

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

**REGULAR MEETING
Monday, December 11, 2023
9:30 A.M.**

MINUTES

Chair Dewane called the meeting to order at 9:31 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

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

Present via Zoom (under
Government Code
Section 54953(f)):

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Manuel Serpa, General Counsel; Molly Murphy, CIO; Tracy Bowman, Director of Finance; Cynthia Hockless, Director of Human Resources; Jenny Sadoski, Director of IT; Joon Kim, Staff Attorney; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

Guests: Harvey Leiderman and Maytak Chin, ReedSmith

Absent: Jeremy Vallone, Shari Freidenrich

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

November 13, 2023

Recommendation: Approve minutes.

C-3 2024 OCERS BOARD ANNUAL WORK PLAN

Recommendation: Approve 2024 OCERS Board Annual Work Plan.

C-4 2024 OCERS BOARD COMMITTEE APPOINTMENTS

Presentation by Steve Delaney, Chief Executive Officer, OCERS

C-5 OUTCOMES FROM THE GOVERNANCE COMMITTEE ON NOVEMBER 16, 2023

Recommendation: The Governance Committee recommends that the Board adopt the following:

- Actuarial Valuation Policy with non-substantive revisions approved by the Committee.

MOTION by Mr. Lindholm, **seconded** by Mr. Hilton, to the Consent Agenda.

The motion passed **unanimously**.

DISABILITY/MEMBER BENEFITS AGENDA
CONSENT ITEMS

A. Disability Committee Recommendations:

DC-1: GERMAINE DELGADO

Deputy Juvenile Correctional Officer II, Orange County Probation Department (Safety)

Recommendation: Staff recommends that the Disability Committee forward to the Board of Retirement a recommendation to:

- Deny service and non-service connected disability retirement due to lack of substantial medical evidence of permanent incapacity and service connection.

DC-2: RICHARD TRAN

Employment and Eligibility Specialist, Orange County Social Services (General)

Recommendation: Staff recommends that the Disability Committee forward to the Board of Retirement a recommendation to:

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

B. CEO Recommendations:

DC-3: VINCENT CARPINO
Fire Chief, Orange County Fire Authority (Safety)

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

- Grant service connect disability retirement.
- Set the effective date as March 30, 2023.

DC-4: CHARLES D. JOHNSON
Deputy Sheriff II, Orange County Sheriff's Department (Safety)

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

- Grant service connect disability retirement.
- Set the effective date as March 29, 2019.

DC-5: MARTHA MAGCASI – CONTINUED TO A FUTURE MONTH
Data Entry Technician, Orange County Social Services Agency (General)

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

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

DC-6: ANNEKE SHEROHMAN
Senior Head Cook, Orange County Sheriff's Department (General)

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

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

DC-7: MICHAEL THALKEN
Sergeant, Orange County Sheriff's Department (Safety)

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

- Grant service connect disability retirement.
- Set the effective date as May 5, 2023.

MOTION by Mr. Packard, **seconded** by Mr. Oates, to approve item, DC-1 through DC-7 with DC-5 returned to Staff on the Disability Consent Agenda.

The motion passed **unanimously**.

The Board had no questions after reviewing materials for DA-2 and DA-3; therefore, they did not need to discuss via Closed Session to make a decision.

DA-2: PATRICIA HOLLIDAY

Deputy Sheriff I, Orange County Sheriff's Department

Recommendation: Staff recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary and Analysis of the Evidence and Issue, Proposed Findings of Fact and Conclusion of Law dated November 1, 2023 (Recommendation) wherein the Hearing Officer recommended that the Board **grant** the Applicant (Patricia Holliday) service-connected disability retirement.

MOTION by Mr. Hidalgo, **seconded** by Mr. Prevatt, to approve staff recommendation.

The motion passed **unanimously**.

DA-3: KELLY LUPRO

Administrative Manager II, Orange County Health Care Agency

Recommendation: Staff recommends that the Board:

- Approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Amended Findings and Decision in an OCERS Service-Connected Disability Retirement Case dated November 27, 2023 (“Amended Recommendations”) wherein the Hearing Officer recommended that the Board **deny** the Applicant (Kelly Lupro) service-connected disability retirement.

MOTION by Mr. Lindholm, **seconded** by Mr. Packard, to approve staff recommendation.

The motion passed **unanimously**.

INFORMATION ITEMS

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

I-1 RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE

Presentation by Linda Robinson and Doug Storm, Co-Presidents, REAOC

REAOC Co-Presidents gave insights into the 2023 year for our retired members. They highlighted anticipated changes to the REAOC Board, including the two Co-Presidents stepping down and OCERS Trustee Hilton stepping up to be the President of REAOC. Additionally, they also noted positive changes to the medical coverage available to REAOC members that will help many members who retire before they become Medicare eligible.

ACTION ITEMS

A-2 ELECTION OF OCERS BOARD VICE-CHAIR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Elect a new OCERS Board Vice-Chair for calendar year 2024.

MOTION by Mr. Dewane, **seconded** by Mr. Prevatt, to elect Mr. Packard as OCERS Board Vice-Chair for calendar year 2024.

The motion passed **unanimously**.

A-3 OCERS' REVISED 2024 STAFFING PLAN AND BUDGET AMENDMENT

Presentation by Steve Delaney, Chief Executive Officer, & Tracy Bowman, Director of Finance, OCERS

Recommendation: The Personnel Committee recommends the Board of Retirement approve the following revisions to the 2024 Staffing Plan:

1. Approve the addition of 7 new positions to the 2024 budgeted headcount:
 - a. Add three positions to the Investment Division
 - b. Add two positions to the Disability Department
 - c. Add one position to the Finance Department
 - d. Add one position to the Information Technology Department
2. Approve the creation of three career ladders:
 - a. Information Security Department:
 - i. Information Security Manager to Senior Information Security Manager
 - b. Disability Department
 - i. Two Office Specialists to Staff Assistants

The total cost for the above revisions to the 2024 Staffing Plan is \$859,203, increasing personnel costs from \$25,241,475 to \$26,100,690 and the total approved FY24 Administrative Budget from \$48,293,043 to \$49,152,246. Total budgeted headcount will increase from 125 to 132.

MOTION by Mr. Hidalgo, **seconded** by Mr. Lindholm, to approve the proposed 2024 Staffing Plan and Administrative Budget Amendment for Fiscal Year 2024.

The motion passed **unanimously**.

A-4 ANNUAL CEO COMPENSATION

Recommendation: Approve and authorize the Board to execute a salary adjustment for the Chief Executive Officer, effective December 29, 2023, at an annual base salary of \$375,000 which equals a 7.14% increase or \$25,000 and an estimated annual total compensation of \$624,892 including benefits.

MOTION by Mr. Hidalgo, **seconded** by Mr. Dewane, to approve and authorize the salary adjustment for the CEO compensation.

The motion passed **unanimously**.

INFORMATION ITEMS

I-2 NEW RULES ON DISABILITY RETIREMENT PRESUMPTIONS EFFECTIVE JANUARY 1, 2024

Presentation by Joon Kim, Staff Attorney, OCERS

Staff Attorney, Joon Kim, presented on the changes to the Disability Retirement presumptions effective January 1, 2024.

I-3 OCERS PENSION ADMINISTRATION SYSTEM (V-3): AN UPDATE

Presentation by Steve Delaney, Chief Executive Officer, & Jenny Sadoski, Director of IT, OCERS

CEO Delaney and CIO Sadoski presented on the journey from PensionGold to V3. Discussing historical background both confirmed the improved service value V3 provided. Confirming that with the growth of AI, as much as the intrigue of system hackers, there will always be a need to progress to improved Pension Administration System (PAS) iterations, CEO Delaney indicated that future presentations would be provided through the first half of 2024 outlining next steps.

The Board recessed for break at 10:53 a.m.

The Board reconvened from break at 11:11 a.m.

Recording Secretary administered the Roll Call attendance.

The Board adjourned to closed session at 11:12 a.m.

CLOSED SESSION

**E-1 CONFERENCE REGARDING EXISTING LITIGATION (GOVERNMENT CODE SECTION 54956.9(d)(1))
Adjourn pursuant to Government Code section 54956.9(d)(1).**

James B. Morell v. Board of Retirement, OCERS; California Court of Appeal, Second Appellate District, Case No. B331080

Recommendation: Take appropriate action.

The Board returned from Closed Session at 11:43 a.m.

Recording Secretary administered the Roll Call attendance.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION- Mr. Serpa reported no reportable action for item E-1.

WRITTEN REPORTS

R-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

December 11, 2023

Death Notices

December 11, 2023

R-2 COMMITTEE MEETING MINUTES

- October 2023- Personnel Committee Minutes
- August 2023- Governance Committee Minutes

R-3 CEO FUTURE AGENDAS (2024)

Written Report

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

R-5 BOARD COMMUNICATIONS

Written Report

R-6 PUBLIC PENSION COORDINATING COUNCIL (PPCC) STANDARDS AWARD FOR FUNDING AND ADMINISTRATION 2023

Written Report

ASST CEO COMMENTS – Ms. Jenike, Assistant CEO, gave an update on the Alameda implementation on Alameda Group 3 (certain classifications of OCFA and Health Care Agency), where further analysis indicates that Group 3 requires recalculation, likely reducing pay.

CIO COMMENTS- Ms. Murphy, CIO, noted a big week ahead for the Fed. If it holds, internal modelling indicates that the OCERS portfolio will be up 8.8%. Ms. Murphy remains cautiously optimistic.

CHIEF EXECUTIVE OFFICER – None

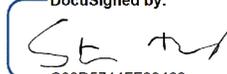
COUNSEL COMMENTS – The election for general and safety members will be held at the same time and scheduled such that it will not affect pre-existing (primary/general) elections.

FIDUCIARY COUNSEL COMMENTS – Mr. Leiderman reminisces that it has been 29 years since county bankruptcy and thanks the board for a meaningful time working with alongside OCERS.

BOARD MEMBER COMMENTS – Happy holidays and thanks Mr. Dewane for a serving as chair for 2023.

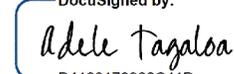
Meeting **ADJOURNED** at 11:57 a.m. in memory of active members, retired members, and surviving spouses who passed away this passed month.

Submitted by:

DocuSigned by:

C00D5744FF39463...

Steve Delaney
Secretary to the Board

Approved by:

DocuSigned by:

D4180179322C41D...

Adele Tagaloa
Chairperson