

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

**GOVERNANCE COMMITTEE MEETING
May 8, 2025
9:30 A.M.**

Members of the Committee

Arthur Hidalgo, Chair
Roger Hilton, Vice-Chair
Shari Freidenrich
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.

OCERS Zoom Video/Teleconference Information	
Join Using Zoom App (Video & Audio) https://ocers.zoom.us/j/88635135633 Meeting ID: 886 3513 5633 Passcode: 142629 Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.	Join by Telephone (Audio Only) Dial by your location +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) Meeting ID: 886 3513 5633 Passcode: 142629
A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page	

AGENDA (AMENDED)

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**

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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

March 20, 2025

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 PROTOCOL FOR HANDLING WORKPLACE COMPLAINTS AGAINST BOARD MEMBERS AND EXECUTIVES

Presentation by Manuel Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the Protocol for Handling Workplace Complaints Against Board Members and Executives with no revisions.

A-3 TRIENNIAL REVIEW OF THE RETIREMENT ENHANCEMENT REVIEW POLICY

Presentation by David Kim, Assistant CEO, External Operations

Recommendation: Approve and recommend that the Board adopt the revisions to the Retirement Enhancement Review Policy.

A-4 TRIENNIAL REVIEW OF THE WHISTLEBLOWER POLICY

Presentation by Manuel Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the revisions to the Whistleblower Policy.

A-5 TRIENNIAL REVIEW OF THE MONITORING AND REPORTING POLICY

Presentation by Steve Delaney, CEO

Recommendation: Approve and recommend that the Board adopt the revisions to the Monitoring and Reporting Policy.

A-6 TRIENNIAL REVIEW OF TRUSTEE EDUCATION POLICY

Presentation by Cynthia Hockless, Director of HR

Recommendation: Approve and recommend that the Board adopt the revisions to the Trustee Education Policy.

A-7 OFF-CYCLE REVIEW OF THE BOARD MEMBER TRAVEL POLICY

Presentation by Manuel Serpa, General Counsel

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

A-8 OFF-CYCLE REVIEW OF THE SECURITIES LITIGATION POLICY

Presentation by Ivan Cao, Staff Attorney

Recommendation: Approve and recommend that the Investment Committee adopt the revisions to the Securities Litigation Policy.

INFORMATION ITEMS

I-1 UPDATE ON THE OVERPAID AND UNDERPAID CONTRIBUTIONS POLICY AND PAY ITEM REVIEW POLICY

Presentation by David Kim, Assistant CEO, External Operations, and Manuel Serpa, General Counsel

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

DISABILITY COMMITTEE MEETING

May 19, 2025

8:30 A.M.

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

**REGULAR BOARD MEETING
May 19, 2025
9:30 A.M.**

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

**INVESTMENT COMMITTEE MEETING
May 28, 2025
9:00 A.M.**

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

**AUDIT COMMITTEE MEETING
June 9, 2025
9:30 A.M.**

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

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS' website: <https://www.ocers.org/board-committee-meetings>. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS' website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

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

**GOVERNANCE COMMITTEE MEETING
Thursday, March 20, 2025
9:30 a.m.**

MINUTES

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

Recording Secretary administered the roll call.

Attendance was as follows:

Present: Arthur Hidalgo, Chair; Roger Hilton, Vice-Chair; Richard Oates, Board Member.

Absent: Shari Freidenrich, Board Member.

Also present: Steve Delaney, CEO; Manuel Serpa, General Counsel; David Kim, Assistant CEO, External Operations; Iriss Barriga, Board Member; Anthony Beltran, Audio Visual Technician; Rebeca Gonzalez-Verdugo, Recording Secretary; Silviu Ardeleanu, Director of Member & Employer Relations Section - Member Services; Jenny Sadoski, Director of IT; Javier Lara, IT Operations Supervisor; Tracy Bowman, Director of Finance; Bill Singleton, Paralegal; Amanda Evenson, Executive Secretary; Will Tsao, Director of Enterprise Project Management Office; Joon Kim, Staff Attorney; Rosie Baek, Staff Attorney; Rafael Lopez, Member Services Manager; Philip Lam, Director of Internal Audit; Jenny Davey, Internal Auditor; Adam Cupp, OC Superior Court; Bryan Drinkward, OC Superior Court; Heather Capps, OC Superior Court; Jingle Doan, County of Orange; Alicea Caccavo, OCFA; Nicole Chung, OCFA; Rhonda Kawell, OCFA; Stephanie Hollman, OCFA; Zach Wertheimer, Buchalter.

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

November 1, 2024

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

The motion passed **unanimously**.

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 OFF-CYCLE REVIEW OF THE MEMBERSHIP ELIGIBILITY REQUIREMENTS POLICY

Presentation by Manuel Serpa, General Counsel

Recommendation: Consider and provide feedback on the current draft of the Membership Eligibility Requirements Policy.

Mr. Serpa noted that the version of the policy under review includes one change from that considered in the previous Governance Committee meeting, i.e., reverting to a definition of “year” as fiscal or calendar, whichever the employer designates for uniform application to all its employees. The prior version defined “year” as a fiscal year, and this change was made to avoid disruption for those employers who use a calendar year. The policy’s provision on the enforcement of the hourly limits for extra help during the initial year was also discussed. Mr. Delaney shared that both the County as well as labor have been involved in constructive discussions regarding possible limits to be imposed on the hours worked in that first year. After discussion, the Committee directed staff to provide an updated Membership Eligibility Requirements Policy at the May Governance Committee Meeting.

A-3 ADOPTION OF THE DIGITAL SIGNATURE POLICY

Presentation by Manuel Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the Digital Signature Policy.

After discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Hilton to adopt staff’s recommendations.

The motion passed **unanimously**.

A-4 TRIENNIAL REVIEW OF THE OVERPAID AND UNDERPAID PLAN BENEFITS POLICY

Presentation by Manuel Serpa, General Counsel, and David Kim, Assistant CEO, External Operations

Recommendation: Approve and recommend that the Board adopt the Overpaid and Underpaid Plan Benefits Policy revisions.

After discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Hilton to adopt staff’s recommendations.

The motion passed **unanimously**.

A-5 TRIENNIAL REVIEW OF THE OVERPAID AND UNDERPAID CONTRIBUTIONS POLICY

Presentation by Manuel Serpa, General Counsel, and David Kim, Assistant CEO, External Operations

Recommendation: Approve and recommend that the Board adopt the Overpaid and Underpaid Contributions Policy revisions.

After discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Hilton to adopt staff’s recommendations subject to including clarifying language regarding Section 10.a. that the \$100 amount is a total amount, rather than \$100 per pay period, for example. Staff will provide an update with the clarifying language to the Committee at the following meeting as an information item.

The motion passed **unanimously**.

A-6 OFF-CYCLE REVIEW OF THE PAY ITEM REVIEW POLICY

Presentation by David Kim, Assistant CEO, External Operations, and Manuel Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the Pay Item Review Policy revisions.

After discussion, **MOTION** by Mr. Hilton, **seconded** by Mr. Oates, to adopt all of staff's recommendations subject to including language in Section 12 to clarify that the written guidance OCERS will provide is given solely to the requesting employer or employee bargaining representative. In addition, language will be added that OCERS will timely respond to requests for guidance for upcoming negotiations. Staff will provide an update with the clarifying language to the Committee at the following meeting as an information item.

The motion passed **unanimously**.

The Committee recessed for break at 10:20 a.m.

The Committee reconvened from break at 10:37 a.m.

Recording Secretary administered the Roll Call attendance.

A-7 TRIENNIAL REVIEW OF THE INDEMNITY AND DEFENSE POLICY

Presentation by Manuel Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt minor revisions to the Indemnity and Defense Policy.

After discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Hilton to adopt staff's recommendations.

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 GOVERNANCE COMMITTEE WORK PLAN AND MEETING SCHEDULE FOR 2025

Presentation by Manuel Serpa, General Counsel

Mr. Serpa informed the Committee of the work plan for 2025, along with the proposed meeting dates.

Mr. Serpa noted that an off-cycle review of the Securities Litigation Policy and the Travel Policy has been added to the 2025 work plan.

I-2 UPDATE ON THE EMPLOYER DATA PROJECT

Presentation by David Kim, Assistant CEO, External Operations, and Manuel Serpa, General Counsel

Mr. Kim provided an update to the Committee on the current status of the Employer Data Policy. Staff focus is currently on completing the update to the Employer Handbook, which sets forth the

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data requirements OCERS has of employers. The Committee provided direction to staff to provide an updated Employer Data Policy at the May Governance Committee Meeting.

COMMITTEE MEMBER COMMENTS

The Committee thanked the staff for their hard work.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Mr. Delaney shared that Javier Lara, IT Operations Supervisor, is retiring after over 30 years of service.

COUNSEL COMMENTS

None

ADJOURNMENT

Chair adjourned meeting at 10:49 a.m.

Submitted by:

Approved by:

Manuel Serpa
General Counsel/Staff Liaison

Steve Delaney
Chief Executive Officer/Secretary

Arthur Hidalgo
Chair



Memorandum

DATE: May 8, 2025
TO: Members of the Governance Committee
FROM: Manuel D. Serpa, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE PROTOCOL FOR HANDLING WORKPLACE COMPLAINTS AGAINST BOARD MEMBERS AND EXECUTIVES

Recommendation

Approve and recommend that the Board adopt the Protocol for Handling Workplace Complaints Against Board Members and Executives with no revisions.

Discussion

The Board of Retirement has established a review schedule that requires the review of every charter and policy every three years. Under the board-approved review process, the Governance Committee will first review certain charters and policies before presentation to the Board for approval. The Board adopted the Protocol for Handling Workplace Complaints Against Board Members and Executives on October 21, 2019, and most recently amended it on June 20, 2022.

Staff has no recommended changes to the policy at this time. The Protocol for Handling Workplace Complaints Against Board Members and Executives is attached for the Committee's review.

Attachment

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

Background and Objectives

1. The Board of Retirement takes very seriously workplace complaints made by OCERS employees against members of the Board or OCERS executive staff. Formal procedures and practices are required to ensure complaints are timely, fairly and appropriately investigated and addressed.
2. The objectives of this policy are to:
 - a. Establish protocols for the OCERS Human Resources department to respond to workplace complaints made by OCERS employees against members of the Board or OCERS executive staff; and
 - b. Clarify the roles and responsibilities of the OCERS Human Resources department, the Board, and OCERS staff in the process of handling the complaints covered by this protocol.

Policy Guidelines

In the event the OCERS Human Resources department receives a workplace complaint from an OCERS employee ("complainant") against a member of the Board or member of the OCERS executive staff ("subject of the complaint"), the following protocols will be observed in addition to the procedures normally followed in response to a workplace complaint:

3. The Director of Human Resources ("Director") will provide a form to the complainant for the purpose of accurately documenting the complaint in a signed writing. If the Director does not receive the signed form back from the complainant in a timely manner, the Director will prepare a writing based on the information provided orally by the complainant, and request that the complainant confirm the accuracy of the writing. If the complainant declines or fails to confirm the accuracy of the writing, the Director will so indicate in the record of the matter.
4. Before following the procedures normally followed in response to a workplace complaint, the Director will consult with the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair), the CEO (unless the subject of the complaint is the CEO), the General Counsel (unless the subject of the complaint is the General Counsel), and outside Fiduciary Counsel. The group may decide to alter the normal procedures based on the facts and circumstances of the complaint.
5. Upon commencing any procedures in response to a complaint against a member of the Board or the CEO, the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair) will notify the subject of the complaint that a complaint has been made, the general nature of the complaint, and that an investigation of the complaint will proceed. If the subject of the complaint is a member of OCERS executive staff, such notification will be delivered to the subject of the complaint by the CEO. In all cases, the subject of the complaint will be cautioned that it is against the law and OCERS' policies to retaliate against the complainant.



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

6. The Board Chair (or Vice Chair if the subject of the complaint is the Board Chair), the CEO (unless the subject of the complaint is the CEO), the General Counsel (unless the subject of the complaint is the General Counsel), and outside Fiduciary Counsel will together select and retain an investigator to investigate the complaint. During the investigation, Fiduciary Counsel will serve as liaison to the investigator. The investigator's report will be delivered to Fiduciary Counsel and shared only with the individuals identified in Paragraph 4 above. The investigator's report will be confidential and will not be shared with the subject of the complaint or the complainant.
7. During the course of any such investigation, the subject of the complaint will be advised in writing of the substance of the complaint and the identity of the complainant, and will be provided a timely opportunity to respond both orally and in writing. Where the subject of the complaint is a member of the Board or the CEO, such notice will be delivered by the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair); and where the subject of the complaint is an OCERS executive staff member, such notice will be delivered by the CEO. Any written response by the Board member or CEO shall be delivered to the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair) and any written response by the OCERS executive staff member shall be delivered to the CEO. The complainant will be advised in writing of the substance of any written response by the subject of the complaint.
8. Upon the advice of the individuals identified in Paragraph 4 above, the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair), on a confidential basis, may advise the Board of the existence and nature of the complaint, the status of the process in response to the complaint, and any findings and recommendations resulting from that process.
9. The Board Chair (or Vice Chair if the subject of the complaint is the Board Chair) may authorize the Board member or the CEO who is the subject of the complaint, and the CEO may authorize the OCERS executive staff member who is the subject of the complaint, to engage independent counsel of their choice to advise them during the process, at OCERS' expense, with an appropriate reservation of rights. The authority to authorize engagement of counsel at OCERS' expense will not exceed \$10,000 in actual fees and costs reasonably incurred, without further action by the Board.
10. Upon conclusion of the investigation and receipt of the investigator's report, where the subject of the complaint is a member of the Board or the CEO, the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair), upon the advice of the individuals identified in Paragraph 4 above, will determine what actions or measures, if any, will be taken in response to the complaint. Where the subject of the complaint is a member of OCERS executive staff, the CEO, upon the advice of the individuals identified in Paragraph 4 above, will determine what actions or measures, if any, will be taken in response to the complaint, including any recommended action to be taken by the Board.
11. Once the actions or measures determined in Paragraph 10 have been taken, the subject of the complaint and the complainant will be informed that the complaint has been fully investigated, addressed, and closed. Where the subject of the complaint is a member of the Board or the CEO,



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

such notice will be delivered by the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair); and where the subject of the complaint is an OCERS executive staff member, such notice will be delivered by the CEO.

12. The identities of the complainant and the subject of the complaint will remain confidential to the fullest extent possible, consistent with the law and customary practice.

Policy Review

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

Policy History

14. This policy was adopted on October 21, 2019, and reviewed 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.

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

Steve Delaney
Secretary of the Board

06/20/2022

Date



Memorandum

DATE: May 8, 2025
TO: Members of the Governance Committee
FROM: David Kim, Assistant CEO, External Operations
SUBJECT: TRIENNIAL REVIEW OF THE RETIREMENT ENHANCEMENT REVIEW POLICY

Recommendation

Approve and recommend that the Board adopt the revisions to the Retirement Enhancement Review Policy.

Discussion

The Board of Retirement has established a review schedule that requires the review of every charter and policy every three years. Under the board-approved review process, the Governance Committee will first review certain charters and policies before presentation to the Board for approval.

The Board adopted the Retirement Enhancement Review Policy on March 18, 2019, and most recently amended it on June 20, 2022.

The proposed revisions to the Retirement Enhancement Review Policy include working with the Compliance Department to investigate potential enhancement issues, excluding related pay elements during the review, and adjusting the benefit based on the outcome.

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

Attachments

Submitted by:



DK-Approved

David Kim
Assistant CEO, External Operations



OCERS Board Policy Retirement Enhancement (Spiking) Review Policy

Purpose and Background

1. California Government Code section 31542 (Section 31542) requires the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to establish a procedure for assessing and determining whether an element of compensation was paid to inappropriately enhance an OCERS member's benefit, sometimes referred to as "spiking." The purpose of this policy is to establish a procedure in compliance with Section 31542.

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 was paid to inappropriately enhance or "spike" a member's retirement benefit, while providing the member and employer required notice and due process ~~with respect to~~ concerning OCERS' determinations regarding the member's retirement benefit.

Policy Guidelines

3. OCERS staff shall review all items of compensation included within the calculation of the member's final compensation within the meaning of California Government Code sections 7522.32 & 7522.34 (Pensionable Compensation), and sections 31460, 31461 & 31462 (Compensation Earnable), and related sections, for the purpose of making an initial assessment as to whether there is any evidence that any item of compensation included in final compensation was paid to "spike" a member's retirement benefit. The Member Services team will work with the Compliance department to perform an investigation and assessment, which ~~In conducting such review and making such initial assessment, staff~~ shall consider:
 - a. Whether the item of compensation was only earned within the period during which final compensation is to be calculated;
 - b. As to each pay code or element of pay, whether it meets the definition of, as applicable, compensation earnable or pensionable compensation under statutory and case law and the Board's policies interpreting such law;
 - ~~b.c.~~ If a pay code or element of pay is identified as possible spiking, the pay code or element will be excluded from the member's benefit calculation. After final determination, OCERS can adjust the member's benefit accordingly.
 - ~~c.d.~~ Any other factors that cause staff to believe that an item of compensation included in final compensation was paid to enhance a member's retirement benefit; and
 - ~~d.e.~~ Information and explanation provided by the member and the employer in response to OCERS' written request ~~regarding as to~~ the facts and circumstances concerning an item of compensation that staff believes may have been paid to enhance the member's retirement benefit.



OCERS Board Policy

Retirement Enhancement (Spiking) Review Policy

4. If, after concluding the foregoing assessment, OCERS staff determines that one or more ~~items of compensation~~compensation items were paid to enhance a member's retirement benefit, OCERS staff shall send written notification to the member and the employer of staff's initial determination.
- ~~5.~~—The notice shall set out the reasons for staff's determination, including the specific supporting facts, circumstances, and analyses. Staff may conduct ~~such~~ written and oral follow-up communication with the member and/or employer as appropriate in ~~the exercise of~~exercising reasonable diligence. Staff shall document any such communication and, when concluded, shall issue a final notice of determination and provide that notice to the member and employer.
- ~~5.~~
- ~~6.~~—The member and employer shall have 90 days from the date of staff's notice of final determination within which to request an administrative review of the staff determination by the Board. Failure of the member or employer to timely request Board review shall constitute a waiver of further administrative review.
- ~~7-6.~~
- ~~8-7.~~ A request for administrative review of the staff determination by the Board shall be in writing and delivered to the CEO or ~~his/her~~their designee within the time period set forth in Paragraph 6, above. The request shall set forth in reasonable detail the evidence and analysis supporting the member's or employer's argument that the staff determination is erroneous.
- ~~9-8.~~ Upon receipt of a timely request for administrative review by the Board, staff shall place the matter on the agenda of a future meeting of the Board and shall prepare a written report to the Board making a recommendation to the Board that the item, or items, should not be included in the calculation of the member's retirement benefit.
 - a. The report shall contain a description of the reasons for staff's recommendation, including the specific facts and circumstances supporting staff's recommendation.
 - b. Before the Board acts, the member and the employer shall be given an opportunity to be heard by the Board and to submit any additional materials for the Board's consideration.
 - c. Written notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board shall be provided to the member and the employer no less than five business days before the scheduled Board meeting.
 - d. At the meeting, the Board shall consider ~~the~~ all written materials submitted ~~as well as~~and any arguments by the member or the member's employer. The Board shall then make a final determination as to whether the item of compensation was paid to enhance the member's retirement benefit.
 - e. OCERS shall provide the member and the employer written notice of the Board's final determination, along with information regarding the rights of the member and the employer to seek judicial review of the Board's action by filing a petition for writ of mandate within 30 days after the mailing of that notice as required by Section 31542.
 - f. If the Board finds the item of compensation should be included, staff shall adjust the member's benefits accordingly, retroactive to the effective date of retirement.



OCERS Board Policy

Retirement Enhancement (Spiking) Review Policy

9. If the payment of the member's benefit would be delayed ~~as a result of~~ due to these administrative processes, OCERS staff shall process the benefit, excluding the compensation in question. If it is later determined the compensation should be included, OCERS shall adjust the benefit retroactive to the effective retirement date.
10. The Compliance department will report all final determinations of "spiking" under this policy to the Board.

Policy Review

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

Policy History

12. The Board adopted this policy on March 18, 2019, and revised it on June 20, 2022 and [date].

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".

Steve Delaney
Secretary of the Board

06/20/2022

Date



OCERS Board Policy

Retirement Enhancement (Spiking) Review Policy

Purpose and Background

1. California Government Code section 31542 (Section 31542) requires the Orange County Employees Retirement System (OCERS) Board of Retirement (Board) to establish a procedure for assessing and determining whether an element of compensation was paid to inappropriately enhance an OCERS member's benefit, sometimes referred to as "spiking." The purpose of this policy is to establish a procedure in compliance with Section 31542.

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 was paid to inappropriately enhance or "spike" a member's retirement benefit while providing the member and employer required notice and due process concerning OCERS' determinations regarding the member's retirement benefit.

Policy Guidelines

3. OCERS staff shall review all items of compensation included within the calculation of the member's final compensation within the meaning of California Government Code sections 7522.32 & 7522.34 (Pensionable Compensation), and sections 31460, 31461 & 31462 (Compensation Earnable), and related sections, for the purpose of making an initial assessment as to whether there is any evidence that any item of compensation included in final compensation was paid to "spike" a member's retirement benefit. The Member Services team will work with the Compliance department to perform an investigation and assessment, which shall consider:
 - a. Whether the item of compensation was only earned within the period during which final compensation is to be calculated;
 - b. As to each pay code or element of pay, whether it meets the definition of, as applicable, compensation earnable or pensionable compensation under statutory and case law and the Board's policies interpreting such law;
 - c. If a pay code or element of pay is identified as possible spiking, the pay code or element will be excluded from the member's benefit calculation. After final determination, OCERS can adjust the member's benefit accordingly.
 - d. Any other factors that cause staff to believe that an item of compensation included in final compensation was paid to enhance a member's retirement benefit; and
 - e. Information and explanation provided by the member and the employer in response to OCERS' written request regarding the facts and circumstances concerning an item of compensation that staff believes may have been paid to enhance the member's retirement benefit.



OCERS Board Policy

Retirement Enhancement (Spiking) Review Policy

4. If, after concluding the foregoing assessment, OCERS staff determines that one or more compensation items were paid to enhance a member's retirement benefit, OCERS staff shall send written notification to the member and the employer of staff's initial determination.
5. The notice shall set out the reasons for staff's determination, including the specific supporting facts, circumstances, and analyses. Staff may conduct written and oral follow-up communication with the member and/or employer as appropriate in exercising reasonable diligence. Staff shall document any such communication and, when concluded, shall issue a final notice of determination and provide that notice to the member and employer.
6. The member and employer shall have 90 days from the date of staff's notice of final determination within which to request an administrative review of the staff determination by the Board. Failure of the member or employer to timely request Board review shall constitute a waiver of further administrative review.
7. A request for administrative review of the staff determination by the Board shall be in writing and delivered to the CEO or their designee within the time period set forth in Paragraph 6 above. The request shall set forth in reasonable detail the evidence and analysis supporting the member's or employer's argument that the staff determination is erroneous.
8. Upon receipt of a timely request for administrative review by the Board, staff shall place the matter on the agenda of a future meeting of the Board and shall prepare a written report to the Board making a recommendation to the Board that the item or items should not be included in the calculation of the member's retirement benefit.
 - a. The report shall contain a description of the reasons for staff's recommendation, including the specific facts and circumstances supporting staff's recommendation.
 - b. Before the Board acts, the member and the employer shall be given an opportunity to be heard by the Board and to submit any additional materials for the Board's consideration.
 - c. Written notice of the Board meeting and a copy of staff's report and all materials to be considered by the Board shall be provided to the member and the employer no less than five business days before the scheduled Board meeting.
 - d. At the meeting, the Board shall consider all written materials submitted and any arguments by the member or the member's employer. The Board shall then make a final determination as to whether the item of compensation was paid to enhance the member's retirement benefit.
 - e. OCERS shall provide the member and the employer written notice of the Board's final determination, along with information regarding the rights of the member and the employer to seek judicial review of the Board's action by filing a petition for writ of mandate within 30 days after the mailing of that notice as required by Section 31542.
 - f. If the Board finds the item of compensation should be included, staff shall adjust the member's benefits accordingly, retroactive to the effective date of retirement.
9. If the payment of the member's benefit would be delayed due to these administrative processes, OCERS staff shall process the benefit, excluding the compensation in question. If it is later



OCERS Board Policy

Retirement Enhancement (Spiking) Review Policy

determined the compensation should be included, OCERS shall adjust the benefit retroactive to the effective retirement date.

10. The Compliance department will report all final determinations of "spiking" under this policy to the Board.

Policy Review

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

Policy History

12. The Board adopted this policy on March 18, 2019, and revised it on June 20, 2022 and [date].

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".

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: May 8, 2025
TO: Members of the Governance Committee
FROM: Manuel D. Serpa, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE WHISTLEBLOWER POLICY

Recommendation

Approve and recommend that the Board adopt the revisions to the Whistleblower Policy.

Discussion

The Board of Retirement has established a review schedule that requires the review of every charter and policy every three years. Under the board-approved review process, the Governance Committee will first review certain charters and policies before presentation to the Board for approval. The Board adopted the Whistleblower Policy on May 17, 2011, and most recently amended it on June 20, 2022.

The proposed revisions to the Policy are non-substantive; minor edits aimed at eliminating unnecessary verbiage and typos and rephrasing the material to improve clarity and readability.

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

Attachments

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Policy Whistleblower Policy

Purpose

1. OCERS employees are protected against retaliation for engaging in valid whistleblowing activities under California Labor Code section 1102.5 (whistleblower statute). The purpose of this policy is to encourage OCERS employees to report unlawful acts without fear of retaliation and to outline how they may do so.

Policy Objectives

2. The objectives of this policy are to:
 - provide an atmosphere of open communication and accountability regarding compliance issues;
 - to ensure that OCERS employees know how to report actual or potential legal and policy violations;
 - to create an affirmative obligation for OCERS employees to report actual or potential legal and policy violations; and
 - to assure OCERS employees that they can raise genuine concerns without fear of reprisal, even if they turn out to be mistaken.

Policy Guidelines

3. Under California's whistleblower statute, an employer cannot prevent an employee from disclosing information to a government or law enforcement agency, nor can an employer retaliate against an employee who makes such a disclosure when the employee has reasonable cause to believe that the report reveals a violation of a state or federal statute, rule, or regulation. OCERS extends this whistleblower protection to the good faith reporting of an OCERS policy violation.
4. A report made to OCERS management or ~~to~~ a member of the Board of Retirement (Board) constitutes the disclosure of information to a government agency ~~that is~~ protected by the whistleblower statute.
5. Therefore, ~~it is the policy of the Board~~ the Board policy is that no Board member, member of OCERS management, or other OCERS employee may retaliate or take adverse action against anyone for having engaged in protected whistleblower activity.
6. Given the assurance of this whistleblower protection, ~~it is the policy of the Board~~ the Board policy is that every OCERS employee has ~~the an~~ obligation to promptly report actual or potential violations of law or OCERS policy that they become aware of or observe.

Reporting Procedures

7. Reports of actual or suspected violations of law or ~~of~~ OCERS policies and reports of retaliation for ~~having engaged~~ engaging in protected whistleblower activities should be submitted to OCERS Chief Executive Officer or ~~the~~ Human Resources Director. Alternatively, reports may be directed to the General Counsel or ~~to a member of the Board~~ member if the information involves the Chief Executive Officer or the Human Resources Director. OCERS employees may also submit reports to their direct supervisor or ~~to~~ any Senior Executive if the information involves the employee's direct supervisor.



OCERS Board Policy Whistleblower Policy

8. OCERS has established a Fraud Hotline for employees, vendors, and the public ~~at large~~ to report ~~concerns about~~ suspected fraud, waste, or abuse concerns. OCERS has contracted with an independent company, EthicsPoint,⁴ to accept calls and internet reports 24 hours a day, 7 days per week.²
9. For reports of discrimination, OCERS employees may utilize the County of Orange's Equal Employment Opportunity (EEO) Access Office reporting procedure;³ may contact the Department of Fair Employment and Housing (DFEH) at 1-800-884-1684 or www.dfeh.ca.gov; or the California State Attorney General's Whistleblower Hotline at (800) 952-5225.
10. Reports of actual or suspected ~~violations of law~~ law violations or ~~of~~ OCERS policies may be made anonymously. However, the individual should provide, ~~to the extent possible, relevant documents to support the allegations being made~~ relevant documents, such as e-mails, handwritten notes, photographs, or physical evidence, to support the allegations being made, to the extent possible.
11. Any report of an actual or potential violation should include the following information:
 - The names of the parties involved.
 - Any witnesses to the incident(s).
 - The location, date, and time of the incident(s).
 - Details about the incident(s).
 - Any additional information that would assist with an investigation.

Investigation of Reported Violations

12. All reports will be timely, fairly, and thoroughly investigated. Reasonable efforts will be made to protect the confidentiality and privacy of the parties involved. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, their identity may have to be disclosed to conduct a thorough investigation, comply with the law, or provide accused individuals their legal defense rights.

Policy Review

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

⁴ ~~Ethicspoint website:~~ https://secure.ethicspoint.com/domain/en/default_reporter.asp

² ~~Ethicspoint website:~~ https://secure.ethicspoint.com/domain/en/default_reporter.asp

³ Information regarding this procedure may be found at <http://ocgov.com/gov/hr/eoo/complaint/form>, by calling the EEO Access Office at 714-834-5259, or by visiting the EEO Access Office at 333 W. Santa Ana Blvd. Room 200, Santa Ana, CA 92701.



OCERS Board Policy Whistleblower Policy

Policy History

14. The Board adopted this policy on adopted this policy on May 17, 2011. The policy was revised on March 17, 2014, January 16, 2019, ~~and~~ June 20, 2022, and [date].

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 black ink that reads "Steve Delaney". The signature is written over a horizontal line.

Steve Delaney
Secretary of the Board

~~-06/20/2022~~

Date



OCERS Board Policy Whistleblower Policy

Purpose

1. OCERS employees are protected against retaliation for engaging in valid whistleblowing activities under California Labor Code section 1102.5 (whistleblower statute). The purpose of this policy is to encourage OCERS employees to report unlawful acts without fear of retaliation and to outline how they may do so.

Policy Objectives

2. The objectives of this policy are to:
 - provide an atmosphere of open communication and accountability regarding compliance issues;
 - to ensure that OCERS employees know how to report actual or potential legal and policy violations;
 - to create an affirmative obligation for OCERS employees to report actual or potential legal and policy violations; and
 - to assure OCERS employees that they can raise genuine concerns without fear of reprisal, even if they turn out to be mistaken.

Policy Guidelines

3. Under California's whistleblower statute, an employer cannot prevent an employee from disclosing information to a government or law enforcement agency, nor can an employer retaliate against an employee who makes such a disclosure when the employee has reasonable cause to believe that the report reveals a violation of a state or federal statute, rule, or regulation. OCERS extends this whistleblower protection to the good faith reporting of an OCERS policy violation.
4. A report made to OCERS management or a member of the Board of Retirement (Board) constitutes the disclosure of information to a government agency protected by the whistleblower statute.
5. Therefore, the Board policy is that no Board member, member of OCERS management, or other OCERS employee may retaliate or take adverse action against anyone for having engaged in protected whistleblower activity.
6. Given the assurance of this whistleblower protection, the Board policy is that every OCERS employee has an obligation to promptly report actual or potential violations of law or OCERS policy that they become aware of or observe.

Reporting Procedures

7. Reports of actual or suspected violations of law or OCERS policies and reports of retaliation for engaging in protected whistleblower activities should be submitted to OCERS Chief Executive Officer or Human Resources Director. Alternatively, reports may be directed to the General Counsel or a Board member if the information involves the Chief Executive Officer or the Human Resources Director. OCERS employees may also submit reports to their direct supervisor or any Senior Executive if the information involves the employee's direct supervisor.



OCERS Board Policy Whistleblower Policy

8. OCERS has established a Fraud Hotline for employees, vendors, and the public to report suspected fraud, waste, or abuse concerns. OCERS has contracted with an independent company, EthicsPoint, to accept calls and internet reports 24 hours a day, 7 days per week.¹
9. For reports of discrimination, OCERS employees may utilize the County of Orange's Equal Employment Opportunity (EEO) Access Office reporting procedure;² may contact the Department of Fair Employment and Housing (DFEH) at 1-800-884-1684 or www.dfeh.ca.gov; or the California State Attorney General's Whistleblower Hotline at (800) 952-5225.
10. Reports of actual or suspected law violations or OCERS policies may be made anonymously. However, the individual should provide relevant documents, such as e-mails, handwritten notes, photographs, or physical evidence, to support the allegations being made, to the extent possible.
11. Any report of an actual or potential violation should include the following information:
 - The names of the parties involved.
 - Any witnesses to the incident(s).
 - The location, date, and time of the incident(s).
 - Details about the incident(s).
 - Any additional information that would assist with an investigation.

Investigation of Reported Violations

12. All reports will be timely, fairly, and thoroughly investigated. Reasonable efforts will be made to protect the confidentiality and privacy of the parties involved. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, their identity may have to be disclosed to conduct a thorough investigation, comply with the law, or provide accused individuals their legal defense rights.

Policy Review

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

¹ Ethicspoint website: https://secure.ethicspoint.com/domain/en/default_reporter.asp

² Information regarding this procedure may be found at <http://ocgov.com/gov/hr/eoo/complaint/form>, by calling the EEO Access Office at 714-834-5259, or by visiting the EEO Access Office at 333 W. Santa Ana Blvd. Room 200, Santa Ana, CA 92701.



OCERS Board Policy Whistleblower Policy

Policy History

14. The Board adopted this policy on adopted this policy on May 17, 2011. The policy was revised on March 17, 2014, January 16, 2019, June 20, 2022, and [date].

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 dark ink that reads "Steve Delaney". The signature is written over a horizontal line.

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: May 8, 2025
TO: Members of the Governance Committee
FROM: Steve Delaney, CEO
SUBJECT: TRIENNIAL REVIEW OF THE MONITORING AND REPORTING POLICY

Recommendation

Approve and recommend that the Board adopt the revisions to the Monitoring and Reporting Policy.

Discussion

The Board of Retirement has established a review schedule that requires the review of every charter and policy every three years. Under the board-approved review process, the Governance Committee will first review certain charters and policies before presentation to the Board for approval. The Board adopted the Monitoring and Reporting Policy on November 18, 2002, and most recently amended it on October 17, 2022.

The proposed revisions to the Policy are largely non-substantive, consisting of minor edits aimed at eliminating unnecessary verbiage and typos and rephrasing the material to improve clarity and readability.

Two substantive changes were made to the Appendix. The preparer of the report on "Ethics, Compliance, and Fraud Hotline Usage Report" was changed from Internal Audit to Compliance. The preparer of the report on "Form 700 Filing Requirements" was changed from the OCERS Form 700 Filing Officer to the General Counsel.

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

Attachments

Submitted by:



SD - Approved

Steve Delaney
CEO



OCERS Board Policy Monitoring and Reporting

Background

1. In keeping with the ~~duty of the~~ Board of Retirement ~~to oversee the~~ duty to oversee OCERS's activities and performance ~~of OCERS~~, the Board has established this Monitoring and Reporting Policy, which sets out the Board's expectations concerning the reports it is to receive on a regular basis.

Principles

2. Although it is prudent for the Board of Retirement to delegate certain of its responsibilities, it must nevertheless supervise those to whom it has delegated responsibilities using defined reporting and monitoring processes.

Guidelines

3. The Board of Retirement will be provided with the routine reports outlined in Appendix 1 (attached), with a frequency also set out in Appendix 1. The Board will be provided other ad hoc reports as required.
4. Appendix 1 of this Policy will address the routine reporting needs of the Board of Retirement across a range of reporting areas, including:
 - a. Governance;
 - b. Investments;
 - c. Funding;
 - d. Member Services and Disability;
 - e. Administration; and
 - f. Audit.
5. Board members are expected to review all reports provided to the Board of Retirement, and to question management about any issues of concern contained in any such report.
6. Management will work continuously to improve the format and content of routine reports provided to the Board to ensure they meet the Board's ~~needs of the Board~~, provide adequate and timely information, and are understandable.
7. Routine reports will not only address performance measurement, but also compliance with OCERS' policies and procedures.

Investment Reports

8. ~~For the purposes of Board reporting, investment performance of the Fund will be measured by a~~ An independent performance measurement firm will measure the Fund's investment performance for the purposes of board reporting.



OCERS Board Policy Monitoring and Reporting

9. Investment performance reports will be prepared in accordance with the *Performance Presentation Standards* prescribed by the CFA Institute, or comparable standards.
10. Investment performance benchmarks will be specified within the investment policy statement.
11. The primary performance benchmarks used to evaluate the performance of public market investments will be based on passive market indices or similar generally accepted benchmarks. For the alternative assets, appropriate benchmarks, as specified within the investment policy statement, will be used to evaluate performance. Peer comparisons of total fund performance will be considered when reviewing the performance of the investment program, but shall not constitute the primary investment benchmark.

Other Reports

12. Where feasible, performance measurement on administration and other matters – such as service quality to members – may be delegated to independent third parties; however, due to the lack of standard measurement techniques and benchmarks, much of the performance measurement function may be performed internally for the foreseeable future. If available, appropriate peer group comparisons may be used as benchmarks in assessing the performance of the benefit administration function.

Policy Review

13. The Board of Retirement will review this policy, including Appendix 1, at least once every three (3) years to ensure ~~that~~ it remains relevant and appropriate.

Policy History

14. The Board of Retirement adopted this policy on Monday, November 18, 2002.
15. The policy was revised May 16, 2005, May 19, 2008, December 19, 2011, October 20, 2014, January 16, 2019, ~~and~~ October 17, 2022, and [date].

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

10/17/22

Date



Appendix 1

Governance Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Trustee Education	Summarizes the activities of the Board of Retirement with respect to education.	Quarterly	Chief Executive Officer
CEO Evaluation	Summarizes the performance assessment of the CEO	Annually	Chair / Vice Chair/ Designated Third Party

Investment Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Investment Performance	Enables Investment Committee to assess investment performance for total fund, each asset class, and by investment manager.	Quarterly	Investment Consultant
Investment Manager Portfolio Compliance	Enables Investment Committee to review investment manager compliance with respect to investment guidelines.	Quarterly	Investment Team
Performance Review of Alternative Investments	Enables Investment Committee to evaluate performance of alternative investment classes such as private equity, venture capital and natural resource investments.	Semi-annually	Private Equity/Private Real Assets Consultant
Performance Review of Real Estate Investments	Enables Investment Committee to assess the performance of the system's real estate investments.	Semi- annually Annually	Real Estate Consultant
Portfolio Allocations	Enables Investment Committee to monitor the portfolio and the asset allocations.	Quarterly	Investment Team



Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Portfolio Risk Review	Enables Investment Committee to assess risks in the system's portfolio and current macro risks.	Quarterly	Risk Consultant
Investment Manager Compliance Report	Facilitates periodic review of Committee's Watch list and staff's portfolio surveillance activity.	Quarterly	Investment Team
Asset Class and Sector Reviews	Assures periodic Investment Committee review of the structure and manager performance within sub asset classes.	1 or 2 per quarter	Investment Team and Respective Asset Class Consultant

Other Investment Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Annual Fee Report	Enables Investment Committee to monitor and evaluate OCERS' manager fees for prior calendar year by manager and by asset class.	Annually	Investment Team
Annual Proxy Voting Report	Facilitates Board's ongoing oversight of OCERS' proxy voting policy, summary of OCERS' proxy voting, and key governance trends for current proxy voting season.	Annually	Investment Team
Annual Vendor Reviews	Facilitates Board's ongoing oversight of OCERS' vendors such as custodian, cash overlay, etc.	Annually	Investment Team



Appendix 1

Funding Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Actuarial Valuation	Establishes the financial position of the pension plan on a going concern and solvency basis, and determines the rates of contribution.	Annually	Consulting Actuary
Experience Analysis	Reviews the appropriate long-term economic assumptions such as investment return and wage and price inflation, and demographic assumptions such as disability rates and mortality rates.	Every three years	Consulting Actuary
Asset / Liability Study	A study of the relationship between OCERS's assets and liabilities to determine the appropriateness of OCERS' asset allocation policy.	At least every five years	Consulting Actuary / Investment Consultant

Member Services and Disability

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Applications for Retirement	Report on members who have applied for retirement	Monthly	Member Services
Payees who have died	Identifies payees who have died	Monthly	Member Services
Disability applications	Report on disability applications <u>received and</u> processed during the preceding year	Yearly <u>Annually</u>	Disability



Appendix 1

Audit

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Actuarial Audit	An independent review of the validity of the analyses and methodologies used in preparing OCERS' actuarial valuation.	At least every five years	Independent Actuary
Business Continuity/ Disaster Recovery	Report on staff activities to ensure OCERS' preparedness	Quarterly	Assistant CEO of Internal Operations
Cybersecurity	Report on staff activities regarding cybersecurity	Quarterly	Director of Cybersecurity
Financial statements audit reports: "OCERS' Report to the Audit Committee for the Year Ended December 31, 20XX" and "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards"	The external auditor's report on communications with the Audit Committee, including significant findings and other matters. The second report describes the scope of audit testing of internal control, compliance, and the results of testing.	Annually	External Auditor
Audit Plan	A description of planned audits and projects of Internal Audit approved by the Audit Committee.	At least annually	Internal Audit
Ethics, Compliance, and Fraud Hotline Usage Report	A description of the reports submitted using a third party hotline.	At least annually	Internal- <u>Audit Compliance</u>



Appendix 1

Administrative Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Business Plan and Strategic Plan	Summarizes the status of each initiative contained in the Business Plan and sets out the multi-year Strategic Plan.	Annually	CEO
Budget	Operational Budget for both Administration and Investment.	Annually	CEO
Budget Variance	Summarizes the status of material variances from the operational budget.	Quarterly	Assistant CEO, Internal Operations
Financial Reports	Quarterly report on the financial position of OCERS, covering unaudited financial statements, progress on the audited financial statements, expenses and recaptured commissions.	Quarterly	Assistant CEO, Internal Operations
Audited Financial Statements & Auditor's Opinion	The audited financial statements, which indicate the financial position of OCERS.	Annually	Independent Auditor
Form 700 Filing Requirements	List of positions that are Designated Filers (under the OCERS Conflict of Interest Code) required to file Form 700 annually.	Annually in January	OCERS Form 700 Filing Officer General Counsel
Vendor Contracts	List of all vendor contracts above \$50,000 annually with those due for renewal highlighted.	Annually	Budget Officer
Board Communications	Communications Policy Fact Sheet summarizes the policy for all Board communications.	Annually in January	CEO



OCERS Board Policy Monitoring and Reporting

Background

1. In keeping with the Board of Retirement's duty to oversee OCERS's activities and performance, the Board has established this Monitoring and Reporting Policy, which sets out the Board's expectations concerning the reports it is to receive on a regular basis.

Principles

2. Although it is prudent for the Board of Retirement to delegate certain of its responsibilities, it must nevertheless supervise those to whom it has delegated responsibilities using defined reporting and monitoring processes.

Guidelines

3. The Board of Retirement will be provided with the routine reports outlined in Appendix 1 (attached), with a frequency also set out in Appendix 1. The Board will be provided other ad hoc reports as required.
4. Appendix 1 of this Policy will address the routine reporting needs of the Board of Retirement across a range of reporting areas, including:
 - a. Governance;
 - b. Investments;
 - c. Funding;
 - d. Member Services and Disability;
 - e. Administration; and
 - f. Audit.
5. Board members are expected to review all reports provided to the Board of Retirement and to question management about any issues of concern contained in any such report.
6. Management will work continuously to improve the format and content of routine reports provided to the Board to ensure they meet the Board's needs, provide adequate and timely information, and are understandable.
7. Routine reports will not only address performance measurement but also compliance with OCERS' policies and procedures.

Investment Reports

8. An independent performance measurement firm will measure the Fund's investment performance for the purposes of board reporting.
9. Investment performance reports will be prepared in accordance with the *Performance Presentation Standards* prescribed by the CFA Institute or comparable standards.
10. Investment performance benchmarks will be specified within the investment policy statement.



OCERS Board Policy Monitoring and Reporting

11. The primary performance benchmarks used to evaluate the performance of public market investments will be based on passive market indices or similar generally accepted benchmarks. For the alternative assets, appropriate benchmarks, as specified within the investment policy statement, will be used to evaluate performance. Peer comparisons of total fund performance will be considered when reviewing the performance of the investment program but shall not constitute the primary investment benchmark.

Other Reports

12. Where feasible, performance measurement on administration and other matters – such as service quality to members – may be delegated to independent third parties; however, due to the lack of standard measurement techniques and benchmarks, much of the performance measurement function may be performed internally for the foreseeable future. If available, appropriate peer group comparisons may be used as benchmarks in assessing the performance of the benefit administration function.

Policy Review

13. The Board of Retirement will review this policy, including Appendix 1, at least once every three (3) years to ensure it remains relevant and appropriate.

Policy History

14. The Board of Retirement adopted this policy on Monday, November 18, 2002.
15. The policy was revised May 16, 2005, May 19, 2008, December 19, 2011, October 20, 2014, January 16, 2019, October 17, 2022, and [date].

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".

Steve Delaney
Secretary of the Board

Date



Appendix 1

Governance Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Trustee Education	Summarizes the activities of the Board of Retirement with respect to education.	Quarterly	Chief Executive Officer
CEO Evaluation	Summarizes the performance assessment of the CEO	Annually	Chair / Vice Chair/ Designated Third Party

Investment Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Investment Performance	Enables Investment Committee to assess investment performance for total fund, each asset class, and by investment manager.	Quarterly	Investment Consultant
Investment Manager Portfolio Compliance	Enables Investment Committee to review investment manager compliance with respect to investment guidelines.	Quarterly	Investment Team
Performance Review of Alternative Investments	Enables Investment Committee to evaluate performance of alternative investment classes such as private equity, venture capital and natural resource investments.	Semi-annually	Private Equity/Private Real Assets Consultant
Performance Review of Real Estate Investments	Enables Investment Committee to assess the performance of the system's real estate investments.	Semi-annually	Real Estate Consultant
Portfolio Allocations	Enables Investment Committee to monitor the portfolio and the asset allocations.	Quarterly	Investment Team



Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Portfolio Risk Review	Enables Investment Committee to assess risks in the system's portfolio and current macro risks.	Quarterly	Risk Consultant
Investment Manager Compliance Report	Facilitates periodic review of Committee's Watch list and staff's portfolio surveillance activity.	Quarterly	Investment Team
Asset Class and Sector Reviews	Assures periodic Investment Committee review of the structure and manager performance within sub asset classes.	1 or 2 per quarter	Investment Team and Respective Asset Class Consultant

Other Investment Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Annual Fee Report	Enables Investment Committee to monitor and evaluate OCERS' manager fees for prior calendar year by manager and by asset class.	Annually	Investment Team
Annual Proxy Voting Report	Facilitates Board's ongoing oversight of OCERS' proxy voting policy, summary of OCERS' proxy voting, and key governance trends for current proxy voting season.	Annually	Investment Team
Annual Vendor Reviews	Facilitates Board's ongoing oversight of OCERS' vendors such as custodian, cash overlay, etc.	Annually	Investment Team



Appendix 1

Funding Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Actuarial Valuation	Establishes the financial position of the pension plan on a going concern and solvency basis, and determines the rates of contribution.	Annually	Consulting Actuary
Experience Analysis	Reviews the appropriate long-term economic assumptions such as investment return and wage and price inflation, and demographic assumptions such as disability rates and mortality rates.	Every three years	Consulting Actuary
Asset / Liability Study	A study of the relationship between OCERS's assets and liabilities to determine the appropriateness of OCERS' asset allocation policy.	At least every five years	Consulting Actuary / Investment Consultant

Member Services and Disability

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Applications for Retirement	Report on members who have applied for retirement	Monthly	Member Services
Payees who have died	Identifies payees who have died	Monthly	Member Services
Disability applications	Report on disability applications received and processed during the preceding year	Annually	Disability



Appendix 1

Audit

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Actuarial Audit	An independent review of the validity of the analyses and methodologies used in preparing OCERS' actuarial valuation.	At least every five years	Independent Actuary
Business Continuity/ Disaster Recovery	Report on staff activities to ensure OCERS' preparedness	Quarterly	Assistant CEO of Internal Operations
Cybersecurity	Report on staff activities regarding cybersecurity	Quarterly	Director of Cybersecurity
Financial statements audit reports: "OCERS' Report to the Audit Committee for the Year Ended December 31, 20XX" and "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards"	The external auditor's report on communications with the Audit Committee, including significant findings and other matters. The second report describes the scope of audit testing of internal control, compliance, and the results of testing.	Annually	External Auditor
Audit Plan	A description of planned audits and projects of Internal Audit approved by the Audit Committee.	At least annually	Internal Audit
Ethics, Compliance, and Fraud Hotline Usage Report	A description of the reports submitted using a third party hotline.	At least annually	Compliance



Appendix 1

Administrative Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Business Plan and Strategic Plan	Summarizes the status of each initiative contained in the Business Plan and sets out the multi-year Strategic Plan.	Annually	CEO
Budget	Operational Budget for both Administration and Investment.	Annually	CEO
Budget Variance	Summarizes the status of material variances from the operational budget.	Quarterly	Assistant CEO, Internal Operations
Financial Reports	Quarterly report on the financial position of OCERS, covering unaudited financial statements, progress on the audited financial statements, expenses and recaptured commissions.	Quarterly	Assistant CEO, Internal Operations
Audited Financial Statements & Auditor's Opinion	The audited financial statements, which indicate the financial position of OCERS.	Annually	Independent Auditor
Form 700 Filing Requirements	List of positions that are Designated Filers (under the OCERS Conflict of Interest Code) required to file Form 700 annually.	Annually in January	General Counsel
Vendor Contracts	List of all vendor contracts above \$50,000 annually with those due for renewal highlighted.	Annually	Budget Officer
Board Communications	Communications Policy Fact Sheet summarizes the policy for all Board communications.	Annually in January	CEO



Memorandum

DATE: May 8, 2025
TO: Members of the Governance Committee
FROM: Cynthia Hockless, Director of HR, Manuel D. Serpa, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE TRUSTEE EDUCATION POLICY

Recommendation

Approve and recommend that the Board adopt the revisions to the Trustee Education Policy.

Discussion

The Board of Retirement has established a review schedule that requires the review of every charter and policy every three years. Under the board-approved review process, the Governance Committee will first review certain charters and policies before presentation to the Board for approval. The Board adopted the Trustee Education Policy on February 19, 2002, and most recently amended it on October 17, 2022.

The proposed revisions to the Policy are largely non-substantive; minor edits aimed at eliminating unnecessary verbiage and typos and rephrasing the material to improve clarity and readability. In addition, paragraph 17 of the existing policy was removed because staff considers it misplaced in the Trustee Education Policy and believes it is more appropriately addressed in the Employee Travel Policy:

17. 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 the 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.

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

Attachments

Submitted by:



CH - Approved

Cynthia Hockless
Director of HR

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Policy

Trustee Education Policy

Purpose

1. It is the policy of the Board of Retirement to ensure that individual Trustees have sufficient knowledge of the issues and challenges facing OCERS-~~so as~~ to craft policies to guide the administration of the plan and effectively monitor their implementation based on ongoing exposure to up-to-date benefit, financial, investment, and policy information and together with staff are properly trained to perform their respective duties.
2. Effective January 1, 2013, Trustees are required to complete a minimum of 24 hours of Trustee education within the first two (2) years of assuming office and for every subsequent two-year period in which the Trustee serves on the Board (Gov. Code § 31522.8).
3. Trustees are also required to complete two hours of ethics training every two years. (Gov. Code § 53235) Ethics training received as part of the 24 hours of Trustee education will satisfy this requirement.
4. Trustees are also required to complete two hours of harassment prevention training every two years- (Gov. Code § 12950.1). Harassment prevention training is *in addition* to the 24 hour education requirement set forth in Gov. Code § 31522.8.
5. To that end, each Trustee is encouraged to regularly participate in ~~those~~ educational opportunities that will enable the competent discharge of the ~~obligations of that position~~ position's obligations and meet the statutory requirements for continuing education.

Policy Objectives

6. ~~The objective of this policy~~ is policy's objective is to ensure that all Trustees have adequate ~~opportunity~~ opportunities to acquire the knowledge they need to carry out their fiduciary duties.

Policy Guidelines

7. Trustees agree to develop and maintain knowledge of relevant issues pertaining to the administration of OCERS throughout their terms.
8. Trustees agree to pursue appropriate education across a range of pension-related areas, rather than limiting their education to specific areas. General pension-related areas to be pursued include:
 - a. Pension funding;
 - b. Institutional investments and investment program management;
 - c. Investment performance measurement;
 - d. Actuarial science;
 - e. Benefits structure and administration;
 - f. Disability retirements;
 - g. Due process in benefit determinations;



OCERS Board Policy

Trustee Education Policy

- h. Pension law;
 - i. Organizational structure, methods, and practices;
 - j. Budgeting;
 - k. Governance and fiduciary duty; and
 - l. Ethics.
9. Trustees agree that at least two hours of education they receive will qualify as ethics training relevant to the Trustees' public service. Subject matter that qualifies for ethics training includes, ~~but is not limited to:~~
- a. Laws relating to personal financial gain by public servants, including, ~~but not limited to,~~ laws prohibiting bribery and conflict-of-interest laws.
 - b. Laws relating to claiming prerequisites of office, including, but not limited to, gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies.
 - c. Government transparency laws, including, ~~but not limited to,~~ financial interest disclosure requirements and open government laws.
 - d. Laws relating to fair processes, ~~including, but not limited to,~~ include common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.
10. Educational tools for trustees, as detailed in the Travel Policy, include, ~~but are not limited to:~~
- a. External conferences, seminars, workshops, roundtables, courses, or similar sessions (henceforth referred to collectively as "conferences");
 - b. Industry association meetings or events;
 - c. In-house educational seminars or briefings;
 - d. Periodicals, journals, textbooks, and similar materials; and
 - e. Electronic media, including CD ROM-based education, Internet-based education, and video--based education.
11. On an ongoing basis, the Chief Executive Officer and the Chief Investment Officer will identify appropriate educational opportunities, based on the needs of individual Trustees or the Board as a whole, ~~and include details of such in Board meeting information packages for Trustee consideration. Trustees are encouraged to suggest educational opportunities that may provide value to the Board of Retirement.~~ Current information on educational programs, conferences, and seminars is provided in the Travel Policy.
12. Standards for determining the appropriateness of a potential educational opportunity shall include:



OCERS Board Policy

Trustee Education Policy

- a. The extent to which the opportunity is expected to provide Trustees with the knowledge they need to carry out their roles and responsibilities;
- b. The extent to which the opportunity meets the requirements of this policy; and
 - c. The cost-effectiveness of the program in light of travel, lodging, and related expenses.
13. Beginning January 1, 2013, Trustees will acquire a ~~minimum of~~ least 24 hours of Trustee education within the first two (2) years of assuming office and for every subsequent 2-year period for which the Trustee serves on the Board.
 - a. Trustees will endeavor to complete 24 hours of education in the remainder of the first and second calendar year after appointment. For Trustees ~~who are~~ appointed later in November or December, the first education year will commence on January 1 of the subsequent calendar year.
 - b. After the initial two years after assuming office, education hours will be tracked on a calendar year basis, with each trustee required to complete 24 hours of education within each two-year period.
 - c. OCERS staff will track hours on an odd-~~and-even~~-year basis with Trustees grouped according to the year of term commencement.
 - d. For example, if a Trustee assumes office on April 1, 2016, ~~he or she~~ they will be expected to complete 24 hours of education by December 31, 2017. ~~Subsequent to~~ After January 1, 2018, ~~his or her~~ their education will be tracked on a rolling basis with completion of the 24-hour requirement on December 31, 2019, 2021, 2023, etc.
14. Trustees will attempt to meet the following minimum goals:
 - a. To ~~secure, over time,~~ gradually achieve a useful level of understanding in each of the topic areas listed in paragraph 8 above;
 - b. To attend at least one conference annually. ~~In accordance with a. above,~~ Trustees are encouraged to attend conferences, on occasion, that address pension topics other than investments; and
 - c. Participate in any in-house educational seminars or briefings that are organized by the Chief Executive Officer and Chief Investment Officer, including:
 - i. The educational component of the annual Strategic Planning Session;
 - ii. Individual sessions at regular Board meetings; and
 - iii. Workshops available to Board and staff members.
15. The Board shall maintain a record of Trustee compliance with this policy, and the Chief Executive Officer or his designee will ensure that the policy and annual compliance report are placed on the OCERS website.

Attendance at Conferences & Industry Association Meetings

16. Approval for attendance and reimbursement of travel expenses in connection with educational conferences and industry association meetings will be in accordance with the



OCERS Board Policy Trustee Education Policy

Travel Policy.

~~17. 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 the 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.~~

~~18.~~ 17. The Board will periodically review the programs, training, or educational sessions that qualify for Trustee education.

Harassment Prevention Training

~~19.~~ 18. As an employer of over 5-five employees, OCERS ~~is required to~~ must provide two hours of harassment and abusive conduct prevention training to all “supervisory employees” every two years, and (effective calendar year 2020) one hour of prevention training to all nonsupervisory employees.

~~20.~~ 19. Trustees are considered “supervisory employees” ~~for the purposes of~~ under the statute since Trustees may influence the terms and conditions of employment for OCERS employees.

~~21.~~ 20. The Chief Executive Officer, working with the Legal ~~Division~~ department and outside vendors, will schedule appropriate training for Trustees every two years.

Orientation Program

~~22.~~ 21. Working with the Chief Investment Officer and OCERS’ professional advisors, the Chief Executive Officer will hold an orientation program, covering the general topic areas outlined in paragraph 8 above, and designed to introduce new Trustees to all pertinent operations of the System and highlight the knowledge bases required of a Trustee. The aim of the orientation program will be to ensure that new Trustees are in a position to contribute fully to the Board of Retirement and committee deliberations, and effectively carry out their fiduciary duties as soon as possible after joining the Board.

~~23.~~ 22. ~~Prior to~~ Before a Trustee’s first official meeting with the Board of Retirement, ~~he or she~~ they will endeavor to attend a Board meeting or a standing committee meeting in the role of an observer.

~~24.~~ 23. Within 30 days of a Trustee’s election or appointment to the Board, the Chair will designate an incumbent member of the Board to provide the new Trustee with an orientation to current Board governance practices.

~~25.~~ 24. As part of the orientation process, new Trustees will, within 30 days of their election or appointment to the Board of Retirement:

- a. Be briefed by the Chief Executive Officer on the history and background of OCERS;
- b. Be oriented by the Chair on current issues before the Board;
- c. Be introduced to members of senior management;
- d. Be provided a tour of OCERS offices by the Chief Executive Officer;
- e. Be briefed by the ~~Board’s fiduciary counsel~~ General Counsel on their fiduciary duties, conflict



OCERS Board Policy

Trustee Education Policy

of -interest guidelines, the County Employees Retirement Law of 1937, Proposition 162, The Brown Act, and other pertinent legislation; and

- f. Be provided with an iPad (or other electronic device) with access to a document repository containing the following:
 - i. A Trustee Reference Manual (the contents of which are listed in the Appendix);
 - ii. A listing of upcoming recommended educational opportunities; and
 - iii. Other relevant information and documentation deemed appropriate by the Chief Executive Officer.

~~26-25.~~ During the course of their first 12 months on the Board of Retirement, new Trustees will endeavor to attend a seminar on the principles of pension management or a comparable program.

~~27-26.~~ The Chief Executive Officer will review, and, if necessary, update all orientation material. ~~It is the responsibility of Trustees to maintain~~ Trustees are responsible for maintaining their Trustee Reference Manuals, by ensuring that they contain the most up ~~to~~ to-date materials. A master copy of the Trustee Reference Manual will be available for use by Trustees at the OCERS office.

Policy Review

~~28-27.~~ The Board of Retirement will review this policy at least every three years to ensure ~~that~~ it remains relevant and appropriate.

Policy History

~~29-28.~~ ~~This policy was adopted by the Board of Retirement~~ Board of Retirement adopted this policy on February 19, 2002.

~~30-29.~~ The policy was revised on May 16, 2005, March 24, 2008, June 18, 2012, November 19, 2012, July 20, 2015, ~~and~~ December 19, 2016, September 25, 2019, ~~and~~ October 17, 2022, and [date].

Secretary's Certificate

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

10/17/22



OCERS Board Policy Trustee Education Policy

Date

Steve Delaney

Secretary of the Board

APPENDIX 1

Trustee Reference Manual

A Trustee Reference Manual will include the following materials:

- a. OCERS Board Handbook;
- b. Relevant sections of the *County Employees Retirement Law of 1937*;
- c. The Brown Act and Proposition 162;
- d. Most recent plan description and member handbook;
- e. Copies of Board policies;
- f. Most recent Annual Report;
- g. Most recent actuarial valuation and financial statements;
- h. Most recent actuarial experience study;
- i. Most recent asset/liability study;
- j. Most recent investment performance report;
- k. Most recent Business Plan and budget;
- l. Organizational chart;
- m. Names and phone numbers of the trustees and the Chief Executive Officer;
- n. Listing of current committee assignments;
- o. Listing of current service providers; and
- p. Glossary of key pension administration terms and definitions.



OCERS Board Policy Trustee Education Policy

Purpose

1. It is the policy of the Board of Retirement to ensure that individual Trustees have sufficient knowledge of the issues and challenges facing OCERS to craft policies to guide the administration of the plan and effectively monitor their implementation based on ongoing exposure to up-to-date benefit, financial, investment, and policy information and together with staff are properly trained to perform their respective duties.
2. Effective January 1, 2013, Trustees are required to complete a minimum of 24 hours of Trustee education within the first two (2) years of assuming office and for every subsequent two-year period in which the Trustee serves on the Board (Gov. Code § 31522.8).
3. Trustees are also required to complete two hours of ethics training every two years. (Gov. Code § 53235) Ethics training received as part of the 24 hours of Trustee education will satisfy this requirement.
4. Trustees are also required to complete two hours of harassment prevention training every two years (Gov. Code § 12950.1). Harassment prevention training is *in addition* to the 24 hour education requirement set forth in Gov. Code § 31522.8.
5. To that end, each Trustee is encouraged to regularly participate in educational opportunities that will enable the competent discharge of their position's obligations and meet the statutory requirements for continuing education.

Policy Objectives

6. This policy's objective is to ensure that all Trustees have adequate opportunities to acquire the knowledge they need to carry out their fiduciary duties.

Policy Guidelines

7. Trustees agree to develop and maintain knowledge of relevant issues pertaining to the administration of OCERS throughout their terms.
8. Trustees agree to pursue appropriate education across a range of pension-related areas rather than limiting their education to specific areas. General pension-related areas to be pursued include:
 - a. Pension funding;
 - b. Institutional investments and investment program management;
 - c. Investment performance measurement;
 - d. Actuarial science;
 - e. Benefits structure and administration;
 - f. Disability retirements;
 - g. Due process in benefit determinations;



OCERS Board Policy

Trustee Education Policy

- h. Pension law;
 - i. Organizational structure, methods, and practices;
 - j. Budgeting;
 - k. Governance and fiduciary duty; and
 - l. Ethics.
- 9. Trustees agree that at least two hours of education they receive will qualify as ethics training relevant to the Trustees' public service. Subject matter that qualifies for ethics training includes:
 - a. Laws relating to personal financial gain by public servants, including laws prohibiting bribery and conflict-of-interest laws.
 - b. Laws relating to claiming prerequisites of office, including, but not limited to, gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies.
 - c. Government transparency laws, including financial interest disclosure requirements and open government laws.
 - d. Laws relating to fair processes include common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.
- 10. Educational tools for trustees, as detailed in the Travel Policy, include:
 - a. External conferences, seminars, workshops, roundtables, courses, or similar sessions (henceforth referred to collectively as "conferences");
 - b. Industry association meetings or events;
 - c. In-house educational seminars or briefings;
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 - e. Electronic media, including CD ROM-based education, Internet-based education, and video-based education.
- 11. On an ongoing basis, the Chief Executive Officer and the Chief Investment Officer will identify appropriate educational opportunities based on the needs of individual Trustees or the Board as a whole. Current information on educational programs, conferences, and seminars is provided in the Travel Policy.
- 12. Standards for determining the appropriateness of a potential educational opportunity shall include:
 - a. The extent to which the opportunity is expected to provide Trustees with the knowledge they need to carry out their roles and responsibilities;
 - b. The extent to which the opportunity meets the requirements of this policy; and



OCERS Board Policy

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- c. The cost-effectiveness of the program in light of travel, lodging, and related expenses.
- 13. Beginning January 1, 2013, Trustees will acquire at least 24 hours of Trustee education within the first two (2) years of assuming office and for every subsequent 2-year period for which the Trustee serves on the Board.
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 - c. OCERS staff will track hours on an odd-and-even-year basis with Trustees grouped according to the year of term commencement.
 - d. For example, if a Trustee assumes office on April 1, 2016, they will be expected to complete 24 hours of education by December 31, 2017. After January 1, 2018, their education will be tracked on a rolling basis with completion of the 24-hour requirement on December 31, 2019, 2021, 2023, etc.
- 14. Trustees will attempt to meet the following minimum goals:
 - a. To gradually achieve a useful level of understanding in each of the topic areas listed in paragraph 8 above;
 - b. To attend at least one conference annually. Trustees are encouraged to attend conferences, on occasion, that address pension topics other than investments; and
 - c. Participate in any in-house educational seminars or briefings that are organized by the Chief Executive Officer and Chief Investment Officer, including:
 - i. The educational component of the annual Strategic Planning Session;
 - ii. Individual sessions at regular Board meetings; and
 - iii. Workshops available to Board and staff members.
- 15. The Board shall maintain a record of Trustee compliance with this policy, and the Chief Executive Officer or his designee will ensure that the policy and annual compliance report are placed on the OCERS website.

Attendance at Conferences & Industry Association Meetings

- 16. Approval for attendance and reimbursement of travel expenses in connection with educational conferences and industry association meetings will be in accordance with the Travel Policy.
- 17. The Board will periodically review the programs, training, or educational sessions that qualify for Trustee education.

Harassment Prevention Training



OCERS Board Policy Trustee Education Policy

18. As an employer of over five employees, OCERS must provide two hours of harassment and abusive conduct prevention training to all "supervisory employees" every two years and (effective calendar year 2020) one hour of prevention training to all nonsupervisory employees.
19. Trustees are considered "supervisory employees" under the statute since Trustees may influence the terms and conditions of employment for OCERS employees.
20. The Chief Executive Officer, working with the Legal Division and outside vendors, will schedule appropriate training for Trustees every two years.

Orientation Program

21. Working with the Chief Investment Officer and OCERS' professional advisors, the Chief Executive Officer will hold an orientation program covering the general topic areas outlined in paragraph 8 above and designed to introduce new Trustees to all pertinent operations of the System and highlight the knowledge bases required of a Trustee. The aim of the orientation program will be to ensure that new Trustees are in a position to contribute fully to the Board of Retirement and committee deliberations and effectively carry out their fiduciary duties as soon as possible after joining the Board.
22. Before a Trustee's first official meeting with the Board of Retirement, they will endeavor to attend a Board meeting or a standing committee meeting in the role of an observer.
23. Within 30 days of a Trustee's election or appointment to the Board, the Chair will designate an incumbent member of the Board to provide the new Trustee with an orientation to current Board governance practices.
24. As part of the orientation process, new Trustees will, within 30 days of their election or appointment to the Board of Retirement:
 - a. Be briefed by the Chief Executive Officer on the history and background of OCERS;
 - b. Be oriented by the Chair on current issues before the Board;
 - c. Be introduced to members of senior management;
 - d. Be provided a tour of OCERS offices by the Chief Executive Officer;
 - e. Be briefed by the General Counsel on their fiduciary duties, conflict of interest guidelines, the County Employees Retirement Law of 1937, Proposition 162, The Brown Act, and other pertinent legislation; and
 - f. Be provided with an iPad (or other electronic device) with access to a document repository containing the following:
 - i. A Trustee Reference Manual (the contents of which are listed in the Appendix);
 - ii. A listing of upcoming recommended educational opportunities; and
 - iii. Other relevant information and documentation deemed appropriate by the Chief Executive Officer.



OCERS Board Policy

Trustee Education Policy

25. During the course of their first 12 months on the Board of Retirement, new Trustees will endeavor to attend a seminar on the principles of pension management or a comparable program.
26. The Chief Executive Officer will review and, if necessary, update all orientation material. Trustees are responsible for maintaining their Trustee Reference Manuals by ensuring that they contain the most up-to-date materials. A master copy of the Trustee Reference Manual will be available for use by Trustees at the OCERS office.

Policy Review

27. The Board of Retirement will review this policy at least every three years to ensure it remains relevant and appropriate.

Policy History

28. The Board of Retirement adopted this policy on February 19, 2002.
29. The policy was revised on May 16, 2005, March 24, 2008, June 18, 2012, November 19, 2012, July 20, 2015, December 19, 2016, September 25, 2019, October 17, 2022, and [date].

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 black ink that reads "Steve Delaney". The signature is written in a cursive style and is positioned above a horizontal line.

Date

Steve Delaney

Secretary of the Board



OCERS Board Policy

APPENDIX 1

Trustee Reference Manual

A Trustee Reference Manual will include the following materials:

- a. OCERS Board Handbook;
- b. Relevant sections of the *County Employees Retirement Law of 1937*;
- c. The Brown Act and Proposition 162;
- d. Most recent plan description and member handbook;
- e. Copies of Board policies;
- f. Most recent Annual Report;
- g. Most recent actuarial valuation and financial statements;
- h. Most recent actuarial experience study;
- i. Most recent asset/liability study;
- j. Most recent investment performance report;
- k. Most recent Business Plan and budget;
- l. Organizational chart;
- m. Names and phone numbers of the trustees and the Chief Executive Officer;
- n. Listing of current committee assignments;
- o. Listing of current service providers; and
- p. Glossary of key pension administration terms and definitions.



Trustee Education Policy

May 8, 2025

Cynthia Hockless

Director of Human Resources



Recommendation

- Approve and recommend that the Board adopt minor revisions to the Trustee Education Policy.



Section: Purpose

Section: Policy Objectives

• Item 1, pg. 1

1. It is the policy of the Board of Retirement to ensure that individual Trustees have sufficient knowledge of the issues and challenges facing OCERS-~~so as~~ to craft policies to guide the administration of the plan and effectively monitor their implementation based on ongoing exposure to up-to-date benefit, financial, investment, and policy information and together with staff are properly trained to perform their respective duties.

• Item 4, pg. 1

4. Trustees are also required to complete two hours of harassment prevention training every two years- (Gov. Code § 12950.1). Harassment prevention training is *in addition* to the 24 hour education requirement set forth in Gov. Code § 31522.8.

• Item 5, pg. 1

5. To that end, each Trustee is encouraged to regularly participate in ~~those~~ educational opportunities that will enable the competent discharge of the ~~obligations of that position~~ir position's obligations and meet the statutory requirements for continuing education.

• Item 6, pg. 1

6. The ~~objective of this policy~~is policy's objective is to ensure that all Trustees have adequate ~~opportunity~~opportunities to acquire the knowledge they need to carry out their fiduciary duties.

Section: Policy Guidelines

• Item 9, pg. 2

9. Trustees agree that at least two hours of education they receive will qualify as ethics training relevant to the Trustees' public service. Subject matter that qualifies for ethics training includes, ~~but is not limited to:~~
- a. Laws relating to personal financial gain by public servants, including, ~~but not limited to,~~ laws prohibiting bribery and conflict-of-interest laws.
 - c. Government transparency laws, including, ~~but not limited to,~~ financial interest disclosure requirements and open government laws.
 - d. Laws relating to fair processes, ~~including, but not limited to,~~ include common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.

• Item 10, pg. 2

10. Educational tools for trustees, as detailed in the Travel Policy, include, ~~but are not limited to:~~

• Item 11, pg. 2

11. On an ongoing basis, the Chief Executive Officer and the Chief Investment Officer will identify appropriate educational opportunities, based on the needs of individual Trustees or the Board as a whole, ~~and include details of such in Board meeting information packages for Trustee consideration. Trustees are encouraged to suggest educational opportunities that may provide value to the Board of Retirement.~~ Current information on educational programs, conferences, and seminars is provided in the Travel Policy.

Section: Policy Guidelines

• Item 13, pg. 3

13. Beginning January 1, 2013, Trustees will acquire a ~~minimum of~~ least 24 hours of Trustee education within the first two (2) years of assuming office and for every subsequent 2-year period for which the Trustee serves on the Board.
 - a. Trustees will endeavor to complete 24 hours of education in the remainder of the first and second calendar year after appointment. For Trustees ~~who are~~ appointed later in November or December, the first education year will commence on January 1 of the subsequent calendar year.
 - b. After the initial two years after assuming office, education hours will be tracked on a calendar year basis, with each trustee required to complete 24 hours of education within each two-year period.
 - c. OCERS staff will track hours on an odd-~~and~~-even-year basis with Trustees grouped according to the year of term commencement.
 - d. For example, if a Trustee assumes office on April 1, 2016, ~~he or she~~ they will be expected to complete 24 hours of education by December 31, 2017. ~~Subsequent to~~ After January 1, 2018, ~~his or her~~ their education will be tracked on a rolling basis with completion of the 24-hour requirement on December 31, 2019, 2021, 2023, etc.

Section: Policy Guidelines

• Item 14, pg. 3

14. Trustees will attempt to meet the following minimum goals:

- a. To ~~secure, over time,~~ gradually achieve a useful level of understanding in each of the topic areas listed in paragraph 8 above;
- b. To attend at least one conference annually. ~~In accordance with a. above,~~ Trustees are encouraged to attend conferences, on occasion, that address pension topics other than investments; and
- c. Participate in any in-house educational seminars or briefings that are organized by the Chief Executive Officer and Chief Investment Officer, including:

• Item 17, pg. 4

~~17. 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 the 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.~~

• Item 17, pg. 4

~~18.~~ 17. The Board will periodically review the programs, training, or educational sessions that qualify for Trustee education.

Section: Policy Guidelines

- **Item 18, pg. 4**

~~19.~~18. ____ As an employer of over ~~5~~five employees, OCERS ~~is required to~~must provide two hours of harassment and abusive conduct prevention training to all “supervisory employees” every two years~~;~~ and (effective calendar year 2020) one hour of prevention training to all nonsupervisory employees.

- **Item 19, pg. 4**

~~20.~~19. ____ Trustees are considered “supervisory employees” ~~for the purposes of~~under the statute since Trustees may influence the terms and conditions of employment for OCERS employees.

- **Item 20, pg. 4**

~~21.~~20. ____ The Chief Executive Officer_; working with the Legal ~~Division~~Department and outside vendors_; will schedule appropriate training for Trustees every two years.

Section: Policy Guidelines

- Item 21, pg. 4

~~22.~~21. Working with the Chief Investment Officer and OCERS' professional advisors, the Chief Executive Officer will hold an orientation program, covering the general topic areas outlined in paragraph 8 above, and designed to introduce new Trustees to all pertinent operations of the System and highlight the knowledge bases required of a Trustee. The aim of the orientation program will be to ensure that new Trustees are in a position to contribute fully to the Board of Retirement and committee deliberations, and effectively carry out their fiduciary duties as soon as possible after joining the Board.

- Item 22, pg. 4

~~23.~~22. ~~Prior to~~Before a Trustee's first official meeting with the Board of Retirement, ~~he or she~~they will endeavor to attend a Board meeting or a standing committee meeting in the role of an observer.

- Item 23, pg. 4

~~24.~~23. Within 30 days of a Trustee's election or appointment to the Board, the Chair will designate an incumbent member of the Board to provide the new Trustee with an orientation to current Board governance practices.

Section: Policy Guidelines

Section Policy Review

• Item 24, pg. 4 – 5

~~25.~~24. As part of the orientation process, new Trustees will, within 30 days of their election or appointment to the Board of Retirement:

• Item 25, pg. 5

- e. Be briefed by the ~~Board's fiduciary counsel~~ General Counsel on their fiduciary duties, conflict of interest guidelines, the County Employees Retirement Law of 1937, Proposition 162, The Brown Act, and other pertinent legislation; and

• Item 26, pg. 5

~~26.~~25. During the course of their first 12 months on the Board of Retirement, new Trustees will endeavor to attend a seminar on the principles of pension management or a comparable program.

~~27.~~26. The Chief Executive Officer will review, and, if necessary, update all orientation material. ~~It is the responsibility of Trustees to maintain~~ Trustees are responsible for maintaining their Trustee Reference Manuals, by ensuring that they contain the most up-to-date materials. A master copy of the Trustee Reference Manual will be available for use by Trustees at the OCERS office.

• Item 27, pg. 5

~~28.~~27. The Board of Retirement will review this policy at least every three years to ensure ~~that it~~ remains relevant and appropriate.

Section: Policy History

- Item 28, pg. 5

~~29.~~28. ~~This policy was adopted by the Board of Retirement~~ Board of Retirement adopted this policy
on February 19, 2002.

- Item 29, pg. 5

~~30.~~29. The policy was revised on May 16, 2005, March 24, 2008, June 18, 2012, November 19, 2012, July 20, 2015, ~~and~~ December 19, 2016, September 25, 2019, ~~and~~ October 17, 2022, and [date].

Questions?



Thank you!

Cynthia Hockless
Director of Human Resources

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Memorandum

DATE: May 8, 2025
TO: Members of the Governance Committee
FROM: Steve Delaney, Chief Executive Officer, and Brenda Shott, Assistant CEO, Internal Operations
SUBJECT: OFF-CYCLE REVIEW OF THE BOARD MEMBER TRAVEL POLICY

Recommendation

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

Background/Discussion

The Travel Policy was adopted on December 16, 2002, and last revised on April 15, 2024. Though not due for its regular review, the Board Chair has requested a review to clarify and update certain points, as described below. In addition, staff removed those portions of the policy that apply only to employees and created a separate "Employee Travel Policy" that will be an internal policy added to our Employee Handbook. Thus, the Travel Policy is now the "Board Member Travel Policy." Also, the proposed revision includes numerous minor clarifying edits, typo, grammar, and formatting corrections, and the substantive changes detailed below.

Proposed Revisions

The following statement has been added to paragraph 25 regarding agency-issued credit cards:

The quarterly travel report will include a list of those Board members who have been issued credit cards.

The last sentence of paragraph 26 has been edited to state that only cash advances exceeding \$500 will be reported on the next meeting agenda:

Notice of all cash advances exceeding \$500 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.

The following statement has been added to the end of paragraph 30 regarding travel and lodging cancellations:

If a cancellation occurs after OCERS has provided an advance reimbursement and a refund is issued directly to the Board member, the refunded amount must be reimbursed back to OCERS promptly. Failure to do so may result in further action, including suspension of future travel approvals.

A clarification that the actual lodging expenses from the hotel where a conference is held will be reimbursed has been added to paragraph 33:

Actual expenses for economical and practical lodging will be reimbursed, as will actual lodging expenses from the hotel where the conference is held.

A change was made to the section on car rental, paragraph 42, to permit an “intermediate” vehicle rather than a compact one, and to allow for the rental of a truck:

If available, an “intermediate,” “standard,” or equivalent rental automobile or truck compact vehicle will be requested unless several Board members and/or staff will be using use the vehicle together. Whenever possible, a request for a government rate will be made.

The allowance for gratuities has been increased from \$15 to \$20 in paragraph 44:

OCERS will reimburse a maximum of \$20 per day of travel for portage, housekeeping, and non-meal-related gratuities. Receipts are not required for these expenses.

The Board Member 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. The new Employee Travel Policy is also attached for your reference.

Attachments

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Submitted by:



BMS-Approved

Brenda Shott
Assistant CEO, Internal Operations



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Purpose

1. ~~Prudent~~ The effective oversight of a public sector pension plan requires that ~~trustees~~ Board members and staff attend, from time to time, occasionally travel to business meetings and educational ~~conferences or seminars~~ events, held from time to time, both in or and outside of the state of California. Travel and related costs ~~incurred in doing so not only represent~~ are a legitimate ~~and necessary part of OCERS' operations and represent~~ expenses of the plan, but are a sound an investment in ~~the ongoing success of the organization in meeting the needs of the membership~~ OCERS' ability to fulfill its obligations to participating employers and members.
2. The purpose of the Board Member Travel Policy is to promote Board member travel for encourage and facilitate the pursuit of relevant educational and business ~~related initiatives by trustees~~ purposes and to ~~and staff. The policy is designed to~~
 - a. ~~assist them~~ Board members in ~~meeting~~ fulfilling their fiduciary duties to administer the pension plan;
 - b. ~~ensure that~~ travel and related expenditures incurred ~~in the education and travel process~~ are prudent and cost-effective;
 - c. ~~and to~~ mitigate the risk of any actual or perceived ~~improprieties~~ impropriety related to Board member ~~arising from~~ travel or business-related ~~activities~~ expenditures.
- 2.3. Exceptions to any provision of this ~~policy~~ for a Board member ~~or the Chief Executive Officer~~ require the pre- ~~may only be granted with prior~~ 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

4. ~~As a general rule~~ Generally, no approval will be granted for attendance, and no travel expenses will be reimbursed, and with the exception of public retirement system meetings and the conferences listed in paragraphs 10.9 and 14.13, unless a conference ~~or~~ /seminar agenda contains substantive educational content per day. Educational forums, conferences, and seminars that routinely and consistently satisfy this requirement will automatically qualify for Board approval for attendance. The Chief Executive Officer (CEO) will screen and provide a list of suitable conferences or seminars to the Board members. This requirement does not apply to meetings of a public retirement system or the conferences listed in paragraphs 11 and 15.
- 3.5. ~~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~~ be restricted to those conferences sponsored by firms ~~who have~~ with a contractual relationship with OCERS. ~~Board members or staff members who have~~ ith independent relationships with a



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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

~~4.6.~~ As used in this policy, ~~t~~The term "Board ~~Member~~ member" ~~shall~~ includes 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

~~5.7.~~ Except as otherwise provided herein, reimbursement of travel expenses for a Board member to attend an educational conference, ~~or~~ seminar, ~~{or other type of similar meetings or events}~~ requires ~~the prior approval~~ prior approval of by the Board of Retirement.



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- ~~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.~~
- ~~7.8. Board approval is not required for t~~Travel on OCERS' business within the Southern California region for OCERS' business ~~by Board members or staff need not be approved in advance provided that if no~~ overnight accommodations are ~~not~~ required. ~~For purposes of this policy, t~~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

- ~~8.9.~~ 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 Board members at educational conferences, seminars, or social activities ~~of the Board~~ is not a violation of this provision.

Cost of Administration

- ~~9.10.~~ Approved education and travel expenses for Board ~~and staff~~ members shall be direct costs of OCERS' 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 These expenses~~ shall not be paid through third-party contracts or ~~otherwise other means~~ without the express written authorization of the Board of Retirement. All approved travel and education expenses shall be included in ~~the OCERS~~ OCERS' annual budget, as approved by the Board of Retirement.

Pre-Approved Conferences and Meetings

- ~~10.11.~~ Board members ~~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~~



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~~authorized and encouraged to attend the following:~~



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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.~~
- ~~11.12.~~ 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~~ or boards of the organizations named in paragraph ~~10-911~~ are automatically authorized to attend the related committee or board meetings ~~of the committee(s)~~ to which they have been appointed or elected.
- ~~12.13.~~ 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 advanced 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.
- ~~13.14.~~ 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



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paragraph ~~12-113~~ within the first year after their election or appointment.

~~14-15.~~ The ~~Chief Executive Officer~~ CEO has identified the following conferences ~~and~~ seminars that Board members ~~and designated staff members~~ are automatically authorized to attend, subject to the limits set forth in paragraph ~~16-157~~, at ~~OCERS~~ 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 With Intelligence (Pension Bridge) 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; (ILPA); and
- o. Conferences sponsored by the Markets Group.

~~15-16.~~ The ~~Chief Executive Officer~~ EO 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

~~16-17.~~ 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 ~~109-11~~, ~~11-102~~, ~~12-113~~ ~~are is~~ not subject to the three-event limit imposed by this paragraph, even if they require overnight travel.

~~17-18.~~ 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 ~~109-11~~, ~~11-102~~, ~~12-113~~, or ~~14-135~~ 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.~~



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~~18.~~19. 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~~ may grant an exception to this provision upon the request of, and showing of good cause ~~by, a Board member or the CEO~~ 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.~~20. In cases where attendance at a particular conference, seminar, or other event is limited, the CEO will identify those ~~trustees~~ Board members who will be authorized to attend as follows:

- a. first, by giving priority to those ~~trustees~~ Board members who have not previously attended the specific conference, seminar, or other event and, if needed, make selections by lottery of the interested ~~trustees~~ Board members in this group;
- b. second, if additional opportunities to attend remain available, make selections by lottery of other interested ~~trustees~~ Board members, and
- c. third, designate the remaining interested ~~trustees~~ Board members as alternate attendees, who may attend in the event the Board members ~~trustees~~ originally selected are unable to attend.

International Travel and Travel Outside the Continental United States

21. 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 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 that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period.

~~20. 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.~~22. The ~~Chief Executive Officer~~ EO 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~~ costs incurred ~~costs~~ for the ensuing quarters.



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Report on Conference or Seminar

~~22-23.~~ Board ~~Member~~members ~~and staff~~ who travel to conferences or seminars that are not automatically authorized in paragraphs ~~10911~~, ~~111012~~, ~~12-113~~, or ~~14-135~~ shall file with the ~~CEO~~Chief Executive Officer a report that briefly summarizes the information and knowledge gained that may be relevant to other Board ~~m~~Members or ~~staff~~employees, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board ~~m~~Member ~~or staff~~ will be made ~~on~~using the Report of Attendance at Conference or Seminar Report form shown in the appendix. A copy of the report will be included in the materials for the next Board meeting ~~of the Board~~.

Claims for Reimbursement

~~24. 2322.~~ Reimbursement for travel by a Board member or staff shall be submitted by the ~~CEO's Executive Assistant~~ through ~~OCERS~~OCERS' expense management application ~~and must be accompanied by all supporting receipts or documentation of the expense incurred.~~ The CEO's Executive Assistant shall submit reimbursement for travel by a Board member through OCERS' expense management application, and it must be accompanied by all supporting receipts or documentation of the incurred expense. The Board ~~or staff~~members must provide an itemized receipt ~~that including evidence shows proof~~ of payment. ~~In the event if~~ an itemized receipt is lost or ~~is not un~~-available, a Missing Receipt Form must be completed and submitted with the ~~expense~~ reimbursement claim. ~~The Missing Receipt Form~~ This form includes a certification that only allowable items are ~~included in the request for reimbursement being claimed.~~ Overuse Excessive use of the Missing Receipt Form ~~could may~~ result in ~~non-denial of~~ reimbursement ~~of expense at OCERS~~OCERS' discretion. All ~~expense reimbursement~~ claims ~~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 final~~ review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph ~~21202~~.

Agency-Issued Corporate Credit Card

~~24.25.~~ Board members ~~and eligible OCERS staff members~~ may request a Corporate Credit Card to be used. ~~In accordance with the Corporate Credit Card Policy,~~ The Corporate Credit Card may be used for expenses incurred in conjunction with only for official OCERS' business, including, but not limited to, travel costs such as parking, air travel, hotel accommodations, ground transportation, ~~and vehicle~~car rental, or meals. ~~in conjunction with official OCERS' business.~~ The quarterly travel report will include a list of those Board members who have been issued credit cards.

Cash Advances

~~26.~~ Cash advances will be provided upon request only for those conferences, seminars, meetings, and courses identified in paragraphs ~~10911~~, ~~11102~~, ~~12-113~~, or ~~14-135~~ of this policy as pre-approved by



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the Board and ~~Chief Executive Officer EO. Any and all~~ All cash advances for travel and training shall be requested through the ~~C~~ Chief Executive Officer EO. Cash advances are subject to approval by the Chair of the Board of Retirement and the ~~Chief Executive Officer EO~~. Notice of all cash advances exceeding \$500 for travel and training shall be placed on the ~~Consent Agenda~~ agenda for the next Regular Meeting of the Board of Retirement as an informational item.

~~25.~~

Time Limit for Expense Claims

~~26.~~ 27. 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

~~27.~~ 28. Expenses of family members and/or traveling companions are not reimbursable by OCERS.

Limitation on ~~Time and~~ Expense Allowance

~~28.~~ 29. Board ~~and staff~~ members will be reimbursed for daily travel expenses, such as meals as outlined in paragraph ~~30~~ 31, and gratuities as outlined in paragraph ~~43~~ 44, for each day of travel ~~when such travel is occurring of~~ outside Orange County. ~~Allowance~~ Reimbursement for ~~time and~~ expenses shall not exceed ~~that which~~ what is reasonable and necessary, based on comparable travel as claimed by others to that the precise same destination, whether by private ~~automobile vehicle~~ 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~~ minimize lodging and meal costs to OCERS.

Travel and Lodging Cancellations

30. Board members ~~and staff~~ are responsible for ~~the timely cancellation~~ promptly canceling any of registration fees, travel arrangements, or ~~and~~ lodging reservations made on ~~his/her~~ their behalf that will not be used. Cancellations should be made in a timely manner to avoid, so that no unnecessary expense will be incurred by OCERS unnecessary costs to OCERS. If a cancellation occurs after OCERS has provided an advance reimbursement and a refund is issued directly to the Board member, the refunded amount must be reimbursed back to OCERS promptly. Failure to do so may result in further action, including suspension of future travel approvals.

~~29.~~

Meals

31. Meals While Attending Events that Require Overnight Travel. ~~Meals purchased by a Board or staff~~
Board Member Travel Policy
Adopted Date December 16, 2002
Last Revised ~~April 15, 2024~~



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members will be reimbursed for the actual and reasonable cost of meals, including non-alcoholic beverages, tax, and tips, while attending ~~an event~~s (i.e., conferences, seminars, meetings, or courses) that requires overnight travel ~~will be reimbursed at the actual and reasonable cost of the meals, including non-alcoholic beverages, tax and tip.~~ Reimbursement will not be provided for meals:

a. ~~provided that any meals included and~~ already included and paid for by OCERS (~~such as e.g., meals through the included in the event~~ conference-registration fee), or

b. ~~paid and meals paid~~ for by a third party and subject to reporting requirements under the Political Reform Act ~~will not be reimbursed.~~

~~30.~~ If an itemized receipt is not submitted, OCERS will reimburse the Board ~~or staff~~ member up to the United States General Services Administration GSA per diem rate for each purchased meal, ~~upon request.~~

~~31-32.~~ **Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved.** ~~When overnight travel is not involved,~~ Board ~~and staff~~ members will be reimbursed for the actual and reasonable cost ~~expense~~ of meals, including non-alcoholic beverages, tax, and a reasonable tip, if the meal occurs ~~consumed and purchased during a~~ meetings where OCERS' business is conducted ~~during the course of the meal, and no overnight travel is required to attend the meeting.~~ (See paragraph ~~30-31~~ for meal reimbursement during trips with overnight travel.) The names of ~~the people who all attended attendees and 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 applicable GSA per diem rate for each purchased meal, ~~upon request.~~

Hotels

~~32-33.~~ Actual expenses for economical and practical lodging will be reimbursed, as will actual lodging expenses from the hotel where the conference is held. 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.~~

~~33-34.~~ 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

~~34-35.~~ 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 the Vice Chair where the traveler is the Board Chair ~~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 Also, additional legroom seats or premium economy fees will be reimbursed 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.~~ At their individual may, at his



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~~or her~~ own expense, an individual may pay to upgrade travel to business or first class.

~~35.36.~~ If a significant savings ~~can be realized~~ on the airline fare can be realized by having a Board member ~~or staff member~~ extend their stay to include an additional ~~Saturday~~ night, the Board ~~or staff member~~ may, at ~~his or her option~~ their discretion, ~~may~~ extend ~~his or her~~ their stay ~~in order to~~ realize such savings. OCERS will reimburse the additional lodging and meal costs incurred as a result of the ~~ing from an~~ extended itinerary stay, not to exceed the amount of savings in airline fare.

Automobile Vehicle Mileage

~~363537.~~ A Board member ~~or staff member~~ who uses his/her/their personal automobile vehicle for transportation on ~~OCERS~~ OCERS' business will keep records of the actual mileage driven on business and will report such mileage to the CEO's executive assistant, who will submit the claim through ~~OCERS~~ 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.~~

~~373638.~~ Board members who use their personal automobile vehicles 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~~ to conduct other ~~OCERS~~ 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 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).

~~383739.~~ A Board member ~~or staff member~~ who elects to use his/her/their personal automobile vehicle 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

~~393840.~~ Parking and tolls will be reimbursed when related to official OCERS' business.

Transportation

~~403941.~~ Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar), and public transportation for ~~OCERS~~ OCERS' business (including attendance ~~by a Board member at meetings of the Board or committees of the Board~~ meetings) will be reimbursed. The most economical



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mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttles) is not required.

Car Rentals

~~4140~~42. 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, an "intermediate," "standard," or equivalent rental automobile or truck compact vehicle will be requested; unless several Board members and ~~for~~ staff will ~~be using~~ use the vehicle together. Whenever possible, a request for a government rate will be made.

Incidental Business Expenses

~~4241~~3. Incidental business expenses reasonably incurred in connection with ~~OCERS~~ OCERS' business, such as telephone, fax, Internet access, and similar business expenses, will be reimbursed.

Porterage/Housekeeping/Other

~~4342~~4. OCERS will reimburse a maximum of \$~~15~~20 per day of travel for porterage, housekeeping, and non-meal-related gratuities. Receipts are not required for these expenses.

Excluded Expenses

~~4443~~5. The following expenses will not be reimbursed: -Alcoholic beverages, tobacco products, in-room movies, barber ~~shop~~ or beauty shop or spa services, gifts, magazines, personal telephone calls, and mini-bar charges. ~~In the case of~~ For trips longer than five business days or ~~an~~ in emergency situations, laundry and dry-cleaning expenses will be reimbursed.

~~4544~~6. OCERS will not reimburse or pay for charges associated with ~~for~~ attendance at or participation in networking, social, or entertainment ~~type events~~ activities (e.g., golf outings, cocktail parties, excursions, ~~outings, etc. or similar events~~) that are in addition to or not included in the general conference registration fee. An exception is made ~~except that OCERS will pay~~ for NASRA-sponsored networking events that ~~take place~~ occur during, and are included in the official agenda ~~for~~ of NASRA-sponsored conferences.

Staff Travel

~~4645~~. ~~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.~~



OCERS Board Policy Board Member Travel Policy

Policy Review

~~47~~⁴⁶~~7~~. 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~~⁴⁷~~8~~. The Retirement Board adopted this policy on December 16, 2002, and it was last revised on ~~April 15, 2024, and [date].~~

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



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 Board Member Travel Policy

Purpose

1. The effective oversight of a public sector pension plan requires that Board members attend business meetings and educational events from time to time, both in and outside the state of California. Travel and related costs are a legitimate and necessary part of OCERS' operations and represent an investment in OCERS' ability to fulfill its obligations to participating employers and members.
2. The purpose of the Board Member Travel Policy is to promote Board member travel for relevant educational and business purposes and to:
 - a. assist Board members in fulfilling their fiduciary duties to administer the pension plan;
 - b. ensure that travel and related expenditures incurred are prudent and cost-effective;
 - c. mitigate the risk of any actual or perceived impropriety related to Board member travel or business-related expenditures.
3. Exceptions to any provision of this policy for a Board member may only be granted with prior approval of the Board Chair or Vice Chair.

Content Requirements

4. Generally, no approval will be granted for attendance, and no travel expenses will be reimbursed unless a conference or seminar agenda contains substantive educational content per day. Educational forums, conferences, and seminars that routinely and consistently satisfy this requirement will automatically qualify for Board approval for attendance. The Chief Executive Officer (CEO) will screen and provide a list of suitable conferences or seminars to the Board members. This requirement does not apply to meetings of a public retirement system or the conferences listed in paragraphs 11 and 15.
5. 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 with a contractual relationship with OCERS. Board members with 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 affiliation.

Board Member

6. As used in this policy, the term "Board member" includes 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

7. Except as otherwise provided herein, reimbursement of travel expenses for a Board member to attend an educational conference, seminar, or similar meetings or events requires prior approval by the Board of Retirement.



OCERS Board Policy Board Member Travel Policy

8. Board approval is not required for travel within the Southern California region for OCERS' business if no overnight accommodations are required. For purposes of this policy, the Southern California region includes the counties of Orange, Los Angeles, San Bernardino, Riverside, San Diego, Imperial, Ventura, Santa Barbara, and Kern.

Limitation on Meeting for Business Purpose

9. 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 by more than four Board members at educational conferences, seminars, or social activities is not a violation of this provision.

Cost of Administration

10. Approved education and travel expenses for Board members shall be direct costs of OCERS' administration, paid by OCERS. These expenses shall not be paid through third-party contracts or other means without the express written authorization of the Board of Retirement. All approved travel and education expenses shall be included in OCERS' annual budget, as approved by the Board of Retirement.

Pre-Approved Conferences and Meetings

11. Board members 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.



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12. Board members appointed or elected to serve on committees or boards of the organizations named in paragraph 11 are automatically authorized to attend the related committee or board meetings to which they have been appointed or elected.
13. Board members are automatically authorized to attend each of the following full curriculum pension management programs and courses:
 - a. Basic and advanced educational programs sponsored by CALAPRS – once during each Board member’s term;
 - b. Basic and advanced educational programs sponsored by SACRS – once during each Board member’s term;
 - c. Basic and advanced investment programs sponsored by the Wharton School — one time only; 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 may attend each program only once.
14. 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 13 within the first year after their election or appointment.
15. The CEO has identified the following conferences and seminars that Board members are automatically authorized to attend, subject to the limits set forth in paragraph 17, at OCERS’ expense:
 - a. Conferences and Programs sponsored by the International Foundation of Employee Benefit Plans (IFEBCP);
 - 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 With Intelligence (Pension Bridge) and all 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 its subsidiaries;



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- n. Conferences sponsored by the Institutional Limited Partners Association (ILPA); and
 - o. Conferences sponsored by the Markets Group.
16. The CEO shall provide newly elected or appointed Board members with a list of approved conferences scheduled within the current calendar year.

Limitation on Attendance at Conferences and Seminars

17. 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 11, 12, and 13 is not subject to the three-event limit imposed by this paragraph, even if they require overnight travel.
18. Board members who want to attend events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging and are not automatically authorized under paragraphs 11, 12, 13, or 15 require advance approval by the Board.
19. 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. The Board Chair or Vice Chair may grant an exception to this provision upon the request of, and showing of good cause by, a Board member or the CEO.
20. In cases where attendance at a particular conference, seminar, or other event is limited, the CEO will identify those Board members who will be authorized to attend as follows:
- a. first, by giving priority to those Board members who have not previously attended the specific conference, seminar, or other event and, if needed, make selections by lottery of the interested Board members in this group;
 - b. second, if additional opportunities to attend remain available, make selections by lottery of other interested Board members, and
 - c. third, designate the remaining interested Board members as alternate attendees, who may attend in the event the Board members originally selected are unable to attend.

International Travel and Travel Outside the Continental United States

21. 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 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 that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period.

Travel Reports

22. The CEO 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



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shall identify the individual, location, purpose, and cost of travel. The Board of Retirement will review these reports quarterly. The report will also include scheduled travel costs incurred for the ensuing quarters.

Report on Conference or Seminar

23. Board members who travel to conferences or seminars that are not automatically authorized in paragraphs 11, 12, 13, or 15 shall file with the CEO a report that briefly summarizes the information and knowledge gained that may be relevant to other Board members or employees, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by a Board member will be made using the Report of Attendance at Conference or Seminar form shown in the appendix. A copy of the report will be included in the materials for the next Board meeting.

Claims for Reimbursement

24. The CEO's Executive Assistant shall submit reimbursement for travel by a Board member through OCERS' expense management application, and it must be accompanied by all supporting receipts or documentation of the incurred expense. Board members must provide an itemized receipt that shows proof of payment. If an itemized receipt is lost or unavailable, a Missing Receipt Form must be completed and submitted with the reimbursement claim. This form includes a certification that only allowable items are being claimed. Excessive use of the Missing Receipt Form may result in denial of reimbursement at OCERS' discretion. All reimbursement claims 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. The Vice Chair will approve expense claims for the Chair. All approvals are subject to final review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph 22.

Agency-Issued Corporate Credit Card

25. Board members may request a Corporate Credit Card to be used in accordance with the Corporate Credit Card Policy. The Corporate Credit Card may be used for expenses incurred in conjunction with official OCERS' business, including travel costs such as parking, air travel, hotel accommodations, ground transportation, vehicle rental, or meals. The quarterly travel report will include a list of those Board members who have been issued credit cards.

Cash Advances

26. Cash advances will be provided upon request only for those conferences, seminars, meetings, and courses identified in paragraphs 11, 12, 13, or 15 of this policy as pre-approved by the Board and CEO. All cash advances for travel and training shall be requested through the CEO. Cash advances are subject to approval by the Chair of the Board of Retirement and the CEO. Notice of all cash advances exceeding \$500 for travel and training shall be placed on the agenda for the next Regular Meeting of the Board of Retirement as an informational item.



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Time Limit for Expense Claims

27. 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

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

Limitation on Expense Allowance

29. Board members will be reimbursed for daily travel expenses, such as meals as outlined in paragraph 31, and gratuities as outlined in paragraph 44, for each day of travel occurring outside Orange County. Reimbursement for expenses shall not exceed what is reasonable and necessary, based on comparable travel to the same destination, whether by private vehicle or common carrier. Expense reimbursements are limited to those items and amounts considered non-taxable income to the recipient by the Internal Revenue Service (IRS). Whenever feasible, Board 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 minimize lodging and meal costs to OCERS.

Travel and Lodging Cancellations

30. Board members are responsible for promptly canceling any registration fees, travel arrangements, or lodging reservations made on their behalf that will not be used. Cancellations should be made in a timely manner to avoid unnecessary costs to OCERS. If a cancellation occurs after OCERS has provided an advance reimbursement and a refund is issued directly to the Board member, the refunded amount must be reimbursed back to OCERS promptly. Failure to do so may result in further action, including suspension of future travel approvals.

Meals

31. **Meals While Attending Events that Require Overnight Travel.** Board members will be reimbursed for the actual and reasonable cost of meals, including non-alcoholic beverages, tax, and tips, while attending events (i.e., conferences, seminars, meetings, or courses) that require overnight travel. Reimbursement will not be provided for meals:

- a. already included and paid for by OCERS (e.g., meals included in the event registration fee), or
- b. paid for by a third party and subject to reporting requirements under the Political Reform Act.

If an itemized receipt is not submitted, OCERS will reimburse the Board member up to the United States General Services Administration (GSA) per diem rate for each purchased meal.

32. **Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved.** When overnight travel is not involved, Board members will be reimbursed



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for the actual and reasonable cost of meals, including non-alcoholic beverages, tax, and a reasonable tip, if the meal occurs during a meeting where OCERS' business is conducted. (See paragraph 31 for meal reimbursement during trips with overnight travel.) The names of all attendees 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 member up to the applicable GSA per diem rate for each purchased meal.

Hotels

33. Actual expenses for economical and practical lodging will be reimbursed, as will actual lodging expenses from the hotel where the conference is held. 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.
34. If, at the conclusion of a business-related trip, it would be impractical for a Board member to return home the same day, the Board member will be entitled to be reimbursed for one additional night of lodging.

Airline Travel

35. OCERS' Board members will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse a Board 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 the Vice Chair where the traveler is the Board Chair. Also, additional legroom seats or premium economy fees will be reimbursed for total travel that exceeds four (4) hours in length or to accommodate special travel needs. At their own expense, an individual may pay to upgrade travel to business or first class.
36. If a significant savings on the airline fare can be realized by having a Board member extend their stay to include an additional night, the Board member may, at their discretion, extend their stay to realize such savings. OCERS will reimburse the additional lodging and meal costs incurred as a result of the extended stay, not to exceed the amount of savings in airline fare.

Vehicle Mileage

37. A Board member who uses their personal vehicle for transportation on OCERS' business will keep records of the actual mileage driven on business and will report such mileage to the CEO's executive assistant, who will submit the claim 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.
38. Board members who use their personal vehicles for transportation to OCERS (or to OCERS' offsite meeting locations) to attend meetings of the Board or committees of the Board or to conduct 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 use the mileage calculator in the application or attach documentation of the miles driven (e.g., copy of map and route).



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39. A Board member who elects to use their personal vehicle 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

40. Parking and tolls will be reimbursed when related to official OCERS' business.

Transportation

41. Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar), and public transportation for OCERS' business (including attendance at Board or committee meetings) will be reimbursed. The most economical mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttles) is not required.

Car Rental

42. The use of a rental car by a Board member 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 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, an "intermediate," "standard," or equivalent rental automobile or truck will be requested unless several Board members and staff will use the vehicle together. Whenever possible, a request for a government rate will be made.

Incidental Business Expenses

43. 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

44. OCERS will reimburse a maximum of \$20 per day of travel for porterage, housekeeping, and non-meal-related gratuities. Receipts are not required for these expenses.

Excluded Expenses

45. The following expenses will not be reimbursed: Alcoholic beverages, tobacco products, in-room movies, barber or beauty shop or spa services, gifts, magazines, personal telephone calls, and mini-bar charges. For trips longer than five business days or in emergency situations, laundry and dry-cleaning expenses will be reimbursed.
46. OCERS will not reimburse or pay for charges associated with attendance at or participation in networking, social, or entertainment activities (e.g., golf outings, cocktail parties, excursions, or similar events) that are in addition to or not included in the general conference registration fee. An



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exception is made for NASRA-sponsored networking events that occur during and are included in the official agenda of NASRA-sponsored conferences.

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 it was revised on [date].

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



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

Employee Travel Policy

Purpose

1. The effective oversight of a public sector pension plan requires that employees attend business meetings and educational events from time to time, both in and outside the state of California. Travel and related costs are a legitimate and necessary part of OCERS' operations and represent an investment in OCERS' ability to fulfill its obligations to participating employers and members.
2. The purpose of the Employee Travel Policy is to promote employee travel for relevant educational and business purposes and to:
 - a. assist applicable employees in fulfilling their fiduciary duties to administer the pension plan;
 - b. ensure that travel and related expenditures incurred are prudent and cost-effective;
 - c. mitigate the risk of any actual or perceived impropriety related to employee travel or business-related expenditures.
3. Exceptions to any provision of this policy for the Chief Executive Officer (CEO) may only be granted with prior approval from the Board Chair or Vice Chair; exceptions for any other employees must be pre-approved by the CEO.

Content Requirements

4. Generally, no approval will be granted for attendance, and no travel expenses will be reimbursed, unless a conference or seminar agenda contains substantive educational content per day. Educational forums, conferences, and seminars that routinely and consistently satisfy this requirement will automatically qualify for CEO approval for attendance. The CEO will screen and provide a list of suitable conferences or seminars to the appropriate employees. This requirement does not apply to meetings of a public retirement system or the conferences listed in paragraphs 9 and 11.
5. 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 with a contractual relationship with OCERS. Employees with independent relationships with a conference sponsor are not automatically entitled to attend such conferences at OCERS' expense. The CEO shall consider each request individually, regardless of any employee affiliation.

Travel Authorization

6. Except as otherwise provided herein, the CEO or their designee must approve prior reimbursement of travel expenses for an OCERS employee to attend an educational conference, seminar, or similar meeting or for administrative purposes.
7. Approval is not required for travel within the Southern California region for OCERS' business if no overnight accommodations are required. For purposes of this policy, the Southern California region includes the counties of Orange, Los Angeles, San Bernardino, Riverside, San Diego, Imperial, Ventura, Santa Barbara, and Kern.

Employee Travel Policy

Cost of Administration

8. Approved education and travel expenses for employees shall be considered direct administrative costs of OCERS and paid accordingly. For Investment employees, such expenses related to education, due diligence, and travel shall be charged directly to Investments. These expenses shall not be paid through third-party contracts or other means without the express written authorization of the CEO or their designee, except where lawfully reported on the Fair Political Practices Commission (FPPC) Form 801. All approved travel and education expenses must be included in OCERS' annual budget as approved by the Board of Retirement.

Pre-Approved Conferences and Meetings

9. OCERS' employees are encouraged to attend conferences, meetings, and professional development events that support their roles and align with OCERS' strategic, operational, fiduciary, or regulatory responsibilities, provided their supervisor authorizes the attendance. These may include events sponsored by:
 - a. recognized public retirement system associations at the state, national, or international level;
 - b. OCERS' retained consultants, investment managers, or contracted service providers;
 - c. professional organizations relevant to the employee's functional area (e.g., finance, legal, compliance, human resources, information technology, internal audit, communications); and
 - d. industry benchmarking, research, and thought leadership groups supporting public pension fund governance and best practices.

Such attendance does not require further approval but must be consistent with the annual budget and any travel and educational guidelines established by the CEO.

10. Employees appointed or elected to serve on committees or boards of the organizations referenced in paragraph 9 may attend the related committee or board meetings to which they have been appointed or elected, provided their supervisor has authorized their attendance.
11. Employees may attend each of the following full curriculum pension management programs and courses if authorized by their supervisor:
 - a. Basic and advanced educational programs sponsored by CALAPRS –one time only;
 - b. Basic and advanced educational programs sponsored by SACRS – one time only;
 - c. Basic and advanced investment programs sponsored by the Wharton School -- one time only; 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; employees may attend each program only once.

Employee Travel Policy

Limitation on Attendance at Conferences and Seminars

12. Employees who want to attend events (i.e., conferences, seminars, meetings, or courses) that require overnight lodging and are not automatically authorized under paragraphs 9, 10, or 11 must obtain advance approval from the CEO or their designee.
13. 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. The CEO may grant an exception to this provision upon an employee's request and showing of good cause.

International Travel and Travel Outside the Continental United States

14. Travel by employees to a destination outside the continental United States requires pre-approval by the CEO and notification to the Board Chair, regardless of whether the event is pre-approved under any of the provisions of this policy. Travel to attend a conference, seminar, or meeting held outside the continental United States shall not be reimbursed by OCERS unless it can demonstrate to the satisfaction of the CEO that there is significant value to OCERS in attending, and comparable value cannot be obtained within the continental United States within a reasonable period.

Travel Reports

15. The CEO shall submit a quarterly report on conference, seminar, and educational course attendance by Board members and employees and OCERS' costs related to such events. Such reports shall identify the individual, location, purpose, and cost of travel. The Board of Retirement will review these reports quarterly. The report will also include scheduled travel costs incurred for the ensuing quarters.

Report on Conference or Seminar

16. Employees who travel to conferences or seminars that are not automatically authorized in paragraphs 9, 10, or 11 shall file with the CEO a report that briefly summarizes the information and knowledge gained that may be relevant to other Board members or employees, provides an evaluation of the conference or seminar, and provides a recommendation concerning future participation. Reports by employees will be made using the Report of Attendance at Conference or Seminar form shown in the appendix. The completed form will be submitted to the employee's supervisor and the CEO.

Claims for Reimbursement

17. Reimbursement for travel by employees shall be submitted through OCERS' expense management application and must be accompanied by all supporting receipts or documentation of the expense incurred. The employee must provide an itemized receipt that shows proof of payment. If an itemized receipt is lost or unavailable, a Missing Receipt Form must be completed and submitted with the reimbursement claim. This form includes a certification that only allowable items are being claimed. Excessive use of the Missing Receipt Form may result in denial of reimbursement at

Employee Travel Policy

OCERS' discretion. All reimbursement claims will be reviewed and approved (or disapproved) in accordance with the provisions of this policy. The Board Chair shall approve expense claims for the CEO. The CEO or their designee will approve all expense claims for employees. All approvals are subject to final review and concurrence by the Board of Retirement as part of the quarterly report process required in paragraph 15.

Agency-Issued Corporate Credit Card

18. Eligible OCERS' employees may request a Corporate Credit Card to be used in accordance with the Corporate Credit Card Policy. The Corporate Credit Card may be used for expenses incurred in conjunction with official OCERS' business, including travel costs such as parking, air travel, hotel accommodations, ground transportation, vehicle rental, or meals.

Time Limit for Expense Claims

19. Claims for reimbursement pursuant to this policy should 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

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

Limitation on Time and Expense Allowance

21. Employees will be reimbursed for daily travel expenses for each day of travel occurring outside Orange County. Reimbursement for time and expenses shall not exceed what is reasonable and necessary, based on comparable travel to the same destination, whether by private vehicle 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, employees 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 minimize lodging and meal costs to OCERS.

Travel and Lodging Cancellations

22. Employees are responsible for promptly canceling any registration fees, travel arrangements, or lodging reservations made on their behalf that will not be used. Cancellations should be made in a timely manner to avoid unnecessary costs to OCERS. If a cancellation occurs after OCERS has provided an advance reimbursement and a refund is issued directly to the employee, the refunded amount must be reimbursed to OCERS promptly. Failure to do so may result in further action, including suspension of future travel approvals.

Meals

23. **Meals While Attending Events that Require Overnight Travel.** Employees will be reimbursed for the actual and reasonable cost of meals, including non-alcoholic beverages, tax, and tips, while attending events (i.e., conferences, seminars, meetings, or courses) that require overnight travel.

Employee Travel Policy

Reimbursement will not be provided for meals:

- a. already included and paid for by OCERS (e.g., meals included in the event registration fee), or
- b. paid for by a third party and subject to reporting requirements under the Political Reform Act.

If an itemized receipt is not submitted, OCERS will reimburse the employee up to the United States General Services Administration (GSA) per diem rate for each purchased meal.

19. **Reimbursement for Meals Consumed and Purchased During a Business-Purpose Meeting Where Travel is Not Involved.** When overnight travel is not involved, employees will be reimbursed for the actual and reasonable cost of meals, including non-alcoholic beverages, tax, and a reasonable tip, if the meal occurs during a meeting where OCERS' business is conducted. (See paragraph 25 for meal reimbursement during trips with overnight travel.) The names of all attendees 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 employee up to the applicable GSA per diem rate for each purchased meal.

Hotels

24. Actual expenses for economical and practical lodging will be reimbursed, as will actual lodging expenses from the hotel where the conference is held. 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.
25. If, at the conclusion of a business-related trip, it would be impractical for an employee to return home the same day, they will be entitled to be reimbursed for one additional night of lodging.

Airline Travel

26. OCERS' employees will use good judgment to obtain airline tickets at competitive prices. OCERS will not reimburse an employee 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 the CEO, or the approval of the CEO where the traveler is an employee. Also, additional legroom seats or premium economy fees will be reimbursed for total travel that exceeds four (4) hours, or to accommodate special travel needs. At their own expense, an individual may pay to upgrade travel to business or first class.
27. If a significant savings can be realized on the airline fare by having an employee extend their stay to include an additional night, the employee may, at their discretion, extend their stay to realize such savings. OCERS will reimburse the additional lodging, and meal costs incurred as a result of the extended stay, not to exceed the amount of savings in airline fare.

Vehicle Mileage

28. An employee who uses their personal vehicle for OCERS' business must maintain records of the actual mileage driven and submit this information through OCERS' expense management application. The employee must either use the application's mileage calculator or attach supporting documentation (e.g., a map and route printout) verifying the miles driven.

Employee Travel Policy

Reimbursement will be made at the IRS-approved per-mile rate.

- a. Mileage will only be reimbursed for travel exceeding the employee's normal commute to their regular worksite. For example, if an employee departs from or returns to their home rather than the OCERS' Headquarters, only the mileage that exceeds their normal daily commute is eligible for reimbursement.
 - b. In accordance with the County of Orange Memorandum of Understanding for the County General Unit and the OCERS Direct Employee Policy Handbook, an employee shall receive a minimum of \$10.00 in any month in which they use their personal vehicle for OCERS' business, even if the actual mileage reimbursement would otherwise be less than \$10.00.
29. A employee who elects to use their personal vehicle 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

30. Parking and tolls will be reimbursed when related to official OCERS' business.

Transportation

31. Use of taxis, hired cars, shared ride services (e.g., Uber, Lyft, Sidecar), and public transportation for OCERS' business will be reimbursed. The most economical mode of transportation should be used whenever practicable; however, use of a transportation provider with multiple stops (e.g., shuttles) is not required.

Car Rental

32. The use of a rental car by employees will be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars, shared ride services, or public transportation. Employees 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, an "intermediate," "standard," or equivalent rental automobile or truck will be requested, unless several employees will use the vehicle together. Whenever possible, a request for a government rate will be made.

Incidental Business Expenses

33. 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

34. OCERS will reimburse a maximum of \$20 per day of travel for porterage, housekeeping, and non-meal related gratuities. Receipts are not required for these expenses.

Employee Travel Policy

Excluded Expenses

35. The following expenses will not be reimbursed: Alcoholic beverages, tobacco products, in-room movies, barber or beauty shop or spa services, gifts, magazines, personal telephone calls, and mini-bar charges. For trips longer than five business days or in emergency situations, laundry and dry-cleaning expenses will be reimbursed.
36. OCERS will not reimburse or pay for charges associated with attendance at or participation in networking, social, or entertainment activities (e.g., golf outings, cocktail parties, excursions, or similar events) that are in addition to or not included in the general conference registration fee. An exception is made for NASRA-sponsored networking events that occur during and are included in the official agenda for NASRA-sponsored conferences.

Employees Travel

37. In furtherance of this policy, the CEO shall have discretionary authority to approve employees 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.

Report of Attendance at Conference or Seminar

Name of Employee 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

Submit to your Supervisor and the Chief Executive Officer



Memorandum

DATE: May 8, 2025
TO: Members of the Governance Committee
FROM: Manuel D. Serpa, General Counsel; Ivan Cao, Staff Attorney for Investments
SUBJECT: OFF-CYCLE REVIEW OF THE SECURITIES LITIGATION POLICY

Recommendation

Approve and recommend that the Investment Committee adopt the revisions to the Securities Litigation Policy.

Discussion

The Board of Retirement has established a review schedule that requires the review of every charter and policy every three years. Under the board-approved review process, the Governance Committee will first review the Securities Litigation Policy before presenting it to the Investment Committee for approval. The Securities Litigation Policy was adopted by the Board on December 15, 2003, and most recently amended by the Investment Committee on October 21, 2024.

Though not due for its regular review, the Investment Committee Chair has requested that the Legal Division consider and recommend increases to the loss thresholds set in the policy for potential active participation in securities litigation. In light of the significant expenditure of staff time and resources associated with securities class actions where OCERS is an active participant, we propose increasing (i) the loss threshold for domestic cases from \$2 million to \$5 million and (ii) the loss threshold for foreign cases from \$250,000 to \$2 million (see Section 10 of the policy).

Also, note that, as stated in Section 9, the Legal Division may still recommend active participation in a securities class action where the Loss Threshold is *not* met when we 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.

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

Attachments

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel

Submitted by:



IC-Approved

Ivan Cao
Staff Attorney



OCERS Board Policy

Securities Litigation Policy

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.
 - Deterring future fraud and corporate malfeasance to better protect fund assets.



OCERS Board Policy

Securities Litigation Policy

- 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 \$~~5~~² million. The Foreign Loss Threshold, for a case filed in a foreign jurisdiction, is met with an OCERS' estimated loss of at least \$~~2 million~~^{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

- 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. Every three years, or as otherwise directed by the Investment Committee, the General Counsel, with the approval of the CEO, will engage or refresh a pool of at least 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. Demonstrated expertise shall include the firm's experience providing securities litigation monitoring services for other public pension systems and institutional investors; their experience, relationships, and affiliations with firms in foreign jurisdictions; and the quality of the team proposed to provide services to OCERS, including staffing depth, experience, turnover, and compensation. OCERS will also consider the value provided by diverse and up-and-coming firms in the selection process. The solicitation of Monitoring Firms will be accomplished via a "Request for Qualifications" (RFQ) or as otherwise specified by the Investment Committee. Review of the responses to the RFQs will be performed by a panel selected by the General Counsel that includes a Trustee designated by the Chair of the Investment Committee. The General Counsel will notify the Investment Committee simultaneously upon issuing any solicitation for Monitoring Firms and prior to any award. The initial term for Monitoring Firm agreements will not exceed three years. The General Counsel may also retain one or more consultants or vendors to assist in monitoring securities litigation or in the filing of claims.
21. The Monitoring Firms will:



OCERS Board Policy

Securities Litigation Policy

- 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;
 - 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. The retention agreement with litigation counsel shall include a provision for OCERS to be reimbursed for its time and costs as an active participant in the litigation.
- 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 \$~~5~~² million, the report will include a brief analysis of the merits of the case.



OCERS Board Policy Securities Litigation Policy

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 October 21, 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.

Steve Delaney
Secretary of the Board

10/21/2024

Date



OCERS Board Policy

Securities Litigation Policy

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:
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 - Maximizing claim recovery and reducing fees paid to obtain recoveries.
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OCERS Board Policy

Securities Litigation Policy

- 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.
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- 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.
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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

- 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;
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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. Every three years, or as otherwise directed by the Investment Committee, the General Counsel, with the approval of the CEO, will engage or refresh a pool of at least 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. Demonstrated expertise shall include the firm's experience providing securities litigation monitoring services for other public pension systems and institutional investors; their experience, relationships, and affiliations with firms in foreign jurisdictions; and the quality of the team proposed to provide services to OCERS, including staffing depth, experience, turnover, and compensation. OCERS will also consider the value provided by diverse and up-and-coming firms in the selection process. The solicitation of Monitoring Firms will be accomplished via a "Request for Qualifications" (RFQ) or as otherwise specified by the Investment Committee. Review of the responses to the RFQs will be performed by a panel selected by the General Counsel that includes a Trustee designated by the Chair of the Investment Committee. The General Counsel will notify the Investment Committee simultaneously upon issuing any solicitation for Monitoring Firms and prior to any award. The initial term for Monitoring Firm agreements will not exceed three years. The General Counsel may also retain one or more consultants or vendors to assist in monitoring securities litigation or in the filing of claims.
21. The Monitoring Firms will:



OCERS Board Policy

Securities Litigation Policy

- 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;
 - 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. The retention agreement with litigation counsel shall include a provision for OCERS to be reimbursed for its time and costs as an active participant in the litigation.
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Reporting

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OCERS Board Policy Securities Litigation Policy

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 October 21, 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.

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: May 8, 2025
TO: Members of the Governance Committee
FROM: David Kim, Asst. CEO, External Operations; Manuel D. Serpa, General Counsel, OCERS
SUBJECT: **UPDATE ON THE OVERPAID AND UNDERPAID CONTRIBUTIONS POLICY AND PAY ITEM REVIEW POLICY**

Background

At the April 21st meeting of the Board of Retirement, we presented the following policy recommendations from the Governance Committee as outcomes of its March 20, 2025, meeting:

- (1) **Digital Signature Policy;**
- (2) **Overpaid and Underpaid Plan Benefits Policy** with revisions approved by the Committee;
- (3) **Overpaid and Underpaid Contributions Policy** with revisions approved by the Committee;
- (4) **Pay Item Review Policy** with revisions approved by the Committee;
- (5) **Indemnity and Defense Policy** with no substantive revisions.

As per the direction of the Governance Committee, the following changes were added to two of these policies:

Overpaid and Underpaid Contributions Policy

Per the direction of the Governance Committee, Section 10 a. was further revised to clarify that the provision applies only when the total amount owed does not exceed \$100. Those additional changes are in blue:

- a. If the **entire amount of underpaid contributions by an active, deferred, or retired Member under Sections 7 or 8 above does not exceed \$100 (including interest)**, OCERS shall not be required to collect the underpaid contributions if, in the judgment of the CEO, in consultation with legal counsel, the costs of processing and collecting the underpaid contributions would exceed the amount owed to the Member, provided that, in the case of ongoing contributions, the contribution rate shall promptly be adjusted (increased) prospectively.

Pay Item Review Policy

Per Governance Committee direction, the blue text below was added to clarify that OCERS will provide written guidance only to the requestor and respond to requests for guidance on items subject to consideration in upcoming negotiations:

11. OCERS staff will evaluate each proposed pay item/pay code under Paragraph 11 and provide guidance solely to the requestor in writing on whether the proposed pay item/paycode is pensionable within 90 days of the receipt of all information OCERS requires to perform its review.
12. Employers must submit all new or modified pay codes for pay items for review and approval by OCERS, per paragraph 4, regardless of whether written guidance has been provided on a proposed pay item or pay code under paragraph 11.
13. Additionally, an employer or authorized employee representative may request OCERS review a proposed new or modified pay item/pay code intended to be subject to consideration in an upcoming employment contract negotiation. Upon receipt of sufficient supporting information that OCERS considers necessary to review the item, OCERS will endeavor to provide timely written guidance solely to the requestor.

The Board of Retirement adopted these changes at its April 21, 2025, meeting.

Attachments

Submitted by:



DK-Approved

David Kim
Assistant CEO, External Operations



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Policy

Overpaid and Underpaid Plan Contributions Policy

Purpose and Background

1. The purpose of the Orange County Employees Retirement System ("OCERS," "System," or "Plan") *Overpaid and Underpaid Plan Contributions Policy* ("policy") is to provide a framework for resolving erroneous collection of plan contributions from OCERS ~~members~~Members and employers. -The OCERS Board of Retirement ("Board") is ~~charged with the responsibility of~~responsible for administering the System in a manner that assures appropriate and prompt delivery of benefits and related services to ~~members~~Members and their beneficiaries and of managing the ~~System's~~assets-~~of the System~~ in a prudent manner.

In the event that an overpayment is the result of a felony conviction, OCERS Administrative Procedure (OAP) on Felony Forfeitures shall be used as a basis for resolution, instead of this Policy.

Policy Objectives

2. The Board determines, in consultation with its actuary and in accordance with the law, the amount of required ~~member~~Member and employer contributions to the Plan.- Subject to all applicable laws and consistent with this policy and the procedures established by the Board, it is OCERS' policy to make every reasonable effort to recover from a ~~member~~Member or employer the amount of any underpaid contributions to the Plan, and remit or credit to a ~~member~~Member or employer the amount of any overpaid contributions to the Plan, to the extent applicable in accordance with applicable Internal Revenue Service guidance.

Policy Guidelines

3. As soon as practicable after discovery of overpaid or underpaid contributions and after written notification to the affected ~~member~~Members, survivors, beneficiaries, or payees (herein referred to as "Members") and employer, OCERS will (i) correct the contribution amount for active ~~members~~Members and employers prospectively; and (ii) pay or credit to, or collect from, the ~~member~~Member and credit to or collect from the employer, the amounts to which the ~~member~~Member, employer or the Plan is entitled in accordance with this policy and applicable law.
4. This policy is designed for use when calculation and other errors affect contributions made on behalf of an individual ~~member~~Member. For corrections of errors affecting the overpayment of individual Member's retirement benefits identified on or after 2024, the correction process to be implemented shall be consistent with the requirements of Government Code § 31541.2, as outlined in Section 15 below.
- ~~4.5.~~ In the event of a system-wide error that affects contributions made on behalf of multiple ~~members~~Members, the Board may implement a system-wide correction process that it determines is appropriate under the circumstances. The determination by the Board of a correction process to be implemented shall be made consistent with the requirements of Government Code § 31541.2, as outlined in Section 15 below. In the event of any inconsistency between applicable law (including IRS rules and guidance) and these policies and procedures, the law shall govern.



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~~5. In the event of any inconsistency between applicable law (including IRS rules and guidelines) and these policies and procedures, the law shall govern.~~

Procedures for Underpaid Contributions

Employers -

~~6. 6.~~ When an employer has underpaid plan contributions, the employer will be required to:

- a. Pay to the Plan the underpaid contributions associated with ~~member~~Member compensation earned in prior fiscal years as soon as reasonably practicable, and
- b. Pay to the Plan the underpaid contributions associated with ~~member~~Member compensation earned in the current fiscal year no later than the end of the current fiscal year.

Interest on the underpaid contributions shall be charged to and paid by the employer at the System's actuarially assumed rate of return. For purposes of this policy, underpaid employer contributions shall include any portion of underpaid ~~member~~Member contributions, to the extent the employer elected to pay such portion on behalf of a ~~member~~Member pursuant to Government Code section 31581.1. Such amounts shall be recovered from the employer under this Section 6, and not from the ~~member~~Member under Section 7 below.

Members

7. **Active Members.** ~~When~~Subject to Section 10(a) below, when an active ~~member~~Member has underpaid contributions to the Plan, OCERS will (i) make a prospective correction to (increase in) the ~~member's~~Member's contribution rate to the Plan to reflect the correct amount of ~~member~~Member contributions to the Plan ~~in order~~ to prevent additional underpaid contributions; and (ii) take all reasonable steps to recover the full amount of all underpaid contributions, going back to the inception of the error, and charge interest to the ~~member~~Member using the rate of interest credited by OCERS to ~~member~~Member contributions, compounded annually during the period in which the contributions were underpaid and during any repayment period ~~(, i.e., applied to the outstanding amount due until fully repaid).~~
 - The amount of the ~~member's~~Member's underpaid contributions for active members will be collected in accordance with section 9 below.
 - If the active ~~member~~Member retires or becomes a deferred ~~member~~Member of the Plan prior to repayment in full of the underpaid contributions, the remaining amount owing to the Plan will be collected in accordance with section 8 below.
8. **Retired and Deferred Members.** ~~When~~Subject to Section 10(a) below, when a retired or deferred ~~member~~Member has underpaid contributions to the Plan, OCERS will collect the full amount of all underpaid contributions, going back to the inception of the error, and charge interest to the ~~member~~Member using the rate of interest credited by OCERS to ~~member~~Member contributions, compounded annually during the period in which the contributions were underpaid.



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The amount of the ~~member's~~Member's underpaid contributions for retired and deferred ~~members~~Members will be collected in accordance with section 9 below.

~~9.~~ 9.—The Board adopts the following procedures to recover underpaid contributions by ~~members~~Members to the Plan:

- a. **For Active Members.** Upon discovery of the underpaid contributions, OCERS will notify the ~~member~~Member of the prospective adjustment to increase the ~~member's~~Member's contribution rate to the Plan (to reflect the correct amount of member contributions to the Plan) and provide the ~~member~~Member with the following two options:
 - *Option 1* – Equal pre-tax installment payments deducted from the member's biweekly salary over the same length of time that the underpaid contributions occurred, with interest as set forth in section 7 above applied during the underpayment period and during the repayment period; or
 - *Option 2* – Lump sum payment to the Plan for the full amount underpaid, with interest as set forth in section 7 above applied during the underpayment period.
- b. **For Retired and Deferred Members.** Inform the ~~member~~Member of the underpayment and provide the member with the following two options:
 - *Option 1* – Equal installments deducted from the ~~member's~~Member's monthly pension amount over a period established in the discretion of the Director of Member Services not to exceed five years; or
 - *Option 2* – Lump sum payment to the Plan for the full amount underpaid, with interest as set forth in section 8 above applied during the underpayment period.
- c. In cases of extreme hardship, the ~~member~~Member may request, and the OCERS Chief Executive Officer (CEO) may grant, a longer period of repayment of the underpaid contributions
- d. OCERS may pursue all legal remedies to collect such underpaid ~~member~~Member contributions to the Plan, including making a claim against the ~~member's~~Member's estate or trust. In addition, if the ~~member~~Member dies before the full amount of principal and interest is paid, OCERS may recover the remaining principal and interest from any lump sum amount OCERS is obligated to pay to the ~~member's~~Member's estate or named beneficiaries of the ~~member~~Member, provided, however, OCERS shall not seek to recover any such remaining amounts from any continuation payments made to a surviving spouse or an optional beneficiary of the ~~member~~Member, unless an erroneous payment is made to the surviving spouse or optional beneficiary.

~~7.10.~~ 10. Compromising Claims.

- a. If the ~~total~~entire amount of underpaid contributions by an active, deferred, or retired Member under Sections 7 or 8 above ~~does not exceed is \$100 or less (including interest), OCERS shall not be required to collect the underpaid contributions if, in the judgment of the CEO, in consultation with legal counsel, the costs of processing and collecting the underpaid~~



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contributions would exceed the amount owed to the Member, provided that, in the case of ongoing contributions, the contribution rate shall promptly be adjusted (increased) prospectively.

- ~~a-b.~~ When the total amount of the Plan's claim against the ~~member~~Member, not including interest, is \$1,000 or less, the CEO, on the advice of legal counsel, shall have the authority to compromise the claim.
- ~~b-c.~~ Only the Board may compromise claims in which the total amount of such underpaid contributions, not including interest, is greater than \$1,000.
- ~~c-d.~~ The amount of the Plan's claim for underpaid contributions is the difference between the amounts actually paid by the ~~member during the overcontribution~~Member and the amounts that should have been paid, together with "appropriate interest" from the dates of the actual contributions to the date(s) the correction is effective. ~~The likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the member~~Member will be considered by the CEO and/or the Board when determining whether to compromise a claim. Compromising a claim may include a different method of repayment than is otherwise provided by this policy and/or forgiveness or partial forgiveness of principal and/or interest, subject to applicable IRS rules and guidance.
- ~~d-e.~~ To the extent OCERS ~~is unable to~~cannot recoup all underpaid contributions and interest from the ~~member~~Member, any shortfall will be recouped from the employer as part of the annual actuarial valuation process.

Procedures for Overpaid Contributions for Benefit Calculations Not Involving Disallowed Compensation

Employers

- ~~11.~~ ~~11-~~ When an employer has overpaid contributions to the Plan, including overpaid ~~member~~Member contributions that ~~were paid by the~~ employer paid on behalf of the ~~member~~Member pursuant to Government Code section 31581.1, the employer shall be entitled to a credit to its actuarial accrued liability in the amount necessary to correct the error, plus interest at the System's corresponding actuarial assumed rate of return.

Members

- ~~12.~~ ~~12-~~ When a ~~member~~Member has overpaid contributions to the Plan, except as provided in Section 14 below, (i) an active ~~member~~Member shall be entitled to a prospective adjustment to his or her contribution rate to reflect the correct amount, and OCERS will inform the employer of the amount of the overpayment and the employer will offset the amount against the ~~member's~~Member's future contributions via the employer's payroll system; and (ii) except as provided in Section 14 below, retired and deferred ~~members~~Members will be entitled to a lump sum payment as soon as



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practical ~~ef~~^{after} discovery of the overpayment and receipt of all information needed to make the correction for all past overpaid amounts, with interest compounded annually using the rate of interest credited by OCERS to ~~member~~^{Member} contributions.

- ~~13.~~ ^{13.} If a ~~member~~^{Member} who overpaid contributions to the Plan dies prior to payment of the lump sum amount due, the payment, including interest, ~~will be made according to OCERS' standard procedures for paying residual amounts following the death of the member~~^{will be made according to OCERS' standard procedures for paying residual amounts following the death of the Member, e.g., to the designated beneficiary, estate, personal representative, trustee of the Member trust, etc.}.
- a. If, after following its standard procedures and applicable IRS guidance, Plan staff is not able locate a person entitled to payment, the Plan shall hold the funds on behalf of that person for five years. ~~If the funds are not claimed within five years, the funds may be transferred into the System's pension reserve fund. If someone later appears to claim the funds, the Board or the CEO will consider such claims on a case-by-case basis.~~
 - b. The Plan will maintain a permanent record of all amounts of outstanding refunds of overpaid contributions and any amounts that have been transferred into the pension reserve fund.
- ~~14.~~ ^{14.} If the total amount that the Plan ~~owes a~~^{would owe an active, deferred, or} retired ~~or deferred-~~^{Member} ~~member~~^{Member} under Section 12(ii) above is \$75 or less, the Plan is not required to make the lump sum payment ~~to or offset the member amount against future contributions for the Member~~^{to or offset the Member amount against future contributions for the Member} if, in the judgment of the CEO in consultation with legal counsel, the reasonable direct costs of processing and delivering the distribution to the ~~member~~^{Member} would exceed the amount of the distribution.

Procedures for Overpaid Contributions on Disallowed Compensation

15. Per AB 3025, and as codified in Gov. Code Section 31541.2, when OCERS "Initiated a Process" (as defined below) before January 1, 2024, to recalculate a Member compensation earnable under Section 31461 to exclude Disallowed Compensation (as defined below) and return contributions, it may continue using that process to ensure compliance with PEPR and the holding in *Alameda County Sheriff's Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032 (*Alameda*). When OCERS determines the reporting of Disallowed Compensation on or after January 1, 2024, the procedures to correct overpayments of benefits shall follow those contained in this Section 15.

a. Definitions:

"Disallowed Compensation" means compensation reported by an employer to OCERS as pensionable compensation for a Member, that OCERS later determines is non-pensionable compensation and, therefore, not in compliance with the requirements of CERL, PEPR, the *Alameda* holding, or OCERS Board policies and regulations through no fault of the Member. Disallowed Compensation also includes nonpensionable compensation that was previously included in an agreement.



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"Initiated a Process" means that the Board has formally adopted a resolution or an administrative determination has been made to implement a correction process requiring the collection of any portion of an overpayment from, or refunding of Member contributions to, any affected active or retired Member (or their survivor or beneficiary), or permanent adjustment to the retirement benefit of any affected active or retired Member (or their survivor or beneficiary), as a result of a determination that the Disallowed Compensation was erroneously reported as pensionable compensation by the Member's employer.

- b. Upon OCERS' determination that Disallowed Compensation was reported for a Member, OCERS will require the employer to discontinue reporting the Disallowed Compensation.
- c. All employer contributions made on Disallowed Compensation will be credited against future contributions to the benefit of the employer who reported the Disallowed Compensation.
- d. For active and deferred Members, any Member contributions paid by or on behalf of the Member on the Disallowed Compensation will be returned to that Member, either directly or indirectly through the employer.
- e. For retired Members (or their survivors or beneficiaries) whose final compensation at the time of retirement was based on Disallowed Compensation, any Member contributions paid by or on behalf of the Member on the Disallowed Compensation will be returned directly to the Member (or their survivor or beneficiary) and OCERS will permanently adjust the benefit of the retired Member (or their survivor or beneficiary) to reflect the exclusion of the Disallowed Compensation.
- f. For the related benefit corrections associated with the corrected contributions pursuant to this Section 15 for Disallowed Compensation, please refer to OCERS' Overpaid and Underpaid Plan Benefits Policy.
- g. Upon the employer's request, OCERS will provide the employer with contact information data in its possession of a relevant retired Member (or their survivor or beneficiary) for the employer or agency to fulfill their obligations to that retired Member (or their survivor or beneficiary) under this policy. The employer shall keep this contact information data confidential, shall use such contact data only to the extent necessary to carry out its duties under this policy, and such contact data shall not be disclosable under the California Public Records Act.

Administrative Review

- 16. ~~15.~~ A ~~member~~ Member may request administrative review of any decision regarding corrective actions that the Plan takes ~~with respect to recovering and/~~ to recover or ~~returning~~ return over and underpayments of Plan contributions.
- 17. ~~16.~~ The review process will generally follow the same pattern as the review process for benefit determinations pursuant to the Board's -Administrative Review and Hearing Policy. -Efforts to collect underpaid contributions- will be stayed, but contribution rates will be prospectively adjusted to prevent additional underpaid contributions, during the pendency of the review process;



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provided, however, that the Board shall have the discretion to suspend implementing its recovery from the ~~member~~ Member in whole or in part during any ensuing court action. Interest will continue to accrue on all amounts owed to OCERS during the appeals process and litigation.

Policy Review

18. ~~18.~~ The Board will review this policy at least every three (3) years to ensure ~~that~~ it remains relevant and appropriate.

Policy History

19. ~~18.~~ This policy was adopted by the Board of Retirement on January 16, 2019, and revised on ~~November 15, 2021, and~~ November 15, 2021.

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 black ink that reads "Steve Delaney".

Steve Delaney
Secretary of the Board

11/15/2021

Date



OCERS Board Policy Overpaid and Underpaid Plan Contributions Policy

Purpose and Background

1. The purpose of the Orange County Employees Retirement System ("OCERS," "System," or "Plan") *Overpaid and Underpaid Plan Contributions Policy* ("policy") is to provide a framework for resolving erroneous collection of plan contributions from OCERS Members and employers. The OCERS Board of Retirement ("Board") is responsible for 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 System's assets in a prudent manner.

In the event that an overpayment is the result of a felony conviction, OCERS Administrative Procedure (OAP) on *Felony Forfeitures* shall be used as a basis for resolution, instead of this Policy.

Policy Objectives

2. The Board determines, in consultation with its actuary and in accordance with the law, the amount of required Member and employer contributions to the Plan. Subject to all applicable laws and consistent with this policy and the procedures established by the Board, it is OCERS' policy to make every reasonable effort to recover from a Member or employer the amount of any underpaid contributions to the Plan, and remit or credit to a Member or employer the amount of any overpaid contributions to the Plan, to the extent applicable in accordance with applicable Internal Revenue Service guidance.

Policy Guidelines

3. As soon as practicable after discovery of overpaid or underpaid contributions and after written notification to the affected Members, survivors, beneficiaries, or payees (herein referred to as "Members") and employer, OCERS will (i) correct the contribution amount for active Members and employers prospectively; and (ii) pay or credit to, or collect from, the Member and credit to or collect from the employer, the amounts to which the Member, employer or the Plan is entitled in accordance with this policy and applicable law.
4. This policy is designed for use when calculation and other errors affect contributions made on behalf of an individual Member. For corrections of errors affecting the overpayment of individual Member's retirement benefits identified on or after 2024, the correction process to be implemented shall be consistent with the requirements of Government Code § 31541.2, as outlined in Section 15 below.
5. In the event of a system-wide error that affects contributions made on behalf of multiple Members, the Board may implement a system-wide correction process that it determines is appropriate under the circumstances. The determination by the Board of a correction process to be implemented shall be made consistent with the requirements of Government Code § 31541.2, as outlined in Section 15 below. In the event of any inconsistency between applicable law (including IRS rules and guidance) and these policies and procedures, the law shall govern.



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Procedures for Underpaid Contributions

Employers

6. When an employer has underpaid plan contributions, the employer will be required to:
 - a. Pay to the Plan the underpaid contributions associated with Member compensation earned in prior fiscal years as soon as reasonably practicable, and
 - b. Pay to the Plan the underpaid contributions associated with Member compensation earned in the current fiscal year no later than the end of the current fiscal year.

Interest on the underpaid contributions shall be charged to and paid by the employer at the System's actuarially assumed rate of return. For purposes of this policy, underpaid employer contributions shall include any portion of underpaid Member contributions to the extent the employer elected to pay such portion on behalf of a Member pursuant to Government Code section 31581.1. Such amounts shall be recovered from the employer under this Section 6, and not from the Member under Section 7 below.

Members

7. **Active Members.** Subject to Section 10(a) below, when an active Member has underpaid contributions to the Plan, OCERS will (i) make a prospective correction to (increase in) the Member's contribution rate to the Plan to reflect the correct amount of Member contributions to the Plan to prevent additional underpaid contributions; and (ii) take all reasonable steps to recover the full amount of all underpaid contributions, going back to the inception of the error, and charge interest to the Member using the rate of interest credited by OCERS to Member contributions, compounded annually during the period in which the contributions were underpaid and during any repayment period, i.e., applied to the outstanding amount due until fully repaid.

- The amount of the Member's underpaid contributions for active members will be collected in accordance with section 9 below.
- If the active Member retires or becomes a deferred Member of the Plan prior to repayment in full of the underpaid contributions, the remaining amount owing to the Plan will be collected in accordance with section 8 below.

8. **Retired and Deferred Members.** Subject to Section 10(a) below, when a retired or deferred Member has underpaid contributions to the Plan, OCERS will collect the full amount of all underpaid contributions, going back to the inception of the error, and charge interest to the Member using the rate of interest credited by OCERS to Member contributions, compounded annually during the period in which the contributions were underpaid.

The amount of the Member's underpaid contributions for retired and deferred Members will be collected in accordance with section 9 below.

9. The Board adopts the following procedures to recover underpaid contributions by Members to the Plan:



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- a. **For Active Members.** Upon discovery of the underpaid contributions, OCERS will notify the Member of the prospective adjustment to increase the Member's contribution rate to the Plan (to reflect the correct amount of member contributions to the Plan) and provide the Member with the following two options:
 - *Option 1* – Equal pre-tax installment payments deducted from the member's biweekly salary over the same length of time that the underpaid contributions occurred, with interest as set forth in section 7 above applied during the underpayment period and during the repayment period; or
 - *Option 2* – Lump sum payment to the Plan for the full amount underpaid, with interest as set forth in section 7 above applied during the underpayment period.
 - b. **For Retired and Deferred Members.** Inform the Member of the underpayment and provide the member with the following two options:
 - *Option 1* – Equal installments deducted from the Member's monthly pension amount over a period established in the discretion of the Director of Member Services not to exceed five years; or
 - *Option 2* – Lump sum payment to the Plan for the full amount underpaid, with interest as set forth in section 8 above applied during the underpayment period.
 - c. In cases of extreme hardship, the Member may request, and the OCERS Chief Executive Officer (CEO) may grant, a longer period of repayment of the underpaid contributions
 - d. OCERS may pursue all legal remedies to collect such underpaid Member contributions to the Plan, including making a claim against the Member's estate or trust. In addition, if the Member dies before the full amount of principal and interest is paid, OCERS may recover the remaining principal and interest from any lump sum amount OCERS is obligated to pay to the Member's estate or named beneficiaries of the Member, provided, however, OCERS shall not seek to recover any such remaining amounts from any continuation payments made to a surviving spouse or an optional beneficiary of the Member, unless an erroneous payment is made to the surviving spouse or optional beneficiary.
10. Compromising Claims.
- a. If the entire amount of underpaid contributions by an active, deferred, or retired Member under Sections 7 or 8 above does not exceed \$100 (including interest), OCERS shall not be required to collect the underpaid contributions if, in the judgment of the CEO, in consultation with legal counsel, the costs of processing and collecting the underpaid contributions would exceed the amount owed to the Member, provided that, in the case of ongoing contributions, the contribution rate shall promptly be adjusted (increased) prospectively.
 - b. When the total amount of the Plan's claim against the Member, not including interest, is \$1,000 or less, the CEO, on the advice of legal counsel, shall have the authority to compromise the claim.



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- c. Only the Board may compromise claims in which the total amount of such underpaid contributions, not including interest, is greater than \$1,000.
- d. The amount of the Plan's claim for underpaid contributions is the difference between the amounts actually paid by the Member and the amounts that should have been paid, together with "appropriate interest" from the dates of the actual contributions to the date(s) the correction is effective. The likelihood of collection, the cost of collection, the amount of possible recovery and extreme hardship to the Member will be considered by the CEO and/or the Board when determining whether to compromise a claim. Compromising a claim may include a different method of repayment than is otherwise provided by this policy and/or forgiveness or partial forgiveness of principal and/or interest, subject to applicable IRS rules and guidance.
- e. To the extent OCERS cannot recoup all underpaid contributions and interest from the Member, any shortfall will be recouped from the employer as part of the annual actuarial valuation process.

Procedures for Overpaid Contributions for Benefit Calculations Not Involving Disallowed Compensation

Employers

- 11. When an employer has overpaid contributions to the Plan, including overpaid Member contributions that the employer paid on behalf of the Member pursuant to Government Code section 31581.1, the employer shall be entitled to a credit to its actuarial accrued liability in the amount necessary to correct the error, plus interest at the System's corresponding actuarial assumed rate of return.

Members

- 12. When a Member has overpaid contributions to the Plan, except as provided in Section 14 below, (i) an active Member shall be entitled to a prospective adjustment to his or her contribution rate to reflect the correct amount, and OCERS will inform the employer of the amount of the overpayment and the employer will offset the amount against the Member's future contributions via the employer's payroll system; and (ii) except as provided in Section 14 below, retired and deferred Members will be entitled to a lump sum payment as soon as practical after discovery of the overpayment and receipt of all information needed to make the correction for all past overpaid amounts, with interest compounded annually using the rate of interest credited by OCERS to Member contributions.
- 13. If a Member who overpaid contributions to the Plan dies prior to payment of the lump sum amount due, the payment, including interest, will be made according to OCERS' standard procedures for paying residual amounts following the death of the Member, e.g., to the designated beneficiary, estate, personal representative, trustee of the Member trust, etc.



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- a. If, after following its standard procedures and applicable IRS guidance, Plan staff is not able locate a person entitled to payment, the Plan shall hold the funds on behalf of that person for five years. If the funds are not claimed within five years, the funds may be transferred into the System's pension reserve fund. If someone later appears to claim the funds, the Board or the CEO will consider such claims on a case-by-case basis.
 - b. The Plan will maintain a permanent record of all amounts of outstanding refunds of overpaid contributions and any amounts that have been transferred into the pension reserve fund.
14. If the total amount that the Plan would owe an active, deferred, or retired Member under Section 12 above is \$75 or less, the Plan is not required to make the lump sum payment or offset the amount against future contributions for the Member if, in the judgment of the CEO in consultation with legal counsel, the reasonable direct costs of processing and delivering the distribution to the Member would exceed the amount of the distribution.

Procedures for Overpaid Contributions on Disallowed Compensation

15. Per AB 3025, and as codified in Gov. Code Section 31541.2, when OCERS "Initiated a Process" (as defined below) before January 1, 2024, to recalculate a Member compensation earnable under Section 31461 to exclude Disallowed Compensation (as defined below) and return contributions, it may continue using that process to ensure compliance with PEPR and the holding in *Alameda County Sheriff's Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032 (*Alameda*). When OCERS determines the reporting of Disallowed Compensation on or after January 1, 2024, the procedures to correct overpayments of benefits shall follow those contained in this Section 15.
 - a. Definitions:

"Disallowed Compensation" means compensation reported by an employer to OCERS as pensionable compensation for a Member, that OCERS later determines is non-pensionable compensation and, therefore, not in compliance with the requirements of CERL, PEPR, the *Alameda* holding, or OCERS Board policies and regulations through no fault of the Member. Disallowed Compensation also includes nonpensionable compensation that was previously included in an agreement.

"Initiated a Process" means that the Board has formally adopted a resolution or an administrative determination has been made to implement a correction process requiring the collection of any portion of an overpayment from, or refunding of Member contributions to, any affected active or retired Member (or their survivor or beneficiary), or permanent adjustment to the retirement benefit of any affected active or retired Member (or their survivor or beneficiary), as a result of a determination that the Disallowed Compensation was erroneously reported as pensionable compensation by the Member's employer.
 - b. Upon OCERS' determination that Disallowed Compensation was reported for a Member, OCERS will require the employer to discontinue reporting the Disallowed Compensation.



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- c. All employer contributions made on Disallowed Compensation will be credited against future contributions to the benefit of the employer who reported the Disallowed Compensation.
- d. For active and deferred Members, any Member contributions paid by or on behalf of the Member on the Disallowed Compensation will be returned to that Member, either directly or indirectly through the employer.
- e. For retired Members (or their survivors or beneficiaries) whose final compensation at the time of retirement was based on Disallowed Compensation, any Member contributions paid by or on behalf of the Member on the Disallowed Compensation will be returned directly to the Member (or their survivor or beneficiary) and OCERS will permanently adjust the benefit of the retired Member (or their survivor or beneficiary) to reflect the exclusion of the Disallowed Compensation.
- f. For the related benefit corrections associated with the corrected contributions pursuant to this Section 15 for Disallowed Compensation, please refer to OCERS' Overpaid and Underpaid Plan Benefits Policy.
- g. Upon the employer's request, OCERS will provide the employer with contact information data in its possession of a relevant retired Member (or their survivor or beneficiary) for the employer or agency to fulfill their obligations to that retired Member (or their survivor or beneficiary) under this policy. The employer shall keep this contact information data confidential, shall use such contact data only to the extent necessary to carry out its duties under this policy, and such contact data shall not be disclosable under the California Public Records Act.

Administrative Review

- 16. A Member may request administrative review of any decision regarding corrective actions that the Plan takes to recover or return over and underpayments of Plan contributions.
- 17. The review process will generally follow the same pattern as the review process for benefit determinations pursuant to the Board's Administrative Review and Hearing Policy. Efforts to collect underpaid contributions will be stayed, but contribution rates will be prospectively adjusted to prevent additional underpaid contributions, during the pendency of the review process; provided, however, that the Board shall have the discretion to suspend implementing its recovery from the Member in whole or in part during any ensuing court action. Interest will continue to accrue on all amounts owed to OCERS during the appeals process and litigation.

Policy Review

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



OCERS Board Policy
Overpaid and Underpaid
Plan Contributions Policy

Policy History

19. This policy was adopted by the Board of Retirement on January 16, 2019, and revised 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".

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy

Pay Item Review Policy

Purpose and Background

1. ~~The purpose of this~~ This policy ~~is to set~~ sets forth a procedure for ~~the submittal~~ submitting and ~~approval of~~ approving pay items by OCERS participating employers. ~~Its purpose is~~ to assist OCERS in properly and timely determining whether elements of compensation are appropriately treated as Compensation Earnable (for Legacy ~~Member~~ Members) or Pensionable Compensation (for PEPR members). ~~before a pay code for a pay item goes into use and to correct pay codes to accurately reflect pensionability.~~

Policy Objectives

2. The objectives of this policy are: (1) 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, the holding in the California Supreme Court case of Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association (2020) 9 Cal.5th 1032 ("Alameda"), and OCERS' regulations and policies, and (2) 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

Per AB 3025, employers may face significant financial consequences if they report compensation that OCERS later finds non-compliant with the CERL, PEPRA, the Alameda ruling, or OCERS Board policies and regulations, provided this is not the Member's fault. Detailed information regarding these potential consequences can be found in OCERS' policies on "Overpaid and Underpaid Plan Benefits" and "Overpaid and Underpaid Contributions."

Review of Pay Items

3. OCERS ~~shall~~ will not accept any new or modified pay items from employers for processing contributions and reporting compensation until each pay ~~item~~ item's pay code has been reviewed by OCERS staff and approved by the CEO or ~~his/her~~ their designee for inclusion ~~as~~, or exclusion from, Compensation Earnable for Legacy members and Pensionable Compensation for PEPR members. ~~OCERS staff, under the direction of the CEO and with the assistance of OCERS legal counsel,~~ the General 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 for notifying OCERS of new or modified pay ~~items~~ code item(s) for sufficient review and approval ~~sufficiently in advance of implementation of the items, before implementing them.~~ Failure to do so may result in OCERS imposing costs on the employer ~~in accordance with~~ per Government Code ~~section~~ sections 31580.1, 31542.5, or 31541.2(b)(2)(B).
5. OCERS staff will analyze each pay code item to determine whether each meets the Compensation Earnable or Pensionable Compensation definition and complies with the CERL, PEPRA, the Alameda



OCERS Board Policy

Pay Item Review Policy

holding, and OCERS regulations and policies. Unless appealed, the CEO's determination shall be final.

6. As a part of its review process, OCERS staff will review employer pay ~~item~~code item listings for compliance with this Policy. -When reviewing ~~items of~~compensation and pay code items, OCERS will audit pay code items to determine whether each ~~of them~~meets the applicable statutory definitions ~~and applicable Board Policies~~for pensionability and complies with OCERS' regulations and policies.
67. After concluding the foregoing assessment, OCERS staff shall send written notification to the employer of the staff's determination, including the specific supporting facts, circumstances, reasoning, and analyses.
78. 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 ~~of Retirement (Board)~~. If the employer accepts staff's determination, or ~~if does not file~~ 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.
89. 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~~code item(s) 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 by the Board, ~~and likewise~~. Likewise, the employer shall provide OCERS with all materials it intends to submit to the Board.
910. The Board shall consider ~~the~~all written materials submitted ~~as well as~~and any arguments ~~presented by the employer, and OCERS staff present~~. The Board shall then ~~make a decision as to~~ decide whether the pay code item qualifies as Compensation Earnable ~~or~~, Pensionable Compensation, or both, ~~which~~. The decision shall be final, and the employer shall comply with the Board's determination.

Review of Potential New or Modified Pay Code Items During Employment Contract Negotiations

11. Pursuant to Government Code section 31541.2(c)(1), an employer or authorized employee representative may request OCERS' review of a proposed new or modified pay item/pay code intended to be included in a proposed employment agreement to determine the pensionability under the CERL, PEPR, the Alameda holding, and OCERS regulations and policies prior to the entry of the employment agreement. Each such submission to OCERS must include all supporting information OCERS deems necessary to perform its review.
12. OCERS staff will evaluate each proposed pay item/pay code under Paragraph 11 and provide guidance solely to the requestor in writing on whether the proposed pay item/paycode is pensionable within 90 days of the receipt of all information OCERS requires to perform its review.
13. Employers must submit all new or modified pay codes for pay items for review and approval by OCERS, per paragraph 4, regardless of whether written guidance has been provided on a proposed pay item or pay code under paragraph 11 or 14.



OCERS Board Policy Pay Item Review Policy

14. Additionally, an employer or authorized employee representative may request OCERS review a proposed new or modified pay item/pay code intended to be subject to consideration in an upcoming employment contract negotiation. Upon receipt of sufficient supporting information that OCERS considers necessary to review the item, OCERS will endeavor to provide timely written guidance solely to the requestor.

Policy Review

~~10.15.~~ The Board shall review this policy at least every three (3) years to ensure ~~that~~ it remains relevant and appropriate.

Policy History

16. The Board adopted this policy on March 18, 2019, and revised it on June 20, 2022~~-, December 9, 2024, and [date].~~

~~11.~~

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 photograph of a handwritten signature in cursive script, which appears to read "Steve Delaney". The signature is written in dark ink on a light-colored, possibly yellowed, piece of paper.

Steve Delaney
Secretary of the Board

~~06/20/2022~~

Date



OCERS Board Policy Pay Item Review Policy

Purpose and Background

1. This policy sets forth a procedure for submitting and approving pay items by OCERS participating employers. Its purpose is to assist OCERS in properly and timely determining whether elements of compensation are appropriately treated as Compensation Earnable (for Legacy Members) or Pensionable Compensation (for PEPRA members) before a pay code for a pay item goes into use and to correct pay codes to accurately reflect pensionability.

Policy Objectives

2. The objectives of this policy are: (1) 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), the holding in the California Supreme Court case of *Alameda County Deputy Sheriff's Association v. Alameda County Employees' Retirement Association* (2020) 9 Cal.5th 1032 ("*Alameda*"), and OCERS' regulations and policies, and (2) 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.

Per AB 3025, employers may face significant financial consequences if they report compensation that OCERS later finds non-compliant with the CERL, PEPRA, the Alameda ruling, or OCERS Board policies and regulations, provided this is not the Member's fault. Detailed information regarding these potential consequences can be found in OCERS' policies on "Overpaid and Underpaid Plan Benefits" and "Overpaid and Underpaid Contributions."

Review of Pay Items

3. OCERS will not accept any new or modified pay items from employers for processing contributions and reporting compensation *until* each pay item's pay code has been reviewed by OCERS staff and approved by the CEO or their designee for inclusion or exclusion from Compensation Earnable for Legacy members and Pensionable Compensation for PEPRA members. OCERS staff, under the direction of the CEO and with the assistance of the General Counsel, is responsible for implementing this Policy.
4. Employers are responsible for notifying OCERS of new or modified pay code item(s) for sufficient review and approval before implementing them. Failure to do so may result in OCERS imposing costs on the employer per Government Code sections 31580.1, 31542.5, or 31541.2(b)(2)(B).
5. OCERS staff will analyze each pay code item to determine whether each meets the Compensation Earnable or Pensionable Compensation definition and complies with the CERL, PEPRA, the *Alameda* holding, and OCERS regulations and policies. Unless appealed, the CEO's determination shall be final.
6. As a part of its review process, OCERS staff will review employer pay code item listings for compliance with this Policy. When reviewing compensation and pay code items, OCERS will audit pay code items to determine whether each meets the applicable statutory definitions for pensionability and complies with OCERS' regulations and policies.



OCERS Board Policy

Pay Item Review Policy

7. After concluding the foregoing assessment, OCERS staff shall send written notification to the employer of the staff's determination, including the specific supporting facts, circumstances, reasoning, and analyses.
8. The employer shall have 30 calendar days from the date of staff's final notice of determination to appeal the staff determination to the Board of Retirement (Board). If the employer accepts staff's determination or does not file a timely appeal, the matter shall be deemed concluded, the staff determination shall be final, and the employer shall comply with the determination.
9. 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 prepare a written report to the Board making a recommendation to the Board on the pay code item(s) 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 by the Board. Likewise, the employer shall provide OCERS with all materials it intends to submit to the Board.
10. The Board shall consider all written materials submitted and any arguments the employer and OCERS staff present. The Board shall then decide whether the pay code item qualifies as Compensation Earnable, Pensionable Compensation, or both. The decision shall be final, and the employer shall comply with the Board's determination.

Review of Potential New or Modified Pay Code Items During Employment Contract Negotiations

11. Pursuant to Government Code section 31541.2(c)(1), an employer or authorized employee representative may request OCERS' review of a proposed new or modified pay item/pay code intended to be included in a proposed employment agreement to determine the pensionability under the CERL, PEPR, the *Alameda* holding, and OCERS regulations and policies prior to the entry of the employment agreement. Each such submission to OCERS must include all supporting information OCERS deems necessary to perform its review.
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13. Employers must submit all new or modified pay codes for pay items for review and approval by OCERS, per paragraph 4, regardless of whether written guidance has been provided on a proposed pay item or pay code under paragraph 11 or 14.
14. Additionally, an employer or authorized employee representative may request OCERS review a proposed new or modified pay item/pay code intended to be subject to consideration in an upcoming employment contract negotiation. Upon receipt of sufficient supporting information that OCERS considers necessary to review the item, OCERS will endeavor to provide timely written guidance solely to the requestor.



OCERS Board Policy
Pay Item Review Policy

Policy Review

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

Policy History

16. The Board adopted this policy on March 18, 2019, and revised it on June 20, 2022, December 9, 2024, and [date].

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 black ink that reads "Steve Delaney".

Steve Delaney
Secretary of the Board

Date