffin Structures is a diversified Owner's Representative / Program, Project, and Construction Management firm serving public, institutional, non-profit, and private sectors. Founded in Orange County and headquartered in Irvine, our expertise is all-encompassing and includes a representative list of available services within the following page.

A unique aspect of our firm rests not only in our vast portfolio within the City of Santa Ana and County of Orange, but as public sector Owner's Representatives / Program Managers for nationally recognized projects such as the $400M County of Orange Civic Center and additional reputable projects including Progressive Design-Build, Design-Build, and several other delivery methods.

Focused Areas of Work

Admin + Office

Our portfolio encompasses over 50 administrative facilities including the design, construction, and renovation, of office spaces, government facilities, and administrative buildings. These projects aim to create functional, efficient, and aesthetically pleasing work environments that support the operations of government departments and agencies.

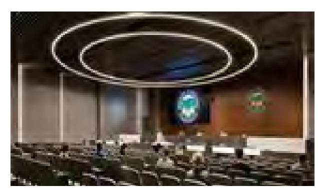


Concept to Keys

Founded as a developer with an experienced roster of public sector Program and Construction Managers, we often shepherd projects from "concept to keys". From initial feasibility studies, program development, through design development and construction, we serve as an extension of the client to support a seamless journey and timely delivery on budget.

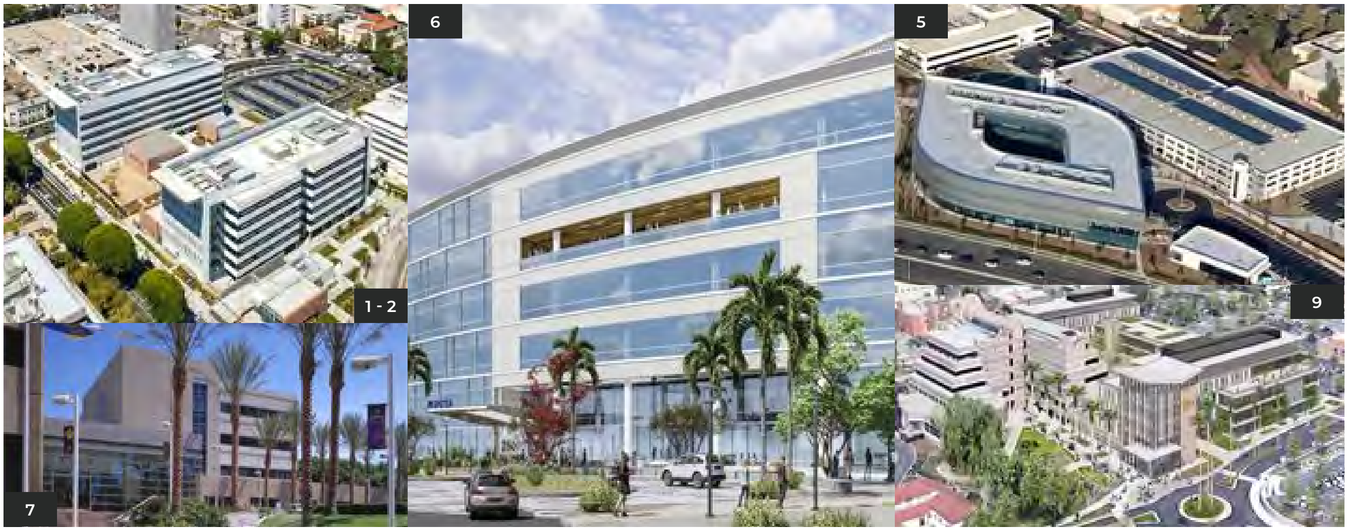
Local + OC Projects

Having recently completed the $500M County of Orange Civic Center both under budget and ahead of schedule, we provide demonstrated experience for a number of local Orange County projects demonstrating our deep understanding of the specific needs and dynamics of the local community, as well as the entire public sector landscape within the state of California.



Alternate Delivery Methods

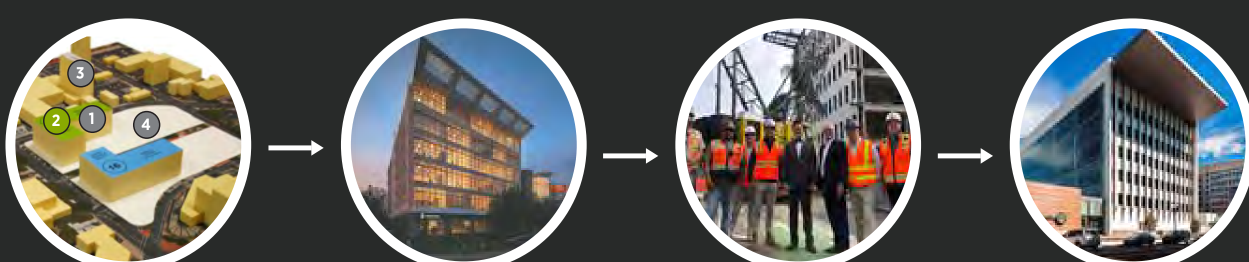
We have successfully managed projects of virtually every delivery method. From Design-Build, Design-Bid-Build to Public-Private Partnerships, we have adapted our approach to the unique requirements of each project. Our expertise enables us to effectively collaborate with stakeholders, streamline communication, and deliver outstanding results, regardless of delivery method.



Representative Experience (administrative + local)

1. County of Orange Administration North
2. County of Orange Administration South
3. County of Orange Building 12 (Future Project)
4. County of Orange Building 10 (Future Project)
5. SchoolsFirst Federal Credit Union Headquarters
6. Orange County Transportation Authority Headquarters
7. Santa Ana City Hall Renovation / Ross Annex
8. Westminster Police Dept HQ & Additional Facilities
9. San Bernardino County Government Center
10. San Bernardino County Public Defenders' Building
11. San Bernardino County High Desert Govt Center
12. San Bernardino County Public Safety Ops Center
13. San Bernardino County Valley Communication Ctr
14. San Bernardino County 222 Hospitality Building
15. Stockton City Hall
16. La Canada Flintridge City Hall
17. San Juan Capistrano City Hall & Housing
18. Watsonville Civic Center
19. San Dimas Civic Center
20. Hesperia Civic Center
21. Eastvale Civic Center
22. Rancho Palos Verdes Civic Center
23. Rancho Cordova Mills Crossing Civic Center
24. Visalia Civic Center
25. Campbell Civic Center Additions (Library & Police Dept)
26. Cupertino Interim City Hall
27. West Hollywood City Hall
28. Irvine Operations Support Facility
29. Orange City Fire Dept Additions
30. Salinas Civic Operations (Library & Police HQ)
31. Pomona Water Resources Headquarters & Yard
32. Tustin Water Department Administration HQ & EOC
33. Santa Ana (Ross Annex & Develop. Services Center)
34. Santa Ana Delhi Community Center & Community Park
35. Triada at the Station District
36. Griffin Towers
37. Crean Family Farm Santa Ana Zoo
38. Samueli Academy
39. Discovery Cube Science Center
40. Great Park Ice & FivePoint Arena
41. Lake Forest Sports Park & Recreation Center
42. Yorba Linda Library & Cultural Arts Center
43. Newport Beach Marina Park Community & Sailing Ctr
44. Laguna Beach Community & Susi-Q Senior Center
45. Fullerton Multigenerational Community Center
46. Irvine Transportation Center
47. Laguna Beach Village Entrance
48. Irvine Great Park Framework Plan

"Concept to Keys" Delivery



Program → **Design** → **Construction** → **Delivery**

EXAMPLE: COUNTY OF ORANGE CIVIC CENTER

3. RELEVANT EXPERIENCE

SAN BERNARDINO COUNTY HIGH DESERT GOVERNMENT CENTER & PUBLIC SAFETY OPERATIONS CENTER, HESPERIA, CA

County of Orange Administration North

SANTA ANA, CA

CLIENT CONTACT

County of Orange; Mr. Frank Kim; County Executive Officer; (714) 834-4304; frank.kim@OC.gov.com

County of Orange; Mr. Thomas A. "Mat" Miller; Chief Real Estate Officer; (714) 834-2345; thomas.miller@ocgov.com

County of Orange; Ms. Michelle Aguirre, Chief Financial Officer; (714) 834-4304; michelle.aguirre@ocgov.com

RELEVANCY

Administrative Headquarters; Owner's Representative / Program Management Services; >250,000 SF; Deryl Robinson Project

COST CONTROL

Original: $190,100,000 | Actual: $195,900,000

Original scope was completed under budget. Additional scope and budget was added by Board of Supervisors

AWARDS

LEED Silver; Sustainable Design Award; APWA Regional Project of the Year; PCI Sustainable Design Award

DESCRIPTION

This $400M Civic Center was successfully delivered utilizing Progressive Public-Private Partnership (P3) delivery, covering 17 acres, 16 County-owned buildings, 4,600 employees and more than 1.6 million SF of space. Griffin Structures, working with LPA Design Studios and Swinerton Builders, designed, built, and delivered the turn-key project using tax-exempt financing and a long-term lease structure.

The new Civic Center consolidates and reimagines the workplace for a dozen County departments, and significantly reduces the County's operating costs. The Civic Center design also reduces energy use by more than 76% from the AIA 2030 Commitment benchmark, primarily through passive design strategies. Located directly adjacent to the Administration South building on 645 N. Ross Street, the 365,621 SF Administration North building features mix of private offices, conference rooms, open-plan work areas and a new 300-seat board hearing room for the public to engage with the Board of Supervisors and County staff.

VIDEO

County of Orange Administration South

SANTA ANA, CA

CLIENT CONTACT

County of Orange; Mr. Frank Kim; County Executive Officer; (714) 834-4304; frank.kim@OC.gov.com

County of Orange; Mr. Thomas A. "Mat" Miller; Chief Real Estate Officer; (714) 834-2345; thomas.miller@ocgov.com

County of Orange; Ms. Michelle Aguirre, Chief Financial Officer; (714) 834-4304; michelle.aguirre@ocgov.com

RELEVANCY

Administrative Headquarters; Owner's Rep / Program Management Services; >80,000 SF; Deryl Robinson Project

COST CONTROL

Original: $155,200,000 | Actual: $151,200,000

AWARDS

LEED Silver; Sustainable Design Award; APWA Regional Project of the Year; PCI Sustainable Design Award

DESCRIPTION

This $400M Civic Center was successfully delivered utilizing Progressive Public-Private Partnership (P3) delivery, covering 17 acres, 16 County-owned buildings, 4,600 employees and more than 1.6 million SF of space. Griffin Structures, working with LPA Design Studios and Swinerton Builders, designed, built, and delivered the turn-key project using tax-exempt financing and a long-term lease structure.

The new Civic Center consolidates and reimagines the workplace for a dozen County departments, and significantly reduces the County's operating costs. The Civic Center design also reduces energy use by more than 76% from the AIA 2030 Commitment benchmark, primarily through passive design strategies.

County Administration South is comprised of a 250,000 SF, six-story office building sited over two levels of subterranean parking. The turn-key facility houses the County's Public Works, Waste and Recycling, Treasurer-Tax Collector, Auditor-Controller, and Clerk-Recorder Departments, as well as a One Stop Shop, providing "walk up service" from 11 departments serving the County's constituents. The facility also features a new County Conference Center, complete with approximately 6,600 SF of conference and events space.

VIDEO

GRIFFIN STRUCTURES

SchoolsFirst Federal Credit Union Headquarters

TUSTIN, CA

CLIENT CONTACT

SchoolsFirst Credit Union; Ms. Christina Quintero; Vice President of Real Estate; (714) 258-4000 x2028565; cquintero@schoolsfirstfcu.org

RELEVANCY

Administrative Headquarters; Owner's Representative / Program Management Services; >80,000 SF

COST CONTROL

Original: $111,000,000 | Actual: $135,000,000

Significant scope was added by the Owner including the construction of a previously unplanned first class video production and broadcast studio, build-out of 30,000 SF of space originally earmarked to be future shells, enhanced finishes and FF&E packages.

SCHEDULE CONTROL

Original: February 2021 | Actual: September 2021

The project was completed ~6 months later than original expected due to Owner added scope and AV equipment availability issues resulting from the COVID-19 pandemic.

DESCRIPTION

Griffin Structures served as the Program, Construction Manager and Owner's Representative for this $127M Design-Build project. SchoolsFirst Federal Credit Union (SFFCU), the largest credit union in California, selected Griffin Structures to oversee the implementation of its sizeable corporate headquarters facility in Tustin and largest project undertaken by the SFFCU. The new three-story building encompasses 185,000 SF on a five-acre, corner parcel which also includes a 1,000-car parking structure.

The building features an elliptical shaped, glass curtain wall that faces an outdoor courtyard, encouraging people to socialize, exercise, and stay healthy. The curved, glass wall integrates the outdoors with the interior, maximizing daylighting and encouraging bright and luxuriant nature views.

VIDEO

San Bernardino County High Desert Government Center & Public Safety Operations Center

HESPERIA, CA

CLIENT CONTACT

County of San Bernardino; Mr. Terry Thompson; Director of Real Estate; (909) 387-5282; terry.thompson@res.sbcounty.gov

RELEVANCY

Administrative Headquarters; Owner's Representative / Program Management Services; >80,000 SF

COST CONTROL

Original: $42,000,000 | Actual: $41,000,000

AWARDS

LEED Gold; APWA Project of the Year, Buildings Division

DESCRIPTION

Griffin Structures served as Program and Construction Manager for this all-encompassing civic amenity. This 66,800 SF, two-story County office building is located within Hesperia's Civic Plaza and houses the First District Board of Supervisor's Office and multiple County departments including Agriculture, Assessor, Recorder, Land Use, Fire, Human Resources, Environmental Services, Public Works, Registrar of Voters and Veterans Affairs. Built as an essential services facility, the structure of the building was seismically upgraded to withstand a catastrophic event.

Additionally, this facility achieved a LEED Gold certification for its design, construction, and building systems. One of the many sustainable features includes a grid-tied solar electric system integrated on both parking structure and roof-mounted arrays. The $2.8 million, 286-kilowatt solar energy system is expected to reduce the Center's electricity consumption by 70 percent. It was funded with grants from the American Recovery and Reinvestment Act and the California Solar Initiative.

VIDEO

Hesperia Civic Center

HESPERIA, CA

CLIENT CONTACT

City of Hesperia; Mr. Michael Podegracz, PE; Retired City Manager; (949) 421-8447; mikepodegracz@caaprofessionals.com

RELEVANCY

Administrative Headquarters; Owner's Representative / Program Management Services; >80,000 SF

COST CONTROL

Original: $33,300,000 | Actual: $31,000,000

AWARDS

$2.3M Under Budget

DESCRIPTION

This Griffin project included development of a new Civic Center featuring a 48,000 SF City Hall and 20,000 SF Library in an integrated plaza of 15 acres. Griffin managed the planning and design of this entire project and served as Project and Construction Manager for its delivery.

The library was funded by a California Library Grant, the application for which was developed under contract by Griffin. Griffin also managed the development of an overall area master plan for a 27 acre complex, including the Civic Plaza, an open-air theater, and park development.

The project cost for the recently completed Civic Plaza (including planning, design, construction, on-sites, off-sites, and master planning) was delivered on schedule and under budget and was selected for an American Public Works Association Honorable Mention award.

Orange County Transportation Authority (OCTA), Headquarters

ANAHEIM, CA

CLIENT CONTACT

Orange County Transportation Authority; Mr. Andrew Oftelie Chief Financial Officer; (714) 560-5649; aoftelie@octa.net

RELEVANCY

Administrative Headquarters; Owner's Representative / Program Management Services; >150,000 SF; Deryl Robinson Project

COST CONTROL

Original: $150,000,000 | Actual: In-Progress

DESCRIPTION

Orange County Transportation Authority is in the process of developing a new ground-up 150,000 SF Class A office building to serve as a new office headquarters in the Platinum Triangle area of Anaheim, CA. This project will be developed by Trammel Crow Development as a build-to-suit, Snyder Langston will serve as the General Contractor, and Ware Malcomb will provide design services.

Although this project is not yet completed, we felt it pertinent to include with our submission given the similarities in scope, services provided, and local component.

Prior Complexities + Resolutions

1) DESIGN SOLUTIONS NO.1

On a recent project that utilized a Guaranteed Maximum Price (GMP) form of agreement, it was discovered that the geotechnical report required the over excavation, dry out, and re-compaction of the subgrade 11’ below the bottom of footing and 5’ beyond the perimeter of the building to mitigate extensive wet soils conditions. In the course of design, the team discovered this requirement would cost roughly $1M dollars and would have an impact on the schedule of 4-8 months. Through careful analysis our team recommended the use of an aggregate pier subgrade reinforcement (“Stone Columns”) rather than the over-excavation, dry out, and re-compaction system. In close coordination with the geotechnical engineer, structural engineer, Design-Build Contractor, and permitting authority, this alternate approach was adopted and resulted in a savings of $600,000 and a savings of 6 months to the project schedule.

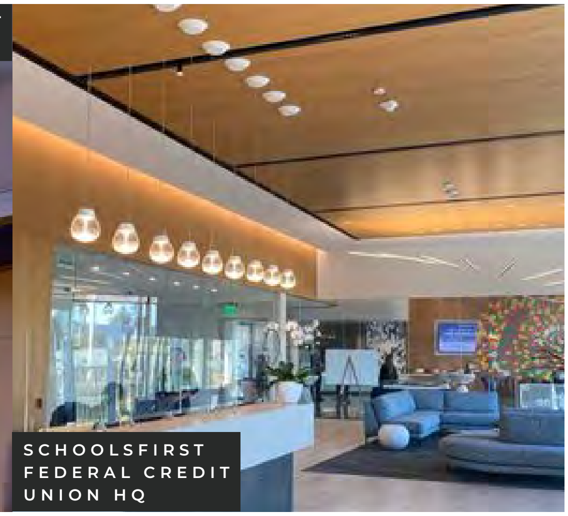
2) DESIGN SOLUTIONS NO.2

On many of our projects that involve high volume spaces (fire stations, gymnasiums, meeting spaces) we have found the use of Pre-Engineered Metal Building (PEMB) systems provide for cost savings and schedule acceleration. This solution involves issuing a solicitation to PEMB manufactures to provide design assist services to the Architect of Record to coordinate the integration of their design which allows for off site manufacturing of the steel systems. Given that the manufacturer is also the installer, this allows all shop drawings and steel procurement to be done while the project is still in the Construction Documents phase. By utilizing these systems, we have found steel production times can be cut by as much as three months.

3) PROCUREMENT SOLUTIONS

On a recent essential facility project we discovered there were highly complex back up power, audio visual, and low voltage cabling systems required for the project which needed to be integrated into the specialized furniture. Given that these furniture systems were owner provided, the integration effort was forecast to cause significant delays to the schedule. To mitigate this, our team executed a specialized RFP for these furniture systems and were able to bring them under contract while the project was still in design. This allowed the team to integrate the entire low voltage package with these furniture systems in a way that accelerated the project by four months.

SB COUNTY HIGH DESERT GOVT CTR & PUBLIC SAFETY OPS CTR



SCHOOLSFIRST FEDERAL CREDIT UNION HQ

4) PROGRAMMATIC SOLUTIONS

Throughout our many years in business, we've always successfully managed synchronizing programmatic requirements with available funding and related budget constraints. In some cases, this specific issue can cause time delays if not properly forecasted or if market conditions suddenly change (i.e. inflationary market). However, when faced with these issues, we look for opportunities to optimize the project including prioritizing programmatic requirements (essential vs non-essential elements), adjusting workstation requirements or amenity spaces, phasing considerations, leveraging real estate to create value (perhaps we can consolidate footprint and create sellable/developable land options for revenue generation), and the like.

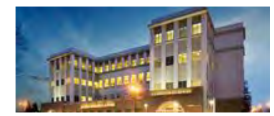
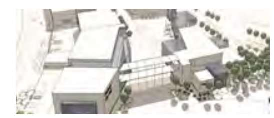
5) UNANTICIPATED EVENT(S) SOLUTIONS

The City and project team overcame a myriad of challenges throughout the course of a highly coveted project, including a historically heavy rain period, global pandemic, local protests and two-month long union strike, as well as an industry-wide concrete shortage. Consistent and heavy rain persisted for two consecutive months at the first week of construction. The project site, which typically experienced less than three inches of rain was now ponding over five feet. After consistent meetings between the City, Contractor, Construction Manager, Design Team, and Subcontractors, the team initiated the pumping and removal of water, allowing the project to proceed.

The COVID-19 pandemic also directly impacted the workflow on-site, including changes to safety protocol, required actions for exposed personnel, and delays to material delivery. The project team held weekly meetings with key Subcontractors to coordinate and implement all changes, including adjustments to the schedule to accommodate material shortages in consultation with all parties. Thankfully, the onset of local protests and union Glazier strike was handled expeditiously and with minor impact as a result of the already present mitigation protocols taking place on-site due to COVID-19.

At the initiation of the site flatwork phase, a concrete shortage also occurred, requiring the immediate attention of the project team. Together, a series of meetings were held to identify an alternate supplier. Once approved, mockups of several mixes were shared, approved, and implemented swiftly. Although the delay was not completely eliminated, the ability of the project team to act quickly, allowed the project to get back on track for successful turnover.

Additional Representative Experience

PROJECT NAME	PROJECT DESCRIPTION	PROJECT DATA	REFERENCE	PROJECT PHOTO
San Bernardino County Public Defenders' Building San Bernardino, CA	This project provided a new home for the San Bernardino County Office of the Public Defender. The project included the demolition of the existing building and the construction of a new facility, with three levels of office space integrated over two levels of secure parking. Supporting the County in managing the Design-Build Entity on this project, Griffin Structures addressed critical infrastructure and building issues and performed extensive change order and schedule impact reviews.	Value: $29M Relevancy: Administrative Headquarters; Design-Build	County of San Bernardino; Mr. Brenton Rankin; Project Manager III; (909) 387-5000; Brenton.rankin@res.sbcounty.gov	
Westminster Police Department HQ & Public Safety Training Center Westminster, CA	Griffin Structures served as Program and Construction Manager for the 38,000 SF Westminster Police Department Headquarters. The new facility consists of a 88,000 SF, three-story Police Building. The Police Department includes a jail, Emergency Operations Center, Training Room, Evidence, Forensics, Patrol, Investigations, Dispatch, Office of the Chief, and all related support services, and was constructed as an Essential Facility. This project also included the completion of the City's Public Safety Training Center.	Value: $60M Relevancy: Cellular Tower; Administrative Facilities	City of Westminster; Mr. Marwan Youssef, P.E.; Retired City Manager; (714) 719-0516; youssefm@uci.edu	
San Bernardino County, Valley Communications Center San Bernardino, CA	This new mission-critical facility will remain operational 365/24/7, under extreme conditions as the primary Emergency Operation Center (EOC) in the San Bernardino Valley. Delivered via the Design-Build procurement method, this comprehensive 80,000 SF building on the 6.85 acre site will be occupied by the Sheriff-Coroner, Office of Emergency Services, Fire, Emergency Medical, and Radio Management agencies.	Value: $135M Relevancy: Cellular Tower; Administrative Headquarters	County of San Bernardino; Mrs. Rene Glynn; Supervising Project Manager, Real Estate Services; (909) 771-1223; rene.glynn@res.sbcounty.gov	
Watsonville Civic Center Watsonville, CA	Griffin managed the Watsonville Civic Center, four-story downtown complex consisting of 200,000 SF. Housed within the facility is a 42,000 SF library, city hall, and county courts. Also included as part of the project is an appurtenant 500 stall parking structure with integrated access from various levels to corresponding functions within the government building. The parking structure was delivered first, on time and under budget.	Value: $90M Relevancy: Administrative Headquarters	City of Watsonville; Ms. Janet Davison; Redevelopment Director (Retired); (831) 558-5832; janetdavison@gmail.com	
Rancho Palos Verdes Civic Center Rancho Palos Verdes, CA	Following the completion of its master plan, the City of Rancho Palos Verdes is looking to redevelop its existing Civic Center into a new focal point of the community. Nestled adjacent within the Alta Vicente Nature Preserve, the new Civic Center will feature a community center, public plaza, Sheriff's substation, emergency operations center, public works maintenance yard, council chambers, helipad, amphitheater, café, dog park, trailhead facilities.	Value: $150M Relevancy: Administrative Headquarters; Cellular Tower	City of Rancho Palos Verdes; Mr. Ara Mihranian; City Manager; (310) 544-5202 aram@rpvca.gov	
Eastvale Civic Center Eastvale, CA	Griffin Structures is providing Owner's Representative, Program, and Construction Management services for the new Civic Center to be located within the area of the Leal Master Plan. The civic hub will include a new City Hall, Library, Senior Center/Downtown Community Center, Police Station, Fire Station, associated outdoor space, and placemaking elements to establish a strong civic identity for the City.	Value: $58M Relevancy: Administrative Headquarters	City of Eastvale; Mr. Mark Orme; City Manager; (951) 703-4424; morme@eastvaleca.gov	
Salinas Civic Facilities (Police HQ, Library & Family Center) Salinas, CA	Griffin served as the developer for the 70,800 GSF Public Safety Center Complex and El Gabilan Branch Library delivered via Public-Private Partnership (P3). The Police Headquarters includes three new buildings, library with learning spaces for children, teen and adults, community rooms, and a welcoming courtyard, and the ongoing Hebbron Family Center to be delivered via Design-Build.	Value: $84.1M Relevancy: Design-Build	Mr. Don Reynolds; Former Public Works Director, City of Salinas; City Manager, San Juan Bautista; (831) 623-4661; citymanager@san-juan-bautista.ca.us	
San Juan Capistrano Paseo Adelanto Mixed-Use Housing & City Hall San Juan Capistrano, CA	Griffin is assisting the City with the development of the new three-story, 50-unit apartment building with low-income/permanent supportive housing, as well as a new, two-story 16,338 SF City Hall. The existing City Hall will be demolished and replaced with new housing and city hall facilities. The City Hall will include a combination of offices, workstations, common areas, and supportive facilities to support the City's workforce, while the low-income/permanent supportive housing building will feature one manager unit and 49 housing units.	Value: $60M Relevancy: Administrative Headquarters	City of San Juan Capistrano; Mr. Charlie View; Assistant City Manager; (949) 220-4467; cview@sanjuancapistrano.org	

DESIGN-BUILD (REPRESENTATIVE EXPERIENCE)

1. SchoolsFirst Federal Credit Union Headquarters
2. County of Orange Civic Center
3. Great Park Ice & FivePoint Arena
4. Rancho Cordova Mills Crossing Civic Center
5. Visalia Civic Center
6. SB County Public Defenders' Building
7. SB County Valley Communication Center
8. Riverside ALIVE Convention Center Expansion
9. OCTA Multiple Parking Facilities
10. Rancho Santa Margarita Civic Center
11. Salinas Police Services Headquarters
12. Salinas El Gabilan Branch Library
13. Quartz Hill Library
14. West Hollywood City Hall
15. McKinney International Airport
16. Rialto Police Department
17. Cathedral City Fire Station No.411
18. Salinas Hebbron Family Center
19. Cupertino Library Expansion

CELLULAR TOWERS (REPRESENTATIVE EXPERIENCE)

1. Tustin Water Administration Building, Corporate Yard & Emergency Operations Center
2. Visalia Emergency Comm. Center
3. San Bernardino County Public Safety Operations Center
4. San Bernardino County Valley Communication Center
5. Buena Park Fire Station No.61 & Emergency Operations Center
6. Buena Park Police Department Headquarters
7. Westminster Police Department Headquarters
8. Manhattan Beach Fire Station No.2
9. Rancho Santa Margarita Sheriff 's Substation
10. Inglewood Emergency Operations Center Renovation
11. Covina Dispatch & Emergency Operations Center Pre-Development
12. East Bay Regional Park District, Public Safety & Administrative Headquarters
13. Rancho Palos Verdes Civic Center (Community Center, Plaza, EOC/Maintenance Yard, Council Chambers)

SUSTAINABLE DESIGN (REPRESENTATIVE EXPERIENCE)

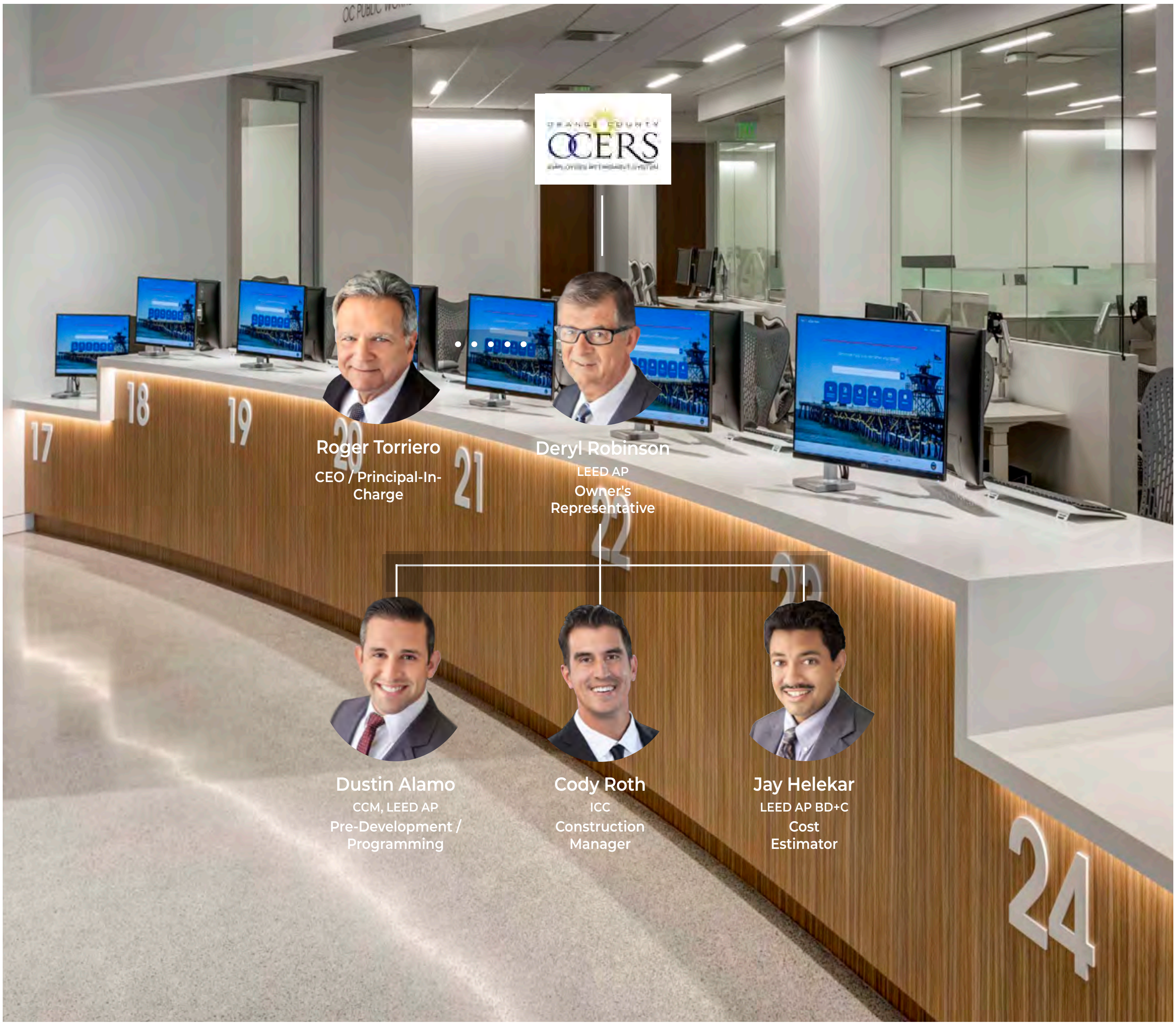
1. County of Orange Civic Center (LEED Silver)
2. Environmental Nature Center (Net Zero Energy)
3. Environmental Nature Center (LEED Platinum)
4. Environmental Nature Center (AIA Top 10 COTE)
5. Burlingame Community Center (Net Zero Energy)
6. Half Moon Bay Library (Net Zero Energy)
7. Westminster Police Dept HQ (LEED Platinum)
8. Hesperia Civic Center (LEED Gold)
9. Quartz Hill Library (LEED Gold)
10. Quail Hill Community Center (LEED Gold)
11. Great Park Ice & FivePoint Arena (LEED Silver)
12. Tustin Fire Station No.37 (LEED Silver)

4. PROPOSED TEAM

GRIFFIN TOWERS, SANTA ANA, CA

Team Organization

We have included a highly experienced, comprehensive team to best serve OCERS for this project with Deryl Robinson serving as your key point-of-contact. Our team has collectively managed the completion of a multitude of relevant projects and will be engaged day one to manage all aspects contained within the RFQ. Our team will be comprised of the following individuals:



Roger Torriero

Chief Executive Officer &
Principal-In-Charge

EDUCATION

Master of Architecture,
Accademia di Belle Arti di Firenze, Italia

Bachelor of Architecture,
Syracuse University, New York

REGISTRATION

California Contractor License
#793600, Classes A & B

AFFILIATIONS

U.S. Green Building Council, Member

Urban Land Institute, Member

American Public Works Association National Association of Industrial & Office Parks, Member

Associated General Contractors of America, Member

Construction Management Association of America, Member

Design-Build Institute, Member

YEARS OF EXPERIENCE

49

QUALIFICATIONS

Roger focuses on the delivery of complex projects for both the private and public sector, including but not limited to; civic centers, city hall and administrative complexes, libraries, community/senior centers, fire and police stations, and emergency operations centers. Roger has also led the pre-design, design, and construction for virtually all project types, including real estate development, finance, design, and construction. Roger provides Griffin with specialized expertise in the conceptualization and realization of challenging projects. He is an expert in forward planning, finance, entitlements, project delivery methodologies, and community-based participatory planning.

As Principal-In-Charge, Roger Torriero will provide executive-level oversight throughout the lifecycle of the project.

REPRESENTATIVE EXPERIENCE

County of Orange Civic Center, Santa Ana, CA

- *County of Orange Admin North Building 12 (Future Project)*
- *County of Orange Admin South Building 10 (Future Project)*

SchoolsFirst Federal Credit Union Headquarters, Tustin, CA

Santa Ana City Hall Renovation & Ross Annex, CA

Westminster Police Department Headquarters & Public Safety Training Center, CA

San Bernardino County, CA

- *Government Center*
- *High Desert Government Center*
- *Valley Communication Center*
- *Public Defenders' Building*
- *Public Safety Operations Center*
- *222 Hospitality Building*

Rancho Palos Verdes Civic Center, CA

Eastvale Civic Center, CA

Orange County Transportation Authority HQ Building, Anaheim, CA

Visalia Civic Center Phase 1 & 2, CA

Rancho Cordova Mills Crossing Civic Center, CA

Watsonville Civic Center, CA

Hesperia Civic Center, CA

Rancho Santa Margarita Civic Center, CA

San Dimas Civic Center, CA

West Hollywood City Hall, CA

La Canada Flintridge City Hall, CA

San Juan Capistrano City Hall, Paseo Adelanto Mixed-Use Housing, CA

Deryl Robinson

LEED AP

Owner's Representative

EDUCATION

Bachelor of Science,
California State University, Long Beach

REGISTRATION

Leadership in Energy Accredited Professional (LEED AP)

AFFILIATIONS

U.S. Green Building Council, Member

YEARS OF EXPERIENCE

43

QUALIFICATIONS

With more than more 40 years of experience, Deryl is extremely knowledgeable in the areas of pre-construction, design management, and construction. Due to his involvement in all project phases, Deryl is extremely proficient in planning, organizing, and monitoring budgets and schedules from conceptual design through construction. He also has a proven record of leading the design team consultants, vendors, contractors, and construction personnel, ensuring the client's goals and objectives are successfully delivered.

As your Owner's Representative, Deryl will utilize his vast administrative HQ / Orange County experience to serve as the key OR contact for the City.

REPRESENTATIVE EXPERIENCE

County of Orange Civic Center, Santa Ana, CA

County of Orange Admin North Building 12 (Future Project)

County of Orange Admin South Building 10 (Future Project)

Eastvale Civic Center (City Hall, Library, Senior & Community Center, Police Station, Fire Station), CA

Orange County Transportation Authority HQ Building, Anaheim, CA

6 Polaris Office Building & Parking Structure, Aliso Viejo, CA

Griffin Towers, Santa Ana, CA

Westminster Police Department Headquarters & Public Safety Training Center, CA

Great Park Ice & FivePoint Arena, Irvine, CA

Apple Computer Regional Headquarters, Newport Beach, CA

AT&T Regional Headquarters, Irvine, CA

Unisys Regional Headquarters, Santa Ana, CA

Oakley Corporate Headquarters, Foothill Ranch, CA

Denny's Restaurant Regional Headquarters, Irvine, CA

Buena Park Fire Station No. 61, CA

Tustin Fire Station No. 37, Tustin, CA

Orange County Sheriff's Department Facility Restoration & Rehabilitation, Santa Ana, CA

Huntington Beach Senior Center, CA

Quail Hill Community Center, Irvine, CA

Buena Park Community Center, CA

Westminster Corporate Yard, CA

Tustin Water Admin Building, Corp Yard & Emergency Ops Center, CA

Stanton Corporate Yard, CA

Cody Roth

ICC

Construction Manager

EDUCATION

Santa Ana College, Fire Science Degree

Rio Hondo College, Fire Academy Graduate

Saddleback College, Various Building Inspector Courses

CERTIFICATIONS

International Code Council B-1 Building Inspection

International Code Council E-1 Electrical Inspection

International Code Council P-1 Plumbing Inspection

CAL OES Safety Assessment Program (ID#77558)

Orange County Stormwater Program

Various Certificates from the California Building Officials Training Institute (CALBO)

YEARS OF EXPERIENCE

14

QUALIFICATIONS

Cody Roth has a wealth of experience for a variety of public works projects, both as a Program/Construction Manager, and as former Public Works Inspector for multiple agencies throughout his career. His project background also includes horizontal infrastructure projects as well as vertical construction including administrative offices, municipal, commercial, medical, and residential new construction and/or renovation. Cody's building knowledge, attention to detail, superior customer service, and problem-solving skills all further contribute to his success as Program/Construction Manager and Inspector for Griffin Structures.

As Construction Manager, Cody Roth will be engaged as the project approaches construction, serving under the direct leadership of Deryl Robinson.

REPRESENTATIVE EXPERIENCE:

Tustin Council Chambers, CA

Hoag 3-Story Office Building, Tustin, CA (Public Works Inspector)

The Village at Tustin Legacy & Office Space (16 Buildings), CA (Public Works Inspector)

Bank of America & Office Space, Tustin, CA (Public Works Inspector)

Wagly Pet Campus & Office Space, Tustin, CA (Public Works Inspector

Santa Clarita Canyon Country Community Center, CA

San Marino Community Center, CA

Tustin Main Library, CA

Esencia Sports Park Rancho Mission Viejo Co, CA

South Gate Urban Orchard, CA

Laguna Beach Village Entrance, CA

LANLT, Wishing Tree Park, Tustin, CA

Tustin Peppertree Park, CA

Laguna Beach Animal Shelter, CA (Public Works Inspector)

Greenwood @ Cal Atlantic & Brookfield, Tustin, CA (Public Works Inspector)

Serra by Shear Homes, Vista, CA (Public Works Inspector)

Avalon Apartments (12 Buildings), Vista, CA (Public Works Inspector)

Public Works Inspection for Multiple Commercial Clients (Bank of America, Multiple Restaurants)

Dustin Alamo

CCM, LEED AP, DRE BROKER

Pre-Development / Programming Manager

EDUCATION

Bachelor of Architecture, University of Colorado, Boulder

CERTIFICATIONS

Certified Construction Manager (CCM)

LEED Accredited Professional

State of California Licensed Real Estate Broker DRE #01930629

AFFILIATIONS

Construction Management Association of America, Member

U.S. Green Building Council, Member

YEARS OF EXPERIENCE

19

QUALIFICATIONS

Dustin Alamo's responsibilities include the executive management of all needs assessment and master planning projects ranging by facility type. Dustin is also skilled at developing long-term facility plans (ranging from $10M to $400M) utilizing his formal background in architecture. He understands the process and skill-set required for developing and building architectural programs, site plans, floor plans, elevations, and technical detailing.

With a formal background in architecture, Dustin is knowledgeable in aspects of design. He understands the process and skill-set required for developing and building architectural programs, site plans, floor plans, elevations, and technical detailing. Dustin is a Certified Construction Manager (CCM), LEED accredited professional and a licensed Real Estate Broker in the state of CA.

As a Pre-Development / Programming Manager, Dustin can offer vital insight and support during the earliest phases of project development.

REPRESENTATIVE EXPERIENCE

County of Orange Civic Center, Santa Ana, CA

- *County of Orange Admin North Building 12 (Future Project)*
- *County of Orange Admin South Building 10 (Future Project)*

San Juan Capistrano Paseo Adelanto Mixed-Use Housing & City Hall, CA

San Bernardino County, CA

- *Government Center*
- *High Desert Government Center*
- *Valley Communication Center*
- *Public Defenders' Building*
- *Public Safety Operations Center*
- *222 Hospitality Building*

Eastvale Civic Center (City Hall, Library, Senior & Community Center, Police Station, Fire Station), CA

Rancho Palos Verdes Civic Center (Community Center, Plaza, EOC/ Maintenance Yard, Sheriff Substation, Council Chambers), CA

F&A Credit Union Headquarters Pre-Development Services, CA

La Canada Flintridge City Hall, CA

Covina Civic Center Pre-Development Services, CA

Cupertino 1045 Torre Avenue Building Renovation & Interim City Hall Pre-Development Services, CA

Lake Forest Civic Center Pre-Development Services, CA

Montebello City Hall Pre-Development Services, CA

UC Santa Barbara Cabrillo Park Pre-Development Services, CA

Watsonville Civic Center, CA

Irvine Great Park Capital Improvement Program, CA

Jay Helekar

LEED AP

Cost Estimator

EDUCATION

Bachelor of Arts, Construction Management Engineering, California State University, Long Beach

CERTIFICATION

LEED Accredited Professional

AFFILIATIONS

U.S. Green Building Council, Member

YEARS OF EXPERIENCE

24

QUALIFICATIONS

Jay has extensive cost estimating experience on various municipal projects, including renovation and new construction. He has a unique perspective on the industry offering a mixed background as both a pre-construction manager and general contractor. He brings creative cost control skills to his work, including cost estimating, LEED analysis, value engineering, constructability reviews, master planning, and scheduling. He is also a skilled mediator, participating in change order preparation, validation, and negotiation.

Jay Helekar will provide cost estimating support to ensure the City's fiscal objectives are achieved.

REPRESENTATIVE EXPERIENCE

County of Orange Civic Center, Santa Ana, CA

- *County of Orange Admin North*
- *Building 12 (Future Project)*
- *County of Orange Admin South*
- *Building 10 (Future Project)*

SchoolsFirst Federal Credit Union Headquarters, Tustin, CA

Westminster Police Department Headquarters & Public Safety Training Center, CA

San Bernardino County, CA

- *Government Center*
- *High Desert Government Center*
- *Valley Communication Center*
- *Public Defenders' Building*
- *Public Safety Operations Center*
- *222 Hospitality Building*

San Juan Capistrano Paseo Adelanto Mixed-Use Housing & City Hall, CA

Covina Civic Center Pre-Development Services, CA

Cupertino 1045 Torre Avenue Building Renovation & Interim City Hall Pre-Development Services, CA

Eastvale Civic Center (City Hall, Library, Senior & Community Center, Police Station, Fire Station), CA

Rancho Palos Verdes Civic Center (Community Center, Plaza, EOC/ Maintenance Yard, Sheriff Substation, Council Chambers), CA

F&A Credit Union Headquarters Pre-Development Services, CA

La Canada Flintridge City Hall, CA

Watsonville Civic Center, CA

Lake Forest Civic Center Pre-Development Services, CA

Montebello City Hall Pre-Development Services, CA

5. APPROACH

ORANGE COUNTY TRANSPORTATION AUTHORITY HEADQUARTERS (OCTA), ANAHEIM, CA

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Approach

Griffin Structures approaches each project with the perspective of an Owner, and the insight of a Contractor. Based on our unique blend of experience as both public agency construction managers and at-risk fee developers, Griffin has the unique ability to provide enhanced services to its clients. Like an owner, we approach every project with the perspective that it is our money, our schedule, and our facility that is being developed. Like a contractor, we have extensive field experience to understand the mindset of a contractor, the often-hidden decision making process, and an in-depth understanding of the technical issues faced by a contractor. Together, with those two key areas of expertise, Griffin Structures is able to provide Owner Representation services will ensure a successful project of the highest quality.

Key to our ability to provide successful Owner Representation is our commitment to excellence in project delivery. With our unique perspective described above, Griffin Structures has become a leader in innovative forms of project delivery and is prepared to employ this expertise to OCERS for this project.

With that in mind, our recommended approach is to utilize a Progressive Design-Build form of delivery. This is a unique version of the design build process, which we believe is uniquely suited for this project. Specifically, the approach involves the following:

A Progressive Design-Build solicitation is prepared and advertised to the marketplace. This solicitation will be developed based on the template provided by the Design-Build Institute of America (DBIA) which provides the frame work for the selection process. This solicitation will request bidders provide a blend of qualifications information as well as a proposal for key services including, but not limited to:

Qualifications

- Team qualifications
- Similar project experience
- Resumes
- References
- Project approach

Fee Proposal

- Cost of design services through Design Development
- Cost of preconstruction services of the builder (estimating, scheduling, constructability reviews)
- Cost of specialty design assist services for key trades
- Cost of General Conditions on a monthly basis
- Mark up on all trade costs represented as a %.

With this information, we will perform an in-depth analysis of the firms and make recommendations for the award of a Phase 1 contract.

Once under contract, the Design-Build Entity (DBE) will then begin the design process. At each stage of design, the DBE will be required to deliver an estimate and schedule which will be reviewed by our team in close coordination with OCERS. Once approved, the DBE will then be authorized to move to the next phase of design and incorporate the comments and or revisions requested by OCERS.

This process would be repeated at key stages of the design process until the DBE delivers a 100% Design Development set of drawings and specifications, at which time the DBE would begin preparing a Guaranteed Maximum Price (GMP) proposal.

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The GMP form of contract offers many cost management benefits to the project. Specifically, it provides for:

- Total transparency of costs including:
    - Trade contractor bids
    - Bid tabulation adjustments
    - Use of cost "plugs" and "allowances"
    - Identification of contingency holdings
    - Any prime contractor "buyout"
- Early certainty of costs
- Fosters a spirit of collaboration for all team members
- Provides for the more efficient management and use of contingency
- Allows for early procurement of long lead items
- Provides a guarantee of the maximum price of the project which greatly reduces and/or eliminates the issuance of change orders

Once a GMP is agreed upon, and a final schedule is established, OCERS will issue an amendment to the contract with the DBE team for Phase 2 of the project which will include the cost of completing construction documents, gain permit approval, and constructing the project through project turnover.

By utilizing this approach, we believe OCERS will be able to achieve significant schedule advantages. Specifically, we envision the following:

- Early shop drawing approvals
- Early deferred submittal approvals
- Early procurement of specialty materials
- Early procurement of long lead systems and materials
- Early start of grading and underground
- Early implementation of Building Information Modeling (BIM) coordination
- Streamlined production in the field

Additionally, using a Progressive Design-Build approach greatly reduces the potential for conflicts between parties, reduces issues and challenges among team members, maintains OCERS control over the design process, and ensures a higher quality of craftsmanship.

Concurrent with this approach to managing the Progressive Design-Build process, our team will lead the procurement of all ancillary consultants that may be needed but are not included in the DBE scope. This may include, but is not limited to:

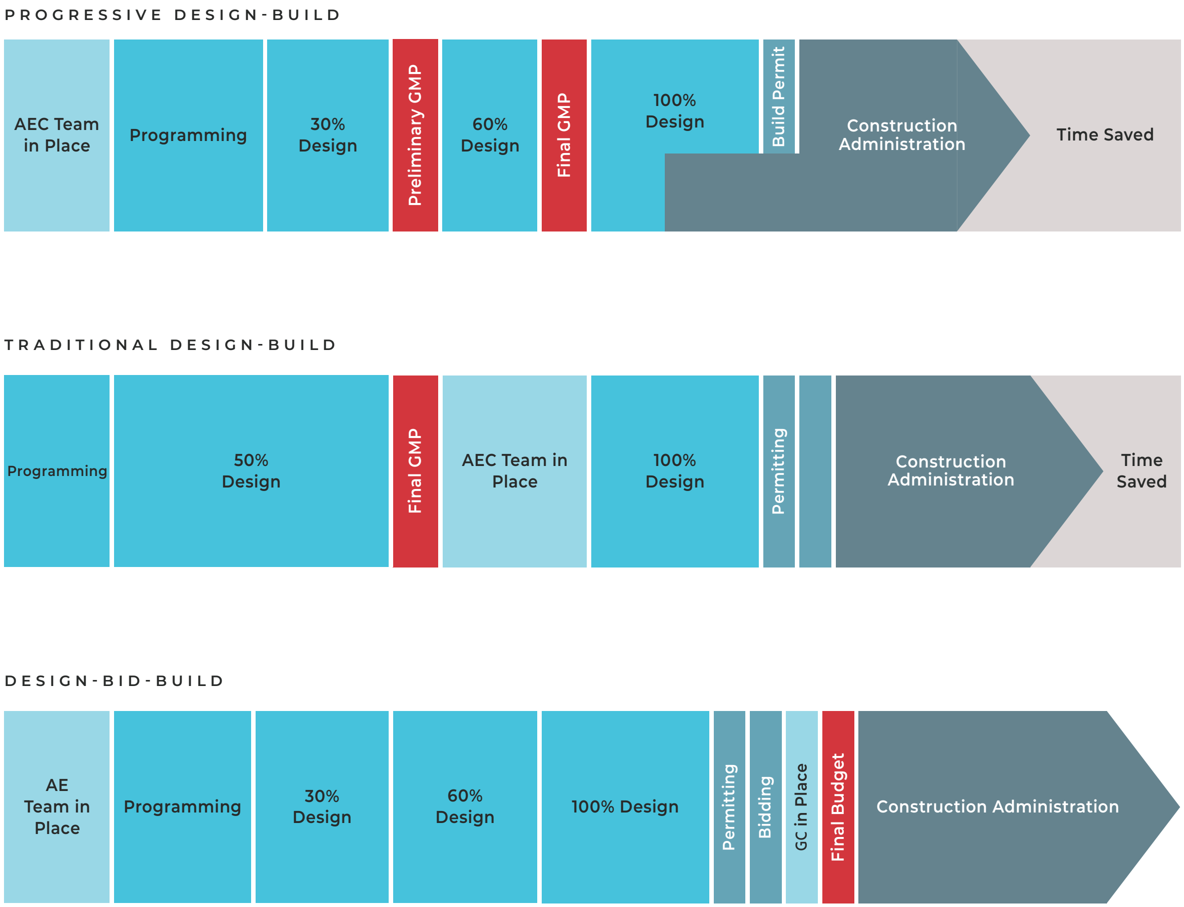
- Geotechnical engineering
- Hazmat investigations
- Site surveys
- Traffic analysis
- Specialty systems under direct owner control (access controls, audio-visual, technology equipment, etc.)
- Special inspections and testing services

To summarize, we believe this approach will achieve the stated goals of the RFP and is an approach the brings exceptional value to OCERS. That said, as experts in project delivery, we are prepared to present a comprehensive project delivery analysis to OCERS and are prepared to develop a plan to execute the most desired form of delivery most preferred by OCERS.

For further illustrative details on Progressive Design-Build, please refer to the following page.

EASTVALE CIVIC CENTER

Progressive Design-Build (Process Defined & Realized Benefits)



SUMMARY PROCESS

- Program & Construction Manager (PMCM) / Owner's Representative (OR) is retained offering full oversight of the process through implementation
- Needs assessment and programming
- Site planning, conceptual design, budget and preliminary schedule
- Schematic design and budget with schedule update
- Design development with budget level estimate and schedule update
- Design-Build Entity (DBE) prequalification and bid
- DBE develops fixed, not-to-exceed price and assumes liability with limited change orders
- Financing can be tailored to "sync up" with project delivery once Design Development is completed

ADVANTAGES

- Client advocacy
- Effective means of advancing a project for clients and staff that may not have deep experience in executing large, vertical and complex projects
- Client has a proactive and engaged seat at the table, allowing them to maintain control and fully engage in cost and schedule risk management
- Structured, measured step-by-step approach with several inherent checks and balances and established protocols

6. SCHEDULE

WESTMINSTER POLICE DEPARTMENT HEADQUARTERS & PUBLIC SAFETY TRAINING CENTER, CA

Schedule

Please find a detailed explanation regarding this schedule within the following pages of this section.

ASSUMES PROGRESSIVE DESIGN-BUILD DELIVERY

GRIFFIN STRUCTURES

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Scheduling Methodology

To accelerate the delivery of this project we propose utilizing a Progressive Design Build delivery method. We believe this methodology will provide the most expedited delivery option, will maximize and maintain the client's control over the design process, and will foster a collaborative project team approach that saves time. To help illustrate this form of delivery, we have produced this preliminary schedule along with a general narrative explaining each stage of the project.

[PHASE 1]

Project Start Up & Forward Planning

During this phase of the project our team would perform all data collections and analyze all existing project documentation, synthesize this information, and present delivery options to OCERS for consideration. Assuming the Client agrees to utilizing the recommended approach, we would then produce a detailed critical path schedule based on a Progressive Design Build approach.

Needs Assessment – Programming

Concurrent with project start up phase, we will also collect and review all existing staffing information, produce staff projections, produce space projections, and produce a comprehensive program which will serve as a basis for establishing the size and scale of the needed facility. This space program will then serve as a key component of a forthcoming Progressive Design-Build Entity (PDBE) RFQ/P. Additionally, we will utilize key elements of past project space standards and apply those to the needs of OCERS for the development of a tailor made building program.

Due Diligence (Geo, ALTA, Hazmat, etc.)

Concurrent with these efforts, our team will oversee the due diligence phase of the project. Specifically, we will administer the solicitation, review and acceptance, and oversight of site investigations needed for inclusion in the PDBE RFQ/P. Presently we anticipate this will include Geotechnical investigations, the development of an American Land Title Association (ALTA), survey, and Hazardous Materials (Hazmat) investigations, however we may find additional due diligence is needed based on our initial investigation of project documents.

Develop & Issue Progressive Design-Build (DBE) RFQ/P

With the information described above we will then produce a Progressive Design-Build RFQ/P. This solicitation would be structured, and a selection made based on the following criteria:

- Scoring based on the Qualifications of PDBE teams
- Cost proposal for Design Services through Design Development (including entitlement)
- Cost proposal for Preconstruction services including estimating, constructability reviews, value engineering, project scheduling, and key trade contractor design assist services through Design Development. Typically this would include Mechanical, Electrical, Plumbing, and Structural trades
- Cost proposal for General Conditions on a monthly basis
- Proposed fixed fee represented as a percentage of mark up on trade costs

Progressive Design Build (DBE) Solicitation & Award

Once advertised, we would then manage the bid process, manage all communications, coordinate and respond to bid RFIs, review all submissions, and make a recommendation for award to OCERS for approval.

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[PHASE 2]

Conceptual Design, Schedule & Estimate

Once under contract, the PDBE would begin the process of developing conceptual designs based on the program and site due diligence information provided in the RFQ/P. This would result in a series of optional concept designs for OCERS as well as a schedule and estimate based on this design.

OCERS Review of Conceptual Design, Schedule & Estimate

We would then review these deliverables with OCERS staff and give direction to the PDBE team based on those reviews.

Schematic Design, Schedule & Estimate

The PDBE would then undertake Schematic Design phase, which would result in what is generally considered to be 30% design documents. We would require that the PDBE also produce a Basis of Design for the project, as well as an updated estimate and schedule.

OCERS Review of Schematic Design & Estimate

As with the concept design review stage, we would coordinate the review of the Schematic Design deliverables and summarize comments back to the PDBE team accordingly.

Entitlements

Concurrent with the development of Schematic Design, our team will work closely with the DBE to ensure that a complete entitlement package is assembled for submission to the City of Santa Ana. This process will then be managed concurrent with the Design Development stage of design which will allow for significant schedule acceleration.

Design Development, Schedule & Estimate

Once Schematic Design is complete and the entitlements package submitted, the team will then begin Design Development. We will utilize our tailormade Design Development standards which we have employed on the County of Orange Civic Center projects, as well as many others. Requiring a higher level of design during this stage will allow for a more robust and cost certain development of a Guaranteed Maximum Price proposal.

OCERS Review of Design Development, Schedule & Estimate

Once completed, our team will perform an in-depth constructability review to ensure the design is coherent, internally consistent, and biddable. Concurrent with this, OCERS staff and facilities management will have an opportunity to confirm all previous design comments and systems requests have been incorporated.

DBE Prepares Guaranteed Maximum Price (GMP)

Concurrent with OCERS' review of the DD documents, the DBE will prepare a Guaranteed Maximum Price (GMP) proposal for the project. This effort will employ the following features:

- Every trade will be bid to a minimum of 3 trade contractors. DBE will make a recommendation for selection of the preferred trade contractor.
- All bids will be made available for Owner Representative review
- All bid tabulations and adjustments are available for review
- Contractor contingencies and allowances are identified
- General conditions are fixed on a monthly basis based on the DBE's initial response to the RFPQ/P and the construction schedule presented.
- All trade cost mark ups are held fixed based on the DBE's initial response to the RFQ/P.

Negotiate & Award DBE GMP

With the information above, our team will then review the GMP, the schedule, the trade contractor bids and recommendations, contingencies, allowances, and overall total price and commence negotiations with the DBE. If all party's come to an agreement, the project will then move forward into the Construction phase. If the parties cannot agree on a price, OCERS will have the freedom to complete the design and convert to a design bid build delivery to be competitively bid at a later date.

[PHASE 3]

Construction Documents By DBE

Assuming the parties agree to a GMP, the DBE team will then transition to the completion of Construction Documents. Because the team is now committed to a GMP, this effort will entail phasing the permit packages in such a way that the DBE can get early approval for grading and underground utilities while the building design package continues. This will also allow for the early procurement of long lead items (i.e. Mechanical Equipment, Steel, Deferred Submittals, Switchgear, and Edison equipment) that can have significant impacts on the project schedule.

Permitting By DBE

As described above, the permit process will be accelerated by allowing early construction packages to be submitted and review early in the process while allowing for more complex building packages to be completed. This will in turn allow the DBE to begin construction earlier in the process.

Construction

The Progress Design-Build process allows OCERS to benefit from having a Contractor engaged from the very beginning of the design process which will allow for the early identification of systems, materials, equipment, shop drawings, and deferred submittals which will greatly enhance the productivity of the team once construction begins. This, combined with the fact that the PDBE will have been collaborating through the design process together, will greatly enhance the resolution of RFIs, field challenges, design issues, and other factors that may result in delays.

[PHASE 4]

Punch List

Using a progressive design build approach will allow for a continuous approach to punch list issues, which will in turn result in a quicker turnover of the project upon substantial completion.

Final Testing & Inspections

Similarly, because all systems will have been selected and ordered in collaboration internal to the DBE team, the final testing and inspections will be accelerated.

Move-In

Upon final completion and issuance of the Certificate of Occupancy, OCERS will then be able to move into the building. That said, because of the collaborative nature of a progressive design build, scenarios are available that allow for the early procurement and installation of FF&E systems which will greatly accelerate the final move in process.

CONCLUSION

This schedule and narrative provide a high level overview of our recommended approach, which will be refined in more detail once under contract and a form of project delivery formally approved. Should OCERS choose not to pursue a progressive design build approach, our team is very capable of managing all project delivery types, and will produce a detailed project schedule tailored specifically to that approach.

GRIFFIN TOWERS, SANTA ANA

7. DETAILED EXPLANATION FOR SPECIFIC CRITERIA

EASTVALE CIVIC CENTER, CA

RANCHO PALOS VERDES CIVIC CENTER, CA

Needs Assessment & Programming for OCERS' Operations

Our team, consisting of highly skilled programming and pre-design experts, is well-equipped to serve as the owner's representative for OCERS (Orange County Employee Retirement System). With our expertise and experience, we will provide valuable advice and effectively manage consultants on behalf of the public agency.

Project Orientation & Kick-off Meeting

To commence the project, we will initiate a Project Orientation meeting with key staff members. This meeting will be a crucial platform for us to discuss our team's approach, understand OCERS' expectations, establish a project timetable, and launch the initial data collection effort. The orientation will facilitate a close working relationship, define clear and carefully crafted project goals and objectives, specify project participants and resource points, refine data collection methodology and tools, establish commitments to project schedules, and establish effective communication mechanisms to be employed throughout the project.

During this process, Dustin Alamo, our dedicated Program Manager, will serve as the primary point of contact. He will actively participate in the kick-off meeting, as well as key progress meetings, ensuring a seamless flow of communication and collaboration between our team and OCERS.


RANCHO PALOS VERDES CIVIC CENTER

Data Collection & Review

The next phase of our work involves Data Collection and Review. We will meticulously review all available building plans, as-builts, organizational charts, and staffing reports provided by OCERS. This thorough review will provide us with crucial insights into the existing facility's layout and structure, organizational structure, and staffing levels. In order to ensure accuracy and detail, our team will conduct field verification trips to physically verify the functions and space utilization of the facility. We have a unique advantage in this regard, as we employ a cutting-edge technology called OpenSpace, which utilizes 360-degree cameras to capture highly detailed documentation of existing space utilization. This comprehensive approach will enable us to gain a deep understanding of how the spaces are currently being utilized, facilitate well-informed discussions with staff during workshops, and establish a baseline for comparing future space needs.

Additionally, we will request fleet and equipment lists from OCERS to gain a comprehensive understanding of the site's needs concerning employee, fleet, and visitor parking, as well as ancillary site functions. This holistic approach to data collection will ensure that our recommendations and planning encompass all relevant aspects of the project.

Staff Projections

Once we have completed the data collection and review process, we will move on to Staff Projections. By carefully examining the organizational charts and engaging in interviews with directors, department heads, and supervisors, we will gain valuable insights into how each area of OCERS currently operates and their plans for future evolution over the next 20 years. We will verify the existing staffing levels and explore potential scenarios for growth or contraction as the operation evolves. Additionally, we will explore concepts of leasable space to accommodate any potential privatization initiatives that OCERS may want to integrate into the process.

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Space Projections

The insights gained from the Staff Projections will lay the groundwork for the Space Projections phase of our work. With a thorough understanding of the operations and staffing levels, we will engage OCERS staff in focused workshop settings to extract their insights on space utilization and how it may evolve in the future. These workshops will enable us to understand the specific requirements of each area and incorporate them into our space planning recommendations. We will also consider design and workstation standards to ensure a high-quality work environment, paying close attention to space efficiency, use of standards for similar positions, and modularity. If OCERS has existing workstation standards in place, we will evaluate them and adopt them as directed.

Our comprehensive approach extends beyond office and administrative spaces. We will review all ancillary support spaces, including special work areas, public contact areas, conference rooms, storage rooms, file banks, and other elements that require floor space in the future plan. In collaboration with OCERS, we will evaluate industry standards for public sector spaces or explore modern, cutting-edge private sector space planning approaches. Our aim is to identify opportunities for collaborative, multi-functional spaces that deliver the best value for OCERS.

LA CANADA FLINTRIDGE CITY HALL

Additionally, we will take into account any special environmental requirements for each area. This may include considerations such as non-standard lighting or acoustics, power requirements, floor loading, and more. For instance, if OCERS plans to incorporate a fitness center, we will identify design and pricing information for features like rubber floors. By meticulously addressing all these details, we will ensure that the programming process is comprehensive and thorough.

Programming Deliverable

The culmination of our efforts will be the delivery of a programming document that serves as a valuable tool for soliciting a progressive design-build entity. This document will incorporate all the collected data, analysis, and recommendations, providing a solid foundation for the subsequent phases of the project.

In summary, our proposal outlines a comprehensive scope of work that encompasses project orientation, data collection and review, staff projections, space projections, and the delivery of a programming document. With our robust team of experts and our commitment to effective project management, we are confident that we can support OCERS as their owner's representative and provide valuable guidance throughout the project.

NOTE

Dustin Alamo, Pre-Development Manager, will serve as the primary point of contact throughout the programming process and will attend the kick-off/orientation meeting and key progress meetings as well as integration of programming into Progressive Design Build Entity drawings to ensure program compliance.

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Entitlements Experience & Track Record

At Griffin Structures, we possess comprehensive expertise in navigating the intricacies of entitlements, encompassing various crucial components such as CEQA (California Environmental Quality Act), Environmental Impact Reports, Mitigated Negative Declarations, Infill Exemptions, and more. Our extensive experience in the City of Santa Ana, specifically in successfully completing a complete Environmental Impact Report (EIR) for the *County of Orange Civic Center*, establishes us as the ideal choice for your entitlement needs.

Securing entitlements for your project necessitates an Owner's Representative and Program Manager who possess in-depth knowledge of the process and the specific requirements associated with obtaining entitlement within the City of Santa Ana. Leveraging our recent achievements with the County of Orange Civic Center, including the successful entitlement acquisition for both Administration North and South buildings, we bring invaluable expertise to this project. As your trusted Owner's Representative and Program Manager, we will leverage our experience to effectively oversee and manage the array of consultants required, ensuring their timely delivery of key deliverables and expediting the entitlement acquisition process with utmost efficiency.

By retaining Griffin Structures as its Owner's Representative, OCERS will be the direct beneficiary of existing and cordial working relationships already established between the City of Santa Ana and the Griffin Structures team. Of further importance and relevance, Griffin was recently selected by the City of Santa Ana as its OR/CM for its new library project.

FF&E & Move-In Experience & Track Record

Critical to the success of any large building project is the close integration and coordination of FF&E. At Griffin Structures, we have had great success at coordinating the selection and procurement of FF&E using pre-negotiated mass purchasing agreements like GSA, CMAS, and US Communities.

By integrating this approach into the design and selection of the furniture systems, public organizations can accelerate the procurement process by negating the need for executing a formal RFP process. Given that these purchasing schedules are pre-negotiated, OCERS will be able to maximize efficiencies with which these items are procured. Additionally, this will allow the team to make selections from multiple vendors and not be limited to any one manufacturer or wholesaler.

Additionally, once the FF&E has been selected, we pursue a strategy of early coordination with the design team and the contractor. This again is another benefit of using a Progressive Design-Build approach, as it allows for the early integration of design, FF&E selection, and field coordination well before the furniture arrives. This saves both time and money, and makes for an efficient and seamless installation process.

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Change Order History

Change orders are an unfortunate but unavoidable element of all construction projects, primarily because historically it has been very challenging to forecast every conceivable integration challenge within a set of plans and specifications. That, combined with unforeseen conditions that may materialize in the field, and the uncertainty typically associated with lump sum bidding procedures, results in a process that inevitably involves change orders.

To mitigate this condition, we believe a Guaranteed Maximum Price (GMP) form of contract inherent to a Progressive Design-Build approach, is the most preferred form of agreement. A GMP is a fully transparent negotiated form of agreement where the owner has visibility into every cost item of a project. This transparency allows for all parties to scope items that are often the cause of change orders, and allows for greater transparency when change orders do in fact materialize. Additionally, this form of agreement allows for the inclusion of contingency that the Contractor may utilize only with owner approval, along with allowances for certain cost items that require further investigation and reconciliation. Any savings associated with these items is returned to the owner at a pre-negotiated saving split. By using this approach, we have found that the client receives greater cost certainty earlier in the project, disputes are mitigated, schedules are accelerated, and the quality of work is enhanced. This approach also results in a contingency usage that is roughly half of what is typically experience on a traditional lump sum contract.

That said, in the event change orders do materialize, we employ a very robust process by which they are evaluated and processed. We have utilized this process to achieve significant positive results for nearly every project, allowing us to ultimately protect both the budget and schedule, including the $400M County of Orange Civic Center which was delivered ahead of schedule and under budget.

Our change order protocol(s) is detailed as follows:

- The first component in correctly addressing possible changes in scope and cost is to know what is and is not a real change. With our experience, we will perform a comprehensive analysis of potential issues to determine if a change has in fact occurred. Key to this is the detailed understanding of project documents, and in the case of a Design-Build approach, the initial program provided to the DBE. We will go to great lengths to provide a defensible interpretation of those documents to preserve the client's interests and prudent budgetary constraints. Key to this analysis is our enhanced understanding of the nature of the contract to determine if in fact the issue is already covered under the existing scope of work.
- If a change is in fact merited, we will then seek to execute this change in a manner that results in a no-cost solution to the project. This may involve proposing materials and/or methods that are comparable in scope to the original intent, thus allowing for solutions that do not compromise quality, schedule, or cost.
-

COUNTY OF ORANGE CIVIC CENTER

GRIFFIN STRUCTURES

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- If such an option is not possible, or if unforeseen conditions materialize that result in a true change to the cost of the project, Griffin Structures will then perform a detailed analysis of the best form of execution. This may take the form of a hard estimate for the proposed change, or if in fact a T&M execution is in the best interests of the project. Yet another option is to utilize a T&M/Not To Exceed method which allows for execution of a proposed change while putting a ceiling on the final costs of the change.
- Finally, any change that is officially recognized will undergo a detailed examination of costs including but not limited to: materials back up, labor analysis, labor rate analysis, detailed subcontractor back-up, time impacts, and a unit cost comparison based on industry trends.
- By employing the most efficient form of contact and utilizing robust cost controls once the project is under construction, we are confident our innovative systems for managing change orders will bring tangible value to OCERS and result in strict cost controls overall.

OCTA HEADQUARTERS

Post-Completion Services

One challenge related to delivering a successful project is the post-punch list phase of the project. At Griffin we have developed a robust approach to managing this phase of the project that brings real value to the client. That approach is as follows:

- During the construction phase of the project we employ a continuous punch list approach to construction. This takes the form of a Field Observation Report which captures all items identified by any team member and is reviewed on a weekly basis. By taking this approach, the punch list is greatly minimized, and post-punch list discoveries of deficiencies is greatly reduced.
- Once the punch list is produced our team will manage the correction effort in a manner similar to managing the construction process, through weekly meetings, ongoing inspections, and continuous tracking of corrections.
- Our team will also coordinate and oversee all facilities training efforts and will require the contract video tape the sessions for future reference.
- As part of our turnover package, all project documents will be archived electronically and delivered to the client for future use. This includes, but is not limited to; O&M's, as-built drawings, RFI's, submittals, daily reports, photographs, change orders, schedules, inspection cards, warranties, turn over materials and training videos.
- Any landscape and maintenance requirements for grow in period will be closely monitored.
- Our team will also produce a comprehensive warranty database and contact information that allows the client and project team to address issues that arise during the 1 year warranty period. During this time, our team will be available to coordinate the inspection of issues discovered, communicate with the appropriate parties for correction, and verify the issues are addressed in a timely fashion.

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- Nearing the end of the 1 year warranty period (usually around month 11) we would organize and lead a warranty punch list effort to identify any and all issues that need to be addressed before the warranty period ends. This will ensure the client receives a final product that meets the intent of the program and use originally envisioned.

These are just a few of the post punch list items we are prepared to provide, though we are cognizant of the challenges many clients face when occupying a new space. As a result, we take great pride in making ourselves available for any challenge that OCERS may face and will work diligently to assist in the resolution thereof.

SCHOOLSFIRST FEDERAL CREDIT UNION HQ

COUNTY OF ORANGE CIVIC CENTER

8. APPENDIX

WATSONVILLE CIVIC CENTER, CA

Exhibit A

MINIMUM QUALIFICATIONS CERTIFICATION

All firms submitting a proposal in response to this RFP are required to sign and return this attachment, along with written evidence of how the respondent meets each qualification.

The undersigned hereby certifies that it fulfills the minimum qualifications outlined below, as well as the requirements contained in the RFP.

Minimum Qualifications include:

1. Firm's experience on vertical construction OR/PM work on public works projects of similar size and scope.
2. Firm's ability and availability to begin work upon contract.
3. Firm's record of timely project delivery.

The undersigned hereby certifies that they are an individual authorized to bind the Firm contractually, and said signature authorizes verification of this information.

Authorized Signature

June 16, 2023

Date

Roger Torriero, Chief Executive Officer & Principal-In-Charge

Name and Title (please print)

Griffin Structures, Inc.

Name of Firm

Exhibit B

PROPOSAL COVER PAGE AND CHECKLIST

(TO BE SUBMITTED ON FIRM'S LETTERHEAD)

Respondent Name: Griffin Structures, Inc.

Respondent Address: 1 Technology Drive, Building i, Suite 829, Irvine, CA 92618

By submitting this response, the undersigned hereby affirms and represents that they have reviewed the proposal requirements and have submitted a complete and accurate response to the best of their knowledge. By signing below, I hereby affirm that the respondent has reviewed the entire RFP and intends to comply with all requirements.

Respondent specifically acknowledges the following:

1. Respondent possesses the required technical expertise and has sufficient capacity to provide the services outlined in the RFP.
2. Respondent has no unresolved questions regarding the RFP and believes that there are no ambiguities in the scope of services.
3. The fee schedule submitted in response to the RFP is for the entire scope of services and no extra charges or expenses will be paid by OCERS.
4. Respondent has completely disclosed to OCERS all facts bearing upon any possible interests, direct or indirect, that Respondent believes any member of OCERS, or other officer, agent, or employee of OCERS presently has, or will have, in this contract, or in the performance thereof, or in any portion of the profits thereunder.
5. Materials contained in the proposal and all correspondence and written questions submitted during the RFP process are subject to disclosure pursuant to the California Public Records Act.
6. Respondent is not currently under investigation by any state of federal regulatory agency for any reason.
7. Except as specifically noted in the proposal, respondent agrees to all of the terms and conditions included in OCERS Services Agreement.
8. The signatory below is authorized to bind the respondent contractually.

With exception to our proposed revisions contained within our Appendix, we are ready to comply with the requirements set forth in the RFP and Sample Master Services Agreement.

Conflict of Interest

None.

Litigation

None.

Exceptions

We have reviewed OCERS' Sample Master Services Agreement and have included the proposed exceptions and deviations below.

- We respectfully request the following language be added after the last sentence of Section 2.3.2. "Consultant reserves the right to assess 1 1/2 % per month (18% per year) service charge on any unpaid balances over 60 days."
- In Section 2.4.10 we request this section be deleted as it appears tailored to ongoing financial accounting services.
- In Section 2.7.2 we request to remove “agents”
- In Section 2.7.2 we request to remove “agents and volunteers”.
- In Section 2.7.2 (e) we request to remove this section as it appears specific to financial services.
- In Section 2.7.2 (f) we request to remove “agents and volunteers” at both locations.
- In Section 2.7.3 we request to remove “agents and volunteers” at 3 locations.
- In Section 2.7.3 (a) (i) we request to remove “agents and volunteers”.
- In Section 2.7.3 (iv) we request to delete “or reduced in coverage or limits” and “certified mail, return receipt requested”. Griffin can agree to do these things, but our insurance carriers will not provide this level of notification.

We respectfully request, and welcome, the opportunity to review and discuss the above comments with OCERS and its legal counsel as soon as possible. Thank you.

CORPORATE HEADQUARTERS

1 TECHNOLOGY DRIVE
BUILDING I SUITE 829
IRVINE, CA 92618
949 497 9000

NORTHERN CALIFORNIA OFFICE

1850 WARBURTON AVENUE
SUITE 120
SANTA CLARA, CA 95050
408 955 0431

REVISED

GRIFFIN STRUCTURES FEE PROPOSAL

NEW HEADQUARTERS PROJECT

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM (OCERS)

08/14/2023

Griffin Structures' Fee Proposal is based on all reasonable costs necessary to perform OCERS Owner's Representative / Program Manager Services for its New Headquarters Project. For these requisite services, Griffin Structures proposes the following Fixed Fee:

Monthly Fixed Fee:	$ 53,171
Project Duration (Months):	41
Total	**$ 2,180,011**

Services are based on the attached 41-month schedule which provides detail on the phases of the project. Any extension of the schedule or services may result in an additional fee, in good faith negotiation with OCERS.

APPROACH TO PROJECT SCHEDULE

NOTE: In order to develop a responsible fee proposal, it was necessary to create a related schedule. For purposes of this proposal, Griffin assumed the Progressive Design-Build form of project delivery. Accordingly, this proposal is predicated on this delivery methodology.

This proposal assumes the following schedule as illustrated in the attached:

Phase 1 – Due Diligence & DBE Solicitation: September 2023 thru April 2024 (8 Months)

Phase 2 – Design Development & GMP Execution: May 2024 thru April 2025 (12 Months)

Phase 3 – Construction Documents, Permitting, & Construction: May 2025 thru October 2026 (18 Months)

Phase 4 – Closeout & Move In: November 2026 thru January 2027 (3 Months)

QUALIFICATIONS & EXCLUSIONS

1. This proposal assumes a Fixed Fee of $53,171 per month for 41 months, August 2023 through January 2027. Any extension of the contract beyond December 2026 will be negotiated in good faith with OCERS.

2. On-site trailer rental, furniture, utilities, and sanitary facilities for our field staff (Project Management team) are excluded. We assume that offices will be provided as part of the construction site trailer(s) being provided by OCERS' contractor or within OCERS current headquarters.

3. Costs for all permits required for the project are excluded. It is assumed that OCERS will pay for all permitting fees, assessments, easements, school fees, and other agency or governmental fees or costs to support the design and construction of the project. We have not included any permit related fees within our fee proposal.

4. Costs for surveying, construction staking, environmental and hazardous materials surveys, and all remediation costs are excluded.

5. Software licenses or user fees for specific project management software being required by either OCERS or its contractor(s) is excluded.

6. Cost of bulk blueprinting for plans and specifications for use by the contractors and subcontractors is excluded. Funds included in reimbursable expenses are for Griffin printing costs alone.

7. Wage Compliance Program including Certified Payroll auditing, field interviews, or reporting is excluded. Based on State Law SB 854, it is assumed that the Dept. of Industrial Relations (DIR) will manage this effort at the State level. Griffin will seek to enforce the Contractor registration requirements stipulated by the DIR.

8. Independent or third-party testing companies such as Roofing, Peer Reviews, LEED, or other specialized third-party oversight services other than those listed herein are excluded. Griffin will oversee and manage the procurement of necessary 3rd party services, but we have not included the cost of those services in our proposal.

9. Geotechnical services are excluded from this proposal. Griffin will manage the Geotechnical solicitation and oversee the performance of their services, but this proposal does not include the services of a Geotechnical Engineer.

10. Excludes any services related to grant or funding application(s).

11. Commissioning requirements required by Cal Green (Title 24) are excluded. Griffin will manage the commissioning process, but we have not included a commissioning agent, nor development of commissioning specification.

12. No FF&E or OS&E selection or purchasing services are included in this proposal. Griffin will oversee the FF&E services provided by others under direct contract with either the Design Build Entity (DBE) or OCERS.

13. 24-hour site security is excluded.

14. Griffin will review all RFI's, Submittals, and Substitutions for completeness, approvals to be executed by the designer of record.

15. For document tracking control, Griffin has included the use of "Submittal Exchange" for managing construction documentation, and based the hours allocated in this proposal accordingly. The cost of "Submittal Exchange" is included in our Fixed Fee.

16. This proposal does not include an independent Inspector of Record (IOR). All City Building Dept. Permit Inspections are assumed to be performed by the City Building Department.

17. Construction Cost Estimates, when provided, are based on standard industry practice, professional experience and knowledge of market conditions. Griffin has no control over material and labor costs, contractor's methods of establishing prices or the market and bidding conditions at the time of bid. Therefore, Griffin does not guarantee that bids received will not vary from the cost estimate provided.

18. Griffin is not responsible for, and OCERS will hold Griffin harmless from, any schedule delays and/or any losses, damages, or liabilities resulting therefrom that are caused by (1) events or conditions that are outside of Griffin's control or (2) the acts or omissions of parties for whom Griffin is not legally liable (collectively, "Non-Consultant Delays"). The schedule for completion will be extended for any Non-Consultant Delays. If Griffin incurs additional costs or expenses due to Non-Consultant Delays, then Griffin's fee compensation will be equitably adjusted to cover such additional costs or expenses.

19. Certified Accessibility Specialist (CASp) review and inspection services are excluded. CASp services will be provided by the Design Build Entity

20. All inspections related to SWPPP will be performed on a Quality Assurance basis. The Qualified Service Designer (QSD) and the Qualified Service Practitioner (QSP) will be provided by the Design Build Entity and its Contractor will be legally responsible for all Best Management Practice's (BMP's) related to SWPPP.

21. All inspections related to construction safety will be performed on a Quality Assurance basis. All safety and OSHA requirements will be the responsibility of OCERS' Contractor and their safety officer.

22. This Proposal includes the management of the CEQA process but does not include the retention by Consultant of a CEQA consultant. It is assumed this project is consistent with the City and City's General and/or Specific Plan and that any CEQA approvals will be achieved through a Mitigated Negative Declaration. Final determination of CEQA requirements will be issued by the City of Santa Ana as the jurisdictional authority.

REVISED

Schedule

Please find a detailed explanation regarding this schedule within the following pages of this section.

ASSUMES PROGRESSIVE DESIGN-BUILD DELIVERY

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
AGREEMENT FOR SERVICES

This Agreement for Services ("Agreement") is entered into this ____ day of **August, 2023** (the "Effective Date") by and between the Orange County Employees Retirement System, ("OCERS") and **Griffin Structures Inc.** ("Consultant"). OCERS and Consultant are sometimes individually referred to as "Party" and collectively as "Parties." The Parties hereby agree as follows:

1. PURPOSE.

1.1 Project.

Consultant desires to perform and assume responsibility for the provision of, and OCERS desires to engage Consultant to render, services as the Owner's Representative/Program Manager of the OCERS headquarters Project on the terms and conditions set forth in this Agreement and its attached exhibits.

2. TERMS.

2.1 Scope of Services. Consultant promises and agrees to furnish to OCERS all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately perform all services contemplated by this Agreement ("Services"), as more particularly described in the attached **Exhibit "A"** ("Scope of Services"). All Services shall be subject to, and performed in accordance with, this Agreement, Consultant's standard of care, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state, and federal laws, rules, and regulations. Consultant represents and warrants to OCERS that Consultant will perform the Services in a professional and workmanlike manner, in accordance with industry standards and practices used in well-managed operations performing services similar to the Services.

2.2 Term. The term of this Agreement will commence upon the Effective Date and will continue for **forty-one (41)** months from the Effective Date ("Term"), unless earlier terminated as provided herein. The Parties may, by mutual written agreement, extend the Term for up to six (6) months.

2.3 Consideration.

2.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement as set forth in **Exhibit "B"** ("Fee Schedule").

2.3.2 Invoices and Payment. Consultant shall submit to OCERS monthly itemized invoices as required by the Fee Schedule. OCERS shall pay all approved charges within net thirty (30) days of receiving such invoice. Consultant reserves the right to assess 1 1/2 % per month (18% per year) service charge on any unpaid balances over 60 days.

2.3.3 Extra Work. At any time during the term of this Agreement, OCERS may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by OCERS to be necessary for the proper completion of the Services, but which the Parties did not reasonably anticipate would be necessary as of the Effective Date. Consultant shall not perform, nor be compensated for, Extra Work without written authorization by OCERS. Extra Work, if authorized, will be compensated in accordance with mutually acceptable terms and conditions. .

2.4 Responsibilities of Consultant.

2.4.1 Independent Consultant. The Services shall be performed by Consultant or by Consultant's employees under Consultant's supervision. Consultant will determine the means, methods, and details of performing the Services subject to the requirements of this Agreement. Consultant is an independent Consultant and not an employee of OCERS. Except as OCERS may agree in writing, Consultant shall have no authority, expressed or implied, to act on behalf of OCERS in any capacity whatsoever as an agent of OCERS. Any additional personnel performing the Services under this Agreement on behalf of Consultant will also not be employees of OCERS and will at all times be under Consultant's exclusive direction and control.

2.4.2 Payment of Subordinates. Consultant will pay all wages, salaries, and other amounts due its personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Consultant will bear the sole responsibility and liability for furnishing Workers' Compensation benefits to all such personnel for injuries arising from or connected with the Services.

2.4.3 Licensing. Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications, and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement.

2.4.4 Conformance to Applicable Requirements. All Services performed by Consultant shall be subject to the approval of OCERS.

2.4.5 Substitution of Key Personnel. Consultant has represented to OCERS that certain key personnel will perform and coordinate the Services under this Agreement ("Key Personnel"). The Key Personnel assigned to this Agreement are identified in the attached **Exhibit "C"** ("Key Personnel"). Key Personnel will be available to perform Services under the terms and conditions of this Agreement immediately upon commencement of the term of this Agreement. If one or more of such Key Personnel becomes unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of OCERS. Consultant shall provide OCERS written notification detailing the circumstances of the unavailability of the Key Personnel and designating replacement personnel prior to the effective date of the unavailability of such Key Personnel, to the maximum extent feasible, but no later than five (5) business days after the date of the Key Personnel's unavailability. OCERS will have the right to approve or disapprove the reassignment or substitution of Key Personnel for any reason at OCERS' sole discretion. In the event that OCERS and Consultant cannot agree as to the substitution of Key Personnel, OCERS will be entitled to terminate this Agreement for convenience.

2.4.6 Removal of Key Personnel. Consultant agrees to remove any Key Personnel from performing Services under this Agreement within twenty-four (24) hours or as soon thereafter as is practicable if reasonably requested to do so by the OCERS.

2.4.7 Agreement Not To Hire Covered Employees. OCERS acknowledges and agrees that Consultant has invested considerable time and money that would be difficult to quantify in the training and development of its employees. Therefore, without receiving the Consultant's prior written permission, Client agrees to not hire, retain or contract with any employee ("covered employee") of Consultant who performs any services for Client under this Agreement for a period of two (2) years following the date this Agreement is terminated or for two (2) years following the separation of a covered employee from the Consultant's *employment.*

2.4.8 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules, and regulations, Consultant shall be solely responsible for all costs arising therefrom.

2.4.9 Labor Code Provisions. Consultant agrees to comply with the provisions of Section 2.4.8 to the extent that they are applicable to Consultant's performance of the Services.

(a) Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall comply with all prevailing wage requirements under the California

Labor Code and Consultant shall forfeit as penalty to OCERS a sum of not more than $200 for each calendar day, or portion thereof, for each worker paid less than the prevailing rates. This penalty shall be in addition to any shortfall in wages paid. OCERS has obtained the general prevailing rate of wages, as determined by the Director of the Department of Industrial Relations ("DIR"), a copy of which is on file in OCERS's office and shall be made available for viewing to any interested party upon request. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Services available to interested parties upon request and shall post copies at the Consultant's principal place of business and at the site where Services are performed.

(b) Registration and Labor Compliance. If the Services are being performed as part of an applicable "public works" or "maintenance" project, then, in addition to the foregoing, pursuant to Labor Code sections 1725.5 and 1771.1, Consultant and all subconsultants must be registered with the DIR. Consultant shall maintain registration for the duration of this Agreement and require the same of any subconsultants. The Services may also be subject to compliance monitoring and enforcement by the DIR. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

(c) Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and agrees to comply with such provisions before commencing the performance of the Services.

2.4.10 Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of OCERS during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of two (2) years from the date of final payment under this Agreement.

2.5 Representatives of the Parties.

2.5.1 OCERS' Representative. OCERS hereby designates Brenda Shott, Assistant Chief Executive Office of Finance & Internal Operations, to act as its representative for the performance of this Agreement ("OCERS' Representative"). Consultant shall not accept direction or orders from any person other than the OCERS' Representative.

2.5.2 Consultant's Representative. Consultant hereby designates **Jon Hughes, President**, or their designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct performance of the Services, in accordance with the standard of care, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

2.6 Indemnification.

To the fullest extent permitted by law, Consultant shall indemnify and hold OCERS, the members of the OCERS Board of Retirement (each a "Board member"), and OCERS' officials, officers, and employees, free and harmless from any and all third party claims, demands, causes of action, suits, expenses, liabilities, losses, damages, or injury of any kind, in law or equity, to property or persons, including wrongful death (collectively, "Indemnity Claims"), to the extent arising out of, pertaining to, or incident to any negligent act, error or omission, intentional misconduct, or breach of this Agreement by Consultant, its officials, officers, employees, subconsultants, contractors, or agents in connection with the performance of the Services, or this Agreement, including attorneys' fees and costs, including expert witness fees. Consultant's duty to indemnify does not extend to the Indemnity Claims caused by OCERS' sole negligence or willful misconduct.

To the extent covered by insurance, Consultant shall immediately defend, with legal counsel reasonably agreed to by OCERS and at Consultant's own cost, expense, and risk, any Indemnity Claims; excluding, however, such claims arising from OCERS' sole negligence or willful misconduct. Consultant shall control the defense or settlement of any such action, except that Consultant will not have the right to settle or compromise the claim without the consent of OCERS. Consultant shall pay and satisfy Consultant's proportionate share (based on a court ruling as to percentage of fault) of any judgment, award, or decree that may be rendered against OCERS or its Board members, officials, officers, and employees as part of any Indemnity Claim(s). Consultant shall also reimburse OCERS for Consultant's proportionate share of the cost of any settlement paid by OCERS or its Board members, officials, officers, or employees as part of any Indemnity Claim. Such reimbursement shall include payment for OCERS' attorneys' fees and costs, including expert witness fees. Consultant's obligation to defend and indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by OCERS, its Board, officials, officers, or employees. If Consultant does not have a duty to provide an immediate defense (because it is not covered by applicable insurance), then Consultant will reimburse OCERS a proportionate share of attorneys' fees and costs incurred by OCERS in defending against the Indemnified Claim.

Notwithstanding the foregoing, to the extent the Services are subject to Civil Code Section 2782.8, the above indemnity and duty to defend shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

2.7 Insurance.

2.7.1 Time for Compliance. Consultant shall not commence work under this Agreement until it has provided evidence satisfactory to OCERS that it has secured all insurance required under this Section 2.7. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until Consultant has provided evidence satisfactory to OCERS that the subconsultant has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the OCERS to terminate this Agreement for cause.

2.7.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its representatives, employees, or subconsultants. Consultant shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) Commercial General Liability. These policies shall include OCERS, and its board members, officers, and employees, as an additional insured on a blanket basis and be primary and not contributory to any policy maintained by OCERS. Consultant shall maintain limits no less than two million dollars ($2,000,000) per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury, and property damage.

(b) Automobile Liability. Business automobile liability insurance insuring all owned, non-owned, and hired automobiles, in the amount of one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

(c) Workers' Compensation and Employer's Liability Insurance. Consultant shall maintain Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount no less than one million dollars ($1,000,000) per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against OCERS, its Board of Trustees, officials, officers, and employees for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(d) Professional Liability. Consultant shall procure and maintain, and require its subconsultants to procure and maintain, for a period of three (3) years following the termination or expiration of this Agreement, errors and omissions liability insurance appropriate to their profession covering Consultant's professional negligence. The retroactive date (if any) is to be no later than the effective date of this Agreement. Consultant shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. Such insurance shall be in an amount not less than two million dollars ($2,000,000) per claim.

(e) Excess Liability. The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess coverage shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of OCERS (if agreed to in a written contract or agreement) before OCERS's own primary or self-Insurance shall be called upon to protect it as a named insured. The policy shall be endorsed to state that OCERS, its Board, officials, officers, and employees shall be covered as additional insured. The coverage shall contain no special limitations on the scope of protection afforded to OCERS, its Board, officials, officers, and employees.

2.7.3 All Coverages. The general liability and automobile liability policy shall include or be endorsed to state that: (1) OCERS, its Board, officials, officers, and employees shall be covered as additional insured with respect to work by or on behalf of the Consultant, including materials, parts, or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the OCERS, its directors, officials, officers, and employees , or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by OCERS, its Board members, officials, officers, and employees shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(a) The insurance policies required above shall contain or be endorsed to contain the following specific provisions:

(i) The policies shall contain a waiver of transfer rights of recovery ("waiver of subrogation") against OCERS, its Board members, officers, and employees for any claims arising out of the work of Consultant.

(ii) Policies may provide coverage which contains deductible or self-insured retentions. Consultant shall be solely responsible for deductible and/or self-insured retention. The insurance policies that contain deductibles or self-insured retentions in excess of $25,000 per occurrence shall not be acceptable without the prior approval of OCERS.

(iii) Prior to start of work under this Agreement, Consultant shall file with OCERS evidence of insurance as required above from an insurer or insurers certifying to the required coverage. The coverage shall be evidenced on a certificate of insurance signed by an authorized representative of the insurer(s).

(iv) Consultant shall notify OCERS in writing as soon as possible if any policy required by this section is cancelled or otherwise terminated or there is a reduction in coverage or in limits.

(v) Insurance required by this Agreement shall be placed with insurers licensed by the State of California to transact insurance business of the types required herein or be a surplus line carrier that is eligible to issue insurance policies pursuant to California Insurance Code Sections 1765.1 and 1765.2 (i.e., listed on the California Department of Insurance List of Approved Surplus Line Insurers [http://www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm], is an "eligible carrier" [carriers who have met the standards set forth in California Insurance Code Section 1765.1 and the NRRA], or surplus line carriers that are non-U.S. domiciled ("alien") non-admitted insurers and are listed on the Quarterly Listing of Alien Insurers issued by the NAIC's International Insurers Department]). Each insurer shall have a current Best Insurance Guide rating of not less than A: VII unless prior approval is secured from OCERS as to the use of such insurer.

(vi) Consultant shall include all subconsultants as insureds under its policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein.

2.7.4 Reporting of Claims. Consultant shall report to OCERS, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

2.8 Termination of Agreement. OCERS may, by written notice to Consultant, terminate the whole or any part of this Agreement without liability to OCERS if Consultant fails to perform or breaches any of the terms contained herein if Consultant fails to promptly cure such default after notice. In addition, either Party may terminate this Agreement for any reason or for no reason on thirty (30) days' written notice to the other Party. Upon termination, Consultant shall be compensated only for those Services and reimbursable expenses that have been incurred, performed, and delivered to OCERS' reasonable satisfaction, and Consultant shall be entitled to no further compensation.

2.9 Ownership of Materials and Confidentiality.

2.9.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for OCERS to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data") for use solely with respect to the Project. It is the intent of the parties that, upon payment for the Documents & Data, OCERS will have the rights to use such Documents & Data as a whole for use on this Project (subject to the other conditions set forth in this Section 2.9.1), but Consultant will continue to have the right to use, reproduce, create derivatives from, or otherwise deploy individual components of the Documents & Data, so long as such use, reproduction, derivation, or deployment does not individually or in combination produce a work product substantially similar to the Documents & Data. Consultant shall deliver to OCERS on demand or upon the termination or expiration of this Agreement, all such Documents & Data. If OCERS uses any of the data, reports, and documents furnished or prepared by Consultant for use in Services other than as shown on Exhibit A (including, but not limited to, use on any other project, use without Consultant's participation, or modifications made to such data, reports, and documents), Consultant shall be released from responsibility to OCERS and third parties concerning the use of the data, reports, and documents, and OCERS shall indemnify, defend, and hold Consultant harmless from liability and damages arising from such use. Consultant may retain copies of the materials. OCERS may use or reuse the materials prepared by Consultant without additional compensation to Consultant.

2.9.2 Confidential Information. Any financial, statistical, personal, technical, and other data and information relating to a Party's operations which are made available to the other Party in order to carry out this Agreement shall be reasonably protected by such other Party from unauthorized use, except to the extent that disclosure thereof is required to comply with applicable law, including the California Public Records Act. The disclosing Party shall identify all confidential data and information at the time it is provided. Confidentiality does not apply to information which is known to a receiving Party from other sources, which is otherwise publicly available, or which is required to be disclosed pursuant to an order or requirements of a regulatory body or a court.

2.9.3 Customer Data. Consultant acknowledges that it may receive confidential information from OCERS or otherwise in connection with this Agreement or the performance of the Services, including personally identifiable information of OCERS' customers ("Customer Data"). Except for information in the public domain, unless such information falls into the public domain by disclosure or other acts of OCERS or through the fault of OCERS, Consultant agrees:

(a) To maintain Customer Data in confidence;

(b) Not to use Customer Data other than in the course of this Agreement;

(c) Not to disclose or release Customer Data except on a need-to-know only basis;

(d) Not to disclose or release Customer Data to any third person without the prior written consent of OCERS, except for authorized employees or agents of Consultant;

(e) To promptly notify OCERS in writing of any unauthorized release of confidential information, including Customer Data;

(f) To take all appropriate action, whether by instruction, agreement or otherwise, to ensure that third persons with access to the information under the direction or control or in any contractual privity with Consultant, do not disclose or use, directly or indirectly, for any purpose other than for performing the Services during or after the term of this Agreement, any confidential information, including Customer Data, without first obtaining the written consent of OCERS;

(g) Upon request by OCERS and upon the termination or expiration of this Agreement for any reason, Consultant shall promptly return to OCERS all copies, whether in written, electronic, or other form or media, of Customer Data in its possession or in the possession of its employees or agents, or securely dispose of all such copies, and certify in writing to OCERS that such Customer Data has been returned to OCERS or disposed of securely; and

(h) That the requirements in this Section 2.9.3 shall survive the expiration or termination of this Agreement.

2.9.4 Disclosure. Except as may be required by applicable law, neither Party shall make any disclosure of any designated confidential information related to this Agreement without the specific prior written approval from the other of the content to be disclosed and the form in which it is disclosed, except for such disclosures to the Parties' financing sources, other secured parties, creditors, beneficiaries, partners, members, officers, employees, agents, consultants, attorneys, accountants, and exchange facilitators as may be necessary to permit each Party to perform its obligations hereunder and as required to comply with applicable laws or rules of any exchange upon which a Party's shares may be traded. Notwithstanding the foregoing, nothing contained herein shall be deemed to restrict or prohibit OCERS from complying with applicable law regarding disclosure of information, including the California Public Records Act.

2.9.5 Publicity. Consultant shall not use OCERS' name or insignia, photographs of OCERS property, or any publicity pertaining to the Services in any advertisement, magazine, trade paper, newspaper, television, or radio production, or other similar medium without the prior written consent of OCERS.

2.10 Subcontracting/Subconsulting.

2.10.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of OCERS. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Consultant will be solely responsible for the payment of all subconsultants and other third parties engaged by or through Consultant to provide, perform, or assist in the provision and delivery of the Services.

3. General Provisions.

3.1.1 Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

OCERS:	**Consultant:**
Orange County Employees Retirement System **P.O Box 1229** **Santa Ana, CA 92702** **Attention: Jim Doezie** **e-mail: jdoezie@ocers.org**	Griffin Structures 1 Technology Drive, suite I 829 Irvine, CA 92618 Attention: Jon Hughes jhughes@griffinstructures.com

Such notice shall be deemed made when personally delivered or when mailed, upon deposit in the U.S. Mail, first class postage prepaid and registered or certified addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.1.2 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subConsultant, employee, or applicant for employment because of race, religion, color, national origin, ethnic group identification, mental disability, physical disability, medical condition, genetic information, marital status, ancestry, sex, gender, sexual orientation, gender identity, gender expression, age, or military and veteran status. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, or termination.

3.1.3 Time of Essence. Time is of the essence for each and every provision of this Agreement. The acceptance of late performance shall not waive the right to claim damages for such breach nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

3.1.4 OCERS' Right to Employ Other Consultants. OCERS reserves the right to employ other Consultants in connection with the Services.

3.1.5 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.1.6 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of OCERS.

3.1.7 Amendment. This Agreement may not be altered or amended except in a writing signed by both Parties.

3.1.8 Waiver. All waivers under this Agreement must be in writing to be effective. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition.

3.1.9 No Third Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

3.1.10 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.1.11 Governing Law; Venue. This Agreement shall be governed by the laws of the State of California. The exclusive venue for any dispute arising out of or relating to this Agreement shall be in Orange County, California.

3.1.12 Attorneys' Fees. If either Party commences an action against the other Party, either legal, administrative, or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.1.13 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.1.14 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.1.15 Integration. This Agreement represents the entire understanding of OCERS and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. Neither Party shall be deemed to be the drafter of this Agreement and no presumption for or against the drafter shall be applicable in interpreting or enforcing this Agreement.

3.1.16 Interpretation. This Agreement has been negotiated at arm's length and between parties sophisticated and knowledgeable in the matters dealt with in this Agreement. Each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including, without limitation, California's Civil Code Section 1654) or legal decisions that would require interpretation of any ambiguities in this Agreement against the party that has drafted it shall not be applicable and are hereby waived. The provisions of the Agreement shall be interpreted in a reasonable manner to effectuate the purpose of the Parties and this Agreement.

3.1.17 **Dispute Resolution.** The Parties agree to make a good faith attempt to resolve any and all controversies, claims, disagreements, or disputes between the Parties arising out of or related to this Agreement ("Dispute"). In the event of any Dispute, either Party may give notice of the Dispute to the other Party. The Parties shall first use good faith, reasonable, diligent efforts to resolve the Dispute within ninety (90) days from the date of such notice. Prior to and as a condition of either Party's filing suit in state or federal court, the Parties shall submit to mediation before a mutually agreed upon mediator. In the event the Dispute is not resolved through mediation, the Parties may pursue their legal rights through any other legally permissible means.

3.1.18 Precedence. In the event of any conflict, inconsistency, or ambiguity between the terms and conditions in the main body of this Agreement and the terms and conditions in any exhibit, the main body of this Agreement shall control. This Agreement and all attached exhibits will be construed to be consistent, insofar as reasonably possible. When interpreting this Agreement, precedence shall be given to its respective parts and amendments in the following descending order:

(a) Amendments to this Agreement entered into pursuant to Section 3.1.7 herein.
(b) This Agreement.
(c) Exhibit A: Scope of Services, Exhibit B: Fee Schedule, and Exhibit C: Key Personnel.
(d) OCERS Request for Proposal dated May 2023 attached as Exhibit "D".
(e) Consultant's Response to OCERS Request for Proposal, attached as Exhibit "E".

IN WITNESS WHEREOF, the Parties hereby have caused this Agreement to be executed on the Effective Date:

APPROVED:	APPROVED:
OCERS	**Griffin Structures, Inc.**
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________
By: ______________________	
Name: ______________________	
Title: ______________________	

EXHIBIT A
SCOPE OF SERVICES

Starting on the Effective Date, and continuing during the Term, Consultant will perform the Services in accordance with the terms of the Agreement. The Services consist of:

Serving as the Owner's representative on behalf of OCERS from the start of planning, including the needs assessment, planning, and programming, through the design and construction phases through building occupancy, and punch list completion as further described in the phases below and reflected in the attached Master Project Schedule and Master Project Budget, which is attached hereto as [Attachment A1]. Consultant shall at all times ensure that all Services are performed consistent with the OCERS' approved Master Project Schedule and Master Project Budget unless otherwise authorized in writing by OCERS Representative set forth in Section 2.5.1 of the Agreement.

1) Initial Planning Phase

   a) Develop and agree upon the Master Project Schedule and Master Project Budget

      i) Consultant shall ensure that the Master Project Schedule provides OCERS with a reasonable time to review each deliverable prior to the deadline for any acceptance or approval.

   b) Per Attachment A1 Project Schedule, the initial planning stage shall include the following:

      i) Needs Assessment and Programming:

         (1) Project Orientation and Kick off Meeting

         (2) Data Collection and Review

         (3) Staff Projections

         (4) Space Projections

         (5) Deliverables

            (a) Compile all collected data and analysis into a comprehensive programming deliverable.

            (b) Provide a document that can be used for solicitation of a progressive design-build entity.

(c) Ensure the programming deliverable supports OCERS' needs assessment process.

(d) Include recommendations for progressive design concepts and space planning approaches.

ii) Design Build Entity Solicitation and Procurement:

(1) Site Due diligence

(2) Develop Progressive Design Build RFP

(3) Manage the solicitation process including serving as primary point of contact answering bidder questions, issuing bid addenda, reviewing proposer submissions, coordinating OCERS staff reviews, and making recommendations to client.

(4) Coordinate respondent interview process

(5) Evaluate bidder cost proposals

(6) Make recommendations for award

(7) Coordinate and negotiate contract with successful bidder.

c) Develop an agreement on OCERS' decision-making process/authority to be used throughout the project (approval needed by Board, Building Committee or Staff)

d) Provide professional advice and recommendations on how OCERS can most effectively and timely complete the design and construction of the Project through one or more delivery method options in a simple, transparent and easily understood manner for communication to OCERS' various stakeholders.

e) Consultant will assist with the procurement of but that OCERS will actually enter into vs. which contracts will be procured by/through Consultant as subs and/or Design Builder (DBE) and develop an agreed upon schedule/budget for same, include any third party design/construction support providers, i.e. inspectors, testing labs, engineers, commissioning consultant etc.).Third party consultants may include, but are not limited to:

i) Geotechnical services

ii) Special Inspections and Laboratory Testing

iii) Environmental Consultant(s)

iv) Cultural / Archeological Resources

v) Commissioning Agent

vi) Moving Company

vii) Specialty Low Voltage Systems (Audio Visual, Access Controls, Data Cabling)

viii) Soils Analysis

ix) Dry Utility Consultant

x) FF&E Purchasing Agent

xi) FF&E Installation

xii) Any consultant service deemed necessary based on project needs in close coordination with OCERS

Final list of third-party consultants to be determined once a final scope is agreed upon for the Design Build Entity, in close coordination and communication with OCERS.

f) Advise on how best to solicit and procure the additional design/construction contracts necessary to complete the Project and the timing of such to achieve least cost and maximum efficiency.

g) Prepare specifications and solicitation documents, advertise, evaluate, and recommend all necessary design professionals, subconsultants, Consultants, vendors, and suppliers work packages including FF&E and Commissioning for competitive procurements consistent with OCERS standard policies and all applicable laws.

2) Design Development Phase

a) Provide/Arrange for OCERS to solicit, procure, and manage all A&E and/or other specialized services necessary to prepare the documents and engineering studies (geotechnical, pavement structural sections, hydraulics and hydrology, water demand, sewer demand, trip generation, cultural resources, WQMP, A.I.C., Initial Study, Use Permits, etc.) required by the City and/or other applicable governing agencies to secure City Planning Commission approval. Identify if any such services will be self-performed and/or if portions of such services will be provided through a sub-consultant to the extent permissible by applicable law.

b) Consultant to report upon agreed key milestones/schedule metrics at minimum as described in Attachment A1, which includes:

i) Needs Assessment and Programming Review

ii) Due Diligence Review

iii) Statement of Probable Cost Review

iv) DBE Solicitation Review

v) Schematic Design Review, including design, cost, and schedule

vi) Design Development Review, including design, cost and schedule

vii) GMP Negotiations and Review

viii) Construction Document Review, including design, cost and schedule

ix) Ongoing Project Reviews during construction through to closeout

x) Any interim reviews deemed necessary based on project developments in close coordination with OCERS

c) If progressive DBE method is used, ensure DBE contract contains appropriate language to require design development process to adhere to OCERS desired budget and stakeholder input process.

d) Provide Consultants value engineering/constructability review deliverables/metrics and schedule.

e) Coordinate with Verizon Wireless to incorporate relevant information, including the preparation, processing, and approval of easement documents, of their cell tower relocation work onto the Project's site plans, environmental documents, etc.

3) Construction Phase

a) Provide/Arrange for OCERS to solicit, procure, and manage all construction services necessary to complete the Project, including, but not limited to advising, assisting, and coordinating construction activities necessary to move the project from commencement of construction to punch list completion through the achievement of plant and landscaping maintenance periods.

b) If a progressive DBE delivery method is used, agree upon and deliver the schedule and budget tracking efforts of Contractor including deliverables/metrics.

c) Consultant's desired construction administration plan including meetings, process, etc., as well as any OCERS required Board or other management level processes.

4) Closeout and Occupancy

a) Consultant to develop/provide takeover and occupancy plan to be approved by OCERS with appropriate deliverables metrics.

b) Provide/Arrange for OCERS to solicit, procure, and manage all services necessary to complete the Project, including, but not limited to advising, assisting, and coordinating activities necessary to complete the punch list, building commissioning and to achieving plant and landscaping maintenance period.

c) Provide/Arrange for OCERS to enforce warranty, guarantee, and/or other post construction remedies necessary to ensure appropriate correction of any defective/incomplete/warranty repairs.

5) General Requirements:

a) Advise and provide design and construction consulting and assist OCERS with identifying project challenges and constraints prior to design and construction commencing as well as when they occur.

b) Provide professional analysis, assessment, and projections of cost savings achieved through energy-efficient design features.

c) Value engineer alternate methods and building systems and provide detailed analysis of options for review and approval by OCERS throughout the Project duration.

d) Provide schedules, supporting documents, cost validations, and/or detailed analysis to support the project scope, schedule, budget, design, or sub-contracts and other recommendations. In addition, provide independent verification of all such information provided by design and construction team related to these same Project deliverables from those entities.

e) Represent OCERS at community and city meetings.

f) Prepare monthly update progress reports.

g) Present progress reports to OCERS' Building Committee and/or the Board of Retirement as requested.

h) Prepare final reports.

Attachment A1: Project Schedule

Schedule

Please find a detailed explanation regarding this schedule within the following pages of this section.

ASSUMES PROGRESSIVE DESIGN-BUILD DELIVERY

A-1

EXHIBIT B
FEE SCHEDULE

1. **Fees and Expenses.** Consultant agrees to accept the compensation set forth in this Exhibit B as full payment for performing all Services, including all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the Services, for risks connected with the Services, and for performance by Consultant of all its duties and obligations under the Agreement. OCERS will pay the following fees in accordance with the provisions of this Agreement:

2. **Fee Schedule:**

   Fixed fee of $53,171 per month for 41 months totaling $2,180,011

3. **Consultant Payment Terms – Payment in Arrears:** Invoices are to be submitted in arrears to OCERS unless otherwise directed in this Agreement. Payment by OCERS will be net thirty (30) days after receipt and approval of an invoice in a format acceptable to OCERS. Consultant reserves the right to assess 1 1/2 % per month (18% per year) service charge on any unpaid balances over 60 days.

4. **Payment – Invoicing Instructions:** Consultant will provide an invoice on the Consultant's letterhead for services rendered under this Agreement. Each invoice will have a number and will include the following information:

   a. Consultant's name and address
   b. Consultant's remittance address
   c. Consultant's Taxpayer ID Number
   d. Name of OCERS Agency/Department
   e. Delivery/service address
   f. Agency/Department's Account Number
   g. Date of invoice
   h. Description and price of services provided
   i. Sales tax, if applicable
   j. Freight/delivery charges, if applicable
   k. Total
   l. Invoice and support documentation are to be forwarded to:

      Orange County Employees Retirement System
      2223 E. Wellington Avenue
      Santa Ana, CA 92701

Attention: Accounts Payable
Email: Accountspayable@ocers.org

5. Qualifications and Exclusions:

a. Fixed Fee is valid through January 31st, 2027. Any extension of service beyond this date will be negotiated in good faith negotiations with OCERS.

b. On-site trailer rental, furniture, utilities, and sanitary facilities for our field staff (Project Management team) are excluded. We assume that offices will be provided as part of the construction site trailer(s) being provided by the OCERS contractor or within OCERS current headquarters.

c. Costs for all permits required for the project are excluded. It is assumed that the OCERS will pay for all permitting fees, assessments, easements, school fees, and other agency or governmental fees or costs to support the entitlements, design and construction the project. We have not included any permit related fees within our fee proposal.

d. Costs for surveying, construction staking, environmental and hazardous materials surveys, and all remediation costs are excluded.

e. Software licenses or user fees for specific project management software being required by either OCERS or their contractor(s) is excluded.

f. Cost of bulk blueprinting for plans and specifications for use by the contractors and subcontractors is excluded.

g. Wage Compliance Program including Certified Payroll auditing, field interviews, or reporting is excluded. Based on State Law SB 854, it is assumed that the Dept. of Industrial Relations (DIR) will manage this effort at the State level. Consultant will use its reasonable best efforts to enforce the Contractor registration requirements stipulated by the DIR.

h. Independent or third-party testing companies such as Roofing, Peer Reviews, LEED, or other specialized third-party oversight services other than those listed herein are excluded. Consultant will oversee and manage the procurement of necessary 3rd party services, but we have not included the cost of those services in our proposal.

i. Geotechnical services are excluded from this proposal. Consultant will manage the Geotechnical solicitation and oversee the performance of their services, but this proposal does not include the services of a Geotechnical Engineer.

j. Excludes any services related to grant or funding application(s).

k. Commissioning requirements required by Cal Green (Title 24) are excluded. Consultant will manage the commissioning process, but Consultant has not included a commissioning agent, nor development of commissioning specifications.

l. FF&E or OS&E selection or purchasing services are excluded. Consultant will oversee the FF&E services provided by others under direct contract with either the DBE or OCERS

m. 24-hour site security is excluded.

n. Consultant will review all RFI's, Submittals, and Substitutions for completeness, approvals to be executed by the designer of record.

o. For document tracking control, Consultant has included the use of "Submittal Exchange" for managing construction documentation, and based the hours allocated in this proposal accordingly. The cost of "Submittal Exchange" is included in Consultants Fixed Fee.

p. This proposal does not include an independent Inspector of Record (IOR). All City Building Dept. Permit Inspections are assumed to be performed by the City Building Dept.

q. Construction Cost Estimates, when provided, are based on standard industry practice, professional experience and reasonable knowledge of then prevailing market conditions. Consultant has no control over material and labor costs, contractor's methods of establishing prices or the market and bidding conditions at the time of bid. Therefore, Consultant does not guarantee that bids received will not vary from the cost estimate provided.

r. Consultant is not responsible for, and OCERS will hold Consultant harmless from, any schedule delays and/or any losses, damages, or liabilities resulting therefrom that are caused by (1) events or conditions that are outside of Consultant's control or (2) the acts or omissions of parties for whom Griffin is not legally liable (collectively, "Non-Consultant Delays"). The schedule for completion will be extended for any Non-Consultant Delays. If Consultant incurs additional costs or expenses due to Non-Consultant Delays, then Consultant's fee compensation will be equitably adjusted to cover such additional costs or expenses.

s. Certified Accessibility Specialist (CASp) design, review and inspection services are excluded. CASp services will be provided by the Design Build Entity

t. All inspections related to SWPPP will be performed on a Quality Assurance basis. The QSP provided by the Contractor will be legally responsible for all Best Management Practices (BMP's) related to SWPPP.

u. All inspections related to construction safety will be performed on a Quality Assurance basis only. All safety and OSHA requirements will be the responsibility of the Contractor and their safety officer(s).

v. This Proposal includes the management of the CEQA process but does not include the retention by Consultant of a CEQA consultant. It is assumed this project is consistent with the City and City's General and/or Specific Plan and that any CEQA approvals will be achieved through a Mitigated Negative Declaration. Final determination of CEQA requirements will be issued by the City of Santa Ana as the jurisdictional authority.

B-4

EXHIBIT C
KEY PERSONNEL

Roger Torriero, Chief Executive Officer & Principal-In-Charge

Jon Hughes, Project Executive

Deryl Robinson, Owner's Representative and Program Manager

Cody Roth, Construction Manager

Dustin Alamo, Pre-Development/Programming Manager

Jay Helekar, Cost Estimator

Exhibit D
Request for Proposal
(Click for entire document)

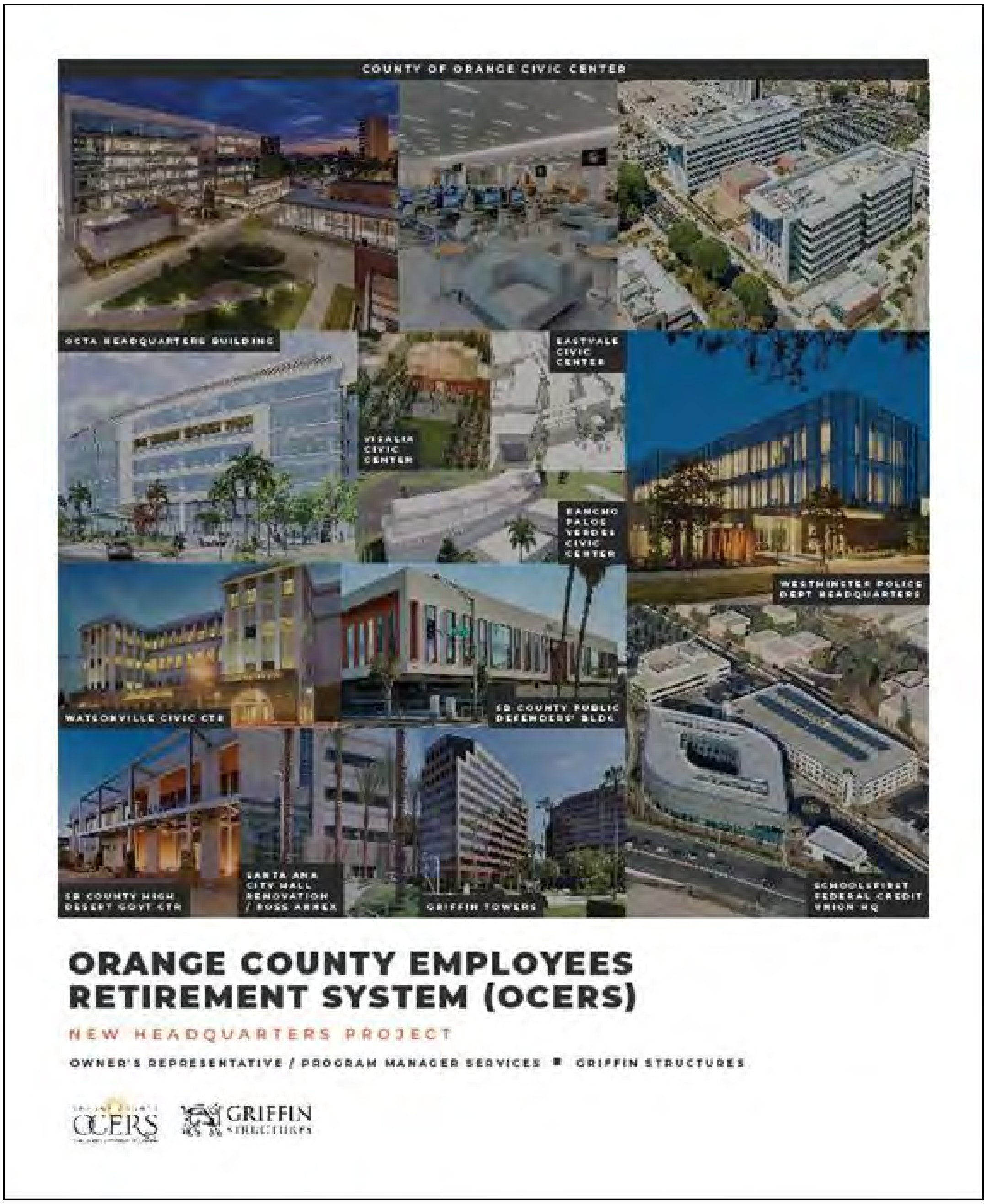
Owner's Representative/Program Manager Services for OCERS New Headquarters Project

Request for Proposals

May 2023

Orange County Employees Retirement System (OCERS)
PO Box 1229
Santa Ana, CA 92702 USA
1-(714)-558-6200
http://www.ocers.org

Exhibit E
Response to Request for Proposal
(Click for entire document)



E-1

E-2

Retirement Board Meeting
August 21, 2023
Application Notices

MEMBER NAME	AGENCY/EMPLOYER	RETIREMENT DATE
Aburto, Evelyn	Superior Court	6/16/2023
Allen, Charles	OCTA	6/7/2023
Alves, Cynthia	Child Support Services	6/16/2023
Askari, Sholeh	Health Care Agency	6/2/2023
Backus, Wendy	Superior Court	6/20/2023
Bejarano, Susana	Child Support Services	6/16/2023
Belgram, Molly	Social Services Agency	6/15/2023
Benak, Priharumalinah	Child Support Services	6/2/2023
Besagar-Salvador, Jeanette	Health Care Agency	6/17/2023
Briggs, Maureen	Probation	6/23/2023
Bull, Susan	Auditor Controller	5/25/2023
Catalano, June	OC Public Works	6/17/2023
Chau, Clayton	Health Care Agency	6/2/2023
Chaudhry, Juanita	Social Services Agency	6/14/2023
Collier, Jane	Social Services Agency	6/14/2023
Condon, Curtis	Health Care Agency	6/15/2023
Donovan, James	Sheriff's Dept	6/15/2023
Flores, Paul	Probation	6/2/2023
Frausto Sanchez, Jose	Superior Court	6/14/2023
Gardea, Rachelle	Health Care Agency	6/14/2023
Gim, Brian	Social Services Agency	5/26/2023
Griego, Gloria	Superior Court	6/2/2023
Guerrero, Reyner	Sheriff's Dept	6/9/2023
Hermosilla, Maria	Health Care Agency	6/2/2023
Honomichl, Donna	Superior Court	6/20/2023
Kron, Kevin	Fire Authority (OCFA)	5/29/2023
Lipshin, Juliet Marie	Fire Authority (OCFA)	6/2/2023
Luu, Anh	Social Services Agency	6/14/2023
Martinez, Kelley	Social Services Agency	6/16/2023

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Retirement Board Meeting
August 21, 2023
Application Notices

Mautino, Barbara	Social Services Agency	6/2/2023
Mayer, Scott	County Executive Office (CEO)	6/18/2023
Mitchell, Betsy	Sheriff's Dept	6/15/2023
Monroe, Chari	Superior Court	6/2/2023
Muhamach, Ajijah	Social Services Agency	6/5/2023
Munguia, Concepcion	Health Care Agency	6/15/2023
Munzing, Vicki	Health Care Agency	6/2/2023
Nguyen, Angela	District Attorney	6/16/2023
Nguyen, Angela	Probation	6/20/2023
Peraza, Kathleen	Superior Court	6/14/2023
Phan, Kim Phuong	Health Care Agency	6/15/2023
Pierce, Christopher	Sheriff's Dept	6/11/2023
Ramirez, Adalberto	Sheriff's Dept	6/2/2023
Rebkowitz, Annalynn	Social Services Agency	6/7/2023
Reynolds, Mary	Superior Court	6/21/2023
Saldana, Melissa	Social Services Agency	6/2/2023
Santos, Marlowe	Social Services Agency	6/2/2023
Sharma, Surjiwan	Social Services Agency	6/14/2023
Smith, August	Child Support Services	6/16/2023
Steiger, Frank	Sanitation District	3/31/2023
Stone, Nelda	OC Community Resources	6/12/2023
Tran, Duc	County Executive Office (CEO)	6/10/2023
Tran, Jackie	Health Care Agency	6/16/2023
Trujillo_Laura	Social Services Agency	6/16/2023
Van Reenen, Andrew	OC Community Resources	6/14/2023
Vazquez, Lina	Health Care Agency	6/16/2023
Young, Margaret	Sheriff's Dept	6/2/2023
Zuniga, Adolfo	Social Services Agency	5/5/2023

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Retirement Board Meeting

August 21, 2023

Death Notices

ACTIVE DEATHS	AGENCY/EMPLOYER
James, Ricky M	Child Support Services
Nguyen, Vinh The	OCTA
Reid, Patricia J	Sheriff's Dept

RETIRED MEMBERS	AGENCY/EMPLOYER
Adamson, Kathleen	OC Public Works
Berryman, Robert L	OC Public Works
Burrows, Rita	Registrar of Voters
Butler, Robert A	Treasurer - Tax Collector
Chadwick, Lahoma M	Superior Court
Collins, Betty L	Probation
Crossan, Lorraine C	OC Public Works
Diemer, Sara F	District Attorney
Do, Huong N	District Attorney
Dow, William H	Sheriff's Dept
Freeman, Roger P	County Counsel
Fulton, John W	OC Public Works
Garrett, Howard L	OC Public Works
Gimber, Jeanette M	OC Public Works
Goldstein, Amy L	Health Care Agency
Gunton, Gloria	Sheriff's Dept
Gustafson, William G	OC Public Works
Haynes, Clarence E	Superior Court
Hogan, Robert B	Probation
Howard, Jerry J	OCTA
Krizan, Harold J	OC Public Works
Littner, Eli	Auditor Controller
Locke, David K	OCTA
Manese, Jimmy F	Superior Court
Mc Bride, George M	Sheriff's Dept
Mitchell, Roger C	Sheriff's Dept
Norberg, David W	Sheriff's Dept
Pinon, Cesario	OC Public Works
Smiley, Kathryn A	Social Services Agency
Stephenson, Donna M	Sheriff's Dept
Stiles, William B	OC Public Works
Vantwist, Roane J	District Attorney
Wimmenauer, Mary R	Social Services Agency

SURVIVING SPOUSES	
Cates, Mary Helen	
Diemer, Sara F	

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Retirement Board Meeting

August 21, 2023

Death Notices

Dinh, Thiep	
Gianos, Phillip	
Gonzales, Carmen A	
Robart, Phyllis E	
Saurwein, Terence	

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

BUILDING COMMITTEE MEETING
Tuesday, January 31, 2023
12:00 p.m.

MEETING LOCATIONS

THE CITY OF LAGUNA NIGUEL CITY HALL
30111 CROWN VALLEY PARKWAY, LAGUNA NIGUEL, CA 92677

THE CITY OF NEWPORT BEACH CIVIC CENTER
100 CIVIC CENTER DRIVE, NEWPORT BEACH, CA 92660

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

MEMBERS OF THE COMMITTEE
Wayne Lindholm, Chair
Chris Prevatt, Vice Chair
Arthur Hidalgo
Jeremy Vallone

MINUTES

Chair Lindholm called the meeting to order at 12:00 p.m.

Attendance was as follows:

Present:	Wayne Lindholm, Chair; Chris Prevatt, Vice Chair; Arthur Hidalgo, Jeremy Vallone
Also Present:	Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Fong Tse, Sr. Manager of Facilities and OSS

AGENDA

1. TOUR AND DISCUSSION – 12:00 p.m.
CITY OF LAGUNA NIGUEL CITY HALL
30111 CROWN VALLEY PARKWAY, LAGUNA NIGUEL, CA 92677

Mayor Sandy Rains escorted the Committee members and Staff through the facilities including the Council Chambers, the Community Room, and City Hill.

**2. TOUR AND DISCUSSION – 1:30 p.m.
CITY OF NEWPORT BEACH CIVIC CENTER
100 CIVIC CENTER DRIVE, NEWPORT BEACH, CA 92660**

Mr. Fong Tse escorted the Committee members and Staff on a tour through City Hall and the Council Chambers.

**3. RETURNED TO OCERS HEADQUARTERS – 3:00 p.m.
2223 E. WELLINGTON AVENUE, SUITE 100, SANTA ANA, CALIFORNIA 92701**

The meeting reconvened at 3:08 p.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present:	Wayne Lindholm, Chair; Chris Prevatt, Vice Chair; Arthur Hidalgo, Jeremy Vallone
Also Present:	Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto; General Counsel; Fong Tse, Sr. Manager of Facilities and OSS; Jenny Sadoski, Director of IT; Javier Lara, IT Operations Supervisor; Jim Dozie, Contracts Administrator; Marielle Horst, Recording Secretary

CONSENT AGENDA

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

C-1 COMMITTEE MEETING MINUTES:

Building Committee Meeting Minutes November 29, 2022

Recommendation: Approve minutes.

The motion passed **unanimously.**

ACTION ITEMS

A-2 PROCUREMENT PROCESS FOR OWNER'S REPRESENTATIVE/PROGRAM MANAGER FOR OCERS HEADQUARTER PROJECT

Recommendation: Authorize Staff to issue a Request for Qualifications for the Owner's Representative/Program Manager

After discussion, a **MOTION** by Hidalgo, **seconded** by Prevatt, to approve staff's recommendation. The motion passed **unanimously.**

INFORMATION ITEMS

I-1 PRELIMINARY DRAFT SCHEDULE FOR THE HEADQUARTERS PROJECT
Presentation by Fong Tse, OCERS' Senior Manager of Facilities and Operations Support Services

Mr. Tse reviewed the proposed timeline for the OCERS Headquarters project with the Committee. After discussion, Mr. Lindholm suggested asking the prospective Program Managers to comment on the timeline in their response to the Request for Proposal. The Committee Members would like to see an expedited timeline. Ms. Shott confirmed staff is currently working on the RFP and will post the RFQ expeditiously.

WRITTEN REPORTS

None

COMMITTEE MEMBER/CEO/CONSULTANT/COMMENTS
Mr. Delaney commented he is happy the initiation of the Request for Qualifications for the Owner's Representative/Program Manager will commence.

STAFF
None

The meeting **ADJOURNED** at 3:40 p.m.

Submitted by:	Submitted by:	Approved by:
________________	________________	________________
Brenda Shott	Steve Delaney	Wayne Lindholm
Staff Liaison to the Committee	Secretary to the Committee	Chair

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

PERSONNEL COMMITTEE MEETING
Monday, June 19, 2023
12:00 P.M.

MINUTES

OPEN SESSION

Chair Packard called the meeting to order at 1:06 p.m.

The Committee recessed for lunch at 1:06 p.m.

The Committee reconvened from lunch at 1:47 p.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Charles Packard, Chair; Roger Hilton, Board Member; Chris Prevatt, Board Member

Also Present: Steve Delaney, CEO; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Cynthia Hockless; Director of Human Resources; Marielle Horst, Recording Secretary; Anthony Beltran, Audio Visual Technician.

PUBLIC COMMENT
None.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes
Personnel Committee Meeting Minutes May 24, 2023

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

The motion passed **unanimously.**

ACTION ITEMS

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]

After Committee discussion, **MOTION** by Mr. Prevatt, **seconded** by Mr. Hilton to adopt the revisions to the CEO Performance Policy to allow for the use of a negotiator when considering the CEO's annual compensation and benefits package.

The motion passed **unanimously.**

The Committee will discuss the remaining revisions to the CEO Performance Evaluation Policy at a later meeting.

INFORMATION ITEMS

None.

COMMITTEE MEMBER COMMENTS
None.

STAFF COMMENTS
None.

CHIEF EXECUTIVE OFFICER

COUNSEL COMMENTS
None.

ADJOURNMENT

Chair Packard adjourned the meeting at 2:22 p.m.

Submitted by:	Submitted by:	Approved by:
____________________	____________________	____________________
Cynthia Hockless Committee Liaison	Steve Delaney Secretary to the Board	Charles Packard Chair

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **CEO FUTURE AGENDAS AND 2023 OCERS BOARD WORK PLAN**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

SEPTEMBER (STRATEGIC PLANNING WORKSHOP)

Employer Annual Report
Proposed Board Meeting Schedule for 2024
Quality of Member Services Report
Current State of OCERS- Annual Report

OCTOBER

Semi Annual Business Continuity Disaster Recovery Updates
Quarterly Strategic Plan Review 2023-2025
Strategic Planning Workshop outcomes
Quarterly Travel and Training Expense Report
CIO Comments

NOVEMBER

Administrative and Investment OCERS Annual Budget
CEO Personnel Review and Compensation Discussion
Adopt 2024 Board Meeting Calendar
Quarterly Unaudited Financial Statements
Quarterly Budget vs Actual Report

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2023 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec
System Oversight	Receive Quality of Member Services Report **(I)**	STAR COLA Posting **(I)**	Approve 2023 STAR COLA **(A)**	SACRS Board of Directors Election **(A)**	Preliminary December 31, 2022 Valuation **(I)**	Mid-Year Review of 2023 Business Plan Progress **(I)**	Approve Early Payment Rates for Fiscal Year 2023-25 **(A)**	Review 2nd Quarter Budget to Actuals Financial Report **(I)**	Strategic Planning Workshop **(I)**	Approve 2024-2026 Strategic Plan **(A)**	Review 3rd Quarter Budget to Actuals Financial Report **(I)**	
	Receive OCERS Innovation Report **(I)**	Approve 2023 COLA **(A)**	Quarterly 2023-2025 Strategic Plan Review **(A)**			Approve December 31, 2022 Actuarial Valuation & Funded Status of OCERS **(A)**	Approve Actuarial Experience Study 2020-2022 **(A)**	Receive OCERS by the Numbers **(I)**	Annual OCERS Employer Review **(I)**	Approve 2024 Business Plan **(A)**	Approve 2024 Administrative (Operating) Budget **(A)**	
						Approve 2022 Comprehensive Annual Financial Report **(A)**		Receive Evolution of the UAAL **(I)**	State of OCERS **(I)**	Employer & Employee Pension Cost Comparison **(I)**	Annual CEO Performance Review and Compensation **(A)**	
						Quarterly 2023-2025 Strategic Plan Review **(A)**						
											Adopt 2024 Board Meeting Calendar **(A)**	
Board Governance												Adopt Annual Work Plan for 2024 **(A)**
												Vice-Chair Election **(A)**
												Receive 2024 Board Committee Assignments **(A)**
Regulation / Policies	Communication Policy Fact Sheet **(I)**											
Compliance	Status of Board Education Hours for 2022 **(I)**			Form 700 Due **(A)**		Receive Financial Audit **(I)**						

(A) = Action **(I) = Information**

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Jim Doezie, Contracts, Risk and Performance Administrator

SUBJECT: **QUIET PERIOD – NON-INVESTMENT CONTRACTS**

Written Report
Background/Discussion

1. ***Quiet Period Policy Guidelines***
   The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for any contract to be awarded by OCERS:

   "…Board Members and OCERS staff shall not knowingly communicate with any party financially interested in any prospective contract with OCERS regarding the contract, the services to be provided under the contract or the selection process;"

2. ***Quiet Period Guidelines***
   In addition, the following language is included in all distributed RFP's:

   "From the date of issuance of this RFP until the selection of one or more respondents is completed and announced, respondents are not permitted to communicate with any OCERS staff member or Board Members regarding this procurement, except through the Point of Contact named herein. Respondents violating the communications prohibition may be disqualified at OCERS' discretion. Respondents having current business with OCERS must limit their communications to the subject of such business."

Distributed RFP's

The RFP's noted below are subject to the quiet period until such time as a contract is finalized.

- A Request for Proposal (RFP) was distributed in February to select a firm that will provide External Quality Assessment Services related to the Internal Audit department of OCERS. A vendor has been selected for which we are in contract negotiations.
- A Request for Proposal (RFP) was distributed early May to select a firm that will provide Project Management / Owner's Representation services for building a new OCERS headquarters. The Building Committee interviewed two finalists. A recommendation for an award of contract will be presented to the Board of Retirement in August.
- An RFP for Obituary Verification Services was distributed late June. The current vendor contract will be expiring it's six-year term in November, so this RFP is to review and select a vendor for the needed services. Proposals are due August 11th with evaluations to follow.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

Submitted by:

OCERS

JD - Approved

Jim Doezie
Contracts, Risk and Performance Administrator

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **BOARD COMMUNICATIONS**

Written Report

Background/Discussion

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

News Links

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

From Steve Delaney:

- NASRA News Clips
- Relevant to CEO's ongoing concerns as to longevity risk facing plan assumptions. https://futurism.com/neoscope/harvard-mit-scientists-claim-chemical-cocktails-reverse-aging
- Relevant to CEO's ongoing concerns as to impact of AI on number of future OCERS-covered employees and the issue of contributions paid on "covered salary". https://www.vox.com/future-perfect/2023/7/18/23794187/telephone-operator-switchboard-automation-att-feigenbaum-gross
- This together with increasing longevity will be part of an important discussion with Segal this September as part of our strategic planning workshop. https://www.forbes.com/sites/jackkelly/2023/03/31/goldman-sachs-predicts-300-million-jobs-will-be-lost-or-degraded-by-artificial-intelligence/

Other Items: (See Attached)

- Monthly summary of OCERS staff activities and updates, starting with an overview of key customer service metrics, for the month of JUNE 2023.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

OCERS Activities and Update Report
June 2023

To the members of the OCERS Board of Retirement,

The following is my regular monthly summary of OCERS' team activity, starting with an overview of key customer service statistics as well as activity highlights followed by updates for June 2023.

MEMBER SERVICES MONTHLY METRICS

Retirement Applications Received			
Month	2021	2022	2023
January	117	346	244
February	91	151	152
March	51	120	135
April	39	47	54
May	52	65	60
June	49	73	45
July	64	54	
August	59	58	
September	70	42	
October	67	70	
November	95	78	
December	93	86	
Grand Total	**847**	**1190**	**690**

Customer Service Statistics						
Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Calls Received via Call Center	Calls Direct to Extension	Calls Received by Operator	Total Calls (monthly)
January	1	98%	2,485	4,582	859	7,926
February	0	98%	2,113	4,396	928	7,437
March	0	98%	1,763	5,314	988	8,065
April	0	98%	1,439	4,125	442	6,006
May	1	98%	1,602	4,306	646	6,554
June	1	98%	1,344	3,402	482	5,228
July						
August						
September						
October						
November						
December						
Grand Total	**3**	**98%**	**10,746**	**26,125**	**4,345**	**41,216**

MEMBER SURVEY RESPONSE

"I came into the OCERS building to update my beneficiary and had questions about my benefits. The OCERS representative we saw was very helpful, knowledgeable, and kind. I was helped right away and my issues were resolved quickly."

June 2023

"While I never went to a retiree seminar, I was able to watch a webinar and found it to be self-explanatory. The overall process was very seamless, and I wanted to specifically thank the customer support representative who assisted me as they were phenomenal. They were both caring and accommodating. They went out of their way to walk me through the entire process."

May 2023

OCERS customer support representative received cake and flowers from three separate members. Members had similar statements: "We were so grateful for how easy and smooth our representative made the process."

April 2023

OCERS Activities and Update Report
June 2023

ACTIVITIES

ANNUAL MANAGEMENT TEAM PLANNING SESSION

Last year was our first planning session workshop with the entire OCERS management team. It was a tremendous success, so much so that we determined then and there to make this an annual event. On June 21 the team met to review the 2023 Business Plan, and begin consideration of projects to be undertaken in 2024. Moderated by a representative of Leverage, our coaching consultant, the session was once again a hit with all. The outcomes of this meeting will be presented to the Board at the September Strategic Planning Workshop.

INVESTMENT TEAM

Ms. Walander-Sarkin reports on the investment team's June activities:

> As of May 31, 2023, the portfolio year-to-date is up 3.4% net of fees, while the one-year return is down 0.5%. The fund value now stands at $ 20.9 billion. OCERS' Investment Team closed on one new private equity fund and one new private equity co-investment in June. With ChatGPT becoming more widely used, the OCERS Investment Team held a brainstorming session to explore ideas on how the team could

OCERS Activities and Update Report June 2023

use generative AI technologies to improve internal processes. Additionally, OCERS' Investment Team held first round interviews for its open Investment Officer position during June. This Investment Officer position will focus on portfolio analytics and operations.

UPDATES

VISION 2030

While the internal OCERS AI ad hoc Committee meets once a week, we in turn host a once a month Zoom call with a growing number of pension systems as well as some of our own participating employers, each sharing an update on their activities. Each monthly meeting begins with a special in-depth report from one of the Zoom participants. June 1 we had a PowerPoint presentation from Orange County Superior Courts, who you may recall from last year's Strategic Planning Workshop, are swell along in their efforts to leverage AI technology.

OCERS STAFFING

Ms. Hockless provides BOTH a JUNE update, as well as a YEAR TO DATE report:

June Staffing Update

The Human Resources department onboarded five (5) new employees and promoted one (1) internal employee. The positions filled include one (1) Director of Communications, one (1) Staff Attorney (Investments), one (1) Staff Attorney (Disability), one (1) Cybersecurity Analyst, one (1) Accounting Technician, and one (1) Finance Staff Analyst was a promotion. The External Operations Division dropped one Communications Manager position and added one Director of Communications position. The Director of Communications filled a newly added position without any impact to the budgeted headcount. The Staff Attorney (Investments) filled a newly added Board approved position in the Legal Division. Also, the Staff Attorney (Disability) backfilled a vacant position in the Legal Division. The Cybersecurity Analyst filled a newly added Board approved position in the Information Security department. The Accounting Technician backfilled a vacant position in the Member Services Department. The Finance Staff Analyst was an internal promotion via a career ladder in the Finance department.

YTD Summary

OCERS started the year with one hundred twenty-seven (127) budgeted positions. As of June, we have a total of one hundred and eight (108) employees on payroll and nineteen (19) vacancies. There were three (3) separations to report in June (One Extra-Help assignment ended, one employee moved out-of-state, and one employee transferred to the County). Year to date, there are twelve (12) turnovers to report. The **year-to-date turnover rate** is estimated at **11%.** The turnover rate is the number of separated employees divided by the number of employees on payroll, multiplied by 100. The current **vacancy rate** is **15%.** The vacancy rate is calculated by taking the number of vacant positions, multiplying that number by 100, and dividing it by the total number of budgeted positions.

OCERS Activities and Update Report June 2023

As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the August 21 meeting of the OCERS Board of Retirement.

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Gina M. Ratto, General Counsel

SUBJECT: **LEGISLATIVE UPDATE**

Written Report

State Legislative Update

The California Legislature reconvened on January 4, 2023, for the first year of the 2023 – 2024 Legislative Session.

The Legislature adjourned for Summer Recess on July 14 and reconvened on August 14. The Legislature must meet the fiscal committee deadline of September 1, when all fiscal bills must pass out of the Appropriations Committee in the second house in order to keep moving. The Legislature will then have two weeks to pass the remaining bills off the floor in the second house, and in many cases, the floor of the house of origin for concurrence, before Session adjourns on September 14. After Session adjourns on September 14, the Governor will have until October 14 to sign the bills on his desk. The Legislature will remain on recess until Session reconvenes on January 3, 2024.

A comprehensive list and summary of the pending bills that staff is monitoring during the first year of the 2023 – 2024 legislative session is attached. **New or updated information since the last report to the Board are indicated in bold text.**

SACRS Sponsored Bills

SB 885 (Senate Committee on Public Employment and Retirement)
Annual CERL, PERL and Education Code Housekeeping Bill

This bill would amend the Education Code to authorize CalSTRS to collect specified criminal history information in the prescribed manner for employees of CalSTRS and each applicant for employment while a tentative offer is still pending if the position includes specified duties.

The PERL permits the CalPERS board to charge interest on payments due and unpaid by a contracting agency at the greater of the annual return on the system's investments for the year prior to the year in which payments are not timely made or a simple annual rate of 10%. This bill would remove the board's option to charge interest at the annual return on the system's investments for the year prior in which payments are not timely made, and instead require the board to charge interest at a simple annual rate of 10%.

Existing law authorizes a member of CalPERS, who is credited with less than a certain number of years of service and who enters employment as a member of another public retirement system supported by state funds, within 6 months of leaving state service, to elect to leave their accumulated contributions on deposit in the retirement fund. Existing law specifies that a member's failure to make an election to withdraw accumulated contributions is deemed an election to leave the member's accumulated contributions on deposit in the retirement fund. Existing law provides that a member may revoke their election to allow accumulated contributions to remain in the retirement system, except under specified circumstances. Existing law requires a member who is permanently separated from all CalPERS covered service, who meets specified conditions, and who attains $71^{1}/_{2}$ years of age, to be provided with an election to withdraw contributions, or, if vested, an election to either apply for service retirement or to withdraw contributions. This bill would instead require a member permanently separated under the circumstances described above to attain the age specified by federal law before being provided with those election options.

Existing law establishes the Supplemental Contributions Program as a defined contribution plan to supplement the benefits provided under PERL. Existing law establishes the Supplemental Contributions Program Fund as a special trust fund, with moneys in the fund continuously appropriated to the Board of Administration of CalPERS, for purposes of the program. Under existing law, a participant, nonparticipant, spouse, or beneficiary is not permitted to elect a distribution under the plan that does not satisfy federal requirements related to being a qualified pension trust plan. Existing law requires the beginning date of distributions that reflect the entire interest of the participant, for a lump-sum distribution to the participant, to be made not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 72 years of age or the calendar year in which the participant terminates all employment. Existing law requires the beginning date of distributions, if provided in periodic payments, to begin not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 72 years of age or the calendar year in which the participant terminates all employment subject to plan coverage. Existing law also requires, if a benefit is payable on account of the participant's death, and the beneficiary is the participant's spouse, that distributions commence on or before the later of either December 31 of the calendar year immediately following the calendar year in which the participant dies or December 31 of the calendar year in which the participant would have attained 72 years of age. This bill would change the age for required distributions, in the circumstances described above, from 72 years of age to the age specified by federal law.

The California Employers' Pension Prefunding Trust Program and the California Employers' Pension Prefunding Trust Fund allow state and local public agency employers that provide a defined benefit pension plan to their employees to prefund their required pension contributions. Existing law authorizes an employer, upon terms and conditions set by the board, to elect to participate in the prefunding plan by entering into a contract with the board relative to the prefunding plan. This bill would authorize an employer participating in the program, upon terms and conditions established by the board, to request a disbursement of funds from its account in the California Employers' Pension Prefunding Trust Fund and transfer those funds directly into the Public Employees' Retirement Fund. By authorizing the transfer of funds from the continuously appropriated California Employers' Pension Prefunding Trust Fund to the continuously appropriated Public Employees' Retirement Fund, this bill would make an appropriation.

The Judges' Retirement Law prescribes retirement benefits for judges, as defined, who were first elected or appointed to judicial office before November 9, 1994. Existing law also establishes the Extended Service Incentive Program to provide enhanced retirement benefits for those judges who continue in service beyond retirement age, as specified, and directs the Board of Administration of PERS to implement the program. Existing law prescribes that the required beginning date of distributions that reflect the entire interest of the judge, for a lump-sum distribution, be made not later than April 1 of the calendar year following the later of the calendar year in which the judge attains 72 years of age or the calendar year in which the judge terminates employment. Existing law also requires, if a benefit is payable on account of the judge's death, and the beneficiary is the judge's spouse, that distributions commence on or before the later of December 31 of the calendar year immediately following the calendar year in which the judge dies or December 31 of the calendar year in which the judge would have attained 72 years of age. This bill would change the age for required distributions, in the circumstances described above, from 72 years of age to the age specified by federal law.

Existing law establishes the Judges' Retirement System II, which provides retirement and other benefits to its members and is administered by the Board of Administration of CalPERS. Under the Judges' Retirement System II, a judge is eligible to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service. Existing law, on and after January 1, 2024, and until January 1, 2029, additionally authorizes a judge who is 60 years of age and has 15 years or more of service or 65 years of age and has 10 years or more of service who is not eligible to retire pursuant to the provisions described above to elect to retire and defer receipt of a monthly allowance, subject to specified formulations. Existing law requires a judge who leaves judicial office before accruing at least 5 years of service to be paid the amount of the judge's contributions to the system. This bill would make various changes to the Judges' Retirement System II to grant a judge who elects to retire under the provisions operative January 1, 2024, benefits and options given to a judge who elects to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service, as described above, including, among others, authorizing a judge to receive service credit for specified military service and requiring the retirement allowance to be increased for the cost of living. The bill would require a monthly allowance or optional settlement payable to a surviving spouse of a judge who elected to retire under the provisions operative January 1, 2024, and who died before receiving a retirement allowance, to begin the date the judge would have been eligible to receive a retirement allowance until the death of the surviving spouse. The bill would specify that a judge who elects to retire under the provisions operative January 1, 2024, makes that election in lieu of being paid the amount of the judge's contributions to the system. The bill would remove the January 1, 2029, repeal date for the election operative January 1, 2024, and would instead provide that the election only applies to a judge who retires before January 1, 2029.

Existing law permits a member of the Judges' Retirement System II to select from various optional settlements for the purpose of structuring their retirement benefits. Existing law, under optional settlement 1, provides for payment of a retirement allowance until death and the payment of any remaining contributions at death to their surviving spouse or estate. Under an optional settlement 1 retirement, this bill would allow, if there is no surviving spouse, for the remaining contributions at death to be paid to a judge's designated beneficiary.

The California Constitution grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system. The California Constitution qualifies this grant of powers by reserving to the Legislature the authority to prohibit investments if it is in the public interest and the prohibition satisfies standards of fiduciary care and loyalty required of a retirement board. Existing law prohibits the boards of administration of CalPERS and CalSTRS from making investments in certain countries and in thermal coal companies, as specified, subject to the boards' plenary authority and fiduciary responsibility for investment of moneys and administration of the systems. Existing law, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the boards of administration of CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law requires these boards to submit a report to the Legislature regarding the above-prescribed divestment action on or before January 1, 2024. This bill would change the January 1, 2024, reporting date to January 1, 2035.

The CERL provides for a defined retirement benefit based upon credited service, final compensation, and age at retirement subject to specified formulas relating to membership classification. This bill would clarify the definition of final compensation for specified members, members who are subject to PEPRA, and members whose services are on a tenure that is temporary, seasonal, intermittent, or part time in the CERL, as described.

CERL prescribes requirements regarding notification of members who have left service and elected to leave accumulated contributions in the retirement fund or have been deemed to have elected deferred retirement, as specified. Existing law requires the retirement system to begin paying an unmodified retirement allowance to a member, or a one-time distribution of all accumulated contributions and interest if the member is otherwise ineligible for a deferred retirement allowance, not later than April 1 following the calendar year in which the member attains 72 years of age, if the member can be located but does not submit a proper application for a deferred retirement allowance, as specified. Existing law prescribes alternate requirements if a member cannot be located and attains 72 years of age. Existing law establishes the Deferred Retirement Option Program, which a county or district may elect to offer and that provides an additional benefit on retirement to participating members.

This bill would clarify that the above-described notice shall be provided by the board. The bill would revise the age at which the retirement system is required to either start payment of an unmodified retirement allowance or make a one-time distribution of accumulated contributions and interest to the age specified by federal law. The bill would change the age threshold from April 1 of the calendar year in which the member attains 72 years of age to the age specified by federal law with regard to requirements that apply when members cannot be located and with reference to when distributions are to be made to members who are participating in a Deferred Retirement Option Program. This bill would correct several erroneous references and also make other technical, nonsubstantive changes to these provisions.
(STATUS: Introduced; Read first time on 03/14/23. Referred to Coms. on L., P.E. & R. and PUB S. on 03/22/23. From committee with author's amendments; read second time and amended; re-referred to Com. on L., P.E. & R. on 04/17/23. From committee: Do pass and re-referred to Com. on APPR on 04/20/23**.** Read second time;

ordered to consent calendar on 05/09/23. Read third time; passed; ordered to Assembly on 05/11/23. In Assembly, read first time; held at Desk on 05/11/23. Referred to Com. on P.E. & R. on 05/18/23. From committee with author's amendments; read second time; amended; re-referred to Com. on P.E. & R. on 06/06/23. From committee: Do pass and re-referred to Com. on APPR. on 06/14/23. From committee: Do pass; ordered to consent calendar on 06/28/23. Read second time; ordered to consent calendar on 06/29/23. Read third time; passed; ordered to Senate; in Senate, concurrence in Assembly amendments pending 07/03/23.)

Bills That Would Amend the CERL or Other Laws (PEPRA, the Brown Act, etc.) That Apply to OCERS

AB 557 (Hart, Garcia, Pacheco)

The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use teleconferencing without complying with the above-noted requirements in specified circumstances when a declared state of emergency is in effect. Those circumstances are that (1) state or local officials have imposed or recommended measures to promote social distancing, (2) the legislative body is meeting for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (3) the legislative body has previously made that determination. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. Existing law requires a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option. Existing law prohibits a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time.

This bill would revise the authority of a legislative body to hold a teleconference meeting under those abbreviated teleconferencing procedures when a declared state of emergency is in effect. Specifically, the bill would extend indefinitely that authority in the circumstances under which the legislative body either (1) meets for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (2) has previously made that determination. The bill

would also extend the period for a legislative body to make the above-described findings related to a continuing state of emergency to not later than 45 days after the first teleconferenced meeting, and every 45 days thereafter, in order to continue to meet under the abbreviated teleconferencing procedures.
(STATUS: Introduced 02/08/23. Referred to Com. on L. GOV. on 02/17/23. Coauthors revised; from committee: Do pass on 04/27/23. Read second time; ordered to third reading on 05/01/23. Read third time; passed; ordered to the Senate on 05/15/23. In Senate, read first time on 05/16/23. Referred to Coms. on GOV. & F. and JUD. on 05/24/23. From committee: Do pass and re-refer to Com. on JUD. Re-referred to Com. On JUD. on 06/07/23. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on JUD. on 06/19/23. From committee: Do pass. on 06/28/23. Read second time. Ordered to third reading on 06/29/23.)

AB 739 (Lackey) – This bill was not heard in committee and will not move further this year.
The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act. PEPRA prohibits a public employer's contribution to a defined benefit plan, in combination with employee contributions to the plan, from being less than the normal cost rate, as defined, for the plan in a fiscal year. Existing law authorizes a public retirement system to suspend contributions if certain conditions are satisfied, one of which is that the plan be funded by more than 120%, based on a computation by the retirement system actuary in accordance with specified standards, that is included in the annual valuation. This bill would revise the conditions for suspending contributions to a public retirement system defined benefit plan to increase the threshold percentage amount of plan funding to more than 130%.
(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on P.E. & R. on 02/23/23. In committee: Set, first hearing; hearing cancelled at the request of author on 03/13/23.)

AB 817 (Pacheco, Wilson) – This bill was not heard in committee and will not move further this year.
The Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a subsidiary body, defined as a legislative body that serves exclusively in an advisory capacity and that is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, to use alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. In order to use teleconferencing pursuant to this act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.
(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on L. GOV.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/16/23. Re-referred to Com. on L. GOV. on 03/20/23. In committee: Hearing postponed by committee on 04/25/23.)

AB 1020 (Grayson)
The CERL prescribes the rights, benefits, and duties of members of the retirement systems established pursuant to its provisions. Existing law requires, if a safety member, a firefighter member, or a member in active law enforcement who has completed five years or more of service develops heart trouble, that the heart trouble be presumed to arise out of and in the course of employment. This bill would require the presumption that the member's heart trouble arose out of and in the course of employment to be extended following termination of service for a prescribed length of time not to exceed 60 months.

Existing law provides that participants in certain membership categories may be entitled to special benefits if the injury that causes their disability arises in the course of their employment. Existing law creates a presumption, for purposes of qualification for disability retirement benefits for specified members, that certain injuries, including, but not limited to, a bloodborne infectious disease or a methicillin-resistant Staphylococcus aureus skin infection, arose out of and in the course of employment. Existing law authorizes the presumption to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption. This bill would expand the scope of this presumption to include additional injuries, including post-traumatic stress disorder, tuberculosis, skin cancer, lower back impairments, Lyme disease, hernia, pneumonia, and meningitis, if the injury develops or manifests while a member, as defined, is in a specified job classification, or additionally if the injury develops or manifests within a prescribed length of time following the termination of the member's employment in the specified job classification. With respect to skin cancer, this bill would additionally require the member to have worked for 3 consecutive months in a calendar year in a specified position for the presumption to apply. With respect to lower back impairments, this bill would additionally require the member to have worked at least 5 years in a specified position that required the member to wear a duty belt as a condition of employment for the presumption to apply. This bill would authorize the presumption relating to these additional injuries to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption. The bill would repeal the provisions related to post-traumatic stress disorder on January 1, 2025. **The bill would, contingent upon the enactment of**

SB 623 of the 2023–24 Regular Session, as specified, repeal the provisions related to post-traumatic stress disorder on January 1, 2032.
(STATUS: Introduced 02/15/23. Referred to Com. on P.E. & R. on 03/09/23. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/13/23. Re-referred to Com. on P.E. & R. on 03/14/23. From committee: Do pass on 04/12/23. Read second time; ordered to third reading on 04/13/23. Read third time; passed out of Assembly; ordered to the Senate; read first time in Senate on 04/20/23. Referred to Com. on L., P.E. & R. on 05/03/23. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time; amended; and re-referred to Com. on L., P.E. & R. on 05/30/23. From committee: Do pass on 06/14/23. Read second time; ordered to third reading on 06/15/23. **Read third time and amended; ordered to second reading on 07/11/23. Read second time; ordered to third reading on 07/12/23.**)

AB 1379 (Papan) – This bill was not heard in committee and will not move further this year.
The Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

This bill, with respect to those general provisions on teleconferencing, would require a legislative body electing to use teleconferencing to instead post agendas at a singular designated physical meeting location, as defined, rather than at all teleconference locations. The bill would remove the requirements for the legislative body of the local agency to identify each teleconference location in the notice and agenda, that each teleconference location be accessible to the public, and that at least a quorum of the members participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would instead provide that, for purposes of establishing a quorum of the legislative body, members of the body may participate remotely, at the designated physical location, or at both the designated physical meeting location and remotely. The bill would require the legislative body to have at least two meetings per year in which the legislative body’s members are in person at a singular designated physical meeting location.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing provisions without complying with the general teleconferencing requirements that agendas be posted at each teleconference, that each teleconference location be identified in the notice and agenda, and that each teleconference location be accessible to the public, if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency’s jurisdiction. Under existing law, these alternative teleconferencing provisions require the legislative body to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting. Under existing law, these alternative teleconferencing provisions authorize a member to participate remotely if the member is participating remotely for just cause, limited to twice per year, or due to emergency circumstances, contingent upon a request to, and action by, the legislative body, as prescribed. Existing law specifies that just cause includes travel while on official business of the legislative body or another state or local agency.

This bill would revise the alternative provisions, operative until January 1, 2026, to make these provisions operative indefinitely. The bill would delete the restriction that prohibits a member, based on just cause, from participating remotely for more than two meetings per calendar year. The bill would delete the requirement for the legislative body to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting. The bill would also delete a provision that requires a member participating remotely to publicly disclose at the meeting before action is taken whether there are individuals 18 years of age present in the room at the remote location and the general nature of the member's relationship to those individuals. The bill would further delete a provision that prohibits a member from participating remotely for a period of more than three consecutive months or 20% of the regular meetings within a calendar year, or more than two meetings if the legislative body regularly meets fewer than ten times per calendar year. The bill would expand the definition of just cause to include travel related to a member of a legislative body's occupation. The bill would make related, conforming changes.
(STATUS: Introduced; read first time on 02/17/23. Referred to Com. on L. GOV.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/23/23. Re-referred to Com. on L. GOV. on 03/27/23. In committee: Set, first hearing; hearing canceled at the request of author on 04/24/23.)

AB 1637 (Irwin)
This bill, no later than January 1, 2029, would require a local agency, defined as a city, county, or city and county, that maintains an internet website for use by the public to ensure that the internet website utilizes a ".gov" top-level domain or a ".ca.gov" second-level domain and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a ".gov" or ".ca.gov" domain. This bill, no later than January 1, 2029, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a ".gov" domain name or a ".ca.gov" domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
(STATUS: Introduced; read first time on 02/17/23. Referred to Coms. on L. GOV. and P. & C.P.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/16/23. Re-referred to Com. on L. GOV. on 03/20/23. Re-referred to Com. on P. & C.P. on 04/20/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 04/26/23. Read second time and amended on 04/27/23. Re-referred to Com. on APPR. on 05/01/23. From committee: Amend, and do pass as amended; read second time and amended; ordered returned to second reading on 05/18/23. Read second

time; ordered to third reading on 05/22/23. Read third time; passed; ordered to the Senate on 05/31/23. In Senate, read first time on 06/01/23. Referred to Com. on GOV. & F. on 06/14/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 06/28/23. Read second time; amended; re-referred to Com. on APPR. on 06/29/23. **In committee: Referred to APPR. suspense file on 07/10/23.**)

SB 411 (Portantino, Menjivar, Assembly Member Rivas)
This bill would amend the teleconference provisions of the Brown Act. The bill was amended on April 24, 2023 to apply only to neighborhood councils that are advisory bodies with the purpose to promote more citizen participation in government and make government more responsive to local needs that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to the Brown Act. (STATUS: Introduced; read first time on 02/09/23. Referred to Com. on GOV. & F. and JUD. 02/22/23. From committee: Do pass as amended and re-refer to Com. on JUD. on 04/20/23. Read second time and amended on 04/24/23. From committee: Do pass. on 05/03/23. Read second time; ordered to third reading on 05/04/23. Read third time; urgency clause adopted; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/15/23. Referred to Com. on L. GOV. on 05/26/23. **From committee: Do pass as amended on 07/13/23.**)

SB 537 (Becker)
Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely.

This bill would expand the circumstances of "just cause" to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance and the number of public comments on its internet website within seven days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would require the legislative body to identify in the agenda each member who plans to participate remotely and to include the address of the publicly accessible building from each member will participate via teleconference. The bill would prohibit a member from participating remotely pursuant to these provisions unless the remote location is the member's office or another location in a publicly accessible building and is more than 40 miles from the location of the in person meeting. The bill would repeal these alternative teleconferencing provisions on January 1, 2028. This bill would declare that it is to take effect immediately as an urgency statute. (STATUS: Introduced; read first time on 02/14/23. Referred to Com. on RLS on 02/22/23. From committee with author's amendments; read second time and amended; re-referred to Com. on RLS. on 03/22/23. From committee: Do pass as amended and re-refer to Com. on JUD. on 04/20/23. Read second time and amended; re-referred to Com. on JUD. on 04/24/23. From committee: Do pass on 05/03/23. Read second time; ordered to third reading. on 05/04/23. Ordered to the Assembly on 05/30/23. In Assembly, read first time; held at Desk on 05/31/23. Referred to Com. on L. GOV. on 06/15/23. **From committee: Do pass as amended on 07/18/23.**)

Other Bills of Interest

AB 331 (Bauer-Kahan, Boerner) – This bill did not pass out of its house of origin by the deadline and will not move further this year.

This bill would, among other things, require a deployer, as defined, and a developer of an automated decision tool, as defined, to, on or before January 1, 2025, and annually thereafter, perform an impact assessment for any automated decision tool the deployer uses that includes, among other things, a statement of the purpose of the automated decision tool and its intended benefits, uses, and deployment contexts. The bill would require a deployer or developer to provide the impact assessment to the Civil Rights Department within 60 days of its completion and would punish a violation of that provision with an administrative fine of not more than $10,000 to be recovered in an administrative enforcement action brought by the Civil Rights Department. “Deployer” is defined as a person, partnership, state or local government agency, or corporation that uses an automated decision tool to make a consequential decision. “Developer” is defined as a person, partnership, state or local government agency, or corporation that designs, codes, or produces an automated decision tool, or substantially modifies an artificial intelligence system or service for the intended purpose of making, or being a controlling factor in making, consequential decisions, whether for its own use or for use by a third party.

The bill would authorize certain public attorneys, including the Attorney General, to bring a civil action against a deployer or developer for a violation of the bill. The bill would require a public attorney to, before commencing an action for injunctive relief, provide 45 days’ written notice to a deployer or developer of the alleged violations of the bill and would provide a deployer or developer a specified opportunity to cure those violations, if, among other things, the deployer or developer provides the person who gave the notice an express written statement, under penalty of perjury, that the violation has been cured and that no further violations shall occur. By expanding the scope of the crime of perjury, this bill would impose a state-mandated local program.

This bill would require a deployer to, at or before the time an automated decision tool is used to make a consequential decision, as defined, notify any natural person that is the subject of the consequential decision that an automated decision tool is being used to make, or be a controlling factor in making, the consequential decision and to provide that person with, among other things, a statement of the purpose of the automated decision tool. The bill would, if a consequential decision is made solely based on the output of an automated decision tool, require a deployer to, if technically feasible, accommodate a natural person’s request to not be subject to the automated decision tool and to be subject to an alternative selection process or accommodation, as prescribed.

This bill would prohibit a deployer from using an automated decision tool *that results in* algorithmic discrimination, which the bill would define to mean the condition in which an automated decision tool contributes to unjustified differential treatment or impacts disfavoring people based on their actual or perceived race, color, ethnicity, sex, religion, age, national origin, limited English proficiency, disability, veteran status, genetic information, reproductive health, or any other classification protected by state law. The bill would authorize certain public attorneys, including the Attorney General, to bring a civil action against a deployer or developer for a violation of that provision. This bill would define “deployer” and “developer” to include a local government agency and would thereby impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason. With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
(STATUS: Introduced; Read first time on 01/30/23. Read second time and amended on 03/16/23. From committee chair, with author's amendments: Amend, and re-refer to Com. on P. & C.P. Read second time and amended on 03/30/23. Re-referred to Com. on P. & C.P. on 04/03/23. From committee: Amend, and do pass as amended and re-refer to Com. on JUD. on 04/12/23. Read second time and amended on 04/13/23. Re-referred to Com. on JUD. on 04/17/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 04/18/23. Read second time and amended on 04/19/23. Referred to suspense file on 05/17/23. Held under submission on 05/18/23.)

AB 699 (Weber, Ward)
Existing law establishes a workers’ compensation system, administered by the Administrative Director of the Division of Workers’ Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a rebuttable presumption that specified injuries, such as meningitis, tuberculosis, or hernia, sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. Existing law creates a rebuttable presumption that skin cancer that develops or manifests in the course of employment of a lifeguard, as specified, arose out of and in the course of employment. Existing law authorizes a lifeguard to file a claim for skin cancer after employment has terminated for a specified period based on years of employment, not to exceed 60 months. This bill would expand presumptions for hernia, pneumonia, heart trouble, cancer, tuberculosis, bloodborne infectious disease, methicillin-resistant Staphylococcus aureus skin infection, and meningitis-related illnesses and injuries to a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department. The bill would increase the period of time after termination of employment that a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department can file a claim for skin cancer. The bill would expand the presumptions for illness or injury related to post-traumatic stress disorder or exposure to biochemical

substances, as defined, to a lifeguard employed in the Boating Safety Unit by the City of San Diego Fire-Rescue Department.
(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on INS. on 02/23/23. From committee: Do pass and re-refer to Com. on APPR. on 03/22/23. From committee: Do pass; to Consent Calendar on 04/19/23. Read second time; ordered to Consent Calendar on 04/20/23. Read third time; passed out of Assembly; ordered to the Senate; read first time in Senate on 04/27/23. Referred to Com. on L., P.E. & R. on 05/10/23. Re-referred to Com. on APPR. on 06/14/23. From committee: Be ordered to second reading pursuant to Senate Rule 28.8. on 06/26/23. Read second time; ordered to third reading on 06/27/23.)

AB 1025 (Dixon)
Existing law requires a county board of supervisors, upon request of the county assessor or sheriff, to contract with legal counsel to assist the assessor, auditor-controller, or sheriff with duties for which the district attorney or county counsel would have a conflict of interest in representing the assessor, auditor-controller, or sheriff. In the event the board of supervisors does not concur with the assessor, auditor-controller, or sheriff that a conflict of interest exists, existing law authorizes the county assessor, auditor-controller, or sheriff to initiate an ex parte proceeding before the presiding judge of the superior court, as provided. This bill would extend these provisions to additionally require the board of supervisors to contract with legal counsel to assist the elected treasurer-tax collector, as described above. By adding to the duties of county boards of supervisors with respect to contracts for legal counsel, this bill would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
(STATUS: Introduced 02/15/23. Referred to Com. on L. GOV. on 03/02/23. From committee: Do pass and re-referred to Com. on APPR. on 03/29/23. In committee; Set, first hearing; referred to suspense file on 04/19/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to the Senate on 05/31/23. In Senate, read first time; to Com. on RLS. for assignment on 06/01/23. Referred to Coms. on GOV. & F. and JUD. on 06/14/23. From committee: Do pass and re-refer to Com. on JUD. with recommendation: To Consent Calendar on 06/28/23. **From committee: Do pass and re-referred to Com. on APPR on 07/06/23.**)

AB 1145 (Maienschein)
Under existing law, a person injured in the course of employment is generally entitled to receive workers' compensation on account of that injury. Existing law, until January 1, 2025, provides that, in the case of certain state and local firefighting personnel and peace officers, the term "injury" includes post-traumatic stress disorder that developed or manifested during a period while the member is in the service of the department or unit, and establishes a disputable presumption in this regard. This bill would provide, only until January 1, 2030, that in the case of certain state nurses, psychiatric technicians, and various medical and social services specialists, the term "injury" also includes post-traumatic stress that develops or manifests itself during a period in which the injured person is in the service of the department or unit. The bill would apply to injuries occurring on or after January 1, 2024. The bill would prohibit compensation from being paid for a claim of injury unless the

member has performed services for the department or unit for at least six months, unless the injury is caused by a sudden and extraordinary employment condition.
(STATUS: Introduced; Read first time on 02/16/23. Referred to Com. on INS. on 03/02/23. Re-referred to Com. on APPR. on 04/12/23. In committee: Set, first hearing; referred to suspense file on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to the Senate on 05/25/23. In Senate, read first time; to Com. on RLS. for assignment on 05/26/23. Referred to Com. on L., P.E. & R. on 06/07/23. Re-referred to Com. on APPR. on 06/28/23. **In committee: Referred to APPR. suspense file on 07/10/23.**)

SB 265 (Hurtado, Umberg, Archuleta, Min, and Rubio)
Existing law requires the California Office of Emergency Services (Cal OES) to establish the California Cybersecurity Integration Center (Cal-CSIC) with the primary mission of reducing the likelihood and severity of cyber incidents that could damage California's economy, its critical infrastructure, or public and private sector computer networks in the state. Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2024, a strategic, multiyear outreach plan to assist the food and agriculture sector and wastewater sector in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of funding to, and potential voluntary actions that do not require funding and that assist, those sectors in their efforts to improve security preparedness.

This bill would require Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2025, a strategic, multiyear outreach plan to assist critical infrastructure sectors, as defined, in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of funding to, and potential voluntary actions that do not require funding and that assist, that sector in their efforts to improve cybersecurity preparedness.
(STATUS: Introduced; read first time on 01/31/23. Referred to Com. on G.O. on 02/09/23. From committee: Do pass and re-referred to Com. on APPR. on 03/14/23. Placed on APPR suspense file on 04/10/23. From committee: Do pass as amended; read second time and amended; ordered to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Ordered to special consent calendar on 05/26/23. Read third time; passed; ordered to the Assembly on 05/30/23. In Assembly, read first time; held at Desk on 05/31/23. Referred to Com. on E.M. on 06/08/23. From committee with author's amendments; read second time; amended; re-referred to Com. on E.M. on 06/19/23. **From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar on 07/11/23.**)

SB 391 (Blakespear)
Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law provides, among other things, that skin cancer developing in active lifeguards, as defined, is presumed to arise out of and in the course of employment, unless the presumption is rebutted.
This bill would expand the scope of those provisions to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. L., P.E. & R. on 02/22/23. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar on 04/20/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar on 05/23/23. Read third time; passed; ordered to the Assembly on 05/25/23. In Assembly, read first time; held at desk on 05/25/23. Referred to Com. on INS. on 06/08/23. Re-referred to Com. on APPR. on 06/28/23.)

Bills that Apply to CalPERS and/or CalSTRS Only

AB 621 (Irwin, Cervantes)
Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment, which, in the case of the death of an employee, includes a death benefit. Existing law provides, however, that no benefits, except reasonable expenses of burial not exceeding $1,000, shall be awarded under the workers' compensation laws on account of the death of an employee who is an active member of CalPERS, unless the death benefits available under the PERL are less than the workers' compensation death benefits. In that case, the surviving spouse and children of the employee are also entitled to the difference between the two death benefit amounts. Existing law exempts local safety members and patrol members, as defined, from this limitation. This bill would expand that exemption to include state safety members, peace officers, and firefighters for the Department of Forestry and Fire Protection who are members of Bargaining Unit 8. (STATUS: Introduced; read first time on 02/09/23. Referred to Com. on INS. on 02/17/23. From committee: Do pass and re-refer to Com. on APPR. on 03/22/23. Referred to suspense file on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to Senate on 05/31/23. In Senate, read first time on 06/01/23. Referred to Com. on L., P.E. & R. on 06/14/23. From committee: Do pass and re-refer to Com. on APPR with recommendation: To Consent Calendar; re-referred to Com. on APPR. on 06/28/23. **In committee: Referred to APPR. suspense file on 07/10/23.**)

AB 658 (Fong)
The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, authorizes the CalPERS board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. Under existing law, the employee's or annuitant's contribution is the total cost per month of coverage less the portion contributed by the employer. Existing law prescribes a minimum level for the employer's contribution toward the employee's or annuitant's health benefits coverage. This bill would authorize the City of San Gabriel to enter into an agreement with specified employees hired, and elected officials who first served**,** on or after January 1, 2023, to provide employer contributions for postretirement health care coverage to employees with at least 5 years of credited service with the City of San Gabriel. The bill would provide that its provisions for postretirement health benefits apply to employees who retire on or after the date that a memorandum of understanding that authorizes this benefit becomes effective. The bill would require the City of San Gabriel to provide notice, as prescribed, of the agreement and any additional information necessary to implement these benefits.

(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on P.E. & R.; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/23/23. Re-referred to Com. on P.E. & R. on 03/27/23. From committee: Amend, pass as amended and re-refer to Com. on APPR. on 04/12/23. Read second time and amended on 04/13/23. Re-referred to Com. on APPR. on 04/17/23. From committee: Do pass; to Consent Calendar on 04/26/23. Read second time; ordered to Consent Calendar on 04/27/23. Read third time; passed; ordered to the Senate; in Senate, read first time on 05/04/23. Referred to Com. on L., P.E. & R. on 05/17/23. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to Com. On L., P.E. & R. on 06/05/23. From committee: Do pass and re-referred to Com. on APPR. on 06/14/23. From committee: Be ordered to second reading pursuant to Senate Rule 28.8. on 06/26/23. Read second time; ordered to third reading on 06/27/23.)

AB 1246 (Nguyen)

Existing law permits a member of CalPERS who retires on or before December 31, 2017 to elect from among several optional settlements for the purpose of structuring the member's retirement allowance. Existing law also permits a member of PERS who retires on or after January 1, 2018, to elect from among several other optional settlements for the purpose of structuring their retirement allowance. Existing law prohibits a member who elects to receive specified optional settlements from changing the member's optional settlement and designated beneficiary after election of an optional settlement unless a specified event occurs, including the death of a beneficiary who predeceased the member, a dissolution of marriage or a legal separation in which the judgment dividing the community property awards the total interest in the retirement system to the retired member, or in an annulment of marriage in which the court confirms the annulment. This bill would, commencing January 1, 2025, permit a member who elected to receive a specified optional settlement at retirement, if the member's former spouse was named as beneficiary and a legal judgment awards only a portion of the interest in the retirement system to the retired member, to elect to add their new spouse as the beneficiary of the member's interest, subject to meeting certain conditions. This bill would authorize a member to elect this option only once and would preclude elections that would be in derogation of the former spouse's interest in the retirement system. The bill would preclude elections that would result in additional costs to the employer.

(STATUS: Introduced; read first time on 02/16/23. Referred to Com. on P.E. & R.; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/16/23. Re-referred to Com. on P.E. & R. on 03/20/23. From committee: Do pass and re-refer to Com. on APPR. on 04/12/23. In committee: Hearing postponed by committee on 04/26/23. From committee: Do pass; to Consent Calendar on 05/03/23. Read second time; ordered to Consent Calendar on 05/04/23. Read third time; passed; ordered to the Senate; in Senate, read first time; to Com. on RLS. for assignment on 05/11/23. Referred to Com. on L., P.E. & R. on 05/24/23. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to Com. on L., P.E. & R. 06/15/23. From committee: Do pass and re-referred to Com. on APPR on APPR. 06/22/23. Referred to APPR suspense file on 07/03/23.)

SB 300 (Seyarto, Niello, Ochoa-Bogh, and Wilk) – This bill did not pass out of its house of origin by the deadline and will not move further this year.

This bill would require any bill, introduced on or after January 1, 2024, that is referred to the Senate Labor, Public Employment and Retirement Committee and relates to CalPERS to include a fiscal impact analysis from

the Legislative Analyst's Office that describes the fiscal impact of the bill on CalPERS and what the outcome of the bill would be if implemented.
(STATUS: Introduced. Read first time. To Com. on RLS. for assignment on 02/02/23. Referred to Coms. on L., P.E. & R. and APPR. on 02/22/23. Set for hearing April 26 on 04/13/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 05/02/23. Read second time and amended; re-referred to Com. on APPR. on 05/03/23. Placed on APPR suspense file on 05/15/23. Held in committee and under submission on 05/18/23.)

SB 327 (Laird)
Existing law authorizes a member of CalSTRS who is eligible and applies for a disability allowance or retirement to apply to receive a service retirement pending the determination of their application for disability, subject to meeting certain conditions. These include that the member submit an application on a form prescribed by the system and, if the application for disability benefits is denied or canceled, the service retirement date of a member who submits an application for retirement under these provisions may not be earlier than January 1, 2014. This bill would instead prohibit the service retirement date of a member who submits an application for retirement under these provisions from being earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law, with respect to an application for disability benefits that is denied or canceled, prohibits the service retirement date from being earlier than one day after the date on which a retirement allowance was terminated, as specified, provided that the retirement allowance is terminated on or after January 1, 2014. This bill would instead provide that the retirement allowance under the above-described circumstances is terminated no earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law provides that a service retirement allowance under CalSTRS becomes effective on a date designated by the member, provided all of specified conditions are met, including that the member executes an application for service retirement allowance no earlier than 6 months before the effective date of retirement allowance. This bill would provide that the effective date of a member who files an application for service retirement under a specified formula applicable to members 55 years of age or older is no earlier than 180 calendar days prior to when the application for service retirement is received by the system. The bill, with respect to the above members, would delete a provision specifying that the retirement date of a member who files an application for retirement on or after January 1, 2012, is no earlier than January 1, 2012.

The bill would require the board to determine a date when CalSTRS has the capacity to implement the above-described changes and to post the date on the CalSTRS website no later than January 1, 2026. The bill would make those provisions operative on the date determined by the board, and would repeal those existing provisions on January 1, 2026. By changing the method for calculating the service retirement date of certain members of STRS, the bill would affect moneys in a continuously appropriated fund, thereby making an appropriation.
(STATUS: Introduced and read first time on 02/07/23. Referred to Com. on L., P.E. & R. and APPR. on 02/15/23. Set for hearing April 26 on 04/13/23. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar on 04/26/23. From committee: Do pass; read second time; ordered to

third reading on 05/18/23. Ordered to special consent calendar 05/23/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. Referred to Com. on P.E. & R. on 06/08/23. **From committee: Do pass and re-referred to Com. on APPR. on 07/12/23.**)

SB 432 (Cortese)

The Teachers' Retirement Law establishes CalSTRS and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Cash Balance Benefit Program to provide a retirement plan for the benefit of participating employees who perform creditable service for less than 50% of full time.

Existing law commits the administration of CalSTRS and its defined benefit program and the Cash Balance Benefit Program to the CalSTRS Board. Existing law generally prohibits adjustments in new rates of contribution adopted by the board on the basis of an investigation, valuation, and determination or because of an amendment to the Teachers' Retirement Law with respect to the Defined Benefit Program, for time prior to the effective date of the adoption or amendment. Existing law prohibits an action of the board, other than for correction of errors in calculating the allowance or annuity at the time of retirement, disability, or death of a member, from changing the allowance or annuity payable to a retired member or beneficiary prior to the date the action is taken. Existing law prescribes various duties for CalSTRS, as well as for employers participating in the system and members and their beneficiaries, in connection with law relating to the applicability of creditable compensation and creditable service. Existing law, for purposes of audits or other system actions, requires that employers be responsible for the rules in effect at the time the compensation is reported, except when expressly superseded by state or federal law or an executive order of the Governor. Existing law also requires CalSTRS to annually provide resources that interpret and clarify the applicability of creditable compensation and service pursuant to its laws and regulations. This bill would require CalSTRS to identify and provide those resources on its website. The bill would require those identified resources to be relied upon and used for purposes of audits and other actions related to compliance by employers, unless the resource is revoked or superseded.

Under existing law, new or different interpretations related to creditable compensation and service do not take effect until after notice is issued to employers and exclusive representatives. Existing law prohibits a new or different interpretation from being applied retroactively to compensation reported prior to that notice, unless a retroactive interpretation is expressly required by state or federal law or an executive order of the Governor. This bill would revise the above provision to specify that it applies to new or different interpretations of law, including those that differ from the resources identified by STRS. The bill, with respect to retroactivity, would instead allow for a retroactive interpretation if it is the result of a state or federal law, executive order of the Governor, or final court order. Existing law requires that, if compensation is reported in accordance with CalSTRS rules and is later determined by CalSTRS to have been reported in error, the resulting overpayment be deemed to be an error by CalSTRS. Existing law requires that overpayments made due to an error by CalSTRS be recovered pursuant to a specified process, and a portion of this recovery is funded by a continuous appropriation from the General Fund.

This bill would revise those provisions to instead provide that if CalSTRS later determines that compensation reported in accordance with the system's identified resources has been reported in error as a result of an error in those resources, the resulting overpayment to the individual member, former member, or beneficiary shall be deemed an error of CalSTRS and subject to that specified recovery process. The bill would require a determination of an amount that has been overpaid be provided in writing by CalSTRS to the party responsible for the overpayment. The bill would further require CalSTRS to identify the error, document its source, and specify the total amount overpaid due to the error. By broadening the circumstances that may lead to recovery pursuant to the above-described continuous appropriation, this bill would make an appropriation.

Existing law also prohibits those changes in interpretations from applying before the next July 1, unless changes to state or federal law, an executive order of the Governor, an advisory letter, or programs require application or revision of the creditability of compensation on an earlier basis. This bill would delete the prohibition against changes in interpretations applying before the next July 1.

The bill would require CalSTRS to provide a prescribed written notice to the individual member, former member, or beneficiary, as applicable, if it determines that compensation has been reported in error. The bill would require that a determination of error be based on the law applicable at the time that the compensation was reported. The bill would require that the prescribed notice be in writing, identify the pertinent error, document the basis of the error, and specify the total amount, if any, overpaid due to the error. The bill would specify that overpayments, in this context, are those made to the member.

Existing law authorizes an employer or an exclusive labor representative to submit a request to CalSTRS for an advisory letter, which is a written determination issued by CalSTRS for purposes of providing formal written guidance to that employer or representative relating to the proper reporting of compensation in **a** publicly available agreement, consistent with laws governing creditable compensation. Existing law provides that an advisory letter may be superseded by a state or federal law, executive order of the Governor, or rule, as prescribed. These provisions require, if compensation that is reported in accordance with the advisory letter is later determined by CalSTRS to have been reported in error, that a resulting overpayment be deemed an error by the system.

This bill would delete the above-described reference to an advisory letter being superseded by rule, and would instead provide that it may be superseded by an identified resource, and also by a final court order. The bill would also revise the related reporting provisions to instead provide that if CalSTRS later determines that specific compensation reported in accordance with its advisory letter has been reported in error by the employer identified in the advisory letter as a result of an error in the advisory letter, the resulting overpayment to the individual member, former member, or beneficiary would be deemed an error by CalSTRS. The bill would require notice of determination of an error in compensation reported to the system in accordance with the system's advisory letter to be provided in writing to the individual member, former member, or beneficiary, as applicable. The bill would make other conforming changes to these provisions, including specifying that the advisory letter relates to specific compensation language and only to the employer identified in the advisory letter.

Existing law requires CalSTRS, to recover an amount overpaid under the Teachers' Retirement Law or the State Teachers' Retirement System Cash Balance Benefit Program, to correct the benefit, annuity, or refund, and the corrected allowance or annuity benefit payable, by no more than 15% if the amount overpaid was due to inaccurate information or nonsubmission thereof by or on behalf of a recipient of the allowance or annuity. This bill would revise that provision to expressly apply to recovery of an overpayment from a member, participant, former participant or beneficiary. The bill would further provide for recovery under these circumstances due to an untimely submission by or on behalf of a recipient. The bill would also provide that amendments to this provision enacted during the 2nd year of the 2021–22 Regular Session shall apply when the system notifies a member, participant, former member, former participant, or beneficiary of a benefit adjustment on and after January 1, 2023.
(STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L., P.E. & R. on 02/22/23. From committee: Do pass as amended and re-refer to Com. on APPR with recommendation: To consent calendar on 05/01/23. Read second time and amended; re-referred to Com. on APPR. on 05/2/23. From committee: ordered to second reading pursuant to Senate Rule 28.8 and ordered to consent calendar on 5/15/23. Read second time; ordered to consent calendar on 05/16/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/18/23. Referred to Com. on P.E. & R. on 05/26/23. From committee with author's amendments; read second time; amended; re-referred to Com. on P.E. & R. on 06/19/23. From committee: Do pass; re-referred to Com. on APPR on 06/28/23. **From committee: Do pass; ordered to consent calendar on 07/12/23. Read second time; ordered to consent calendar on 07/13/23.**)

SB 548 (Niello)
The PERL requires, for counties that contract for retirement benefits through CalPERS for eligible employees, as of the implementation date of the Trial Court Employment Protection and Governance Act, that a trial court and a county in which the trial court is located jointly participate in the system by joint contract. Existing law requires the CalPERS board to do one-time, separate computations of the assets and liabilities of two counties and the trial courts in the counties. PEPRA establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans, including limiting the benefits that may be provided to new members.

This bill would authorize a county and the trial court located within the county to elect to separate their joint CalPERS contract into individual contracts, if the county and the trial court make that election jointly and voluntarily, and would prescribe a process for this. The bill would make the separation of a joint contract irrevocable and would make a county and trial court ineligible to reestablish a joint contract. The bill would prohibit the separation from being a cause for modification of employee retirement benefits, as specified. The bill would require the CalPERS board, within its existing resources, to do a specified computation of assets and liabilities, within a prescribed time, for a county and trial court seeking to separate their joint contract after receiving specified information. For purposes of PEPRA, the bill would authorize a county and a trial court to provide employees the defined benefit plan or formula that those employees received from their respective employers prior to the exercise of the option to separate, as specified.
(STATUS: Introduced; read first time on 02/15/23. Referred to Com. on L., P.E. & R. on 02/22/23. From committee: Do pass as amended and re-refer to Com. on APPR with recommendation: To consent calendar on 04/20/23. Read second time and amended; re-referred to Com. on APPR. on 04/24/23. Set for hearing May 1 on 04/25/23. Placed on APPR suspense file on 05/01/23. From committee: Do pass; read second time; ordered to

third reading on 05/18/23. Ordered to special consent calendar on 05/23/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. Referred to Com. on P.E. & R. on 06/08/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 06/28/23. Read second time; amended; re-referred to Com. on APPR. on 06/29/23.)

SB 660 (Alvarado-Gil) – This bill was held in the Senate Appropriations Committee and will not move further this year

The PERL prescribes various definitions of final compensation based on employment classification, bargaining unit, date of hire, and date of retirement, among other things. The PERL authorizes public agencies to join CalPERS and prescribes the rights and duties of agencies participating in CalPERS. Existing law authorizes CalPERS to enter into agreements with specified public retirement systems to establish reciprocity between CalPERS and those public retirement systems. Existing law provides that an agency that has entered into an agreement establishing reciprocity with CalPERS is deemed to have obtained the same rights and limitations that apply to all other public agencies that have entered into similar reciprocal agreements with CalPERS.

This bill would establish the California Public Retirement System Agency Cost and Liability Panel, located in the Controller's office, with members as defined. The bill would assign responsibilities to the panel related to retirement benefit costs, including determining how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same public retirement system or when a member concurrently retires with 2 or more retirement systems that have entered into reciprocity agreements. The bill would require the panel to meet no later than March 31, 2024, and quarterly beginning on April 1, 2024, and to submit a report to the Legislature, no later than December 31, 2024, providing information regarding the financial impact a public agency assumes when an employee transfers to another public agency within the same retirement system or when an employee transfers to a public agency in a reciprocal retirement system and concurrently retires under 2 or more systems.

(STATUS: Introduced; read first time on 02/16/23. Referred to Com. on RLS. on 03/01/23. From committee with author's amendments; read second time and amended; re-referred to Com. on RLS. on 03/21/23. Re-referred to Com. on L., P.E. & R. on 03/29/23. From committee: Do pass and re-refer to Com. on APPR. on 04/20/23. Set for hearing May 1 on 04/21/23. Placed on APPR suspense file on 05/01/23. Held in committee and under submission on 05/18/23.)

Divestment Proposals (CalPERS and CalSTRS Only)

SB 252 (Gonzalez, Stern, Weiner, and Portantino) – This is now a two-year bill.

Existing law prohibits the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a thermal coal company, as defined. Existing law requires the boards to liquidate investments in thermal coal companies on or before July 1, 2017, and requires the boards, in making a determination to liquidate investments, to constructively engage with thermal coal companies to establish whether the companies are transitioning their business models to adapt to clean energy generation. Existing law provides that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would prohibit the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, as defined. The bill would require the boards to liquidate investments in a fossil fuel company on or before July 1, 2031. The bill would temporarily suspend the above-described liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets, as specified, and would make this suspension provision inoperative on January 1, 2035. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would require the boards, commencing February 1, 2025, and annually thereafter, to file a report with the Legislature and the Governor, containing specified information, including a list of fossil fuel companies of which the board has liquidated their investments. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.
(STATUS: Introduced and read first time on 01/30/23. Referred to Coms. on L., P.E. & R. and JUD. on 02/09/23. Re-referred to Com. on JUD. on 04/13/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 04/19/23. Set for hearing May 1; placed on APPR suspense file on 04/25/23. From committee: Do pass as amended; read second time and amended; ordered to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. Referred to Com. on P.E. & R. on 06/08/23.)

Federal Legislative Update

At the end of 2022, Congress passed the Consolidated Appropriations Act of 2023, which includes the SECURE 2.0 Act of 2022 ("SECURE 2.0"). SECURE 2.0 includes many significant changes for retirement plans. Set forth below are the main changes impacting governmental defined benefit plans:

Required Minimum Distributions (RMD)

- Section 107 increases the RMD age to: (i) 73 for a person who attains age 72 after December 31, 2022, and age 73 before January 1, 2033; and (ii) 75 for an individual who attains age 74 after December 31, 2032. It is effective for distributions made after December 31, 2022, for individuals who attain age 72 after that date.
- Section 302 reduces the excise tax for failure to take RMDs from 50% of the shortfall to 25%. It further reduces the excise tax to 10% if the individual corrects the shortfall during a two-year correction window. It is effective for taxable years beginning after the date of enactment.
- Section 327 allows a spousal beneficiary to irrevocably elect to be treated as the employee for RMD purposes, and if the spouse is the employee's sole designated beneficiary, the applicable distribution period after the participant's year of death is determined under the uniform life table. It is effective for calendar years beginning after December 31, 2023.

Correction and the IRS Employee Plans Compliance Resolution System (EPCRS)

- Section 301 provides that a 401(a), 403(a), 403(b), and governmental plan (but not including a 457(b) plan) will not fail to be a tax favored plan merely because the plan fails to recover an "inadvertent benefit overpayment" (a defined term in the bill) or otherwise amends the plan to permit this increased benefit. In certain cases, the overpayment is also treated as an eligible rollover distribution. It is effective upon enactment with certain retroactive relief for prior good faith interpretations of existing guidance.
- Section 305 allows any "eligible inadvertent failure" (a defined term in the bill) to be self-corrected under EPCRS at any time (regardless of whether the error is significant or insignificant) unless (i) the IRS identified the failure before self-corrective measures commenced, or (ii) the self-correction was not completed in a reasonable period after the failure was identified. It is effective upon enactment.

Tax Treatment of Distributions

- Section 328 amends the HELPS Act by allowing the plan to distribute funds to pay for qualified health insurance premiums (1) directly to the insurer or (2) directly to the participant (but the participant must include a self-certification that such funds did not exceed the amount paid for premiums in the year of the distribution when filing the tax return for that year). It is effective for distributions made after the date of enactment.
- Section 309 excludes service-connected, disability pension payments (from a 401(a), 403(a), governmental 457(b), or 403(b) plan) from gross income of first responders after reaching retirement age up to an annualized excludable disability amount. The term "qualified first responder service" means service as a law enforcement officer, firefighter, paramedic, or emergency medical technician. It is effective for plan years beginning after December 31, 2023.
- Section 323 clarifies that the exception to the 10% tax on early distributions from tax-preferred retirement accounts for substantially equal periodic payments continues to apply after certain rollovers and for certain annuities. It is effective for transfers, rollovers, and exchanges after December 31, 2023, and effective for annuity distributions on or after the date of enactment.
- Section 329 extends the age 50 exception to the 10% early withdrawal penalty to those qualified public safety employees who have separated from service and have attained age 50 or 25 years of service, whichever comes first. It is effective for distributions made after the date of enactment.
- Section 330 expands the definition of qualified public safety employee to include certain corrections officers and forensic security employees, thus making them eligible for the age 50 exception to the 10% early withdrawal penalty. It is effective for distributions made after the date of enactment.

Amendment Deadlines

- Section 501 allows plan amendments made pursuant to the bill to be made by the end of the 2027 plan year for governmental plans as long as the plan operates in accordance with such amendments as of the effective date of a legislative or regulatory requirement or amendment. If a plan operates as such and meets the amendment timeline and requirements of this bill, then the plan will be treated as being operated in accordance with its terms. It also extends the plan amendment deadlines under the SECURE Act, CARES Act, and Taxpayer Certainty and Disaster Relief Act of 2020 to these new remedial amendment period dates, as previously reflected in IRS notices. It is effective upon enactment.

Attachments:
Legislative Update
2023 Tentative Legislative Calendar

Submitted by:

GMR- Approved

Gina M. Ratto
General Counsel

OCERS BOARD OF RETIREMENT
August 21, 2023 MEETING

LEGISLATIVE UPDATE – ATTACHMENT
2023 - 2024 CALIFORNIA STATE LEGISLATIVE SESSION
BILLS OF INTEREST

New or updated information in bold text

AB 331 (Bauer-Kahan, Boerner)

This bill would, among other things, require a deployer, as defined, and a developer of an automated decision tool, as defined, to, on or before January 1, 2025, and annually thereafter, perform an impact assessment for any automated decision tool the deployer uses that includes, among other things, a statement of the purpose of the automated decision tool and its intended benefits, uses, and deployment contexts. The bill would require a deployer or developer to provide the impact assessment to the Civil Rights Department within 60 days of its completion and would punish a violation of that provision with an administrative fine of not more than $10,000 to be recovered in an administrative enforcement action brought by the Civil Rights Department. "Deployer" is defined as a person, partnership, state or local government agency, or corporation that uses an automated decision tool to make a consequential decision. "Developer" is defined as a person, partnership, state or local government agency, or corporation that designs, codes, or produces an automated decision tool, or substantially modifies an artificial intelligence system or service for the intended purpose of making, or being a controlling factor in making, consequential decisions, whether for its own use or for use by a third party.

The bill would authorize certain public attorneys, including the Attorney General, to bring a civil action against a deployer or developer for a violation of the bill. The bill would require a public attorney to, before commencing an action for injunctive relief, provide 45 days' written notice to a deployer or developer of the alleged violations of the bill and would provide a deployer or developer a specified opportunity to cure those violations, if, among other things, the deployer or developer provides the person who gave the notice an express written statement, under penalty of perjury, that the violation has been cured and that no further violations shall occur. By expanding the scope of the crime of perjury, this bill would impose a state-mandated local program.

This bill would require a deployer to, at or before the time an automated decision tool is used to make a consequential decision, as defined, notify any natural person that is the subject of the consequential decision that an automated decision tool is being used to make, or be a controlling factor in making, the consequential decision and to provide that person with, among other things, a statement of the purpose of the automated decision tool. The bill would, if a consequential decision is made solely based on the output of an automated decision tool, require a deployer to, if technically feasible, accommodate a natural person's request to not be subject to the automated decision tool and to be subject to an alternative selection process or accommodation, as prescribed.

This bill would prohibit a deployer from using an automated decision tool *that results in* algorithmic discrimination, which the bill would define to mean the condition in which an automated decision tool contributes to unjustified differential treatment or impacts disfavoring people based on their actual or perceived race, color, ethnicity, sex, religion, age, national origin, limited English proficiency, disability, veteran status, genetic information, reproductive health, or any other classification protected by state law. The bill would authorize certain public attorneys, including the Attorney General, to bring a civil action against a deployer or developer for a violation of that provision. This bill would define "deployer" and "developer" to include a local government agency and would thereby impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason. With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
(STATUS: Introduced; Read first time on 01/30/23. Read second time and amended on 03/16/23. From committee chair, with author's amendments: Amend, and re-refer to Com. on P. & C.P. Read second time and amended on 03/30/23. Re-referred to Com. on P. & C.P. on 04/03/23. From committee: Amend, and do pass as amended and re-refer to Com. on JUD. on 04/12/23. Read second time and amended on 04/13/23. Re-referred to Com. on JUD. on 04/17/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 04/18/23. Read second time and amended on 04/19/23. Referred to suspense file on 05/17/23. Held under submission on 05/18/23.)

AB 557 (Hart, Garcia, Pacheco)
The Brown Act allows for meetings to occur via teleconferencing subject to certain requirements, including that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction.

Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use teleconferencing without complying with the above-noted requirements in specified circumstances when a declared state of emergency is in effect. Those circumstances are that (1) state or local officials have imposed or recommended measures to promote social distancing, (2) the legislative body is meeting for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (3) the legislative body has previously made that determination. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. Existing law requires a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option. Existing law prohibits a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time.

This bill would revise the authority of a legislative body to hold a teleconference meeting under those abbreviated teleconferencing procedures when a declared state of emergency is in effect. Specifically, the bill would extend indefinitely that authority in the circumstances under which the legislative body either (1) meets for the purpose of determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, or (2) has previously made that determination. The bill would also extend the period for a legislative body to make the above-described findings related to a continuing state of emergency to not later than 45 days after the first teleconferenced meeting, and every 45 days thereafter, in order to continue to meet under the abbreviated teleconferencing procedures.
(STATUS: Introduced 02/08/23. Referred to Com. on L. GOV. on 02/17/23. Coauthors revised; from committee: Do pass on 04/27/23. Read second time; ordered to third reading on 05/01/23. Read third time; passed; ordered to the Senate on 05/15/23. In Senate, read first time on 05/16/23. Referred to Coms. on GOV. & F. and JUD. on 05/24/23. From committee: Do pass and re-referred to Com. on JUD. on 06/07/23. From committee chair, with author’s amendments: Amend, and re-refer to committee; read second time; amended; and re-referred to Com. on JUD. on 06/19/23. From committee: Do pass on 06/28/23. Read second time; ordered to third reading on 06/29/23.)

AB 621 (Irwin)
Existing law establishes a workers’ compensation system, administered by the Administrative Director of the Division of Workers’ Compensation, to compensate an employee for injuries sustained in the course of employment, which, in the case of the death of an employee, includes a death benefit. Existing law provides, however, that no benefits, except reasonable expenses of burial not exceeding $1,000, shall be awarded under the workers’ compensation laws on account of the death of an employee who is an active member of CalPERS, unless the death benefits available under the PERL are less than the workers’ compensation death benefits. In that case, the surviving spouse and children of the employee are also entitled to the difference between the two death benefit amounts. Existing law exempts local safety members and patrol members, as defined, from this limitation. This bill would expand that exemption to include state safety members, peace officers, and firefighters for the Department of Forestry and Fire Protection who are members of Bargaining Unit 8.
(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on INS. on 02/17/23. From committee: Do pass and re-refer to Com. on APPR. on 03/22/23. Referred to suspense file on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to Senate on 05/31/23. In Senate, read first time on 06/01/23. Referred to Com. on L., P.E. & R. on 06/14/23. From

committee: Do pass and re-referred to Com. on APPR. on 06/28/23. **In committee: Referred to APPR. suspense file on 07/10/23.**)

AB 658 (Fong)

The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS, authorizes the CalPERS board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. Under existing law, the employee's or annuitant's contribution is the total cost per month of coverage less the portion contributed by the employer. Existing law prescribes a minimum level for the employer's contribution toward the employee's or annuitant's health benefits coverage. This bill would authorize the City of San Gabriel to enter into an agreement with specified employees hired, and elected officials who first served, on or after January 1, 2023, to provide employer contributions for postretirement health care coverage to employees with at least 5 years of credited service with the City of San Gabriel. The bill would provide that its provisions for postretirement health benefits apply to employees who retire on or after the date that a memorandum of understanding that authorizes this benefit becomes effective. The bill would require the City of San Gabriel to provide notice, as prescribed, of the agreement and any additional information necessary to implement these benefits.
(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on P.E. & R.; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/23/23. Re-referred to Com. on P.E. & R. on 03/27/23. From committee: Amend, pass as amended and re-refer to Com. on APPR. on 04/12/23. Read second time and amended on 04/13/23. Re-referred to Com. on APPR. on 04/17/23. From committee: Do pass; to Consent Calendar on 04/26/23. Read second time; ordered to Consent Calendar on 04/27/23. Read third time; passed; ordered to the Senate; in Senate, read first time on 05/04/23. Referred to Com. on L., P.E. & R. on 05/17/23. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time, amended; and re-referred to Com. On L., P.E. & R. on 06/05/23. From committee: Do pass and re-referred to Com. on APPR. on 06/14/23. From committee: Be ordered to second reading pursuant to Senate Rule 28.8. on 06/26/23. Read second time; ordered to third reading on 06/27/23.)

AB 699 (Weber, Ward)

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a rebuttable presumption that specified injuries, such as meningitis, tuberculosis, or hernia, sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. Existing law creates a rebuttable presumption that skin cancer that develops or manifests in the course of employment of a lifeguard, as specified, arose out of and in the course of employment. Existing law authorizes a lifeguard to file a claim for skin cancer after employment has terminated for a specified period based on years of employment, not to exceed 60 months. This bill would expand presumptions for hernia, pneumonia, heart trouble, cancer, tuberculosis, bloodborne infectious disease, methicillin-resistant Staphylococcus aureus skin infection, and meningitis-related illnesses and injuries to a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department. The bill would increase the period of time after

termination of employment that a lifeguard employed on a year-round, full-time basis in the Boating Safety Unit by the City of San Diego Fire-Rescue Department can file a claim for skin cancer. The bill would expand the presumptions for illness or injury related to post-traumatic stress disorder or exposure to biochemical substances, as defined, to a lifeguard employed in the Boating Safety Unit by the City of San Diego Fire-Rescue Department.
(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. on INS. on 02/23/23. From committee: Do pass and re-refer to Com. on APPR. on 03/22/23. From committee: Do pass; to Consent Calendar on 04/19/23. Read second time; ordered to Consent Calendar on 04/20/23. Read third time; passed out of Assembly; ordered to the Senate; read first time in Senate on 04/27/23. Referred to Com. on L., P.E. & R. on 05/10/23. Re-referred to Com. on APPR. on 06/14/23. From committee: Be ordered to second reading pursuant to Senate Rule 28.8. on 06/26/23. Read second time; ordered to third reading on 06/27/23.)

AB 739 (Lackey)
The California Public Employees’ Pension Reform Act of 2013 (PEPRA) generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act. PEPRA prohibits a public employer’s contribution to a defined benefit plan, in combination with employee contributions to the plan, from being less than the normal cost rate, as defined, for the plan in a fiscal year. Existing law authorizes a public retirement system to suspend contributions if certain conditions are satisfied, one of which is that the plan be funded by more than 120%, based on a computation by the retirement system actuary in accordance with specified standards, that is included in the annual valuation. This bill would revise the conditions for suspending contributions to a public retirement system defined benefit plan to increase the threshold percentage amount of plan funding to more than 130%.
(STATUS: Introduced; Read first time on 02/13/23. Referred to Com. P.E. & R. on 02/23/23. In committee: Set, first hearing; hearing cancelled at the request of author on 03/13/23.)

AB 817 (Pacheco, Wilson)
The Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency’s

jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.

This bill would authorize a subsidiary body, defined as a legislative body that serves exclusively in an advisory capacity and that is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, to use alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. In order to use teleconferencing pursuant to this act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.
(STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L. GOV.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/16/23. Re-referred to Com. on L. GOV. on 03/20/23. In committee: Hearing postponed by committee on 04/25/23.)

AB 1020 (Grayson)
The CERL prescribes the rights, benefits, and duties of members of the retirement systems established pursuant to its provisions. Existing law requires, if a safety member, a firefighter member, or a member in active law enforcement who has completed five years or more of service develops heart trouble, that the heart trouble be presumed to arise out of and in the course of employment. This bill would require the presumption that the member's heart trouble arose out of and in the course of employment to be extended following termination of service for a prescribed length of time not to exceed 60 months.

Existing law provides that participants in certain membership categories may be entitled to special benefits if the injury that causes their disability arises in the course of their employment. Existing law creates a presumption, for purposes of qualification for disability retirement benefits for specified members, that certain injuries, including, but not limited to, a bloodborne infectious disease or a methicillin-resistant Staphylococcus aureus skin infection, arose out of and in the course of employment. Existing law authorizes the presumption to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption. This bill would expand the scope of this presumption to include additional injuries, including post-traumatic stress disorder, tuberculosis, skin cancer, lower back impairments, Lyme disease, hernia, pneumonia, and meningitis, if the injury develops or manifests while a member, as defined, is in a specified job classification, or additionally if the injury develops or manifests within a prescribed length of time following the termination of the member's employment in the specified job classification. With respect to skin cancer, this bill would additionally require the member to have worked for 3 consecutive months in a calendar year in a specified position for the presumption to apply. With respect to lower back impairments, this bill would additionally require the member to have worked at least 5 years in a specified position that required the member to wear a duty belt as a condition of employment for the presumption to apply. This bill would authorize the presumption relating to these additional injuries to be rebutted by evidence to the contrary, but unless controverted, the applicable governing board of a public retirement system is required to find in accordance with the presumption. The bill would repeal the provisions

related to post-traumatic stress disorder on January 1, 2025. **The bill would, contingent upon the enactment of SB 623 of the 2023–24 Regular Session, as specified, repeal the provisions related to post-traumatic stress disorder on January 1, 2032.**
(STATUS: Introduced 02/15/23. Referred to Com. on P.E. & R. on 03/09/23. From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/13/23. Re-referred to Com. on P.E. & R. on 03/14/23. From committee: Do pass on 04/12/23. Read second time; ordered to third reading on 04/13/23. Read third time; passed out of Assembly; ordered to the Senate; read first time in Senate on 04/20/23. Referred to Com. on L., P.E. & R. on 05/03/23. From committee chair, with author's amendments: Amend, and re-refer to committee; read second time; amended; and re-referred to Com. on L., P.E. & R. on 05/30/23. From committee: Do pass on 06/14/23. Read second time; ordered to third reading on 06/15/23. **Read third time and amended; ordered to second reading on 07/11/23. Read second time; ordered to third reading on 07/12/23.**)

AB 1025 (Dixon)
Existing law requires a county board of supervisors, upon request of the county assessor or sheriff, to contract with legal counsel to assist the assessor, auditor-controller, or sheriff with duties for which the district attorney or county counsel would have a conflict of interest in representing the assessor, auditor-controller, or sheriff. In the event the board of supervisors does not concur with the assessor, auditor-controller, or sheriff that a conflict of interest exists, existing law authorizes the county assessor, auditor-controller, or sheriff to initiate an ex parte proceeding before the presiding judge of the superior court, as provided. This bill would extend these provisions to additionally require the board of supervisors to contract with legal counsel to assist the elected treasurer-tax collector, as described above. By adding to the duties of county boards of supervisors with respect to contracts for legal counsel, this bill would impose a state-mandated local program. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
(STATUS: Introduced 02/15/23. Referred to Com. on L. GOV. on 03/02/23. From committee: Do pass and re-referred to Com. on APPR. on 03/29/23. In committee; Set, first hearing; referred to suspense file on 04/19/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to the Senate on 05/31/23. In Senate, read first time; to Com. on RLS. for assignment on 06/01/23. Referred to Coms. on GOV. & F. and JUD. on 06/14/23. From committee: Do pass and re-refer to Com. on JUD. with recommendation: To Consent Calendar on 06/28/23. **From committee: Do pass and re-referred to Com. on APPR on 07/06/23.**)

AB 1145 (Maienschein)
Under existing law, a person injured in the course of employment is generally entitled to receive workers' compensation on account of that injury. Existing law, until January 1, 2025, provides that, in the case of certain state and local firefighting personnel and peace officers, the term "injury" includes post-traumatic stress disorder that developed or manifested during a period while the member is in the service of the department or

unit, and establishes a disputable presumption in this regard. This bill would provide, only until January 1, 2030, that in the case of certain state nurses, psychiatric technicians, and various medical and social services specialists, the term “injury” also includes post-traumatic stress that develops or manifests itself during a period in which the injured person is in the service of the department or unit. The bill would apply to injuries occurring on or after January 1, 2024. The bill would prohibit compensation from being paid for a claim of injury unless the member has performed services for the department or unit for at least six months, unless the injury is caused by a sudden and extraordinary employment condition.
(STATUS: Introduced; Read first time on 02/16/23. Referred to Com. on INS. on 03/02/23. Re-referred to Com. on APPR. on 04/12/23. In committee: Set, first hearing; referred to suspense file on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Read third time; passed; ordered to the Senate on 05/25/23. In Senate, read first time; to Com. on RLS. for assignment on 05/26/23. Referred to Com. on L., P.E. & R. on 06/07/23. Re-referred to Com. on APPR. on 06/28/23. **In committee: Referred to APPR. suspense file on 07/10/23.**)

AB 1246 (Nguyen)
Existing law permits a member of CalPERS who retires on or before December 31, 2017 to elect from among several optional settlements for the purpose of structuring the member’s retirement allowance. Existing law also permits a member of PERS who retires on or after January 1, 2018, to elect from among several other optional settlements for the purpose of structuring their retirement allowance. Existing law prohibits a member who elects to receive specified optional settlements from changing the member’s optional settlement and designated beneficiary after election of an optional settlement unless a specified event occurs, including the death of a beneficiary who predeceased the member, a dissolution of marriage or a legal separation in which the judgment dividing the community property awards the total interest in the retirement system to the retired member, or in an annulment of marriage in which the court confirms the annulment. This bill would, commencing January 1, 2025, permit a member who elected to receive a specified optional settlement at retirement, if the member’s former spouse was named as beneficiary and a legal judgment awards only a portion of the interest in the retirement system to the retired member, to elect to add their new spouse as the beneficiary of the member’s interest, subject to meeting certain conditions. This bill would authorize a member to elect this option only once and would preclude elections that would be in derogation of the former spouse’s interest in the retirement system. The bill would preclude elections that would result in additional costs to the employer.
(STATUS: Introduced; read first time on 02/16/23. Referred to Com. on P.E. & R.; from committee chair, with author's amendments: Amend, and re-refer to Com. on P.E. & R.; read second time and amended on 03/16/23. Re-referred to Com. on P.E. & R. on 03/20/23. From committee: Do pass and re-refer to Com. on APPR. on 04/12/23. In committee: Hearing postponed by committee on 04/26/23. From committee: Do pass; to Consent Calendar on 05/03/23. Read second time; ordered to Consent Calendar on 05/04/23. Read third time; passed; ordered to the Senate; in Senate, read first time; to Com. on RLS. for assignment on 05/11/23. Referred to Com. on L., P.E. & R. on 05/24/23. From committee chair, with author’s amendments: Amend, and re-refer to committee; read second time, amended, and re-referred to Com. on L., P.E. & R. 06/15/23. From committee: Do pass and re-referred to Com. on APPR on 06/22/23. Referred to APPR suspense file on 07/03/23.)

AB 1379 (Papan)
The Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

This bill, with respect to those general provisions on teleconferencing, would require a legislative body electing to use teleconferencing to instead post agendas at a singular designated physical meeting location, as defined, rather than at all teleconference locations. The bill would remove the requirements for the legislative body of the local agency to identify each teleconference location in the notice and agenda, that each teleconference location be accessible to the public, and that at least a quorum of the members participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would instead provide that, for purposes of establishing a quorum of the legislative body, members of the body may participate remotely, at the designated physical location, or at both the designated physical meeting location and remotely. The bill would require the legislative body to have at least two meetings per year in which the legislative body's members are in person at a singular designated physical meeting location.

Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing provisions without complying with the general teleconferencing requirements that agendas be posted at each teleconference, that each teleconference location be identified in the notice and agenda, and that each teleconference location be accessible to the public, if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under existing law, these alternative teleconferencing provisions require the legislative body to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting. Under existing law, these alternative teleconferencing provisions authorize a member to participate remotely if the member is participating remotely for just cause, limited to twice per year, or due to emergency circumstances, contingent upon a request to, and action by, the legislative body, as prescribed. Existing law specifies that just cause includes travel while on official business of the legislative body or another state or local agency.

This bill would revise the alternative provisions, operative until January 1, 2026, to make these provisions operative indefinitely. The bill would delete the restriction that prohibits a member, based on just cause, from participating remotely for more than two meetings per calendar year. The bill would delete the requirement for the legislative body to provide at least one of two specified means by which the public may remotely hear and visually observe the meeting. The bill would also delete a provision that requires a member participating remotely to publicly disclose at the meeting before action is taken whether there are individuals 18 years of age present in the room at the remote location and the general nature of the member's relationship to those individuals. The bill would further delete a provision that prohibits a member from participating remotely for a

period of more than three consecutive months or 20% of the regular meetings within a calendar year, or more than two meetings if the legislative body regularly meets fewer than ten times per calendar year. The bill would expand the definition of just cause to include travel related to a member of a legislative body's occupation. The bill would make related, conforming changes.
(STATUS: Introduced; read first time on 02/17/23. Referred to Com. on L. GOV.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/23/23. Re-referred to Com. on L. GOV. on 03/27/23. In committee: Set, first hearing; hearing canceled at the request of author on 04/24/23.)

AB 1637 (Irwin)
This bill, no later than January 1, 2029, would require a local agency, defined as a city, county, or city and county, that maintains an internet website for use by the public to ensure that the internet website utilizes a ".gov" top-level domain or a ".ca.gov" second-level domain and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a ".gov" or ".ca.gov" domain. This bill, no later than January 1, 2029, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a ".gov" domain name or a ".ca.gov" domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities**.** The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
(STATUS: Introduced; read first time on 02/17/23. Referred to Coms. on L. GOV. and P. & C.P.; from committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV.; read second time and amended on 03/16/23. Re-referred to Com. on L. GOV. on 03/20/23. Re-referred to Com. on P. & C.P. on 04/20/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 04/26/23. Read second time and amended on 04/27/23. Re-referred to Com. on APPR. on 05/01/23. From committee: Amend, and do pass as amended; read second time and amended; ordered returned to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Read third time; passed; ordered to the Senate on 05/31/23. In Senate, read first time on 06/01/23. Referred to Com. on GOV. & F. on 06/14/23. From committee: Amend, and do pass as amended and re-refer to Com. on APPR. on 06/28/23. Read second time; amended; re-referred to Com. on APPR. on 06/29/23. **In committee: Referred to APPR. suspense file on 07/10/23.**)

SB 252 (Gonzalez, Stern, Weiner, and Portantino)
Existing law prohibits the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a thermal coal company, as defined. Existing law requires the boards to liquidate investments in thermal coal companies on or before July 1, 2017, and requires the

boards, in making a determination to liquidate investments, to constructively engage with thermal coal companies to establish whether the companies are transitioning their business models to adapt to clean energy generation. Existing law provides that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would prohibit the boards of CalPERS and CalSTRS from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, as defined. The bill would require the boards to liquidate investments in a fossil fuel company on or before July 1, 2031. The bill would temporarily suspend the above-described liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets, as specified, and would make this suspension provision inoperative on January 1, 2035. The bill would provide that it does not require a board to take any action unless the board determines in good faith that the action is consistent with the board's fiduciary responsibilities established in the California Constitution.

This bill would require the boards, commencing February 1, 2025, and annually thereafter, to file a report with the Legislature and the Governor, containing specified information, including a list of fossil fuel companies of which the board has liquidated their investments. The bill would provide that board members and other officers and employees shall be held harmless and be eligible for indemnification in connection with actions taken pursuant to the bill's requirements, as specified.
(STATUS: Introduced and read first time on 01/30/23. Referred to Coms. on L., P.E. & R. and JUD. on 02/09/23. Re-referred to Com. on JUD. on 04/13/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 04/19/23. Set for hearing May 1; placed on APPR suspense file on 04/25/23. From committee: Do pass as amended; read second time and amended; ordered to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. Referred to Com. on P.E. & R. on 06/08/23.)

SB 265 (Hurtado, Umberg, Archuleta, Min, and Rubio)
Existing law requires the California Office of Emergency Services (Cal OES) to establish the California Cybersecurity Integration Center (Cal-CSIC) with the primary mission of reducing the likelihood and severity of cyber incidents that could damage California's economy, its critical infrastructure, or public and private sector computer networks in the state. Existing law requires Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2024, a strategic, multiyear outreach plan to assist the food and agriculture sector and wastewater sector in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of funding to, and potential voluntary actions that do not require funding and that assist, those sectors in their efforts to improve security preparedness.

This bill would require Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2025, a strategic, multiyear outreach plan to assist critical infrastructure sectors, as defined, in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of

funding to, and potential voluntary actions that do not require funding and that assist, that sector in their efforts to improve cybersecurity preparedness.
(STATUS: Introduced; read first time on 01/31/23. Referred to Com. on G.O. on 02/09/23. From committee: Do pass and re-referred to Com. on APPR. on 03/14/23. Placed on APPR suspense file on 04/10/23. From committee: Do pass as amended; read second time and amended; ordered to second reading on 05/18/23. Read second time; ordered to third reading on 05/22/23. Ordered to special consent calendar on 05/26/23. Read third time; passed; ordered to the Assembly on 05/30/23. In Assembly, read first time; held at Desk on 05/31/23. Referred to Com. on E.M. on 06/08/23. From committee with author's amendments; read second time; amended; re-referred to Com. on E.M. on 06/19/23. **From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar on 07/11/23.**)

SB 300 (Seyarto, Niello, Ochoa-Bogh, and Wilk)
This bill would require any bill, introduced on or after January 1, 2024, that is referred to the Senate Labor, Public Employment and Retirement Committee and relates to CalPERS to include a fiscal impact analysis from the Legislative Analyst's Office that describes the fiscal impact of the bill on CalPERS and what the outcome of the bill would be if implemented.
(STATUS: Introduced. Read first time. To Com. on RLS. for assignment on 02/02/23. Referred to Coms. on L., P.E. & R. and APPR. on 02/22/23. Set for hearing April 26 on 04/13/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 05/02/23. Read second time and amended; re-referred to Com. on APPR. on 05/03/23. Placed on APPR suspense file on 05/15/23. Held in committee and under submission on 05/18/23.)

SB 327 (Laird)
Existing law authorizes a member of CalSTRS who is eligible and applies for a disability allowance or retirement to apply to receive a service retirement pending the determination of their application for disability, subject to meeting certain conditions. These include that the member submit an application on a form prescribed by the system and, if the application for disability benefits is denied or canceled, the service retirement date of a member who submits an application for retirement under these provisions may not be earlier than January 1, 2014. This bill would instead prohibit the service retirement date of a member who submits an application for retirement under these provisions from being earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law, with respect to an application for disability benefits that is denied or canceled, prohibits the service retirement date from being earlier than one day after the date on which a retirement allowance was terminated, as specified, provided that the retirement allowance is terminated on or after January 1, 2014. This bill would instead provide that the retirement allowance under the above-described circumstances is terminated no earlier than 180 calendar days prior to when the application for service retirement is received by the system.

Existing law provides that a service retirement allowance under CalSTRS becomes effective on a date designated by the member, provided all of specified conditions are met, including that the member executes an application

for service retirement allowance no earlier than 6 months before the effective date of retirement allowance. This bill would provide that the effective date of a member who files an application for service retirement under a specified formula applicable to members 55 years of age or older is no earlier than 180 calendar days prior to when the application for service retirement is received by the system. The bill, with respect to the above members, would delete a provision specifying that the retirement date of a member who files an application for retirement on or after January 1, 2012, is no earlier than January 1, 2012. The bill would require the board to determine a date when CalSTRS has the capacity to implement the above-described changes and to post the date on the CalSTRS website no later than January 1, 2026. The bill would make those provisions operative on the date determined by the board, and would repeal those existing provisions on January 1, 2026.
(STATUS: Introduced and read first time on 02/07/23. Referred to Com. on L., P.E. & R. and APPR. on 02/15/23. Set for hearing April 26 on 04/13/23. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar on 04/26/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar 05/23/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. Referred to Com. on P.E. & R. on 06/08/23. **From committee: Do pass and re-referred to Com. on APPR. on 07/12/23.**)

SB 391 (Blakespear)
Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law provides, among other things, that skin cancer developing in active lifeguards, as defined, is presumed to arise out of and in the course of employment, unless the presumption is rebutted. This bill would expand the scope of those provisions to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.
(STATUS: Introduced; read first time on 02/09/23. Referred to Com. L., P.E. & R. on 02/22/23. From committee: Do pass and re-refer to Com. on APPR with recommendation: To consent calendar on 04/20/23. Set for hearing May 1 on 04/21/23. Placed on APPR suspense file on 05/01/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar on 05/23/23. Read third time; passed; ordered to the Assembly on 05/25/23. In Assembly, read first time; held at desk on 05/25/23. Referred to Com. on INS. on 06/08/23. Re-referred to Com. on APPR. on 06/28/23.)

SB 411 (Portantino, Menjivar, Assembly Member Rivas)
This bill would amend the teleconference provisions of the Brown Act. The bill was amended on April 24, 2023 to apply only to neighborhood councils that are advisory bodies with the purpose to promote more citizen participation in government and make government more responsive to local needs that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to the Brown Act.
(STATUS: Introduced; read first time on 02/09/23. Referred to Com. on GOV. & F. and JUD. 02/22/23. From committee: Do pass as amended and re-refer to Com. on JUD. on 04/20/23. Read second time and amended on 04/24/23. From committee: Do pass on 05/03/23. Read second time; ordered to third reading on 05/04/23. Read third time; urgency clause adopted; passed; ordered to the Assembly; in Assembly, read first time; held at

Desk on 05/15/23. Referred to Com. on L. GOV. on 05/26/23. **From committee: Do pass as amended on 07/13/23.**)

SB 432 (Cortese)
The Teachers' Retirement Law establishes CalSTRS and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Cash Balance Benefit Program to provide a retirement plan for the benefit of participating employees who perform creditable service for less than 50% of full time.

Existing law commits the administration of CalSTRS and its defined benefit program and the Cash Balance Benefit Program to the CalSTRS Board. Existing law generally prohibits adjustments in new rates of contribution adopted by the board on the basis of an investigation, valuation, and determination or because of an amendment to the Teachers' Retirement Law with respect to the Defined Benefit Program, for time prior to the effective date of the adoption or amendment. Existing law prohibits an action of the board, other than for correction of errors in calculating the allowance or annuity at the time of retirement, disability, or death of a member, from changing the allowance or annuity payable to a retired member or beneficiary prior to the date the action is taken. Existing law prescribes various duties for CalSTRS, as well as for employers participating in the system and members and their beneficiaries, in connection with law relating to the applicability of creditable compensation and creditable service. Existing law, for purposes of audits or other system actions, requires that employers be responsible for the rules in effect at the time the compensation is reported, except when expressly superseded by state or federal law or an executive order of the Governor. Existing law also requires CalSTRS to annually provide resources that interpret and clarify the applicability of creditable compensation and service pursuant to its laws and regulations. This bill would require CalSTRS to identify and provide those resources on its website. The bill would require those identified resources to be relied upon and used for purposes of audits and other actions related to compliance by employers, unless the resource is revoked or superseded.

Under existing law, new or different interpretations related to creditable compensation and service do not take effect until after notice is issued to employers and exclusive representatives. Existing law prohibits a new or different interpretation from being applied retroactively to compensation reported prior to that notice, unless a retroactive interpretation is expressly required by state or federal law or an executive order of the Governor. This bill would revise the above provision to specify that it applies to new or different interpretations of law, including those that differ from the resources identified by CalSTRS. The bill, with respect to retroactivity, would instead allow for a retroactive interpretation if it is the result of a state or federal law, executive order of the Governor, or final court order. Existing law requires that, if compensation is reported in accordance with CalSTRS rules and is later determined by CalSTRS to have been reported in error, the resulting overpayment be deemed to be an error by CalSTRS. Existing law requires that overpayments made due to an error by CalSTRS be recovered pursuant to a specified process, and a portion of this recovery is funded by a continuous appropriation from the General Fund.

This bill would revise those provisions to instead provide that if CalSTRS later determines that compensation reported in accordance with the system's identified resources has been reported in error as a result of an error in those resources, the resulting overpayment to the individual member, former member, or beneficiary shall be deemed an error of CalSTRS and subject to that specified recovery process. The bill would require a determination of an amount that has been overpaid be provided in writing by CalSTRS to the party responsible for the overpayment. The bill would further require CalSTRS to identify the error, document its source, and specify the total amount overpaid due to the error. By broadening the circumstances that may lead to recovery pursuant to the above-described continuous appropriation, this bill would make an appropriation.

Existing law also prohibits those changes in interpretations from applying before the next July 1, unless changes to state or federal law, an executive order of the Governor, an advisory letter, or programs require application or revision of the creditability of compensation on an earlier basis. This bill would delete the prohibition against changes in interpretations applying before the next July 1.

The bill would require CalSTRS to provide a prescribed written notice to the individual member, former member, or beneficiary, as applicable, if it determines that compensation has been reported in error. The bill would require that a determination of error be based on the law applicable at the time that the compensation was reported. The bill would require that the prescribed notice be in writing, identify the pertinent error, document the basis of the error, and specify the total amount, if any, overpaid due to the error. The bill would specify that overpayments, in this context, are those made to the member.

Existing law authorizes an employer or an exclusive labor representative to submit a request to CalSTRS for an advisory letter, which is a written determination issued by CalSTRS for purposes of providing formal written guidance to that employer or representative relating to the proper reporting of compensation in a publicly available agreement, consistent with laws governing creditable compensation. Existing law provides that an advisory letter may be superseded by a state or federal law, executive order of the Governor, or rule, as prescribed. These provisions require, if compensation that is reported in accordance with the advisory letter is later determined by CalSTRS to have been reported in error, that a resulting overpayment be deemed an error by the system.

This bill delete the above-described reference to an advisory letter being superseded by rule, and would instead provide that it may be superseded by an identified resource, and also by a final court order. The bill would also revise the related reporting provisions to instead provide that if CalSTRS later determines that specific compensation reported in accordance with its advisory letter has been reported in error by the employer identified in the advisory letter as a result of an error in the advisory letter, the resulting overpayment to the individual member, former member, or beneficiary would be deemed an error by CalSTRS. The bill would require notice of determination of an error in compensation reported to the system in accordance with the system's advisory letter to be provided in writing to the individual member, former member, or beneficiary, as applicable. The bill would make other conforming changes to these provisions, including specifying that the advisory letter relates to specific compensation language and only to the employer identified in the advisory letter.

Existing law requires CalSTRS, to recover an amount overpaid under the Teachers' Retirement Law or the State Teachers' Retirement System Cash Balance Benefit Program, to correct the benefit, annuity, or refund, and the corrected allowance or annuity benefit payable, by no more than 15% if the amount overpaid was due to inaccurate information or nonsubmission thereof by or on behalf of a recipient of the allowance or annuity. This bill would revise that provision to expressly apply to recovery of an overpayment from a member, participant, former participant or beneficiary. The bill would further provide for recovery under these circumstances due to an untimely submission by or on behalf of a recipient. The bill would also provide that amendments to this provision enacted during the 2nd year of the 2021–22 Regular Session shall apply when the system notifies a member, participant, former member, former participant, or beneficiary of a benefit adjustment on and after January 1, 2023.
(STATUS: Introduced; read first time on 02/13/23. Referred to Com. on L., P.E. & R. on 02/22/23. From committee: Do pass as amended and re-refer to Com. on APPR with recommendation: To consent calendar on 05/01/23. Read second time and amended; re-referred to Com. on APPR. on 05/2/23. From committee: ordered to second reading pursuant to Senate Rule 28.8 and ordered to consent calendar on 5/15/23. Read second time; ordered to consent calendar on 05/16/23. Read third time; passed; ordered to the Assembly; in Assembly, read first time; held at Desk on 05/18/23. Referred to Com. on P.E. & R. on 05/26/23. From committee with author's amendments; read second time; amended; re-referred to Com. on P.E. & R. on 06/19/23. From committee: Do pass; re-referred to Com. on APPR on 06/28/23. **From committee: Do pass; ordered to consent calendar on 07/12/23. Read second time; ordered to consent calendar on 07/13/23.**)

SB 537 (Becker)
Existing law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely.

This bill would expand the circumstances of "just cause" to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing

resolution, as specified. The bill would also require the legislative body to provide a record of attendance and the number of public comments on its internet website within seven days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would require the legislative body to identify in the agenda each member who plans to participate remotely and to include the address of the publicly accessible building from each member will participate via teleconference. The bill would prohibit a member from participating remotely pursuant to these provisions unless the remote location is the member's office or another location in a publicly accessible building and is more than 40 miles from the location of the in person meeting. The bill would repeal these alternative teleconferencing provisions on January 1, 2028. This bill would declare that it is to take effect immediately as an urgency statute.
(STATUS: Introduced; read first time on 02/14/23. Referred to Com. on RLS on 02/22/23. From committee with author's amendments; read second time and amended; re-referred to Com. on RLS. on 03/22/23. From committee: Do pass as amended and re-refer to Com. on JUD. on 04/20/23. Read second time and amended; re-referred to Com. on JUD. on 04/24/23. From committee: Do pass on 05/03/23. Read second time; ordered to third reading. on 05/04/23. Ordered to the Assembly on 05/30/23. In Assembly, read first time; held at Desk on 05/31/23. Referred to Com. on L. GOV. on 06/15/23. **From committee: Do pass as amended on 07/18/23.**)

SB 548 (Niello)
The PERL requires, for counties that contract for retirement benefits through CalPERS for eligible employees, as of the implementation date of the Trial Court Employment Protection and Governance Act, that a trial court and a county in which the trial court is located jointly participate in the system by joint contract. Existing law requires the CalPERS board to do one-time, separate computations of the assets and liabilities of two counties and the trial courts in the counties. PEPRA establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans, including limiting the benefits that may be provided to new members.

This bill would authorize a county and the trial court located within the county to elect to separate their joint CalPERS contract into individual contracts, if the county and the trial court make that election jointly and voluntarily, and would prescribe a process for this. The bill would make the separation of a joint contract irrevocable and would make a county and trial court ineligible to reestablish a joint contract. The bill would prohibit the separation from being a cause for modification of employee retirement benefits, as specified. The bill would require the CalPERS board, within its existing resources, to do a specified computation of assets and liabilities, within a prescribed time, for a county and trial court seeking to separate their joint contract after receiving specified information. For purposes of PEPRA, the bill would authorize a county and a trial court to provide employees the defined benefit plan or formula that those employees received from their respective employers prior to the exercise of the option to separate, as specified.
(STATUS: Introduced; read first time on 02/15/23. Referred to Com. on L., P.E. & R. on 02/22/23. From committee: Do pass as amended and re-refer to Com. on APPR with recommendation: To consent calendar on 04/20/23. Read second time and amended; re-referred to Com. on APPR. on 04/24/23. Set for hearing May 1 on 04/25/23. Placed on APPR suspense file on 05/01/23. From committee: Do pass; read second time; ordered to third reading on 05/18/23. Ordered to special consent calendar on 05/23/23. Read third time; passed; ordered

to the Assembly; in Assembly, read first time; held at Desk on 05/25/23. Referred to Com. on P.E. & R. on 06/08/23. From committee: Do pass as amended and re-refer to Com. on APPR. on 06/28/23. Read second time; amended; re-referred to Com. on APPR. on 06/29/23.)

SB 660 (Alvarado-Gil)
The PERL prescribes various definitions of final compensation based on employment classification, bargaining unit, date of hire, and date of retirement, among other things. The PERL authorizes public agencies to join CalPERS and prescribes the rights and duties of agencies participating in CalPERS. Existing law authorizes CalPERS to enter into agreements with specified public retirement systems to establish reciprocity between CalPERS and those public retirement systems. Existing law provides that an agency that has entered into an agreement establishing reciprocity with CalPERS is deemed to have obtained the same rights and limitations that apply to all other public agencies that have entered into similar reciprocal agreements with CalPERS.

This bill would establish the California Public Retirement System Agency Cost and Liability Panel, located in the Controller's office, with members as defined. The bill would assign responsibilities to the panel related to retirement benefit costs, including determining how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same public retirement system or when a member concurrently retires with 2 or more retirement systems that have entered into reciprocity agreements. The bill would require the panel to meet no later than March 31, 2024, and quarterly beginning on April 1, 2024, and to submit a report to the Legislature, no later than December 31, 2024, providing information regarding the financial impact a public agency assumes when an employee transfers to another public agency within the same retirement system or when an employee transfers to a public agency in a reciprocal retirement system and concurrently retires under 2 or more systems.
(STATUS: Introduced; read first time on 02/16/23. Referred to Com. on RLS. on 03/01/23. From committee with author's amendments; read second time and amended; re-referred to Com. on RLS. on 03/21/23. Re-referred to Com. on L., P.E. & R. on 03/29/23. From committee: Do pass and re-refer to Com. on APPR. on 04/20/23. Set for hearing May 1 on 04/21/23. Placed on APPR suspense file on 05/01/23. Held in committee and under submission on 05/18/23.)

SB 885 (Senate Committee on Public Employment and Retirement)
This bill would amend the Education Code to authorize CalSTRS to collect specified criminal history information in the prescribed manner for employees of CalSTRS and each applicant for employment while a tentative offer is still pending if the position includes specified duties.

The PERL permits the CalPERS board to charge interest on payments due and unpaid by a contracting agency at the greater of the annual return on the system's investments for the year prior to the year in which payments are not timely made or a simple annual rate of 10%. This bill would remove the board's option to charge interest at the annual return on the system's investments for the year prior in which payments are not timely made, and instead require the board to charge interest at a simple annual rate of 10%.

Existing law authorizes a member of CalPERS, who is credited with less than a certain number of years of service and who enters employment as a member of another public retirement system supported by state funds, within 6 months of leaving state service, to elect to leave their accumulated contributions on deposit in the retirement fund. Existing law specifies that a member's failure to make an election to withdraw accumulated contributions is deemed an election to leave the member's accumulated contributions on deposit in the retirement fund. Existing law provides that a member may revoke their election to allow accumulated contributions to remain in the retirement system, except under specified circumstances. Existing law requires a member who is permanently separated from all CalPERS covered service, who meets specified conditions, and who attains $71^{1}/_{2}$ years of age, to be provided with an election to withdraw contributions, or, if vested, an election to either apply for service retirement or to withdraw contributions. This bill would instead require a member permanently separated under the circumstances described above to attain the age specified by federal law before being provided with those election options.

Existing law establishes the Supplemental Contributions Program as a defined contribution plan to supplement the benefits provided under PERL. Existing law establishes the Supplemental Contributions Program Fund as a special trust fund, with moneys in the fund continuously appropriated to the Board of Administration of CalPERS, for purposes of the program. Under existing law, a participant, nonparticipant, spouse, or beneficiary is not permitted to elect a distribution under the plan that does not satisfy federal requirements related to being a qualified pension trust plan. Existing law requires the beginning date of distributions that reflect the entire interest of the participant, for a lump-sum distribution to the participant, to be made not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 72 years of age or the calendar year in which the participant terminates all employment. Existing law requires the beginning date of distributions, if provided in periodic payments, to begin not later than April 1 of the calendar year following the later of the calendar year in which the participant attains 72 years of age or the calendar year in which the participant terminates all employment subject to plan coverage. Existing law also requires, if a benefit is payable on account of the participant's death, and the beneficiary is the participant's spouse, that distributions commence on or before the later of either December 31 of the calendar year immediately following the calendar year in which the participant dies or December 31 of the calendar year in which the participant would have attained 72 years of age. This bill would change the age for required distributions, in the circumstances described above, from 72 years of age to the age specified by federal law.

The California Employers' Pension Prefunding Trust Program and the California Employers' Pension Prefunding Trust Fund allow state and local public agency employers that provide a defined benefit pension plan to their employees to prefund their required pension contributions. Existing law authorizes an employer, upon terms and conditions set by the board, to elect to participate in the prefunding plan by entering into a contract with the board relative to the prefunding plan. This bill would authorize an employer participating in the program, upon terms and conditions established by the board, to request a disbursement of funds from its account in the California Employers' Pension Prefunding Trust Fund and transfer those funds directly into the Public Employees' Retirement Fund. By authorizing the transfer of funds from the continuously appropriated California Employers'

Pension Prefunding Trust Fund to the continuously appropriated Public Employees' Retirement Fund, this bill would make an appropriation.

The Judges' Retirement Law prescribes retirement benefits for judges, as defined, who were first elected or appointed to judicial office before November 9, 1994. Existing law also establishes the Extended Service Incentive Program to provide enhanced retirement benefits for those judges who continue in service beyond retirement age, as specified, and directs the Board of Administration of PERS to implement the program. Existing law prescribes that the required beginning date of distributions that reflect the entire interest of the judge, for a lump-sum distribution, be made not later than April 1 of the calendar year following the later of the calendar year in which the judge attains 72 years of age or the calendar year in which the judge terminates employment. Existing law also requires, if a benefit is payable on account of the judge's death, and the beneficiary is the judge's spouse, that distributions commence on or before the later of December 31 of the calendar year immediately following the calendar year in which the judge dies or December 31 of the calendar year in which the judge would have attained 72 years of age. This bill would change the age for required distributions, in the circumstances described above, from 72 years of age to the age specified by federal law.

Existing law establishes the Judges' Retirement System II, which provides retirement and other benefits to its members and is administered by the Board of Administration of CalPERS. Under the Judges' Retirement System II, a judge is eligible to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service. Existing law, on and after January 1, 2024, and until January 1, 2029, additionally authorizes a judge who is 60 years of age and has 15 years or more of service or 65 years of age and has 10 years or more of service who is not eligible to retire pursuant to the provisions described above to elect to retire and defer receipt of a monthly allowance, subject to specified formulations. Existing law requires a judge who leaves judicial office before accruing at least 5 years of service to be paid the amount of the judge's contributions to the system. This bill would make various changes to the Judges' Retirement System II to grant a judge who elects to retire under the provisions operative January 1, 2024, benefits and options given to a judge who elects to retire upon attaining both 65 years of age and 20 or more years of service, or upon attaining 70 years of age with a minimum of 5 years of service, as described above, including, among others, authorizing a judge to receive service credit for specified military service and requiring the retirement allowance to be increased for the cost of living. The bill would require a monthly allowance or optional settlement payable to a surviving spouse of a judge who elected to retire under the provisions operative January 1, 2024, and who died before receiving a retirement allowance, to begin the date the judge would have been eligible to receive a retirement allowance until the death of the surviving spouse. The bill would specify that a judge who elects to retire under the provisions operative January 1, 2024, makes that election in lieu of being paid the amount of the judge's contributions to the system. The bill would remove the January 1, 2029, repeal date for the election operative January 1, 2024, and would instead provide that the election only applies to a judge who retires before January 1, 2029.

Existing law permits a member of the Judges' Retirement System II to select from various optional settlements for the purpose of structuring their retirement benefits. Existing law, under optional settlement 1, provides for payment of a retirement allowance until death and the payment of any remaining contributions at death to their surviving spouse or estate. Under an optional settlement 1 retirement, this bill would allow, if there is no surviving spouse, for the remaining contributions at death to be paid to a judge's designated beneficiary.

The California Constitution grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system. The California Constitution qualifies this grant of powers by reserving to the Legislature the authority to prohibit investments if it is in the public interest and the prohibition satisfies standards of fiduciary care and loyalty required of a retirement board. Existing law prohibits the boards of administration of CalPERS and CalSTRS from making investments in certain countries and in thermal coal companies, as specified, subject to the boards' plenary authority and fiduciary responsibility for investment of moneys and administration of the systems. Existing law, upon the passage of a federal law that imposes sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide, prohibits the boards of administration of CalPERS and CalSTRS from making additional or new investments, or renewing existing investments, of public employee retirement funds in an investment vehicle in the government of Turkey that is issued by the government of Turkey or that is owned by the government of Turkey. Existing law requires these boards to submit a report to the Legislature regarding the above-prescribed divestment action on or before January 1, 2024. This bill would change the January 1, 2024, reporting date to January 1, 2035.

The CERL provides for a defined retirement benefit based upon credited service, final compensation, and age at retirement subject to specified formulas relating to membership classification. This bill would clarify the definition of final compensation for specified members, members who are subject to PEPRA, and members whose services are on a tenure that is temporary, seasonal, intermittent, or part time in the CERL, as described.

CERL prescribes requirements regarding notification of members who have left service and elected to leave accumulated contributions in the retirement fund or have been deemed to have elected deferred retirement, as specified. Existing law requires the retirement system to begin paying an unmodified retirement allowance to a member, or a one-time distribution of all accumulated contributions and interest if the member is otherwise ineligible for a deferred retirement allowance, not later than April 1 following the calendar year in which the member attains 72 years of age, if the member can be located but does not submit a proper application for a deferred retirement allowance, as specified. Existing law prescribes alternate requirements if a member cannot be located and attains 72 years of age. Existing law establishes the Deferred Retirement Option Program, which a county or district may elect to offer and that provides an additional benefit on retirement to participating members.

This bill would clarify that the above-described notice shall be provided by the board. The bill would revise the age at which the retirement system is required to either start payment of an unmodified retirement allowance or make a one-time distribution of accumulated contributions and interest to the age specified by federal law. The bill would change the age threshold from April 1 of the calendar year in which the member attains 72 years of age to the age specified by federal law with regard to requirements that apply when members cannot be

located and with reference to when distributions are to be made to members who are participating in a Deferred Retirement Option Program. This bill would correct several erroneous references and also make other technical, nonsubstantive changes to these provisions.
(STATUS: Introduced; Read first time on 03/14/23. Referred to Coms. on L., P.E. & R. and PUB S. on 03/22/23. From committee with author's amendments; read second time and amended; re-referred to Com. on L., P.E. & R. on 04/17/23. From committee: Do pass and re-referred to Com. on APPR on 04/20/23**.** Read second time; ordered to consent calendar on 05/09/23. Read third time; passed; ordered to Assembly on 05/11/23. In Assembly, read first time; held at Desk on 05/11/23. Referred to Com. on P.E. & R. on 05/18/23. From committee with author's amendments; read second time; amended; re-referred to Com. on P.E. & R. on 06/06/23. From committee: Do pass and re-referred to Com. on APPR. on 06/14/23. From committee: Do pass; ordered to consent calendar on 06/28/23. Read second time; ordered to consent calendar on 06/29/23. Read third time; passed; ordered to Senate; in Senate, concurrence in Assembly amendments pending 07/03/23.)

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised 11/4/2022

DEADLINES

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

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

Jan. 4 Legislature **reconvenes** (J.R. 51(a)(1)).

Jan. 10 Budget must be submitted by Governor (Art. IV, Sec. 12(a)).

Jan. 16 Martin Luther King, Jr. Day

Jan. 20 Last day to submit **bill requests** to the Office of Legislative Counsel

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

Feb. 17 Last day for bills to **be introduced** (J.R. 61(a),(1)(J.R. 54(a)).

Feb. 20 Presidents' Day.

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

Mar. 30 **Spring recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).

Mar. 31 Cesar Chavez Day.

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

Apr. 10 Legislature reconvenes from **Spring recess** (J.R. 51(a)(2)).

Apr. 28 Last day for **policy committees** to hear and report to **fiscal committees fiscal bills** introduced in their house (J.R. 61(a)(2)).

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

May 5 Last day for **policy committees** to hear and report to the floor **non-fiscal bills** introduced in their house (J.R. 61(a)(3))

May 12 Last day for **policy committees** to meet prior to June 5 (J.R. 61(a)(4)).

May 19 Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)).

Last day for **fiscal committees** to meet prior to June 5 (J.R. 61(a)(6)).

May 29 Memorial Day.

May 30-June 2 **Floor Session Only.** No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(7)).

*Holiday schedule subject to Senate Rules committee approval

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised 11/4/2022

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

June 2 Last day for each house to pass bills introduced in that house (J.R. 61(a)(8)).

June 5 Committee meetings may resume (J.R. 61(a)(9)).

June 15 Budget must be passed by **midnight** (Art. IV, Sec. 12(c)(3)).

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

July 4 Independence Day.

July 14 Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).

Summer Recess begins upon adjournment of session provided Budget Bill has been passed (J.R. 51(a)(3)).

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

Aug. 14 Legislature reconvenes from **Summer Recess** (J.R. 51(a)(3)).

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

Sept. 1 Last day for **fiscal committees** to meet and report bills to Floor (J.R. 61(a)(11)).

Sept. 4 Labor Day.

Sept. 5-14 **Floor session only.** No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(12)).

Sept. 8 Last day to **amend** on the floor (J.R. 61(a)(13)).

Sept. 14 Last day for **each house to pass bills** (J.R. 61(a)(14)).
Interim Study Recess begins at the end of this day's session (J.R. 51(a)(4)).

*Holiday schedule subject to Senate Rules committee approval

IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS

2023

Oct. 14 — Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 14 and in his possession after Sept. 14 (Art. IV, Sec.10(b)(1)).

2024

Jan. 1 — Statutes take effect (Art. IV, Sec. 8(c)).
Jan. 3 — Legislature reconvenes (J.R. 51(a)(4)).

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Tracy Bowman, Director of Finance

SUBJECT: **SECOND QUARTER 2023 BUDGET TO ACTUALS REPORT**

Written Report

Highlights

Second Quarter Target: 50% Used /50% Remaining

	Actuals to Date	Budget	Budget Remaining ($)	Budget Remaining (%)
Administrative Expenses				
Personnel Costs	$ 10,802,653	$ 23,697,171	$ 12,894,518	54.4 %
Services and Supplies	6,460,296	14,951,725	8,491,429	56.8 %
Capital Expenditures	229,795	1,226,000	996,205	81.3 %
Grand Total	**$ 17,492,744**	**$ 39,874,896**	**$ 22,382,152**	**56.1 %**

Background/Discussion

The Board of Retirement approved OCERS' Administrative Budget for Fiscal Year 2023 (FY23) on November 14, 2022, for $39,874,896 to fund administrative expenses.

OCERS' budgeting authority, which is regulated by California Government Code Sections 31580.2 and 31596.1, includes a provision that limits the OCERS' budget for administrative expenses to twenty-one hundredths of one percent of the accrued actuarial liability of the retirement system. This provision (commonly referred to as the 21-basis points test) excludes investment related costs and expenditures for computer software, hardware, and related technology consulting services. The approved FY23 administrative budget represents 10.73 basis points of the projected actuarial accrued liability.

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

Administrative Summary

For the six months ended June 30, 2023, year-to-date actual administrative expenses were $17,492,744 or 43.9% of the $39,874,896 administrative budget and below the 50% target set for the end of the second quarter budget by approximately $2.4 million. A summary of all administrative expenses and explanations of significant variances are below:

	Actual to Date	Budget	Budget Remaining ($)	Budget Used (%)	Prorated Budget*	(Over)/Under Prorated Budget
Administrative Expenses						
Personnel Costs	**$ 10,802,653**	**$ 23,697,171**	**$ 12,894,518**	**45.6 %**	**$ 11,848,586**	**$ 1,045,933**
Services and Supplies						
Building Property Management and Maintenance	380,170	975,000	594,830	39.0 %	487,500	107,330
Due Diligence Expenses	21,357	130,000	108,643	16.4 %	65,000	43,643
Equipment - Rent and Leases	20,016	50,000	29,984	40.0 %	25,000	4,984
Equipment and Software	660,788	1,081,100	420,312	61.1 %	540,550	(120,238)
Infrastructure	744,179	1,957,140	1,212,961	38.0 %	978,570	234,391
Legal Services	730,725	1,100,000	369,275	66.4 %	550,000	(180,725)
Meetings and Related Costs	26,766	54,300	27,534	49.3 %	27,151	385
Memberships	63,884	91,245	27,361	70.0 %	45,622	(18,262)
Office Supplies	53,395	100,000	46,605	53.4 %	50,000	(3,395)
Postage and Delivery Costs	57,280	161,000	103,720	35.6 %	80,500	23,220
Printing Cost	38,518	67,000	28,482	57.5 %	33,500	(5,018)
Professional Services	3,244,390	8,149,340	4,904,950	39.8 %	4,074,671	830,281
Subscriptions and Periodicals	32,767	56,300	23,533	58.2 %	28,150	(4,617)
Telephone and Internet	177,506	391,200	213,694	45.4 %	195,600	18,094
Training and Related Costs	208,555	588,100	379,545	35.5 %	294,050	85,495
Total Services and Supplies	**6,460,296**	**14,951,725**	**8,491,429**	**43.2 %**	**7,475,864**	**1,015,568**
Administrative Expense - Subtotal	**17,262,949**	**38,648,896**	**21,385,947**	**44.7 %**	**19,324,450**	**2,061,501**
Capital Expenditures**	**229,795**	**1,226,000**	**996,205**	**18.7 %**	**613,000**	**383,205**
Grand Total	**$ 17,492,744**	**$ 39,874,896**	**$ 22,382,152**	**43.9 %**	**$ 19,937,450**	**$ 2,444,706**

*Prorated budget represents 50% (6 months/12 months) of annual budget.
**Capital expenditures represent purchase of assets to be amortized in future periods.

Personnel Costs

Personnel Costs as of June 30, 2023, were approximately $10.8 million or 45.6% of the annual budget for this category, under the prorated budget by $1,045,933. Although these costs are slightly under budget, annual Optional Benefit Plan (OBP) lump sum payments made in January, are included in these costs. Additionally, incentive compensation awards for eligible investment team members were paid in accordance with the Incentive Compensation Program approved by the Board on August 15, 2022. The awards, based on 2022 performance metrics, totaled approximately $478,000 and are payable in two equal installments; the first payment was paid at the end of March 2023 and the second payment will be paid in March 2024 to investment team members who are still employed by OCERS at the time of payment. Many of the new positions budgeted for 2023 were hired during the second quarter. Other positions are being actively recruited. Annual leave expense and liability accounts are adjusted each quarter based on the annual leave balances of OCERS employees. Leave balances are slightly higher at the end of the quarter than at the beginning of the year which increases the personnel costs. Personnel costs are closely monitored and are expected to be within budget for the year.

Services and Supplies

Expenditures for services and supplies were approximately $6.5 million or 43.2% of the annual budget for this category. The variance of $1,015,568 between the prorated budget and year-to-date actuals in this category is primarily due to the following (note: budget differences that are under budget and less than $5,000 have been deemed immaterial and are excluded from the discussion below):

- Building Property Management and Maintenance costs utilized 39.0% of the annual budget, under the prorated budget by $107,330. The lower-than-expected cost is primarily due to the timing of funding requests from OCERS property manager for operating expenses through the second quarter. Maintenance costs do not occur evenly and will fluctuate throughout the year. This category is expected to remain within budget.

- Due Diligence Expenses are at 16.4% of the annual budget and lower than the prorated budget by \$43,643. Most of the investment team travel is included in this category. The investment team has increased their travel to investment conferences and meetings with investment managers from the prior year and more travel is expected as the year progresses.
- Equipment and Software expense utilized 61.1% of the annual budget, and higher than the prorated budget by \$120,238. The higher-than-expected expenditures are primarily related to the 2023 business plan initiative to replace aging Surface tablet computers with upgraded laptops, many which were purchased during the first and second quarters.
- Infrastructure costs are at 38.0% of the annual budget resulting in an unused prorated budget of \$234,391. The lower than budgeted costs are due to the timing of maintenance agreement renewals, which renew throughout the year, as well as various costs associated with software and hardware support services that are utilized on an as-needed basis.
- Legal Services are at 66.4% of the budget and are higher than the prorated budget by \$180,725. Legal services for investments, litigation and tax counsel are utilized on an as-needed basis. Investment legal services are higher than the prorated budget by approximately \$11,000 due to the addition of several new investment managers during the first quarter. General board, tax counsel and outside counsel services, and other litigation costs, including settlements, are over the prorated budget by approximately \$125,000. Total legal fees are not anticipated to exceed the budget for the year but will be closely monitored for the remainder of the year.
- Memberships expense is at 70.0% of the annual budget and above the prorated budget by \$18,262. Many of the memberships and periodicals were renewed in the first quarter of the year. Additionally, payment of one annual membership from two prior years had not been made and was paid during the first quarter of this year. This difference is expected to diminish as the year continues and remain within budget for this category.
- Office Supplies are at 53.4% of the budget and over the prorated budget by \$3,395. During the first half of the year, additional furniture and supplies were purchased for the training room and new team members. This category is expected to remain within budget for the year.
- Postage and Delivery Costs are at 35.6% of the annual budget and under the prorated budget by \$23,220. Postage costs include the mailing of two quarterly newsletters (Winter and Spring 2023). Also included in the incurred costs is the postage for the mailing of 1099-R Forms to our members, and other Alameda mailings. Postage usage fluctuates based on current needs. This category will be closely monitored for the remainder of the year and is expected to remain within budget.
- Printing Cost is at 57.5% of the annual budget and over the prorated budget by \$5,018. The printing of the quarterly newsletters was higher than expected, and there were additional mailings related to Alameda correspondence. This category is expected to be within budget for the year and will be closely monitored.
- Professional Services utilized 39.8% of the annual budget and are lower than the prorated budget by \$830,281. As of the end of the second quarter many departments are under budget for professional services. Consulting and professional services are used on an as needed basis which results in costs fluctuating throughout the year. Some professional services budgeted with less than anticipated or

no costs incurred include white board video consulting; information security policy development and cyber security assessment services; pension administrative system consulting; the master repository project and compensation study. Contracts have been executed on several of these initiatives and the projects are now underway. This category is expected to be within budget for the year.

- Subscriptions and Periodicals are at 58.2% of the annual budget and over the prorated budget by $4,617. Most subscriptions and periodicals have annual renewals which occur at different times throughout the year. This category is not expected to be over budget for the year.
- Telephone and Internet expenditures were at 45.4% of the annual budget, under the prorated budget by $18,094. The current year budget was increased over the prior years to accommodate the increase in team members and the increase in the number of OCERS issued phones. OCERS' security provisions only allow access to OCERS email with an authorized OCERS issued device.
- Training and Related Costs are at 35.5% of the annual budget and lower than the prorated budget by $85,495. Training costs are trending higher when compared with the prior year. More board members and team members are attending in-person conferences now that the pandemic restrictions are lifted, although virtual training is also being utilized. Several LOD (Learning and Organizational Development) training programs have begun including executive and director coaching, and the launch of the Leadership Edge Program for OCERS mid-level leaders.

Capital Expenditures

Capital Expenditures incurred as of the end of the second quarter are $229,795, 43.9% of the annual budget. The costs incurred include $212,516 for the data center server virtual replacement, which is budgeted at $250,000, and $17,279 for additional board room audio-visual enhancement which is budgeted at $215,000. The capital expenditures budget also includes project costs of $250,000 for electronic content and document management, $300,000 for building space planning and $211,000 for other building and property improvements.

Conclusion:

As of the end of the second quarter, the Administrative budget based on actuals is at 43.9% of the annual budget. As actual administrative expenses are under the annual budget, OCERS complies with the 21-basis point test.

Submitted by:

OCERS T.B. - Approved

Tracy Bowman, Director of Finance
Director of Finance

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Tracy Bowman, Director of Finance

SUBJECT: **SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023**

Written Report

Background/Discussion

The attached financial statements reflect the unaudited financial activity for the six months ended June 30, 2023. These statements are unaudited and are not the official financial statements of OCERS. The following statements represent a review of the progress to date for the second quarter of 2023. The official financial statements of OCERS are included in the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2022, which is available on our website, www.ocers.org.

Summary

Statement of Fiduciary Net Position (Unaudited)

As of June 30, 2023, the net position restricted for pension, other postemployment benefits and employer is $21.4 billion, an increase of $1.2 billion, or 5.7%, from June 30, 2022. The change is a result of an increase in total assets of $659.9 million and a decrease in total liabilities of $498 million as described below:

The $659.9 million increase in total assets can be attributed to increases of $26 million in total receivables and $847.3 million in total investments at fair value, offset by decreases of $211.2 million in total cash and short-term investments and $2.2 million in capital assets.

The decrease of $211.2 million in total cash and short-term investments consists of a $248 million decrease in cash and cash equivalents due to the timing of investing employee and employer contributions received during the quarter offset by an increase of $36.8 million in securities lending collateral driven by an increase in demand for the securities lending program.

The increase of $26 million in total receivables is related to the timing of pending security sales and contributions, which increased by $14.3 million and $5.1 million, respectively.

Total investments at fair value increased $847.3 million, or 4.1% from June 30, 2022 to June 30, 2023. The total portfolio reported a net return of 6.7% for the one-year period ending June 30, 2023, compared to a net loss of -2.4% for the same one-year period ending June 30, 2022. The second quarter of 2023 saw a stronger than expected performance stemming from a pause in the Federal Reserve's rate hikes, inflation easing closer to the Federal Reserve's 2% target, and stronger-than-expected corporate earnings. Investors' fears of a hard recession seemed to fade as a more likely path to a soft landing began to emerge. Global public equity increased by $1.4 billion, real assets increased by $266.3 million and unique strategies increased by $8 million. These increases were offset by decreases in private equity of $102 million, core fixed income of $407.1 million, credit of $9.8 million and risk mitigation of $352 million. Global public equity reported a one-year return of 17.2%. which was over the benchmark of 16.1%. Private equity reported a one-year loss of -4.2% for the second quarter in 2023. Distributions have slowed but have helped enhance performance returns as there is a lag in mark-to-market reporting by the private equity investment managers and the turmoil in public markets has begun to be reflected across the private equity funds with select fund managers taking write downs in 2023. The core fixed income portfolio was up 0.2% for the one-year period, modestly outperforming its benchmark by 22 basis points. High inflation and aggressive interest rate hikes continue to be a challenge for bonds. The credit portfolio reported a return of 4.7% for the one-year period. Emerging market debt returned 7.6%, outperforming private credit as the risk has increased. Real assets reported a loss of -0.4% for the one-year period; real estate has started to feel the effects of the higher interest rate environment posting losses of -5.7% compared to positive returns for its peers in energy and infrastructure of 4.8% and 6.2%, respectively. Risk mitigation, designed to protect the portfolio during down periods, reported a loss of -2.2% for the one-year period. Unique strategies reported a one-year return of 0.4% for 2023 with a strong contribution from the Life Sciences investment.

The decrease in capital assets of $2.2 million from the prior year represents depreciation expense, which is primarily attributed to the Pension Administration System Solution (PASS).

Total liabilities decreased $498 million, or -44.5%, from June 30, 2022 to June 30, 2023, primarily due to unearned contributions, which decreased $566.3 million due to the County of Orange opting to not participate in the FY 2023-2024 contribution prepayment program. Retiree payroll payable also decreased $76.3 million due to the timing of when the July 1 participant benefits were paid out. July 1 fell on a Saturday in 2023, therefore the electronic benefit payments were paid out on June 30. These decreases were offset by an increase of $107.5 million related to the timing of securities purchased and an increase in obligations under the securities lending program of $36.8 million, as previously discussed.

Statement of Changes in Fiduciary Net Position (Unaudited)

The ending net position restricted for pension, other postemployment benefits and employer as of June 30, 2023, increased by $1.2 billion or 5.7%, when compared to the same period ending June 30, 2022.

Total additions to fiduciary net position increased 210.6% or $3.5 billion from the previous year. Net investment income for the six months ended June 30, 2023, was $1.3 billion versus a loss of -$2.2 billion for the six months ended June 30, 2022, an increase of $3.5 billion or 160%. The main cause of the increase is due to the net appreciation in fair value of investments, which increased $3.7 billion from the prior year, slightly offset by a decrease in dividends, interest, and other investment income of $237.6 million. The second quarter in 2023 reported a year-to-date net return of 6.4%, compared to a year-to-date net loss of -8.0% for the second quarter in 2022. Global public equity, core fixed income and credit reported positive year-to-date returns in 2023 compared to negative year-to-date returns in 2022. Private equity, unique strategies and risk mitigation saw decreases in the year-to-date return for the second quarter in 2023 in comparison to year-to-date returns in 2022. Real assets reported a year-to-date loss of -2.2% compared to a year-to-date return of 16.6% for the second quarter in 2022. Total investment fees and expenses increased by $14.9 million in June 2023 primarily due to a $12 million increase in other fund expenses, which includes indirect flow-through investment expenses in limited partner structures. Security lending rebate fees increased $4.6 million due to increases in the “risk free rate,” such as the Federal Funds Target Range or Overnight Bank Funding Rate (OBFR), that are used to negotiate rebates to borrowers.

Total contributions increased $28.3 million over the prior year due to employer contributions which increased $23.8 million and employee contributions which increased $4.5 million. The increases can be attributed to an increase in contribution rates.

Total deductions from fiduciary net position increased 8.4%, or $49.6 million, from the previous year. Participant benefits increased by $45.9 million, which is expected due to the continued growth in member pension benefit payments, both in the total number of OCERS’ retired members receiving a pension benefit and an increase in the average benefit received. In June 2023, there were 20,853 payees with an average benefit payment of $4,842 compared to 20,216 payees with an average benefit payment of $4,647 in June 2022. Administrative expenses increased by $3.4 million, primarily due to an increase in personnel costs and professional services.

Other Supporting Schedules

In addition to the basic financial statements for the six months ended June 30, 2023, the following supporting schedules are provided for additional information pertaining to OCERS:

- Total Plan Reserves
- Schedule of Contributions
- Schedule of Investment Expenses
- Schedule of Administrative Expenses
- Administrative Expense Compared to Actuarial Accrued Liability

Submitted by:

OCERS T.B. - Approved

Tracy Bowman
Director of Finance

Orange County Employees Retirement System

Unaudited Financial Statements

For the Six Months Ended June 30, 2023

Orange County Employees Retirement System

Unaudited Financial Statements
For the Six Months Ended June 30, 2023

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Statement of Fiduciary Net Position (Unaudited)

As of June 30, 2023

(with summarized comparative amounts as of June 30, 2022)
(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund-County	Health Care Fund-OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2022
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	$ 208,920	$ 4,704	$ 775	$ 101	$ 214,500	$ 462,494
Securities Lending Collateral	256,738	5,781	953	-	263,472	226,671
Total Cash and Short-Term Investments	465,658	10,485	1,728	101	477,972	689,165
Receivables						
Investment Income	16,571	373	61	-	17,005	13,826
Securities Sales	132,005	2,972	490	-	135,467	121,127
Contributions	18,052	-	-	-	18,052	12,929
Foreign Currency Forward Contracts	3,575	81	13	-	3,669	1,966
Other Receivables	7,372	166	27	-	7,565	5,961
Total Receivables	177,575	3,592	591	-	181,758	155,809
Investments at Fair Value						
Global Public Equity	9,642,221	217,109	35,781	13,202	9,908,313	8,464,458
Private Equity	3,333,646	75,062	12,371	-	3,421,079	3,523,014
Core Fixed Income	1,645,249	37,045	6,105	5,366	1,693,765	2,100,827
Credit	1,486,056	33,461	5,515	-	1,525,032	1,534,861
Real Assets	2,895,425	65,195	10,744	-	2,971,364	2,705,027
Risk Mitigation	1,711,561	38,538	6,351	-	1,756,450	2,108,466
Unique Strategies	75,430	1,698	280	-	77,408	69,456
Total Investments at Fair Value	20,789,588	468,108	77,147	18,568	21,353,411	20,506,109
Capital Assets, Net	7,975	-	-	-	7,975	10,589
Total Assets	**21,440,796**	**482,185**	**79,466**	**18,669**	**22,021,116**	**21,361,246**
Liabilities						
Obligations Under Securities Lending Program	256,737	5,781	953	-	263,471	226,672
Securities Purchased	227,796	5,129	845	-	233,770	126,280
Unearned Contributions	75,847	-	-	-	75,847	642,125
Foreign Currency Forward Contracts	6	-	-	-	6	1,892
Retiree Payroll Payable	12,150	8,251	661	-	21,062	97,315
Other	25,727	579	95	-	26,401	24,229
Total Liabilities	**598,263**	**19,740**	**2,554**	**-**	**620,557**	**1,118,513**
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	**$20,842,533**	**$ 462,445**	**$ 76,912**	**$ 18,669**	**$21,400,559**	**$20,242,733**

Statement of Changes in Fiduciary Net Position (Unaudited)

For the Six Months Ended June 30, 2023

(with summarized comparative amounts for the Six Months Ended June 30, 2022)
(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund-County	Health Care Fund-OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2022
Additions						
Contributions						
Employer	$ 371,488	$ -	$ 25,527	$ -	$ 397,015	$ 373,184
Employee	136,913	-	-	-	136,913	132,431
Employer OPEB Contributions	-	-	-	341	341	325
Total Contributions	508,401	-	25,527	341	534,269	505,940
Investment Income						
Net Appreciation/(Depreciation) in Fair Value of Investments	1,225,830	27,545	3,743	1,864	1,258,982	(2,450,965)
Dividends, Interest, & Other Investment Income	117,719	2,651	437	7	120,814	358,409
Securities Lending Income						
Gross Earnings	5,416	122	20	-	5,558	866
Less: Borrower Rebates and Bank Charges	(4,948)	(111)	(18)	-	(5,077)	(492)
Net Securities Lending Income	468	11	2	-	481	374
Total Investment Income/(Loss)	1,344,017	30,207	4,182	1,871	1,380,277	(2,092,182)
Investment Fees and Expenses	(81,341)	(1,831)	(302)	(2)	(83,476)	(68,592)
Net Investment Income/(Loss)	1,262,676	28,376	3,880	1,869	1,296,801	(2,160,774)
Total Additions	**1,771,077**	**28,376**	**29,407**	**2,210**	**1,831,070**	**(1,654,834)**
Deductions						
Participant Benefits	595,815	18,639	3,489	-	617,943	572,047
Death Benefits	343	-	-	-	343	459
Member Withdrawals and Refunds	7,782	-	-	-	7,782	7,398
Employer OPEB Payments	-	-	-	751	751	729
Administrative Expenses	14,625	12	11	11	14,659	11,227
Total Deductions	**618,565**	**18,651**	**3,500**	**762**	**641,478**	**591,860**
Net Increase/(Decrease)	1,152,512	9,725	25,907	1,448	1,189,592	(2,246,694)
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	19,690,021	452,720	51,005	17,221	20,210,967	22,489,427
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	**$ 20,842,533**	**$ 462,445**	**$ 76,912**	**$ 18,669**	**$ 21,400,559**	**$ 20,242,733**

Total Plan Reserves

For the Six Months Ended June 30, 2023

(with summarized comparative amounts for the Six Months Ended June 30, 2022)
(Dollars in Thousands)

	2023	2022
Pension Reserve	$ 13,150,307	$ 11,992,491
Employee Contribution Reserve	3,771,711	3,670,664
Employer Contribution Reserve	2,701,069	2,931,348
Annuity Reserve	2,845,838	2,566,848
Health Care Reserve	539,357	502,960
Custodial Fund Reserve	18,669	17,353
County Investment Account (POB Proceeds) Reserve	144,683	145,745
OCSD UAAL Deferred Reserve	14,398	15,643
Contra Account and Actuarial Deferred Return	(1,785,473)	(1,600,319)
Total Net Position Restricted for Pension, Other Postemployment Benefits and Employer	**$ 21,400,559**	**$ 20,242,733**

Schedule of Contributions

For the Six Months Ended June 30, 2023

(with summarized comparative amounts for the Six Months Ended June 30, 2022

(Dollars in Thousands)

	2023		2022	
	Employee	Employer	Employee	Employer
Pension Trust Fund Contributions				
County of Orange	$ 102,071	$ 297,008	$ 98,617	$ 275,086
Orange County Fire Authority	15,292	42,797[1]	14,966	47,115[1]
Orange County Superior Court of California	7,674	22,665	7,480	19,772
Orange County Transportation Authority	5,848	17,271	5,541	16,233
Orange County Sanitation District	4,194	4,351	4,116	4,188
Orange County Employees Retirement System	675	2,277	566	1,740
UCI - Medical Center and Campus	-	1,539[2]	-	1,674[2]
City of San Juan Capistrano	302	1,145	420	1,016
Transportation Corridor Agencies	487	425	406	469
Orange County Department of Education	-	157[2]	-	210[2]
Orange County Cemetery District	96	143	89	131
Orange County Local Agency Formation Commission	27	119	23	97
Orange County In-Home Supportive Services Public Authority	77	101	71	96
Children and Families Commission of Orange County	86	135	56	89
Orange County Public Law Library	84	64	80	64
Contributions Before Prepaid Discount	136,913	390,197	132,431	367,980
Prepaid Employer Contributions Discount	-	(18,709)	-	(18,023)
Total Pension Trust Fund Contributions	**136,913**	**371,488**	**132,431**	**349,957**
Health Care Fund - County Contributions	**-**	**-**	**-**	**21,081**
Health Care Fund - OCFA Contributions	**-**	**25,527**	**-**	**2,146**
Custodial Fund - OCTA OPEB Contributions	**-**	**341**	**-**	**325**
Total Contributions	**$ 136,913**	**$ 397,356**	**$ 132,431**	**$ 373,509**

[1] Unfunded actuarial accrued liability payments were made in 2023 for $6.5 million and 2022 for $5.5 million for the Orange County Fire Authority.

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

Schedule of Investment Expenses

For the Six Months Ended June 30, 2023

(with summarized comparative amounts for the Six Months Ended June 30, 2022)
(Dollars in Thousands)

	2023	2022
Investment Management Fees*		
Global Public Equity	$ 5,957	$ 7,215
Core Fixed Income	1,157	1,292
Credit	6,254	4,828
Real Assets	16,741	14,734
Private Equity	20,877	18,511
Risk Mitigation	4,690	6,851
Unique Strategies	577	665
Short-Term Investments	74	157
Total Investment Management Fees	**56,327**	**54,253**
Other Fund Expenses[1]	**23,166**	**11,188**
Other Investment Expenses		
Consulting/Research Fees	1,122	1,116
Investment Department Expenses	2,321	1,465
Legal Services	238	268
Custodian Services	290	290
Investment Service Providers	10	10
Total Other Investment Expenses	**3,981**	**3,149**
Security Lending Activity		
Security Lending Fees	121	97
Rebate Fees	4,956	395
Total Security Lending Activity	**5,077**	**492**
Custodial Fund - OCTA Investment Fees and Expenses	**2**	**2**
Total Investment Expenses	**$ 88,553**	**$ 69,084**

* Does not include undisclosed fees deducted at source.

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

Schedule of Administrative Expenses

For the Six Months Ended June 30, 2023

(with summarized comparative amounts for the Six Months Ended June 30, 2022)
(Dollars in Thousands)

	2023	2022
Pension Trust Fund Administrative Expenses		
Expenses Subject to the Statutory Limit		
Personnel Services		
Employee Salaries and Benefits	$ 8,768	$ 7,031
Board Members' Allowance	6	6
Total Personnel Services	8,774	7,037
Office Operating Expenses		
Depreciation/Amortization	1,344	1,304
Professional Services	1,866	858
General Office and Administrative Expenses	1,349	884
Rent/Leased Real Property	400	455
Total Office Operating Expenses	4,959	3,501
Total Expenses Subject to the Statutory Limit	13,733	10,538
Expenses Not Subject to the Statutory Limit		
Information Technology Professional Services	295	165
Information Security Professional Services	52	37
Finance Software Professional Services	7	31
Actuarial Fees	95	230
Equipment/Software	443	190
Total Expenses Not Subject to the Statutory Limit	892	653
Total Pension Trust Fund Administrative Expenses	**14,625**	**11,191**
Health Care Fund - County Administrative Expenses	**12**	**12**
Health Care Fund - OCFA Administrative Expenses	**11**	**12**
Custodial Fund - OCTA Administrative Expenses	**11**	**12**
Total Administrative Expenses	**$ 14,659**	**$ 11,227**

Administrative Expense Compared to Actuarial Accrued Liability

For the Six Months Ended June 30, 2023

(Dollars in Thousands)

Actuarial Accrued Liability (AAL) as of 12/31/22	$	25,386,669
Maximum Allowed for Administrative Expense (AAL * 0.21%)		53,312
Actual Administrative Expense[1]		13,733
Excess of Allowed Over Actual Expense	**$**	**39,579**
Actual Administrative Expense for the six months ended 6/30/23 as a Percentage of Actuarial Accrued Liability as of 12/31/22		0.05%
Actual Administrative Expense for the six months ended 6/30/22 as a Percentage of Actuarial Accrued Liability as of 12/31/21		0.04%
[1] Administrative Expense Reconciliation		
Administrative Expense per Statement of Changes in Fiduciary Net Position	$	14,625
Less: Administrative Expense Not Considered per CERL Section 31596.1		(892)
Administrative Expense Allowable Under CERL Section 31580.2	**$**	**13,733**

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **OCERS BY THE NUMBERS (2023 EDITION)**

Written Report

Background/Discussion

Attached is the 2023 edition of OCERS by the Numbers, based on the December 31, 2022 actuarial valuation.

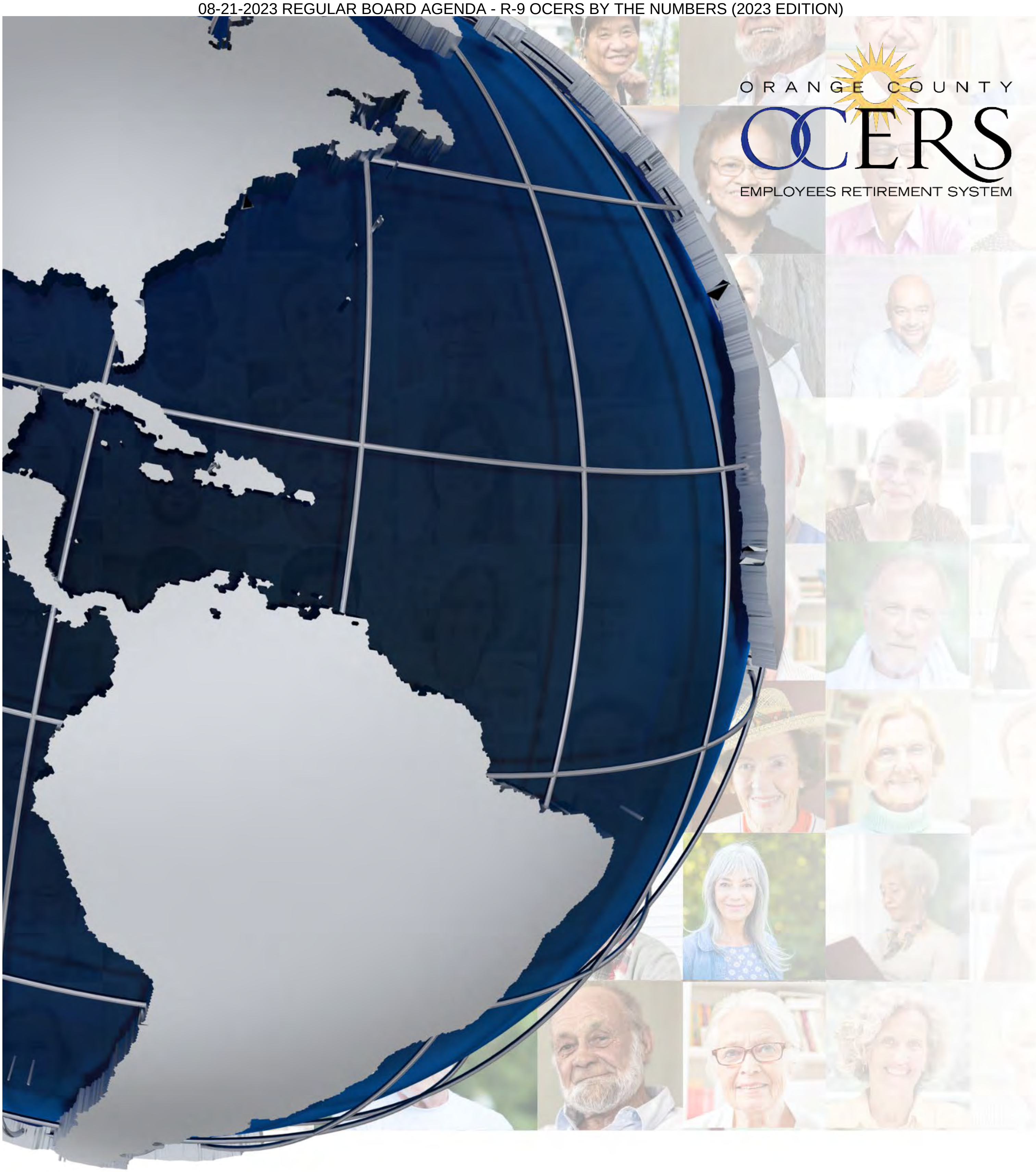
OCERS has been producing this general informational document since 2009, with the majority of the statistical data drawn from each year's completed valuation report.

This document provides all stakeholders, no matter their point of view as to public pensions, with data based facts regarding the OCERS plan.

Approved by:

SD - Approved

Steve Delaney
Chief Executive Officer



2023 Edition of OCERS by the Numbers

(As of December 31, 2022 actuarial valuation)

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Our Members Tell Our Story

OCERS members do not receive Social Security benefits for their years of service in our community, so they depend on us to help them achieve a measure of financial security in retirement.

OCERS partners with 13 active participating employers to provide pension benefits for retirees and their beneficiaries. Our members include many different public servants, including deputy sheriffs, firefighters, probation officers, physicians, secretaries, and bus drivers.

$1,116 bn. paid in pension benefits annually (as of Dec. 31, 2021)

$3,944 average monthly allowance for retired General members (excludes DRO's and beneficiaries)

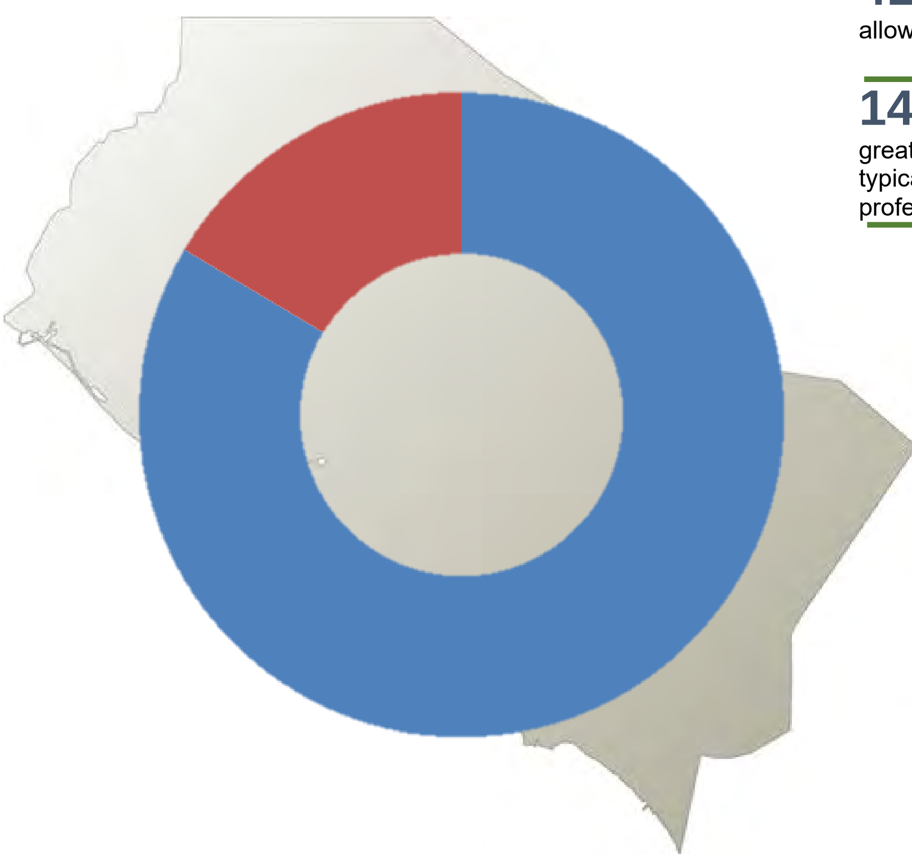
$7,048 average monthly allowance for retired Safety members (excludes DRO's and beneficiaries)

$4,751 average monthly allowance for General members who retired with service retirement in 2022

$7,772 average monthly allowance for Safety members who retired with service retirement in 2022

41% of all retirees who receive a monthly allowance receive less than $3,000

14% of all retirees receive a pension greater than $100,000 annually; they are typically attorneys, department heads, and other professionals



20% Safety members

80% General members

OCERS Pension Quick Facts

As of December 31, 2022

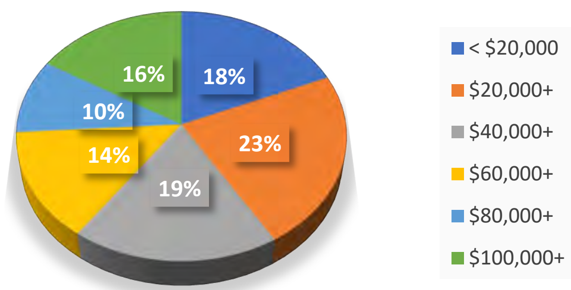
Quick Facts

(For more details on retirees see pages 16–31)

Members & Employers	**29,955** active & inactive members	**20,678** retirees, beneficiaries & survivors	**20** Participating Employers	**50,633** total membership

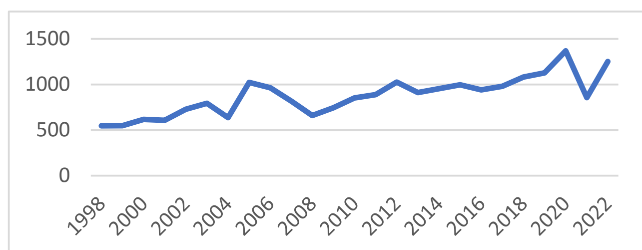
Pension Averages	**$3,944** monthly allowance for all General members and payees	**$7,048** monthly allowance for all Safety members and payees	**22** average years of service for General members who retired in 2022	**22** average years of service for Safety members who retired in 2022	**61 years old** average age at retirement for General members who retired in 2022	**55 years old** average age at retirement for Safety members who retired in 2022

Annual Pensions for Service Retirees



Retirement Trend

Retirees per year



FUNDING STATUS:

As of December 31, 2022 OCERS is approximately 81.51% funded based on the valuation value of assets of $20.70 billion in trust fund assets. The unfunded liability is estimated at $4.7 billion. (The Segal Group, Inc.)

CONTRIBUTION SOURCES:

Every dollar paid to OCERS pensioners comes from three sources:*

OCERS active members – 15¢

Employers – 33¢

Investment Earnings – 52¢

* Source: OCERS income to trust fund over last 25 years

Demographics

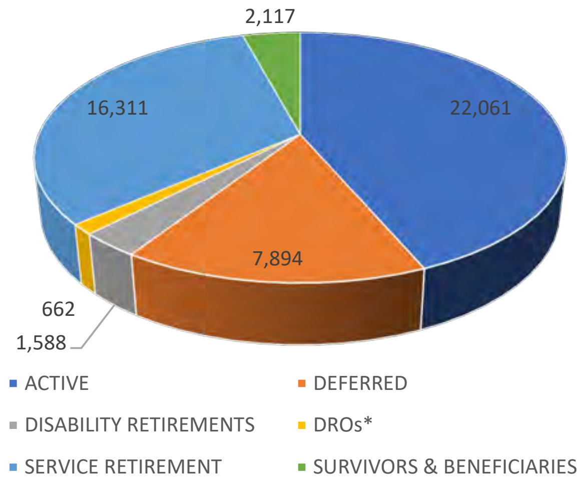
Orange County Employees Retirement System

As of December 31, 2022

Demographics

OCERS Active Participating Employers

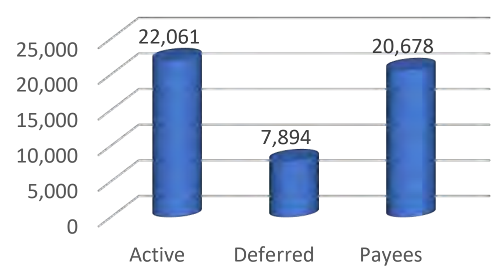
1. City of San Juan Capistrano
2. County of Orange
3. Orange County Cemetery District
4. Orange County Children and Families Commission
5. Orange County Employees Retirement System
6. Orange County Fire Authority
7. Orange County In-Home Supportive Services Public Authority
8. Orange County Local Agency Formation Commission
9. Orange County Public Law Library
10. Orange County Sanitation District
11. Orange County Superior Court
12. Orange County Transportation Authority
13. Transportation Corridor Agencies



* DRO: A court order dividing a pension benefit due to a divorce or legal separation.

OCERS Inactive Participating Employers

1. Capistrano Beach Sanitary District
2. City of Rancho Santa Margarita
3. Cypress Recreation and Park District
4. Orange County Department of Education
5. Orange County Mosquito and Vector Control District
6. University of California, Irvine Medical Center
7. University of California, Irvine Campus



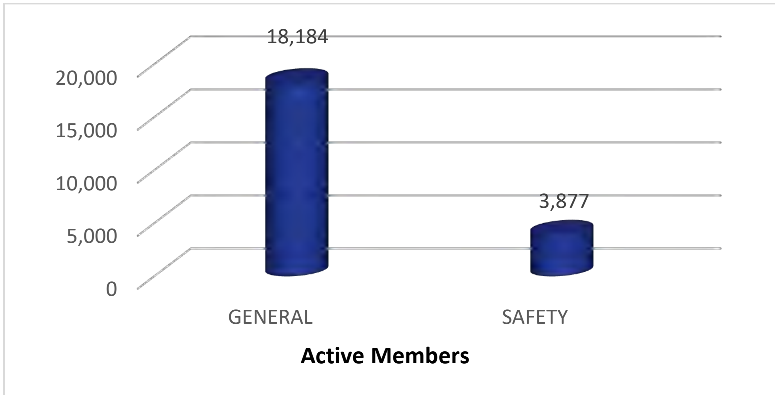
Count of Active, Deferred and Payee by Status
As of December 31, 2022

	General	Safety	Total
Active	18,184	3,877	22,061
Deferred	7,323	571	7,894
Payee	16,547	4,131	20,678
Total	42,054	8,579	50,633
Active Members per Payee	1.10	0.94	1.07

Active Member Demographics

Count of Active Members by Status
As of December 31, 2022

	General	Safety	Total Count
Active	18,184	3,877	22,061

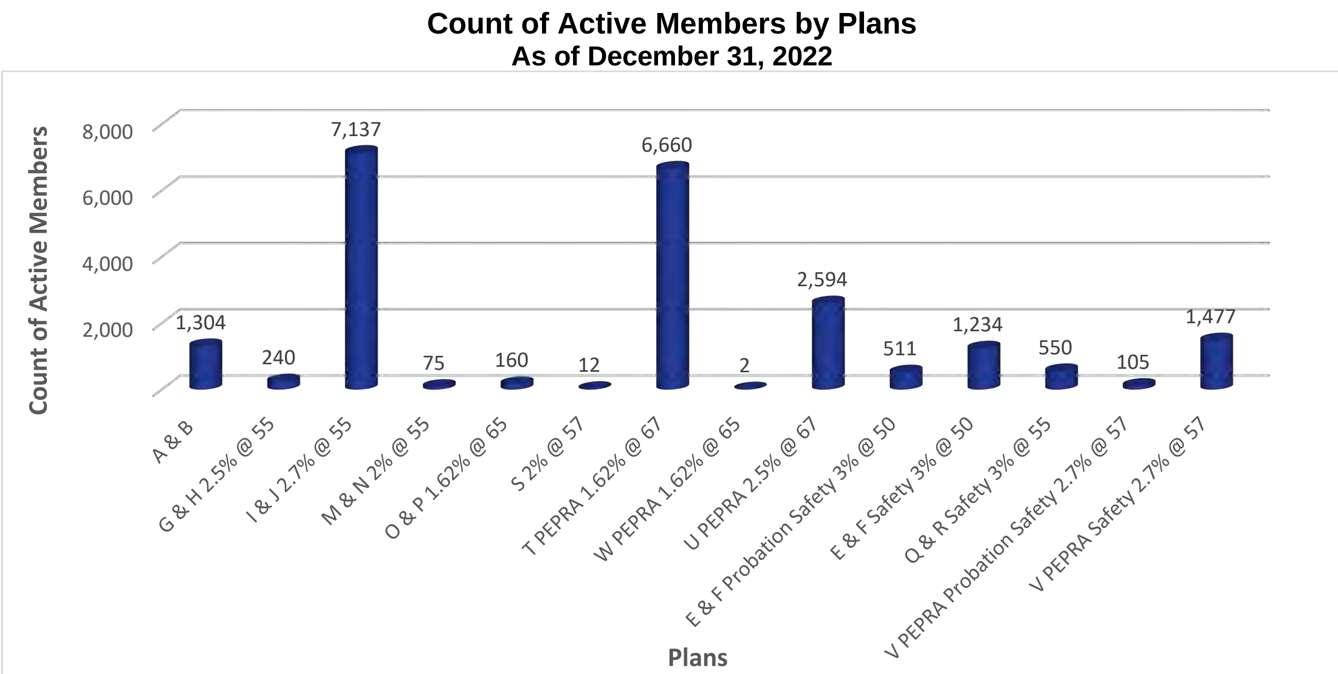


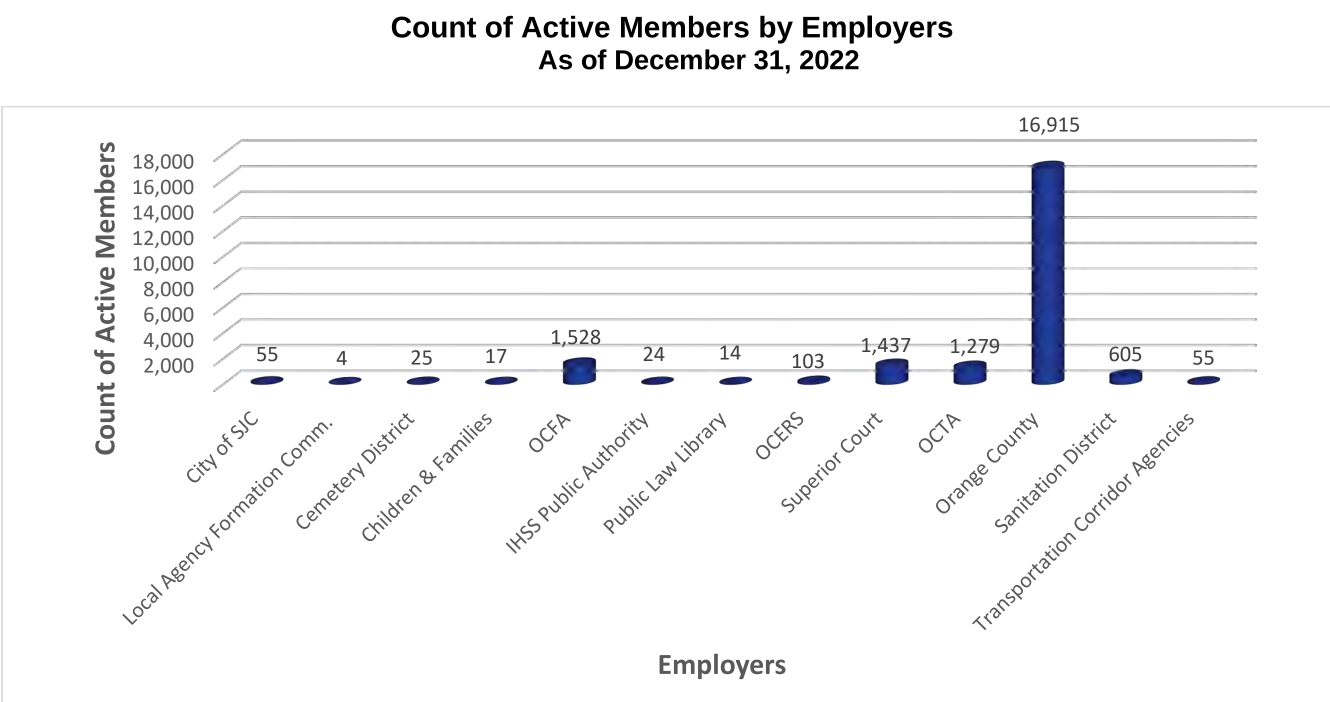
Count of Active Members by Plans and by Employers
As of December 31, 2022

Retirement Plans

Employers	A & B	G & H 2.5% @ 55	I & J 2.7% @ 55	M & N 2% @ 55	O & P 1.62% @ 65	S 2% @ 57	T PEPRA 1.62% @ 67	W PEPRA 1.62% @ 65	U PEPRA 2.5% @ 67	E & F Probation Safety 3% @ 50	E & F Safety 3% @ 50	Q & R Safety 3% @ 55	V PEPRA Probation Safety 2.7% @ 57	V PEPRA Safety 2.7% @ 57	TOTAL
City of SJC			14			12		2	27						**55**
Local Agency Formation Comm.			2				2								**4**
Cemetery District				13					12						**25**
Children & Families			4						13						**17**
OCFA			80	43					193		529	160		523	**1,528**
IHSS Public Authority	5								19						**24**
Public Law Library		11							3						**14**
OCERS			38				38		27						**103**
Superior Court			747		15		675								**1,437**
OCTA	755								524						**1,279**
Orange County	492		6,252		145		5,945		1,416	511	705	390	105	954	**16,915**
Sanitation District	52	229							324						**605**
Transportation Corridor Agencies				19					36						**55**
TOTAL:	**1,304**	**240**	**7,137**	**75**	**160**	**12**	**6,660**	**2**	**2,594**	**511**	**1,234**	**550**	**105**	**1,477**	**22,061**

OCERS by the Numbers





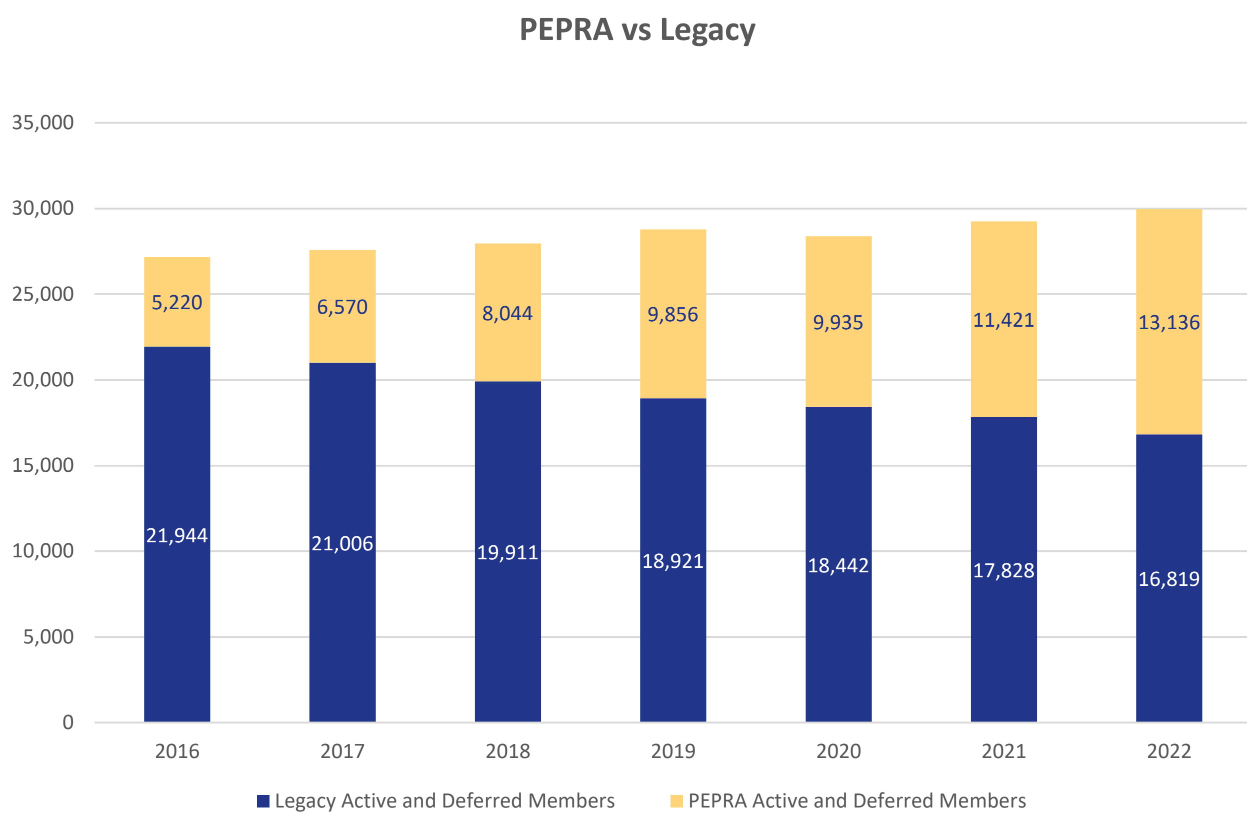
Active Member Demographics

5

Count and Percentage of PEPRA to Legacy Members

	2016	2017	2018	2019	2020	2021	2022
Legacy Active and Deferred Members	21,944	21,006	19,911	18,921	18,442	17,828	16,819
PEPRA Active and Deferred Members	5,220	6,570	8,044	9,856	9,935	11,421	13,136
Total	27,164	27,576	27,955	28,777	28,377	29,249	29,955
Percentage of PEPRA to Legacy Members	**19%**	**24%**	**29%**	**34%**	**35%**	**39%**	**44%**

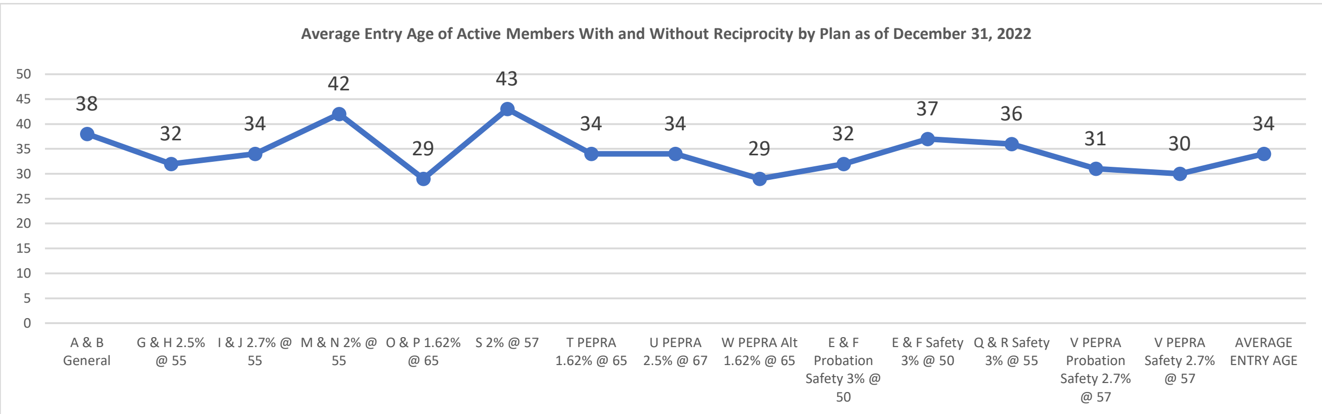
PEPRA Members are new Public Employees hired on or after January 1, 2013



OCERS by the Numbers

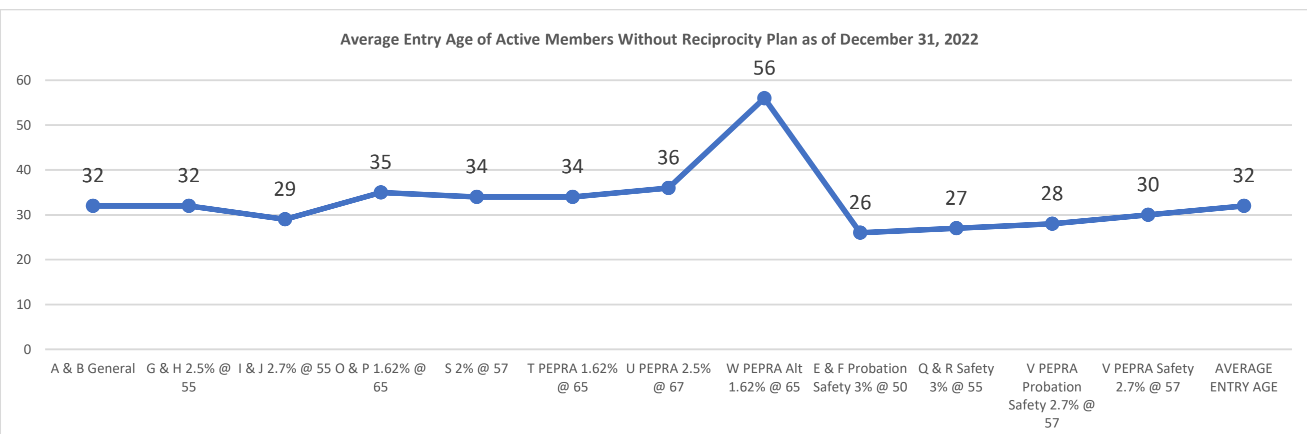
Average Entry Age of Active Members with Reciprocity by Plan Formula
As of December 31, 2022

WITH RECIPROCITY	A & B General	G & H 2.5% @ 55	I & J 2.7% @ 55	M & N 2% @ 55	O & P 1.62% @ 65	S 2% @ 57	T PEPRA 1.62% @ 65	U PEPRA 2.5% @ 67	W PEPRA Alt 1.62% @ 65	E & F Probation Safety 3% @ 50	E & F Safety 3% @ 50	Q & R Safety 3% @ 55	V PEPRA Probation Safety 2.7% @ 57	V PEPRA Safety 2.7% @ 57	AVERAGE ENTRY AGE
Average Entry Age by Plan	**38**	**32**	**34**	**42**	**29**	**43**	**34**	**34**	**29**	**32**	**37**	**36**	**31**	**30**	**34**



Average Entry Age of Active Members without Reciprocity by Plan Formula
As of December 31, 2022

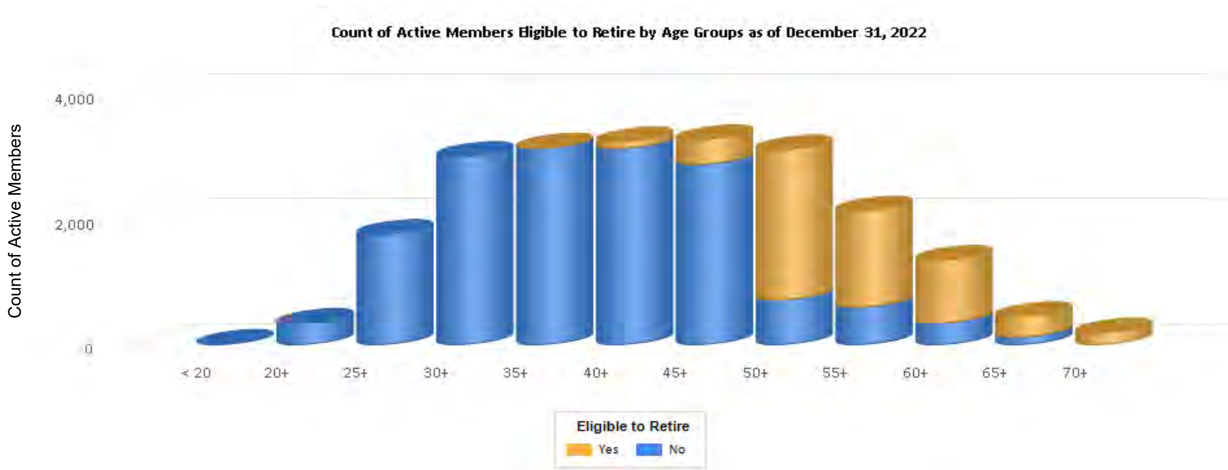
WITH RECIPROCITY	A & B General	G & H 2.5% @ 55	I & J 2.7% @ 55	O & P 1.62% @ 65	S 2% @ 57	T PEPRA 1.62% @ 65	U PEPRA 2.5% @ 67	W PEPRA Alt 1.62% @ 65	E & F Probation Safety 3% @ 50	Q & R Safety 3% @ 55	V PEPRA Probation Safety 2.7% @ 57	V PEPRA Safety 2.7% @ 57	AVERAGE ENTRY AGE
Average Entry Age by Plan	32	32	29	35	34	34	36	56	26	27	28	30	**32**



Count of Active Members Eligible to Retire by Age Groups
As of December 31, 2022

Age Groups

Eligible to Retire	< 20	20+	25+	30+	35+	40+	45+	50+	55+	60+	65+	70+	TOTAL
No	5	339	1,765	3,016	3,146	3,145	2,889	715	599	346	119		**16,084**
Yes					2	107	396	2,406	1,542	1,006	330	188	**5,977**
													22,061



OCERS by the Numbers

Active Members – Eligible to Retire by Employers
As of December 31, 2022

Plans	A & B General	G & H 2.5% @ 55	I & J 2.7% @ 55	M & N 2% @ 55	O & P 1.62% @ 65	S 2% @ 57	T PEPRA 1.62% @ 65	U PEPRA 2.5% @ 67	W PEPRA 1.62% @ 65	E & F Probation Safety 3% @ 50	E & F Safety 3% @ 50	Q & R Safety 3% @ 55	V PEPRA Probation Safety 2.7% @ 57	V PEPRA Safety 2.7% @ 57	TOTAL ELIGIBLE TO RETIRE	% ELIGIBLE TO RETIRE
City of SJC			8			5									13	24%
Local Agency Formation Comm.			2												2	50%
Cemetery District				8											8	32%
Children & Families								1							1	6%
OCFA			49	19							304	27			399	26%
IHSS Public Authority	4														4	17%
Public Law Library		9													9	64%
OCERS			20				2								22	21%
Superior Court			411		8		8								427	30%
OCTA	487														487	38%
Orange County	270		3,300		52		23	5		327	416	33		4	4,430	26%
Sanitation District	14	148						1							163	27%
Transportation Corridor Agencies				12											12	22%
TOTAL ELIGIBLE TO RETIRE:	**775**	**157**	**3,790**	**39**	**60**	**5**	**33**	**7**	**0**	**327**	**720**	**60**	**0**	**4**	**5,977**	**27%**
% ELIGIBLE BY PLAN NAME:	**59%**	**65%**	**53%**	**52%**	**38%**	**42%**	**0%**	**0%**	**0%**	**64%**	**58%**	**11%**	**0%**	**0%**		

(Percentages rounded)

Eligible to retire for plans A – S (Legacy plans for public employees hired before Jan 1, 2013 including reciprocity) if:
- 70 years old
- 50 years old and has 10 or more years of ***eligible service***
- Safety member has 20 years or more of ***eligible service at any age***
- General member has 30 years or more of ***eligible service at any age***

Eligible to retire for PEPRA compliant/alternative plans T and W if:
- 50 years old and has 10 or more years of ***eligible service***
- 70 years old

Eligible to retire for PEPRA plan U if:
- 52 years old and has 5 or more years of ***eligible service***
- 70 years old

Eligible to retire for PEPRA Safety plan V if:
- 50 years old and has 5 or more years of ***eligible service***
- 70 years old

Eligible Service = current service + incoming reciprocal service

	Tier 1 12 month measuring period	**Tier 2 (hired on or after Sep 21, 1979)** 36 month measuring period	
General	**A**	**B**	Other General Members
	G	**H**	2.5% @ 55
	I	**J**	2.7% @ 55
	M	**N**	2% @ 55
	O	**P**	1.62% @ 65
		S	2% @ 57
Safety	**C**	**D**	2% @ 50
	E	**F**	3% @ 50
	Q	**R**	3% @ 55

New Public Employees hired on or after Jan 1, 2013

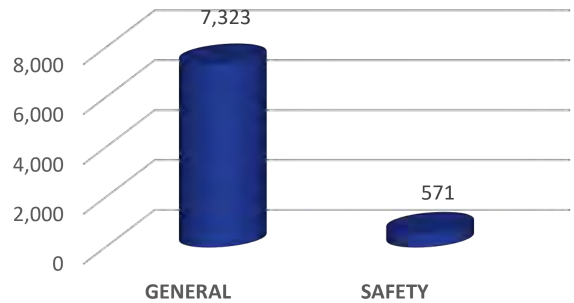
General	**T & W**	1.62% @ 65
	U	2.5% @ 67
Safety	**V**	2.7% @ 57

Deferred Member Demographics

OCERS by the Numbers

Count of Deferred Members by Status
As of December 31, 2022

	General	Safety	Total Count
Deferred	7,323	571	7,894

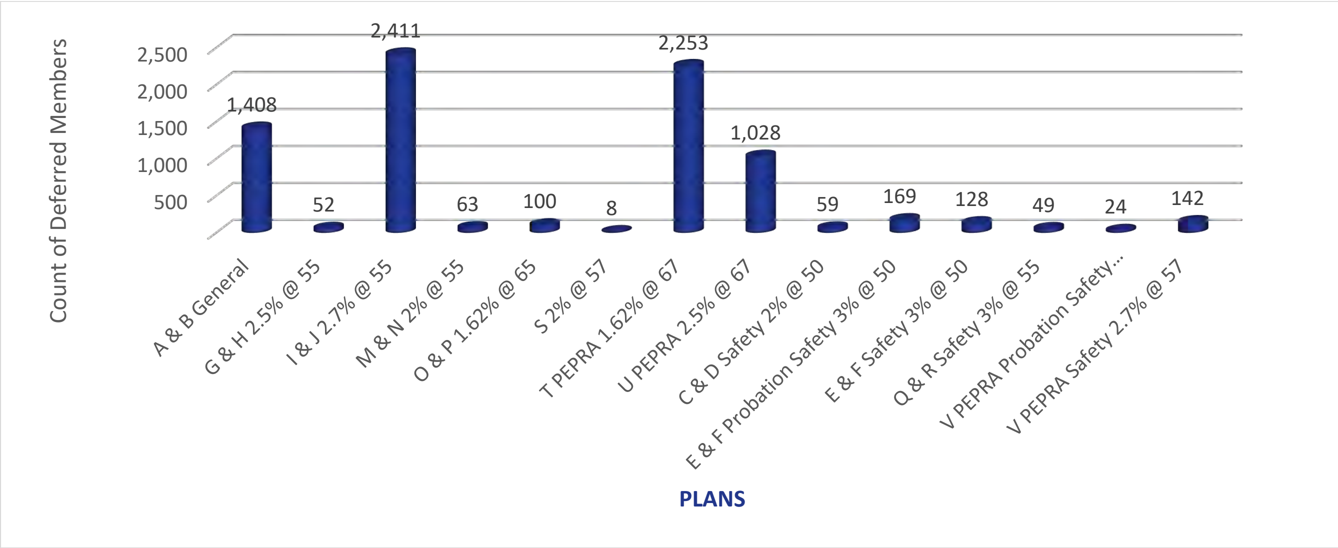


Count of Deferred Members by Plans and by Employers
As of December 31, 2022

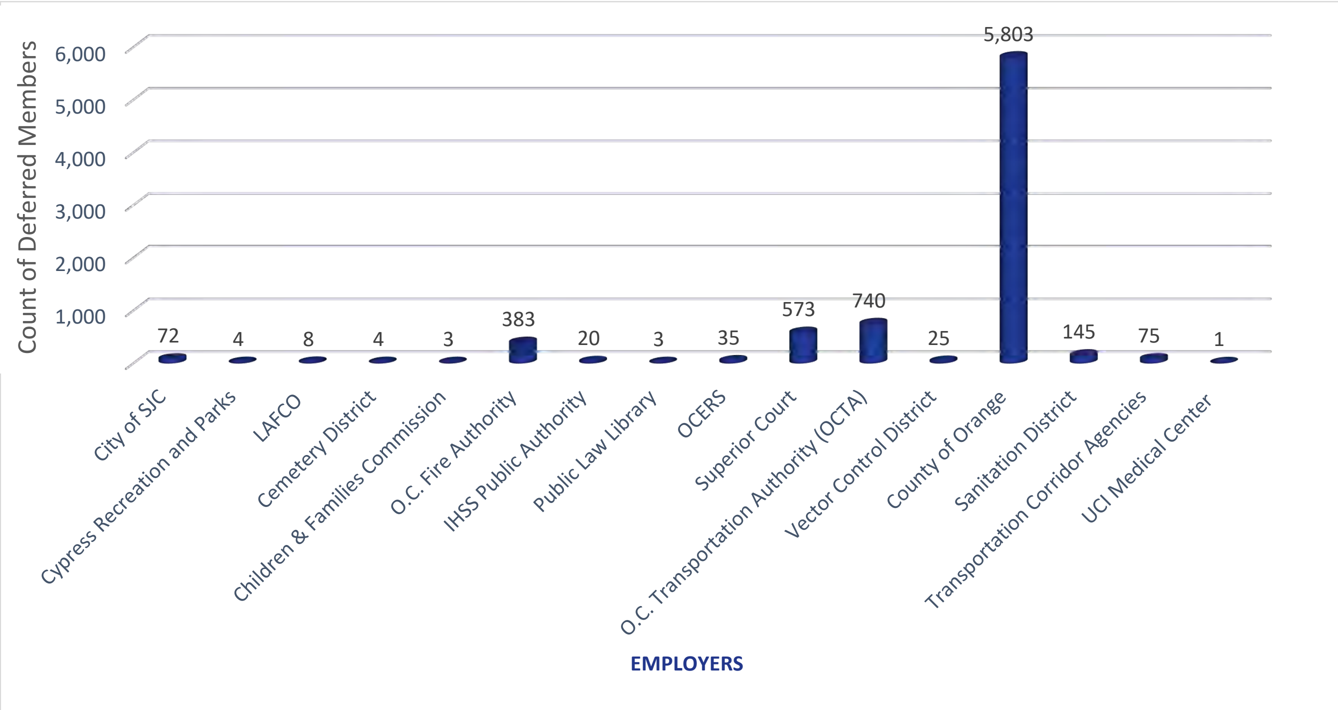
Retirement Plans

	A & B General	G & H 2.5% @ 55	I & J 2.7% @ 55	M & N 2% @ 55	O & P 1.62% @ 65	S 2% @ 57	T PEPRA 1.62% @ 67	U PEPRA 2.5% @ 67	C & D Safety 2% @ 50	E & F Probation Safety 3% @ 50	E & F Safety 3% @ 50	Q & R Safety 3% @ 55	V PEPRA Probation Safety 2.7% @ 57	V PEPRA Safety 2.7% @ 57	TOTAL
City of SJC	4		37			8		23							**72**
Cypress Recreation and Parks	4														**4**
LAFCO			3		2		3								**8**
Cemetery District				2				2							**4**
Children & Families Commission			2					1							**3**
O.C. Fire Authority	7		86	22				139	3		37	13		76	**383**
IHSS Public Authority	3							17							**20**
Public Law Library	1	2													**3**
OCERS			20				9	6							**35**
Superior Court	15		265		15		278								**573**
O.C. Transportation Authority (OCTA)	516							224							**740**
Vector Control District	25														**25**
County of Orange	782		1,998		83		1,963	535	56	169	91	36	24	66	**5,803**
Sanitation District	38	50						57							**145**
Transportation Corridor Agencies	12			39				24							**75**
UCI Medical Center	1														**1**
TOTAL:	1,408	52	2,411	63	100	8	2,253	1,028	59	169	128	49	24	142	7,894

Count of Deferred Members by Plans
As of December 31, 2022



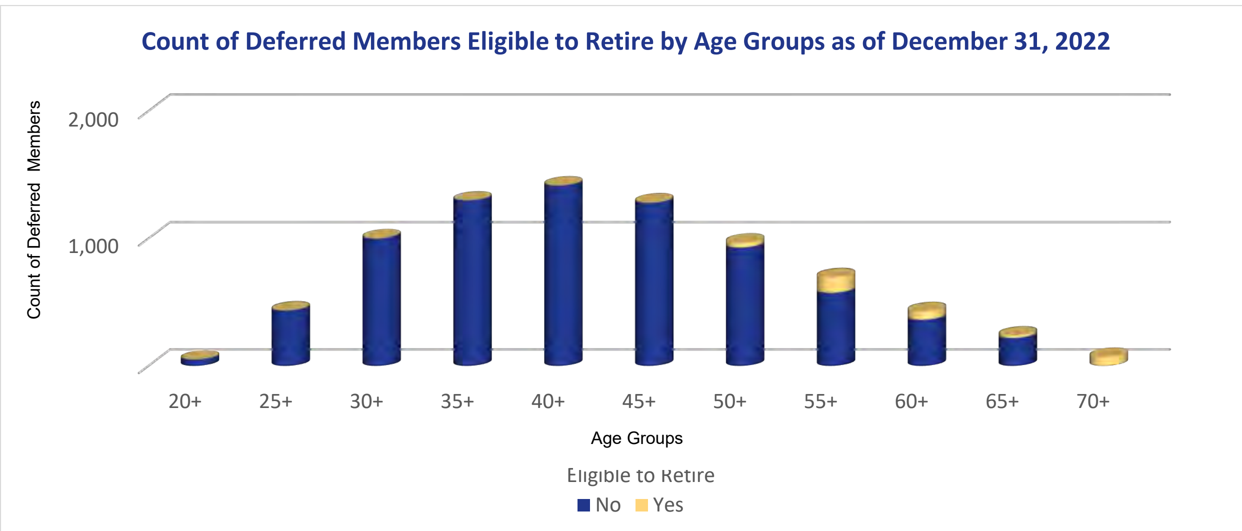
Count of Deferred Members by Employers
As of December 31, 2022



Count of Deferred Members Eligible to Retire by Age Groups
As of December 31, 2022

Age Groups

Eligible to Retire	20+	25+	30+	35+	40+	45+	50+	55+	60+	65+	70+	Total
No	50	436	1,002	1,299	1,416	1,280	932	575	363	219		7,572
Yes					1	4	37	122	67	20	71	322
												7,894



Count of Deferred Members - Eligible to Retire by Employers
As of December 31, 2022

Employers	A & B	G & H 2.5% @ 55	I & J 2.7% @ 55	M & N 2% @ 55	O & P 1.62% @ 65	S 2% @ 57	T PEPRA 1.62% @ 65	U PEPRA 2.5% @ 67	C & D Safety 2% @ 50	E & F Probation Safety 3% @ 50	E & F Safety 3% @ 50	Q & R Safety 3% @ 55	V PEPRA Probation Safety 2.7% @ 57	V PEPRA Safety 2.7% @ 57	TOTAL ELIGIBLE TO RETIRE	% ELIGIBLE TO RETIRE
City of SJC	1		3					1							5	7%
Cypress Rec & Park District	1														1	25%
OCFA	1		7	1							1				10	3%
OCERS			2												2	6%
Superior Court	2		18												20	3%
OCTA	63							2							65	9%
Vector Control District	5														5	20%
County of Orange	88		72		3		11	5	3	7	7	1			197	3%
Sanitation District	6	4													10	7%
OCTA				6											6	8%
UCI Medical Center	1														1	100%
Total Eligible to Retire	**168**	**4**	**102**	**7**	**3**	**0**	**11**	**8**	**3**	**7**	**8**	**1**	**0**	**0**	**322**	**4%**
% Eligible by Plan	**12%**	**8%**	**4%**	**11%**	**3%**	**0%**	**0%**	**1%**	**5%**	**4%**	**6%**	**2%**	**0%**	**0%**		

Eligible to retire for plans A – S (Legacy plans for public employees hired before Jan 1, 2013 including reciprocity) if:
- 70 years old

- 50 years old and has 10 or more years of ***eligible service***

- Safety member has 20 years or more of ***eligible service at any age***

- General member has 30 years or more of ***eligible service at any age***

Eligible to retire for PEPRA compliant/alternative plans T & W if:
- 50 years old and has 10 or more years of ***eligible service***
- 70 years old

Eligible to retire for PEPRA plan U if:
- 52 years old and has 5 or more years of ***eligible service***
- 70 years old

Eligible to retire for PEPRA Safety plan V if:
- 50 years old and has 5 or more years of ***eligible service***
- 70 years old

Eligible Service = current service + incoming reciprocal service

	Tier 1	**Tier 2 (hired on or after Sep 21, 1979)**	
	12 month measuring period	36 month measuring period	
General	**G**	**H**	2.5% @ 55
	I	**J**	2.7% @ 55
	M	**N**	2% @ 55
	O	**P**	1.62% @ 65
		S	2% @ 57
	A	**B**	Other General Members
Safety	**C**	**D**	2% @ 50
	E	**F**	3% @ 50
	Q	**R**	3% @ 55

New Public Employees hired on or after Jan 1, 2013

General	**T & W**	1.62% @ 65
	U	2.5% @ 67
Safety	**V**	2.7% @ 57

Retiree & Beneficiary Demographics (Payees)

Retiree & Beneficiary Demographics

All benefit recipients as of December 31, 2022

- For Retired General members with service retirements: 13,535
- For General member survivors and other payees: 3,012
- For Safety members with service and disability retirements: 3,476
- For Safety member survivors and other payees: 655

Total Benefit Recipients: 20,678

Average age at retirement for members who retired with a service retirement in 2022

- For General members: 60.70 years old
- For Safety members: 55.33 years old

Average years of service for members who retired with a service retirement in 2022

- For General members: 21.99
- For Safety members: 21.82

Average years of service for all General and Safety members who retired with service and disability retirements as of December 31, 2022: 21.96

Average Years Into Retirement of Currently Retired Members
As of December 31, 2022

		Service			Disability			Total
		General	Safety 2%	Safety 3%	General	Safety 2%	Safety 3%	
Capistrano Beach Sanitary District	Count:	3						3
	Years:	13.58						13.58
City of San Juan Capistrano	Count:	137			5			142
	Years:	11.47			20.66			11.80
Cypress Recreation and Parks	Count:	17						17
	Years:	14.83						14.83
Department Of Education	Count:	14						14
	Years:	22.11						22.11
Local Agency Formation Comm. (LAFCO)	Count:	5						5
	Years:	10.12						10.12
O.C. Cemetery District	Count:	7						7
	Years:	7.52						7.52
O.C. Children & Families Commission	Count:	10						10
	Years:	8.98						8.98
O.C. Fire Authority	Count:	209	50	485	12	31	225	1,012
	Years:	9.65	20.25	9.90	14.19	23.40	9.23	10.68
O.C. IHSS Public Authority	Count:	4			1			5
	Years:	4.02			7.93			4.80
O.C. Law Library	Count:	13						13
	Years:	10.98						10.98
O.C. Retirement System	Count:	46			3			49
	Years:	10.74			23.27			11.50
O.C. Superior Court	Count:	1,081			18			1,099
	Years:	9.92			12.35			9.96
O.C. Transportation Authority (OCTA)	Count:	1,085			266			1,351
	Years:	10.83			19.10			12.46
O.C. Vector Control District	Count:	44						44
	Years:	11.41						11.41
Orange County	Count:	10,146	448	1,793	552	192	252	13,383
	Years:	12.39	19.24	8.96	19.59	30.34	9.66	12.66
Rancho Santa Margarita	Count:	1						1
	Years:	6.82						6.82
Sanitation District	Count:	491			20			511
	Years:	10.18			18.01			10.49
Transportation Corridor Agencies	Count:	63						63
	Years:	8.99						8.99
UCI (monthly)	Count:	14			1			15
	Years:	20.06			18.55			19.96
0	Count:	145			10			155
	Years:	24.87			28.18			25.09
Average	Count:	13,535	498	2,278	888	223	477	17,899
	Years:	12.06	19.34	9.16	19.29	29.37	9.46	12.40

OCERS by the Numbers

Average Age at Retirement by Employer and Benefit Type For Those That Retired With An Effective Retirement Date in 2022

	General				Safety		
	Disability	**Service**	**Total**		**Disability**	**Service**	**Total**
City of San Juan Capistrano		59.61	**59.61**				
O.C. Fire Authority		60.28	**60.28**		57.08	58.64	**57.86**
O.C. Retirement System		57.72	**57.72**				
O.C. Superior Court		60.45	**60.45**				
O.C. Transportation Authority (OCTA)		62.95	**62.95**				
O.C. Vector Control District		61.10	**61.10**				
Orange County	49.81	60.50	**55.16**		47.48	54.20	**50.84**
Sanitation District		60.73	**60.73**				
Transportation Corridor Agencies		61.33	**61.33**				
Average	**49.81**	**60.52**	**59.93**		**52.28**	**56.42**	**54.35**

Average Retirement Age for Service and Disability Retirements Combined over last 10 years

Year Ended December 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General	61.32	60.79	59.37	59.44	60.79	61.3	61.14	61.01	60.47	59.93
Safety	54.8	54.06	53.51	53.58	55.09	55.15	54.53	53.86	53.47	54.35

Average Years of Service at Retirement by Employer and Benefit Type For Those That Retired With an Effective Retirement Date in 2022

	General				Safety		
Plan Sponsor	**Disability**	**Service**	**Total**		**Disability**	**Service**	**Total**
City of San Juan Capistrano		7.57	**7.57**				
O.C. Fire Authority		19.15	**19.15**		31.18	19.61	**20.78**
O.C. Retirement System		15.32	**15.32**				
O.C. Superior Court		21.87	**21.87**				
O.C. Transportation Authority (OCTA)		19.45	**19.45**				
O.C. Vector Control District		13.74	**13.74**				
Orange County	16.34	22.73	**22.66**		20.19	22.58	**22.42**
Sanitation District		22.36	**22.36**				
Transportation Corridor Agencies		13.23	**13.23**				
Average	**16.34**	**21.99**	**21.95**		**24.04**	**21.82**	**21.99**

Average Age of All Retirees by Employer and Benefit Type
As of December 31, 2022

	General				Safety		
	Disability	Service	Total		Disability	Service	Total
City of San Juan Capistrano		59.61	**59.61**				
O.C. Fire Authority		60.28	**60.28**		57.08	58.64	**57.86**
O.C. Retirement System		57.72	**57.72**				
O.C. Superior Court		60.45	**60.45**				
O.C. Transportation Authority (OCTA)		62.95	**62.95**				
O.C. Vector Control District		61.10	**61.10**				
Orange County	49.81	60.50	**55.16**		47.48	54.20	**50.84**
Sanitation District		60.73	**60.73**				
Transportation Corridor Agencies		61.33	**61.33**				
Average	**49.81**	**60.52**	**59.93**		**52.28**	**56.42**	**54.35**

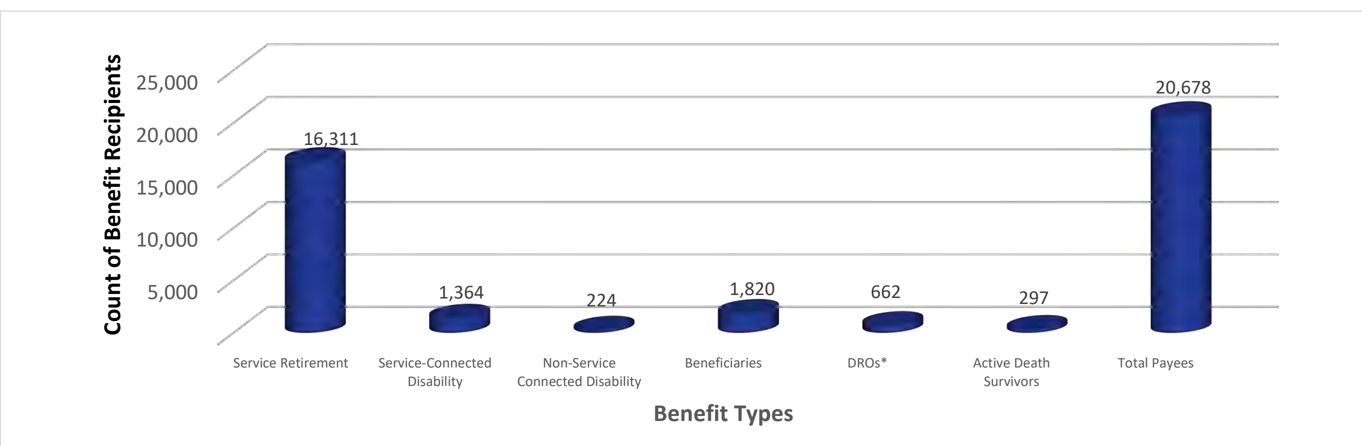
Benefit Recipients by Employers and Plans
As of December 31, 2022

	A & B General	G & H 2.5% @ 55	I & J 2.7% @ 55	M & N 2% @ 55	O & P 1.62% @ 65	S 2% @ 57	T PEPRA 1.62%	U PEPRA 2.5%	C & D Safety 2% @ 50	E & F Probation Safety	E & F Safety 3% @ 50	Q & R Safety 3% @ 55	V PEPRA Safety 2.7% @ 57	Total Payees
Capistrano Beach Sanitary Dist	3													3
City of San Juan Capistrano	63		90			4		4						161
Cypress Recreation and Parks	21													21
Department Of Education	16													16
Local Agency Formation Comm. (LAFCO)	1		4											5
O.C. Cemetery District	6			7										13
O.C. Children & Families Commission	1		11											12
O.C. Fire Authority	43		187	3				2	96		831	8	4	1,174
O.C. IHSS Public Authority	4							1						5
O.C. Law Library	5	8												13
O.C. Retirement System	14		38					1						53
O.C. Superior Court	116		1,040		1		2							1,159
O.C. Transportation Authority (OCTA)	1,562							6						1,568
O.C. Vector Control District	49													49
Orange County	4,690		7,622		15		26	11	841	456	1,853	21	21	15,556
Rancho Santa Margarita		1												1
Sanitation District	144	454						5						603
Transportation Corridor Agencies	14			53				3						70
UCI (monthly)	15													15
UCI Medical Center (bi-weekly)	181													181
TOTAL:	**6,948**	**463**	**8,992**	**63**	**16**	**4**	**28**	**33**	**937**	**456**	**2,684**	**29**	**25**	**20,678**

Benefit Recipients by Benefit Types
As of December 31, 2022

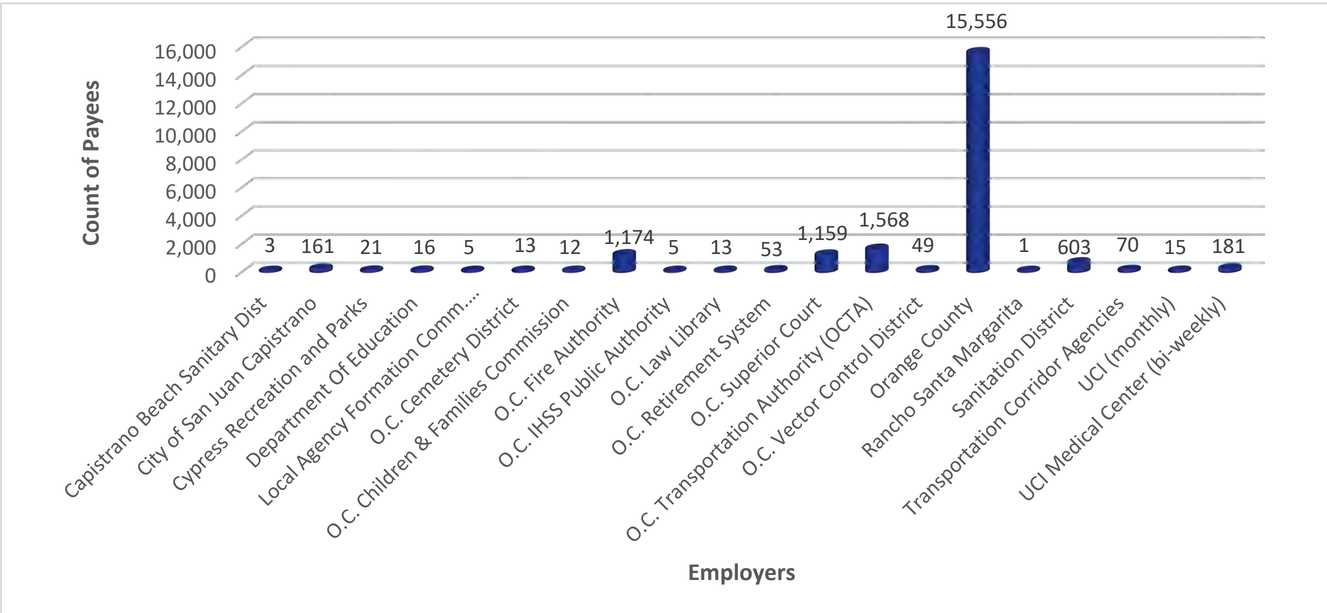
Service Retirement	Service-Connected Disability	Non-Service Connected Disability	Beneficiaries	DROs*	Active Death Survivors	Total Payees
16,311	1,364	224	1,820	662	297	**20,678**

* DRO: A court order dividing a pension benefit due to a divorce or legal separation.

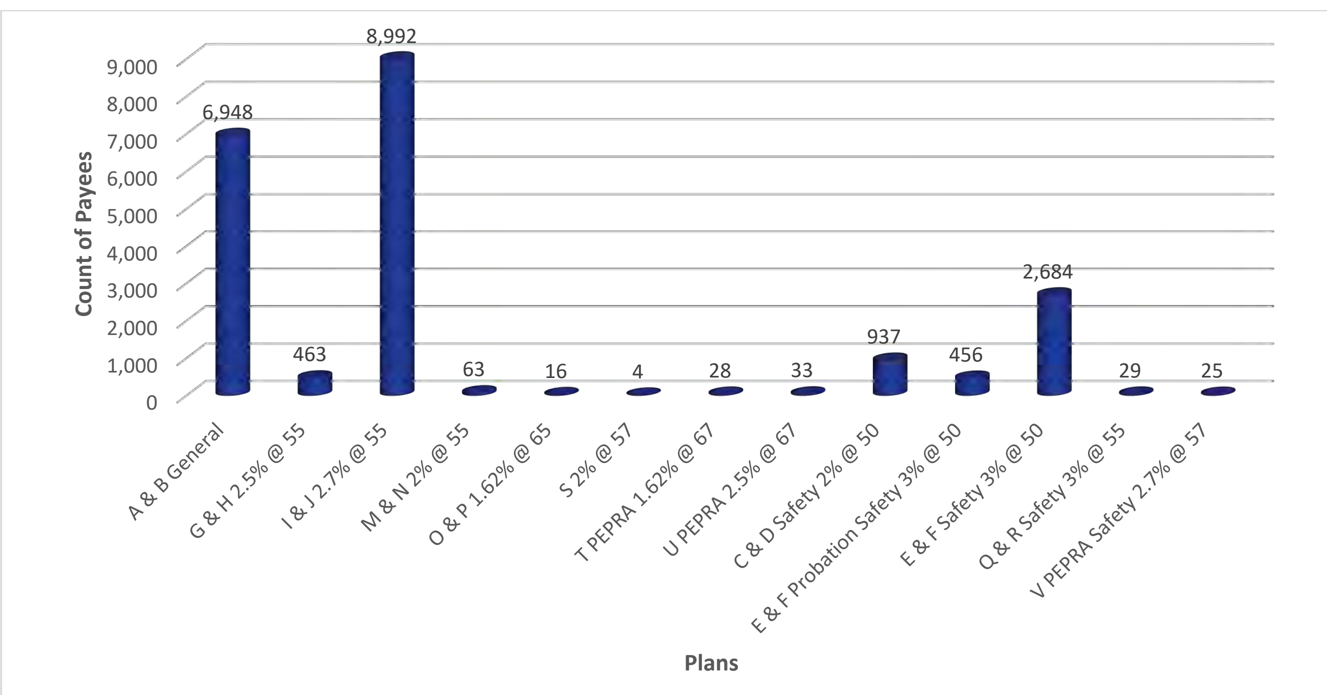


OCERS by the Numbers

Benefit Recipients by Employers
As of December 31, 2022



Benefit Recipients by Plans
As of December 31, 2022



Benefit Recipients by Payment Options
December 31, 2022

Monthly Benefit	Unmodified	Option 1	Option 2	Option 3	Option 4	DRO Benefit	Annuity Only	Total Payees
$0001-0500	641	1	24	2	4	83	12	**767**
$0500-1000	1,214	1	55	2	2	122		**1,396**
$1000-1500	1,472		46	3	2	116		**1,639**
$1500-2000	1,507	1	36	1		89		**1,634**
$2000-2500	1,380	1	32	5	10	72		**1,500**
$2500-3000	1,553		25	1	5	48		**1,632**
$3000-3500	1,367		21	3	5	45		**1,441**
$3500-4000	1,222	1	22	1	7	36		**1,289**
$4000-4500	1,016	1	9	3	12	16		**1,057**
$4500-5000	941		20		9	11		**981**
$5000-5500	908		20	2	6	9		**945**
$5500-6000	811		12	1	8	7		**839**
$6000-6500	648		9	1	4	2		**664**
$6500-7000	613	1	4		14	3		**635**
$7000+	4,151	2	54	2	47	3		**4,259**
Total	**19,444**	**9**	**389**	**27**	**135**	**662**	**12**	**20,678**
Percentage	**94.03%**	**0.04%**	**1.88%**	**0.13%**	**0.65%**	**3.20%**	**0.06%**	**100.00%**

Definition of Payment Options

Unmodified: This option provides the maximum lifetime retirement allowance with a 60 percent continuance to an eligible spouse, qualified domestic partner or eligible child for service retirement and 100 percent for service-connected disability retirement.

Option 1: Cash refund annuity. This option provides a reduced lifetime monthly allowance and a refund of any of the remaining member's contributions to the designated beneficiary.

Option 2: A 100 percent joint and survivor annuity. This option provides a reduced lifetime monthly allowance with the same monthly allowance to the designated beneficiary for the remainder of his or her lifetime.

Option 3: A 50 percent joint and survivor annuity. This option provides a reduced lifetime monthly allowance with 50 percent of the monthly allowance to the designated beneficiary for the remainder of his or her lifetime.

Option 4: This option allows multiple lifetime monthly allowances to designated beneficiaries and varying payment percentages if approved in advance by the Retirement Board.

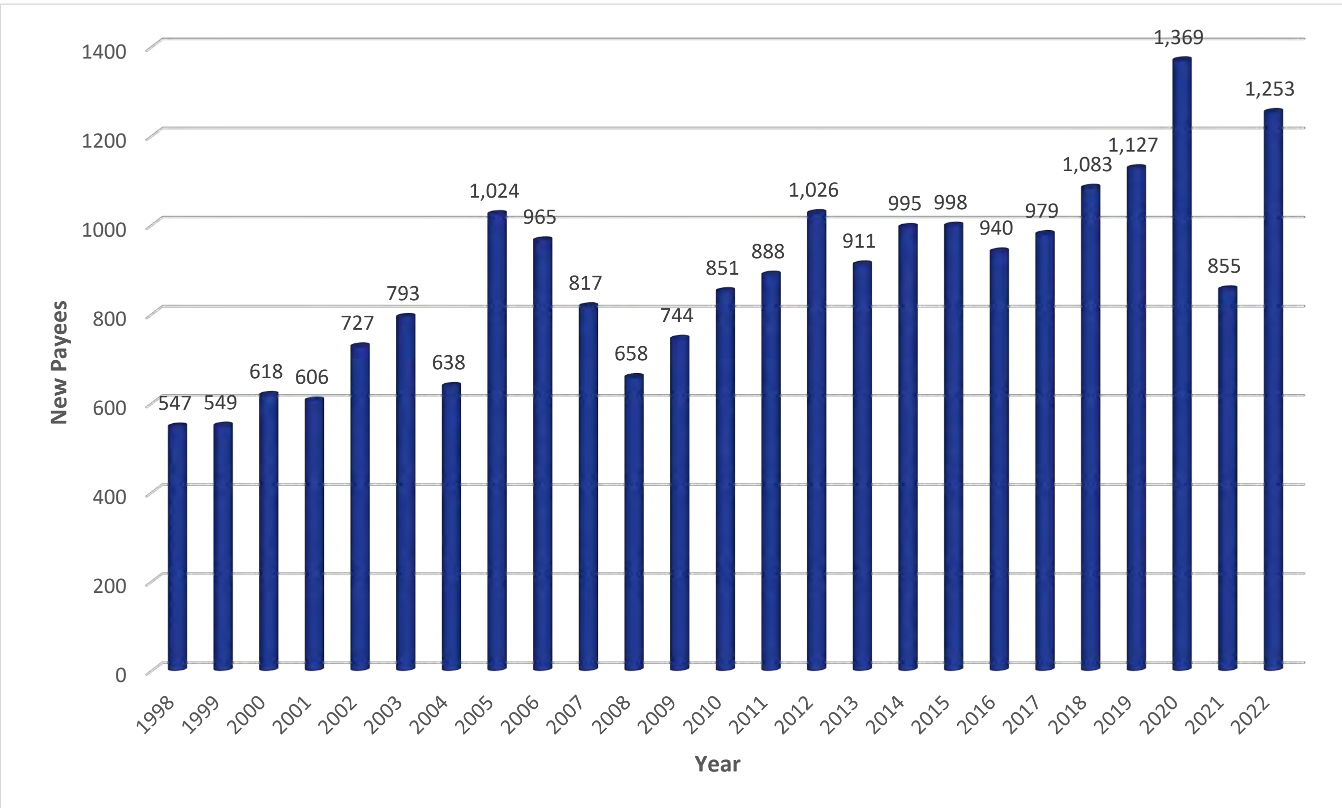
DRO Benefit: Domestic Relations Order Benefit. This is a court order allocating a portion of a retired member's pension to an ex-spouse or domestic partner.

Annuity Only: This payment option provides the actuarial equivalent of the member's accumulated contributions at the time of retirement and is used for very specific situations usually related to disability retirement payments and reciprocity.

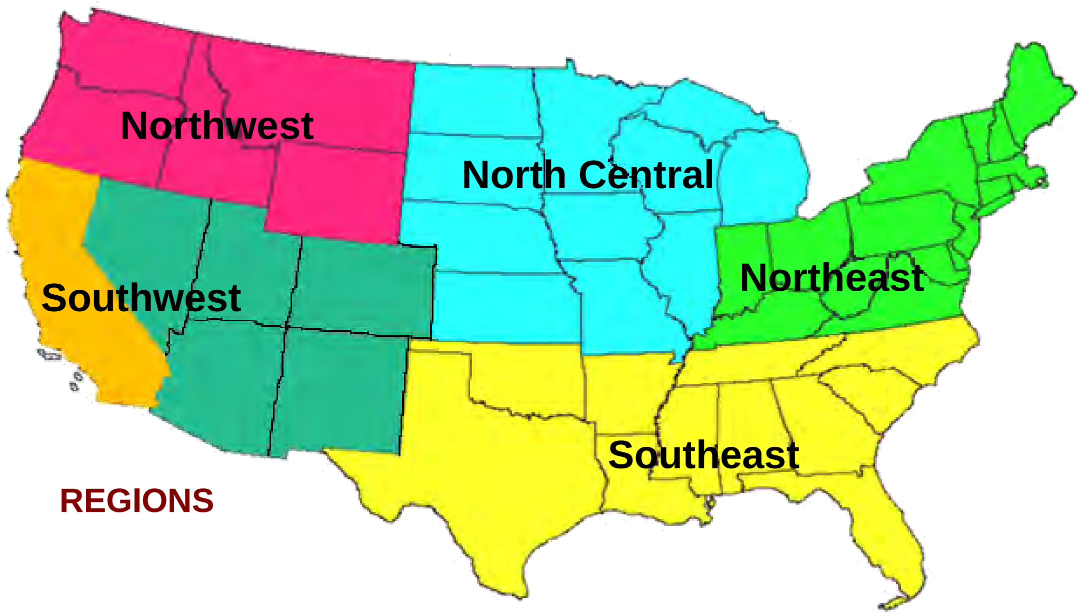
Number of New Payees by Calendar Year

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
547	549	618	606	727	793	638	1,024	965	817	658	744	851

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
888	1,026	911	995	998	940	979	1,083	1,127	1,369	855	1,253

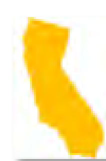


Payees' Residences by Region & State
As of December 31, 2022



Foreign Countries & US Territories	41
North Central	279
Northeast	275
Northwest	962
Southeast	1,341
Southwest	17,472
Total Count of Payees	**20,370***

* Payees with multiple benefits are counted only once.



Total Annual Benefits Paid in California	**$868,051,294.77**	**15,781**
Total Annual Benefits Paid in Orange County	**$620,886,585.67**	**10,628**

Benefits

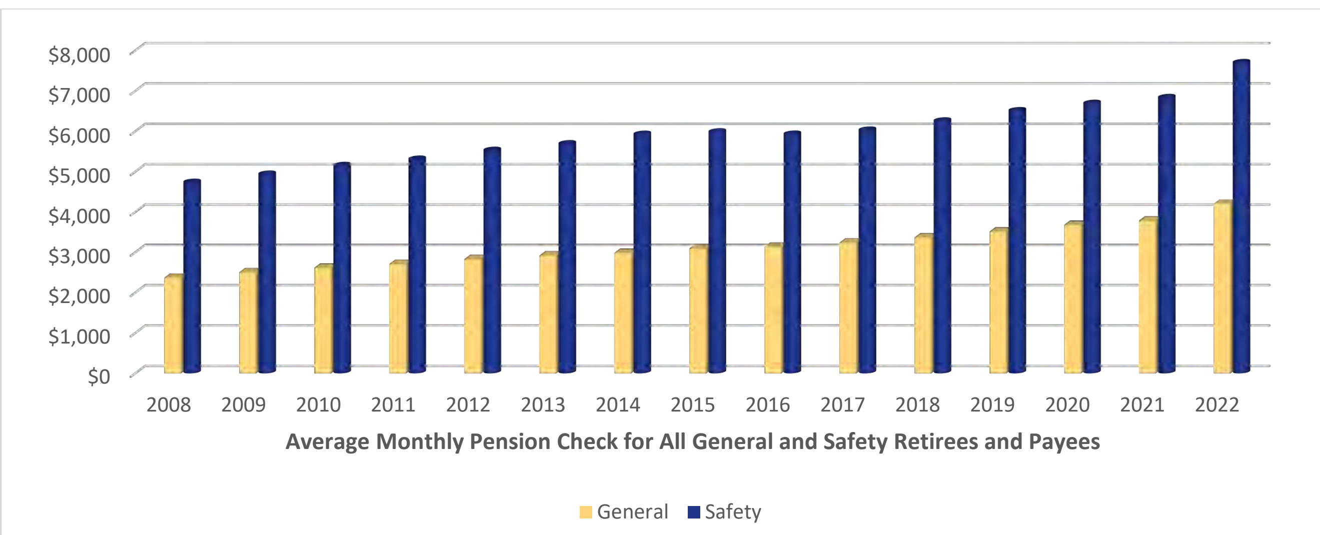
Benefits as of December 31, 2022

Average benefit

- For all General member retirees and other payees $3,943.85 monthly; $47,326.20 annually
- For all Safety member retirees and other payees $7,047.51 monthly; $84,570.12 annually
- For all General and Safety retirees and payees combined $4,207.23 monthly; $50,486.76 annually
- For all General and Safety retirees only $4,883.58 monthly; $58,602.96 annually

Average monthly pension check for all General and Safety retirees and payees

Years Ended Dec. 31	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General	$2,373	$2,508	$2,621	$2,714	$2,836	$2,924	$2,991	$3,103	$3,142	$3,244	$3,372	$3,520	$3,686	$3,791	$4,207
Safety	$4,724	$4,926	$5,141	$5,297	$5,516	$5,679	$5,914	$5,974	$5,917	$6,017	$6,245	$6,499	$6,680	$6,825	$7,690
Total Payees	11,778	12,243	12,762	13,289	13,947	14,505	15,169	15,810	16,369	16,947	17,674	18,420	19,419	19,826	17,899

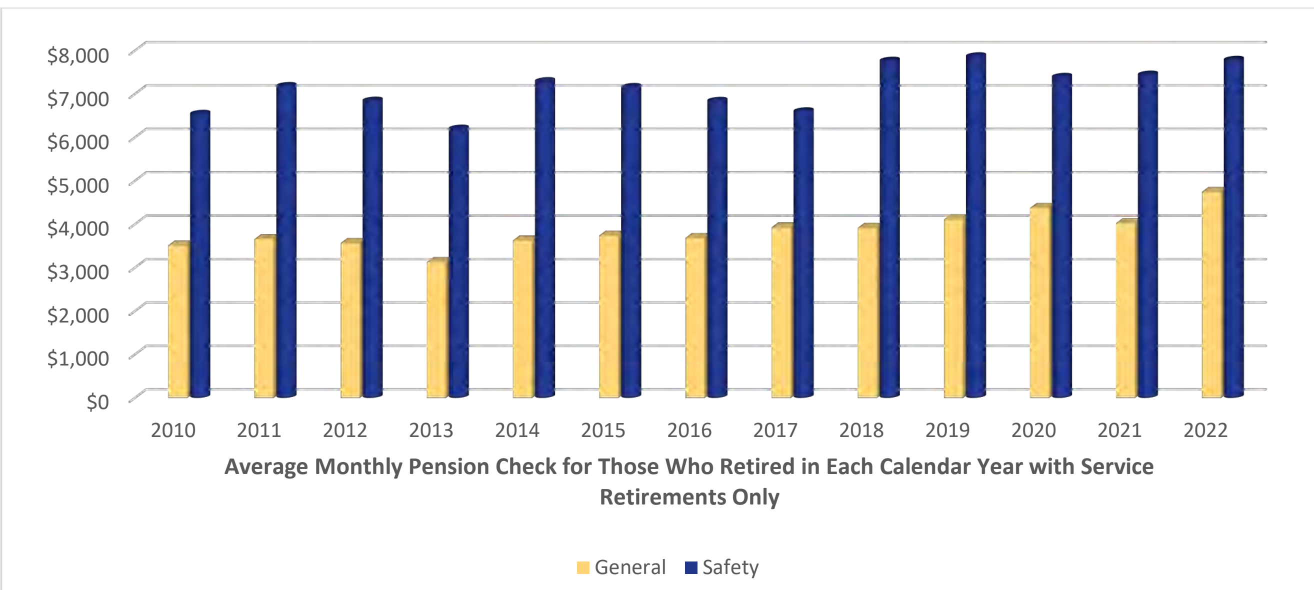


Average benefit for General and Safety members with a service retirement (no disabilities) that retired in 2022

- For General members $4,751.20 monthly; $57,014.40 annually
- For Safety members $7,772.40 monthly; $93,268.80 annually

Average monthly pension check for those who retired in each calendar year with service retirements only

Years Ended Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General	$3,518	$3,660	$3,570	$3,132	$3,632	$3,744	$3,689	$3,934	$3,922	$4,118	$4,380	$4,028	$4,751
Safety	$6,528	$7,169	$6,832	$6,187	$7,281	$7,146	$6,827	$6,586	$7,752	$7,854	$7,380	$7,432	$7,772



History of OCERS' Cost-of-Living Adjustments

OCERS annually adjusts the benefit allowances relative to the increase or decrease in the Consumer Price Index (CPI).* This adjustment, known as a Cost-of-Living Adjustment (COLA), is effective April 1st of each year. To determine the change in CPI, OCERS' actuary compares the Bureau of Labor Statistics' annual average CPI for all urban consumers for the Los Angeles-Long Beach-Anaheim area for each of the past two years and derives the percentage change between the two. The increase or decrease in the CPI is rounded to the nearest one-half of one percent. The maximum COLA of 3% shall be granted on every retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member of the system.

For years in which the CPI exceeds 3%, the excess amount is banked and drawn from for future years when the CPI is less than 3%.

Date Granted	Actual CPI Rate	CPI Rounded	Max COLA Rate	COLA Granted
4/1/2022	3.83	4.0	3	3
4/1/2021	1.62	1.5	3	1.5
4/1/2020	3.07	3	3	3
4/1/2019	3.81	4	3	3
4/1/2018	2.79	3	3	3
4/1/2017	1.89	2	3	2
4/1/2016	0.91	1	3	1
4/1/2015	1.35	1.5	3	1.5
4/1/2014	1.08	1	3	1
4/1/2013	2.04	2	3	2
4/1/2012	2.67	2.5	3	2.5
4/1/2011	1.20	1	3	1
4/1/2010	-0.80	-1	3	0/-1**
4/1/2009	3.53	3.5	3	3
4/1/2008	3.30	3.5	3	3
4/1/2007	4.26	4.5	3	3
4/1/2006	4.45	4.5	3	3
4/1/2005	3.31	3.5	3	3
4/1/2004	2.63	2.5	3	2.5
4/1/2003	2.76	3	3	3
4/1/2002	3.32	3.5	3	3
4/1/2001	3.31	3.5	3	3
4/1/2000	2.34	2.5	3	2.5
4/1/1999	1.44	1.5	3	1.5
4/1/1998	1.58	1.5	3	1.5

***** Per Government Code Section 318780.1
***** * 2009 saw a unique scenario, a -1% CPI reflecting economic deflation in that year. For new retirees as of April 1, 2010, 0% was determined to be a COLA "floor", as no benefit will ever be reduced. For longer retired members however, who had accumulated a COLA bank as of 2010, that bank was reduced by -1%.

Schedule of Average Monthly Pension Benefit Payments for Service Retirements by Years of Service

2013 – 2022

Retirement Effective Dates	Years of Service 0-5	5-10	10-15	15-20	20-25	25-30	30 & Over
PERIOD 1/1/13 –12/31/13							
Average Monthly Pension Benefits	$435	$1,166	$2,039	$2,946	$3,794	$6,409	$7,732
Average Monthly "Final Average Salary"	$8,199	$6,347	$6,458	$6,492	$6,431	$8,432	$8,482
Number of Retired Members	29	55	139	82	161	147	131
PERIOD 1/1/14 –12/31/14							
Average Monthly Pension Benefits	$421	$1,152	$1,925	$3,188	$4,117	$6,444	$6,719
Average Monthly "Final Average Salary"	$8,176	$6,955	$6,301	$6,961	$7,003	$8,463	$7,349
Number of Retired Members	23	45	146	96	143	192	138
PERIOD 1/1/15 –12/31/15							
Average Monthly Pension Benefits	$582	$1,263	$1,755	$2,850	$3,895	$5,679	$7,235
Average Monthly "Final Average Salary"	$8,802	$6,888	$5,970	$6,673	$6,800	$7,893	$8,352
Number of Retired Members	22	63	128	119	110	200	182
PERIOD 1/1/16 –12/31/16							
Average Monthly Pension Benefits	$427	$1,244	$2,135	$2,886	$4,272	$5,549	$6,782
Average Monthly "Final Average Salary"	$8,298	$6,907	$6,911	$6,580	$7,383	$7,651	$7,762
Number of Retired Members	24	56	121	120	113	195	163
PERIOD 1/1/17 –12/31/17							
Average Monthly Pension Benefits	$541	$1,215	$2,073	$3,062	$4,513	$5,851	$7,069
Average Monthly "Final Average Salary"	$7,952	$6,800	$6,844	$6,810	$7,743	$7,975	$7,931
Number of Retired Members	21	47	122	147	112	190	153
PERIOD 1/1/18 –12/31/18							
Average Monthly Pension Benefits	$554	$1,190	$1,943	$2,879	$4,681	$6,074	$7,439
Average Monthly "Final Average Salary"	$10,584	$7,287	$6,904	$6,859	$8,134	$8,246	$8,561
Number of Retired Members	23	62	125	144	127	205	208
PERIOD 1/1/19 –12/31/19							
Average Monthly Pension Benefits	$367	$1,424	$2,332	$3,073	$4,831	$6,475	$7,324
Average Monthly "Final Average Salary"	$7,568	$8,243	$7,509	$6,985	$8,088	$8,591	$8,249
Number of Retired Members	31	54	121	150	135	249	191
PERIOD 1/1/20 –12/31/20							
Average Monthly Pension Benefits	$536	$1,475	$2,149	$3,422	$4,697	$6,151	$6,825
Average Monthly "Final Average Salary"	$9,267	$8,556	$6,784	$7,473	$8,046	$8,340	$7,917
Number of Retired Members	29	59	128	166	237	281	288
PERIOD 1/1/21 –12/31/21							
Average Monthly Pension Benefits	$540	$1,524	$2,361	$3,532	$5,406	$6,602	$7,219
Average Monthly "Final Average Salary"	$9,897	$8,823	$7,781	$7,749	$9,348	$8,941	$8,377
Number of Retired Members	27	53	87	102	142	112	128
PERIOD 1/1/22 –12/31/22							
Average Monthly Pension Benefits	$644	$1,545	$2,631	$3,798	$5,690	$7,481	$8,077
Average Monthly "Final Average Salary"	$10,744	$9,289	$8,821	$8,432	$9,473	$10,023	$9,238
Number of Retired Members	33	91	117	127	226	210	224

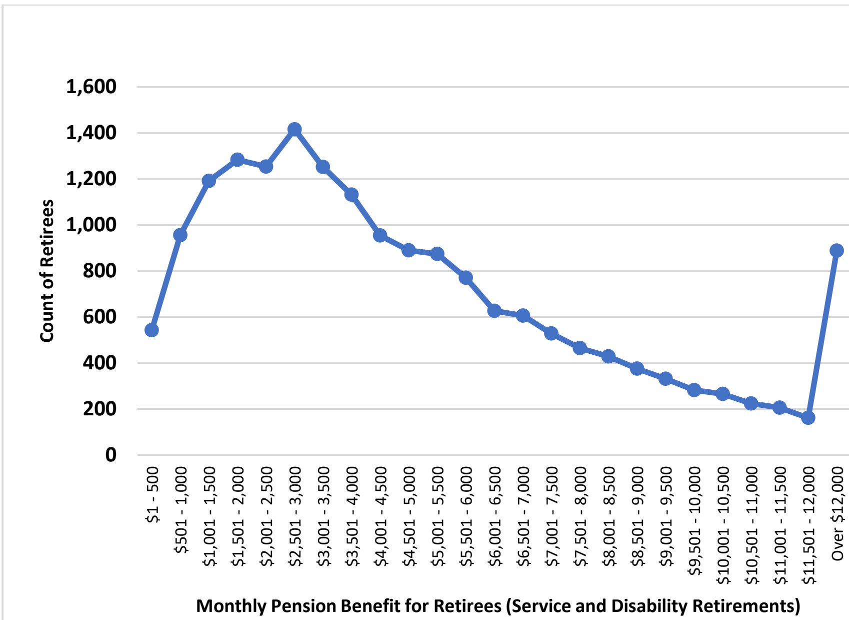
Schedule of Median Monthly Pension Benefit Payments for Service Retirements by Years of Service

2013 – 2022

	Years of Service						
Retirement Effective Dates	**0-5**	**5-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30 & Over**
PERIOD 1/1/13 –12/31/13							
Median Monthly Pension Benefits	$280	$989	$1,767	$2,545	$3,225	$6,246	$6,570
Median "Final Average Salary"	$6,334	$5,582	$5,783	$5,959	$7,036	$8,477	$7,742
Number of Retired Members	29	55	139	82	161	147	131
PERIOD 1/1/14 –12/31/14							
Median Monthly Pension Benefits	$289	$830	$1,448	$2,627	$3,721	$6,451	$5,720
Median "Final Average Salary"	$8,646	$4,876	$5,188	$5,990	$6,265	$8,561	$6,319
Number of Retired Members	23	45	146	96	143	192	138
PERIOD 1/1/15 –12/31/15							
Median Monthly Pension Benefits	$426	$914	$1,640	$2,514	$3,511	$5,241	$5,965
Median "Final Average Salary"	$7,350	$4,979	$4,926	$5,999	$5,924	$7,379	$6,869
Number of Retired Members	22	63	128	119	110	200	182
PERIOD 1/1/16 –12/31/16							
Median Monthly Pension Benefits	$339	$980	$1,878	$2,563	$3,933	$5,080	$6,198
Median "Final Average Salary"	$9,412	$5,885	$6,015	$5,707	$6,714	$7,314	$7,020
Number of Retired Members	24	56	121	120	113	195	163
PERIOD 1/1/17 –12/31/17							
Median Monthly Pension Benefits	$393	$843	$1,703	$2,574	$3,845	$5,404	$6,333
Median "Final Average Salary"	$8,043	$4,996	$5,560	$5,946	$6,842	$7,673	$7,058
Number of Retired Members	21	47	122	147	112	190	153
PERIOD 1/1/18 –12/31/18							
Median Monthly Pension Benefits	$584	$876	$1,807	$2,489	$4,367	$5,284	$6,335
Median "Final Average Salary"	$10,653	$6,447	$5,795	$5,709	$7,430	$7,255	$7,151
Number of Retired Members	23	62	125	144	127	205	208
PERIOD 1/1/19 –12/31/19							
Median Monthly Pension Benefits	$349	$1,108	$1,956	$2,715	$4,141	$5,591	$6,524
Median "Final Average Salary"	$6,738	$7,434	$6,459	$6,068	$7,308	$7,328	$7,430
Number of Retired Members	31	54	121	150	135	249	191
PERIOD 1/1/20 –12/31/20							
Median Monthly Pension Benefits	$411	$1,169	$1,713	$2,799	$3,944	$5,508	$5,916
Median "Final Average Salary"	$7,754	$8,310	$5,501	$6,241	$6,845	$7,328	$6,860
Number of Retired Members	29	59	128	166	237	281	288
PERIOD 1/1/21 –12/31/21							
Median Monthly Pension Benefits	$447	$1,295	$1,940	$2,868	$4,751	$5,930	$6,397
Median "Final Average Salary"	$8,984	$8,490	$6,440	$6,740	$7,753	$8,273	$7,445
Number of Retired Members	27	53	87	102	142	112	128
PERIOD 1/1/22 –12/31/22							
Median Monthly Pension Benefits	$631	$1,429	$2,468	$3,466	$5,204	$6,590	$7,255
Median "Final Average Salary"	$10,051	$9,881	$7,753	$7,491	$8,653	$8,954	$8,088
Number of Retired Members	33	91	117	127	226	210	224

Schedule of Monthly Pension Benefit for Retirees (Service and Disability Retirements) As of December 31, 2022

Monthly Benefit	Number of Retirees
$1 - 500	542
$501 - 1,000	956
$1,001 - 1,500	1,191
$1,501 - 2,000	1,283
$2,001 - 2,500	1,253
$2,501 - 3,000	1,416
$3,001 - 3,500	1,252
$3,501 - 4,000	1,132
$4,001 - 4,500	954
$4,501 - 5,000	890
$5,001 - 5,500	874
$5,501 - 6,000	770
$6,001 - 6,500	627
$6,501 - 7,000	606
$7,001 - 7,500	528
$7,501 - 8,000	465
$8,001 - 8,500	429
$8,501 - 9,000	375
$9,001 - 9,500	331
$9,501 - 10,000	282
$10,001 - 10,500	265
$10,501 - 11,000	224
$11,001 - 11,500	205
$11,501 - 12,000	161
Over $12,000	888
Total	17,899



The OCERS Fund

OCERS by the Numbers

Funding Sources for Benefits
(OCERS' net additions for the period 1998 – 2022)

52¢ 33¢ 15¢

Employee Contributions
This is the money active employees pay into the fund for future benefits

Net Investment Income
This includes earnings from stocks, bonds, alternatives, real estate and other investments, minus fees.

Employer Contributions
This is the money paid to OCERS from employers for pension benefits.

A common misunderstanding with regard to public pension retirement benefits is that they are funded solely out of the taxpayers' back pocket.

That is not true.

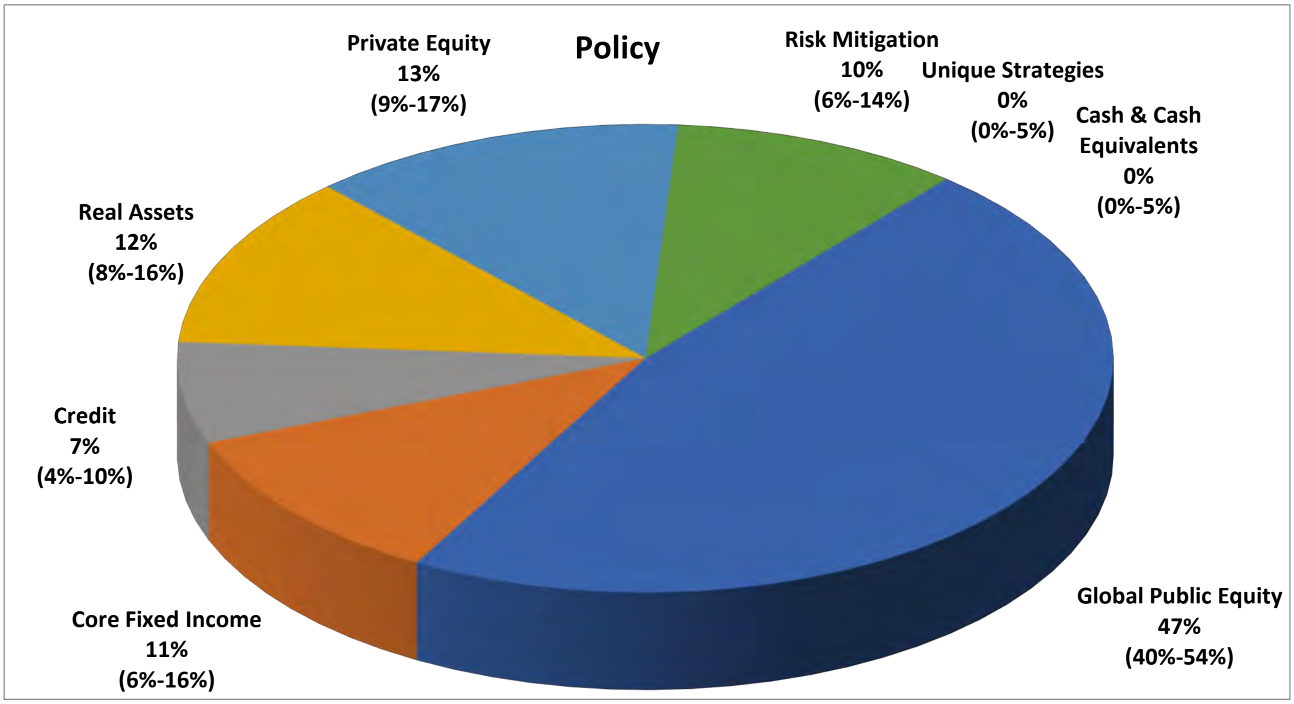
We have illustrated here a dollar going out the door in a benefit payment from OCERS to one of our retirees. What were the source funds for that dollar?

The first portion of that dollar, at 58 cents, represents earnings achieved by the OCERS investment portfolio. The OCERS Board of Trustees takes the contributions OCERS receives from both employees and employers and invests those contributions on behalf of our approximately 51,000 members. OCERS grows those "seed" contributions through careful investments to an amount likely larger than an individual employee might have done solely on his or her own.

The next largest portion of that benefit dollar, at 29 cents, comes from employer contributions, such as those paid by the County of Orange, the City of San Juan Capistrano, the Public Law Library, and other public employers within Orange County. You might ask if those aren't local taxpayer dollars then, but the answer would be no. Many of those 29 cents do come from Orange County taxpayers, without a doubt, but some might just as well be paid from various federal government grant programs or other sources. Interestingly, that figure of 29 cents paid by the employers would be even larger were it not for the fact that some OCERS employees assist in paying the employer obligation.

Despite what is sometimes reported in the press, the hard working employees of the County of Orange and our other participating employers are contributing their own dollars to the retirement plan as well. The final portion of the benefit dollar in the amount of 13 cents represents the deduction taken directly from the paychecks of OCERS' members. In addition, as noted in the prior paragraph, several employee groups pay a portion of the employer contribution out of their own pockets to further help fund their own retirement benefit. One example of this additional payment is found with the County of Orange, which some years ago contracted with labor groups to have certain employees pay a portion of the employer contribution in what is commonly termed a "reverse pick up.

Asset Allocation Policy for 2022



Credit – The fixed income-related strategies are diversified by region, by credit quality, and by sources of risk. The general shared characteristics of these strategies are a degree of illiquidity, and a focus on current yield as a principal source of expected return.

Core Fixed Income – A debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate.

Global Public Equity – A stock or any other security representing an ownership interest. (Domestic – U.S.; Global – U.S. and developed countries outside the U.S.; International – developed countries outside of the U.S.; Emerging Markets – countries that are less economically developed).

Private Equity – Private equity includes investments in venture capital, buyouts, secondaries and special situations including distressed debt. These assets are illiquid and valuations are not marked to market on a daily basis. Valuations for private equity investments are based on estimates of fair value in accordance with industry standards.

Real Asset – Investments in physical or tangible assets that have a value due to their substance and properties. Real assets consist of both private and public securities, and include both equity and debt-oriented investments. Real assets include a number of sub-asset classes including agriculture, energy, timber, infrastructure, and real estate.

Risk Mitigation – investments aimed at protecting OCERS' portfolio during severe equity market downturns with a secondary objective of producing an uncorrelated positive real return in the long-term.

Unique Strategies – An investment that can have characteristics representative of any asset class, wholly or blended. These investments are designed to achieve rates of return consistent with or in excess of the actuarial expected rate of return with low correlation to other portfolio holdings. Often these investments are private, and valuations may be based on estimates of fair value in accordance with industry standards.

Fund Performance

The OCERS portfolio declined 7.8%, net of fees, for calendar year 2022. Despite the difficult year, OCERS' performance still ranked in the top 15th percentile versus peers[1], and the one-year portfolio return significantly outperformed the total plan benchmark of -9.0%. Over the trailing three-, five-, and ten-year periods, OCERS had respective returns of 6.2%, 6.1%, and 6.9% annualized, net of fees. The policy benchmark returned 5.5%, 5.8%, and 7.0%, respectively for the same time periods. The OCERS portfolio ended 2022 with a market value of $20.5 billion, down from $22.4 billion at the end of 2021.

Overall, 2022 was a challenged year for public markets. OCERS' Global Public equities declined 18.5% in line with the MSCI ACWI IMI benchmark. The Fixed Income portfolio declined 10.5% for the year, outperforming its custom benchmark of -11.2%. Risk Mitigation was a bright spot for the portfolio, returning 7.0%, outperforming its custom benchmark of -0.2%. Real Assets was also a positive contributor to performance in 2022, returning 18.7% versus 11.0% for its custom benchmark.

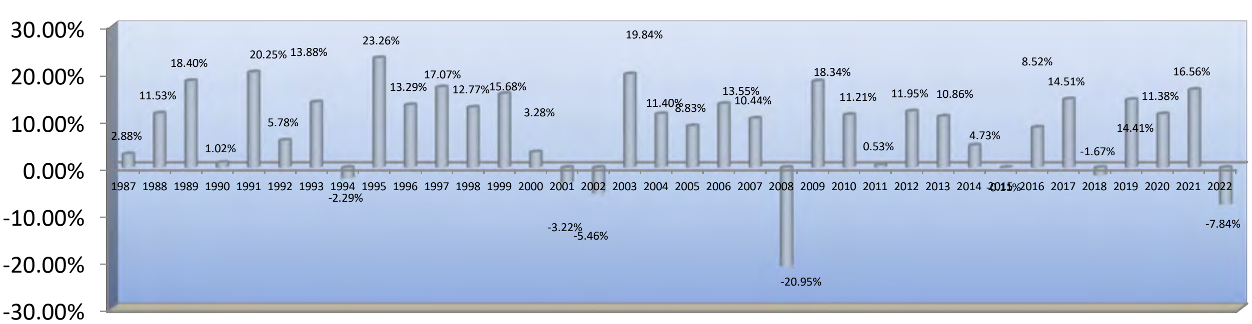
[1]InvestorForce peer rankings are for defined benefit public funds over $1 billion in assets.

OCERS' Fund Performance by Calendar Years 1987 – 2022

As of Dec. 31	Return	Assumed Rate of Return	As of Dec. 31	Return	Assumed Rate of Return
1987	2.88%	7.25%	**2005**	8.83%	7.75%
1988	11.53%	7.25%	**2006**	13.55%	7.75%
1989	18.40%	7.50%	**2007***	10.44%	7.75%
1990	1.02%	7.50%	**2008**	-20.95%	7.75%
1991	20.25%	8.00%	**2009**	18.34%	7.75%
1992	5.78%	8.00%	**2010**	11.21%	7.75%
1993	13.88%	8.00%	**2011**	.53%	7.75%
1994	-2.29%	8.00%	**2012**	11.95%	7.25%
1995	23.26%	8.00%	**2013**	10.86%	7.25%
1996	13.29%	8.00%	**2014**	4.73%	7.25%
1997	17.07%	8.00%	**2015**	-0.11%	7.25%
1998	12.77%	8.00%	**2016**	8.52%	7.25%
1999	15.68%	8.00%	**2017**	14.51%	7.00%
2000	3.28%	8.00%	**2018**	-1.67%	7.00%
2001	-3.22%	8.00%	**2019**	14.41%	7.00%
2002	-5.46%	8.00%	**2020**	11.38%	7.00%
2003	19.84%	7.50%	**2021**	16.56%	7.00%
2001	11.40%	7.75%	**2022**	-7.84%	7.00%

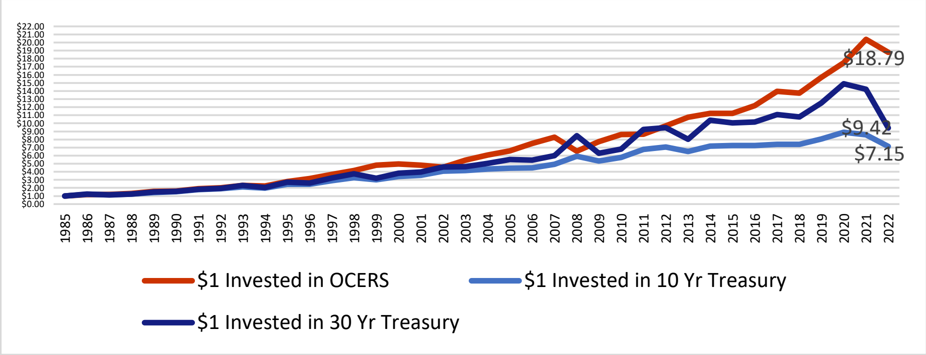
*As of 2007, returns are presented net of fees.

OCERS Fund Performance



Growth of a Dollar in OCERS Compared to Treasury Bonds
1985 – 2022

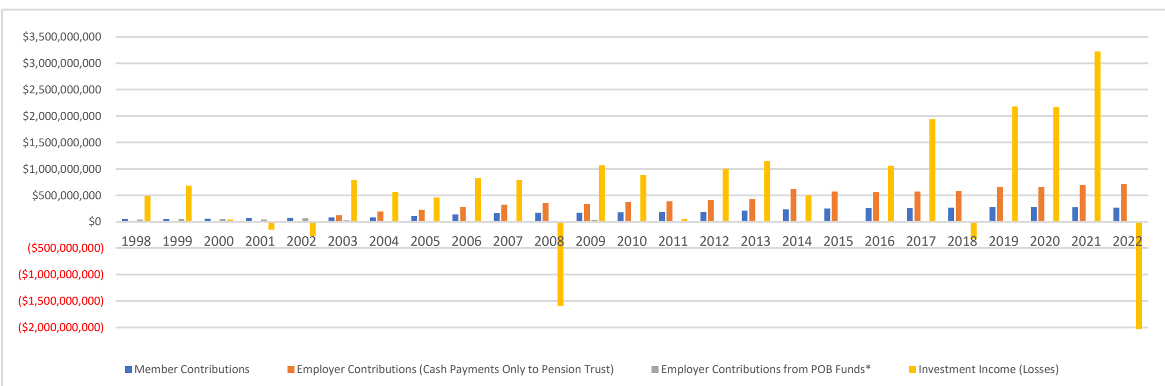
	$1 Invested in OCERS	$1 Invested in 10 Yr Treasury	$1 Invested in 30 Yr Treasury
1985	$1.00	$1.00	$1.00
1986	$1.16	$1.20	$1.25
1987	$1.19	$1.16	$1.15
1988	$1.33	$1.23	$1.24
1989	$1.58	$1.44	$1.49
1990	$1.59	$1.53	$1.56
1991	$1.91	$1.80	$1.84
1992	$2.03	$1.91	$1.96
1993	$2.31	$2.14	$2.32
1994	$2.25	$1.97	$2.04
1995	$2.78	$2.44	$2.72
1996	$3.15	$2.44	$2.60
1997	$3.68	$2.90	$3.24
1998	$4.16	$3.27	$3.76
1999	$4.81	$3.00	$3.20
2000	$4.96	$3.43	$3.84
2001	$4.80	$3.57	$3.97
2002	$4.54	$4.09	$4.61
2003	$5.44	$4.15	$4.65
2004	$6.06	$4.35	$5.06
2005	$6.60	$4.44	$5.50
2006	$7.49	$4.50	$5.44
2007	$8.27	$4.94	$5.99
2008	$6.54	$5.94	$8.47
2009	$7.74	$5.35	$6.27
2010	$8.61	$5.78	$6.82
2011	$8.65	$6.76	$9.24
2012	$9.69	$7.05	$9.46
2013	$10.74	$6.50	$8.04
2014	$11.25	$7.19	$10.40
2015	$11.24	$7.26	$10.07
2016	$12.19	$7.25	$10.15
2017	$13.96	$7.40	$11.08
2018	$13.73	$7.40	$10.77
2019	$15.71	$8.06	$12.54
2020	$17.50	$8.89	$14.90
2021	$20.39	$8.58	$14.23
2022	$18.79	$7.15	$9.42



Revenue

Member and Employer Contributions and Investment Income and Losses to Pension Trust

Year	Member Contributions	Employer Contributions (Cash Payments Only to Pension Trust)	Employer Contributions from POB Funds*	Investment Income (Losses)
1998	$50,557,000	$17,977,000	$42,020,000	$493,491,000
1999	$55,693,000	$17,591,000	$47,129,000	$685,178,000
2000	$61,179,000	$15,561,000	$48,555,000	$45,284,000
2001	$68,635,000	$12,060,000	$41,319,000	($149,858,000)
2002	$77,917,000	$13,289,000	$65,180,000	($269,188,000)
2003	$81,581,000	$124,243,000	$26,209,000	$789,086,000
2004	$81,931,000	$194,430,000	$3,579,000	$569,000,000
2005	$107,544,000	$226,130,000	$9,675,000	$461,980,000
2006	$137,582,000	$277,368,000	$11,000,000	$830,200,000
2007	$159,476,000	$326,736,000	$11,000,000	$784,961,000
2008	$172,291,000	$360,365,000	$12,600,000	($1,596,776,000)
2009	$171,928,000	$338,387,000	$34,900,000	$1,064,855,000
2010	$177,929,000	$372,437,000	$11,000,000	$888,542,000
2011	$183,820,000	$387,585,000	$11,000,000	$50,456,000
2012	$191,215,000	$406,521,000	$5,500,000	$1,004,770,000
2013	$209,301,000	$427,095,000	$5,000,000	$1,152,647,000
2014	$232,656,000	$625,520,000	$5,000,000	$499,195,000
2015	$249,271,000	$571,298,000	$0	($10,873,000)
2016	$258,297,000	$567,196,000	$0	$1,061,243,000
2017	$262,294,000	$572,104,000	$0	$1,939,635,000
2018	$270,070,000	$580,905,000	$0	($324,628,000)
2019	$279,373,000	$653,793,000	$0	$2,183,808,000
2020	$279,384,000	$659,807,000	$5,000,000	$2,173,184,000
2021	$271,334,000	$698,791,000	$15,077,000	$3,222,065,000
2022	$269,999,000	$719,691,000	$14,462,000	($2,058,590,000)



* In September 1994, the County of Orange issued $320 million in Pension Obligation Bonds (POB's) of which $318.3 million in proceeds were paid to OCERS to fund the County's portion of the Unfunded Actuarial Accrued Liability (UAAL). For accounting purposes, OCERS maintains the proceeds for the POBs in the County Investment Account. OCERS and the County of Orange, a single participating district, entered into an agreement which provided an offsetting credit based upon an amount actuarially determined to deplete the County Investment Account over the then remaining UAAL amortization period. The County determines annually how the account will be applied to contribution requirements.

Fund Status

OCERS' independent actuary, Segal Consulting, performed an actuarial valuation as of December 31, 2022 and determined that OCERS' funding ratio of actuarial assets to the actuarial accrued liability is 81.51%, which increased from the prior's year's funded status of 81.15%. (See *The Evolution of OCERS UAAL* at ocers.org)

OCERS' Funded Status by Calendar Years 1988 – 2022
(Dollars in thousands)

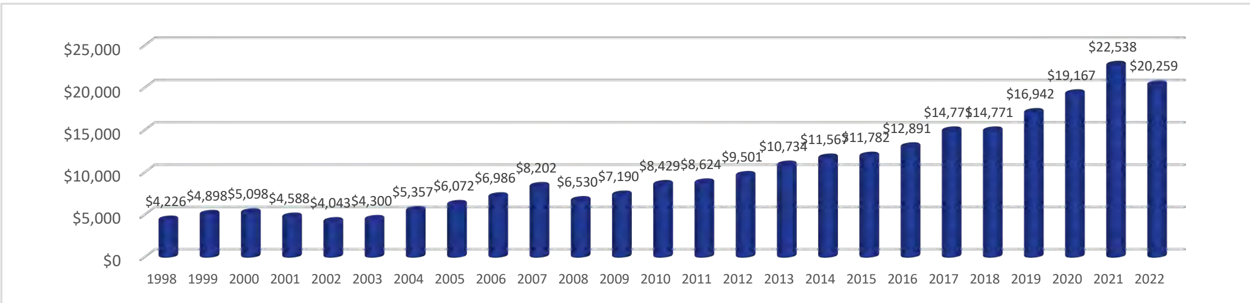
Actuarial Valuation Date Dec. 31	Valuation Value of Assets (VVA) (a)	Actuarial Accrued Liability (AAL) (b)	Total Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Investment Returns/(Losses)
2022	$20,691,659	$25,386,669	$4,695,010	81.51%**	-7.84%
2021	$19,488,761	$24,016,073	$4,527,312	81.15%	16.56%
2020	$17,525,117	$22,904,975	$5,379,858	76.51%	11.38%
2019	$16,036,869	$21,916,730	$5,879,861	73.17%	14.41%
2018	$14,994,420	$20,703,349	$5,708,929	72.43%	-1.67%
2017	$14,197,125	$19,635,427	$5,438,302	72.30%	14.51%
2016	$13,102,978	$17,933,461	$4,830,483	73.06%	8.52%
2015	$12,228,009	$17,050,357	$4,822,348	71.72%	-0.11%
2014	$11,449,911	$16,413,124	$4,963,213	69.76%	4.73%
2013	$10,417,125	$15,785,042	$5,367,917	65.99%	10.86%
2012	$9,469,208	$15,144,888	$5,675,680	62.52%	11.95%
2011	$9,064,355	$13,522,978	$4,458,623	67.03%	0.53%
2010	$8,672,592	$12,425,873	$3,753,281	69.79%	11.21%
2009	$8,154,687	$11,858,578	$3,703,891	68.77%	18.34%
2008	$7,748,380	$10,860,715	$3,112,335	71.34%	-20.95%
2007*	$7,288,900	$9,838,686	$2,549,786	74.08%	10.44%
2006	$6,466,085	$8,765,045	$2,298,960	73.77%	13.55%
2005	$5,786,617	$8,089,627	$2,303,010	71.53%	8.83%
2004	$5,245,821	$7,403,972	$2,158,151	70.85%	11.40%
2003	$4,790,099	$6,099,433	$1,309,334	78.53%	19.84%
2002	$4,695,675	$5,673,754	$978,079	82.76%	-5.46%
2001	$4,586,844	$4,843,899	$257,055	94.69%	-3.22%
2000	$4,497,362	$4,335,025	($162,337)	103.74%	3.28%
1999	$3,931,744	$4,017,279	$85,535	97.87%	15.70%
1998	$3,504,708	$3,682,686	$177,978	95.17%	12.77%
1997	$3,128,132	$3,332,967	$204,835	93.85%	17.07%
1996	$2,675,632	$2,851,894	$176,262	93.82%	13.29%
1995	$2,434,406	$2,633,884	$199,478	92.43%	23.26%
1994	$2,177,673	$2,550,059	$372,386	85.40%	-2.29%
1993	$2,024,447	$2,305,019	$280,572	87.83%	13.88%
1992	$1,807,319	$2,140,081	$332,763	84.45%	5.78%
1991	$1,567,131	$1,763,894	$196,763	88.84%	20.25%
1990	$1,297,575	$1,840,915	$543,340	70.49%	1.02%
1989	$1,136,210	$1,651,988	$515,778	68.78%	18.40%
1988	$985,030	$1,453,858	$468,828	67.75%	11.53%

*As of 2007, returns are presented net of fees

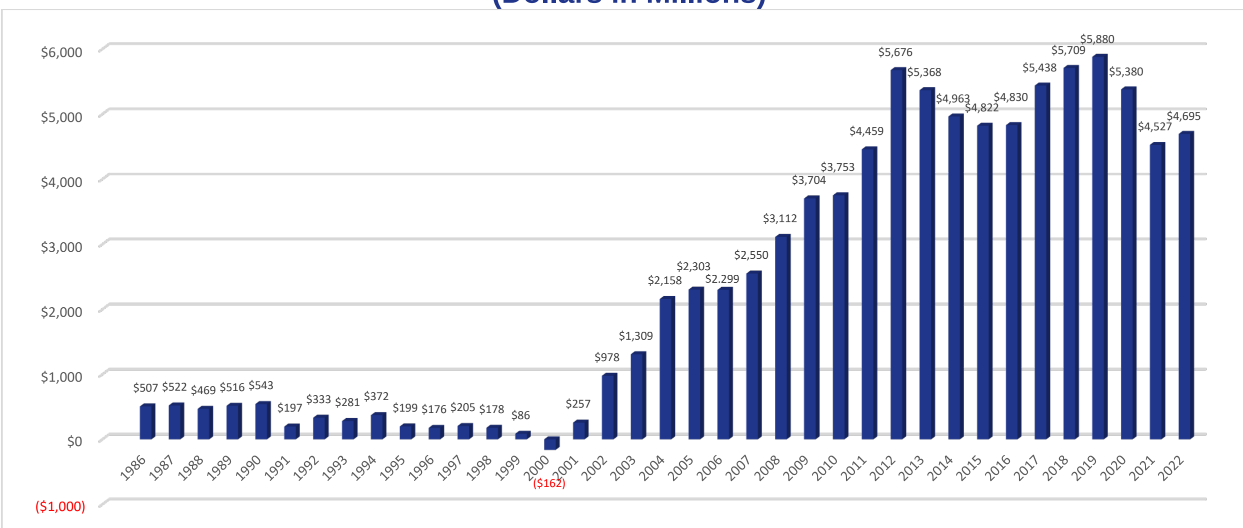
** Note: On a market value basis OCERS' funded status is 76.95%

OCERS by the Numbers

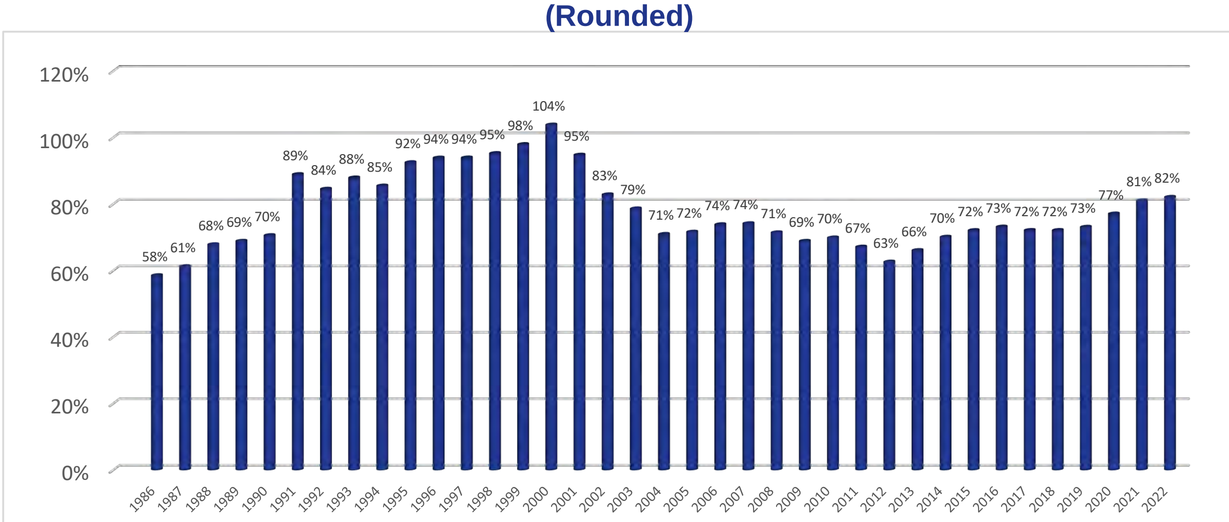
Growth of System Net Investments at Fair Value
(Dollars in Millions)

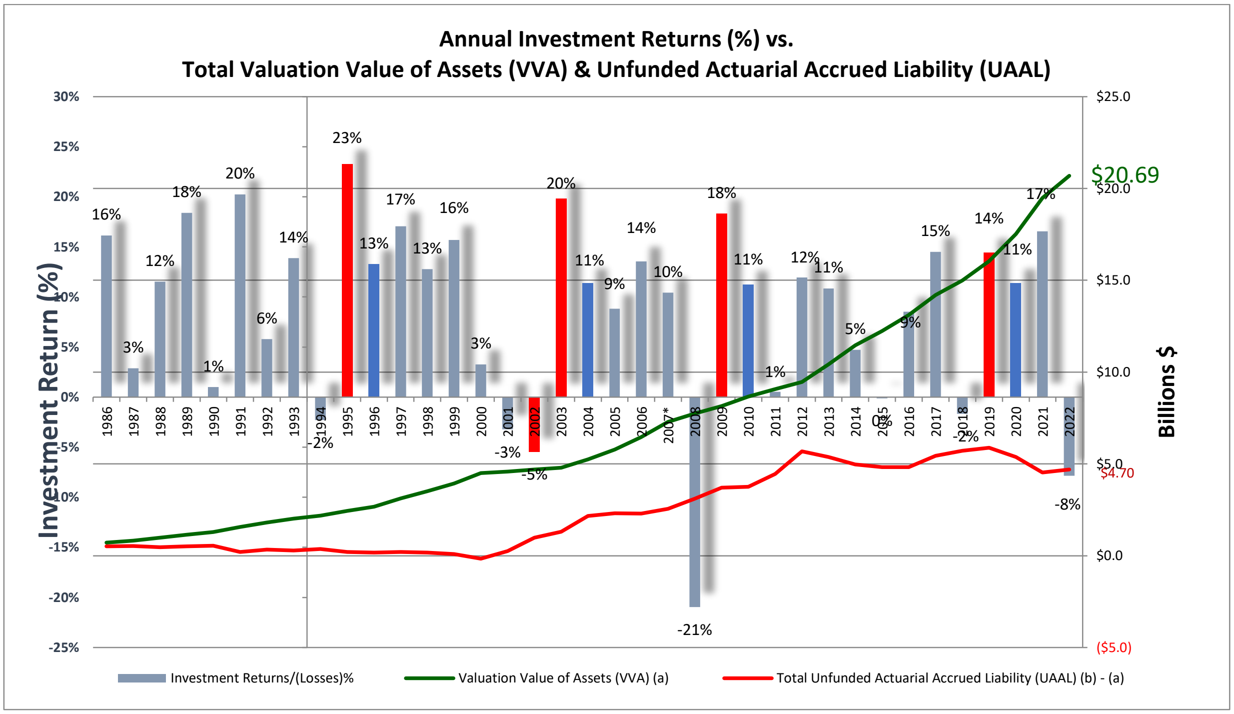


Unfunded Actuarial Accrued Liabilities (UAAL)
(Dollars in Millions)



Funded Ratio by Calendar Years
(Rounded)





This chart demonstrates how positive earnings in most years will cause the Unfunded Actuarial Accrued Liability (UAAL) to decrease. Interestingly this chart also illustrates how the UAAL can grow larger even when the pension fund's investment portfolio returns are positive.

First, we need a definition for the UAAL. It simply means that the value of the retirement benefits promised by employers is larger than the actual dollars the retirement system has on hand. The difference between the two is called the UAAL. Having a UAAL is not a bad thing, a retirement system does not need to have in the bank today every benefit dollar that will ever be paid out in the coming 10, 20, 30 years or more. It is much like a parent saving for his or her child's college education. All the dollars required to pay that future obligation do not need to be in the parent's bank account today. In fact, the parent is planning on including the returns from sound investments to help meet that future obligation.

OCERS has a plan in place to pay off the UAAL in 20 year increments. That plan includes an expectation that the OCERS portfolio will earn on average 7.00% each calendar year, while each employer and individual member in turn continues to pay the monthly contribution required of them by OCERS' actuary. It's good to note here that no OCERS employer or individual OCERS member has ever failed to make the annual actuarially required contribution to the OCERS retirement system.

While it is fairly easy to understand that when the portfolio does not earn its expected 7.00% in a year, that will cause the UAAL to grow, how is it possible for the UAAL to grow even in years where the portfolio earnings are at least positive? Note the chart above. The blue bars indicate how much OCERS earned on its investment portfolio each calendar year. The green line measuring total assets held in the portfolio is doing well and growing strongly because of those many good years. The red line tracks the rise and fall of the UAAL. The few red bars indicate when the portfolio actually lost money. In those years with the red bars, as you would expect, you can see an uptick in the UAAL as measured by the red line. But back to our basic question, how is it that even in some good years you can see a rise in the UAAL as tracked by that red line?

Two basic reasons – in some years, such as 2011, even though the earnings bar is blue, it is barely blue. Positive returns yes, but since it was not enough to meet the earnings expectation in that year, there was an uptick in the UAAL. The other cause can occur when there is a change made to a basic assumption. 2012 is a good example of that – a strong blue bar representing a 12% return; easily beating our then expected 7.75%. However, in that same year of 2012 we lowered what we assumed could be earned in future years from 7.75% to 7.25% so the UAAL rose. If a parent saving for their child's college education is expecting to earn 7.75% on their savings account suddenly learns the bank is only crediting 7.25% in the future, the parent won't have enough dollars in that account when the child finally reaches the big day. So too with OCERS, by lowering its assumed earnings rate for future years in 2012 the red line had to tick upward despite the good earnings in that year to account for the fact that OCERS had to anticipate fewer future dollars would be gained from investment earnings.

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Orange County Employees Retirement System
P.O. Box 1229
Santa Ana, CA 92702
714.558.6200
www.ocers.org

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Steve Delaney, Chief Executive Officer

SUBJECT: **THE EVOLUTION OF OCERS' UAAL (2023 EDITION)**

The Evolution of the UAAL document has been produced annually since 2009 to assist our members and the public to better understand how unfunded liabilities can develop over time, and how public pension systems such as OCERS manager the long term in order to pay for those liabilities.

Revised in August of each year following the release of the annual actuarial valuation, this 2023 edition is based on the Actuarial Valuation of December 31, 2022.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

ORANGE COUNTY OCERS

The Evolution of OCERS Unfunded Actuarial Accrued Liability

Steve Delaney, CEO

December 31, 2022 Valuation

The Evolution of OCERS Unfunded Actuarial Accrued Liability

The Orange County Employees Retirement System (OCERS) is a public pension plan providing a defined benefit lifetime pension to many of Orange County's diverse community of public servants – from firefighters and deputy sheriffs to bus drivers and court clerks.

OCERS conducts an annual valuation of the OCERS Trust Fund to determine its current economic status. In the most recent valuation, for the period ending December 31, 2022, the system's professional actuary (The Segal Group) calculated the Unfunded Actuarial Accrued Liability (UAAL) of the fund to be approximately $4.7 billion. At the start of the millennium, as of December 31, 2000, there was no UAAL at all, the system being more than 100% funded. The drivers and components that contributed to the evolution of OCERS' current UAAL are the subjects of this paper.

WHAT IS AN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)?

UAAL is the difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance a public pension. In simpler terms, if you compare the cost of OCERS' pension promises with the value of OCERS' assets, the promises currently exceed the assets. That shortfall is OCERS' Unfunded Actuarial Accrued Liability.

Assuming no change in the underlying pension benefit formulas, a fully funded pension system with no UAAL (as was the case for OCERS in 2000), generally means that all of the actuary's assumptions as to the cost of benefits and growth of liabilities have been met, and the present value of the system's accumulated assets are sufficient to pay out all of the pension promises to our members.

But how does a public pension plan accrue the necessary funds for paying out benefits, and how can that process lead to a gap between the amount of assets held, and the present value of those future benefits?

A pension system's approach to building its assets in order to pay future benefits is not unlike the approach taken by many families saving for their children's college education. If you expect your child's education is going to cost $100,000 eighteen years from now, you have three basic options:

(1) You could deposit a single lump sum amount representing the present value of that future cost into a savings account, similar to an endowment or trust, calculated to grow with sufficient earnings to total $100,000.

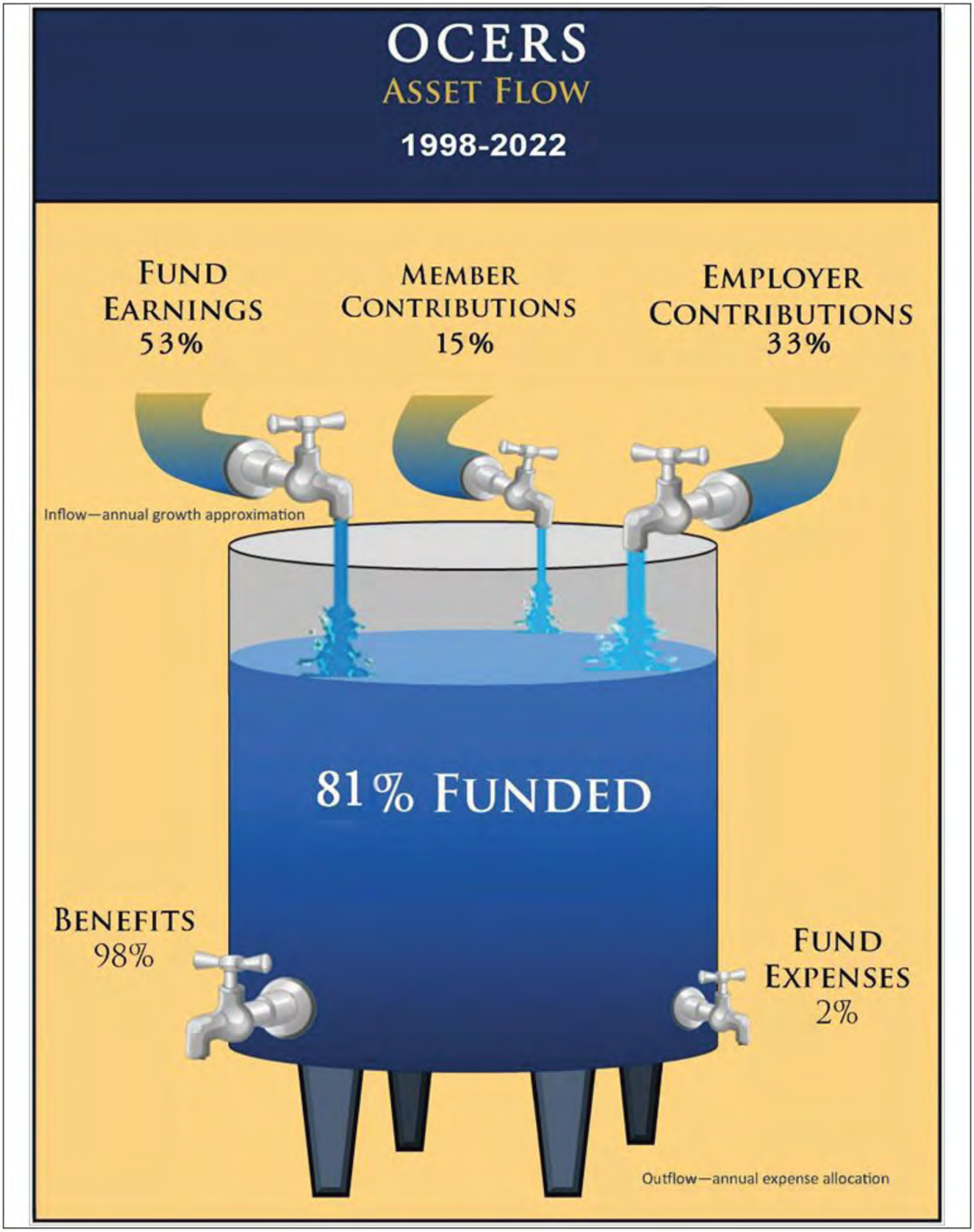
(2) You could save over time, depositing a certain percent of the salary you earn each year into an account and again assume that sufficient interest earnings will accrue to fully fund the cost when the big day arrives.

(3) You could wait until the child turns 18 and pull from your available resources at that time to pay the entire $100,000 in a single payment.

Public pension plans face similar choices in determining the best method for accruing sufficient resources to fund a member's benefit at retirement. Like most American families, the majority of public pension plan systems choose Option 2 and pay a level percent of salary each year, in order to gradually grow the amount needed to fund future retirements.

Determining how much to contribute each year is a primary challenge for any public pension system. For that reason, public pension plans use the expertise of a professional actuary to assist in planning the funding of those retirement benefits over the long term, allowing investment earnings on the contributions to fund the majority of the pension costs. In Orange County those investment earnings provide the largest portion of retirement benefits being paid, greatly reducing the cost to Orange County's employees and taxpayers in providing public services to our community.

The job of a pension plan actuary includes estimating (or assuming) how much money should be contributed each year so the plan will have enough funds to pay the benefits promised by the plan throughout the lifetime of the member. The year-to-year stream of contributions should be as smooth and consistent as possible to avoid wreaking havoc on the budget of the employer.


OCERS
Asset Flow
1998-2022
Fund Earnings 53%
Member Contributions 15%
Employer Contributions 33%
Inflow—annual growth approximation
81% Funded
Benefits 98%
Fund Expenses 2%
Outflow—annual expense allocation

The graphic on page 3 shows a snapshot of OCERS' funded status as of December 31, 2022, while the representation of cash inflows and outflows reflect the period of 1998 through 2022.

HOW DID OCERS' CURRENT UAAL DEVELOP?

The long-term cost of retiree benefits is based on a host of variables, the future values of which are unknown. Many different events can cause a UAAL to develop or even disappear. While actuaries try to pin down these variables through the use of best or at least reasonable assumptions and professional methodologies, the unexpected should be expected to occur.

There are six assumptions in particular that have the greatest impact on the actuary's estimates of plan funding:

1. The assumed rate of return on investments
2. The rate of increase in salaries for actives and the change in cost-of-living-adjustment (COLA) for retirees
3. Member mortality
4. The age at which members choose to retire
5. How many members become disabled
6. How many members terminate their service earlier than anticipated

Finally, there are two other events that can have great impact on plan funding, events the actuaries can't anticipate:

(1) plan changes, that is, when a benefit formula is changed in some unanticipated manner by the employer, and
(2) differing actual experience, that is, when actual experience indicates that previous assumptions must be modified to reflect a more current reality. A key example here is life expectancy, which with the continued advances in medicine challenges actuaries in being able to accurately project average life expectancies in the coming decades.

Either of those two events will generally have an "unfunded" impact on the cost of the system, though savings can occur as well, as in fact happened in the period of 2009 through 2012 with a slowing in projected salary increases due to the challenging economic times.

First, a summary history of OCERS' UAAL as well as the plan's funded status:

(In 000's)

Actuarial Valuation Date December 31	Valuation Value of Plan Assets	Total Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
1985	$613,863	$462,121	57.05%
1986	$713,506	$507,409	58.44%
1987	$821,884	$522,098	61.16%
1988	$985,030	$468,828	67.75%
1989	$1,136,210	$515,778	68.78%
1990	$1,297,575	$543,340	70.49%
1991	$1,576,131	$196,763	88.84%
1992	$1,807,319	$332,763	84.45%
1993	$2,024,447	$280,572	87.83%
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1995	$2,434,406	$199,478	92.43%
1996	$2,675,632	$176,262	93.82%
1997	$3,128,132	$204,835	93.85%
1998	$3,504,708	$177,978	95.17%
1999	$3,931,744	$85,535	97.87%
2000	$4,497,362	($162,337)	103.74%
2002	$4,695,675	$978,079	82.76%
2003	$4,790,099	$1,309,334	78.53%
2004	$5,245,821	$2,158,151	70.85%
2005	$5,786,617	$2,303,010	71.53%

Actuarial Valuation Date December 31	Valuation Value of Plan Assets	Total Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
2006	$6,470,000	$2,298,960	73.77%
2007	$7,288,900	$2,549,786	74.08%
2008	$7,748,380	$3,112,335	71.34%
2009	$8,154,687	$3,703,891	68.77%
2010	$8,672,592	$3,753,281	69.79%
2011	$9,064,355	$4,458,623	67.03%
2012	$9,469,208	$5,675,680	62.52%
2013	$10,417,125	$5,367,917	65.99%
2014	$11,449,911	$4,963,213	69.76%
2015	$12,228,009	$4,822,348	71.72%
2016	$13,102,978	$4,830,483	73.06%
2017	$14,197,125	$5,438,302	72.30%
2018	$14,994,420	$5,708,929	72.43%
2019	$16,036,953	$5,879,861	73.17%
2020	$17,525,117	$5,379,858	76.51%
2021	$19,488,761	$4,527,312	81.15%
2022	$20,691,659	$4,695,010	81.51%

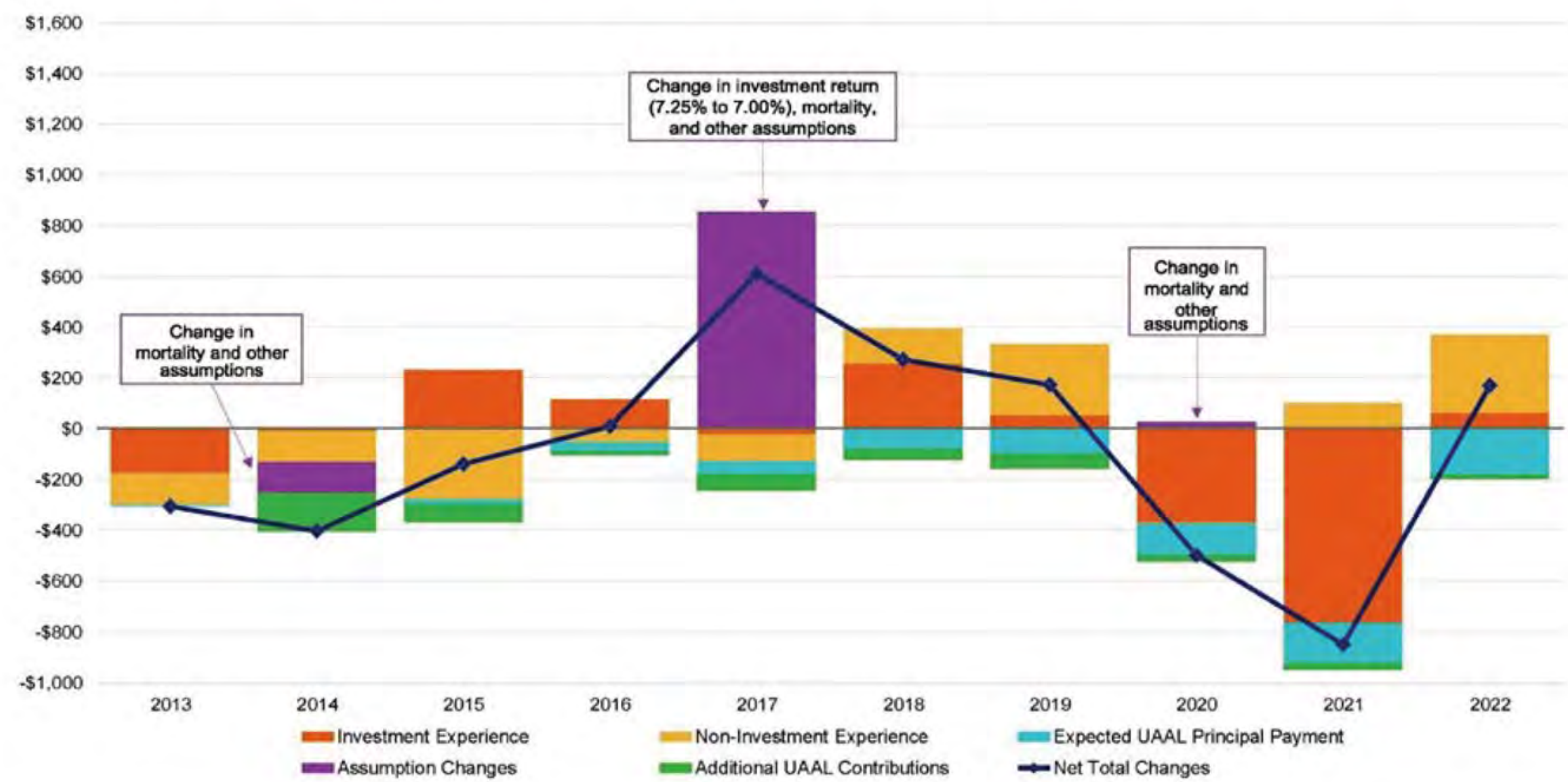
As shown in the table above, the annual calculation of OCERS' UAAL can swing dramatically from year to year, such as **1990-91** when the UAAL shrank from $543 million to $196 million, a reduction of nearly 40% in a single year due primarily to the remarkable earnings of that year (1991: 20.25%); or **2002-03** when the UAAL grew from $978 million to $1.3 billion, an increase of approximately 30% reflecting both assumption and benefit changes the year before, as well as the delayed recognition of some heavy investment losses incurred in the three prior years.

FACTORS THAT CHANGED THE UAAL

The bar chart that follows on the next page illustrates on a single chart some of the same historical factors that have caused changes in OCERS' UAAL amounts since 2000 as reported in this document. Among the factors that have had a negative impact (i.e., increase in OCERS' UAAL) are reductions in the investment rate assumption, improvement in mortality, and certain periods of unfavorable investment experience such as during the Great Recession. Of course, such negatives are somewhat offset by positive factors (i.e., decrease in OCERS' UAAL) such as smaller salary increases received by active members and smaller cost-of-living increases received by retirees and beneficiaries than those expected under the actuarial assumptions. And of course, good investment returns such as 2017, 2019, and 2021 when the fund returned more than double the assumed rate of 7%.

It is important to note that OCERS has taken significant strides in risk management over this same time period resulting in long-term plan sustainability. This includes strengthening of assumptions, particularly the expected return discount rate, and adopting a funding policy that eliminates negative amortization and promotes intergenerational equity. These changes may result in higher UAAL and associated contributions in the short term, but in the medium to long term avoid both deferring contributions and unmanaged growth in the UAAL. Such decisions are essential for OCERS' fiscal health in the many decades to come.

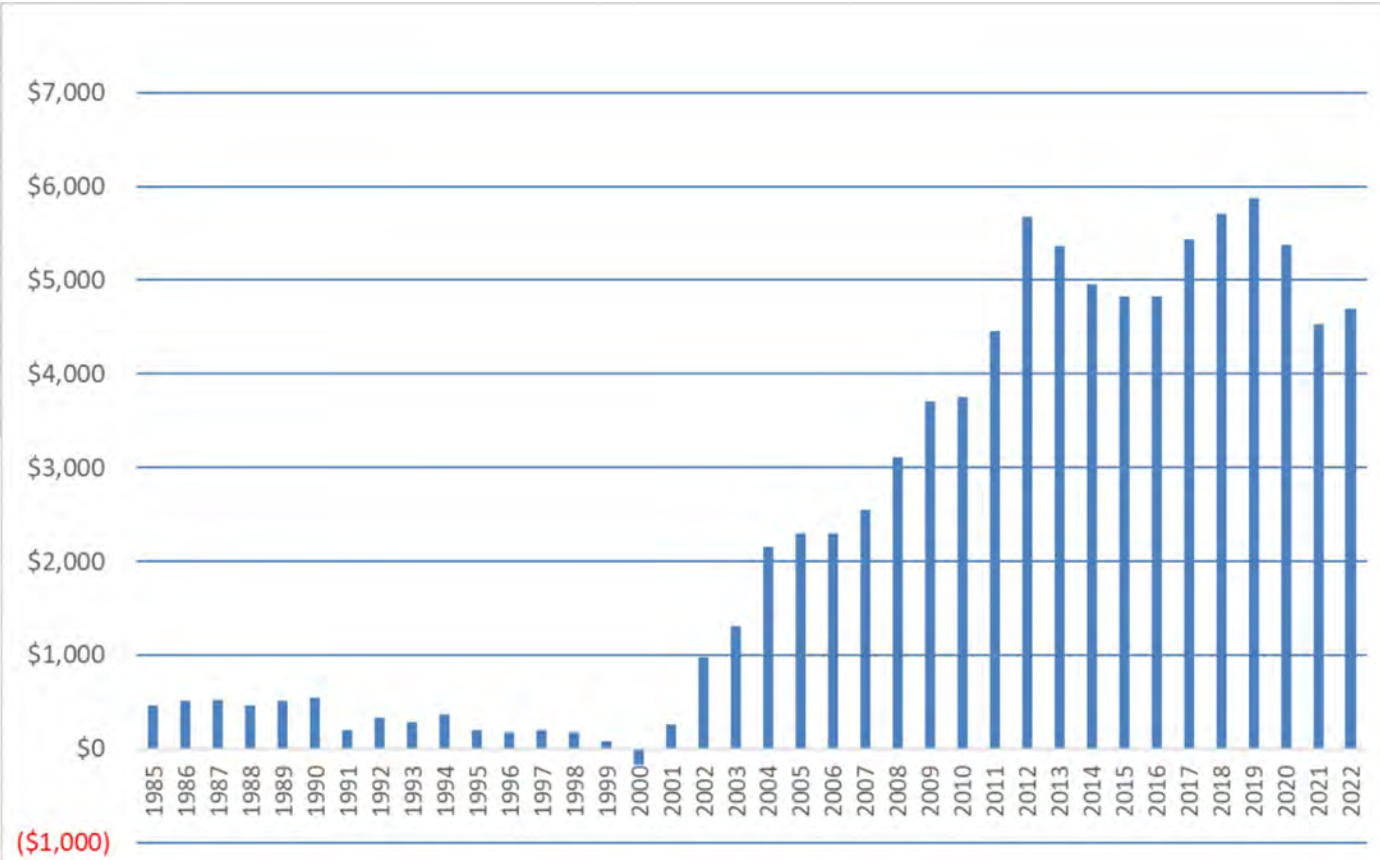
Factors that Changed UAAL in December 31, 2013 to 2022 Valuations ($ Millions)



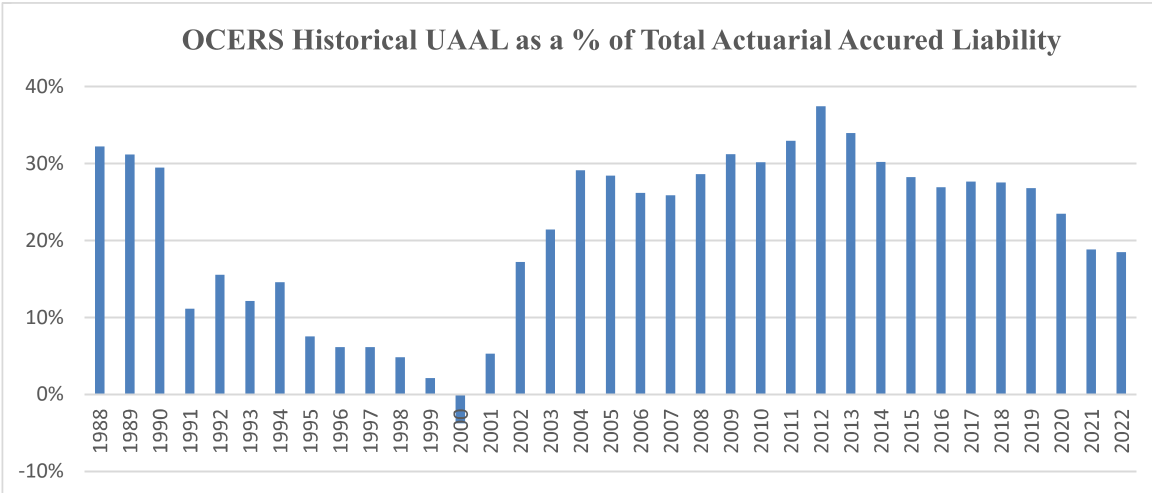
A VISUAL REVIEW OF THE UAAL HISTORY

Two different approaches to viewing the UAAL in context of the OCERS Fund are displayed in the following tables. In the first table the historical amount of UAAL is displayed, reflecting the growth of the UAAL in total dollars. Identifying trends and determining how best to address the cautionary tale being shared is an important task of any decision maker when it comes to pension design.

OCERS Total UAAL
(Dollars in Millions)



In the following table, the UAAL is now reflected as a percentage of the total actuarial accrued liability, both funded and unfunded, to put it into perspective. This is an important point to keep in mind as the OCERS plan continues to mature over time. Note for example that while the total UAAL increased in 2010 by approximately $50 million dollars, the funded ratio of the plan actually improved, as the total assets available to pay the plan's liabilities increased at an even faster rate.



CONCLUSION:

As this review has shown, both past experience and assumptions (that try to predict the future using that past experience) often change and have a major impact on the system's future costs. Actuaries use long economic cycles to make their assumptions. They do not often adjust their assumptions in response to year-to-year fluctuations in actual experience. Rather, actuarial assumptions are typically changed only following careful assessment of ongoing and durable trends in experience. Because public pension plans such as OCERS take a very long view of the time horizon, recognizing that in 2022 our average member retired with approximately 21 years of service (both general and safety). OCERS is designed specifically to allow time to exercise its smoothing effect on the costs associated with the variability of life and its vagaries.

While this document tracks the evolution of the OCERS UAAL as it has developed especially since the year 2000, keep in mind that the actuary can only show from one year to the next what the initial impact a given event may have on future liability projections using the assumptions adopted by the OCERS Board as of that measurement date. It cannot show what specific long-term impact of that same event may be in later years should the initial assumption prove different from actual experience. An example of this was the increase in benefits that occurred in 2004, when a number of key benefit formulas were changed by the employer, leading to a change in the projection regarding future liabilities to be paid out, and creating an immediate increase in the UAAL of $365 million. Will the ultimate cost of that benefit adjustment be $365 million? Not likely. But it was an estimate developed using the best assumptions available at the time to prepare that projection. Can we track that specific change in the plan design to see what the ultimate cost might truly be? Not really. The OCERS plan is large and complex, with over 50,000 members making individual life choices that will impact the ultimate cost, either positively or negatively, over a very long period of time. Once the initial event is priced into the cost of the plan, then it is the plan as a whole that gets valued in future years, composed of the many smaller decisions made year after year, and determining the course of the UAAL.

No matter how one looks at the UAAL, it is important to keep certain points in mind. The UAAL is only an estimate based on many different inputs and assumptions that are all subject to refinement. The UAAL is not an absolute number such as the fixed amount of your home mortgage but is a fluid estimate that will both rise and fall as it is revised annually based upon actual experience. Under a well-structured plan with conservative assumptions, the deviations will include both positive (as was the case most recently in 2016) and negative (such as in 2008) amounts in the short run, but tend to smooth to the actuary's assumed assumptions over time. The causes of transitory shortfalls and surpluses will be captured in improved assumptions and appropriate contribution rates over time, ensuring a secure financial foundation for the promises made to Orange County's public servants.

YEAR BY YEAR REVIEW:

It is current history that has raised the most questions from both employers, members and the public who want to better understand how the current UAAL has evolved over the past couple of decades. In the following pages the data used in calculating the UAAL from calendar year 2000 when OCERS last had a surplus, through 2022, is presented in table format, with commentary on the events of each year that had primary impact on determining if the UAAL rose or fell for that given year.

2000

Development of UAAL/(Surplus) for Year Ended December 31, 2000

1.	**UAAL at beginning of year**		$85,534,716
2.	Total normal cost at middle of year		
3.	Amortization Payment		(6,752,601)
4.	Interest		11,403,640
5.	Expected UAAL		$90,185,755
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	$(286,267,436)	
	b. Loss on salary increases	24,584,670	
	c. Loss on new retirees	29,186,796	
	d. Gain on mortality	(28,835,682)	
	e. Other experience (gain)/loss	8,809,049	
	f. Benefit improvements		
	g. Change in actuarial assumptions		
	h. Total changes		(252,522,603)
7.	**(Surplus) at the end of the year**		$(162,336,848)

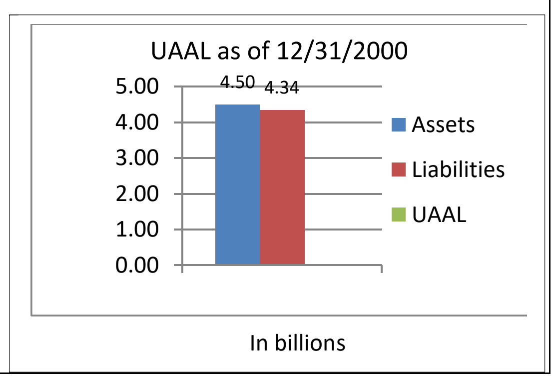
IMPACTING EVENTS

Calendar year 2000 is a key year, and emblematic of how public pension systems are designed to smooth out the highs and lows of plan costs over time, OCERS moves from a UAAL of $85 million at the start of the year to a surplus of $162 million as the year comes to a close.

There were no significant changes in Plan provisions in calendar year 2000.

Though total fund returns for 2000 were only 3.28% that exceeded the policy benchmark and ranked OCERS in the top quartile of the Callan Public Employer Database. Altogether the recognition of past and current smoothed earnings lowered the UAAL by over $286 million.

The actuarial value of assets passed the actuarial value of liabilities in 2000, and the Plan was 103.7% funded at the end of the calendar year.



2001

Development of UAAL/(Surplus) for Year Ended December 31, 2001

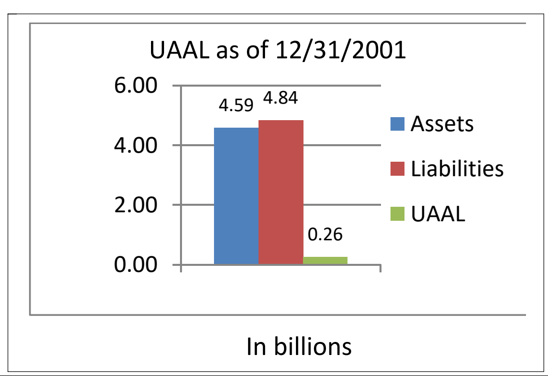
1.	**(Surplus) at beginning of year**		$(162,336,848)
2.	Total normal cost at middle of year		
3.	Amortization Payment		(11,193,795)
4.	Interest		7,117,033
5.	Expected UAAL		$(158,260,086)
6.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$221,191,812	
	b. Loss on salary increases	40,447,786	
	c. Loss on new retirees	48,490,180	
	d. Other experience (gain)/loss	19,791,339	
	e. Change in actuarial assumptions	(34,094,126)	
	f. Impact of 3%@50 for Law Enforcement (Safety)	119,488,767	
	g. Total changes		415,315,758
7.	**UAAL at the end of the year**		$257,055,672

IMPACTING EVENTS

While not significant, changes to the assumed withdrawal rates, the assumed termination rates, the assumed service-connected disability rates and the assumed retirement rates taken together actually lowered future liabilities by approximately $34 million.

The change in the retirement benefit for Law Enforcement (safety) members to a 3% per year of service benefit payable at age 50 increased future liability by approximately $119 million.

The OCERS portfolio experienced a loss of -3.24% in calendar year 2001, with an earnings assumption of 8%. That loss, though smoothed led to an increase of the UAAL by $221 million.



2002

Development of UAAL for Year Ended December 31, 2002

1.	**UAAL at beginning of year**		$257,055,672
2.	Total normal cost at middle of year		
3.	Amortization Payment		12,123,329
4.	Interest		27,502,107
5.	Expected UAAL		$296,681,108
6.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$220,329,452	
	b. Loss on salary increases	91,886,000	
	c. Loss on new retirees	82,392,000	
	d. Other experience (gain)/loss	48,763,0690	
	e. Change in actuarial assumptions	148,339,453	
	f. Impact of 3%@50 for Firefighters; Probation become Safety under the 2%@50 formula retro; 3%@50 fwd.	89,688,449	
	g. Total changes		$681,398,423
7.	**UAAL at the end of the year**		$ 978,079,531

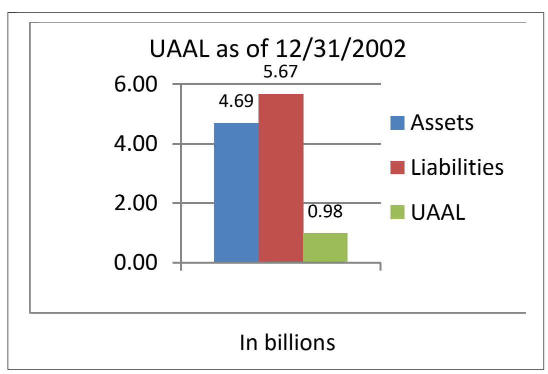
IMPACTING EVENTS

OCERS experienced negative returns in 2002 as did much of the market. A loss of -5.46%, when the assumption was for earnings of 8% led to an effective hit of -13.46% on the funding position of the plan. Even with smoothing in place, more than $220 million in losses were applied to the UAAL.

With the market having been down for a couple of years in a row, the OCERS Board revisited its earnings assumption and lowered the portfolio's assumed rate of return from 8% annual to 7.5%. That change in earnings assumption indicated there would be lower investment earnings to offset plan costs. Taken together with a lowering of the assumption for future salary increases (when salaries don't grow as fast as anticipated, fewer contributions than anticipated will be flowing to the system) from 5.5% to 4.5% annually, led to a $148 million increase in the UAAL.

On the benefit side, the formula for firefighters was improved to 3% of final average salary at age 50.

Effective June 28, 2002 Probation Services Unit employees became safety members and started accruing benefits in the 2%@50 retirement plan formula. Tier 1 employees hired prior to July 15, 1977 and who remained continuously employed thru June 28, 2002, had their general member service retroactively upgraded to the safety plan formula. Tier 2 employees with seven (7) or more years of service, had 90% of their general member service upgraded to the safety plan formula. Tier 2 employees with less than seven (7) years of service, had 80% of their general member service upgraded to the safety plan formula. The County of Orange Probation department paid for the plan upgrade of service as did the employees by paying a 2% share of employer cost. Additionally, all of the Tier 2 employees were given an opportunity to pay the employee and employer contributions necessary to upgrade the remainder of their general service into the safety plan formula.



2003

Development of UAAL for Year Ended December 31, 2003

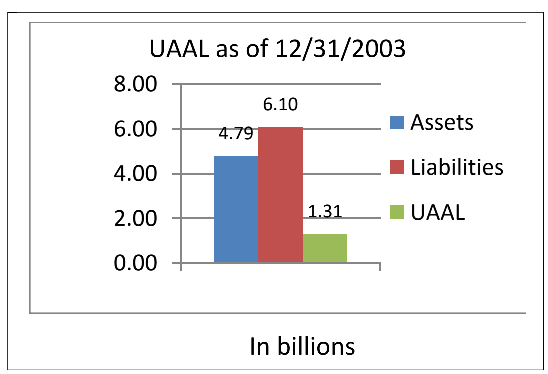
1.	**UAAL at beginning of year**		$ 978,079,531
3.	Total normal cost at middle of year		
4.	Amortization Payment		(58,355,527)
5.	Interest (7.5%)		78,359,367
6.	Expected UAAL		$ 998,083,371
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$ 287,828,001	
	b. Gain on salary increases	(103,234,000)	
	c. Loss on new retirees	119,420,000	
	d. Other experience (gain)/loss	4,898,374	
	e. Change in actuarial assumptions		
	f. Impact of new formula for City of San Juan Capistrano, and City of Rancho Santa Margarita	2,337,899	
	g. Total changes		311,250,274
8.	**UAAL at the end of the year**		$1,309,333,645

IMPACTING EVENTS

Despite a great year for the market, with the OCERS portfolio returning 19.84% in 2003, that wasn't enough to offset the smoothed losses of prior years continuing to be recognized in the valuation, with the UAAL growing by over $287 million on that basis alone.

Even with the lower salary growth assumption adopted in the previous year, member salaries did not grow as fast as anticipated, so while fewer contributions came in, that was offset by lower growth in pension liabilities, leading to a reduction in the UAAL of $103 million.

The cities of San Juan Capistrano and Rancho Santa Margarita adopted improved benefit formulas for their general service members, 2.7%@55 for San Juan Capistrano, and 2.5%@55 for Rancho Santa Margarita.



2004

Development of UAAL for Year Ended December 31, 2004

1.	**UAAL at beginning of year**		$1,309,334,000
2.	Changes in methods and procedures		106,630,000
3.	Total normal cost at middle of year		188,163,000
4.	Actual employer/member contributions		(279,940,000)
5.	Interest		102,756,000
6.	Expected UAAL		$1,426,943,000
7.	Actual (gain)/loss and other changes		
	a. Gain on investment	$(50,536,000)	
	b. Other experience (gain)/loss	19,372,000	
	c. Benefit improvements	365,409,000	
	d. Change in actuarial assumptions	579,681,000	
	e. Change to 3.5% inflation assumption and Entry Age Normal funding method	33,129,000	
	f. Change in investment return	(215,487,000)	
	g. Total changes		731,208,000
8.	**UAAL at the end of the year**		$2,158,151,000

IMPACTING EVENTS

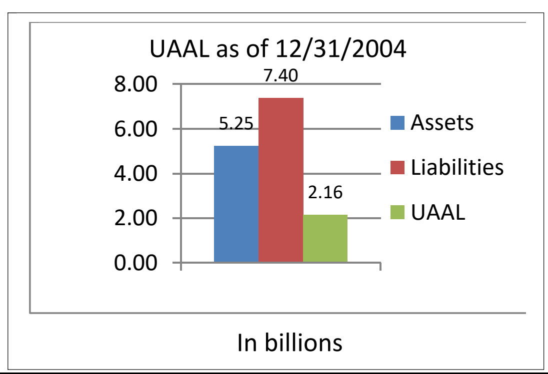
Two major events occurred in 2004, a change in actuarial services from Towers Perrin to The Segal Group led to a review and change in actuarial methods, procedures, and assumptions. There were also several retirement benefit formula improvements

Moving from one actuary to another is an uncommon event The change in valuation methods and procedures between Towers Perrin and The Segal Group led to an increase in the UAAL of $107 million. 2004 is the only year you will find the "Changes in Methods and Procedures" line entry capturing the impact of that change in this document.

In addition to reflecting a change in methods and procedures, the 2004 valuation also includes a number of basic actuarial assumption changes regarding future salary increases, rates of withdrawal at termination, and rates of retirement. Those changes added an additional $580 million to the UAAL.

An improvement in benefits as Probation members adopted the 3%@50 formula, Orange County Sanitation District adopted 2.5%@55, and The County of Orange general members adopted 2.7%@55, increased the UAAL by $365 million.

A gain for the fund was the recognition that the current portfolio composition would earn an assumed rate of return of 7.75%, an increase over the previous 7.5%. That assumption that greater earnings would assist in offsetting costs lowered the UAAL by $215 million.



2005

Development of UAAL for Year Ended December 31, 2005

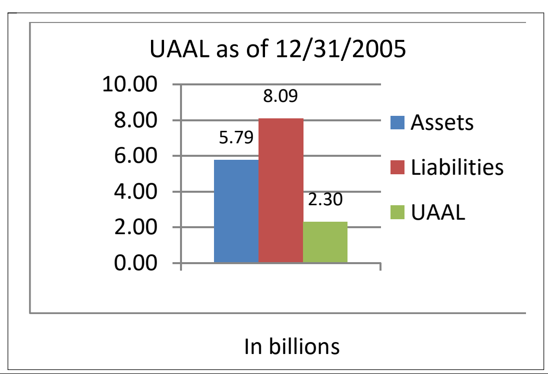
1.	**UAAL at beginning of year**		$2,158,151,000
2.	Total normal cost at middle of year		297,420,000
3.	Actual employer/member contributions		(345,111,000)
4.	Interest		165,409,000
5.	Expected UAAL		$2,275,869,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	$(39,536,000)	
	b. Loss on salary increases	16,544,000	
	c. Change in methodology used to calculate benefits for deferred vested members	(15,335,000)	
	d. Other experience (gain)/loss	65,468,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions		
	g. Total changes		27,141,000
7.	**UAAL at the end of the year**		$2,303,010,000

IMPACTING EVENTS

2005 is an example of how over the long term a defined benefit plan experiencing a period of rising costs can correct itself and move to a more stable norm. Though the UAAL rose just over $27 million in 2005, which was smaller as a percentage than the positive rise in the overall size of the portfolio, causing the funded status of the plan to improve from 70.85% at the start of the year, to 71.53% by the end of the year.

A positive return on the OCERS portfolio of 8.83%, exceeding the assumed earnings rate of 7.75%, allowed for application of a portion (after smoothing) of those investment gains to offset some larger losses where the economic and demographic experience through 2005 was negatively different from the actuarial assumptions.

A change in actuarial methodology used in calculating benefits for deferred vested members with reciprocal service led to a reduction in the UAAL of $15 million.



2006

Development of UAAL for Year Ended December 31, 2006

1.	**UAAL at beginning of year**		$2,303,010,000
2.	Total normal cost at middle of year		300,072,000
3.	Actual employer/member contributions		(425,950,000)
4.	Interest		173,606,000
5.	Expected UAAL		$2,350,738,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	$(112,612,000)	
	b. Loss on salary increases	21,679,000	
	c. Other experience (gain)/loss	39,155,000	
	d. Benefit improvements		
	e. Change in actuarial assumptions		
	f. Total changes		(51,778,000)
7.	**UAAL at the end of the year**		$2,298,960,000

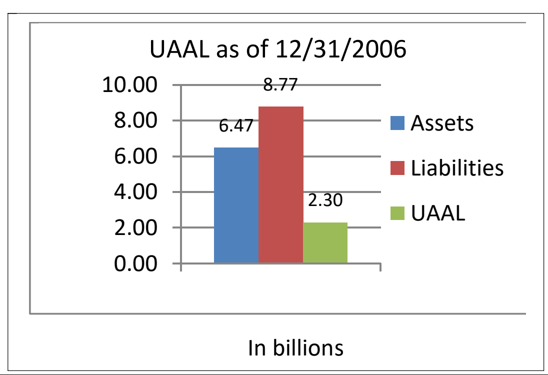
IMPACTING EVENTS

2006 is another example, like that of 2005, of how over the long term a defined benefit plan can correct itself and move to a more stable norm. In 2006 the UAAL dropped in relatively modest terms, by approximately $5 million. Overall however the funded status of the plan again improved, moving from 71.53% at the start of the year, to 73.77% by the end of the year. At the same time the aggregate employer contribution rate (the average of the County of Orange and all special districts combined) decreased from 24.27% of payroll to 24.01%. In turn, the aggregate employee's contribution rate similarly decreased from 10.39% of payroll to 10.36%.

Much of the positive movement in 2006 can be attributed to the 13.55% positive portfolio returns, exceeding the assumed earnings rate of 7.75%, allowing for application of a portion (after smoothing) of those investment gains towards the existing UAAL.

There were no benefit plan changes or any actuarial assumption changes in 2006.

The City of Rancho Santa Margarita did withdraw from OCERS in 2006 in order to move to CalPERS. There were no retirees with service earned with the City of Rancho Santa Margarita, so no long term pension liabilities were left behind with the OCERS plan upon the City's departure.



2007

Development of UAAL for Year Ended December 31, 2007

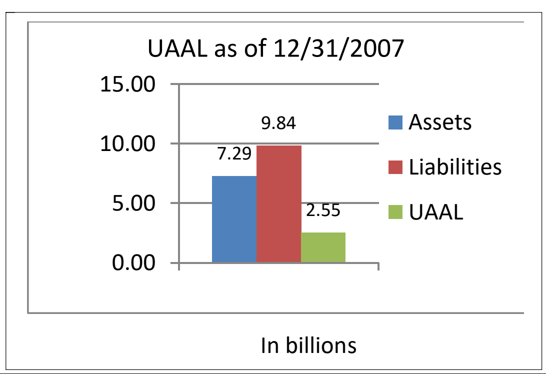
1.	**UAAL at beginning of year**		$2,298,960,000
2.	Total normal cost at middle of year		324,706,000
3.	Actual employer/member contributions		(486,212,000)
4.	Interest		171,911,000
5.	Expected UAAL		$2,309,365,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	$(176,681,000)	
	b. Loss on salary increases	136,417,000	
	c. Other experience (gain)/loss	43,538,000	
	d. Benefit improvements		
	e. Change in actuarial assumptions	237,147,000	
	f. Total changes		240,421,000
7.	**UAAL at the end of the year**		$2,549,786,000

IMPACTING EVENTS

2007 saw a positive return on the OCERS portfolio of 10.75%, exceeding the assumed earnings rate of 7.75%, allowing for application of a portion (after smoothing) of those investment gains to offset some large changes in the actuarial assumptions.

Coming out of a triennial Actuarial Experience Study, analyzing the period of January 1, 2005 through December 31, 2007, a number of actuarial assumptions were changed in the areas of mortality, termination of membership, rates of retirement, salary growth, and annual payoffs, leading to an increase in the UAAL of approximately $237 million.

A benefit change for the Cemetery District, moving to a 2% of final average salary at age 55 for future service only, was too negligible to have an impact on plan funding.



2008

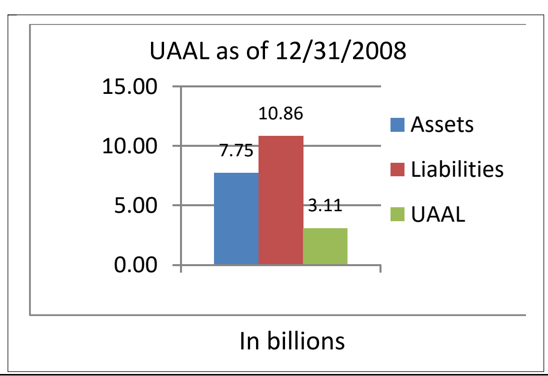
Development of UAAL for Year Ended December 31, 2008

1.	**UAAL at beginning of year**		$2,549,786,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		361,097,000
4.	Actual employer/member contributions		(532,656,000)
5.	Interest		190,961,000
6.	Expected UAAL		$2,569,188,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$257,752,000	
	b. Loss on salary increases	97,561,000	
	c. Loss on new retirements	54,911,000	
	d. Other experience (gain)/loss	17,159,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions	115,764,000	
	g. Total changes		543,147,000
8.	**UAAL at the end of the year**		$3,112,335,000

IMPACTING EVENTS

2008 saw massive losses in the market by public pension systems across the country, with the Dow Jones Industrial Average (DJIA) down by -33.8%, the worst single year decline since the Great Depression. OCERS did remarkably well, declining by only -20.71%. Yet, even with smoothing of gains and losses in place, that decline led to a loss of $257.7 million that had to be recognized in the calculation of the 2008 UAAL.

Changes in service retirement rates for General members under improved benefit formulas required a change in actuarial assumptions, leading to an increase in the UAAL of $115.7 million.



2009

Development of UAAL for Year Ended December 31, 2009

1.	**UAAL at beginning of year**		$3,112,335,000
2.	**Inclusion of Additional Premium Pay Items**		228,051,000
3	**ADJUSTED UAAL for beginning of year**		3,340,386,000
4.	Changes in methods and procedures		
5.	Total normal cost at middle of year		396,025,000
6.	Actual employer/member contributions		(545,215,000)
7.	Interest		253,099,000
8.	Expected UAAL		$3,444,295,000
9.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$322,523,000	
	b. Gain on lower than expected salary increases	(77,858,000)	
	c. Other experience (gain)/loss	14,931,000	
	d. Benefit improvements		
	e. Change in actuarial assumptions		
	f. Total changes		259,596,000
8.	**UAAL at the end of the year**		$3,703,891,000

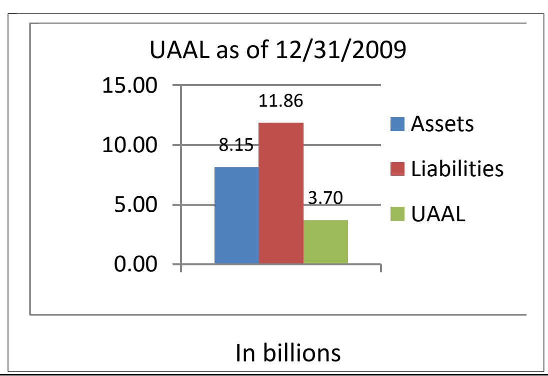
IMPACTING EVENTS

A major challenge for the 2009 valuation was the discovery, and inclusion of a pre-existing liability. The impact of "premium pay" [uniform allowance, bilingual requirements, etc.] on final compensation earnable had been underreported to the actuary since 2004. With proper reporting, the recognition of a liability that had been present, but unvalued, added an additional $228 million to the adjusted beginning UAAL figure for the year.

Despite increasing assets (on a market value) by over $1 billion in calendar year 2009, an 18.54% return, OCERS actually takes a loss on investments in 2009, in the amount of $322,523,000. Because OCERS smooths both gains and losses, only $120,722,000 of the gains in 2009 were recognized, while $444,350,000 of deferred losses had to be recognized in turn flowing out of the prior year 2008. Because there were some remaining gains to be recognized from prior years still being smoothed in as well, the actual calculation for the Loss on Investment in 2009 looked like this:

2005	$ 3,887,000
2006	64,826,000
2007	47,222,000
2008	(444,350,000)
2009	120,722,000
TOTAL	$(207,693,000)

The difference between the loss of $207.7 million from smoothing and the actual loss of $322.5 million recognized in the valuation was due to investment income that was not generated as the value of assets used in the valuation at the start of the year was actually more than the market value by about $1.5 billion.



2010

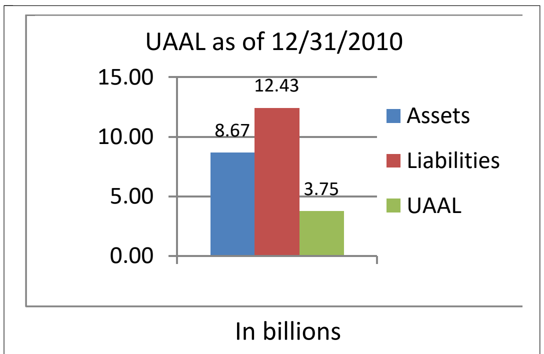
Development of UAAL for Year Ended December 31, 2010

1.	**UAAL at beginning of year**		$3,703,891,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		389,458,000
4.	Actual employer/member contributions		(565,242,000)
5.	Interest		280,240,000
6.	Expected UAAL		$3,808,347,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$224,044,000	
	b. Gain on lower than expected salary increases	(215,936,000)	
	c. Loss on new retirements		
	d. Other experience (gain)/loss	(63,174,000)	
	e. Benefit improvements		
	f. Change in actuarial assumptions		
	g. Total changes		(55,066,000)
8.	**UAAL at the end of the year**		$3,753,281,000

IMPACTING EVENTS

With continued economic stress, many of OCERS employers delayed filling vacancies, did not provide any cost-of-living adjustments to current salaries, and some even experienced wage reductions, combining to provide a large gain of more than $215 million in savings as future liabilities did not rise as quickly as the actuary assumed would be the case under normal market conditions.

Overall the system UAAL did increase by approximately $50 million, primarily due to lower than expected investment returns. While the system actually earned 11.74%, more than the assumed rate, due to smoothing, the ongoing recognition of losses coming out of 2008 continued to hold down any possible gain on investments. Still, this was an interesting year as even with a smoothed loss of $224 million, the funded ratio of the plan, that is total assets compared to total liabilities actually improved, moving from 68.77% the year prior to 69.79% at the end of 2010.



2011

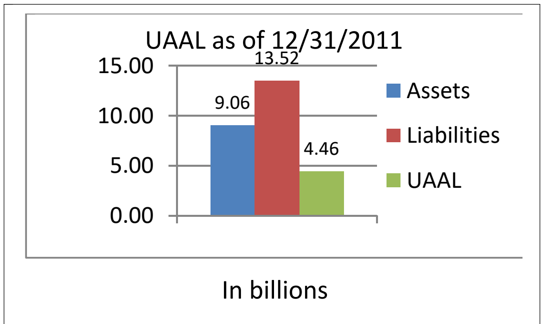
Development of UAAL for Year Ended December 31, 2011

1.	**UAAL at beginning of year**		$3,753,281,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		385,008,000
4.	Actual employer/member contributions		(598,271,000)
5.	Interest		282,615,000
6.	Expected UAAL		$3,822,633,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$388,935,000	
	b. Gain on lower than expected salary increases	(174,558,000)	
	c. Full-Time equivalent salary reporting adjustment for part time employees	73,448,000	
	d. Retiree continuance form code change	42,619,000	
	e. Reclassify some active members as deferred	(6,295,000)	
	f. Loss on new retirements		
	g. Other experience (gain)/loss	(52,001,000)	
	h. Benefit improvements		
	i. Change in actuarial assumptions	363,842,000	
	j. Total changes		635,990,000
8.	**UAAL at the end of the year**		$4,458,623,000

IMPACTING EVENTS

Every three years OCERS performs an experience study to determine how closely the actuary's assumptions are hewing to actual experience. The 2011 valuation was impacted by a number of assumption changes that flowed from the December 31, 2010 experience study, increasing the UAAL by $363,842,000. Those changes included (1) higher liability from recognition that General service retirees and all General and Safety beneficiaries were living longer than assumed, and (2) slightly higher individual salary increases, (3) offset to some degree by expectation of later service retirements, (4) fewer disability retirements, (5) more terminations and (6) slightly lower annual payoffs.

A very important change in an economic assumption also occurred, with the introduction of a 0.25% across the Board salary increase assumption. Though in the short term many OCERS employers have continued with layoffs, delayed hires, and reductions in overall salary payroll, the long term projection by the actuary is that salaries will increase. With the addition of this assumption, there is now a consideration that over long periods of time wage inflation will be higher than price inflation by 0.25% per year.



A major IT software conversion project also led OCERS to further refine the data reported to the actuary. Three of those data refinements had an impact on this year's UAAL as well:

Determining that full-time equivalent salaries (calculated by adjusting actual pensionable salaries with earnable salaries during those pay periods when the member is not working full-time) would more accurately reflect likely final compensation used to determine retirement benefits. That clarification added $73,448,000.

Confirming those retirees who have spouses eligible for a continued benefit following the member's death added $42,619,000.

Confirming that some members who had been classified as active and therefore still accruing a liability, were in fact deferred and had reduced the UAAL by $6,295,000.

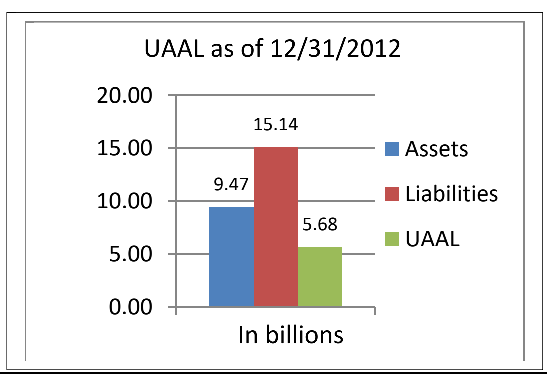
2012

Development of UAAL for Year Ended December 31, 2012

1.	**UAAL at beginning of year**		$4,458,623,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		410,258,000
4.	Actual employer/member contributions		(627,964,000)
5.	Interest		337,107,000
6.	Expected UAAL		$4,578,024,000
7.	Actuarial (gain)/loss and other changes		
	a. Loss on investment	$387,808,000	
	b. Gain on lower than expected salary increases	(244,750,000)	
	c. Loss on new retirements		
	d. Other experience (gain)/loss	19,979,000	
	e. Benefit improvements		
	f. Change in actuarial assumptions	934,619,000	
	g. Total changes		1,097,656,000
8.	**UAAL at the end of the year**		$5,675,680,000

IMPACTING EVENTS

The 2012 valuation was impacted by economic assumption changes that flowed from the December 31, 2012 Review of Economic Actuarial Assumptions, increasing the UAAL by $934,619,000. Those changes included (1) decreasing the net investment return assumption from 7.75% per annum to 7.25% per annum, (2) decreasing the inflation assumption from 3.50% per annum to 3.25% per annum, and (3) increasing the current real "across the board" salary increase assumption from 0.25% to 0.50%. The $934,619,000 fully represents the effect of the change in earnings assumptions, as the cost impact of the other two (decrease inflation, increase salary assumptions) had a canceling effect on one another.



2013

Development of UAAL for Year Ended December 31, 2013

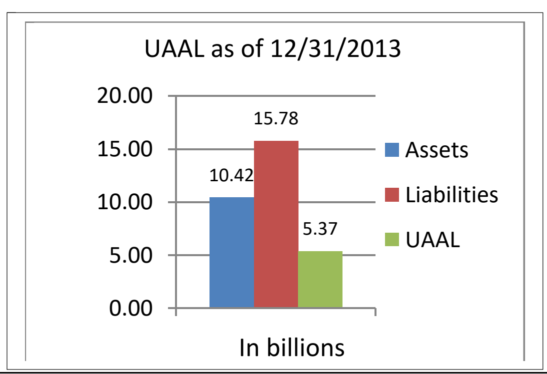
1.	**UAAL at beginning of year**		$5,675,680,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		457,762,000
4.	Actual employer/member contributions		(667,788,000)
5.	Interest		403,873,000
6.	Expected UAAL		$5,869,527,000
7.	Actuarial (gain)/loss and other changes		
	a. Gain on investment	$(176,930,000)	
	b. Gain on lower than expected salary increases	(294,326,000)	
	c. Loss on new retirements		
	d. Other experience (gain)/loss	(30,354,000)	
	e. Benefit improvements		
	f. Change in actuarial assumptions		
	g. Total changes		(501,610,000)
8.	**UAAL at the end of the year**		$5,367,917,000

IMPACTING EVENTS

The UAAL decreased in 2013 to $5,367,917,000. The decrease in unfunded liability is mainly due to higher than expected investment returns of $176 million (after smoothing), and lower than expected salary increases saving another $294 million. When salary growth is less than anticipated there is less payroll as a basis for spreading cost, but more importantly, for the UAAL, that lower salary growth means lower future earned benefit liabilities.

Through the end of 2017, there is an additional $262 million in deferred investment gains still to be recognized, which represents about 2% of the market value of assets. As noted in the introduction to this study, delaying the full recognition of such gains (or losses) allows for more stability in contribution rates. Were the full $262 million in deferred gains to be immediately recognized, OCERS funded ratio would rise from 65.99% to 67.65%.

Beginning with the December 31, 2013 valuation, OCERS began to include in the valuation report the decrease (or increase) in the UAAL by employer rate group (as found on pages 128 and 129 of the 2013 valuation). As of December 31, 2013, $3,872,000,000 of the UAAL is charged to general member service while the remaining $1,495,000,000 is related to safety member service.



2014

Development of UAAL for Year Ended December 31, 2014

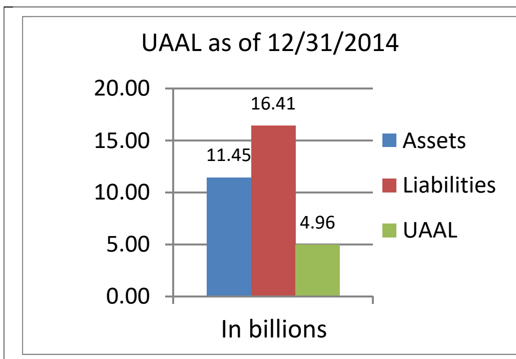
1.	**UAAL at beginning of year**		$5,367,917,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		454,221,000
4.	Expected employer/member contributions		(829,361,000)
5.	Interest		376,931,000
6.	Expected UAAL		$5,369,708,000
7.	Actuarial (gain)/loss and other changes		
	a. Gain from add'l UAAL contributions	$(151,485,000)	
	b. Loss from actual contributions less than expected	89,407,000	
	c. Gain from investment return	(9,570,000)	
	d. Gain from lower than expected salary increases	(125,746,000)	
	e. Gain from lower than expected COLA increases	(153,484,000)	
	f. Other experience (gain)/loss	66,554,000	
	g. Benefit improvements		
	h. Change in actuarial assumptions	(122,171,000)	
	i. Total changes		(406,495,000)
8.	**UAAL at the end of the year**		$4,963,213,000

IMPACTING EVENTS

As in 2013, the UAAL once again decreased in 2014 to $4,963,213,000. A small investment gain of $9,570,000 was attributed to the fund recognizing prior year gains despite actually earning less than the assumed earnings rate of 7.25%. Additional factors contributing to the decrease in the UAAL included lower than expected salary increases, saving $125 million - when salary growth is less than anticipated there is less payroll as a basis for spreading cost, but more importantly, for the UAAL, that lower salary growth means lower future earned benefit liabilities. A $153,484,000 gain accrued due to low inflation as only 1.0% was statutorily granted in 2014 for retiree COLAs, despite the actuary having assumed a possible 3% (the maximum allowable) COLA when setting contribution rates.

The loss of $66,554,000 noted in the general category of "other experience" was primarily driven by more retirements than had been anticipated.

Beginning with the December 31, 2013 valuation, OCERS began to include in the valuation report the decrease (or increase) in the UAAL by employer rate group (as found on pages 139 and 140 of the 2014 valuation). As of December 31, 2014, $3,365,137,000 of the UAAL accrued from general member service while the remaining $1,598,076,000 accrued from safety member service.



A series of actuarial assumption changes led to a $122,701,000 reduction in the UAAL, with a net change to mortality (improved for safety members, but offset by a reduction among general members) comprising approximately $33,000,000 of that reduction.

2015

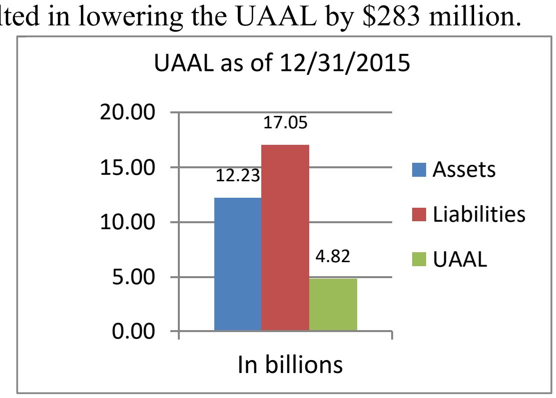
Development of UAAL for Year Ended December 31, 2015

1.	**UAAL at beginning of year**		$4,963,213,000
2.	Changes in methods and procedures		
3.	Total normal cost at middle of year		455,105,000
4.	Expected employer/member contributions		(822,863,000)
5.	Interest		347,804,000
6.	Expected UAAL		$4,943,259,000
7.	Actuarial (gain)/loss and other changes		
	a. Gain from add'l UAAL contributions	($69,852,000)	
	b. Loss from actual contributions less than expected	44,960,000	
	c. Loss from investment return	229,138,000	
	e. Gain from lower than expected COLA increases	(119,367,000)	
	f. Gain from lower than expected salary increases	(282,696,000)	
	g. Loss from higher than expected retirement experience increases	62,070,000	
	h. Other experience (gain)/loss	14,836,000	
	i. Total changes		(120,911,000)
8.	**UAAL at the end of the year**		$4,822,348,000

IMPACTING EVENTS

For the third year in a row, OCERS UAAL has decreased at a faster rate than would be expected if all assumptions were met. The UAAL at December 31, 2015 was $140,865 million lower than at the end of 2014 despite having net investment returns of -0.45%. Due to the smoothing of investment gains/losses over five years, the UAAL increased in 2015 by $229 million for earning less than assumed, but a deferred loss on investments of $680 million will be added to the UAAL over the next four years.

The current year's recognition of investment losses were offset by other gains which netted to a lower UAAL at the end of the year. The primary contributing factor for the decrease is actual salary increases being lower than assumed. As discussed in previous years, when salary growth is less than anticipated there is less payroll as a basis for spreading cost, but more importantly, for the UAAL, that lower salary growth means lower future earned benefit liabilities. In 2015, lower than expected salary growth resulted in lowering the UAAL by $283 million. Another factor that contributed to the decline in UAAL was having lower than expected COLA increases in benefit payments. Low inflation is still being experienced and as such, the Board granted retirees a 1.5% COLA in 2015 instead of the assumed maximum allowable COLA of 3%. This resulted in a reduction in the UAAL of $119 million. Lastly, additional UAAL contributions were made by OCFA and OC Sanitation District which contributed to a $70 million decrease in UAAL.



2016

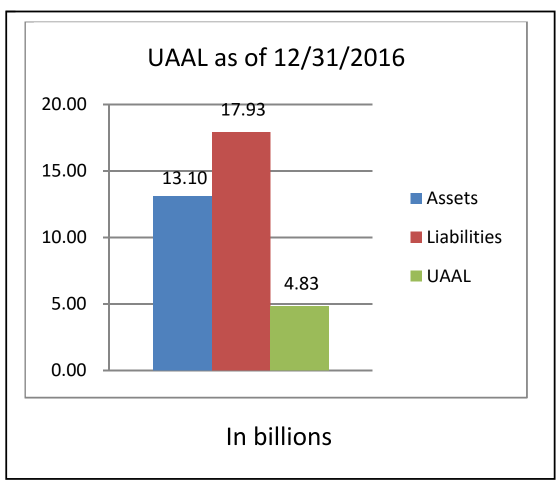
Development of UAAL for Year Ended December 31, 2016

1.	**UAAL at beginning of year**		$4,822,348,000
2.	Total normal cost at middle of year		442,698,000
3.	Expected employer/member contributions		(807,757,000)
4.	Interest		330,501,000
5.	Expected UAAL		$4,787,284,000
6.	Actuarial (gain)/loss and other changes		
	a. Gain from add'l UAAL contributions	($13,654,000)	
	b. Loss from actual contributions less than expected	5,142,000	
	c. Loss from investment return	113,103,000	
	d. Gain from lower than expected COLA increases	(186,039,000)	
	e. Loss from higher than expected salary increases	204,603,000	
	f. Loss from higher than expected retirement experience increases		
	g. Other experience (gain)/loss	12,631,000	
	h. Total changes		43,199,000
7.	**UAAL at the end of the year**		$4,830,483,000

IMPACTING EVENTS

Following three years of successive declines in the amount of OCERS UAAL, the December 31, 2016 valuation found the UAAL grew slightly by approximately $8 million in the last year. The UAAL growth occurred despite the portfolio earning 8.7% or $1,010 million which was higher than the assumed rate of return of 7.25% or $840 million. The resulting $170 million gain on investments for the current year, however, is not recognized immediately. Instead, it is "smoothed" into the actuarial valuation evenly over five years (20% each year). Smoothing of investment gains/losses is one of the actuarial levers used by pension systems to help reduce "cost shocks" by averaging investment performance over a period of time. By utilizing a five year smoothing method for investment gains/losses, employers are not faced with volatile contribution rates and they are able to budget for cost impacts due to investment performance over time.

The greater than assumed earnings achieved in 2016 does play a positive role in controlling system costs, even with the rise in the UAAL for the current year. By recognizing 20% of the $170 million in gains, or $34 million, in the current year, the amount of deferred investment losses from prior years was reduced. This will continue to be the case for the next four years as the remaining investment gains from 2016 are recognized in future valuations. For example, in the 2015 valuation, there were $169 million of net deferred losses related to investment performance between 2012 and 2015 that were scheduled to be recognized in the 2017 valuation.



2016 Continued

Now, when adding in the smoothed gains from 2016, the scheduled net deferred losses to be recognized in the 2017 valuation are reduced to $135 million, a reduction of $34 million.

The future reduction in the recognition of deferred losses for 2017 through 2020 as a result of the 2016 investment gains can be seen when comparing the schedule on page 5 of the 2016 valuation with page 5 of the 2015 valuation.

The schedule above outlines many of the additional events that ultimately impacted the change in the UAAL as of December 31, 2016 when compared to the prior year.

Some employers made additional contributions to pay down their UAAL, resulting in the $13 million reduction. (line 6a)

Despite having earned $170 million more on our investments in 2016 than anticipated, the total smoothed gains and losses over the past five years led to the $113 million total smoothed loss that was recognized this year. (line 6c)

Inflation continues to run below the 3% annual cost of living allowance (COLA) assumption that is built into the valuation of retiree benefits. A 2% COLA was granted to retirees in 2016, which from an actuarial perspective reduced the UAAL by $186 million. The $186 million reduction represents the additional benefits related to COLA that would have otherwise been paid had inflation reached the assumed rate of 3%. (line 6d)

Finally, after having lagged assumptions for several years, salary increases in 2016 began to catch up in a significant way, exceeding the annual assumed projection of salary increases and adding an additional $204 million to the UAAL. (line 6e)

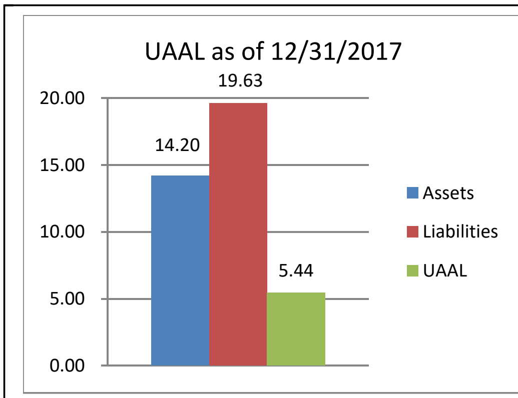
2017

Development of UAAL for Year Ended December 31, 2017

1.	**UAAL at beginning of year**		$4,830,483,000
2.	Additional UAAL Contributions from Children and Families and Law Library to pay-off UAAL		(3,800,000)
3.	UAAL at beginning of year after reflecting additional UAAL contributions from Children and Families and Law Library to pay-off UAAL		4,826,683,000
4.	Total normal cost at middle of year		468,525,000
5.	Expected employer and member contributions		(854,874,000)
6.	Interest		336,342,000
7.	Expected UAAL		4,776,676,000
8.	Actuarial (gain)/loss and other changes:		4,776,676,000
	a. Gain from additional UAAL	(36,348,000)	
	b. Loss from actual contributions less than expected	37,726,000	
	c. Gain from investment return	(24,401,000)	
	d. Gain from lower than expected COLA increases	(95,796,000)	
	e. Gain from higher than expected salary increases	(66,399,000)	
	f. Other experience loss	17,348,000	
	g. Gain from asset transfer from O.C. Sanitation District UAAL Deferred Account	(24,042,000)	
	h. Changes in actuarial assumptions	853,538,000	
	Total Changes		661,626,000
9.	**UAAL at the end of the year**		$5,438,302,000

IMPACTING EVENTS

2017 is an excellent example of the challenges that any public pension system faces in the short term. The OCERS investment portfolio earned more than double that had been assumed, returning 14.74% or approximately $1.9 billion, and yet despite that the UAAL increased by nearly $608 million, decreasing the funded level of the system on a valuation value of assets basis from 73.1% to 72.3%. Despite those great earnings, two things were balancing out those great returns, and Items 8(c) and (h) combined tell the story of what occurred:



In billions

Item 8 (c) shows that even with all those additional dollars flowing into the pension investment portfolio, only $24,401,000 was available to help lower the UAAL in the current valuation. First, that is because the system only recognizes one-fifth of any investment gain or loss in a given year, in a process called "smoothing" to help ensure our employers don't face the volatility of wildly fluctuating contribution rates which would be the case were the entire investment gain or loss be immediately included with each year's valuation. Second, the system had losses from prior years that were still being recognized or "smoothed" and offset a portion of those gains.

Still, even $24 million is a reduction to the UAAL. Now we move to Item 8(h) that tells the rest of the story.

Item 8(h) shows that the impact of updating the assumptions the OCERS Board of Trustees puts in place to help guide how much has to be saved in order to have the resources necessary to meet the pension promises made and those assumptions must be updated from time to time to reflect actual experience, and changing those assumptions can have a major financial impact. In 2017 the OCERS Board of Trustees recognized two primary challenges to the then current assumptions – the first and most impactful of those was mortality, our members are simply living longer than had been assumed in earlier years. And by living longer, the system needs more dollars than earlier anticipated in order to pay those additional benefits. Second, the financial markets have changed over time, especially after the Great Recession, and the recognition that finding solid, risk balanced investment opportunities would be challenging in the coming years, led the Board of Trustees to lower what it assumes it will earn on the investment portfolio from 7.25% to 7.0%.

The change in the mortality assumption alone added approximately $753 million to the UAAL. The change in the earnings assumption, offset by a reduction in the inflation assumption (from 3.00% to 2.75%) together with some other more minor changes to other assumptions such as the cost of living, added nearly $100 million more. Taken all together, the changes to the actuarial assumptions add more than $853 million to the UAAL.

A couple of other numbers to take note of –

Item 8(a) reflects the growing number of OCERS employers who have paid in additional dollars to the fund in order to lessen the cost of any UAAL attached to their particular employees. With OCERS now charging 7 cents in interest for every dollar in UAAL attributed to an employer, paying that liability down faster than under the current 20-year amortization plan can make a lot of financial sense.

Item 8(b) reflects the interest cost of the 18-month delay from the time that OCERS' actuary completes an annual valuation, and the date that an employer and members must first begin paying the increased contribution rate. A necessary expense to allow employers the time to plan and budget for salary and pension expenses. Also, there is a contribution loss when the employer's annual payroll grows at less than what is assumed in the valuation.

Item 8(d) reflects the savings gained by the fact that with lower inflation, OCERS only paid a 2% cost-of-living adjustment to our retired member's benefits, though we actuarially budget for a 3% COLA that is possible under OCERS plan provisions."

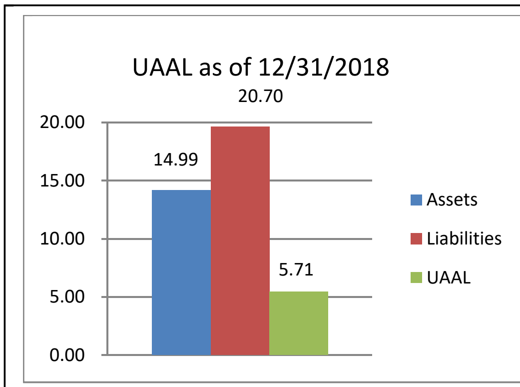
2018

Development of UAAL for Year Ended December 31, 2018

1.	**UAAL at beginning of year**		$5,438,302,000
2.	Total Normal Cost at middle of the year		508,322,000
3.	Expected employer and member contributions		(961,688,000)
4.	Interest		372,542,000
5.	Expected Unfunded Accrued Liability at end of year		5,357,478,000
6.	Changes due to:		
	a. Investment losses (on value of assets)	255,908,000	
	b. Difference in actual versus expected contributions (including loss from phase-in)	120,939,000	
	c. Additional UAAL payments from Cypress Parks and Recreation and OCFA and anticipated payments from DOE and U.C.I.	(27,674,000)	
	d. Transfer from O.C. Sanitation District UAAL Deferred Account	(14,589,000)	
	e. Difference in actual versus expected salary increases	(71,908,000)	
	f. Difference in actual versus expected COLA increases	24,279,000	
	g. Other experience loss	64,496,000	
	Total Changes		351,451,000
	UAAL at the end of the year		$5,708,929,000

IMPACTING EVENTS

Comparing the earnings of the OCERS investment portfolio in 2017 (14.79%) to the losses incurred in 2018 (-2.46%) is an instructive snapshot of the type of market volatility that pension funds must plan for and adjust over the decades and decades of both the service and eventual retirement of our members. A swing in contribution rates based just on the returns in 2017 and losses in 2018 would make planning and budgeting for this important component of our participating employers salary benefit package extremely difficult.



In billions

Such volatility demonstrates why OCERS staff routinely encourage our members and other stakeholders to not focus unduly on short term investment results, but instead look to short term investment results, but instead look to the long term fund accomplishments. In addition, there are tools used by actuaries at the Board's approval to assist in appropriate budgeting for pension expenses as they occur in a volatile market.

"Smoothing" is one such tool. By spreading the differences between actual market returns and OCERS expected market returns (which is presently 7% per year) over a five year period, the impact of year-over-year short term volatility is dampened. Reflected in item 6(a) we see the actuary recognizing one-fifth of the large loss suffered in 2018, offsetting part of that loss by one-fifth of the gains made in 2017, as well as portions of gains and losses still remaining to be recognized from 2016, 2015 and the final one-fifth from 2014.

Taken as a whole, OCERS still has a net deferred investment loss of $644.7 million to be smoothed over the coming four years. Again demonstrating the volatility that comes naturally from any investment plan, OCERS by contrast had $455.4 million in net deferred investment gains at the end of 2017.

Another tool that has been used by the actuary, at the direction of the OCERS Board of Retirement, is to phase in, over a three year period the cost impact of implementing more conservative plan assumptions. When the Board concurred in 2017 with the actuary's findings that members are living longer, and therefore, our assumptions regarding mortality had to be lengthened, there was an immediate cost impact. The Board, however, chose to assist our participating employers in better planning and budgeting for that increase by directing the cost to be phased in over a three year period. That modified cost impact is partially reflected in item 6(b).

Other items that had an impact on the UAAL include:

Item 6(e), while salaries did not grow as quickly as assumed, which would cause a decrease in expected contributions, greater savings were accrued because liabilities flowing from those assumed salary increases never accrued. That led to an actual reduction in the UAAL of nearly $72 million.

Item 6(f) COLA for 2018 came in at 3% which was greater than the assumed 2.7% COLA amount adding an additional $24,279,000.00 to the UAAL.

Item 6(g) covers a number of impacts such as member retiring earlier than assumed, more deaths than assumed, and other such variances.

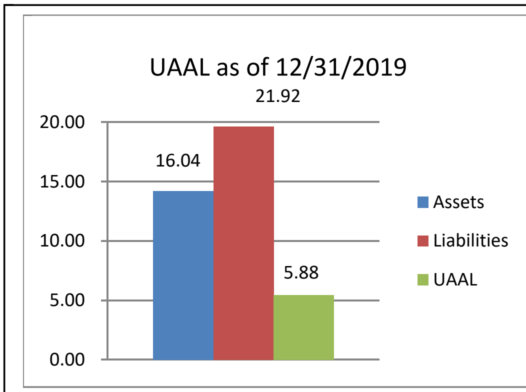
2019

Development of UAAL for Year Ended December 31, 2019

1.	**UAAL at beginning of year**		$5,708,929,000
2.	Total Normal Cost at middle of the year		516,408,000
3a.	Expected employer and member contributions		(1,002,599,000)
b.	Additional UAAL contributions from O.C. Sanitation District and TCA		(20,143,000)
4.	Interest		387,158,000
5.	Expected Unfunded Accrued Liability at end of year		$5,589,753,000
6.	Changes due to:		
	a. Investment losses (on value of assets)	$50,514,000	
	b. Difference in actual versus expected contributions (including loss from phase-in)	125,415,000	
	c. Additional UAAL payments from Vector Control and O.C.F.A. and anticipated payments from DOE and U.C.I.	(23,327,000)	
	d. Transfer from O.C. Sanitation District UAAL Deferred Account	(18,631,000)	
	e. Difference in actual versus expected salary increases	(52,716,000)	
	f. Difference in actual versus expected COLA increases	131,220,000	
	g. Other experience loss	77,633,000	
	Total Changes		$290,108,000
	UAAL at the end of the year		$5,879,861,000

IMPACTING EVENTS

On a market value basis, 2019 was a very strong year as the actual market return of 14.79% was well in excess of the 7.00% assumed by the actuary in the valuation. However, on a smoothed basis, a portion of the superior return from 2019 was utilized to offset the deferred investment losses carried over from the 2018 valuation which resulted in the system recognizing a net $50.5 million in investment losses in this year's valuation.



In billions

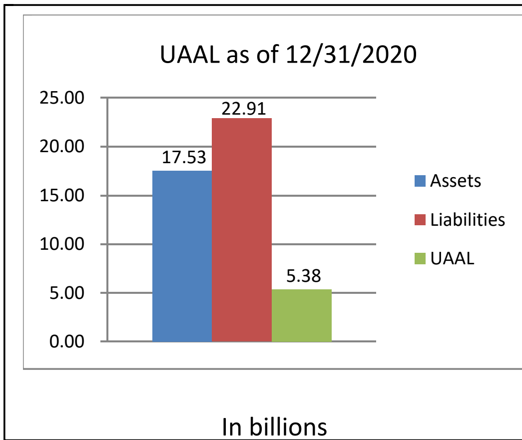
However, the system has built up a sizeable $479.2 million in deferred investment gains which can be used to either mitigate investment losses after December 31, 2019 and/or to offset other increases in UAAL.

Besides investment losses on a smoothed basis, the system has $131.2 million in losses from higher actual versus expected COLA increases paid to retirees. Even though a maximum COLA of up to 3% was adopted by the employers for all retirees, only a 2.75% COLA was assumed in the valuation based on a lower expectation of future change in consumer prices by the actuary.

2020

Development of UAAL for Year Ended December 31, 2020

1.	**UAAL at beginning of year**		$5,879,861,000
2.	Normal Cost at middle of year		529,849,000
3.	Expected employer and member contributions		(1,050,381,000)
4.	Interest		397,256,000
5.	Expected UAAL at end of year		$5,756,585,000
6.	Changes due to:		
	a. Investment gains (after smoothing)	$(370,675,000)	
	b. Additional UAAL contributions from OCFA and anticipated payments from DOE and UCI	(25,295,000)	
	c. Difference in actual versus expected contributions	110,129,000	
	d. Difference in actual versus expected salary increases	(62,291,000)	
	e. Effect of higher than expected COLA increases in 2020	34,044,000	
	f. Effect of lower than expected COLA increases in 2021	(157,888,000)	
	g. Changes in actuarial assumptions	24,273,000	
	h. Effect of reallocating present value benefits between NC and AAL	(37,783,000)	
	i. Other experience loss	108,759,000	
	Total Changes		$(376,727,000
	UAAL at the end of the year		$5,379,858,000



IMPACTING EVENTS

With a rate of return on the Market Value of Assets of 12.01% for calendar year 2020, the OCERS funding position continues to improve.

Because of the actuarial practice of smoothing investment gains and losses over a five year period, OCERS' actuary only credited OCERS with a rate of return of 9.31% on the Valuation Value of Assets at the end of 2020 including the recognition of prior year investment gains and losses, against an expected return of 7%. With a number of recent years, including 2020 exceeding the OCERS expected return of 7%, the fund now has a positive "unrecognized return" of $969+ million. That is a large cushion of positive dollars waiting to be blended into the "actuarial value" of the OCERS fund over the next four years.

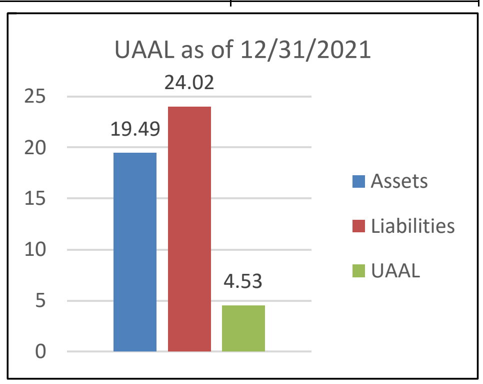
That cushion will play an important part in helping OCERS reach a projected fully funded status - that is a payoff of all unfunded liabilities, by the end of calendar year 2032. That cushion will play an important part in helping OCERS reach a projected fully funded status - that is a payoff of all unfunded liabilities, by the end of calendar year 2032, if all the actuarial assumptions were to be met. Further, if the system were to earn 14% instead of 7% in 2021, it will allow OCERS to reach full funding two years earlier.

Another positive as noted in the list of impactful events above, was the payment of more than $25 million in additional dollars by an OCERS participating employer to speed the payoff of their unfunded liability, a sound fiscal decision similar to the efforts taken by a number of OCERS' participating employers over the past several years. The Orange County Fire Authority (OCFA) has been paying additional dollars since 2013 when the OCFA Board approved an "Expedited Pension UAAL Payment Plan." Since that time, OCFA has paid a total of $142.5 million in additional payments toward its UAAL, and has saved well in excess of $46.8 million in interest charges through the end of 2021. At this rate, depending upon whether OCFA continues this program of accelerated funding, OCFA will have paid off its unfunded liability (UAAL) sometime between 2025 and 2027.

2021

Development of UAAL for Year Ended December 31, 2021

1.	**UAAL at beginning of year**		$5,379,858,000
2.	Normal Cost at middle of year		528,397,000
3.	Expected employer and member contributions		(1,046,511,000)
4.	Interest		360,203,000
5.	Expected UAAL at end of year		$5,221,947,000
6.	Changes due to:		
	a. Difference in actual versus expected contributions	$56,468,000	
	b. Additional UAAL contributions from OCFA and SJC, and anticipated payments from DOE and UCI	(25,536,000)	
	c. Investment gains (after smoothing)	(767,019,000)	
	d. Difference in actual versus expected salary increases	(87,162,000)	
	e. Higher than expected COLA increases in 2022	148,830,000	
	f. Other gains	(20,216,000)	
	Total Changes		$(694,635,000)
7.	**UAAL at the end of the year**		$4,527,312,000



IMPACTING EVENTS

There was significant reduction in the UAAL in 2021, dropping by nearly $700 million. Three primary events influenced the amount of that reduction as reflected in the table on this page.

First and foremost, an investment gain of $767 million was actuarially recognized. While the OCERS portfolio actually earned more than that, recall that we "smooth" gains and losses over five years, with only one-fifth of 2021's gains in particular being applied, as well as gains and losses from the prior four years.

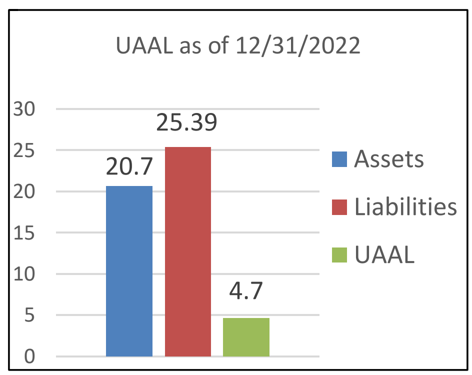
2021 saw high inflation, so the Cost of Living Adjustment (COLA) for the year came in at 3%. Our actuarial projections had expected 2.75%. That additional percentage of COLA added nearly $149 million to the UAAL. OCERS reviews it's assumptions every three years. The next "Triennial" study which will look at this assumption and others will occur next year, in the summer of 2023.

Finally, it appears our employers delayed hiring of new staff in 2021, leading to slower growth in salaries than had been projected. Interestingly that slow growth had both positive and negative impacts on the overall UAAL. Lower than expected salaries had the negative impact of lowering the amount of contributions paid, which increased the UAAL by more than $56 million. At the same time however, those lower salaries meant total future pension liabilities did not grow as fast as expected, reducing the UAAL by more than $87 million.

2022

Development of UAAL for Year Ended December 31, 2022

1.	**UAAL at beginning of year**		$4,527,312,000
2.	Normal Cost at middle of year		544,838,000
3.	Expected employer and member contributions		(1,024,377,000)
4.	Interest		295,662,000
5.	Expected UAAL at end of year		$4,343,435,000
6.	Changes due to:		
	g. Difference in actual versus expected contributions	$(1,399,000)	
	h. Additional UAAL contributions from certain individual employers	(16,510,000)	
	i. Investment losses (after smoothing)	59,849,000	
	j. Difference in actual versus expected salary increases	27,467,000	
	k. Higher than expected COLA increases in 2023	261,281,000	
	l. Other losses	20,887,000	
	Total Changes		$351,575,000
7.	**UAAL at the end of the year**		$4,695,010,000



IMPACTING EVENTS

There was an increase in the UAAL in 2022 of about $168 million. Three primary events influenced the amount of that increase as reflected in the table on this page.

First, an investment loss of $60 million after asset smoothing. While the OCERS portfolio loss exceeded that amount during 2022, recall that we "smooth" gains and losses over five years, with only one-fifth of 2022's losses in particular being applied, as well as gains and losses from the prior four years.

2022 saw continuation of high inflation (7.5% when rounded to the nearest 0.5%), so the Cost of Living Adjustment (COLA) to be granted on April 1, 2023 equals 3%. Our actuarial projections had expected 2.75%. That additional 0.25% percentage of COLA to be granted on April 1, 2023 when combined with the addition to the COLA Bank (that equals the difference between the 7.5% inflation and the 3% COLA granted) added nearly $261 million to the UAAL. OCERS reviews its assumptions used in the valuation every three years. The next "Triennial" study which will look at this assumption and others will occur in the summer of 2023.

Finally, there was $27 million in actuarial loss as the actual salary increases during 2022 came in slightly higher than those expected by the long term actuarial assumptions.

Memorandum

DATE: August 21, 2023

TO: Members of the Board of Retirement

FROM: Steve Delany, Chief Executive Officer

SUBJECT: **2023 OCERS BOARD STRATEGIC PLANNING WORKSHOP – Final Agenda**

Written Report

Background/Discussion

The 2023 Annual OCERS Board of Retirement Strategic Planning Workshop will be held in person at the Westin South Coast Plaza on Wednesday, September 13, and Thursday, September 14, 2024.

The two-day workshop will once again be a balance of administrative and investment topics. I am pleased to have Mr. Keith Brainard, Research Director of The National Association of State Retirement Administrators (NASRA), joining us as our keynote speaker.

The proposed final agenda is attached. I will work with the Board Chair to coordinate any future changes to the proposed agenda.

Please contact me directly should you have any questions, comments or concerns regarding the agenda or the event.

Submitted by:

SD - Approved

Steve Delaney
Chief Executive Officer

Attachment: Strategic Planning Workshop September 13-14 Agenda

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT

2023 STRATEGIC PLANNING WORKSHOP
Wednesday, September 13, 2023
8:30 A.M.

Westin South Coast Plaza
686 Anton Blvd.
Costa Mesa, CA 92626

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

<table>
<tr><th colspan="2">OCERS Zoom Video/Teleconference information</th></tr>
<tr><td>Join Zoom Meeting
https://ocers.zoom.us/j/81879516452

Meeting ID: 818 7951 6452
Passcode: 119956

Go to https://www.zoom.us/download to download Zoom app before meeting
Go to https://zoom.us to connect online using any browser.</td><td>Join by Telephone (Audio Only)
Dial by your location
+1 669 900 6833 US (San Jose)
+1 346 248 7799 US (Houston)
+1 253 215 8782 US (Tacoma)
+1 312 626 6799 US (Chicago)
+1 929 436 2866 US (New York)
+1 301 715 8592 US (Washington DC)

Meeting ID: 818 7951 6452
Passcode: 119956</td></tr>
<tr><td colspan="2">A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</td></tr>
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ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Agenda

Breakfast	**7:15 - 8:30**
1. WELCOME & INTRODUCTORY COMMENTS	**8:30 – 8:45**
Steve Delaney, CEO, OCERS	
2. HEARING FROM OUR STAKEHOLDERS	**8:45 – 9:30**

For more than a decade we have started each workshop by first hearing from our stakeholders.

County of Orange;
Orange County Fire Authority; and
Labor Representative

3. NATIONAL ASSOCIATION OF STATE RETIREMENT ADMINISTRATORS (NASRA)	**9:30 – 10:30**
Keith Brainard, Research Director, NASRA	
BREAK	**10:30 – 10:45**
4. INVESTMENT TOPICS (PART 1)	**10:45 – 12:15**

10:45 - 11:15am	Proxy Voting Research Project
	Shanta Chary, Director of Investments, OCERS
11:15 – 12:15pm	Healthcare Venture Capital Perspectives
	Stina Walander-Sarkin, SIO, OCERS, and Garheng Kong, HealthQuest Partners

LUNCH	**12:15 - 1:00**
5. VISION 2030 – OCERS AND THE LEVERAGING OF TECHNOLOGY	**1:00 – 2:00**
Steve Delaney, CEO, OCERS	
6. OCERS HEADQUARTER STATUS – THE HEADQUARTERS OF OUR FUTURE	**2:00 – 2:45**
Brenda Shott, Assistant CEO, OCERS	
BREAK	**2:45 – 3:00**
7. PROPOSED 2023-2025 STRATEGIC PLAN	**3:00-- 3:30**
Steve Delaney, CEO, OCERS	
8. PROPOSED 2023 BUSINESS PLAN	**3:30– 4:30**
Brenda Shott, Assistant CEO, and OCERS Leadership Team	
9. WRAP UP	**4:30 – 4:45**
10. NETWORKING HAPPY HOUR	
ADJOURNMENT	

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT

2023 STRATEGIC PLANNING WORKSHOP
Thursday, September 14, 2023
8:30 A.M.

Westin South Coast Plaza
686 Anton Blvd.
Costa Mesa, CA 92626

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

OCERS Zoom Video/Teleconference information	
Join Zoom Meeting https://ocers.zoom.us/j/86748884515 **Meeting ID: 867 4888 4515** **Passcode: 761202** Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.	**Join by Telephone (Audio Only)** Dial by your location +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 (Washington DC) +1 312 626 6799 US (Chicago) **Meeting ID: 867 4888 4515** **Passcode: 761202**
A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page	

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Agenda

BREAKFAST			**7:15 - 8:30**
1. WELCOME AND INTRODUCTIONS			**8:30 – 8:45**
	Steve Delaney, CEO, OCERS		
2. STATE OF OCERS- AN OVERVIEW			**8:45 – 9:30**
	Steve Delaney, CEO, OCERS		
3. STATE OF OCERS- ANNUAL QUALITY OF MEMBER SERVICES REPORT			**9:30 – 9:45**
	Suzanne Jenike, Assistant CEO, OCERS		
4. STATE OF OCERS- ANNUAL EMPLOYER REPORT			**9:45– 10:00**
	Suzanne Jenike, Assistant CEO, OCERS		
5. OCERS FUTURE- AN ACTUARIAL VIEWPOINT			**10:00– 10:45**
	Steve Delaney, CEO, OCERS, and Todd Tauzer, Segal		
BREAK			**10:45 – 11:00**
8. INVESTMENT TOPICS (PART 2)			**11:00 – 12:15**
	11:00 – 11:30	Liquidity Playbook	
		Shanta Chary, Director of Investments, OCERS	
	11:30 – 12:15pm	Introduction to Derivatives	
		Allan Emkin, CFA, Meketa	
LUNCH			**12:15 - 1:15**
8. INVESTMENT TOPICS (PART 3)			**1:15 – 4:15**
	1:15 – 2:15pm	AI and Financial Institutions	
		David Beeson, Director of Investments, OCERS and State Street Representative	
	2:15 – 3:15pm	Discussion with Barbara Walter, Author of <u>How Civil Wars Start</u>	
	3:15 – 4:15pm	Investing in a High Interest Rate Environment	
		Tarek Turaigi, SIO, OCER; Rob Kochis, Townsend; Jeff Goldberger, Aksia; and Orray Taft, Meketa	
9. WRAP UP			**4:15 – 4:30**

Memorandum

DATE: August 21, 2023

TO: Members, Board of Retirement

FROM: Suzanne Jenike, Assistant CEO, External Operations

SUBJECT: **2023 EMPLOYER AND EMPLOYEE CONTRIBUTIONS MATRIX**

Written Report

Background/Discussion

On an annual basis I provide the Board with an updated contribution comparison matrix showing the various contribution rate provisions paid by employers and employees across several rate groups and plans. This document is intended to provide a high level overview of the rates, ownership of the funds once they are sent to OCERS, as well as some of the pick-up arrangements that the OCERS Employers have bargained for with their employees.

Submitted by:

S. J. – APPROVED

Suzanne Jenike
Assistant CEO, External Operations

2023 LEGACY CONTRIBUTION COMPARISON MATRIX

Contribution rates are based on age at entry. For the purpose of this information the contribution rate reflected is the average age for that rate group.
The number of members in each plan/rate group are estimates and the contribution information was taken from pay period 15, 2023

								Employer Owned	Employee Owned			
								Employer Paid EE Contributions			Employee Paid EE Contributions	
	A	B	C	D	E	F	G	H	I	J	K	L
	Number of Members	Tier, Plan and Rate Group	Rep Units	Description	Net Employer Costs = (ER + EE P/U) - REV P/U	Employer Contribution Rate	Employee Contribution Rate	Pick up Rates Eff	Pick up Rates Eff	EE Rate	EE Reverse Pickup Rate (Reduces ER Cost)	Net Employee Costs
								(.1 ER P/U *)	(.2 ER P/U (varies) *			
		Rate Group #1 - General Members; County Only; Non-OCTA; - Avg Age = 32										
4.34%	**443**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP	**EW**	Eligibility Worker Unit	13.75%	13.75%	11.11%	0.00%	0.00%	11.11%	0.00%	11.11%
		Rate Group #1 - IHSS - Avg Age = 38										
0.05%	**5**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP			15.41%	15.41%	10.31%	0.00%	0.00%	10.31%	0.00%	10.31%
		Rate Group #2 - General Members 2.7@55 Non-OCFA. County only limited barg units, see disclaimer - Avg Age = 32										
8.02%	**818**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**MA**	OCMA Member	36.18%	40.81%	13.21%	0.00%	0.00%	13.21%	4.627%	17.84%
0.14%	**14**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			32.36%	32.36%	8.53%	0.00%	0.00%	8.53%	0.000%	8.53%
0.05%	**5**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**MB**	OCMA Member	36.18%	40.81%	13.21%	0.00%	0.00%	13.21%	4.627%	17.84%
0.25%	**26**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**AT**	Attorney	36.18%	40.81%	13.21%	0.00%	0.00%	13.21%	4.627%	17.84%
1.47%	**150**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**SSO**	Sheriff Special Officer	39.01%	43.66%	13.15%	0.00%	0.00%	13.15%	4.647%	17.80%
0.02%	**2**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			32.36%	32.36%	8.53%	0.00%	0.00%	8.53%	0.000%	8.53%
0.79%	**81**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E2 E3**	County Board of Supv Elected Officials	36.18%	40.81%	13.21%	0.00%	0.00%	13.21%	4.627%	17.84%
0.04%	**4**	Tier 1 - Plan I - 2.7%@55 - 1 year MP	**CL, CS, GE, CP HP, SM, OS**	OCEA represented	36.16%	40.81%	13.77%	0.00%	0.00%	13.77%	4.647%	18.42%
43.26%	**4411**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			36.16%	40.81%	13.21%	0.00%	0.00%	13.21%	4.647%	17.86%
1.07%	**109**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			32.36%	32.36%	8.53%	0.00%	0.00%	8.53%	0.000%	8.53%
0.01%	**1**	Tier 1 - Plan I - 2.7%@55 - 1 year MP	**CP**	Craft and Plant IUOE Members	37.18%	40.81%	13.77%	0.00%	0.00%	13.77%	3.627%	17.40%
0.28%	**29**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			36.18%	40.81%	13.21%	0.00%	0.00%	13.21%	4.627%	17.84%
0.03%	**3**	Tier 2 - Plan P - 1.62%@65 - 3 year MP			32.36%	32.36%	8.53%	0.00%	0.00%	8.53%	0.000%	8.53%
0.18%	**18**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**GM**		37.38%	40.81%	13.21%	0.00%	0.00%	13.21%	3.427%	16.64%
0.23%	**23**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**GS**		37.38%	40.81%	13.21%	0.00%	0.00%	13.21%	3.427%	16.64%
		Rate Group #2 - Superior Court - Avg Age = 33										
1.17%	**119**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**AX, CX, E5**		37.81%	40.81%	13.45%	0.00%	0.00%	13.45%	3.00%	16.45%
0.13%	**13**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E6**		40.81%	40.81%	13.45%	0.00%	0.00%	13.45%	0.00%	13.45%
5.38%	**549**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**CC, SS, SG**		35.81%	40.81%	13.45%	0.00%	0.00%	13.45%	5.00%	18.45%
0.25%	**26**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**CI**		35.81%	40.81%	13.45%	0.00%	0.00%	13.45%	5.00%	18.45%
0.15%	**15**	Tier 2 - Plan P - 1.62%@65 - 3 year MP	**AX,CC,CX,SG**		32.36%	32.36%	8.69%	0.00%	0.00%	8.69%	0.00%	8.69%
		Rate Group #2 - SJC - Avg Age = 36										
0.01%	**1**	Tier 1 - Plan I - 2.7%@55 - 1 year MP			40.81%	40.81%	14.83%	0.00%	0.00%	14.83%	0.00%	14.83%
0.12%	**12**	Tier 2 - Plan J - 2.7%@55 - 3 year MP			40.81%	40.81%	14.21%	0.00%	0.00%	14.21%	0.00%	14.21%
0.10%	**10**	Tier 2 - Plan S - 2%@57 - 3 year MP			42.75%	42.75%	12.61%	0.00%	0.00%	12.61%	0.00%	12.61%
0.02%	**2**	Tier 2 - Plan W -1.62%@65 - 3 year MP			35.09%	35.09%	6.8%	0.00%	0.00%	6.79%	0.00%	6.79%
		Rate Group #2 - OCERS Mgmt (future service) - Avg Age = 35										
0.18%	**18**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E0, MR**		39.52%	39.52%	13.95%	0.00%	0.00%	13.95%	0.00%	13.95%

2023 LEGACY CONTRIBUTION COMPARISON MATRIX

Contribution rates are based on age at entry. For the purpose of this information the contribution rate reflected is the average age for that rate group.
The number of members in each plan/rate group are estimates and the contribution information was taken from pay period 15, 2023

	A	B	C	D	E	F	G	H	I	J	K	L
								Employer Owned	Employee Owned			
								Employer Paid EE Contributions		Employee Paid EE Contributions		
	Number of Members	Tier, Plan and Rate Group	Rep Units	Description	Net Employer Costs = (ER + EE P/U) - REV P/U	Employer Contribution Rate	Employee Contribution Rate	Pick up Rates Eff (.1 ER P/U *)	Pick up Rates Eff (.2 ER P/U (varies) *)	EE Rate	EE Reverse Pickup Rate (Reduces ER Cost)	Net Employee Costs
		Rate Group #2 - Children & Families Comm. (future service) - Avg Age = 33										
0.04%	**4**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E9, MX**		23.37%	18.17%	13.45%	4.28%	5.17%	13.45%	4.25%	8.25%
		Rate Group #2 - LAFCO (future service) - Avg Age = 33										
0.02%	**2**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E9, MY**		46.36%	40.81%	13.45%	5.11%	4.18%	13.45%	3.74%	7.90%
		Rate Group #3 - Sanitation - Avg Age = 34										
1.90%	**194**	Tier 2 - Plan H - 2.5%@55 - 3 year MP			16.97%	13.47%	13.37%	0.00%	3.50%	13.37%	0.00%	9.87%
0.50%	**51**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP			13.09%	13.09%	9.99%	0.00%	0.00%	9.99%	0.00%	9.99%
		Rate Group #5 - OCTA - Avg Age = 36										
0.01%	**1**	Tier 1 - Plan A - 2%@57 - 1 year MP	**CO**		28.91%	28.91%	7.65%	0.00%	0.00%	7.65%	0.00%	7.65%
7.09%	**723**	Tier 2 - Plan B - 1.667%@57 1/2 - 3 year MP	**CO, MN, TCU, NONE**		28.91%	28.91%	10.22%	0.00%	0.00%	10.22%	0.00%	10.22%
		Rate Group #6 - Probation - Avg Age = 27										
0.03%	**3**	Tier 2 - Plan F - 3%@50 - 3 year MP - Mgmt	**E8**	Executive	53.71%	53.71%	17.41%	0.00%	0.00%	17.41%	0.00%	17.41%
0.77%	**79**	Tier 2 - Plan F - 3%@50 - 3 year MP - Mgmt	**PM**		53.71%	53.71%	17.41%	0.00%	0.00%	17.41%	0.00%	17.41%
0.22%	**22**	Tier 2 - Plan F - 3%@50 - 3 year MP - Mgmt	**MP**	Probation Services	53.71%	53.71%	17.41%	0.00%	0.00%	17.41%	0.00%	17.41%
3.67%	**374**	Tier 2 - Plan F - 3%@50 - 3 year MP - Officer	**PS**	Probation Services	53.71%	53.71%	17.41%	0.00%	0.00%	17.41%	0.00%	17.41%
		Rate Group #7 - County Law Enforcement - Avg Age = 27										
5.52%	**563**	Tier 2 - Plan F - 3%@50 - 3 year MP - Sheriff	**PO/SP**	New Hires After 4/9/2010	62.15%	62.15%	18.33%	0.00%	0.00%	18.33%	0.00%	18.33%
3.80%	**387**	Tier 2 - Plan R - 3%@55 - 3 year MP - Sheriff			60.27%	60.27%	17.26%	0.00%	0.00%	17.26%	0.00%	17.26%
0.80%	**82**	Tier 2 - Plan F - 3%@50 - 3 year MP - Sheriff	**ML, EB**	Law Enforce/Mgmt	62.15%	62.15%	18.33%	0.00%	0.00%	18.33%	0.00%	18.33%
0.01%	**1**	Tier 2 - Plan R - 3%@50 - 3 year MP - Sheriff	**ML**	Law Enforce/Mgmt	60.27%	60.27%	17.26%	0.00%	0.00%	17.26%	0.00%	17.26%
		Rate Group #8 - Fire Authority Safety - Avg Age = 30										
1.51%	**154**	Tier 2 - Plan F - 3%@50 - 3 year MP	**FF, T3**	Fire Fighter Engineer 14.5%	39.44%	39.44%	18.19%	0.00%	0.00%	18.19%	0.00%	18.19%
2.87%	**293**	Tier 2 - Plan F - 3%@50 - 3 year MP	**T1**	Fire Fighter Engineer 14.5%	41.44%	39.44%	18.19%	0.00%	2.00%	18.19%	0.00%	16.19%
0.44%	**45**	Tier 2 - Plan F - 3%@50 - 3 year MP	**E3, M1**	Full Rate	39.44%	39.44%	18.19%	0.00%	0.00%	18.19%	0.00%	18.19%
1.56%	**159**	Tier 2 - Plan R - 3%@55 - 3 year MP	**T5, M5, E5**	New hires After 7/1/2012 - 14.5%	39.00%	39.00%	18.29%	0.00%	0.00%	18.29%	0.00%	18.29%
		Rate Group #9 - TCA (retroactive upgrade) - Avg Age = 39										
0.18%	**18**	Tier 2 - Plan N - 2%@55 - 3 year MP			14.89%	14.89%	11.24%	0.00%	0.00%	11.24%	0.00%	11.24%
		Rate Group #10 - Fire Authority General - Avg Age = 33										
0.72%	**73**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**E2, G2, M2, S2**		24.62%	24.62%	13.38%	0.00%	0.00%	13.38%	0.00%	13.38%
0.33%	**34**	Tier 2 - Plan N - 2.0%@55 - 3 year MP	**E4, G4, M4, S4**	New Hires After 7/1/2012	26.35%	26.35%	10.75%	0.00%	0.00%	10.75%	0.00%	10.75%
0.04%	**4**	Tier 2 - Plan J - 2.7%@55 - 3 year MP	**SE**	General Members .2 ER pickup over Flat Rate	38.00%	24.62%	13.38%	0.00%	13.38%	13.38%	0.00%	0.00%

2023 LEGACY CONTRIBUTION COMPARISON MATRIX

Contribution rates are based on age at entry. For the purpose of this information the contribution rate reflected is the average age for that rate group.
The number of members in each plan/rate group are estimates and the contribution information was taken from pay period 15, 2023

								Employer Owned	Employee Owned				
								Employer Paid EE Contributions			Employee Paid EE Contributions		
	A	B	C	D	E	F	G	H	I		J	K	L
	Number of Members	Tier, Plan and Rate Group	Rep Units	Description	Net Employer Costs = (ER + EE P/U) - REV P/U	Employer Contribution Rate	Employee Contribution Rate	Pick up Rates Eff (.1 ER P/U *)	Pick up Rates Eff (.2 ER P/U (varies) *)		EE Rate	EE Reverse Pickup Rate (Reduces ER Cost)	Net Employee Costs
		Rate Group #11 - Cemetery District (future service) - Avg Age = 31											
0.13%	**13**	Tier 2 - Plan N - 2%@55 - 3 year MP	**E9, ZC**		13.73%	13.73%	9.75%	0.00%	0.00%		9.75%	0.00%	9.75%
		Rate Group #12 - OCPLL (future service) - Avg Age = 42											
0.11%	**11**	Tier 2 - Plan H - 2.5%@55 - 3 year MP	**MY, ZL**		12.04%	13.79%	15.29%	0.00%	0.00%		15.29%	1.75%	17.04%
100.00%	**10197**												

Note: The total employee contribution can have several components. There can be an employer pick up component where the employer can pay some or all of the employee's normal contributions under two different sections of the '37 Act (31581.1 & 31581.2). There is also a reverse pick up that is in addition to the regular normal employee contributions. The reverse pick up is always paid by the employee and goes into the employee contribution balance.

Disclaimers: The information contained in this document is intended to be informational only. All of OCERS members may not be reflected and in some cases the pick up amounts are estimates.
*31581.1 & 31581.2 contribution percentages are calculated by the Employer and have not been validated by OCERS staff.
Tier 1 employees must have entered OCERS membership on or before September 21, 1979

2023 PEPRA CONTRIBUTION COMPARISON MATRIX

Contribution rates are based on age at entry. For the purpose of this information the contribution rate reflected is the average age for that rate group.
The number of members in each plan/rate group are estimates and the contribution information was taken from pay period 15, 2023.

								Employer Owned	Employee Owned			
								Employer Paid EE Contributions		Employee Paid EE Contributions		
	A	B	C	D	E	F	G	H	I	J	K	L
	Number of Members	Tier, Plan and Rate Group	Rep Units	Description	Net Employer Costs = (ER + EE P/U) - REV P/U	Employer Contribution Rate	Employee Contribution Rate	Pick up Rates Eff (.1 ER P/U *)	Pick up Rates (.2 ER P/U (varies) *)	EE Rate	EE Reverse Pickup Rate (Reduces ER Cost)	Net Employee Costs
		Rate Group #1 - General Members; Orange County; Non-OCTA, County Only - Avg Age = 32										
9.90%	**1105**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**EW**	Eligibility Worker Unit	13.41%	13.41%	9.49%	0.00%	0.00%	9.49%	0.00%	9.49%
0.83%	**93**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**PO**	Deputy Sheriff Trainee	13.41%	13.41%	9.45%	0.00%	0.00%	9.45%	0.00%	9.45%
		Rate Group #1 - IHSS - Avg Age = 38										
0.17%	**19**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			13.41%	13.41%	10.54%	0.00%	0.00%	10.54%	0.00%	10.54%
		Rate Group #2 - General members non-OCFA. County only limited barg units, see disclaimer - Avg Age = 32										
3.50%	**390**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**MA**	OCMA Member	33.23%	33.23%	6.68%	0.00%	0.00%	6.68%	0.000%	6.68%
0.26%	**29**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**MB**	OCMA Member	33.23%	33.23%	6.68%	0.00%	0.00%	6.68%	0.000%	6.68%
2.74%	**306**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**AT, AY**	Attorney Attorneys Group	35.31%	35.31%	8.72%	0.00%	0.00%	8.72%	0.000%	8.72%
0.43%	**48**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**SO**	Sheriff Special Officer	33.23%	33.23%	6.68%	0.00%	0.00%	6.68%	0.000%	6.68%
0.08%	**9**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**E2,E3**		33.23%	33.23%	6.68%	0.00%	0.00%	6.68%	0.000%	6.68%
48.59%	**5421**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**CL, CS, GE HP, SM, OS**	OCEA represented	33.23%	33.23%	6.68%	0.00%	0.00%	6.68%	0.000%	6.68%
0.74%	**83**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**CP**		33.23%	33.23%	6.68%	0.00%	0.00%	6.68%	0.000%	6.68%
0.13%	**14**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**GM**		33.23%	33.23%	6.68%	0.00%	0.00%	6.68%	0.000%	6.68%
0.34%	**38**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**GS**		33.23%	33.23%	6.68%	0.00%	0.00%	6.68%	0.000%	6.68%
		Rate Group #2 - Superior Court - Avg Age = 33										
5.10%	**569**	**Tier 2** - Plan U - 1.62%@65 - 3 year MP	**CC, E6,SG**		35.31%	35.31%	8.87%	0.00%	0.00%	8.87%	0.00%	8.87%
0.77%	**86**	**Tier 2** - Plan U - 1.62%@65 - 3 year MP	**AX,CX,E5**		35.31%	35.31%	8.87%	0.00%	0.00%	8.87%	0.00%	8.87%
0.49%	**55**	**Tier 2** - Plan U - 1.62%@65 - 3 year MP	**CI,SS,EC**		35.31%	35.31%	8.87%	0.00%	0.00%	8.87%	0.00%	8.87%
		Rate Group #2 - SJC - Avg Age = 36										
0.25%	**28**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP			35.31%	35.31%	8.74%	0.00%	0.00%	8.74%	0.00%	8.74%
		Rate Group #2 - OCERS Mgmt - Avg Age = 35										
0.30%	**33**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**EO, MR**		34.02%	34.02%	9.69%	0.00%	0.00%	9.69%	0.00%	9.69%
		Rate Group #2 - Children & Families Comm. - Avg Age = 33										
0.09%	**10**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**CF, MX**		12.67%	12.67%	8.87%	0.00%	0.00%	8.87%	0.00%	8.87%
		Rate Group #2 - LAFCO - Avg Age = 33										
0.03%	**3**	**Tier 2** - Plan T - 1.62%@65 - 3 year MP	**MY**		33.23%	33.23%	6.80%	0.00%	0.00%	6.80%	0.00%	6.80%
		Rate Group #3 - Sanitation - Avg Age = 34										
2.99%	**334**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**N/A**		9.82%	9.82%	9.21%	0.00%	0.00%	9.21%	0.00%	9.21%
		Rate Group #5 - OCTA - Avg Age = 36										
4.84%	**540**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**CO, MN NONE, TCU**		28.36%	28.36%	11.06%	0.00%	0.00%	11.06%	0.00%	11.06%
		Rate Group #6 - Probation - Avg Age = 27										

2023 PEPRA CONTRIBUTION COMPARISON MATRIX

Contribution rates are based on age at entry. For the purpose of this information the contribution rate reflected is the average age for that rate group.
The number of members in each plan/rate group are estimates and the contribution information was taken from pay period 15, 2023.

								Employer Owned	**Employee Owned**			
								Employer Paid EE Contributions		**Employee Paid EE Contributions**		
	A	B	C	D	E	F	G	H	I	J	K	L
	Number of Members	**Tier, Plan and Rate Group**	**Rep Units**	**Description**	**Net Employer Costs** = (ER + EE P/U) - REV P/U	**Employer Contribution Rate**	**Employee Contribution Rate**	**Pick up Rates Eff**	**Pick up Rates**	**EE Rate**	**EE Reverse Pickup Rate** (Reduces ER Cost)	**Net Employee Costs**
								(.1 ER P/U *)	(.2 ER P/U (varies) *			
0.88%	**98**	**Tier 2** - Plan V - 2.7%@67 - 3 year MP	**PS**	Probation Services	46.66%	46.66%	15.62%	0.00%	0.00%	15.62%	0.00%	15.62%
		Rate Group #7 - County Law Enforcement - Avg Age = 27										
9.32%	**1040**	**Tier 2** - Plan V - 2.7%@67 - 3 year MP	**PO**		53.29%	53.29%	15.62%	0.00%	0.00%	15.62%	0.00%	15.62%
		Rate Group #8 - Fire Authority Safety - Avg Age = 30										
4.97%	**555**	**Tier 2** - Plan V - 2.7%@67 - 3 year MP	**F7, C7**	Fire Chief	27.64%	27.64%	15.54%	0.00%	0.00%	15.54%	0.00%	15.54%
		Rate Group #9 - TCA (retroactive upgrade) - Avg Age = 39										
0.34%	**38**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**N/A**		11.18%	11.18%	10.25%	0.00%	0.00%	10.25%	0.00%	10.25%
		Rate Group #10 - Fire Authority General - Avg Age = 33										
1.52%	**170**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**G6**		19.24%	19.24%	9.35%	0.00%	0.00%	9.35%	0.00%	9.35%
0.18%	**20**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**M6**	Admin Mgmt	19.24%	19.24%	9.35%	0.00%	0.00%	9.35%	0.00%	9.35%
0.07%	**8**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**S6**	Supervisory	19.24%	19.24%	9.35%	0.00%	0.00%	9.35%	0.00%	9.35%
		Rate Group #11 - Cemetery District - Avg Age = 31										
0.11%	**12**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**ZC**		12.99%	12.99%	9.85%	0.00%	0.00%	9.85%	0.00%	9.85%
		Rate Group #12 - OCPLL - Avg Age = 42										
0.03%	**3**	**Tier 2** - Plan U - 2.5%@67 - 3 year MP	**ZL, E9**		8.73%	10.48%	10.87%	0.00%	0.00%	10.87%	1.75%	12.62%
100.00%	**11157**											

Note: The total employee contribution can have several components. There can be an employer pick up component where the employer can pay some or all of the employee's normal contributions under two different sections of the '37 Act (31581.1 & 31581.2). There is also a reverse pick up that is in addition to the regular normal employee contributions. The reverse pick up is always paid by the employee and goes into the employee contribution balance.

Disclaimers: The information contained in this document is intended to be informational only. All of OCERS members may not be reflected and in some cases the pick up amounts are estimates.
*31581.1 & 31581.2 contribution percentages are calculated by the Employer and have not been validated by OCERS staff.
Tier 1 employees must have entered OCERS membership on or before September 21, 1979