

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

**GOVERNANCE COMMITTEE MEETING  
Thursday, March 21, 2024  
9:30 A.M.**

**Members of the Committee**

Chris Prevatt, Chair  
Arthur Hidalgo, Vice-Chair  
Roger Hilton  
Richard Oates

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.

<b>OCERS Zoom Video/Teleconference Information</b>	
<p><b>Join Using Zoom App (Video &amp; Audio)</b></p> <p><a href="https://ocers.zoom.us/j/86306121509">https://ocers.zoom.us/j/86306121509</a></p> <p><b>Meeting ID: 863 0612 1509</b> <b>Passcode: 431039</b></p> <p>Go to <a href="https://www.zoom.us/download">https://www.zoom.us/download</a> to download Zoom app before meeting Go to <a href="https://zoom.us">https://zoom.us</a> to connect online using any browser.</p>	<p><b>Join by Telephone (Audio Only)</b></p> <p>Dial by your location</p> <ul style="list-style-type: none"> <li>+1 669 900 6833 US (San Jose)</li> <li>+1 346 248 7799 US (Houston)</li> <li>+1 253 215 8782 US</li> <li>+1 301 715 8592 US</li> <li>+1 312 626 6799 US (Chicago)</li> <li>+1 929 436 2866 US (New York)</li> </ul> <p><b>Meeting ID: 863 0612 1509</b> <b>Passcode: 431039</b></p>
<p>A <a href="#">Zoom Meeting Participant Guide</a> is available on OCERS website <a href="#">Board &amp; Committee meetings page</a></p>	

**AGENDA**

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

**OPEN SESSION**

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

**Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing \* 9 on your telephone keypad. Members of the public who participate in the meeting from the OCERS Boardroom and who wish to provide comment during the meeting may do so from the podium located in the OCERS Boardroom.** When addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Committee; and (2) any matter appearing on the Consent Agenda.

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

### **CONSENT AGENDA**

#### **C-1 GOVERNANCE COMMITTEE MEETING MINUTES**

Governance Committee Meeting Minutes

November 16, 2023

**Recommendation:** Approve minutes.

### **ACTION ITEMS**

**NOTE:** Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Committee’s discussion of the item. **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 REVIEW OF THE GENERAL COUNSEL CHARTER**

*Presentation by Manuel Serpa, General Counsel*

**Recommendation:** Approve and recommend that the Board adopt revisions to the General Counsel Charter.

#### **A-3 TRIENNIAL REVIEW OF THE ASSISTANT CEO, FINANCE AND INTERNAL OPERATIONS CHARTER**

*Presentation by Brenda Shott, Assistant CEO, Finance and Internal Operations*

**Recommendation:** Approve and recommend that the Board adopt revisions to the Assistant CEO, Finance and Internal Operations Charter.

#### **A-4 OFF-CYCLE REVIEW OF THE SECURITIES LITIGATION POLICY**

*Presentation by Manuel Serpa, General Counsel*

**Recommendation:** Approve and recommend that the Board adopt revisions to the Securities Litigation Policy.

**A-5 OFF-CYCLE REVIEW OF THE ACTUARIAL FUNDING POLICY**

*Presentation by Brenda Shott, Assistant CEO, Finance and Internal Operations*

**Recommendation:** Approve and recommend that the Board approve revisions to the Actuarial Funding Policy as presented.

**A-6 OFF-CYCLE REVIEW OF THE TRAVEL POLICY**

*Presentation by Manuel Serpa, General Counsel*

**Recommendation:** Approve and recommend that the Board approve revisions to the Travel Policy as presented.

**A-7 TRIENNIAL REVIEW OF THE WRITE OFF POLICY**

*Presentation by Jeff Lamberson, Director of Retirement Operations – Member Services*

**Recommendation:** Approve, and recommend that the Board adopt, revisions to the Write Off Policy.

**INFORMATION ITEMS**

**I-1 GOVERNANCE COMMITTEE WORK PLAN AND MEETING SCHEDULE FOR 2024**

*Presentation by Manuel Serpa, General Counsel*

**I-2 REVIEW OF NEW PAY ITEMS PURSUANT TO THE PAY ITEM REVIEW POLICY**

*Presentation by Suzanne Jenike, Assistant CEO, External Operations*

**COMMITTEE MEMBER COMMENTS**

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

**COUNSEL COMMENTS**

**ADJOURNMENT**

**NOTICE OF NEXT MEETINGS**

**AUDIT COMMITTEE MEETING**

**March 28, 2024**

**9:30 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**

**2223 E. WELLINGTON AVENUE, SUITE 100**

**SANTA ANA, CA 92701**

**BUILDING COMMITTEE MEETING**

**April 4, 2024  
9:30 A.M.**

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

**DISABILITY COMMITTEE MEETING**

**April 15, 2024  
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](mailto:adminsupport@ocers.org) or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

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

**GOVERNANCE COMMITTEE MEETING  
Thursday, November 16, 2023  
9:30 a.m.**

**MINUTES**

The Chair called the meeting to order at 9:33 a.m.

Recording Secretary administered the roll call.

Attendance was as follows:

Present: Chris Prevatt, Chair; Arthur Hidalgo, Vice-Chair; Shari Freidenrich, Board Member; Richard Oates, Board Member.

Also present: Steve Delaney, CEO; Manuel Serpa, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Rosie Baek, Staff Attorney; Anthony Beltran, Audio Visual Technician; Bill Singleton, Paralegal; Marielle Horst, Executive Secretary; Amanda Evenson, Executive Secretary; Rebeca Gonzalez-Verdugo, Recording Secretary.

**CONSENT AGENDA**

**C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES**

Governance Committee Meeting Minutes

August 24, 2023

**MOTION** by Mr. Hidalgo, **seconded** by Mr. Oates, to approve the Minutes.

The motion passed **unanimously**.

**ACTION ITEMS**

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

No items were trailed from the Consent Agenda.

**A-2 OFF-CYCLE REVIEW OF THE SECURITIES LITIGATION POLICY**

*Presentation by Manuel Serpa, General Counsel*

**Recommendation:** Approve, and recommend the Board adopt, revisions to the Securities Litigation Policy as presented.

Orange County Employees Retirement System  
November 16, 2023  
Governance Committee Meeting – Minutes

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After discussion, Committee consensus was to return Policy back to staff for further development.

The Committee provided direction to staff to clarify the Monitoring Firms final selection/approval process and the Board’s involvement.

**A-3 TRIENNIAL REVIEW OF THE ACTUARIAL VALUATION POLICY**

*Presentation by Brenda Shott, Assistant CEO, Internal Operations and Finance*

**Recommendation:** Approve, and recommend the Board adopt, revisions to the Actuarial Valuation Policy as presented.

After discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Hidalgo, to adopt all of staff’s recommended revisions to the Policy, with the following additions:

- 6. “Annually, the Ad Hoc Actuarial Extract Review Committee will work...”
- 7. “Each year the Ad Hoc Actuarial Extract Review Committee will review...”
- 11. “The accurate, complete, and timely...”
- 15. “At least every 5 years...”

The motion passed **unanimously**.

**INFORMATION ITEMS**

**I-1 None.**

**COMMITTEE MEMBER COMMENTS**

None

**CHIEF EXECUTIVE OFFICER/STAFF COMMENTS**

None

**COUNSEL COMMENTS**

None

**ADJOURNMENT**

Chair adjourned meeting at 10:24 a.m.

**Submitted by:**

**Approved by:**

\_\_\_\_\_  
Manuel Serpa  
General Counsel/Staff Liaison

\_\_\_\_\_  
Steve Delaney  
Chief Executive Officer/Secretary

\_\_\_\_\_  
Chris Prevatt  
Chair



## Memorandum

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**DATE:** March 21, 2024  
**TO:** Members of the Governance Committee  
**FROM:** Manuel D. Serpa, General Counsel  
**SUBJECT:** TRIENNIAL REVIEW OF THE GENERAL COUNSEL CHARTER

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### Recommendation

(1) Approve and recommend that the Board adopt revisions to the General Counsel Charter.

### Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 60 charters and policies and has established a review schedule that requires review of every charter and policy every three years. At its February and June 2015 meetings, on the recommendation of the Governance Committee, the Board approved a streamlined procedure to manage the scheduled review of the charters and policies more efficiently. According to this process, the Governance Committee must review certain charters and policies before presentation to the Board for approval.

The Board adopted the General Counsel Charter on March 1, 2019.

### Proposed Revisions

The proposed revisions consist of the addition of the role of supervising the Chief Compliance Officer and other minor clarifying edits. Section 3 of the Charter addresses the compliance program:

3. *Supervise the OCERS Chief Compliance Officer and, in collaboration with Senior Management, assess the effectiveness of the OCERS Compliance Program, as defined in the Compliance Program Charter;*

The proposed revisions are set forth in underlined/strikeout text in the attached copy of the General Counsel Charter. An unmarked version of the General Counsel Charter is also attached for the Committee's ease of review.

### Attachments

### Submitted by:



MDS-Approved

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Manuel D. Serpa  
General Counsel



# General Counsel Charter

## Introduction

Pursuant to the Charter from the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to the Chief Executive Officer (CEO), the CEO hereby delegates to the General Counsel the authority to act finally with respect to any and all of the matters set forth below. The actions of the General Counsel under this Charter shall be conducted in compliance with applicable laws and Board policies. Except where the CEO has required the General Counsel to act personally, the General Counsel may subdelegate, as appropriate in the judgment of the General Counsel, any authority delegated to the General Counsel under this Charter.

## General Authority

1. Conduct and oversee the administration of all functions within the OCERS Legal Division;
2. Oversee that all legal and legislative functions are performed with independence and in conformance with professional standards;
- ~~2.~~ 3. Supervise the OCERS Chief Compliance Officer and, in collaboration with Senior Management, assess the effectiveness of the OCERS Compliance Program, as defined in the Compliance Program Charter;
- ~~3.~~ 4. Report to the CEO, on at least a monthly basis, all significant actions the General Counsel has taken under this Charter;
- ~~4.~~ 5. Conduct and approve the internal organizational structure of the staff of the Legal Division in a manner that is consistent with this Charter and applicable Board policy;
- ~~5.~~ 6. Approve all personnel decisions concerning all staff of the Legal Division subject to final approval of the CEO;
- ~~6.~~ 7. Conduct and oversee the development of the Legal Division's budget; monitor and approve expenditures; and transfer funds within a category of expenditures (i.e., Salary and Benefits; Services and Supplies; Capital Projects) in the Legal Division's budget as necessary;
- ~~7.~~ 8. Conduct and oversee the drafting of state and federal legislation subject to final approval of the CEO or the Board;
- ~~8.~~ 9. Monitor and regularly report to the Board regarding proposed legislation that may affect OCERS;
- ~~9.~~ 10. Conduct and oversee the implementation of plans and policies that achieve program objectives and provide for efficient and effective Legal Division operations, within the resources and fiscal limits set by the Board;
- ~~10.~~ 11. Conduct independent advice and counsel to the Board and the CEO on matters pertaining to OCERS;



# General Counsel Charter

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- ~~11.~~12. Represent OCERS as a spokesperson and expert on legal and legislative matters and testify on behalf of OCERS before federal, state, and local governmental bodies on these issues;
- ~~12.~~13. Represent OCERS and communicate the Board's policies and positions before outside parties and organizations.

## ***Contract Authority***

In accordance with the procurement and contracting policies adopted by the Board, including the Procurement and Contracting Policy:

- ~~13.~~14. Approve solicitations for outside counsel, including, in consultation with the CEO, the Board's fiduciary counsel;
- ~~14.~~15. With the exception of the Board's fiduciary counsel, approve and execute contracts and amendments to contracts with outside counsel;
- ~~15.~~16. In consultation with the CEO, engage outside counsel pursuant to existing contracts for specific assignments or matters within the scope of such contracts;
- ~~16.~~17. Approve and co-sign contracts between OCERS and vendors and service providers.

## ***Additional Specific Authority***

- ~~17.~~18. In consultation with the CEO, conduct and oversee the assigning, directing, and handling of litigation, claims, and disputes (including the filing of amicus curiae briefs) involving OCERS both at the administrative and judicial levels;
- ~~18.~~19. With respect to securities litigation matters:
  - (a) Review securities class action filings in which OCERS may have recognized losses;
  - (b) Recommend to the Board securities cases in which OCERS should take an active role;
  - (c) Present to the Investment Committee proposed settlements and an analysis of the settlement terms in securities litigation matters in which OCERS has taken an active role;
  - (d) At the direction of the Investment Committee or the CEO, retain litigation counsel under specific terms or issue an RFP for litigation counsel to represent OCERS in cases in which the Investment Committee or the CEO has approved OCERS taking an active role;
  - (e) Monitor securities litigation cases in which OCERS' estimated losses meet the loss threshold established by the Securities Litigation Policy;
  - (f) With the approval of the CEO, engage at pool of ~~least two and no more than five~~ firms to serve as securities litigation monitoring firms on behalf of OCERS;



# General Counsel Charter

~~—(g) In conjunction with the Investment Division~~department~~, from time to time, audit the custodial bank's~~s~~—~~

~~– claims filing process; and~~

(h) Report on a quarterly basis to the Investment Committee with respect to the Legal department's responsibilities under the Securities Litigation Policy;

~~19.~~20. ~~20.~~ 20. Oversee the work of outside counsel providing specialized services to OCERS;

~~20.~~21. ~~21.~~ 21. Consult with the Board's fiduciary counsel on matters involving the Board's or staff's fiduciary responsibilities;

~~21.~~22. ~~22.~~ 22. Conduct and oversee the issuance of administrative subpoenas;

~~22.~~23. ~~23.~~ 23. Conduct and approve the execution of conflict waivers;

~~23.~~24. ~~24.~~ 24. Conduct and oversee, as the executive liaison, the meetings of the Governance Committee of the Board including the preparation of agendas, meeting materials, ~~and~~ presentations, and minutes, in accordance with the Brown Act;

~~24.~~25. ~~25.~~ 25. Conduct and oversee the development of Board policies and procedures;

~~25.~~26. ~~26.~~ 26. Conduct and oversee Board and staff training on legal issues;

27. Assist the CEO in his or her performance of the duties as the OCERS filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.

## Charter Review

28. The CEO will review this Charter at least once every three (3) years and make any amendments as may be necessary to ensure the Charter remains relevant and appropriate.

## Charter History

29. This charter was adopted by the Board of Retirement on March 1, 2019, and revised on .

~~26.—~~

## ~~Charter~~ Secretary's Certificate

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

~~The CEO will review this Charter at least once every three (3) years and make any amendments as may be necessary to ensure the Charter remains relevant and appropriate.~~



# General Counsel Charter

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03/01/19

Steve Delaney, Chief Executive Officer

Date

I understand and accept the authority delegated by this Charter.



03/01/19

~~Manuel D. Serpa~~ Gina M. Ratto, General Counsel

Date



# General Counsel Charter

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## Introduction

Pursuant to the Charter from the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to the Chief Executive Officer (CEO), the CEO hereby delegates to the General Counsel the authority to act finally with respect to any and all of the matters set forth below. The actions of the General Counsel under this Charter shall be conducted in compliance with applicable laws and Board policies. Except where the CEO has required the General Counsel to act personally, the General Counsel may subdelegate, as appropriate in the judgment of the General Counsel, any authority delegated to the General Counsel under this Charter.

## *General Authority*

1. Conduct and oversee the administration of all functions within the OCERS Legal Division;
2. Oversee that all legal and legislative functions are performed with independence and in conformance with professional standards;
3. Supervise the OCERS Chief Compliance Officer and, in collaboration with Senior Management, assess the effectiveness of the OCERS Compliance Program, as defined in the Compliance Program Charter;
4. Report to the CEO, on at least a monthly basis, all significant actions the General Counsel has taken under this Charter;
5. Conduct and approve the internal organizational structure of the staff of the Legal Division in a manner that is consistent with this Charter and applicable Board policy;
6. Approve all personnel decisions concerning all staff of the Legal Division subject to final approval of the CEO;
7. Conduct and oversee the development of the Legal Division's budget; monitor and approve expenditures; and transfer funds within a category of expenditures (i.e., Salary and Benefits; Services and Supplies; Capital Projects) in the Legal Division's budget as necessary;
8. Conduct and oversee the drafting of state and federal legislation subject to final approval of the CEO or the Board;
9. Monitor and regularly report to the Board regarding proposed legislation that may affect OCERS;
10. Conduct and oversee the implementation of plans and policies that achieve program objectives and provide for efficient and effective Legal Division operations, within the resources and fiscal limits set by the Board;
11. Conduct independent advice and counsel to the Board and the CEO on matters pertaining to OCERS;



## General Counsel Charter

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12. Represent OCERS as a spokesperson and expert on legal and legislative matters and testify on behalf of OCERS before federal, state, and local governmental bodies on these issues;
13. Represent OCERS and communicate the Board's policies and positions before outside parties and organizations.

### ***Contract Authority***

In accordance with the procurement and contracting policies adopted by the Board, including the Procurement and Contracting Policy:

14. Approve solicitations for outside counsel, including, in consultation with the CEO, the Board's fiduciary counsel;
15. With the exception of the Board's fiduciary counsel, approve and execute contracts and amendments to contracts with outside counsel;
16. In consultation with the CEO, engage outside counsel pursuant to existing contracts for specific assignments or matters within the scope of such contracts;
17. Approve and co-sign contracts between OCERS and vendors and service providers.

### ***Additional Specific Authority***

18. In consultation with the CEO, conduct and oversee the assigning, directing, and handling of litigation, claims, and disputes (including the filing of amicus curiae briefs) involving OCERS both at the administrative and judicial levels;
19. With respect to securities litigation matters:
  - (a) Review securities class action filings in which OCERS may have recognized losses;
  - (b) Recommend to the Board securities cases in which OCERS should take an active role;
  - (c) Present to the Investment Committee proposed settlements and an analysis of the settlement terms in securities litigation matters in which OCERS has taken an active role;
  - (d) At the direction of the Investment Committee or the CEO, retain litigation counsel under specific terms or issue an RFP for litigation counsel to represent OCERS in cases in which the Investment Committee or the CEO has approved OCERS taking an active role;
  - (e) Monitor securities litigation cases in which OCERS' estimated losses meet the loss threshold established by the Securities Litigation Policy;
  - (f) With the approval of the CEO, engage a pool of firms to serve as securities litigation monitoring firms on behalf of OCERS;



## General Counsel Charter

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- (g) In conjunction with the Investment Division, from time to time, audit the custodial bank's claims filing process; and
- (h) Report on a quarterly basis to the Investment Committee with respect to the Legal department's responsibilities under the Securities Litigation Policy;
- 20. Oversee the work of outside counsel providing specialized services to OCERS;
- 21. Consult with the Board's fiduciary counsel on matters involving the Board's or staff's fiduciary responsibilities;
- 22. Conduct and oversee the issuance of administrative subpoenas;
- 23. Conduct and approve the execution of conflict waivers;
- 24. Conduct and oversee, as the executive liaison, the meetings of the Governance Committee of the Board including the preparation of agendas, meeting materials, presentations, and minutes, in accordance with the Brown Act;
- 25. Conduct and oversee the development of Board policies and procedures;
- 26. Conduct and oversee Board and staff training on legal issues;
- 27. Assist the CEO in his or her performance of the duties as the OCERS filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.

### Charter Review

- 28. The CEO will review this Charter at least once every three (3) years and make any amendments as may be necessary to ensure the Charter remains relevant and appropriate.

### Charter History

- 29. This charter was adopted by the Board of Retirement on March, 1, 2019, and revised on .

### Secretary's Certificate

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



## General Counsel Charter

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A handwritten signature in blue ink that reads "Steve Delaney".

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Steve Delaney, Chief Executive Officer

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Date

I understand and accept the authority delegated by this Charter.

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Manuel D. Serpa, General Counsel

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Date



## Memorandum

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**DATE:** March 21, 2024  
**TO:** Members of the Governance Committee  
**FROM:** Brenda Shott, CPA, Assistant CEO, Finance and Internal Operations  
**SUBJECT:** **TRIENNIAL REVIEW OF THE ASSISTANT CEO, FINANCE AND INTERNAL OPERATIONS CHARTER**

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### Recommendation

- (1) Approve and recommend that the Board adopt revisions to the Assistant CEO, Finance and Internal Operations Charter.

### Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 60 charters and policies and has established a review schedule that requires review of every charter and policy every three years. The Board adopted the Assistant CEO, Finance and Internal Operations Charter on March 1, 2019. The Assistant CEO, Finance and Internal Operations Charter is due for its triennial review by the Governance Committee.

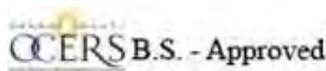
### Proposed Revisions

The proposed revisions are administrative and immaterial in nature. The changes clarify the splitting up of the Administrative Services Department into Human Resources and Operations Support Services and updates the name of the OCERS annual financial report.

The proposed revisions are set forth in underlined/strikeout text in the attached copy of the Assistant CEO, Finance and Internal Operations Charter. An unmarked version of the Assistant CEO, Finance and Internal Operations Charter is also attached for the Committee’s ease of review.

### Attachments

### Submitted by:



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Brenda Shott, CPA  
Assistant CEO, Finance and Internal Operations



# Assistant CEO, Finance and Internal Operations Charter

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## Introduction

Pursuant to the Charter from the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to the Chief Executive Officer (CEO), the CEO hereby delegates to the Assistant Chief Executive Officer, Finance and Internal Operations (ACEOIO) to act finally with respect to any and all of the matters set forth below. The actions of the ACEOIO, Finance and Internal Operations under this Charter shall be conducted in compliance with applicable laws and Board policies. Except where the CEO has required the ACEOIO, Finance and Internal Operations to act personally, the ACEOIO, Finance and Internal Operations may sub-delegate, as appropriate in the judgment of the ACEOIO, Finance and Internal Operations, any authority delegated to the ACEOIO, Finance and Internal Operations under this Charter.

## General Authority

1. Guide the strategic direction of the Finance, ~~Administrative Services (which includes Human Resources)~~, Operations Support Services, Information Technology and Information Security Departments;
2. Conduct and oversee the administration of all functions of the Finance, ~~Administrative Services~~Human Resources, Operations Support Services, Information Technology and Information Security Departments;
3. Provide leadership and oversee the development and implementation of plans, policies and procedures that achieve program objectives and provide for efficient Finance, ~~Administrative Services~~Human Resources, Operations Support Services, Information Technology and Information Security operations, within the resources and fiscal limits set by the Board;
4. Conduct and approve the internal organizational structure of staff of the Finance, ~~Administrative Services~~Human Resources, Operations Support Services, Information Technology and Information Security Departments in a manner that is consistent with this Charter and applicable Board policy;
5. Approve all personnel decisions concerning all staff of the Finance, ~~Administrative Services~~Human Resources, Operations Support Services, Information Technology and Information Security Departments subject to final approval of the CEO;
6. Conduct and oversee the evaluation of compensation mechanisms and criteria, development of policies and procedures, and development of recommendations concerning compensation of personnel employed directly by OCERS;
7. Direct the development, review, revision, implementation and execution of OCERS Human Resources policies and procedures;
8. Assist in the development and implementation of OCERS' Strategic Plan and Annual Business Plan;



## Assistant CEO, Finance and Internal Operations Charter

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9. Direct the development of OCERS administrative and investment budgets; review budget requests and justifications with appropriate department executives, authorize expenditures and transfer budgeted amounts within a category of expenditures (i.e. Salary and Benefits; Services and Supplies; Capital Projects) as necessary within the approved operating budget;
10. Ensure that there are sufficient information technology, facilities and equipment to support OCERS business and operational needs, operating within the resources and fiscal limits set by the Board;
11. Approve building, tenant and owner improvements that are deemed necessary by the CEO within the resources and fiscal limits set by the Board;
12. Confer with actuaries and other specialty consultants and direct the gathering of data required for producing a variety of actuarial, financial, statistical and narrative reports;
13. Represent OCERS and communicate the Board's policies and positions before outside parties and organizations;
14. Advise CEO on all matters relating to the operation of OCERS; and
15. Act in the absence of the CEO.

### *Contract Authority*

In accordance with the procurement and contracting policies adopted by the Board, including the Procurement and Contracting Policy:

16. Assist the Board with the solicitations and negotiation of contracts for actuarial services, independent auditing services, and the pension administration system provider;
17. Approve the solicitations and negotiation of contracts and agreements for all contractors, vendors, consultants and advisors necessary for the operations of the Finance, ~~Administrative Services~~ Human Resources, Operations Support Services, Information Technology and Information Security Departments within the resources and fiscal limits set by the Board; and
18. With the exception of Named Service Providers as defined in the Procurement and Contracting Policy, approve and execute contracts, agreements, purchase orders and amendments to contracts, agreements and purchase orders for vendors, leases and service providers.

### *Additional Specific Authority*

19. Direct the design, acquisition, development, implementation and maintenance of all technological systems required to administer OCERS within the resources and fiscal limits set by the Board;
20. Direct the development of the ~~Comprehensive~~ Annual Comprehensive Financial Report covering administration and investment operations and expenditures of the system for the



## Assistant CEO, Finance and Internal Operations Charter

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preceding fiscal year in accordance with Generally Accepted Accounting Principles and recommended best practices by the Government Finance Officers Association;

21. File in the office of the County Auditor and the Board of Supervisors a sworn statement which will exhibit the financial condition of OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code Section 31597;
22. Implement appropriate internal controls to safeguard the assets of OCERS, ensure financial statement reliability, promote operational efficiencies and support compliance with Board policies and the CEO's directives;
23. Account for and ensure appropriate collection, deposit and distribution of funds as required;
24. Authorize checks and electronic transfers drawn on the OCERS retirement fund in accordance with California Government Code section 31590;
25. Assist the Audit Committee in coordinating the annual financial audit;
26. Ensure the delivery of the annual actuarial valuation and the triennial demographic and economic experience study in consultation with the actuary;
27. Execute security measures that protect data, physical security and safety of employees, facilities, and assets;
28. Authorize requests for purchase or lease of major items of property and equipment, and repair of existing property and equipment;
29. Authorize the establishment and negotiation of tenant lease rates and terms as the building owner;
30. Conduct and oversee the contract negotiations for property management, maintenance, security, janitorial and other required facility related services;
31. Approve the disposition of surplus property and direct the method of disposition of such property in accordance with the Board's Disposition of Surplus Property Policy;
32. Identify, assess, and address financial and enterprise risks; recommend and take appropriate actions to mitigate or respond to risks which could include the purchase of insurance, implementing mitigating controls or avoiding the risk; and
33. Oversee talent management including recruitment, hiring, development, training, labor relations, performance management, handling of confidential employee matters and the retention of staff.

### Monitoring and Reporting

34. Direct the monitoring of OCERS' administrative and investment annual budgets ensure compliance with fiscal policies, and provide budget to actuals report quarterly to the Board;



## Assistant CEO, Finance and Internal Operations Charter

- 35. Provide prompt communication to the Audit Committee, Board and CEO following major security breaches;
- 36. Direct the monitoring and reporting of compliance with Board policies assigned to the ACEOIO; and
- 37. Report to the CEO, on at least a monthly basis, all significant actions the ACEO, Finance and Internal Operations has taken under this delegation of authority.

### Charter Review

The CEO will review this Charter at least once every three (3) years and make any amendments as may be necessary to ensure the Charter remains relevant and appropriate.

03/01/19

Steve Delaney, Chief Executive Officer

Date

I understand and accept the authority delegated by this Charter.

03/01/19

Brenda Shott, Assistant CEO, Finance and Internal Operations

Date



# Assistant CEO, Finance and Internal Operations Charter

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## Introduction

Pursuant to the Charter from the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to the Chief Executive Officer (CEO), the CEO hereby delegates to the Assistant Chief Executive Officer, Finance and Internal Operations (ACEOIO) to act finally with respect to any and all of the matters set forth below. The actions of the ACEOIO, Finance and Internal Operations under this Charter shall be conducted in compliance with applicable laws and Board policies. Except where the CEO has required the ACEOIO, Finance and Internal Operations to act personally, the ACEOIO, Finance and Internal Operations may sub-delegate, as appropriate in the judgment of the ACEOIO, Finance and Internal Operations, any authority delegated to the ACEOIO, Finance and Internal Operations under this Charter.

## General Authority

1. Guide the strategic direction of the Finance, Human Resources, Operations Support Services, Information Technology and Information Security Departments;
2. Conduct and oversee the administration of all functions of the Finance, Human Resources, Operations Support Services, Information Technology and Information Security Departments;
3. Provide leadership and oversee the development and implementation of plans, policies and procedures that achieve program objectives and provide for efficient Finance, Human Resources, Operations Support Services, Information Technology and Information Security operations, within the resources and fiscal limits set by the Board;
4. Conduct and approve the internal organizational structure of staff of the Finance, Human Resources, Operations Support Services, Information Technology and Information Security Departments in a manner that is consistent with this Charter and applicable Board policy;
5. Approve all personnel decisions concerning all staff of the Finance, Human Resources, Operations Support Services, Information Technology and Information Security Departments subject to final approval of the CEO;
6. Conduct and oversee the evaluation of compensation mechanisms and criteria, development of policies and procedures, and development of recommendations concerning compensation of personnel employed directly by OCERS;
7. Direct the development, review, revision, implementation and execution of OCERS Human Resources policies and procedures;
8. Assist in the development and implementation of OCERS' Strategic Plan and Annual Business Plan;
9. Direct the development of OCERS administrative and investment budgets; review budget requests and justifications with appropriate department executives, authorize expenditures



## Assistant CEO, Finance and Internal Operations Charter

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- and transfer budgeted amounts within a category of expenditures (i.e. Salary and Benefits; Services and Supplies; Capital Projects) as necessary within the approved operating budget;
10. Ensure that there are sufficient information technology, facilities and equipment to support OCERS business and operational needs, operating within the resources and fiscal limits set by the Board;
  11. Approve building, tenant and owner improvements that are deemed necessary by the CEO within the resources and fiscal limits set by the Board;
  12. Confer with actuaries and other specialty consultants and direct the gathering of data required for producing a variety of actuarial, financial, statistical and narrative reports;
  13. Represent OCERS and communicate the Board's policies and positions before outside parties and organizations;
  14. Advise CEO on all matters relating to the operation of OCERS; and
  15. Act in the absence of the CEO.

### *Contract Authority*

In accordance with the procurement and contracting policies adopted by the Board, including the Procurement and Contracting Policy:

16. Assist the Board with the solicitations and negotiation of contracts for actuarial services, independent auditing services, and the pension administration system provider;
17. Approve the solicitations and negotiation of contracts and agreements for all contractors, vendors, consultants and advisors necessary for the operations of the Finance, Human Resources, Operations Support Services, Information Technology and Information Security Departments within the resources and fiscal limits set by the Board; and
18. With the exception of Named Service Providers as defined in the Procurement and Contracting Policy, approve and execute contracts, agreements, purchase orders and amendments to contracts, agreements and purchase orders for vendors, leases and service providers.

### *Additional Specific Authority*

19. Direct the design, acquisition, development, implementation and maintenance of all technological systems required to administer OCERS within the resources and fiscal limits set by the Board;
20. Direct the development of the Annual Comprehensive Financial Report covering administration and investment operations and expenditures of the system for the preceding fiscal year in accordance with Generally Accepted Accounting Principles and recommended best practices by the Government Finance Officers Association;



## Assistant CEO, Finance and Internal Operations Charter

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21. File in the office of the County Auditor and the Board of Supervisors a sworn statement which will exhibit the financial condition of OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code Section 31597;
22. Implement appropriate internal controls to safeguard the assets of OCERS, ensure financial statement reliability, promote operational efficiencies and support compliance with Board policies and the CEO's directives;
23. Account for and ensure appropriate collection, deposit and distribution of funds as required;
24. Authorize checks and electronic transfers drawn on the OCERS retirement fund in accordance with California Government Code section 31590;
25. Assist the Audit Committee in coordinating the annual financial audit;
26. Ensure the delivery of the annual actuarial valuation and the triennial demographic and economic experience study in consultation with the actuary;
27. Execute security measures that protect data, physical security and safety of employees, facilities, and assets;
28. Authorize requests for purchase or lease of major items of property and equipment, and repair of existing property and equipment;
29. Authorize the establishment and negotiation of tenant lease rates and terms as the building owner;
30. Conduct and oversee the contract negotiations for property management, maintenance, security, janitorial and other required facility related services;
31. Approve the disposition of surplus property and direct the method of disposition of such property in accordance with the Board's Disposition of Surplus Property Policy;
32. Identify, assess, and address financial and enterprise risks; recommend and take appropriate actions to mitigate or respond to risks which could include the purchase of insurance, implementing mitigating controls or avoiding the risk; and
33. Oversee talent management including recruitment, hiring, development, training, labor relations, performance management, handling of confidential employee matters and the retention of staff.

### Monitoring and Reporting

34. Direct the monitoring of OCERS' administrative and investment annual budgets ensure compliance with fiscal policies, and provide budget to actuals report quarterly to the Board;
35. Provide prompt communication to the Audit Committee, Board and CEO following major security breaches;



## Assistant CEO, Finance and Internal Operations Charter

- 36. Direct the monitoring and reporting of compliance with Board policies assigned to the ACEOIO; and
- 37. Report to the CEO, on at least a monthly basis, all significant actions the ACEO, Finance and Internal Operations has taken under this delegation of authority.

### Charter Review

The CEO will review this Charter at least once every three (3) years and make any amendments as may be necessary to ensure the Charter remains relevant and appropriate.

Steve Delaney, Chief Executive Officer

Date

I understand and accept the authority delegated by this Charter.

Brenda Shott, Assistant CEO, Finance and Internal Operations

Date



## Memorandum

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**DATE:** March 21, 2024  
**TO:** Members of the Governance Committee  
**FROM:** Manuel D. Serpa, General Counsel  
**SUBJECT: OFF-CYCLE REVIEW OF THE SECURITIES LITIGATION POLICY**

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### Recommendation

(1) Approve and recommend that the Board adopt revisions to the Securities Litigation Policy.

### Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 60 charters and policies. It has established a review schedule that requires the review of every charter and policy every three years. At its February and June 2015 meetings, on the recommendation of the Governance Committee, the Board approved a streamlined procedure to manage the scheduled review of the charters and policies more efficiently. According to this process, the Governance Committee must review certain charters and policies before presentation to the Board for approval.

The Securities Litigation Policy was adopted by the Board on December 15, 2003, and last revised on August 24, 2022. Though not due for its regular review, the Board has requested a review to clarify the process for retaining firms that monitor securities litigation on behalf of OCERS.

### Proposed Revisions

The proposed revision includes the following:

- Paragraph 20 is revised to state:

*With the approval of the CEO, the General Counsel will engage a pool of firms with demonstrated expertise in securities class actions (the "Monitoring Firms") to advise or represent OCERS in monitoring securities class action filings and settlements that affect the OCERS investment portfolio. The General Counsel may also retain one or more consultants or vendors to assist in monitoring securities litigation or in the filing of claims. The retention of such Monitoring Firms, consultants, or vendors will be done in accordance with the Procurement and Contracting Policy, and the General Counsel will notify the Board of Retirement simultaneously upon the issuing of any related solicitation and upon any award.*

- Paragraph 22 is revised to state:

*When the Investment Committee or the CEO approves OCERS taking an active role in litigation, they will direct the General Counsel to retain litigation counsel. The Board of Retirement will have final approval of counsel selection. Alternatively, the Investment Committee may delegate to the General Counsel the authority to retain litigation counsel for the matter.*

The proposed revisions are set forth in underlined/strikeout text in the attached copy of the Securities Litigation Policy. An unmarked version of the Securities Litigation Policy is also attached for the Committee's ease of review.

Attachments

**Submitted by:**



MDS-Approved

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Manuel D. Serpa  
Acting General Counsel



## OCERS Board Policy Securities Litigation Policy

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### Purpose and Background

1. The Securities Litigation Policy is intended to establish procedures and guidelines for monitoring and participating in securities class actions in furtherance of the Board of Retirement's fiduciary duties. For purposes of this policy, a securities class action includes, ~~but is not limited to,~~ an action alleging claims under state or federal securities and antitrust laws, as well as similar claims arising under the laws of foreign jurisdictions. The responsibility for overseeing securities litigation is delegated to the Investment Committee.

### Principles

2. As a large institutional shareholder, OCERS is frequently a class member in securities class actions that seek to recover damages resulting from corporate fraud and misconduct.
3. The Private Securities Litigation Reform Act, enacted in 1995, allows institutional investors to seek lead plaintiff status in securities class actions pending within the United States under U.S. federal securities laws. The lead plaintiff attains the right to supervise and control the prosecution of such cases. Participation as lead plaintiff by large, sophisticated shareholders such as OCERS has resulted in larger recoveries and lower attorneys' fees.
4. In 2010, the United States Supreme Court in *Morrison v. National Australia Bank* held that investors cannot bring or participate in a U.S. securities class action if their claims are based on securities purchased outside the U.S. As such, investors no longer have the protection of U.S. securities laws for securities purchased on a foreign exchange. In many foreign jurisdictions, however, investors are required to join as a named plaintiff or otherwise join as an active litigant at the commencement of the case as a condition to sharing in any damages awarded or recovered. Such direct participation may be costly and, depending on the jurisdiction, may subject OCERS to the risk of liability for defendant's fees and costs if the claim is unsuccessful. Therefore, OCERS must weigh the potential benefits of action in a foreign jurisdiction carefully.
5. In June 2017, the United States Supreme Court in *CalPERS v. ANZ Securities, Inc.* held that the filing of a securities class action does not "toll" or satisfy the three-year time period (called the statute of repose) for putative class members to assert individual claims for recovery under Sections 11 and 12 of the Securities Act of 1933. The Supreme Court's decision has been extended by lower federal courts to apply to claims brought under the Securities Exchange Act of 1934. As a result, investors can no longer rely on the filing of a securities class action case to preserve the timeliness of their individual claims for recovery of damages and must exercise heightened diligence to protect potentially valuable claims from expiring under the statute of repose.
6. OCERS' goals for participation in securities class actions include:
  - Fulfilling OCERS' fiduciary duties by protecting trust assets and effectively managing claims as assets of the trust fund.
  - Maximizing claim recovery and reducing fees paid to obtain recoveries.
  - Deterring future fraud and corporate malfeasance to better protect fund assets.



## OCERS Board Policy

# Securities Litigation Policy

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- Maintaining access to the courts through securities litigation in the best interest of OCERS' members and beneficiaries.

### Monitoring of Securities Litigation

- 7. Monitoring of Class Action Filings and Cases.** The Legal Division will monitor securities class actions filings, both domestic and foreign, to identify cases where OCERS is a potential class member. Cases in which the applicable loss threshold (as defined in Section 10 below) is met or where special circumstances exist that justify OCERS' interest in the case will be monitored.
- 8. Active Participation.** Active participation in a domestic case includes seeking lead plaintiff status, opting out of the class action and filing an individual action, or intervening in the class action. Active participation in a foreign case includes joining the case as a named plaintiff or take other affirmative action at the commencement of the case to participate in the litigation.
- 9. Recommendation of the Legal Division.** The Legal Division will recommend to the Investment Committee whether or not OCERS should take an active role in a securities class action. The Legal Division will recommend OCERS take an active role in an action when it has determined that the case is meritorious, the applicable Loss Threshold is met, and it is in OCERS' best interest to take such action. In addition, the Legal Division may also recommend active participation in a securities class action where the Loss Threshold is not met but OCERS will join the case with one or more other institutional investors, OCERS cannot recover without active participation in the case, or OCERS' active participation may otherwise serve the goals of this policy.
- 10. Loss Thresholds.** A case within the United States meets the Domestic Loss Threshold when OCERS' estimated loss is at least \$2 million. The Foreign Loss Threshold, for a case filed in a foreign jurisdiction, is met with an OCERS' estimated loss of at least \$250,000.
- 11. Losses Below Threshold.** If the Legal Division identifies a case where OCERS' losses during the alleged claims period is less than the Loss Threshold but OCERS suffered a loss in excess of the Loss Threshold during a period of time shortly before or after the claims period, the Legal Division will consider whether to seek an adjustment of the claims period. If warranted, the Legal Division will actively monitor the case and participate in a motion to adjust the claims period.
- 12.** The Legal Division's recommendation on whether to take an active role in a domestic or foreign securities litigation case will be presented to the Investment Committee at a regularly scheduled meeting or, where immediate approval is necessary, at a special meeting. In addition, the Chief Executive Officer ("CEO") is authorized to approve taking such action where, after consultation with the General Counsel, it is determined that immediate approval is required to preserve OCERS' rights and the matter cannot be timely presented to the Investment Committee. In the event the CEO exercises such authority, the CEO will simultaneously notify the Chair of the Investment Committee and then provide a full report of the action at the next regularly scheduled Investment Committee meeting, or meeting of the Board of Retirement, whichever is sooner.

### Active Participation: Domestic

- 13.** In deciding whether to pursue active participation in a domestic securities litigation cases, the Investment Committee will consider the following factors:



## OCERS Board Policy Securities Litigation Policy

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- a. The size of OCERS' loss;
- b. The merits of the case;
- c. The identity of the lead plaintiff and other parties, if known;
- d. The identity of lead counsel, if known;
- e. The sources of recovery available to satisfy a judgment if plaintiffs prevail;
- f. The availability of internal OCERS' resources to participate in the litigation and the potential burdens of discovery;
- g. Whether OCERS' active participation will increase the likely recovery or otherwise add significant value to the resolution of the case;
- h. The potential impact on the OCERS portfolio from trading restrictions arising from the potential acquisition of inside information in litigation, if any; and
- i. Whether OCERS' active participation would be effective in deterring similar corporate misconduct in the future.

### Active Participation: Foreign

**14.** Notwithstanding the Foreign Loss Threshold having been met, active participation in foreign securities actions will be examined on a case-by-case basis to determine whether the potential benefits of active participation outweigh the potential costs. In deciding whether to pursue active participation in a foreign securities litigation case, the Investment Committee will consider the following factors:

- a. The size of the potential recovery;
- b. OCERS' potential obligation to pay legal fees and costs;
- c. OCERS' potential liability for the legal fees and costs of the opposing party;
- d. The merits of the case in light of the law in that jurisdiction;
- e. How the action is being funded, and which law will apply to the relationship between OCERS and any funders;
- f. The identity of the foreign counsel and the method of their payment;
- g. The potential burdens of discovery; and
- h. The role OCERS will play in decision-making in the case.

### Settlements

**15.** When a settlement is proposed in a case in which OCERS has taken an active role, the Legal Division will provide the Investment Committee with an analysis of the settlement terms. The Investment Committee may approve the settlement or delegate to the CEO or the General Counsel authority to enter into a settlement on terms it deems appropriate.



## OCERS Board Policy Securities Litigation Policy

16. If the CEO determines that immediate approval of (i) a proffer of a settlement demand, (ii) a grant of settlement authority to litigation counsel, or (iii) a response (including a counteroffer) to a settlement offer is required to preserve OCERS' rights, and the matter cannot be timely presented for approval by the Investment Committee, the CEO is authorized, after consultation with the General Counsel, Chief Investment Officer, and Chair of the Investment Committee, to approve the proffer, grant, or response and notify the Investment Committee at its next regularly scheduled meeting.

### Claims Filing and Audits

17. OCERS' custodial bank will be responsible for filing all claims necessary to recover assets in securities class action cases in which OCERS has suffered losses, and the statement of work in the custodial agreement will set forth the claims filing procedures for the custodial bank to follow. If OCERS' custodial bank is not able to file the claim, then the Legal Division, in consultation with the Investment Division, will designate the entity that will be responsible for filing.
18. The custodial bank will submit or make available to OCERS quarterly reports on the securities litigation proceeds recovered and those reports will be provided to the Investment Committee.
19. The Legal Division, in conjunction with the Investment Division, will, from time to time, audit the custodial bank's claims filing process to ensure that OCERS is maximizing recovery from securities litigation settlements and awards. The Legal Division, in conjunction with the Investment Division, may require that the custodial bank change its processes for claim filings.

### Retention of Monitoring Firms and Litigation Counsel

20. ~~The General Counsel, with the approval of the CEO,~~ With the approval of the CEO, the General Counsel will engage a pool of two to five firms with demonstrated expertise in securities class actions (the "Monitoring Firms") to advise or represent OCERS in monitoring securities class action filings and settlements that affect the OCERS investment portfolio. The General Counsel may also retain one or more consultants or vendors to assist in monitoring securities litigation or in the filing of claims. The retention of such Monitoring Firms, consultants, or vendors will be done in accordance with the Procurement and Contracting Policy, and the General Counsel will notify the Board of Retirement simultaneously upon the issuing of any related solicitation and upon any award.
21. The Monitoring Firms will:
  - a. Obtain OCERS' securities trading and holdings information directly from OCERS' custodial bank;
  - b. Identify and monitor domestic securities class actions and analyze OCERS' estimated losses in the affected securities;
  - c. Provide timely notice and analysis of securities class actions filed in the U.S. where OCERS has suffered losses that meet its Loss Threshold and active participation may be warranted; or where other factors exist that justify OCERS' consideration of the case;



## OCERS Board Policy Securities Litigation Policy

- d. Provide reports of newly-filed domestic securities class actions and OCERS' estimated losses on at least a quarterly basis;
- e. Identify and monitor securities actions in foreign jurisdictions, and provide an analysis of OCERS' estimated losses in the affected securities;
- f. Provide timely notice and analysis of those foreign securities actions where OCERS has suffered losses that meet its Foreign Loss Threshold or where other factors exist that justify OCERS' consideration of the case;
- g. Assist OCERS in joining and filing claims in foreign securities actions in which the Investment Committee approves active participation; and
- h. Assist OCERS in identifying meritorious U.S. securities class actions in which OCERS has substantial losses or significant holdings, determining the relevant statutes of repose, monitoring the progress of the litigation, and evaluating whether to file a protective claim or motion before a significant repose period expires.

~~22. Retainer Agreements with Monitoring Firms will be for terms not exceeding six years. Prior to the expiration of the six-year term, the General Counsel or their designee will conduct a Request for Proposals.~~

~~23.~~22. When the Investment Committee or the CEO approves OCERS taking an active role in litigation, they will direct the General Counsel to retain litigation counsel. The Board of Retirement will have final approval of counsel selection. Alternatively, the Investment Committee may ~~or~~ delegate to the General Counsel the authority to retain litigation counsel for the matter.

~~24.~~23. The General Counsel may rely on Monitoring Firms for preparation of in-depth damages analyses and representation in litigation. However, the General Counsel may, with the approval of the Chief Executive Officer, retain outside counsel on behalf of OCERS to undertake these matters or to assist the Legal Division in carrying out this policy.

### Reporting

~~25.~~24. The Legal Division will keep the Investment Committee apprised of major developments on cases in which OCERS is actively participating and will provide reports on its policy-related activities on at least a quarterly basis. The reports will include listings of new securities litigation case filings and new settlements or awards in which OCERS has identified losses. For matters where OCERS' estimated losses exceed \$1 million, the report will include a brief analysis of the merits of the case.

### Policy History

The Board adopted this policy on December 15, 2003. The Board amended this policy on December 20, 2004; reviewed this policy with no changes on March 24, 2008; and amended this policy on August 24, 2009, May 20, 2013, March 20, 2017, November 13, 2017, ~~and~~ August 17, 2020, August 24, 2022, and.

### Secretary's Certificate

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



## OCERS Board Policy Securities Litigation Policy

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Steve Delaney  
Secretary of the Board

~~08/24/2022~~

Date



## OCERS Board Policy Securities Litigation Policy

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### Purpose and Background

1. The Securities Litigation Policy is intended to establish procedures and guidelines for monitoring and participating in securities class actions in furtherance of the Board of Retirement's fiduciary duties. For purposes of this policy, a securities class action includes an action alleging claims under state or federal securities and antitrust laws, as well as similar claims arising under the laws of foreign jurisdictions. The responsibility for overseeing securities litigation is delegated to the Investment Committee.

### Principles

2. As a large institutional shareholder, OCERS is frequently a class member in securities class actions that seek to recover damages resulting from corporate fraud and misconduct.
3. The Private Securities Litigation Reform Act, enacted in 1995, allows institutional investors to seek lead plaintiff status in securities class actions pending within the United States under U.S. federal securities laws. The lead plaintiff attains the right to supervise and control the prosecution of such cases. Participation as lead plaintiff by large, sophisticated shareholders such as OCERS has resulted in larger recoveries and lower attorneys' fees.
4. In 2010, the United States Supreme Court in *Morrison v. National Australia Bank* held that investors cannot bring or participate in a U.S. securities class action if their claims are based on securities purchased outside the U.S. As such, investors no longer have the protection of U.S. securities laws for securities purchased on a foreign exchange. In many foreign jurisdictions, however, investors are required to join as a named plaintiff or otherwise join as an active litigant at the commencement of the case as a condition to sharing in any damages awarded or recovered. Such direct participation may be costly and, depending on the jurisdiction, may subject OCERS to the risk of liability for defendant's fees and costs if the claim is unsuccessful. Therefore, OCERS must weigh the potential benefits of action in a foreign jurisdiction carefully.
5. In June 2017, the United States Supreme Court in *CalPERS v. ANZ Securities, Inc.* held that the filing of a securities class action does not "toll" or satisfy the three-year time period (called the statute of repose) for putative class members to assert individual claims for recovery under Sections 11 and 12 of the Securities Act of 1933. The Supreme Court's decision has been extended by lower federal courts to apply to claims brought under the Securities Exchange Act of 1934. As a result, investors can no longer rely on the filing of a securities class action case to preserve the timeliness of their individual claims for recovery of damages and must exercise heightened diligence to protect potentially valuable claims from expiring under the statute of repose.
6. OCERS' goals for participation in securities class actions include:
  - Fulfilling OCERS' fiduciary duties by protecting trust assets and effectively managing claims as assets of the trust fund.
  - Maximizing claim recovery and reducing fees paid to obtain recoveries.
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## OCERS Board Policy Securities Litigation Policy

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- Maintaining access to the courts through securities litigation in the best interest of OCERS' members and beneficiaries.

### Monitoring of Securities Litigation

- 7. Monitoring of Class Action Filings and Cases.** The Legal Division will monitor securities class actions filings, both domestic and foreign, to identify cases where OCERS is a potential class member. Cases in which the applicable loss threshold (as defined in Section 10 below) is met or where special circumstances exist that justify OCERS' interest in the case will be monitored.
- 8. Active Participation.** Active participation in a domestic case includes seeking lead plaintiff status, opting out of the class action and filing an individual action, or intervening in the class action. Active participation in a foreign case includes joining the case as a named plaintiff or take other affirmative action at the commencement of the case to participate in the litigation.
- 9. Recommendation of the Legal Division.** The Legal Division will recommend to the Investment Committee whether or not OCERS should take an active role in a securities class action. The Legal Division will recommend OCERS take an active role in an action when it has determined that the case is meritorious, the applicable Loss Threshold is met, and it is in OCERS' best interest to take such action. In addition, the Legal Division may also recommend active participation in a securities class action where the Loss Threshold is not met but OCERS will join the case with one or more other institutional investors, OCERS cannot recover without active participation in the case, or OCERS' active participation may otherwise serve the goals of this policy.
- 10. Loss Thresholds.** A case within the United States meets the Domestic Loss Threshold when OCERS' estimated loss is at least \$2 million. The Foreign Loss Threshold, for a case filed in a foreign jurisdiction, is met with an OCERS' estimated loss of at least \$250,000.
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- 12.** The Legal Division's recommendation on whether to take an active role in a domestic or foreign securities litigation case will be presented to the Investment Committee at a regularly scheduled meeting or, where immediate approval is necessary, at a special meeting. In addition, the Chief Executive Officer ("CEO") is authorized to approve taking such action where, after consultation with the General Counsel, it is determined that immediate approval is required to preserve OCERS' rights and the matter cannot be timely presented to the Investment Committee. In the event the CEO exercises such authority, the CEO will simultaneously notify the Chair of the Investment Committee and then provide a full report of the action at the next regularly scheduled Investment Committee meeting, or meeting of the Board of Retirement, whichever is sooner.

### Active Participation: Domestic

- 13.** In deciding whether to pursue active participation in a domestic securities litigation cases, the Investment Committee will consider the following factors:



## OCERS Board Policy Securities Litigation Policy

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- a. The size of OCERS' loss;
- b. The merits of the case;
- c. The identity of the lead plaintiff and other parties, if known;
- d. The identity of lead counsel, if known;
- e. The sources of recovery available to satisfy a judgment if plaintiffs prevail;
- f. The availability of internal OCERS' resources to participate in the litigation and the potential burdens of discovery;
- g. Whether OCERS' active participation will increase the likely recovery or otherwise add significant value to the resolution of the case;
- h. The potential impact on the OCERS portfolio from trading restrictions arising from the potential acquisition of inside information in litigation, if any; and
- i. Whether OCERS' active participation would be effective in deterring similar corporate misconduct in the future.

### Active Participation: Foreign

**14.** Notwithstanding the Foreign Loss Threshold having been met, active participation in foreign securities actions will be examined on a case-by-case basis to determine whether the potential benefits of active participation outweigh the potential costs. In deciding whether to pursue active participation in a foreign securities litigation case, the Investment Committee will consider the following factors:

- a. The size of the potential recovery;
- b. OCERS' potential obligation to pay legal fees and costs;
- c. OCERS' potential liability for the legal fees and costs of the opposing party;
- d. The merits of the case in light of the law in that jurisdiction;
- e. How the action is being funded, and which law will apply to the relationship between OCERS and any funders;
- f. The identity of the foreign counsel and the method of their payment;
- g. The potential burdens of discovery; and
- h. The role OCERS will play in decision-making in the case.

### Settlements

**15.** When a settlement is proposed in a case in which OCERS has taken an active role, the Legal Division will provide the Investment Committee with an analysis of the settlement terms. The Investment Committee may approve the settlement or delegate to the CEO or the General Counsel authority to enter into a settlement on terms it deems appropriate.



## OCERS Board Policy

# Securities Litigation Policy

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16. If the CEO determines that immediate approval of (i) a proffer of a settlement demand, (ii) a grant of settlement authority to litigation counsel, or (iii) a response (including a counteroffer) to a settlement offer is required to preserve OCERS' rights, and the matter cannot be timely presented for approval by the Investment Committee, the CEO is authorized, after consultation with the General Counsel, Chief Investment Officer, and Chair of the Investment Committee, to approve the proffer, grant, or response and notify the Investment Committee at its next regularly scheduled meeting.

### Claims Filing and Audits

17. OCERS' custodial bank will be responsible for filing all claims necessary to recover assets in securities class action cases in which OCERS has suffered losses, and the statement of work in the custodial agreement will set forth the claims filing procedures for the custodial bank to follow. If OCERS' custodial bank is not able to file the claim, then the Legal Division, in consultation with the Investment Division, will designate the entity that will be responsible for filing.
18. The custodial bank will submit or make available to OCERS quarterly reports on the securities litigation proceeds recovered and those reports will be provided to the Investment Committee.
19. The Legal Division, in conjunction with the Investment Division, will, from time to time, audit the custodial bank's claims filing process to ensure that OCERS is maximizing recovery from securities litigation settlements and awards. The Legal Division, in conjunction with the Investment Division, may require that the custodial bank change its processes for claim filings.

### Retention of Monitoring Firms and Litigation Counsel

20. With the approval of the CEO, the General Counsel will engage a pool of firms with demonstrated expertise in securities class actions (the "Monitoring Firms") to advise or represent OCERS in monitoring securities class action filings and settlements that affect the OCERS investment portfolio. The General Counsel may also retain one or more consultants or vendors to assist in monitoring securities litigation or in the filing of claims. The retention of such Monitoring Firms, consultants, or vendors will be done in accordance with the Procurement and Contracting Policy, and the General Counsel will notify the Board of Retirement simultaneously upon the issuing of any related solicitation and upon any award.
21. The Monitoring Firms will:
  - a. Obtain OCERS' securities trading and holdings information directly from OCERS' custodial bank;
  - b. Identify and monitor domestic securities class actions and analyze OCERS' estimated losses in the affected securities;
  - c. Provide timely notice and analysis of securities class actions filed in the U.S. where OCERS has suffered losses that meet its Loss Threshold and active participation may be warranted; or where other factors exist that justify OCERS' consideration of the case;
  - d. Provide reports of newly-filed domestic securities class actions and OCERS' estimated losses on at least a quarterly basis;



## OCERS Board Policy

# Securities Litigation Policy

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- e. Identify and monitor securities actions in foreign jurisdictions, and provide an analysis of OCERS’ estimated losses in the affected securities;
  - f. Provide timely notice and analysis of those foreign securities actions where OCERS has suffered losses that meet its Foreign Loss Threshold or where other factors exist that justify OCERS’ consideration of the case;
  - g. Assist OCERS in joining and filing claims in foreign securities actions in which the Investment Committee approves active participation; and
  - h. Assist OCERS in identifying meritorious U.S. securities class actions in which OCERS has substantial losses or significant holdings, determining the relevant statutes of repose, monitoring the progress of the litigation, and evaluating whether to file a protective claim or motion before a significant repose period expires.
- 22.** When the Investment Committee or the CEO approves OCERS taking an active role in litigation, they will direct the General Counsel to retain litigation counsel. The Board of Retirement will have final approval of counsel selection. Alternatively, the Investment Committee may delegate to the General Counsel the authority to retain litigation counsel for the matter.
- 23.** The General Counsel may rely on Monitoring Firms for preparation of in-depth damages analyses and representation in litigation. However, the General Counsel may, with the approval of the Chief Executive Officer, retain outside counsel on behalf of OCERS to undertake these matters or to assist the Legal Division in carrying out this policy.

## Reporting

- 24.** The Legal Division will keep the Investment Committee apprised of major developments on cases in which OCERS is actively participating and will provide reports on its policy-related activities on at least a quarterly basis. The reports will include listings of new securities litigation case filings and new settlements or awards in which OCERS has identified losses. For matters where OCERS’ estimated losses exceed \$1 million, the report will include a brief analysis of the merits of the case.

## Policy History

The Board adopted this policy on December 15, 2003. The Board amended this policy on December 20, 2004; reviewed this policy with no changes on March 24, 2008; and amended this policy on August 24, 2009, May 20, 2013, March 20, 2017, November 13, 2017, August 17, 2020, August 24, 2022, and .

## Secretary’s Certificate

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



Steve Delaney  
Secretary of the Board

\_\_\_\_\_  
Date



## Memorandum

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**DATE:** March 21, 2024  
**TO:** Members of the Governance Committee  
**FROM:** Brenda Shott, Assistant CEO, Finance and Internal Operations  
**SUBJECT: OFF-CYCLE REVIEW OF THE ACTUARIAL FUNDING POLICY**

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### Recommendation

Approve and recommend that the Board approve revisions to the Actuarial Funding Policy as presented.

### Background/Discussion

The Actuarial Funding Policy was adopted on January 21, 2014, and last revised on November 14, 2022. Though not due for its regular review, the Board has requested a review to provide for additional clarifying language related to contribution rate changes resulting from a plan amendment. The request stemmed from a Board decision on the timing of when new contribution rates for Rate Group 2 resulting from the Superior Courts move to PEPR Plan U. The effective date of the Plan change was July 1, 2023. The Board discussed two options: 1.) implement the new rates for Rate Group 2 on the Plan change effective date or 2.) wait and incorporate the change in the next actuarial valuation. Changing rates as of the effective date of the plan change, resulted in all members, including non-Court members in Rate Group 2 who saw no change in benefit, having their contribution rates go up with very short notice. However, if the implementation of the new rates was delayed, additional UAAL would accrue.

There were several Board members who discussed support for implementing the new contribution rates with the 2023 Actuarial Valuation (rates would be effective July 2025). However, fiduciary counsel advised the Board against that option for a few reasons, one being the OCERS Actuarial Funding Policy. The Board ultimately voted to implement the rate changes as of July 1, 2023, the effective date of the court's Plan change. Subsequently, Staff received a request to propose an amendment to the Policy that would give the Board more flexibility in their decision making in situations such as this in the future. The proposed revision was discussed with and approved by fiduciary counsel.

### Proposed Revision

Additional language is proposed in the "Other Policy Consideration" section under item b. as follows:

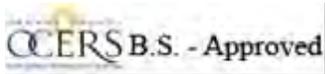
- a. Any change in contribution rate requirement that results from a plan amendment is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible. However, the Board may exercise its discretion to **delay the change in contribution rate requirement by reflecting it in the next Actuarial Valuation following the effective date of the plan amendment if in the Board's judgement doing so would be in the best interest of the plan members. Consideration**

of any such delay will include the Board's review of the financial impact of the delay on the System as determined by the actuary;

Both a redline version of the Policy and a clean version are attached to this report.

Attachments

**Submitted by:**



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Brenda Shott, CPA  
Assistant CEO, Finance and Internal Operations



## OCERS Board Policy

# Actuarial Funding Policy

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## Purpose and Background

The Orange County Employees Retirement System (OCERS) is charged with administering defined benefit plans for its members. Administering the system includes establishing systematic funding of current and future benefit payments for members of OCERS. In doing so, the Board of Retirement engages the services of an actuary to assist in establishing contributions that will fully fund the System's liabilities, and that, as a percentage of payroll, will remain as level as possible for each generation of active members. In order for the actuary to perform the requested services, the Board must approve specific funding objectives, methods, and assumptions to be used in the actuarial valuation for the purpose of funding member benefits.

## Policy Objectives

- Achieve long-term full funding of the cost of benefits provided by OCERS;
- Seek reasonable and equitable allocation of the cost of benefits over time;
- Minimize volatility of the plan sponsor's contribution to the extent reasonably possible, consistent with other policy goals; and,
- Support the general public policy goals of accountability and transparency by being clear as to both intent and effect, allowing for an assessment of how and when plan sponsors will meet the funding requirements of the plan.

## Definitions

1. **Actuarial Accrued Liability (AAL)** – The portion of the present value of projected benefits that is attributed to past service by the actuarial funding method.
2. **Actuarial Funding Method** – A process used to allocate present value of projected benefits among past and future periods of service.
3. **Actuarial Gains and Losses** – The changes in unfunded actuarial accrued liability or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in unfunded actuarial accrued liability, or "actuarial gain" as of the next valuation.
4. **Actuarial Surplus** – The positive difference, if any, between the Valuation Value of Assets and the Actuarial Accrued Liability
5. **Actuarial Value of Assets (AVA)** – The market value of assets less or plus the net deferred investment gains or losses not yet recognized by the asset smoothing method.



## OCERS Board Policy

# Actuarial Funding Policy

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6. **Entry Age Method** – An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to produce stable employer and employee contributions in amounts that increase at the same rate as the members' payroll (i.e., level % of payroll).
7. **Market Value of Assets (MVA)** – The fair value of assets of the plan as reported under generally accepted accounting principles.
8. **Normal Cost** – The portion of the present value of projected benefits that is attributed to current service by the actuarial funding method.
9. **Unfunded Actuarial Accrued Liability (UAAL)** – The portion of the Actuarial Accrued Liability that is not currently covered by plan assets. It is calculated by subtracting the Valuation Value of Assets from the Actuarial Accrued Liability.
10. **Valuation Value of Assets (VVA)** – The value of assets used in the actuarial valuation to determine contribution rate requirements. It is equal to the Actuarial Value of Assets reduced by the value of any non-valuation reserves.
11. **Valuation Period** – The year for which the actuarial valuation is being performed, which is the calendar year preceding the December 31 actuarial valuation date.

## Policy Guidelines

OCERS annual funding requirement is comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this funding policy

- a. Actuarial Cost Method: the process used to allocate the total present value of future benefits to each year (Normal Cost), and all past years (Actuarial Accrued Liability);
- b. Asset Smoothing Method: the process used that spreads the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process; and
- c. Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Valuation Value of Assets in a systematic manner.

## Actuarial Cost Method

The Entry Age cost method with Normal Cost developed as a level percentage of pay shall be applied to each member's retirement benefit in determining the Normal Cost and the Actuarial Accrued Liability.



## OCERS Board Policy

# Actuarial Funding Policy

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### *Asset Smoothing Method*

The investment gains or losses of each Valuation Period, as a result of comparing the actual return on the Market Value of Assets at the end of the period with what the expected return on the Market Value of Assets would have been if the assumed rate of return on assets was realized during the period, shall be recognized in a level amount over a fixed five (5) years in calculating the Actuarial Value of Assets.

This policy anticipates that future circumstances may warrant adjustments to change the pattern of the recognition of the net deferred investment gains or losses after a period of significant market change followed by a period of market correction, upon receiving an analysis from OCERS' actuary. Such adjustments would be appropriate when the net deferred investment gains or losses are relatively small (i.e., the actuarial and market values are very close together), but the recognition of that net deferred amount is markedly non-level. Any such adjustment would be made subject to the following conditions:

- The net deferred investment gains or losses are unchanged as of the date of the adjustment; and,
- The period over which the net deferred investment gains and losses are fully recognized is unchanged as of the date of the adjustment.

### *Amortization Policy*

- a. The Unfunded Actuarial Accrued Liability, the difference between the Actuarial Accrued Liability and the Valuation Value of Assets, shall be amortized over various periods of time, depending on how the unfunded liability arose;
- b. The total Unfunded Actuarial Accrued Liability as of December 31, 2013 (which consists of the outstanding balance of the UAAL from the December 31, 2012 valuation and any new actuarial gains or losses from calendar year 2013) shall be amortized over twenty (20) years;
- c. Actuarial Gains or Losses incurred in a single year shall be amortized over twenty (20) years;
- d. Changes in actuarial assumptions and cost methods shall be amortized over twenty (20) years;
- e. Plan amendments other than Early Retirement Incentives shall be amortized over fifteen (15) years;
- f. Early Retirement Incentives shall be amortized over a period not to exceed five (5) years;
- g. Unfunded Actuarial Accrued Liabilities shall be amortized in multiple layers by source over "closed" amortization periods;
- h. Unfunded Actuarial Accrued Liabilities shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase;
- i. If an overfunding or "surplus" exists (i.e., the Valuation Value of Assets is greater than the Actuarial Accrued Liability) and the amount of such surplus is in excess of 20% of the AAL and the other conditions of Section 7522.52 of the California Public Employee's Pension Reform Act are met, such actuarial surplus in excess of 20% of the AAL and any subsequent such surpluses will be amortized



## OCERS Board Policy

# Actuarial Funding Policy

over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.

- j. These amortization policy components will generally apply separately to each of OCERS’ UAAL rate groups with the exception that the conditions of Section 7522.52 apply to the total plan.

### *Other Policy Considerations*

- a. In order to allow Plan Sponsors to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each actuarial valuation (as of December 31) will generally apply to the fiscal year beginning eighteen months after the Actuarial Valuation date. The UAAL contribution rates in the current actuarial valuation are adjusted to account for any shortfall or excess contributions as a result of the implementation lag;
- b. Any change in contribution rate requirement that results from a plan amendment is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible. However, the Board may exercise its discretion to delay the change in contribution rate requirement by reflecting it in the next Actuarial Valuation following the effective date of the plan amendment if in the Board’s judgement doing so would be in the best interest of the plan members. Consideration of any such delay will include the Board’s review of the financial impact of the delay on the System as determined by the actuary;
- c. When calculating both employer and member contribution rates (basic and COLA portions) for Legacy members, the actuary shall include an assumption for the additional cash out of accumulated annual leave, sick leave or compensatory leave both earned and permitted to be cashed out during the final average measuring period, applied on a pooled basis (General, Safety-Probation, Safety-Law and Safety-Fire).
- d. The actuarial assumptions adopted by the Board for use in the actuarial valuation affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expense actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the future contribution requirements.

Actuarial assumptions are generally grouped into two major categories:

- Demographic assumptions – including rates of withdrawal, service retirement, disability retirement, mortality, etc.
- Economic assumptions – including price inflation, wage inflation, investment return, salary increase, etc.

The actuarial assumptions represent the Board’s best estimate of anticipated experience under OCERS and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only past experience but also trends, external forces and



## OCERS Board Policy Actuarial Funding Policy

future expectations. The Board will review all assumptions triennially. The current assumptions used by the actuary can be found in the latest actuarial valuation report available on OCERS' website..

### Policy Review

The Board of Retirement will review this policy every three years or more frequently if recommended by the actuary to ensure that it remains relevant and appropriate.

### Policy History

The Board adopted this policy on January 21, 2014. This policy was revised on December 15, 2014, -April 18, 2018, ~~and~~ November 14, 2022, ~~and~~ [April 15, 2023, and](#).

### Secretary's Certificate

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

Steve Delaney  
Secretary of the Board

11/14/2022

Date



## OCERS Board Policy

# Actuarial Funding Policy

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### Purpose and Background

The Orange County Employees Retirement System (OCERS) is charged with administering defined benefit plans for its members. Administering the system includes establishing systematic funding of current and future benefit payments for members of OCERS. In doing so, the Board of Retirement engages the services of an actuary to assist in establishing contributions that will fully fund the System's liabilities, and that, as a percentage of payroll, will remain as level as possible for each generation of active members. In order for the actuary to perform the requested services, the Board must approve specific funding objectives, methods, and assumptions to be used in the actuarial valuation for the purpose of funding member benefits.

### Policy Objectives

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## OCERS Board Policy

# Actuarial Funding Policy

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- c. Amortization Policy: the decisions on how, in terms of duration and pattern, to reduce the difference between the Actuarial Accrued Liability and the Valuation Value of Assets in a systematic manner.

## *Actuarial Cost Method*

The Entry Age cost method with Normal Cost developed as a level percentage of pay shall be applied to each member's retirement benefit in determining the Normal Cost and the Actuarial Accrued Liability.



## OCERS Board Policy

# Actuarial Funding Policy

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- e. Plan amendments other than Early Retirement Incentives shall be amortized over fifteen (15) years;
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- h. Unfunded Actuarial Accrued Liabilities shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase;
- i. If an overfunding or "surplus" exists (i.e., the Valuation Value of Assets is greater than the Actuarial Accrued Liability) and the amount of such surplus is in excess of 20% of the AAL and the other conditions of Section 7522.52 of the California Public Employee's Pension Reform Act are met, such actuarial surplus in excess of 20% of the AAL and any subsequent such surpluses will be amortized over an "open" amortization period of 30 years. Any prior UAAL amortization layers will be



## OCERS Board Policy

# Actuarial Funding Policy

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considered fully amortized, and any subsequent UAAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.

- j. These amortization policy components will generally apply separately to each of OCERS' UAAL rate groups with the exception that the conditions of Section 7522.52 apply to the total plan.

### *Other Policy Considerations*

- a. In order to allow Plan Sponsors to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each actuarial valuation (as of December 31) will generally apply to the fiscal year beginning eighteen months after the Actuarial Valuation date. The UAAL contribution rates in the current actuarial valuation are adjusted to account for any shortfall or excess contributions as a result of the implementation lag;
- b. Any change in contribution rate requirement that results from a plan amendment is generally implemented as of the effective date of the plan amendment or as soon as administratively feasible. However, the Board may exercise its discretion to delay the change in contribution rate requirement by reflecting it in the next Actuarial Valuation following the effective date of the plan amendment if in the Board's judgement doing so would be in the best interest of the plan members. Consideration of any such delay will include the Board's review of the financial impact of the delay on the System as determined by the actuary;
- c. When calculating both employer and member contribution rates (basic and COLA portions) for Legacy members, the actuary shall include an assumption for the additional cash out of accumulated annual leave, sick leave or compensatory leave both earned and permitted to be cashed out during the final average measuring period, applied on a pooled basis (General, Safety-Probation, Safety-Law and Safety-Fire).
- d. The actuarial assumptions adopted by the Board for use in the actuarial valuation affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expense actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) the future contribution requirements.

Actuarial assumptions are generally grouped into two major categories:

- Demographic assumptions – including rates of withdrawal, service retirement, disability retirement, mortality, etc.
- Economic assumptions – including price inflation, wage inflation, investment return, salary increase, etc.

The actuarial assumptions represent the Board's best estimate of anticipated experience under OCERS and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only past experience but also trends, external forces and future expectations. The Board will review all assumptions triennially. The current assumptions used by the actuary can be found in the latest actuarial valuation report available on OCERS' website..



## OCERS Board Policy Actuarial Funding Policy

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### Policy Review

The Board of Retirement will review this policy every three years or more frequently if recommended by the actuary to ensure that it remains relevant and appropriate.

### Policy History

The Board adopted this policy on January 21, 2014. This policy was revised on December 15, 2014, April 18, 2018, November 14, 2022, April 15, 2023, and .

### Secretary's Certificate

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

A handwritten signature in blue ink that reads "Steve Delaney".

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Steve Delaney  
Secretary of the Board

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Date



## Memorandum

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**DATE:** March 21, 2024  
**TO:** Members of the Governance Committee  
**FROM:** Steve Delaney, Chief Executive Officer  
**SUBJECT:** **OFF-CYCLE REVIEW OF THE TRAVEL POLICY**

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### Recommendation

Approve and recommend that the Board approve revisions to the Travel Policy as presented.

### Background/Discussion

The Travel Policy was adopted on December 16, 2002, and last revised on November 14, 2022. Though not due for its regular review, the Board has requested a review to provide for the use of an OCERS credit card by Board members. The proposed revision includes this addition, minor clarifying edits, and the substantive changes detailed below.

### Proposed Revision

The lists of approved conferences in paragraphs 10 and 14 are now exempt from the requirement of having five hours of substantive content per day, as described in paragraph 3.

The list of “pre-approved conferences and meetings” contained in paragraph 10 has been extended to include:

- n. Conferences sponsored by the National Association of State Chief Information Officers (NASCIO);
- o. Conferences sponsored by the Society of Human Resources Management (SHRM);
- p. Conferences sponsored by the Professional in Human Resources Association (PIHRA);
- q. Conferences sponsored by the Association of Talent and Development (ATD);
- r. Annual Conference of the California Association of Public Information Officials (CAPIO);
- s. Conferences sponsored by the California Special Districts Association (CSDA);
- t. Conferences sponsored by the Institute of Internal Auditors (IIA);
- u. Conferences sponsored by the Society of Corporate Compliance and Ethics (SCCE);
- v. Conferences sponsored by the Association of Certified Fraud Examiners (ACFE);
- w. Conferences sponsored by Public Retirement Information Systems Management (PRISM);
- x. Annual Global Pension CFO Forum; and
- y. Conferences sponsored by Gartner.

The following requirements have been added to paragraph 23 “Claims for Reimbursement”:

... The Board or staff member must provide both an itemized receipt and a charge receipt (when a payment card is used). 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. Overuse of the Missing Receipt Form could result in non-reimbursement of expense at OCERS discretion...

New paragraph 24, titled "Agency-Issued Credit Card," has been inserted and consists of the following:

24. Board members and eligible OCERS staff members who travel frequently in the course of their job responsibilities may request a Corporate Credit Card. The Corporate Credit Card may be used only for official OCERS' business, including, but not limited to, travel costs such as parking, air travel, hotel accommodations, ground transportation and car rental, or meals in conjunction with official OCERS' business. All cardholders are required to sign an OCERS Corporate Credit Card Agreement acknowledging their agreement to the Corporate Credit Card Policy rules and guidelines. The Board Chair, in cooperation with the Chief Executive Officer, is responsible for all disciplinary action surrounding misuse of cards by a Trustee. The Vice Chair, in cooperation with the Chief Executive Officer, is responsible for all disciplinary action surrounding misuse of card by the Board Chair, and the Chief Executive Officer and the Assistant Chief Executive Officer of Finance and Internal Operations are responsible for all disciplinary action surrounding misuse of cards for OCERS employees.

In addition, the following sentence has been added to paragraph 31, "Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved:"

...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. 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.

Also, a clarifying statement was added to paragraph 34, "Airline Travel," as shown in the red text:

... In addition, for **total** travel that exceeds four (4) hours in length, **or to accommodate special travel needs**, additional legroom seats or premium economy fees will be reimbursed...

Paragraph 36, "Automobile Mileage," has been clarified by the addition of the following sentence:

In accordance with the County of Orange Memorandum of Understanding for the County General Unit and OCERS Direct Employee Policy Handbook, a staff member shall receive a minimum of \$10.00 in any month in which a staff member used his/her personal automobile but the actual mileage reimbursement would otherwise be less than \$10.00.

The Travel Policy has been revised, and the changes are highlighted in the attached document. An unmarked version of the policy is also provided for the Committee's convenience. Also attached is the internal Corporate Credit Card Policy and OCERS Corporate Credit Card Agreement for your reference.

Attachment

**Submitted by:**



**SD - Approved**

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Steve Delaney  
Chief Executive Officer



## 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~~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~~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 and the conferences listed in paragraphs 10 and 14 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.



## OCERS Board Policy Travel Policy

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 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:



## OCERS Board Policy Travel Policy

- 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;
  - n. Conferences sponsored by the National Association of State Chief Information Officers (NASCIO);
  - o. Conferences sponsored by the Society of Human Resources Management (SHRM);
  - p. Conferences sponsored by the Professional in Human Resources Association (PIHRA);
  - q. Conferences sponsored by the Association of Talent and Development (ATD);
  - r. Annual Conference of the California Association of Public Information Officials (CAPIO);
  - s. Conferences sponsored by the California Special Districts Association (CSDA);
  - t. Conferences sponsored by the Institute of Internal Auditors (IIA);
  - u. Conferences sponsored by the Society of Corporate Compliance and Ethics (SCCE);
  - v. Conferences sponsored by the Association of Certified Fraud Examiners (ACFE);
  - w. Conferences sponsored by Public Retirement Information Systems Management (PRISM);
  - x. Annual Global Pension CFO Forum; and
  - ~~yy.~~ Conferences sponsored by Gartner.
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



## OCERS Board Policy Travel Policy

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; and
  - o. Conferences sponsored by the Markets Group; and  
~~Conferences sponsored by Public Retirement Information Systems Management (PRISM); and~~  
~~Conferences sponsored by Gartner.~~

~~17.~~ 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

~~18.~~ 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.

~~19.~~ 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



## OCERS Board Policy Travel Policy

by the Chief Executive Officer or his or her designee.

~~20.18.~~ 21.18. 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.

~~21.19.~~ 22.19. 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.

### International Travel and Travel Outside the Continental United States

~~22.20.~~ 23.20. 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

~~23.21.~~ 24.21. 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 quarterly of each calendar year.~~ The report will also ~~shall~~ include known scheduled travel that has incurred costs for the ensuing quarters.

### Report on Conference or Seminar

~~24.22.~~ 25.22. 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



## OCERS Board Policy Travel Policy

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. The Board or staff member must provide both an itemized receipt and a charge receipt (when a payment card is used). 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. Overuse of the Missing Receipt Form could result in non-reimbursement of expense at OCERS discretion. 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.

### Agency-Issued Corporate Credit Card

24. Board members and eligible OCERS staff members who travel frequently in the course of their job responsibilities may request a Corporate Credit Card. The Corporate Credit Card may be used only for official OCERS' business, including, but not limited to, travel costs such as parking, air travel, hotel accommodations, ground transportation and car rental, or meals in conjunction with official OCERS' business. All cardholders are required to sign an OCERS Corporate Credit Card Agreement acknowledging their agreement to the Corporate Credit Card Policy rules and guidelines. The Board Chair, in cooperation with the Chief Executive Officer, is responsible for all disciplinary action surrounding misuse of cards by a Trustee. The Vice Chair, in cooperation with the Chief Executive Officer, is responsible for all disciplinary action surrounding misuse of card by the Board Chair, and the Chief Executive Officer and the Assistant Chief Executive Officer of Finance and Internal Operations are responsible for all disciplinary action surrounding misuse of cards for OCERS employees.

~~37.~~



## OCERS Board Policy Travel Policy

### Cash Advances

24-25. 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

25-26. 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

26-27. Expenses of family members and/or traveling companions are not reimbursable by OCERS.

### Limitation on Time and Expense Allowance

27-28. Board and staff members will be reimbursed for daily travel expenses, such as meals as outlined in paragraph 2930, and gratuities as outlined in paragraph 4243, 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~~ workdays lost by the extension.

### Travel and Lodging Cancellations

28-29. 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

30. 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~~



## OCERS Board Policy Travel Policy

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.

~~29.~~

~~30.~~

~~31. **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 ~~29-30~~ for meal reimbursement during trips with overnight travel.) 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. 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. ~~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~~~~

~~32. 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.~~

~~33-31.~~

### Hotels

~~34-32.~~ 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.

~~35-33.~~ 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

~~36-34.~~ 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 total travel that exceeds four (4) hours in length, or to accommodate special travel needs, 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.



## OCERS Board Policy Travel Policy

~~37.35.~~ 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

~~3536.~~ 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 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). In accordance with the County of Orange Memorandum of Understanding for the County General Unit and OCERS Direct Employee Policy Handbook, a staff member shall receive a minimum of \$10.00 in any month in which a staff member used his/her personal automobile but -the actual mileage reimbursement would otherwise be less than \$10.00.

~~3637.~~ 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 -thethrough 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).

~~3738.~~ 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

~~3839.~~ Parking and tolls will be reimbursed at current rates. ~~A receipt is required for amounts over \$25.00.~~

### Public Transportation

~~3940.~~ 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.~~



## OCERS Board Policy Travel Policy

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### Car Rentals

4041. 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.



## OCERS Board Policy Travel Policy

### Incidental Business Expenses

~~4142~~. 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

~~4243~~. 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

~~4344~~. 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~~ dry-cleaning expenses will be reimbursed.

~~4445~~. 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

~~4546~~. 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

~~4647~~. 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

~~4748~~. The Retirement Board adopted this policy on December 16, 2002, and last revised on ~~November 14, 2022~~ April 15, 2024



## 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.

~~11/14/22~~04/15/2024

Steve Delaney  
Secretary of the Board

Date



# 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



## OCERS Board Policy Travel Policy

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### 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 and the conferences listed in paragraphs 10 and 14, 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.



## OCERS Board Policy Travel Policy

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:



## OCERS Board Policy Travel Policy

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- 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);
  - m. Conferences sponsored by CEM Benchmarking;
  - n. Conferences sponsored by the National Association of State Chief Information Officers (NASCIO);
  - o. Conferences sponsored by the Society of Human Resources Management (SHRM);
  - p. Conferences sponsored by the Professional in Human Resources Association (PIHRA);
  - q. Conferences sponsored by the Association of Talent and Development (ATD);
  - r. Annual Conference of the California Association of Public Information Officials (CAPIO);
  - s. Conferences sponsored by the California Special Districts Association (CSDA);
  - t. Conferences sponsored by the Institute of Internal Auditors (IIA);
  - u. Conferences sponsored by the Society of Corporate Compliance and Ethics (SCCE);
  - v. Conferences sponsored by the Association of Certified Fraud Examiners (ACFE);
  - w. Conferences sponsored by Public Retirement Information Systems Management (PRISM);
  - x. Annual Global Pension CFO Forum; and
  - y. Conferences sponsored by Gartner.
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



## OCERS Board Policy Travel Policy

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 (IFEBC);
  - 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; and
  - o. Conferences sponsored by the Markets Group.
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 (e.g., 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



## **OCERS Board Policy Travel Policy**

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.

### **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 quarterly. The report will also include known scheduled travel that has incurred costs for the ensuing quarters.

### **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.



## OCERS Board Policy Travel Policy

### 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 receipts or documentation of the expense incurred. The Board or staff member must provide both an itemized receipt and a charge receipt (when a payment card is used). 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. Overuse of the Missing Receipt Form could result in non-reimbursement of expense at OCERS discretion. 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.

### Agency-Issued Corporate Credit Card

24. Board members and eligible OCERS staff members who travel frequently in the course of their job responsibilities may request a Corporate Credit Card. The Corporate Credit Card may be used only for official OCERS' business, including, but not limited to, travel costs such as parking, air travel, hotel accommodations, ground transportation and car rental, or meals in conjunction with official OCERS' business. All cardholders are required to sign an OCERS Corporate Credit Card Agreement acknowledging their agreement to the Corporate Credit Card Policy rules and guidelines. The Board Chair, in cooperation with the Chief Executive Officer, is responsible for all disciplinary action surrounding misuse of cards by a Trustee. The Vice Chair, in cooperation with the Chief Executive Officer, is responsible for all disciplinary action surrounding misuse of card by the Board Chair, and the Chief Executive Officer and the Assistant Chief Executive Officer of Finance and Internal Operations are responsible for all disciplinary action surrounding misuse of cards for OCERS employees.

### Cash Advances

25. 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

26. 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.



## OCERS Board Policy Travel Policy

### Expenses for Traveling Companions

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

### Limitation on Time and Expense Allowance

28. Board and staff members will be reimbursed for daily travel expenses, such as meals as outlined in paragraph 30, and gratuities as outlined in paragraph 43, 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 workdays lost by the extension.

### Travel and Lodging Cancellations

29. 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

30. **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, provided 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.
31. **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 30 for meal reimbursement during trips with overnight travel.) 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. 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.

### Hotels



## OCERS Board Policy Travel Policy

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- 32. 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.
  - 33. 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

- 34. 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 total travel that exceeds four (4) hours in length, or to accommodate special travel needs, 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.
- 35. 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

- 36. 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). In accordance with the County of Orange Memorandum of Understanding for the County General Unit and OCERS Direct Employee Policy Handbook, a staff member shall receive a minimum of \$10.00 in any month in which a staff member used his/her personal automobile but the actual mileage reimbursement would otherwise be less than \$10.00.
- 37. 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).



## OCERS Board Policy Travel Policy

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38. 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

39. Parking and tolls will be reimbursed at current rates.

### Public Transportation

40. 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.

### Car Rentals

41. 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.

### Incidental Business Expenses

42. Incidental business expenses reasonably incurred in connection with OCERS business, such as telephone, fax, Internet access, and similar business expenses, will be reimbursed.

### Porterage/Housekeeping/Other

43. 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

44. 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.
45. 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



## OCERS Board Policy Travel Policy

for NASRA-sponsored networking events that take place during, and are included in the agenda for, NASRA-sponsored conferences.

### Staff Travel

46. 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

47. 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

48. The Retirement Board adopted this policy on December 16, 2002, and last revised on April 15, 2024

### Secretary's Certificate

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

04/15/2024

Steve Delaney  
Secretary of the Board

Date



## 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



## OCERS CORPORATE CREDIT CARD AGREEMENT

I, \_\_\_\_\_, hereby acknowledge that I have received a Corporate Credit Card in my name. I confirm that I have read and understand the OCERS Corporate Credit Card Policy, and I understand that I am responsible for complying with the policy rules and guidelines. I understand that violation of such policy may result in reimbursement of funds to OCERS and disciplinary action, up to and including termination of employment and cancellation of my corporate credit card as outlined in the OCERS Corporate Credit Card Policy.

<b>Corporate Credit Card Information</b>	
Credit Card Number:	
Expiration Date:	
Spending Limit:	
For lost or stolen cards, call (800) 528-2122	

\_\_\_\_\_  
Signature and Date

\_\_\_\_\_  
Print Name and Title



## OCERS Organization Policy

# Corporate Credit Card Policy

### Purpose and Background

This policy applies to all employees of OCERS who are issued a Corporate Credit Card and the conditions set out in this policy shall govern the use of any Corporate Credit Card.

### Policy Objectives

The objective of this policy is to establish eligibility, limits, conditions of use, cardholder responsibilities and monthly statement reconciliation information for employees issued a Corporate Credit Card. All cardholders must sign the Corporate Credit Card Agreement form to acknowledge their agreement with this policy.

Cardholders are responsible for ensuring they adhere to the Corporate Credit Card policy, thereby ensuring adequate controls are exercised to minimize the risk that Corporate Credit Cards are used for unauthorized fraudulent or corrupt purposes.

### Policy Guidelines

1. Eligibility
  - a. Board Members, Department Executives and Investment Staff may request a Corporate Credit Card.
    - i. If, for any reason, an application is denied, OCERS can “personally” guarantee a Corporate Credit Card, if authorized by the CEO (Chief Executive Officer) or Assistant Chief Executive Officer (CEO) of Finance and Internal Operations.
  - b. To be eligible for a Corporate Credit Card, a Board member or employee must meet one or more of the following criteria:
    - i. Travel frequently in the course of his/her job responsibilities;
    - ii. Incur regular frequent expenses of a kind appropriately paid by credit card; and/or
    - iii. Purchase significant volumes of minor goods and services for use by OCERS
2. Limits
  - a. Each card will be limited to a maximum monthly threshold amount as set in the table below:

Job Title / Group	Credit Card Spending Limit
Chief Executive Officer / Chief Investment Officer	\$10,000
Investment Staff	\$5,000
Executive Staff	\$5,000-\$15,000
Executive/Department Secretary	\$5,000-\$10,000
Board Member	\$5,000

- b. Temporary increases in spending limits are available when needed. A justification for an increase, as well as how long the increase is needed, must be submitted in writing and approved by the CEO or Assistant CEO of Finance and Internal Operations.



## OCERS Organization Policy Corporate Credit Card Policy

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### 3. Conditions of Use

- a. The Corporate Credit Card may be used only for official OCERS' business which includes, but is not limited to, the following:
  - i. Travel costs such as parking, air travel, hotel accommodations, ground transportation and car rental;
  - ii. Purchase of goods and services from vendors where use of a check is not practical, such as the case with many Internet purchases; and
  - iii. Meals in conjunction with official OCERS' business.
- b. The Corporate Credit Card shall not be used for the following:
  - i. Cash advances, money orders, wire transfers, etc.;
  - ii. Routine gasoline purchases;
  - iii. Personal items and personal services;
  - iv. Movies or personal entertainment; or
  - v. Long-term rentals or lease agreements.
- c. Corporate Credit Cards should not be used to circumvent established procurement and contracting procedures. The use of the Corporate Credit Card is not intended to replace effective procurement planning relating to competitive purchasing procedures.
- d. Cardholders shall not use the Corporate Credit Card for personal expenses. Charging personal expenses on the Corporate Credit Card is a misuse of OCERS' funds and doing so will result in reimbursement of funds to OCERS and may include disciplinary action, up to and including termination.
- e. The Board Chair, in cooperation with the CEO, is responsible for all disciplinary action surrounding misuse of cards for Trustees and the Vice Chair, in cooperation with the CEO, is responsible for all disciplinary action surrounding misuse of the card by the Board Chair, including requesting cancellation of card privileges.
- f. The CEO and Assistant CEO of Finance and Internal Operations are responsible for all disciplinary action surrounding misuse of cards for OCERS employees, including requesting cancellation of card privileges.
- g. Breaching this policy may lead to disciplinary action against the employee concerned. In all cases of misuse, OCERS reserves the right to recover any monies from the cardholder and cancel the corporate credit card.



## OCERS Organization Policy

# Corporate Credit Card Policy

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#### 4. Cardholder Responsibilities

- a. Maintain Receipts and Supporting Documentation
  - i. It is the cardholders' responsibility to maintain receipts and supporting documentation for all charges. At the end of a billing cycle, Accounts Payable will provide cardholders with a statement showing all transactions made during the billing cycle. The cardholder must submit an Expense Report in Concur for all transactions on the statement (transaction are downloaded automatically into Concur) with a receipt or supporting documentation for all charges incurred during the billing cycle.
- b. If a receipt or supporting documentation cannot be located, then the cardholder must complete the Missing Receipt Declaration using the Manage Receipts feature in Concur. The Missing Receipt Form includes a certification that only allowable items are included in the request for reimbursement. Overuse of the Missing Receipt Form could result in non-reimbursement of expense at OCERS discretion. Falsification of receipts will be subject to disciplinary action, up to and including termination of employment.
- c. Disputed Charges
  - i. Cardholders are responsible for ensuring that the vendor, credit card company and Director of Finance are immediately notified of any disputed charges. Cardholders and Accounts Payable work together to resolve the disputed charge directly with the credit card company.
- d. Lost or Stolen Cards
  - i. Cardholders are responsible for ensuring that the credit card company and the Director of Finance are notified immediately if the Corporate Credit Card is lost or stolen. Failure to do so may result in making the cardholder responsible for any fraudulent use of the Corporate Credit Card.
- e. Surrender Upon Request or Separation
  - i. The Corporate Credit Card must be immediately surrendered upon retirement, termination or upon request of the CEO or Assistant CEO of Finance and Internal Operations and must be returned to the Director of Finance. Use of the Corporate Credit Card for any purpose after its surrender is prohibited.
  - ii. It is the responsibility of the cardholder to ensure that his/her account is settled if the corporate credit card is surrendered.

#### 5. Payments

- a. Based on the statement cycle date, the Finance Department will ensure timely payments. Corporate Credit Card charges will be paid once approved by the Department Executive and approved by the Finance Department.
- b. To avoid late fees and finance charges, the Finance Department reserves the option to pay all Corporate Credit Card charges, even if supporting documentation is not yet received. When subsequently received, the supporting documentation will be retroactively reconciled to the payment. Instances where this occurs should be very rare and due to extenuating circumstances.



## Memorandum

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**DATE:** March 21, 2024  
**TO:** Members of the Governance Committee  
**FROM:** Jeff Lamberson, Director of Retirement Operations – Member Services  
Suzanne Jenike, Asst. CEO, External Operations  
**SUBJECT: TRIENNIAL REVIEW OF THE WRITE OFF POLICY**

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### Recommendation

Approve, and recommend that the Board adopt, revisions to the Write Off Policy.

### Background/Discussion

The Write Off Policy was adopted by the Board on November 19, 2018, and amended on November 15, 2021. It is scheduled for review and approval by the Board, after review by the Governance Committee, in 2024.

The Policy is accurate and there are no recommended changes needed at this time.

### Attachments

### Submitted by:



### JL-APPROVED

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Jeff Lamberson  
Director of Retirement Operations – Member Services



### SJ-APPROVED

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Suzanne Jenike  
Asst. CEO, External Operations



## OCERS Board Policy Write Off Policy

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### Purpose

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

### Principles

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

### Roles

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

### Policy Guidelines

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

### Policy Review

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



## OCERS Board Policy Write Off Policy

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### Policy History

8. The Board of Retirement adopted this policy on November 19, 2018, and amended on November 15, 2021, and .



## OCERS Board Policy Write Off Policy

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### Secretary's Certificate

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

A handwritten signature in blue ink that reads "Steve Delaney".

~~11-15-2021~~

Steve Delaney  
Secretary of the Board

Date



## OCERS Board Policy Write Off Policy

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### Purpose

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

### Principles

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

### Roles

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

### Policy Guidelines

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

### Policy Review

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



## OCERS Board Policy Write Off Policy

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### Policy History

8. The Board of Retirement adopted this policy on November 19, 2018, and amended on November 15, 2021, and .

### Secretary's Certificate

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

A handwritten signature in blue ink that reads "Steve Delaney".

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Steve Delaney  
Secretary of the Board

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Date



## Memorandum

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**DATE:** March 21, 2024  
**TO:** Members of the Governance Committee  
**FROM:** Manuel D. Serpa, General Counsel  
**SUBJECT:** GOVERNANCE COMMITTEE WORK PLAN AND MEETING SCHEDULE FOR 2024

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### Work Plan of the Governance Committee for 2024

The Charters and Policies listed below are due for review by the Governance Committee and the Board in 2024.

#### Meeting Dates:

1. March 21, 2024
2. May 23, 2024
3. August 15, 2024
4. November 7, 2024

#### **March 21, 2024 - Meeting Agenda Items:**

1. Triennial Review of the Assistant CEO Finance and Internal Operations Charter
2. Triennial Review of the General Counsel Charter
3. Triennial Review of the Write Off Policy
4. Off-Cycle Review of the Actuarial Funding Policy
5. Off-Cycle Review of the Security Litigation Policy
6. Off-Cycle Review of the Travel Policy

#### **May 23, 2024 - Meeting Agenda Items:**

1. Triennial Review of the Assistant CEO External Operations Charter
2. Triennial Review of the Compensation Earnable Policy
3. Triennial Review of the Cost Impacting Policy
4. Triennial Review of the Extraordinary Expense Recovery Policy
5. Triennial Review of the Pensionable Compensation Policy
6. Off-Cycle Review of Membership Eligibility Requirements Policy

#### **August 15, 2024 - Meeting Agenda Items:**

1. Triennial Review of the Legislative Policy
2. Triennial Review of the Records Management Policy
3. Triennial Review of the Succession Policy
4. Off-Cycle Review of the Member Services Customer Service policy

#### **November 7, 2024 - Meeting Agenda Items:**

1. Triennial Review of the Disposition of Surplus Property Policy
2. Triennial Review of the Overpaid and Underpaid Contributions Policy
3. Triennial Review of the Overpaid and Underpaid Benefits Policy
4. Triennial Review of the Pay Item Request and Approval Procedures for Employer
5. Off-Cycle Review of the Pay Item Review Policy

**Governance Committee Reviews Performed in 2023**

**Charters:**

1. Governance Committee Charter
2. CEO Charter

**Policies:**

1. Triennial Review of the Actuarial Valuation Policy
2. Triennial Review of the Board Elections Procedures
3. Triennial Review of the Budget Approval Policy
4. Triennial Review of the Communications Policy
5. Triennial Review of the Membership Eligibility Requirements Policy
6. Triennial Review of the Planning Policy
7. Triennial Review of the Public Records and Data Request Policy
8. Triennial Review of the Quiet Period Policy
9. Triennial Review of the SACRS Voting Authority Policy
10. Out of Cycle Review of the OCERS Rules of Parliamentary Procedure
11. Out of Cycle Review of the Procurement and Contracting Policy

**OAPs:**

12. OAP re: Documentation of Birthdate and Marriage/Domestic Partnership
13. OAP re: Reciprocity
14. OAP re: Working After Retirement

**Other:**

15. Review of New Pay Items Pursuant to Pay Item Review Policy

**Rolled Over to 2024:**

1. Actuarial Funding Policy
2. Overpaid and Underpaid Plan Benefits Policy
3. Security Litigation Policy

**Submitted by:**



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Manuel D. Serpa  
General Counsel



## Memorandum

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**DATE:** March 21, 2024  
**TO:** Members of the Governance Committee  
**FROM:** Suzanne Jenike, Asst. CEO, External Operations  
**SUBJECT:** **REVIEW OF NEW PAY ITEMS PURSUANT TO THE PAY ITEM REVIEW POLICY**

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### Background/Discussion

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

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

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

In addition to the approval of the Master List and commencement of the review and approval process, the Board directed Staff to report newly added pay items to the Governance Committee and Board on an annual basis. It is this reporting requirement that Staff will address today. I have attached the new pay items added to the Master List between January 1, 2023, and December 31, 2023, including their pensionable attribute determinations for the Committee’s review. Staff has reviewed and implemented these new pay items between January 1, 2023, and December 31, 2023, and the Employers are submitting these items on the transmittal file with the correct pensionable attributes.

### Attachments

- List of pay items added between January 1, 2023, and December 31, 2023
- Pay item Review Policy

**Submitted by:**



SJ-Approved

Suzanne Jenike  
Asst. CEO, External Operations

03-21-2024 GOVERNANCE COMMITTEE MEETING - I-2 Review of New Pay Items Pursuant to the Pay Item Review Policy



Pay Items Added Between January 1, 2023 – December 31, 2023

Emp Code	Employer	Pay Code	Pay Code Description	Pay Code Summary	Pensionable Compensation Analysis											Compensation Earnable Analysis						Alameda 3-Prong Test																
					YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO									
					Normal Monthly Rate of Pay or Base Pay *Premium Pay included if part of regularly assigned responsibilities and is a normal, or traditional function of the job	If Premium Pay is Public Pay Schedule	Is Pay Item in Public Pay Schedule	Hours (If Yes meet Alameda 3-Prong Test)	Reimbursement or Previously Paid In-kind	Bonus, One-Time Adhoc Payment	Severance or Terminal Pay	Overtime Other Than Section 207(b) Time	Payment For Any Unused Leave	Employer Contribution to Deferred Comp	PEPRA Pensionable	Compensation at Same Pay Rate as Persons in Same Grade or Class	If a One-Time or Ad Hoc Payment, is it Paid to All Similarly Situated	If Leave/Vac Payout, is it Earned & Payable in 12 Month Period	If Terminal Pay, is it Earned & Payable in 12 Month Period	Compensation Previously Paid In Kind & Now as Cash	Hours (If Yes meet Alameda 3-Prong Test)	Comp Earnable	Decision	If Pymt for Srv Outside Normal Hours, Are the hours worked required to be worked as part of the employee's regular duties (not temporary or emergency)?	If Pymt for Srv Outside Normal Hours, Are the hours worked, ordinarily worked by all other members in same grade/class/rate of pay as the employee	If Pymt for Srv Outside Normal Hours, Can Employee Work The Hours Voluntarily	Pensionable? Both Comp Earnable and Pensionable Comp											
101	County of Orange	TRG	Training Pay	PREMIUM PAY - TRAINING PAY FOR EMPLOYEES IN THE CLASSIFICATION OF SR. SOCIAL WORKER, WHO PROVIDE DEPARTMENT-APPROVED FIELD INSTRUCTION, TO MASTER OF SOCIAL WORKER (MSW) INTERNS.	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO				
101	County of Orange	ERAP	Emergency Response Assignment Pay	LIMITED-TIME, STATE GRANT FUNDED PREMIUM PAY - EMERGENCY RESPONSE ASSIGNMENT PAY FOR EMPLOYEES IN THE CLASSIFICATION OF SR. SOCIAL WORKER AND SENIOR SOCIAL SERVICES SUPERVISOR ASSIGNED TO AN EMERGENCY RESPONSE PROGRAM.	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO				
101	County of Orange	QTDL	Quartermaster Drivers License Pay	PREMIUM PAY - TRAINING PAY FOR EMPLOYEES IN THE CLASSIFICATION OF SR. SOCIAL WORKER, WHO PROVIDE DEPARTMENT-APPROVED FIELD INSTRUCTION, TO MASTER OF SOCIAL WORKER (MSW) INTERNS.	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO			
101	County of Orange	CLS	Clinical Supervision Pay	Clinical or Mental Health Supervision Pay: Employees in the classification listed below #1, whose license is used to authorize the performance of duties and who are designated by the department to provide supervised clinical hours, shall be paid an additional two dollars (\$2.00) for all hours such licensure is required.	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		
101	County of Orange	SHP	Special Health Pay	Clinical or Mental Health Supervision Pay: Employees in the classification listed below #1, whose license is used to authorize the performance of duties and who are designated by the department to provide supervised clinical hours, shall be paid an additional two dollars (\$2.00) for all hours such licensure is required.	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		
101	County of Orange	MSB	Manager Stand By	Any regular, limited-term, or probationary employee assigned to a Manager Standby shift by the County shall be compensated at one-quarter (1/4) of the employee's basic hourly rate for the entire period of the shift.	NO	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		
101	County of Orange	JS1	Jail Assignment Pay - EW	Employees who work an assigned shift at Central Jail/Intake/Release Center, Theo Jay Facility, and James A. Munice Facility shall in addition to their regular salary, be paid a jail salary supplement of an additional seventy-five cents (\$0.75) per hour for each hour and partial hour actually worked at one of the listed jail.	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		
106	OCA	FME	COA Education - Masters (Chief Officers Association)	An employee who meets one of the following two criteria shall receive educational incentive pay of ten percent (10.0%) of the employee's base salary per month, prorated on an hourly basis for all regular hours paid: a. Master's degree or higher, or b. California Department of Forestry and Fire Protection Office of the State Fire Marshal State Fire Training Executive Chief Officer Certification plus one of the following: i. Bachelor's Degree, or ii. National Fire Academy Executive Chief Officer Certification (NFA)	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO		
106	OCA	LF5	COA Longevity - 5 years (Chief Officers Association)	A. Effective in the pay period which includes July 1, 2023 (pay period 15) on the commencement of their sixth year in a bargaining unit position, this amount will increase to six percent (6.0%). B. Effective June 26, 2024, (Pay Period #15 of 2024), employees shall receive longevity pay as follows: 1. Employees shall receive one and one half percent (1.5%) of their base pay for their regularly scheduled hours as longevity pay at the beginning of the pay period which includes the commencement of their fifth year in any OCFAMA bargaining unit position. 2. Employees shall receive three percent (3.0%) of their base pay for their regularly scheduled hours as longevity pay at the beginning of the pay period which includes the commencement of their tenth year in any OCFAMA bargaining unit position.	NO	YES	YES	N/A	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	
106	OCA	LM4	OCFAMA Longevity - 4 years (Managers Association)	A. Effective June 26, 2024, (Pay Period #15 of 2024), employees shall receive longevity pay as follows: 1. Employees shall receive one and one half percent (1.5%) of their base pay for their regularly scheduled hours as longevity pay at the beginning of the pay period which includes the commencement of their fifth year in any OCFAMA bargaining unit position. 2. Employees shall receive three percent (3.0%) of their base pay for their regularly scheduled hours as longevity pay at the beginning of the pay period which includes the commencement of their tenth year in any OCFAMA bargaining unit position.	NO	YES	YES	N/A	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	
106	OCA	LM9	OCFAMA Longevity - 9 years (Managers Association)	A. Effective June 26, 2024, (Pay Period #15 of 2024), employees shall receive longevity pay as follows: 1. Employees shall receive one and one half percent (1.5%) of their base pay for their regularly scheduled hours as longevity pay at the beginning of the pay period which includes the commencement of their fifth year in any OCFAMA bargaining unit position. 2. Employees shall receive three percent (3.0%) of their base pay for their regularly scheduled hours as longevity pay at the beginning of the pay period which includes the commencement of their tenth year in any OCFAMA bargaining unit position.	NO	YES	YES	N/A	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	
111	Sanitation	CEL	Cell Phone Stipend	Employees using OC San applications on their personal device have the ability to apply for a subsidy	YES	YES	YES	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	
111	Sanitation	MED	Medical Allowance	The general manager is to receive a \$500 medical allowance per month to cover the employee portion of medical premiums. Any overage will be paid in cash.	YES	YES	YES	NO	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	
111	Sanitation	RSI	Riskshare Incentive	The general manager is to receive a \$500 medical allowance per month to cover the employee portion of medical premiums. Any overage will be paid in cash.	NO	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	
111	Sanitation	WEL	Wellness Stipend	OC San-paid allowance of a specified flat dollar amount, provided as a cash payment to eligible employees for use toward promoting healthy lifestyle choices, decreasing the risk of illness and disease, and enhancing personal health and well-being.	NO	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
112	OCA	UC	OS for Union Business	Employees who perform 'union business' (primarily participation in contract negotiations) are to be paid as though they worked their normal assignment. "UC" is to cover the schedule overtime portion of the regular assignment.	YES	YES	YES	YES	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
121	Superior Court	CRBT	Court Reporter Retention Incentive	The Court Reporter Retention Incentive: Each regular, limited-term or probationary employee in the Official Court Reporter classification or Official Assignment Court Reporter who is regularly scheduled to work 40 hours per week (i.e., R90) and who is employed by Orange County Superior Court at the time of agreement shall receive a one-time lump sum payment in the gross amount of \$5000.00 (five thousand dollars). Employees who are regularly scheduled to work less than 40 hours per week will be provided a pro-rated amount based on their regularly scheduled hours of work.	NO	YES	YES	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	





## OCERS Board Policy Pay Item Review Policy

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### Purpose and Background

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

### Policy Objectives

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

### Policy Guidelines

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



## OCERS Board Policy Pay Item Review Policy

by the Board, and likewise the employer shall provide OCERS with all materials it intends to submit to the Board.

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

### Policy Review

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

### Policy History

- 11. The Board adopted this policy on March 18, 2019, and revised on June 20, 2022.

### 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

06/20/2022

Date