

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

**GOVERNANCE COMMITTEE MEETING
August 21, 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/89846656479 Meeting ID: 898 4665 6479 Passcode: 304455 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: 898 4665 6479 Passcode: 304455
A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page	

AGENDA

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

OPEN SESSION

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

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

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

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

CONSENT AGENDA

C-1 GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

May 8, 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 OFF-CYCLE REVIEW OF THE MEMBERSHIP ELIGIBILITY REQUIREMENTS POLICY

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

Recommendation: Approve and recommend that the Board adopt revisions to the Membership Eligibility Requirements Policy.

A-3 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 revisions to the Protocol for Handling Workplace Complaints Against Board Members and Executives Policy.

A-4 TRIENNIAL REVIEW OF THE RESERVES AND INTEREST-CREDITING POLICY

Presentation by Brenda Shott, Assistant CEO, Internal Operations

Recommendation: Approve and recommend that the Board of Retirement approve proposed revisions to the Reserves and Interest-Crediting Policy as presented.

A-5 TRIENNIAL REVIEW OF THE BOARD OF RETIREMENT CHARTER

Presentation by Steve Delaney, CEO; Manuel D. Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the Board of Retirement Charter revisions.

A-6 TRIENNIAL REVIEW OF THE BOARD OF RETIREMENT CHAIR CHARTER

Presentation by Steve Delaney, CEO; Manuel D. Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the Board of Retirement Chair Charter revisions.

A-7 OFF-CYCLE REVIEW OF THE BOARD VICE CHAIR CHARTER

Presentation by Steve Delaney, CEO; Manuel D. Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the Board Vice Chair Charter revisions.

A-8 TRIENNIAL REVIEW OF THE COMMITTEE CHAIR CHARTER

Presentation by Steve Delaney, CEO; Manuel D. Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the Committee Chair Charter with no revisions.

A-9 ADOPTION OF THE OAP ON RETIREES RETURNING TO WORK

Presentation by Joon Kim, Staff Attorney

Recommendation: Approve and recommend that the Board adopt OCERS Administrative Procedure regarding Retirees Returning to Work, as presented.

A-10 OFF-CYCLE REVIEW OF THE POLICIES AND CHARTER REFERENCING THE STRATEGIC AND BUSINESS PLAN

Presentation by Steve Delaney, CEO

Recommendation: Approve and recommend that the Board adopt the revisions to the following policies and charter:

- (1) Budget Approval Policy
- (2) Chief Executive Officer Performance Evaluation Policy
- (3) Monitoring and Reporting
- (4) Planning Policy
- (5) Procurement and Contracting
- (6) Records Management Policy
- (7) Succession Policy
- (8) Trustee Education Policy

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(9) CEO Charter

INFORMATION ITEMS

I-1 UPDATE ON THE EMPLOYER DATA POLICY

Presentation by David Kim, Assistant CEO, External Operations, and Darren Dang, Chief Technology Officer

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

INVESTMENT COMMITTEE MEETING

August 27, 2025

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

STRATEGIC PLANNING WORKSHOP

Tuesday and Wednesday, September 9 and 10, 2025

8:30 A.M. to 4:30 P.M.

WESTIN SOUTH COAST PLAZA

686 ANTON BLVD.

COSTA MESA, CA 92626

DISABILITY COMMITTEE MEETING

September 15, 2025

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

AUDIT COMMITTEE MEETING

October 6, 2025

9:30 A.M.

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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
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SANTA ANA, CALIFORNIA 92701**

**GOVERNANCE COMMITTEE MEETING
Thursday, May 8, 2025
9:30 a.m.**

MINUTES

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

Recording Secretary noted the attendance of Mr. Hilton, Mr. Oates, and Chair Hidalgo.

Attendance was as follows:

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

Also present: Steve Delaney, CEO; Manuel Serpa, General Counsel; David Kim, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Cynthia Hockless, Director of Human Resources; Ivan Cao, Staff Attorney; Michelle Pak, Audio Visual Technician; Rebeca Gonzalez-Verdugo, Recording Secretary; Jeff Lamberson, Director of Member Services; Jennifer Reyes, Finance Manager; Jenny Sadoski, Director of IT; Marielle Horst, Executive Secretary; Amanda Evenson, Executive Secretary; Carolyn Nih, Executive Secretary; Will Tsao, Director of Enterprise Project Management Office; Joon Kim, Staff Attorney; Rosie Baek, Staff Attorney; Philip Lam, Director of Internal Audit.

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

March 20, 2025

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

The motion passed **unanimously**.

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 TRIENNIAL REVIEW OF THE PROTOCOL FOR HANDLING WORKPLACE COMPLAINTS AGAINST BOARD MEMBERS AND EXECUTIVES

Presentation by Manuel Serpa, General Counsel

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

After discussion, the Committee directed staff to return the Policy to them for further development before consideration at the next Governance Committee meeting.

The Committee directed staff to clarify the role of fiduciary counsel during an investigation and the process for Board members to engage independent counsel.

Ms. Freidenrich arrived at 9:47 a.m.

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.

MOTION by Mr. Hilton, **seconded** by Ms. Freidenrich, to adopt staff's recommendations.

The motion passed **unanimously**.

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.

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

The motion passed **unanimously**.

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.

MOTION by Mr. Oates, **seconded** by Mr. Hilton, to adopt staff's recommendations and provide direction to staff to request Fiduciary Counsel to review the policy before Board approval at the following Board meeting to make additional clarifying edits and to verify the list of reports is up to date.

The motion passed **unanimously**.

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

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Education Policy.

MOTION by Mr. Oates, **seconded** by Mr. Hilton, to adopt staff's recommendations with the following changes:

- ~~22. "Prior to a Trustee's first official meeting with the Board of Retirement, he or she 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 an orientation to current Board governance practices."~~
24. 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 Board policies and charters; and"

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 noted the attendance of Mr. Hilton, Mr. Oates, Ms. Freidenrich, and Chair Hidalgo.

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 and adopt the Employee Travel Policy.

MOTION by Mr. Oates, **seconded** by Mr. Hilton, to adopt staff's recommendations with the following changes:

4. "The Chief Executive Officer (CEO) will screen and provide a list of suitable conferences or seminars to the Board members at each regular meeting of the Board."
24. "If a non-meal itemized receipt is lost or unavailable, a Missing Receipt Form must be completed and submitted with the reimbursement claim (meal-related receipts are addressed in paragraph 33)."
26. "... 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 a report."
30. "... ~~Failure to do so may result in further action, including suspension of future travel approvals.~~"
42. "Whenever possible, a request for a government rate or lowest reasonable rate will be made."
- 43.

The motion passed **unanimously**.

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

Presentation by Ivan Cao, Staff Attorney

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

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

The motion passed **unanimously**.

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

Mr. Serpa informed the Committee of the updates that were approved at the April 21st meeting of the Board of Retirement as per the direction of the Governance Committee.

In the 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.

In the Pay Item Review Policy, per Governance Committee direction, the policy now clarifies that OCERS will provide written guidance only to the requestor and respond to requests for guidance on items subject to consideration in upcoming negotiations.

COMMITTEE MEMBER COMMENTS

None

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

None

COUNSEL COMMENTS

None

ADJOURNMENT

Chair adjourned meeting at 11:33 a.m.

Submitted by:

Approved by:

Manuel Serpa
General Counsel/Staff Liaison

Steve Delaney
Chief Executive Officer/Secretary

Arthur Hidalgo
Chair



Memorandum

DATE: August 21, 2025
TO: Members of the Governance Committee
FROM: Manuel D. Serpa, General Counsel; David Kim, Assistant CEO External Operations
SUBJECT: OFF-CYCLE REVIEW OF THE MEMBERSHIP ELIGIBILITY REQUIREMENTS POLICY

Recommendation

- (1) Approve and recommend that the Board adopt revisions to the Membership Eligibility Requirements Policy.

Background/Discussion

The Board adopted the Membership Eligibility Requirements Policy on March 20, 2017, and last revised it on October 16, 2023. Though not due for its regular review, the Committee has requested a review to clarify the responsibility of participating employers to monitor and report to OCERS the status of ineligible employees.

This policy version is the same as that presented to the Governance Committee at its March 2025 meeting, but with the following change to paragraph 8. In this draft, based on discussions with the County and with OCEA, we have returned to language that excludes from membership employees hired with the expectation they will work for less than one year, but only as long as they do not work more than 2,080 hours. The full text of paragraph 8 now states:

8. *Each Participating Employer is responsible for monitoring the number of hours worked by Extra Help employees. All employees hired with the expectation that they will work for less than one year are properly excluded from OCERS membership for that year, regardless of how their position may be designated, as long as they do not work more than 2,080 hours.*
 - a. **After that initial year, an Exceptional Extra Help employee who works more than 1,600 hours in any year must enroll in OCERS membership.**
 - b. **After that initial year, a Standard Extra Help employee who works more than 1,040 hours in any one year must enroll in OCERS membership.**

Also, as noted previously, "year" has been defined as stated in paragraph 3:

The term "year" in this policy refers to a fiscal year or a calendar year, whichever the Participating Employer designates for uniform application to all its employees.

This change was made to minimize disruption for employers who use a calendar year instead of a fiscal year.

A summary of the other changes from the existing policy follows.

- The following sentences were added to paragraph 2:
 - *Additionally, each Participating Employer is responsible for monitoring the status of employees who are ineligible to participate in the Plan and for timely notifying OCERS of any change necessitating membership. Each Participating Employer must submit an annual report to OCERS, listing all "Extra Help Position" employees and their total hours worked.*

- Paragraphs 4 and 5 were added to define extra help and to distinguish between newly defined standard extra help and exceptional extra help:

4. Definition of Extra Help Position: An Extra Help Position is a position intended to be occupied on less than a year-round basis for circumstances that include the following:

- a. to cover seasonal peak workloads;
- b. for extra emergency workloads of limited duration; or
- c. for necessary vacation relief, paid sick leave, and other fluctuating staff situations.

5. For purposes of this policy, Extra Help Positions are "Exceptional" or "Standard." An "Exceptional Extra Help" position is one that:

- a. Requires professional or highly technical skills for more than one year;^[1]
- b. Is designated "intern" for more than one year (i.e., entry-level as per the Participating Employer's salary resolution or comparable classification scheme);
- c. Is designated "seasonal" for more than one year and that works in less than seven calendar months per year;^[2] or
- d. Is designated "intermittent" for more than one year (i.e., works irregularly, as needed).

All others are "Standard Extra Help" positions.

^[1] "Professional or Highly Technical Skills" are those utilized by employees engaged in work requiring specialized knowledge and skills attained through completion of a recognized course of instruction, including attorneys, physicians, registered nurses, engineers, architects, teachers, and various types of physical, chemical, and biological scientists.

^[2] "Seasonal work" is that performed on a seasonal basis where, ordinarily, the employment pertains to or is of the kind exclusively performed at certain seasons or periods of the year and that, from its nature, may not be continuous or carried on throughout the year.

- The following factor was added to those the Board will consider in granting an exception per paragraph 9:
 - The urgency of the employer's need to fill the position on a temporary basis.

Other non-substantive changes were also made to the document to improve readability. The proposed revisions are set forth in underlined/strikeout text in the attached copy of the Membership Eligibility Requirements 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



DK-Approved

David Kim
Assistant CEO, External Operations



OCERS Board Policy Membership Eligibility Requirements

Purpose and Background

1. The Orange County Employees Retirement System (OCERS, System, or Plan) is charged with administering a defined benefit pension plan for eligible employees of the County and Districts who participate in the Plan (each a Participating Employer). ~~The purpose of this Policy regarding Membership Eligibility Requirements (Policy) is to clarify the rules that the System will use as a basis for determining~~ to determine the eligibility of persons to be members of the System. The Policy intends to ensure that those eligible to be members of the System who have not executed a lawful waiver of membership are enrolled in the System unless a lawful exception applies. Conversely, persons ineligible for membership in the System must be excluded from membership.

Policy Objectives

~~All persons eligible to be members of the System who have not executed a lawful waiver of membership (e.g., elected officials and members entering employment after age 60) must be enrolled in the System.~~ Employer Responsibility

- ~~2. Conversely, persons ineligible for membership in the System must be excluded from membership. The objective of this Policy is to clarify existing law (Government Code sections 31550, et. seq.) and OCERS' regulations with respect to the persons who are eligible for membership in OCERS.~~

Roles and Responsibilities

- ~~3.2.~~ Each Participating Employer is responsible for determining, in accordance with this Policy, which of ~~the Participating Employer's~~ its employees are eligible for membership in OCERS and ~~is responsible~~ for enrolling those eligible employees into OCERS membership. ~~Additionally, each Participating Employer is responsible for monitoring the status of employees who are ineligible to participate in the Plan and for timely notifying OCERS of any change necessitating membership. Each Participating Employer must submit an annual report to OCERS, listing all "Extra Help Position" employees and their total hours worked.~~

Policy Guidelines

3. The term "year" in this policy refers to a fiscal year or a calendar year, whichever the Participating Employer designates for uniform application to all its employees.
4. Definition of Extra Help Position: An Extra Help Position is a position intended to be occupied on less than a year-round basis for circumstances that include the following:
 - a. to cover seasonal peak workloads;
 - b. for extra emergency workloads of limited duration; or



OCERS Board Policy Membership Eligibility Requirements

c. for necessary vacation relief, paid sick leave, and other fluctuating staff situations.

5. For purposes of this policy, Extra Help Positions are "Exceptional" or "Standard." An "Exceptional Extra Help" position is one that:

- a. Requires professional or highly technical skills for more than one year;¹
- b. Is designated "intern" for more than one year (i.e., entry-level as per the Participating Employer's salary resolution or comparable classification scheme);
- c. Is designated "seasonal" for more than one year, and that works in less than seven calendar months per year;² or
- d. Is designated "intermittent" for more than one year (i.e., works irregularly, as needed).

All others are "Standard Extra Help" positions.

4.6. The following employees of a Participating Employer are eligible to participate and shall be enrolled in the Plan:

~~Any employee of the Participating Employer who is:~~

- a. ~~Hired~~Those hired with the expectation of employment for more than one year and at least 1,040 hours per year, or who ~~is~~are actually employed for more than one year and at least 1,040 hours per year for at least one of those years; and
- b. Not expressly excluded from membership under Paragraph ~~5 below~~7.

5.7. The following employees of a Participating Employer are ineligible to participate and shall not be enrolled in the Plan:

~~Any employee of the Participating Employer who:~~

- a. Is a retired member who satisfies the requirements of Government Code section 7522.56 to serve a Participating Employer without reinstatement from retirement; ~~or, and that does not exceed a total of 960 work hours per year; or~~
- b. Has executed a lawful waiver of membership (e.g., elected officials and members entering employment after age 60); or

¹ "Professional or Highly Technical Skills" are those utilized by employees engaged in work requiring specialized knowledge and skills attained through completion of a recognized course of instruction, including attorneys, physicians, registered nurses, engineers, architects, teachers, and various types of physical, chemical, and biological scientists.

² "Seasonal work" is that performed on a seasonal basis where, ordinarily, the employment pertains to or is of the kind exclusively performed at certain seasons or periods of the year and that, from its nature, may not be continuous or carried on throughout the year.



OCERS Board Policy

Membership Eligibility Requirements

- c. ~~Is hired with the expectation of employment for less than 1,600 hours per year, is actually employed for less than 1,600 hours in every year, and is classified as “extra help”~~ part-time and scheduled to work less than twenty (20) hours weekly.
- ~~c.d.~~ Is classified as an Extra Help Position by the Participating Employer ~~because he or she works in a position that:~~ does not exceed the hour limits set forth in Paragraph 8.
- ~~i.~~ Requires professional or highly technical skills for more than one year;
 - ~~ii.~~ Is designated “intern” for more than one year (entry level and consistent with the Each Participating Employer’s salary resolution or comparable classification-scheme);
 - ~~iii.~~ Is designated “seasonal” for more than one year (works in less than seven-calendar months per year); or
 - ~~iv.~~ Is designated “intermittent” for more than one year (works on an irregular, as-needed basis).
8. ~~Note: Per section 4(a), all~~ Employer is responsible for monitoring the number of hours worked by Extra Help employees ~~hired with the expectation that they will work less than one year are properly excluded from OCERS membership for that year, regardless of how their position may be designated. If such employees ultimately work more than one year, they should be enrolled in OCERS membership if they work more than 1,040 hours per year (if not “extra help”) or more than 1,600 hours per year (if “extra help”).~~ All employees hired with the expectation that they will work for less than one year are properly excluded from OCERS membership for that year, regardless of how their position may be designated, as long as they do not work more than 2,080 hours.
- a. ~~A~~After that initial year, an Exceptional Extra Help employee who works more than 1,600 hours in any year must enroll in OCERS membership. ~~n~~ Exceptional Extra Help employee who works 1,600 hours in one year must have a minimum break of sixty calendar days before starting another Extra Help Position in the following year. Any Exceptional Extra Help employee exceeding 1,600 hours in one year must enroll in OCERS membership.
- b. After that initial year, a Standard Extra Help employee who works more than 1,040 hours in any one year must enroll in OCERS membership.
- ~~— A Standard Extra Help employee who works 1,040 hours in one year must have a minimum break in employment of at least sixty calendar days before starting another Extra Help Position in the following year. Any Standard Extra Help employee exceeding 1,040 hours in one year must enroll in OCERS membership.~~
- ~~6.9.~~ The Board may grant exceptions to the requirements of Paragraphs 4 and 5 Paragraph 8 if the Board determines that doing so is consistent with the intent of this Policy and is fair to all parties. ~~For example:~~ Factors to consider in granting an exception will include:



OCERS Board Policy Membership Eligibility Requirements

- a. ~~The Board may consider an~~ An employee's preference not to be enrolled as a member of OCERS, even though that preference alone does not justify exclusion from OCERS membership; ~~and~~
 - b. ~~The Board may consider whether~~ urgency of the employer's need to fill the position on a temporary basis; and
 - ~~b.c. Whether~~ an employee's work hours exceeded the ~~relevant~~ maximum due to administrative oversight.
- ~~7.10.~~ When a Participating Employer fails to comply with ~~the requirements of Paragraphs 4 and 5~~ Paragraph 8, and ~~the Board does not grant~~ an exception under Paragraph 6 ~~9 is not granted,~~ the Board will exercise its discretion to determine an appropriate correction procedure based on the facts of each case.
- ~~8. For purposes of Paragraphs 4 and 5, the term "year" refers to a fiscal year or a calendar year, whichever is used by the Participating Employer for employment purposes.~~
- ~~9.11.~~ A Participating Employer that temporarily employs an individual who (i) previously was the employee of a labor supplier with which the Participating Employer contracted, and (ii) would otherwise be excluded from OCERS membership under this Policy, will be permitted to exclude the individual from OCERS membership for a period of up to one year.- The Board will consider requests for exceptions from the requirements of this paragraph based on the facts of each case, but will not extend the one-year period for excluding the employee from OCERS membership by more than one additional year.
10. The Board shall periodically audit, pursuant to Government Code section 31543, each Participating Employer's payroll practices to assure compliance with this Policy.

Policy Review

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

Policy History

12. This Policy was adopted by the Board of Retirement on March 20, 2017, with an effective date of January 1, 2018, July 20, 2020, ~~and~~ October 16, 2023, and.

Secretary's Certificate

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

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



OCERS Board Policy Membership Eligibility Requirements

	10/16/2023
Steve Delaney Secretary of the Board	Date



OCERS Board Policy

Membership Eligibility Requirements

Purpose and Background

1. The Orange County Employees Retirement System (OCERS, System, or Plan) is charged with administering a defined benefit pension plan for eligible employees of the County and Districts who participate in the Plan (each a Participating Employer). The purpose of this Policy regarding Membership Eligibility Requirements (Policy) is to clarify the rules that the System will use to determine the eligibility of persons to be members of the System. The Policy intends to ensure that those eligible to be members of the System who have not executed a lawful waiver of membership are enrolled in the System unless a lawful exception applies. Conversely, persons ineligible for membership in the System must be excluded from membership.

Employer Responsibility

2. Each Participating Employer is responsible for determining, in accordance with this Policy, which of its employees are eligible for membership in OCERS and for enrolling those eligible employees into OCERS membership. Additionally, each Participating Employer is responsible for monitoring the status of employees who are ineligible to participate in the Plan and for timely notifying OCERS of any change necessitating membership. Each Participating Employer must submit an annual report to OCERS, listing all "Extra Help Position" employees and their total hours worked.

Policy Guidelines

3. The term "year" in this policy refers to a fiscal year or a calendar year, whichever the Participating Employer designates for uniform application to all its employees.
4. **Definition of Extra Help Position:** An Extra Help Position is a position intended to be occupied on less than a year-round basis for circumstances that include the following:
 - a. to cover seasonal peak workloads;
 - b. for extra emergency workloads of limited duration; or
 - c. for necessary vacation relief, paid sick leave, and other fluctuating staff situations.
5. For purposes of this policy, Extra Help Positions are "Exceptional" or "Standard." An "**Exceptional Extra Help**" position is one that:
 - a. Requires professional or highly technical skills for more than one year;¹

¹ "Professional or Highly Technical Skills" are those utilized by employees engaged in work requiring specialized knowledge and skills attained through completion of a recognized course of instruction, including attorneys, physicians, registered nurses, engineers, architects, teachers, and various types of physical, chemical, and biological scientists.



OCERS Board Policy

Membership Eligibility Requirements

- b. Is designated "intern" for more than one year (i.e., entry-level as per the Participating Employer's salary resolution or comparable classification scheme);
- c. Is designated "seasonal" for more than one year, and that works in less than seven calendar months per year;² or
- d. Is designated "intermittent" for more than one year (i.e., works irregularly, as needed).

All others are "**Standard Extra Help**" positions.

6. The following employees of a Participating Employer are eligible to participate and shall be enrolled in the Plan:

- a. Those hired with the expectation of employment for more than one year and at least 1,040 hours per year, or who are actually employed for more than one year and at least 1,040 hours per year for at least one of those years; and
- b. Not expressly excluded from membership under Paragraph 7.

7. The following employees of a Participating Employer are ineligible to participate and shall not be enrolled in the Plan:

Any employee of the Participating Employer who:

- a. Is a retired member who satisfies the requirements of Government Code section 7522.56 to serve a Participating Employer without reinstatement from retirement, and that does not exceed a total of 960 work hours per year; or
 - b. Has executed a lawful waiver of membership (e.g., elected officials and members entering employment after age 60); or
 - c. Is classified as part-time and scheduled to work less than twenty (20) hours weekly.
 - d. Is classified as an Extra Help Position by the Participating Employer that does not exceed the hour limits set forth in Paragraph 8.
- 8. Each Participating Employer is responsible for monitoring the number of hours worked by Extra Help employees. *All employees hired with the expectation that they will work for less than one year are properly excluded from OCERS membership for that year, regardless of how their position may be designated, as long as they do not work more than 2,080 hours.***
- a. **After that initial year, an Exceptional Extra Help employee who works more than 1,600 hours in any year must enroll in OCERS membership.**
 - b. **After that initial year, a Standard Extra Help employee who works more than 1,040 hours in any one year must enroll in OCERS membership.**

² "Seasonal work" is that performed on a seasonal basis where, ordinarily, the employment pertains to or is of the kind exclusively performed at certain seasons or periods of the year and that, from its nature, may not be continuous or carried on throughout the year.



OCERS Board Policy

Membership Eligibility Requirements

9. The Board may grant exceptions to the requirements of Paragraph 8 if the Board determines that doing so is consistent with the intent of this Policy and is fair to all parties. Factors to consider in granting an exception will include:
 - a. An employee's preference not to be enrolled as a member of OCERS, even though that preference alone does not justify exclusion from OCERS membership;
 - b. The urgency of the employer's need to fill the position on a temporary basis; and
 - c. Whether an employee's work hours exceeded the maximum due to administrative oversight.
10. When a Participating Employer fails to comply with Paragraph 8, and an exception under Paragraph 9 is not granted, the Board will exercise its discretion to determine an appropriate correction procedure based on the facts of each case.
11. A Participating Employer that temporarily employs an individual who (i) previously was the employee of a labor supplier with which the Participating Employer contracted and (ii) would otherwise be excluded from OCERS membership under this Policy will be permitted to exclude the individual from OCERS membership for a period of up to one year. The Board will consider requests for exceptions from the requirements of this paragraph based on the facts of each case, but will not extend the one-year period for excluding the employee from OCERS membership by more than one additional year.
10. The Board shall periodically audit, pursuant to Government Code section 31543, each Participating Employer's payroll practices to assure compliance with this Policy.

Policy Review

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

Policy History

12. This Policy was adopted by the Board of Retirement on March 20, 2017, with an effective date of January 1, 2018, July 20, 2020, October 16, 2023, and .

Secretary's Certificate

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

 _____ Steve Delaney Secretary of the Board	_____ Date
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Memorandum

DATE: August 21, 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 revisions to the Protocol for Handling Workplace Complaints Against Board Members and Executives 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 Protocol for Handling Workplace Complaints Against Board Members and Executives Policy (Policy) on October 21, 2019, and most recently amended it on June 20, 2022.

In addition to general clarifying edits, the policy revisions include a definition of workplace complaint, specify that it applies to senior executives, and expand the opportunities for the subject of the complaint to receive the benefits of legal counsel.

The following definitions of workplace complaint and senior executive staff were added as paragraph 2:

2. For purposes of this policy, “workplace complaint” includes allegations of harassment, discrimination, retaliation, bullying, ethics violations, or other misconduct relating to the workplace made by an OCERS employee against a member of the Board or Senior Executive staff. Senior Executive staff consists of the Chief Executive Officer (CEO), Chief Investment Officer, Assistant CEO for Finance and Internal Operations, Assistant CEO for External Operations, Chief Technology Officer, and the General Counsel.

In addition, although implied, the following sentence was added to the end of paragraph 5 to emphasize the point described:

Any individual who is the subject of the complaint will have no role in the selection of the investigator, access to updates from the investigator (beyond any applicable due process rights), or influence over remedial action decisions.

Paragraph 8 was added to expand on the role of fiduciary counsel in advising the subject of the complaint about the process:

8. Fiduciary Counsel will, at the outset, provide the complaint and this Policy to the subject of the complaint and advise the subject of the complaint of their right to seek independent counsel and the procedure to which the Board will proceed in the investigation, including a time period for comment and written response. In no event shall the Fiduciary Counsel be deemed to represent the subject of the complaint unless the Board has determined there is no conflict of interest in doing so by Board action.

In addition, paragraph 9 was added to expand on the ability of the subject of the complaint to be represented by legal counsel at the expense of the agency, as long as the Board determines that the expense is consistent with their fiduciary duties and the amount would be reimbursed should the complaint be substantiated. Paragraph 9 states:

9. If the Board, with advice from Fiduciary Counsel, determines that paying for independent counsel is consistent with its fiduciary duties, the Board Chair (or Vice Chair, if the complaint is against the Chair) may authorize the Board member or CEO who is the subject of the complaint to hire independent counsel of their choice. Based on that Board action, the CEO may similarly authorize a Senior Executive who is the subject of the complaint to do the same. OCERS will pay the cost of such counsel, subject to a written reservation of rights, until the complaint is finally resolved. As a condition of payment, the individual must agree in writing to reimburse OCERS for these costs if the Board determines, after final resolution, that the complaint is substantiated.

Also, the following sentence regarding fiduciary counsel was added to the end of paragraph 14:

Before final action is taken, Fiduciary Counsel will provide a written opinion to the decision-maker(s) on the legal sufficiency of the proposed action.

Other non-substantive changes were also made to the document to improve readability. The proposed revisions are set forth in underlined/strikeout text in the attached copy of the 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

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~~. Senior Executive Staff very seriously. Formal procedures and practices are required to ensure complaints are ~~timely, fairly and appropriately~~ investigated and addressed in a timely, fair, and appropriate manner. All actions under this protocol will be conducted in compliance with applicable federal, state, and local laws, including whistleblower protection laws.
2. For purposes of this policy, "workplace complaint" includes allegations of harassment, discrimination, retaliation, bullying, ethics violations, or other misconduct relating to the workplace made by an OCERS employee against a member of the Board or Senior Executive staff. Senior Executive staff consists of the Chief Executive Officer (CEO), Chief Investment Officer, Assistant CEO for Finance and Internal Operations, Assistant CEO for External Operations, Chief Technology Officer, and the General Counsel.
- 2.3. 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~~ Senior 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~~ a Senior Executive ("subject of the complaint"), the following protocols will be observed in addition to the procedures normally followed in response to a workplace complaint:

- 3.4. The Director of Human Resources ("Director") will provide a form to the complainant ~~for~~ (if the purpose/identity of the complainant is known) to accurately documenting/document the complaint in a signed writing. ~~If the Director does not receive the signed form back from the~~ known 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,~~ or the identity of the complainant is unknown, the Director will so indicate in the record of the matter.
5. Before following the procedures normally followed by Human Resources 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



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

Counsel. ~~The group may~~ to decide to alter whether alterations to the normal procedures are warranted based on the facts and circumstances of the complaint. ~~to avoid any conflicts of interest and/or undue influence or prejudice to the investigative process.~~

- 4.6. Any individual who is the subject of the complaint will have no role in the selection of the investigator, access to investigative updates (beyond due process rights), or influence over remedial action decisions.
7. 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~~ Senior Executive, 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.
8. Fiduciary Counsel will, at the outset, provide the complaint and this Policy to the subject of the complaint and advise the subject of the complaint of their right to seek independent counsel and the procedure to which the Board will proceed in the investigation, including a time period for comment and written response. In no event shall the Fiduciary Counsel be deemed to represent the subject of the complaint unless the Board has determined there is no conflict of interest in doing so by Board action.
9. If the Board, with advice from Fiduciary Counsel, determines that paying for independent counsel is consistent with its fiduciary duties, the Board Chair (or Vice Chair, if the complaint is against the Chair) may authorize the Board member or CEO who is the subject of the complaint to hire independent counsel of their choice. Based on that Board action, the CEO may similarly authorize a Senior Executive who is the subject of the complaint to do the same. OCERS will pay the cost of such counsel, subject to a written reservation of rights, until the complaint is finally resolved. As a condition of payment, the individual must agree in writing to reimburse OCERS for these costs if the Board determines, after final resolution, that the complaint is substantiated.
10. 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. -
11. During 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 (if known), 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). Where the subject of the complaint is a Senior Executive, such notice will be delivered by the CEO. Any written response by the Board member or



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

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 a -Senior Executive shall be delivered to the CEO.

~~5.~~12. The investigator's report will be delivered to Fiduciary Counsel and shared only with the individuals identified in Paragraph 4~~5~~ above. - The investigator's report will be confidential and will not be shared with the subject of the complaint or the complainant.

~~6. 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.~~

~~7.~~13. Upon the advice of the individuals identified in Paragraph 4~~5~~ above, the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair), on a confidential basis consistent with the Brown Act, 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. Any Board member who is the subject of the complaint must recuse themselves from the discussion during the investigative process.

~~8. 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.~~

~~9.~~14. 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~~5~~ 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~~Senior Executive, the CEO, upon the advice of the individuals identified in Paragraph 4~~5~~ 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. Before final action is taken, Fiduciary Counsel will provide a written opinion on the legal sufficiency of the proposed action.

~~10.~~15. Once the actions or measures determined in Paragraph ~~10~~12 have been taken, the subject of the complaint and the complainant will be informed that the complaint has been fully investigated,



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

addressed, and closed. 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~~. Where the subject of the complaint is ~~an OCERS executive staff member~~ a Senior Executive, such notice will be delivered by the CEO.

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

Policy History

~~14.~~ 18. This policy was adopted on October 21, 2019, and reviewed and revised 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.

Steve Delaney
Secretary of the Board

~~06/20/2022~~

Date



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

Background and Objectives

1. The Board of Retirement takes workplace complaints made by OCERS employees against members of the Board or OCERS Senior Executive Staff very seriously. Formal procedures and practices are required to ensure complaints are investigated and addressed in a timely, fair, and appropriate manner. All actions under this protocol will be conducted in compliance with applicable federal, state, and local laws, including whistleblower protection laws.
2. For purposes of this policy, “workplace complaint” includes allegations of harassment, discrimination, retaliation, bullying, ethics violations, or other misconduct relating to the workplace made by an OCERS employee against a member of the Board or Senior Executive staff. Senior Executive staff consists of the Chief Executive Officer (CEO), Chief Investment Officer, Assistant CEO for Finance and Internal Operations, Assistant CEO for External Operations, Chief Technology Officer, and the General Counsel.
3. 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 Senior Executive staff; and
 - b. Clarify the roles and responsibilities of the OCERS Human Resources department, the Board, and OCERS staff in 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 a Senior Executive (“subject of the complaint”), the following protocols will be observed in addition to the procedures normally followed in response to a workplace complaint:

4. The Director of Human Resources (“Director”) will provide a form to the complainant (if the identity of the complainant is known) to document the complaint in a signed writing. If the Director does not receive the signed form back from the known 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, or the identity of the complainant is unknown, the Director will so indicate in the record of the matter.
5. Before following the procedures normally followed by Human Resources 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 to decide whether alterations to the procedures are warranted based on the facts and



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

circumstances of the complaint to avoid any conflicts of interest and/or undue influence or prejudice to the investigative process.

6. Any individual who is the subject of the complaint will have no role in the selection of the investigator, access to investigative updates (beyond due process rights), or influence over remedial action decisions.
7. 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 Senior Executive, 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.
8. Fiduciary Counsel will, at the outset, provide the complaint and this Policy to the subject of the complaint and advise the subject of the complaint of their right to seek independent counsel and the procedure to which the Board will proceed in the investigation, including a time period for comment and written response. In no event shall the Fiduciary Counsel be deemed to represent the subject of the complaint unless the Board has determined there is no conflict of interest in doing so by Board action.
9. Pursuant to action taken by the Board, and upon the advice of Fiduciary Counsel, that the expense would be consistent with the Board's fiduciary duties, the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair) may authorize the Board member or CEO who is the subject of the complaint, or, based on that Board action, the CEO may authorize the Senior Executive 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, until the disposition of the complaint has become final; provided, however, that as a condition of payment, the individual shall agree in writing to reimburse OCERS for all such expenses if, upon final disposition, the Board determines that the complaint is substantiated.
10. 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.
11. During 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 (if known), 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). Where the subject of the complaint is a Senior Executive, such notice will be delivered by the CEO. Any written response by the Board member or



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

- 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 a Senior Executive shall be delivered to the CEO.
12. The investigator's report will be delivered to Fiduciary Counsel and shared only with the individuals identified in Paragraph 5 above. The investigator's report will be confidential and will not be shared with the subject of the complaint or the complainant.
 13. Upon the advice of the individuals identified in Paragraph 5 above, the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair), on a confidential basis consistent with the Brown Act, 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. Any Board member who is the subject of the complaint must recuse themselves from the discussion during the investigative process.
 14. 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 5 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 Senior Executive, the CEO, upon the advice of the individuals identified in Paragraph 5 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. Before final action is taken, Fiduciary Counsel will provide a written opinion on the legal sufficiency of the proposed action.
 15. Once the actions or measures determined in Paragraph 12 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, such notice will be delivered by the Board Chair (or Vice Chair if the subject of the complaint is the Board Chair). Where the subject of the complaint is a Senior Executive, such notice will be delivered by the CEO.
 16. 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

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

Policy History

18. This policy was adopted on October 21, 2019, and reviewed and revised on June 20, 2022, and [date].



OCERS Board Policy

Protocol for Handling Workplace Complaints Against Board Members and Executives

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: August 21, 2025
TO: Members of the Governance Committee
FROM: Brenda Shott, Assistant CEO Finance and Internal Operations
SUBJECT: TRIENNIAL REVIEW OF THE RESERVES AND INTEREST-CREDITING POLICY

Recommendation

Approve and recommend that the Board of Retirement approve proposed revisions to the Reserves and Interest-Crediting Policy as presented.

Background/Discussion

The Board of Retirement (including the Investment Committee) has formally adopted over 60 policies and charters and has established a review schedule that requires review of every policy and charter every three years.

The Reserves and Interest-Crediting Policy (Policy) was adopted by the Board on December 18, 2017, and was last reviewed and revised on November 14, 2022. It is scheduled for review and approval by the Board, after review by the Governance Committee, in 2025.

Proposed Revisions

Staff, as well as our actuary, Segal Consulting, have reviewed the Policy and recommend several non-substantive revisions. These include clarifying the composition of the reserve accounts and removing the Medicare/Medical Insurance Reserve. This reserve is no longer needed, as no retirees currently receive this benefit, and remaining funds have been transferred to the Pension Reserve.

A copy of the Policy, with proposed changes indicated in underlined/strikeout text, is attached.

Attachment

Submitted by:

Brenda Shott
Assistant CEO, Finance and Internal Operations



OCERS Board Policy

Reserves and Interest-Crediting Policy

Purpose and Background

1. The purpose of this policy is to document the existing reserve structure created and maintained by OCERS and the distribution of available earnings and interest-crediting to the reserve accounts consistent with Government Code §§31591, 31592 and 31592.2.

Policy Objectives

2. The objectives of this policy are to:
 - a. Identify all the reserves maintained by OCERS, and how funds are distributed to and from the relevant reserve.
 - b. In the event of excess earnings in any fiscal year, provide guidance to OCERS' staff to ensure appropriate application of excess earnings (Undistributed Earnings) to reserve accounts.

Definitions

The System's reserves are book-keeping accounts and do not represent an actual separation of funds; the sum of all reserves equals the net position restricted for pension, other postemployment benefits and employer and fall into these categories: Valuation Reserves, Non-Valuation Reserves, Health Care Plan and Custodial Fund Reserves.

3. **Valuation Reserves** consist of the reserves used by the actuary in calculating the valuation value of assets. The total of the Valuation Reserves equals the value of the system's assets used by the actuary in determining current funding levels. The following are OCERS' Valuation Reserve accounts:
 - a. **Employer Contribution Reserve**—represents employer contributions for active and deferred members plus interest for future retirement benefits. Additions include employer contributions for active members and interest credited semi-annually. Deductions include transfers to the Pension Reserve to fund retirement benefits, disability benefits and death benefits.
 - b. **Employee Contribution Reserve**—represents employee contributions for active and deferred members plus interest for future retirement benefits. Additions include member contributions and interest credited semi-annually. Deductions include member refunds and transfer of funds to the Annuity Reserve for retirement benefits of newly retired members.
 - c. **Pension Reserve**—represents funding originally from employer contributions for retirement and disability benefit payments for retired members plus interest. Additions include transfers from the Employer Contribution Reserve as current active and deferred members retire, transfers from other reserves as described below and interest credited semi-annually. Deductions include benefit payments to retired and disabled members, and their beneficiaries.
 - d. **Annuity Reserve**—represents funding originally from employee contributions for retirement and disability benefit payments for retired members plus interest. Additions include transfers from the Employee Contribution Reserve as current active and deferred members



OCERS Board Policy

Reserves and Interest-Crediting Policy

retire and interest credited semi-annually. Deductions include benefit payments to retired and disabled members, and their beneficiaries.

- e. **UAAL (Unfunded Actuarial Accrued Liability) Contribution Reserve**—represents the cumulative additional employer contributions made for their unfunded actuarial accrued liability in excess of the required contribution plus interest. This reserve is included as part of the Employer Contribution Reserve in the financial statements of the System. Additions include employer contributions to their UAAL, and interest credited semi-annually. Deductions will include transfers to the Pension Reserve to fund retirement benefits, disability benefits and death benefits if Employer Contribution Reserves are insufficient.
 - f. **STAR COLA (Supplemental Targeted Adjustment for Retirees Cost-of-living Adjustment) Reserve**—represents employer contributions for retirees and eligible beneficiaries whose retirement benefit has lost more than 20 percent of its purchasing power since retirement. Additions to this reserve include contributions received from employers. Deductions include monthly benefit payments made to eligible retired members and transfers to the Pension Reserve for any differences between amounts contributed and benefits paid.
 - g. **ERI (Early Retirement Incentive) Contribution Reserve**—represents employer contributions for future retirement payments to active employees who were offered an incentive for early retirement by their employer plus interest. This reserve is included as part of the Employer Contribution Reserve in the financial statements of the System. Additions include annual employer contributions paid from 2002 through 2017 and interest credited semi-annually. Deductions include transfers to the Pension Reserve to fund the early retirement benefits for eligible members. There are currently no active early incentive retirement programs that require contributions to this reserve.
 - h. **Contra Account**—is an accounting informational mechanism, not a reserve. The balance in the account represents the accumulation of any prior shortfall in interest crediting to the valuation reserve accounts which could not be funded from available earnings.
 - i. **Contingency Reserve**—provides a buffer against deficiencies for payment of retirement benefits due to interest and earnings fluctuations, changes in assumptions or some other unforeseen contingency. The County Employees Retirement Law provides that when the Contingency Reserve exceeds one percent of total assets, the retirement board may transfer all or any part of the surplus as specified in Government Code § 31592.2. Additions to this reserve are transfers from the Undistributed Earnings. Deductions are transfers to other reserve funds as required by this policy. If no Undistributed Earnings are available, this reserve may be unfunded.
4. **Non-Valuation Reserves** are special purpose reserves for specific employers and retirees and are not used by the actuary in determining current funding levels. The following are OCERS' Non-Valuation Reserves:
- a. **County Investment Account Reserve**—represents the remaining proceeds from the County of Orange's 1994 Pension Obligation Bond issuance. The remaining proceeds are utilized, in accordance with a long-standing agreement between OCERS and the County of Orange, to offset a portion of the annual actuarially determined contributions for the County of Orange at their



OCERS Board Policy

Reserves and Interest-Crediting Policy

sole discretion. Additions to this reserve include interest credited as stated in the agreement (at the actual market rate of return). Deductions represent transfers to the Employer Contribution Reserve as provided in the aforementioned agreement.

~~b. **Medicare/Medical Insurance Reserve**—represents funds received from the County to subsidize Medicare benefits for a small group of retirees in settlement of a retiree healthcare lawsuit back in the 1970's. There are no additions to this reserve. Deductions to this reserve represent payments to the few remaining retirees who are entitled to this benefit. Once there are no longer any retirees entitled to this benefit, any remaining funds will be transferred to the Pension Reserve. For financial statement reporting purposes only, this reserve is currently included with the Pension Reserve.~~

~~c.~~ **EPA (Employee Purchased Annuity) Reserve**—represents additional after-tax contributions made by employees pursuant to Government Code §31627 for the purpose of providing additional benefits. Under this plan, active employees were given the choice of receiving a lump sum benefit upon retirement, or a monthly distribution for 60 to 120 months, then a lifetime additional retirement benefit. The plan was closed as of December 31, 2002 and only a few retirees are receiving this additional benefit. Interest had been credited at the assumed rate of return minus 0.5%, but the balance in this reserve has been exhausted. Activity in this reserve is limited to deductions for the monthly additional benefit for the remaining retirees. For financial reporting purposes, the negative balance in this reserve is offset against the Pension Reserve.

~~d.~~ **OCSD UAAL Deferred Reserve**—represents payments by the Orange County Sanitation District (OCSD) for its deferred unfunded actuarial accrued liability (UAAL). This non-valuation reserve was established by a memorandum of understanding (MOU) adopted on January 17, 2017 to track the funding of the actuarial deferred losses attributed to OCSD that is to be applied against their UAAL in future years. Additions to this reserve include payments made by OCSD and interest credited annually at the actual market rate of return. Deductions to this reserve are transfers made to the Employer Reserve Account to offset OCSD UAAL as calculated by the actuary. As of December 18, 2018, the full balance of this reserve had been used to offset OCSD's UAAL and a new MOU was adopted on October 21, 2019 to track the funding of an additional payment by OCSD for its deferred UAAL.

~~e.~~ **Actuarial Deferred Returns/(Losses)**—represents the amount of deferred earnings created by a five-year smoothing of actual gains and losses compared to the assumed investment rate of return. A positive balance represents accumulated earnings above the assumed investment rate of return. A negative balance represents accumulated earnings below the assumed investment rate of return. Changes to this amount are determined based on the actuarial valuation completed at the end of the year. This amount may also be referred to as "Net Unrecognized Gains/ (Losses)" or "Reserve for Market Stabilization."

5. **Health Care Plan Reserves** include funds held for the special purpose to pay medical benefits for eligible recipients. These funds are not subject to interest crediting and are allocated a proportionate share of investment earnings/(losses) based on actual market activity. The following are the Health Care Plan Reserve accounts:



OCERS Board Policy

Reserves and Interest-Crediting Policy

- a. **Health Care Plan Reserve—County**—represents assets held to pay retiree medical benefits for eligible participants of the County 401(h) health care plan. Additions include employer contributions and investment earnings. Deductions include medical premium payments, ~~and~~ administrative expenses, and investment losses.
- b. **Health Care Plan Reserve—OCFA (Orange County Fire Authority)** —represents assets held to pay retiree medical benefits for eligible participants of the OCFA 401(h) health care plan. Additions include employer contributions and investment earnings. Deductions include medical premium payments, ~~and~~ administrative expenses, and investment losses.
6. **Custodial Fund Reserve** – represents custodial assets held by OCERS in an investment capacity for the Orange County Transportation Authority (OCTA) health care plan. This fund is not subject to interest crediting and is credited with investment earnings/(losses) based on actual market activity. Additions include other postemployment benefit contributions and investment earnings. Deductions include other postemployment benefits, ~~and~~ administrative expenses, and investment losses.
7. **Other Related Terms**
 - a. **Undistributed Earnings** are the most recent annual earnings of the fund.
 - b. **Unallocated Fund Balance** is the amount remaining after all the required reserves have been funded and interest has been credited to those reserves. An Unallocated Fund Balance will only occur when earnings have more than exceeded expectations and the required Contingency Reserve has been funded.
 - c. **Available Earnings** are Undistributed Earnings, as defined above, plus any balance in the Unallocated Fund Balance and Contingency Reserves.

Policy Guidelines

8. Available Earnings of OCERS will be allocated in the following order:
 - a. Payment of administrative and investment expenses
 - b. Credit of interest at actual market rate of return per terms of applicable agreement to the following non-valuation reserves:
 - a. County Investment Account Reserve
 - b. OCSD UAAL Deferred Reserve
 - c. Credit of regular interest compounded semi-annually on June 30 and December 31 to all contributions in the retirement fund which have been on deposit for six months prior to that date as specified in Government Code § 31591:
 1. Employee (EE) Contribution Reserve at an annual rate of 5%
 2. Employer (ER) Contribution Reserve at the annual assumed rate of return plus the excess between the annual assumed rate of return and 5% credited for employee interest
 3. Annuity Reserve at the annual assumed rate of return
 4. Pension Reserve at the annual assumed rate of return



OCERS Board Policy Reserves and Interest-Crediting Policy

5. Early Retirement Incentive (ERI) Reserve at the annual assumed rate of return
6. UAAL Contribution Reserve at the annual assumed rate of return
- d. Maintain a Contra Account to track any shortfall of available earnings relative to full regular interest on the valuation reserves, after crediting interest to the County Investment Account Reserve and OCSD UAAL Deferred Reserve.
9. The Board adopts the allocation of the remaining balance of Undistributed Earnings after making the allocations described in Section 8 in the following order:
 - a. Replenish the Contra Account until it is zero
 - b. Replenish the Contingency Reserves to 1% of assets
 - c. Credit to Employer (ER) Contribution and Pension Reserves so as to reduce the unfunded actuarial accrued liability (UAAL) of the System to zero
 - d. Credit the balance to the Unallocated Fund Balance

Policy Review

10. This Policy is subject to change in the exercise of the Board's judgment. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

Policy History

11. The Board adopted the Undistributed Earnings policy on November 23, 2009.
12. The Undistributed Earnings Policy was last reviewed on January 21, 2014.
13. The Reserves and Interest-Crediting Policy superseded the prior Undistributed Earnings Policy and was approved by the Board on December 18, 2017.
14. The Reserves and Interest Crediting Policy was reviewed on December 18, 2017, November 16, 2020, ~~and~~ November 14, 2022, and August 21, 2025.

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

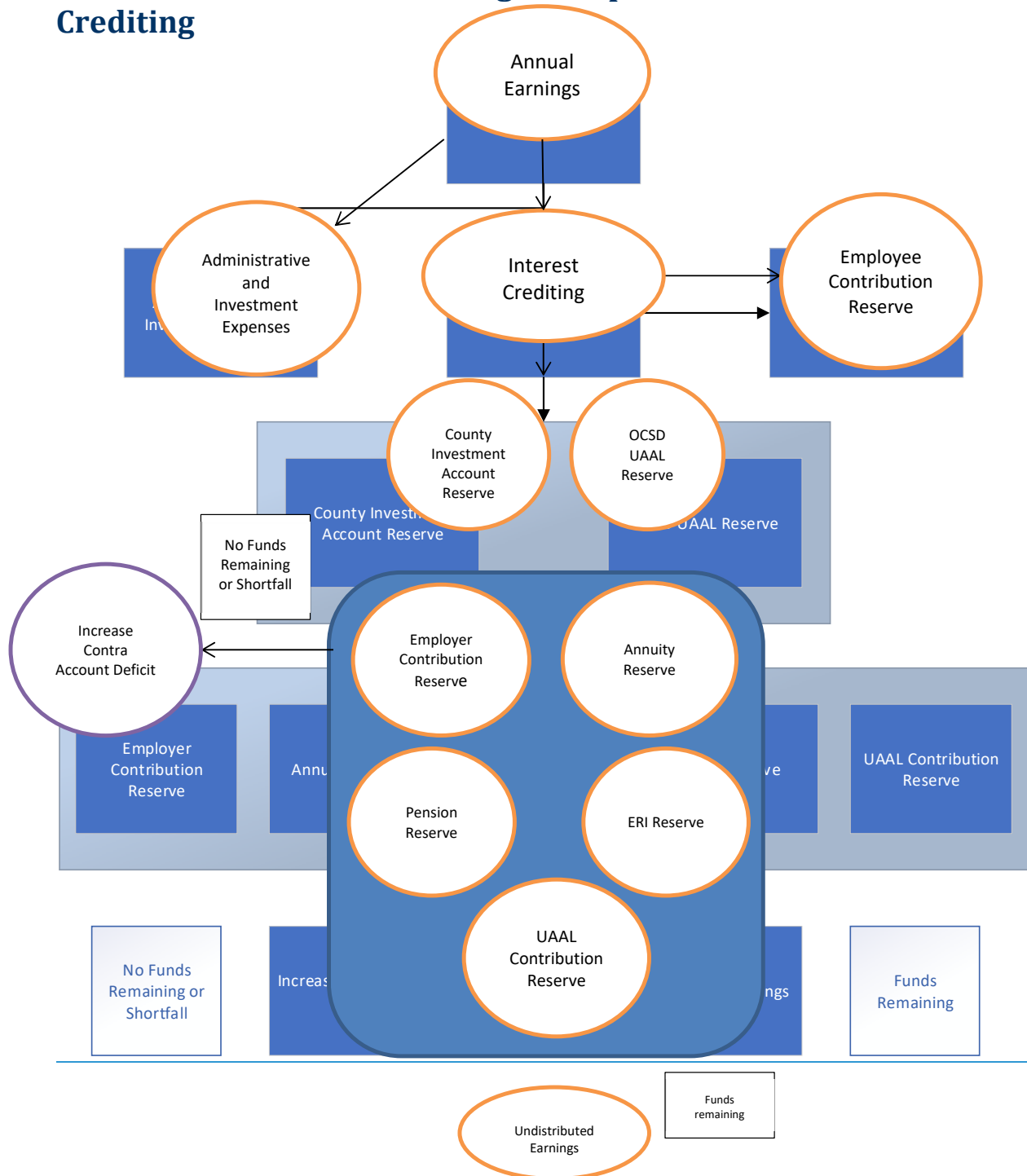


OCERS Board Policy Reserves and Interest-Crediting Policy



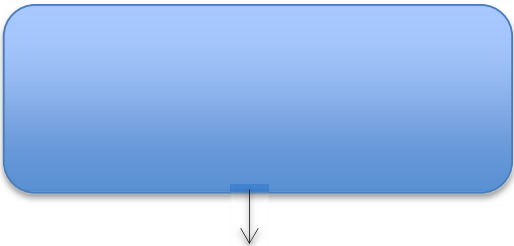
OCERS Board Policy Reserves and Interest-Crediting Policy

Distribution of Annual Earnings to Expenses and Interest-Crediting





OCERS Board Policy
Reserves and Interest-Crediting Policy



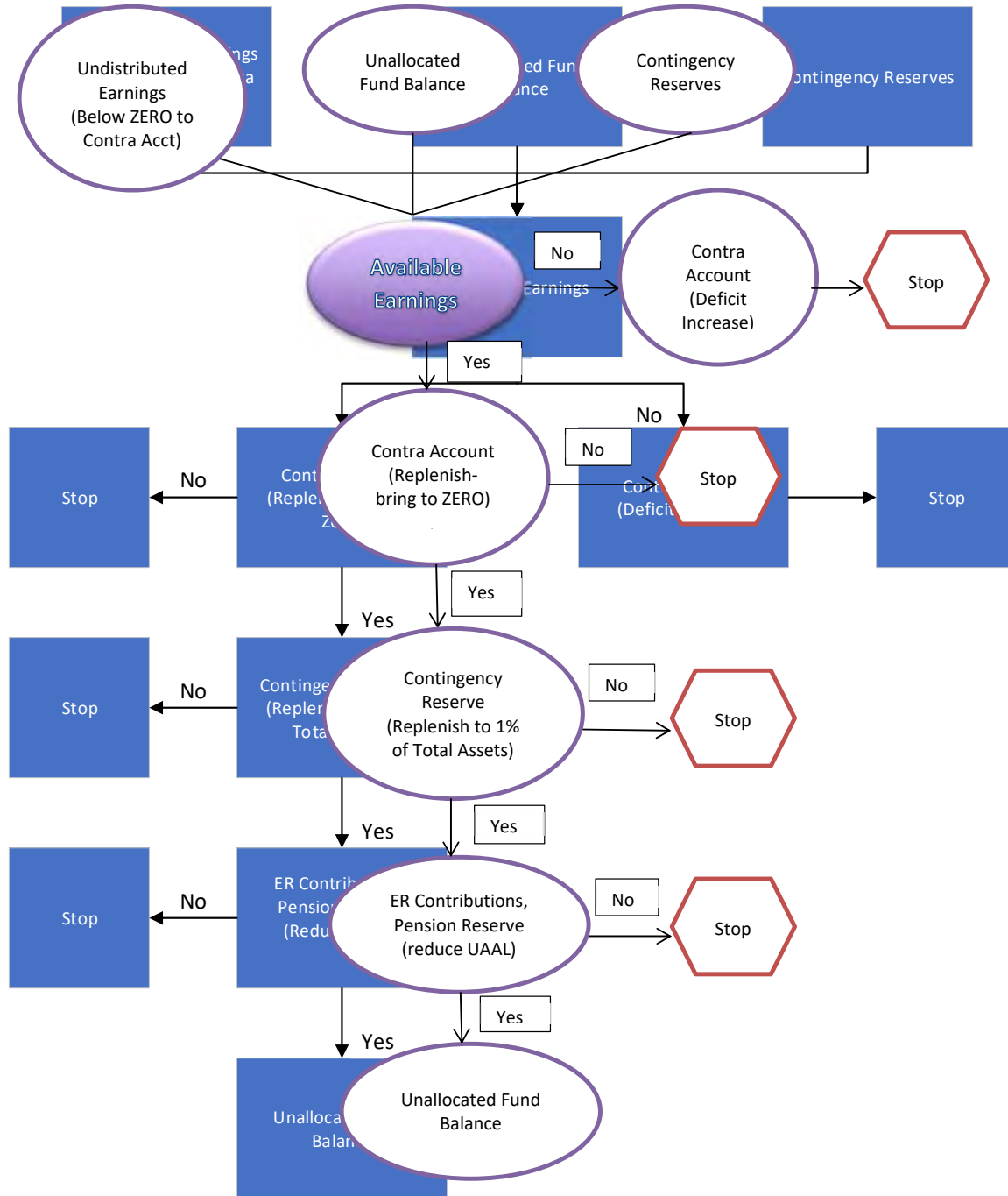


OCERS Board Policy Reserves and Interest-Crediting Policy



OCERS Board Policy Reserves and Interest-Crediting Policy

Allocation of Undistributed Earnings and Available Earnings





OCERS Board Policy Reserves and Interest-Crediting Policy

Purpose and Background

1. The purpose of this policy is to document the existing reserve structure created and maintained by OCERS and the distribution of available earnings and interest-crediting to the reserve accounts consistent with Government Code §§31591, 31592 and 31592.2.

Policy Objectives

2. The objectives of this policy are to:
 - a. Identify all the reserves maintained by OCERS, and how funds are distributed to and from the relevant reserve.
 - b. In the event of excess earnings in any fiscal year, provide guidance to OCERS' staff to ensure appropriate application of excess earnings (Undistributed Earnings) to reserve accounts.

Definitions

The System's reserves are book-keeping accounts and do not represent an actual separation of funds; the sum of all reserves equals the net position restricted for pension, other postemployment benefits and employer and fall into these categories: Valuation Reserves, Non-Valuation Reserves, Health Care Plan and Custodial Fund Reserves.

3. **Valuation Reserves** consist of the reserves used by the actuary in calculating the valuation value of assets. The total of the Valuation Reserves equals the value of the system's assets used by the actuary in determining current funding levels. The following are OCERS' Valuation Reserve accounts:
 - a. **Employer Contribution Reserve**—represents employer contributions for active and deferred members plus interest for future retirement benefits. Additions include employer contributions for active members and interest credited semi-annually. Deductions include transfers to the Pension Reserve to fund retirement benefits, disability benefits and death benefits.
 - b. **Employee Contribution Reserve**—represents employee contributions for active and deferred members plus interest for future retirement benefits. Additions include member contributions and interest credited semi-annually. Deductions include member refunds and transfer of funds to the Annuity Reserve for retirement benefits of newly retired members.
 - c. **Pension Reserve**—represents funding originally from employer contributions for retirement and disability benefit payments for retired members plus interest. Additions include transfers from the Employer Contribution Reserve as current active and deferred members retire, transfers from other reserves as described below and interest credited semi-annually. Deductions include benefit payments to retired and disabled members, and their beneficiaries.
 - d. **Annuity Reserve**—represents funding originally from employee contributions for retirement and disability benefit payments for retired members plus interest. Additions include transfers from the Employee Contribution Reserve as current active and deferred members



OCERS Board Policy

Reserves and Interest-Crediting Policy

retire and interest credited semi-annually. Deductions include benefit payments to retired and disabled members, and their beneficiaries.

- e. **UAAL (Unfunded Actuarial Accrued Liability) Contribution Reserve**—represents the cumulative additional employer contributions made for their unfunded actuarial accrued liability in excess of the required contribution plus interest. This reserve is included as part of the Employer Contribution Reserve in the financial statements of the System. Additions include employer contributions to their UAAL, and interest credited semi-annually. Deductions will include transfers to the Pension Reserve to fund retirement benefits, disability benefits and death benefits if Employer Contribution Reserves are insufficient.
 - f. **STAR COLA (Supplemental Targeted Adjustment for Retirees Cost-of-living Adjustment) Reserve**—represents employer contributions for retirees and eligible beneficiaries whose retirement benefit has lost more than 20 percent of its purchasing power since retirement. Additions to this reserve include contributions received from employers. Deductions include monthly benefit payments made to eligible retired members and transfers to the Pension Reserve for any differences between amounts contributed and benefits paid.
 - g. **ERI (Early Retirement Incentive) Contribution Reserve**—represents employer contributions for future retirement payments to active employees who were offered an incentive for early retirement by their employer plus interest. This reserve is included as part of the Employer Contribution Reserve in the financial statements of the System. Additions include annual employer contributions paid from 2002 through 2017 and interest credited semi-annually. Deductions include transfers to the Pension Reserve to fund the early retirement benefits for eligible members. There are currently no active early incentive retirement programs that require contributions to this reserve.
 - h. **Contra Account**—is an accounting informational mechanism, not a reserve. The balance in the account represents the accumulation of any prior shortfall in interest crediting to the valuation reserve accounts which could not be funded from available earnings.
 - i. **Contingency Reserve**—provides a buffer against deficiencies for payment of retirement benefits due to interest and earnings fluctuations, changes in assumptions or some other unforeseen contingency. The County Employees Retirement Law provides that when the Contingency Reserve exceeds one percent of total assets, the retirement board may transfer all or any part of the surplus as specified in Government Code § 31592.2. Additions to this reserve are transfers from the Undistributed Earnings. Deductions are transfers to other reserve funds as required by this policy. If no Undistributed Earnings are available, this reserve may be unfunded.
4. **Non-Valuation Reserves** are special purpose reserves for specific employers and retirees and are not used by the actuary in determining current funding levels. The following are OCERS' Non-Valuation Reserves:
- a. **County Investment Account Reserve**—represents the remaining proceeds from the County of Orange's 1994 Pension Obligation Bond issuance. The remaining proceeds are utilized, in accordance with a long-standing agreement between OCERS and the County of Orange, to offset a portion of the annual actuarially determined contributions for the County of Orange at their



OCERS Board Policy

Reserves and Interest-Crediting Policy

sole discretion. Additions to this reserve include interest credited as stated in the agreement (at the actual market rate of return). Deductions represent transfers to the Employer Contribution Reserve as provided in the aforementioned agreement.

- b. **EPA (Employee Purchased Annuity) Reserve**—represents additional after-tax contributions made by employees pursuant to Government Code §31627 for the purpose of providing additional benefits. Under this plan, active employees were given the choice of receiving a lump sum benefit upon retirement, or a monthly distribution for 60 to 120 months, then a lifetime additional retirement benefit. The plan was closed as of December 31, 2002 and only a few retirees are receiving this additional benefit. Interest had been credited at the assumed rate of return minus 0.5%, but the balance in this reserve has been exhausted. Activity in this reserve is limited to deductions for the monthly additional benefit for the remaining retirees. For financial reporting purposes, the negative balance in this reserve is offset against the Pension Reserve.
 - c. **OCSD UAAL Deferred Reserve**—represents payments by the Orange County Sanitation District (OCSD) for its deferred unfunded actuarial accrued liability (UAAL). This non-valuation reserve was established by a memorandum of understanding (MOU) adopted on January 17, 2017 to track the funding of the actuarial deferred losses attributed to OCSD that is to be applied against their UAAL in future years. Additions to this reserve include payments made by OCSD and interest credited annually at the actual market rate of return. Deductions to this reserve are transfers made to the Employer Reserve Account to offset OCSD UAAL as calculated by the actuary. As of December 18, 2018, the full balance of this reserve had been used to offset OCSD's UAAL and a new MOU was adopted on October 21, 2019 to track the funding of an additional payment by OCSD for its deferred UAAL.
 - d. **Actuarial Deferred Returns/(Losses)**—represents the amount of deferred earnings created by a five-year smoothing of actual gains and losses compared to the assumed investment rate of return. A positive balance represents accumulated earnings above the assumed investment rate of return. A negative balance represents accumulated earnings below the assumed investment rate of return. Changes to this amount are determined based on the actuarial valuation completed at the end of the year. This amount may also be referred to as "Net Unrecognized Gains/ (Losses)" or "Reserve for Market Stabilization."
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 - b. **Health Care Plan Reserve—OCFA (Orange County Fire Authority)** —represents assets held to pay retiree medical benefits for eligible participants of the OCFA 401(h) health care plan. Additions



OCERS Board Policy

Reserves and Interest-Crediting Policy

include employer contributions and investment earnings. Deductions include medical premium payments, administrative expenses, and investment losses.

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7. Other Related Terms

- a. **Undistributed Earnings** are the most recent annual earnings of the fund.
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OCERS Board Policy

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9. The Board adopts the allocation of the remaining balance of Undistributed Earnings after making the allocations described in Section 8 in the following order:
 - a. Replenish the Contra Account until it is zero
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 - c. Credit to Employer (ER) Contribution and Pension Reserves so as to reduce the unfunded actuarial accrued liability (UAAL) of the System to zero
 - d. Credit the balance to the Unallocated Fund Balance

Policy Review

10. This Policy is subject to change in the exercise of the Board's judgment. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

Policy History

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13. The Reserves and Interest-Crediting Policy superseded the prior Undistributed Earnings Policy and was approved by the Board on December 18, 2017.
14. The Reserves and Interest Crediting Policy was reviewed on December 18, 2017, November 16, 2020, November 14, 2022, and August 21, 2025.

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".

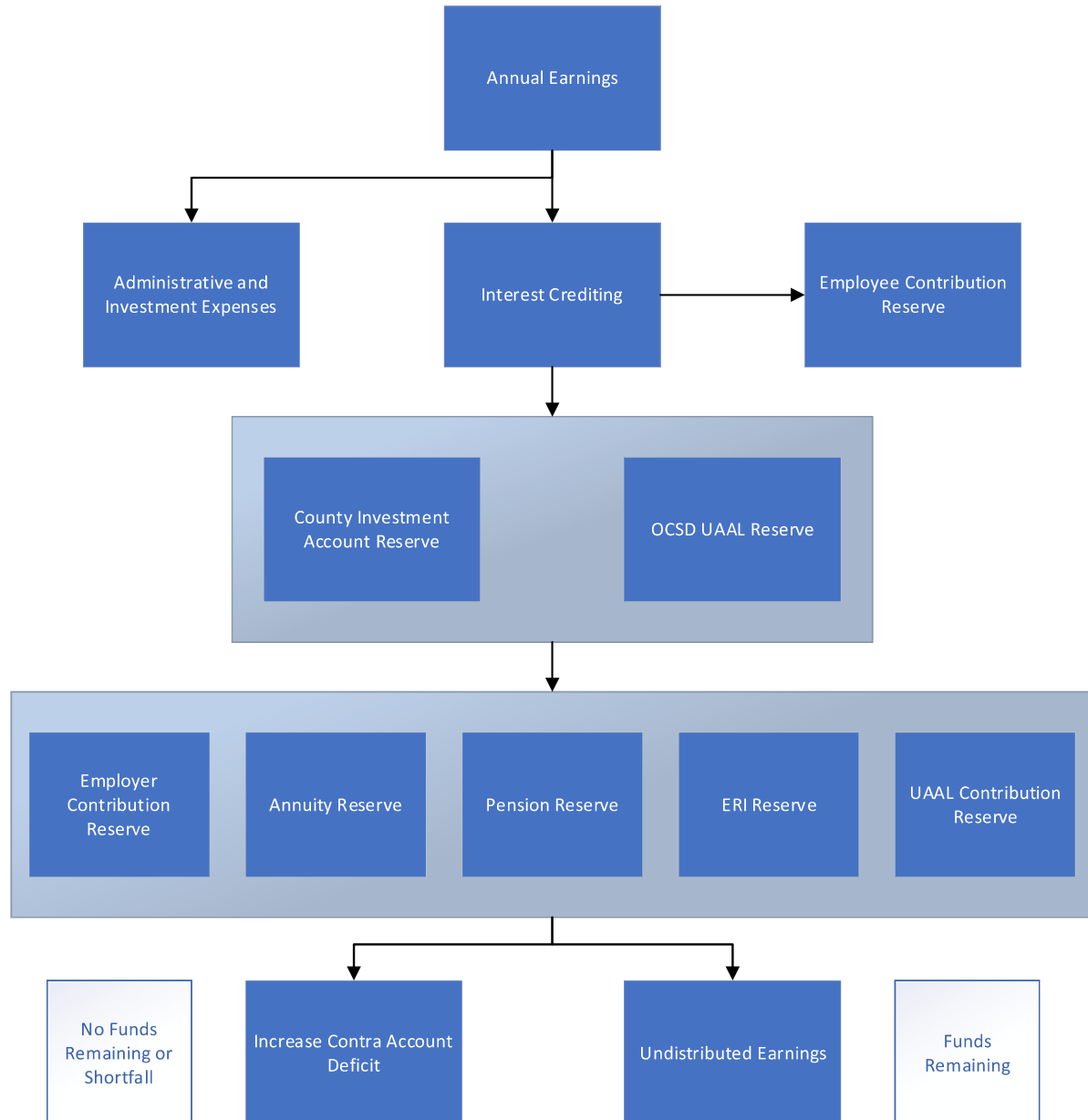
Steve Delaney
Secretary of the Board

Date



OCERS Board Policy Reserves and Interest-Crediting Policy

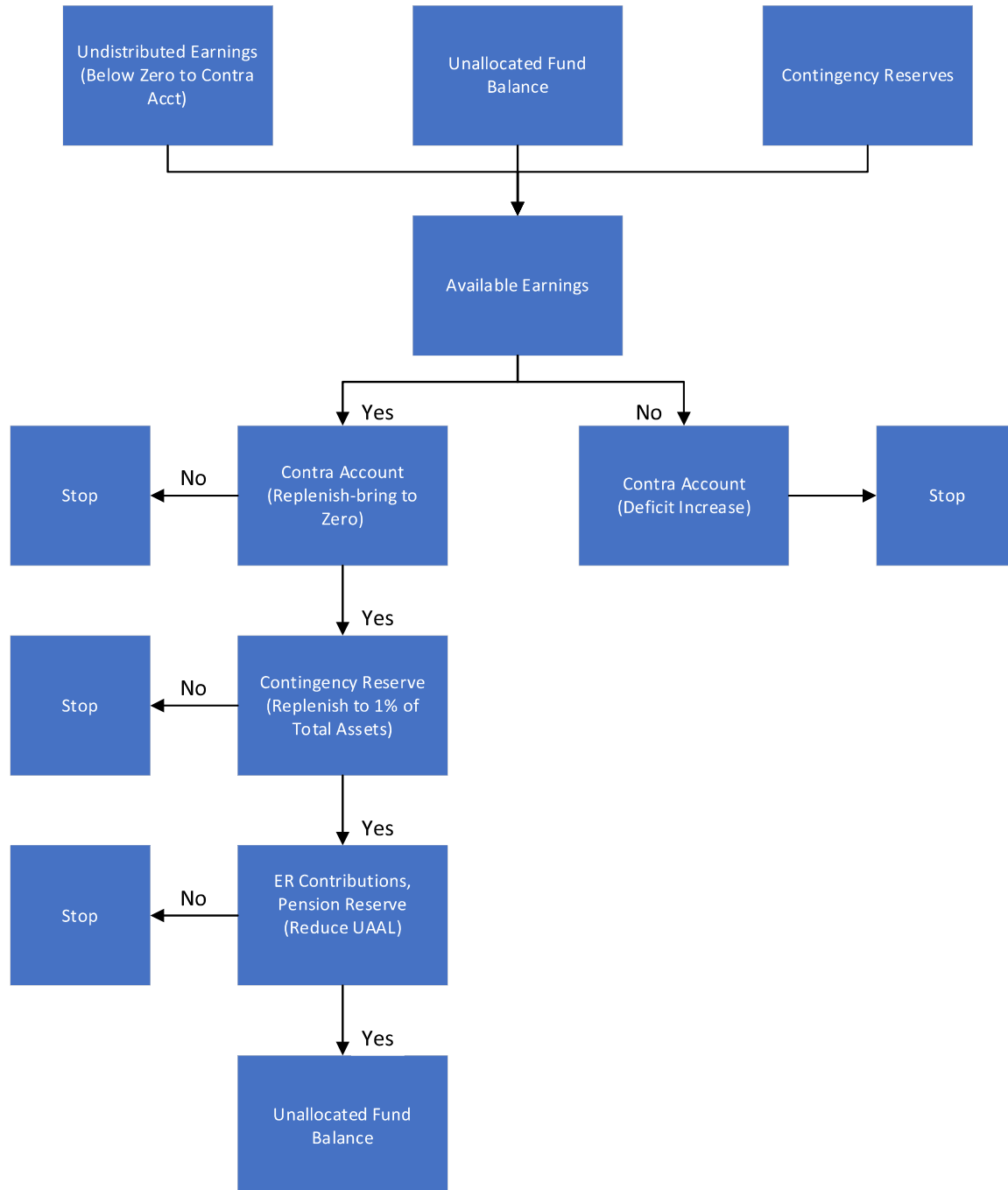
Distribution of Annual Earnings to Expenses and Interest-Crediting





OCERS Board Policy Reserves and Interest-Crediting Policy

Allocation of Undistributed Earnings and Available Earnings





Memorandum

DATE: August 21, 2025
TO: Members of the Governance Committee
FROM: Steve Delaney, CEO; Manuel D. Serpa, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE BOARD OF RETIREMENT CHARTER

Recommendation

Approve and recommend that the Board adopt the Board of Retirement Charter 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 Board of Retirement Charter on November 18, 2002, and most recently amended it on October 17, 2022.

Changes to the charter include edits in section 5.b. and 5.c. to clarify that the Board and Investment Committee are no longer held back-to-back. In addition, a statement was added to section 5.d. to clarify that harassment training hours are in addition to the 24 hour education requirements, as follows:

Ethics training received as part of the 24 hours of Trustee education will satisfy the ethics requirement; however, harassment prevention training is in addition to the 24 hour education requirement.

Also, in section 9.f., the date for the election of a Vice Chair was changed from the last regularly scheduled meeting of the year to the November meeting to facilitate timely committee assignments.

Finally, language in sections 11-14 was removed as redundant with the Investment Committee Charter, and a reference to that charter was added.

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

Attachments

Submitted by:



SD-Approved

Steve Delaney
CEO

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Charter Board of Retirement

Introduction

1. The Board of Retirement of OCERS (Board) is committed to carrying out its policy and oversight role in accordance with the highest standards of fiduciary practice. The Board recognizes the need to clearly delineate the responsibilities of the various decision-making bodies involved in the governance and management of OCERS. Accordingly, the Board has established this charter, which sets out its duties and responsibilities in governing the retirement system (System).

Duties and Responsibilities

Board Members

2. Under the California Constitution and the County Employees' Retirement Law of 1937, members of the Board have plenary authority and fiduciary responsibility for investment of moneys and administration of the System, and must discharge their duties with respect to the System solely in the interest of, and for the exclusive purposes of providing benefits to, members of the System and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. Members of the Board function together as a nine-member Board (with one alternate member), exercising their collective judgment.
3. In carrying out their duties, Board Members must act "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." (Cal. Const., art. XVI, §17(c)¹; Gov. Code §31595(b)².)
4. In order to prudently discharge their responsibilities, each Board Member is expected to participate in the activities of the Board and its committees, and to commit the time and effort necessary to knowledgeably, effectively, and efficiently administer the affairs of the System.
5. Each Board Member will:
 - a. Be familiar and comply with OCERS' governing laws, rules, regulations, charters, and policies.
 - b. Endeavour to attend all regular meetings of the Board and committees on which the Board Member serves. The Board meets regularly once each month, subject to adjustment from time to time. Regular meetings of the Board ~~and the Investment Committee~~ can be lengthy, with some lasting the majority ~~are generally expected to last most~~ of the day. Committees generally meet less frequently than monthly, and meetings of committees other than the Investment Committee generally last between two and four hours.
 - c. Be prepared in advance for informed discussion at each meeting. Preparation for regular Board ~~and Investment Committee~~ meetings can require between one and eight hours.



OCERS Board Charter Board of Retirement

- d. Comply with the OCERS Trustee Education Policy and state law, which require that Board Members complete a minimum of 24 hours of Board Member education within the first two years of assuming office and every subsequent two-year period in which the Board Member serves on the Board (Gov. Code §31522.8³); two hours of ethics training every two years (Gov. Code §53235⁴); and two hours of harassment prevention training every two years (Gov. Code §12950.1⁵). Ethics training received as part of the 24 hours of Trustee education will satisfy the ethics requirement; however, harassment prevention training is in addition to the 24 hour education requirement. ~~Board members are encouraged to~~ and take advantage of educational opportunities in areas necessary for OCERS' prudent administration, including but not limited to investments, benefit administration, fiduciary duties, ethics and conflicts of interest, actuarial matters, pension funding, disability evaluation, fair hearings, open meetings, and sound governance. In-house programs and outside conferences and seminars are available for this purpose. The time commitment for Board Member education is usually five days per year. Some travel may be required.
 - e. Comply with the very strict limitations and reporting requirements with respect to personal financial interests, income, and gifts, as required by the Political Reform Act and the regulations of the Fair Political Practices Commission (FPPC); and annually file a Statement of Economic Interests (Form 700) with the County.
 - f. Be familiar with the several helpful publications that are updated annually by the FPPC and that explain the Form 700 and the limitations on and reporting requirements with respect to personal financial interests, income and gifts, including without limitation the Fact Sheet for Local Officials and Employees entitled, "Limitations and Restrictions on Gifts, Honoraria, Travel and Loans"; the annual Form 700 Reference Pamphlet; the Form 700 FAQs; and the Expanded Statement of Economic Interests Fact Sheet, all of which can be found on the following FPPC website: <https://www.fppc.ca.gov/>.
 - g. Treat members of OCERS' staff and all persons having business with OCERS with civility, courtesy, respect, and dignity.
6. Board Members should treat each other with civility, courtesy, respect, and dignity.
 7. Unless expressly waived by the Board, no Board Member will solicit or accept employment as a member of OCERS direct staff while he or she is a Member of the Board and for a period of three years following the termination of their service as a Member of the Board.
 8. If a Board Member is unwilling or incapable of committing to and discharging the foregoing duties and responsibilities, he or she should consider resigning from the Board for the benefit of the System and the Board.

Governance

9. The Board will:
 - a. Approve, and amend as necessary, the mission statement of OCERS;



OCERS Board Charter Board of Retirement

- b. Adopt regulations or By-Laws, consistent with the County Employees Retirement Law of 1937, Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Government Code Sections 31450 - 31899.10 as amended, the California Public Employees' Pension Reform Act of 2013, Government Code sections 7522 – 7522.74 as amended, and other applicable law;
- c. Adopt and amend as necessary policies to ensure appropriate governance practices and review each on a triennial basis.
- d. Adopt and amend as necessary charters describing the roles and responsibilities of the Board, the committees of the Board, the Chief Executive Officer, the Board Chair, the Board Vice Chair, and the Committee Chairs;
- e. In cooperation with and upon the recommendation of the Chief Executive Officer, adopt and amend as necessary the charter describing the roles and responsibilities of the Chief Investment Officer;
- f. ~~Generally, during the November regular last regularly scheduled meeting of, the Board will for each calendar year,~~ elect a Vice Chair for a term beginning on the first day of the following calendar year. The person holding the office of Vice Chair as of the last day of the calendar year will automatically succeed to the office of Chair effective the first day of the following calendar year. In the event the person holding the office of Vice Chair as of the last day of the calendar year declines to accede to the office of Chair, a Chair will be elected during the last scheduled meeting of the Board for a term beginning on the first day of the following calendar year;
- g. The Board may determine, upon a minimum two-thirds vote in favor by the Board members present, to extend the term of office of a sitting Chair and/or Vice Chair of the Board for one calendar year.
- h. If, prior to the expiration of their term, the Chair becomes disabled or otherwise incapable of continuing to serve as Chair, or is no longer a member of the Board, or is no longer eligible to hold office for any reason, the Vice Chair will automatically succeed to the office of Chair and will serve out the remainder of that calendar year. In the event the person holding the office of Vice Chair declines to accede to the office of Chair, the Board will hold a special election to elect a new Chair who will serve out the remainder of that ~~term~~ calendar year.
- i. If there is a vacancy in the office of Vice Chair, the Board will hold a special election to elect a new Vice Chair, who will serve until the end of the Vice Chair's term of office, at which time such Vice Chair will succeed to the office of Chair, as provided for above.
- j. In any election of the Vice Chair, strive to elect a Vice Chair that is (1) an elected Board Member when the Chair is an appointed Board Member; and (2) an appointed Board Member when the Chair is an elected Board Member; and in any election of the Chair, strive to elect a Chair that is (1) an elected Board Member when the Vice Chair is an appointed Board Member; and (2) an appointed Board Member when the Vice Chair is an elected Board Member.



OCERS Board Charter Board of Retirement

- k. As provided in OCERS By-Law, establish committees of the Board as deemed necessary to carry out the business of the Board;
- l. Initiate, support, oppose, or take a neutral position regarding legislative proposals affecting OCERS; and
- m. Authorize and approve any actions concerning claims, disputes, demands, or legal proceedings that may affect the functions, investments, benefits, or funding of OCERS and the Board.

Conflicts of Interest

- 10. The Board will:
 - a. Adopt and maintain an OCERS Conflict of Interest Code and list of Designated Filers, and obtain the approval of both by the County Board of Supervisors;
 - b. Review and update the OCERS Conflict of Interest Code every two years as required by the Political Reform Act; and
 - c. Designate the CEO as the OCERS Filing Officer who is responsible for ensuring Board Members and Designated Filers are aware of and comply with the requirement of an annual disclosure of financial interests (Form 700).

Investments and Funding

- 11. The Board has exclusive control of the investments of the Fund. The assets of OCERS are trust funds and, as such, the Board will manage the Fund (Gov. Code §31595⁶). The Board has established the Investment Committee to administer all matters relating to the investment and management of the Fund's assets. The Investment Committee is comprised of all Board members, and its authority is set forth in the Investment Committee Charter.
 - ~~a. Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering OCERS;~~
 - ~~b. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and~~
 - ~~c. By diversifying the investments of OCERS so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.~~
- ~~12. The Board will conduct a study of the relationship between the assets and liabilities of OCERS not less than every three years.~~
- ~~13. The Board will approve an Investment Policy Statement that includes investment objectives, and will review and confirm or amend such policy statement at least every three years and following the completion of any asset/liability study of OCERS.~~



OCERS Board Charter Board of Retirement

~~14. The Board will approve broad investment strategies for achieving the investment objectives of OCERS.~~



OCERS Board Charter Board of Retirement

Benefits Administration

15. The Board will:

- a. Adopt Board policies necessary to promote effective administration of member benefits;
- b. Authorize the Chief Executive Officer to approve all qualified members who apply for service retirement (Gov. Code §31670⁷) [and to recommend disability applications to the Board and the Disability Committee](#);
- c. Determine the merits of applications for disability benefits, making necessary determinations of service connection and permanency of incapacity (Gov. Code §31720⁸);
- d. Act on member appeals of decisions made by OCERS staff;
- e. Annually determine whether there has been an increase or decrease in the cost of living as provided in Gov. Code §31870.1⁹, and consider and determine whether to approve a Supplemental Targeted Adjustment for Retirees (STAR) cost of living adjustment (Gov. Code §31874.3(c)¹⁰);
- f. Determine eligibility of safety members when in doubt; and
- g. Periodically review approved disabilities as appropriate.

Operations

16. The Board will:

- a. Adopt a ~~business and s~~Strategic ~~and Business p~~Plan and any updates thereto;
- b. Adopt an annual Operating Budget within the statutory limit and approve any changes thereto (Gov. Code §31580.2¹¹);
- c. Ensure that all required contributions to the Fund are collected in a timely manner;
- d. Ensure that all required distributions from the Fund are made in a timely manner;
- e. Establish OCERS principal business offices;
- f. Approve leasehold and purchase agreements in connection with OCERS' principal business offices; and
- g. Approve operational control policies to ensure efficient delivery of member benefits and services.

Financial, Actuarial and Accounting

17. The Board will:

- a. Ensure that appropriate accounting, actuarial, and internal financial control policies are established;



OCERS Board Charter Board of Retirement

- b. Approve the annual actuarial valuation and the actuarial assumptions contained therein, upon the advice of the actuary and other experts as required, and transmit to the Orange County Board of Supervisors a recommendation to implement such changes in the contribution rates of the county and districts, and members, as are necessary (Gov. Code §§31453 - 31454.6¹²);
- c. Approve the annual financial statements;
- d. Ensure a financial audit is conducted at least annually (Gov. Code § 31593¹³);
- e. Ensure an actuarial experience study is conducted at least every three years; and
- f. Ensure an actuarial audit is conducted at least every five years.

Human Resources

18. The Board will:

- a. Upon recommendation of the Personnel Committee, consider and approve revisions to the OCERS Compensation Policy and adopt human resources policies, as determined to be in the best interests of OCERS; and
- b. Ensure that appropriate succession plans are in place to provide continuity in OCERS management.

Communications

19. The Board will:

- a. Ensure effective communications with all significant interest groups;
- b. Ensure that an Annual Financial Report is issued to members;
- c. Ensure that Member Statements are available on OCERS' website and that OCERS makes paper copies available upon request; and
- d. Conduct internal and external communications in accordance with the Board Communications Policy.

Key Appointments

20. The Board will appoint staff and Named Service Providers (as defined in the Board's Procurement and Contracting Policy) as necessary to assist the Board in carrying out its responsibilities, including:

- a. The CEO (Gov. Code § 31522.11¹⁴);
- b. The actuary;
- c. The actuarial auditor upon recommendation of the Audit Committee;
- d. The financial auditor upon recommendation of the Audit Committee;
- e. Legal counsel (also referred to as the Board's fiduciary counsel) retained to represent and advise the Board (Gov. Code § 31529.5¹⁵);



OCERS Board Charter Board of Retirement

- f. Investment consultants retained to advise the Board; [and](#)
- ~~g. Human resource consultants retained to assist the Board with issues pertaining to the CEO; and~~
- ~~g~~^h. Other service providers the Board may choose to retain.

Monitoring and Reporting

- 21. The Board will ensure that appropriate monitoring and reporting practices are established within OCERS.
- 22. As a general rule, the Board will comply with all Board policies. If the Board takes an action contrary to one of its policies, it will state in the Board minutes the reasons for doing so. At such time, the Board will also request that a review of the policy be undertaken.
- 23. The Board will annually:
 - a. Review the CEO's job performance;
 - b. Review the funded status of OCERS;
 - c. Review OCERS's internal financial and operating controls;
 - d. Review the investment performance of the Fund and the performance of the investment managers of the Fund; and
 - e. Review the quality of service delivered to OCERS members.
- 24. The Board will review the actuarial experience of OCERS not less than every three years.
- 25. The Board will review the results of an actuarial audit of OCERS at least every five years.
- 26. The Board will review progress toward the implementation of OCERS' [Strategic and Business Plan](#) on a semi-annual basis.
- 27. The Board will review Board policies every three years or as set out in each policy.
- 28. The Board will review the OCERS Operating Budget on a quarterly basis.
- 29. With the assistance of the CEO, the Board (or a committee of the Board) will review, at least biennially, the performance of its advisors, including the actuary, the financial auditor, the investment consultants, and fiduciary counsel.
- 30. The Board will provide for appropriate monitoring of compliance with applicable laws and regulations.

Charter Review

- 31. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.



OCERS Board Charter Board of Retirement

Charter History

32. This Charter was adopted by the Board of Retirement on November 18, 2002, and amended on August 22, 2011, January 21, 2014, January 20, 2015, July 20, 2015, May 15, 2017, October 15, 2018, March 18, 2019, June 20, 2022, ~~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 charter.

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

Steve Delaney
Secretary of the Board

~~10/17/2022~~

Date



OCERS Board Charter Board of Retirement

ENDNOTES

- ¹ Cal. Const., art. XVI, §17: [Law section \(ca.gov\)](#)
- ² Gov. Code §31595: [Law section \(ca.gov\)](#)
- ³ Gov. Code §31522.8: [Law section \(ca.gov\)](#)
- ⁴ Gov. Code §53235: [Law section \(ca.gov\)](#)
- ⁵ Gov. Code §12950.1: [Law section \(ca.gov\)](#)
- ⁶ Gov. Code §31595: [Law section \(ca.gov\)](#)
- ⁷ Gov. Code §31670: [Law section \(ca.gov\)](#)
- ⁸ Gov. Code §31720: [Law section \(ca.gov\)](#)
- ⁹ Gov. Code §31870.1: [Law section \(ca.gov\)](#)
- ¹⁰ Gov. Code §31874.3: [Law section \(ca.gov\)](#)
- ¹¹ Gov. Code §31580.2: [Law section \(ca.gov\)](#)
- ¹² Gov. Code §31453: [Law section \(ca.gov\)](#); Gov. Code §31453.5: [Law section \(ca.gov\)](#); Gov. Code §31453.6: [Law section \(ca.gov\)](#); Gov. Code §31454: [Law section \(ca.gov\)](#); Gov. Code §31454.1: [Law section \(ca.gov\)](#); Gov. Code §31454.5: [Law section \(ca.gov\)](#); Gov. Code §31454.6: [Law section \(ca.gov\)](#)
- ¹³ Gov. Code §31593: [Law section \(ca.gov\)](#)
- ¹⁴ Gov. Code §31522.11: [Law section \(ca.gov\)](#)
- ¹⁵ Gov. Code §31529.5: [Law section \(ca.gov\)](#)



OCERS Board Charter Board of Retirement

Introduction

1. The Board of Retirement of OCERS (Board) is committed to carrying out its policy and oversight role in accordance with the highest standards of fiduciary practice. The Board recognizes the need to clearly delineate the responsibilities of the various decision-making bodies involved in the governance and management of OCERS. Accordingly, the Board has established this charter, which sets out its duties and responsibilities in governing the retirement system (System).

Duties and Responsibilities

Board Members

2. Under the California Constitution and the County Employees' Retirement Law of 1937, members of the Board have plenary authority and fiduciary responsibility for investment of moneys and administration of the System, and must discharge their duties with respect to the System solely in the interest of, and for the exclusive purposes of providing benefits to, members of the System and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. Members of the Board function together as a nine-member Board (with one alternate member), exercising their collective judgment.
3. In carrying out their duties, Board Members must act "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." (Cal. Const., art. XVI, §17(c)¹; Gov. Code §31595(b)².)
4. In order to prudently discharge their responsibilities, each Board Member is expected to participate in the activities of the Board and its committees, and to commit the time and effort necessary to knowledgeably, effectively, and efficiently administer the affairs of the System.
5. Each Board Member will:
 - a. Be familiar and comply with OCERS' governing laws, rules, regulations, charters, and policies.
 - b. Endeavour to attend all regular meetings of the Board and committees on which the Board Member serves. The Board meets regularly once each month, subject to adjustment from time to time. Regular meetings of the Board can be lengthy, with some lasting the majority of the day. Committees generally meet less frequently than monthly, and meetings of committees other than the Investment Committee generally last between two and four hours.
 - c. Be prepared in advance for informed discussion at each meeting. Preparation for regular Board meetings can require between one and eight hours.



OCERS Board Charter Board of Retirement

- d. Comply with the OCERS Trustee Education Policy and state law, which require that Board Members complete a minimum of 24 hours of Board Member education within the first two years of assuming office and every subsequent two-year period in which the Board Member serves on the Board (Gov. Code §31522.8³); two hours of ethics training every two years (Gov. Code §53235⁴); and two hours of harassment prevention training every two years (Gov. Code §12950.1⁵). Ethics training received as part of the 24 hours of Trustee education will satisfy the ethics requirement; however, harassment prevention training is in addition to the 24 hour education requirement. Board members are encouraged to take advantage of educational opportunities in areas necessary for OCERS' prudent administration, including but not limited to investments, benefit administration, fiduciary duties, ethics and conflicts of interest, actuarial matters, pension funding, disability evaluation, fair hearings, open meetings, and sound governance. In-house programs and outside conferences and seminars are available for this purpose. The time commitment for Board Member education is usually five days per year. Some travel may be required.
 - e. Comply with the very strict limitations and reporting requirements with respect to personal financial interests, income, and gifts, as required by the Political Reform Act and the regulations of the Fair Political Practices Commission (FPPC); and annually file a Statement of Economic Interests (Form 700) with the County.
 - f. Be familiar with the several helpful publications that are updated annually by the FPPC and that explain the Form 700 and the limitations on and reporting requirements with respect to personal financial interests, income and gifts, including without limitation the Fact Sheet for Local Officials and Employees entitled, "Limitations and Restrictions on Gifts, Honoraria, Travel and Loans"; the annual Form 700 Reference Pamphlet; the Form 700 FAQs; and the Expanded Statement of Economic Interests Fact Sheet, all of which can be found on the following FPPC website: <https://www.fppc.ca.gov/>.
 - g. Treat members of OCERS' staff and all persons having business with OCERS with civility, courtesy, respect, and dignity.
6. Board Members should treat each other with civility, courtesy, respect, and dignity.
 7. Unless expressly waived by the Board, no Board Member will solicit or accept employment as a member of OCERS direct staff while he or she is a Member of the Board and for a period of three years following the termination of their service as a Member of the Board.
 8. If a Board Member is unwilling or incapable of committing to and discharging the foregoing duties and responsibilities, he or she should consider resigning from the Board for the benefit of the System and the Board.

Governance

9. The Board will:
 - a. Approve, and amend as necessary, the mission statement of OCERS;
 - b. Adopt regulations or By-Laws, consistent with the County Employees Retirement Law of 1937, Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Government Code



OCERS Board Charter Board of Retirement

Sections 31450 - 31899.10 as amended, the California Public Employees' Pension Reform Act of 2013, Government Code sections 7522 – 7522.74 as amended, and other applicable law;

- c. Adopt and amend as necessary policies to ensure appropriate governance practices and review each on a triennial basis.
- d. Adopt and amend as necessary charters describing the roles and responsibilities of the Board, the committees of the Board, the Chief Executive Officer, the Board Chair, the Board Vice Chair, and the Committee Chairs;
- e. In cooperation with and upon the recommendation of the Chief Executive Officer, adopt and amend as necessary the charter describing the roles and responsibilities of the Chief Investment Officer;
- f. Generally, during the November regular meeting, the Board will elect a Vice Chair for a term beginning on the first day of the following calendar year. The person holding the office of Vice Chair as of the last day of the calendar year will automatically succeed to the office of Chair effective the first day of the following calendar year. In the event the person holding the office of Vice Chair as of the last day of the calendar year declines to accede to the office of Chair, a Chair will be elected during the last scheduled meeting of the Board for a term beginning on the first day of the following calendar year;
- g. The Board may determine, upon a minimum two-thirds vote in favor by the Board members present, to extend the term of office of a sitting Chair and/or Vice Chair of the Board for one calendar year.
- h. If, prior to the expiration of their term, the Chair becomes disabled or otherwise incapable of continuing to serve as Chair, or is no longer a member of the Board, or is no longer eligible to hold office for any reason, the Vice Chair will automatically succeed to the office of Chair and will serve out the remainder of that calendar year. In the event the person holding the office of Vice Chair declines to accede to the office of Chair, the Board will hold a special election to elect a new Chair who will serve out the remainder of that term.
- i. If there is a vacancy in the office of Vice Chair, the Board will hold a special election to elect a new Vice Chair, who will serve until the end of the Vice Chair's term of office, at which time such Vice Chair will succeed to the office of Chair, as provided for above.
- j. In any election of the Vice Chair, strive to elect a Vice Chair that is (1) an elected Board Member when the Chair is an appointed Board Member; and (2) an appointed Board Member when the Chair is an elected Board Member; and in any election of the Chair, strive to elect a Chair that is (1) an elected Board Member when the Vice Chair is an appointed Board Member; and (2) an appointed Board Member when the Vice Chair is an elected Board Member.
- k. As provided in OCERS By-Law, establish committees of the Board as deemed necessary to carry out the business of the Board;



OCERS Board Charter Board of Retirement

- l. Initiate, support, oppose, or take a neutral position regarding legislative proposals affecting OCERS; and
- m. Authorize and approve any actions concerning claims, disputes, demands, or legal proceedings that may affect the functions, investments, benefits, or funding of OCERS and the Board.

Conflicts of Interest

- 10. The Board will:
 - a. Adopt and maintain an OCERS Conflict of Interest Code and list of Designated Filers, and obtain the approval of both by the County Board of Supervisors;
 - b. Review and update the OCERS Conflict of Interest Code every two years as required by the Political Reform Act; and
 - c. Designate the CEO as the OCERS Filing Officer who is responsible for ensuring Board Members and Designated Filers are aware of and comply with the requirement of an annual disclosure of financial interests (Form 700).

Investments and Funding

- 11. The Board has exclusive control of the investments of the Fund. The assets of OCERS are trust funds and, as such, the Board will manage the Fund (Gov. Code §315956). The Board has established the Investment Committee to administer all matters relating to the investment and management of the Fund's assets. The Investment Committee is comprised of all Board members, and its authority is set forth in the Investment Committee Charter.

Benefits Administration

- 12. The Board will:
 - a. Adopt Board policies necessary to promote effective administration of member benefits;
 - b. Authorize the Chief Executive Officer to approve all qualified members who apply for service retirement (Gov. Code §316707) and to recommend disability applications to the Board and the Disability Committee;
 - c. Determine the merits of applications for disability benefits, making necessary determinations of service connection and permanency of incapacity (Gov. Code §317208);
 - d. Act on member appeals of decisions made by OCERS staff;
 - e. Annually determine whether there has been an increase or decrease in the cost of living as provided in Gov. Code §31870.19, and consider and determine whether to approve a Supplemental Targeted Adjustment for Retirees (STAR) cost of living adjustment (Gov. Code §31874.3(c)10);
 - f. Determine eligibility of safety members when in doubt; and



OCERS Board Charter Board of Retirement

- g. Periodically review approved disabilities as appropriate.

Operations

- 13. The Board will:
 - a. Adopt a Strategic and Business Plan and any updates thereto;
 - b. Adopt an annual Operating Budget within the statutory limit and approve any changes thereto (Gov. Code §31580.211);
 - c. Ensure that all required contributions to the Fund are collected in a timely manner;
 - d. Ensure that all required distributions from the Fund are made in a timely manner;
 - e. Establish OCERS principal business offices;
 - f. Approve leasehold and purchase agreements in connection with OCERS' principal business offices; and
 - g. Approve operational control policies to ensure efficient delivery of member benefits and services.

Financial, Actuarial and Accounting

- 14. The Board will:
 - a. Ensure that appropriate accounting, actuarial, and internal financial control policies are established;
 - b. Approve the annual actuarial valuation and the actuarial assumptions contained therein, upon the advice of the actuary and other experts as required, and transmit to the Orange County Board of Supervisors a recommendation to implement such changes in the contribution rates of the county and districts, and members, as are necessary (Gov. Code §§31453 - 31454.612);
 - c. Approve the annual financial statements;
 - d. Ensure a financial audit is conducted at least annually (Gov. Code § 3159313);
 - e. Ensure an actuarial experience study is conducted at least every three years; and
 - f. Ensure an actuarial audit is conducted at least every five years.

Human Resources

- 15. The Board will:
 - a. Upon recommendation of the Personnel Committee, consider and approve revisions to the OCERS Compensation Policy and adopt human resources policies, as determined to be in the best interests of OCERS; and
 - b. Ensure that appropriate succession plans are in place to provide continuity in OCERS management.



OCERS Board Charter Board of Retirement

Communications

16. The Board will:
 - a. Ensure effective communications with all significant interest groups;
 - b. Ensure that an Annual Financial Report is issued to members;
 - c. Ensure that Member Statements are available on OCERS' website and that OCERS makes paper copies available upon request; and
 - d. Conduct internal and external communications in accordance with the Board Communications Policy.

Key Appointments

17. The Board will appoint staff and Named Service Providers (as defined in the Board's Procurement and Contracting Policy) as necessary to assist the Board in carrying out its responsibilities, including:
 - a. The CEO (Gov. Code § 31522.1114);
 - b. The actuary;
 - c. The actuarial auditor upon recommendation of the Audit Committee;
 - d. The financial auditor upon recommendation of the Audit Committee;
 - e. Legal counsel (also referred to as the Board's fiduciary counsel) retained to represent and advise the Board (Gov. Code § 31529.515);
 - f. Investment consultants retained to advise the Board; and
 - g. Other service providers the Board may choose to retain.

Monitoring and Reporting

18. The Board will ensure that appropriate monitoring and reporting practices are established within OCERS.
19. As a general rule, the Board will comply with all Board policies. If the Board takes an action contrary to one of its policies, it will state in the Board minutes the reasons for doing so. At such time, the Board will also request that a review of the policy be undertaken.
20. The Board will annually:
 - a. Review the CEO's job performance;
 - b. Review the funded status of OCERS;
 - c. Review OCERS's internal financial and operating controls;
 - d. Review the investment performance of the Fund and the performance of the investment managers of the Fund; and
 - e. Review the quality of service delivered to OCERS members.



OCERS Board Charter Board of Retirement

21. The Board will review the actuarial experience of OCERS not less than every three years.
22. The Board will review the results of an actuarial audit of OCERS at least every five years.
23. The Board will review progress toward the implementation of OCERS' Strategic and Business Plan on a semi-annual basis.
24. The Board will review Board policies every three years or as set out in each policy.
25. The Board will review the OCERS Operating Budget on a quarterly basis.
26. With the assistance of the CEO, the Board (or a committee of the Board) will review, at least biennially, the performance of its advisors, including the actuary, the financial auditor, the investment consultants, and fiduciary counsel.
27. The Board will provide for appropriate monitoring of compliance with applicable laws and regulations.

Charter Review

28. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

Charter History

29. This Charter was adopted by the Board of Retirement on November 18, 2002, and amended on August 22, 2011, January 21, 2014, January 20, 2015, July 20, 2015, May 15, 2017, October 15, 2018, March 18, 2019, June 20, 2022, 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 charter.

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

Steve Delaney
Secretary of the Board

Date



OCERS Board Charter Board of Retirement

ENDNOTES

- ¹ Cal. Const., art. XVI, §17: [Law section \(ca.gov\)](#)
- ² Gov. Code §31595: [Law section \(ca.gov\)](#)
- ³ Gov. Code §31522.8: [Law section \(ca.gov\)](#)
- ⁴ Gov. Code §53235: [Law section \(ca.gov\)](#)
- ⁵ Gov. Code §12950.1: [Law section \(ca.gov\)](#)
- ⁶ Gov. Code §31595: [Law section \(ca.gov\)](#)
- ⁷ Gov. Code §31670: [Law section \(ca.gov\)](#)
- ⁸ Gov. Code §31720: [Law section \(ca.gov\)](#)
- ⁹ Gov. Code §31870.1: [Law section \(ca.gov\)](#)
- ¹⁰ Gov. Code §31874.3: [Law section \(ca.gov\)](#)
- ¹¹ Gov. Code §31580.2: [Law section \(ca.gov\)](#)
- ¹² Gov. Code §31453: [Law section \(ca.gov\)](#); Gov. Code §31453.5: [Law section \(ca.gov\)](#); Gov. Code §31453.6: [Law section \(ca.gov\)](#); Gov. Code §31454: [Law section \(ca.gov\)](#); Gov. Code §31454.1: [Law section \(ca.gov\)](#); Gov. Code §31454.5: [Law section \(ca.gov\)](#); Gov. Code §31454.6: [Law section \(ca.gov\)](#)
- ¹³ Gov. Code §31593: [Law section \(ca.gov\)](#)
- ¹⁴ Gov. Code §31522.11: [Law section \(ca.gov\)](#)
- ¹⁵ Gov. Code §31529.5: [Law section \(ca.gov\)](#)



Memorandum

DATE: August 21, 2025
TO: Members of the Governance Committee
FROM: Steve Delaney, CEO; Manuel D. Serpa, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE BOARD OF RETIREMENT CHAIR CHARTER

Recommendation

Approve and recommend that the Board adopt the Board of Retirement Chair Charter 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 Board of Retirement Chair Charter on November 18, 2002, and most recently amended it on June 20, 2022.

The changes to the charter consist of minor clarifying edits. In addition, for added flexibility, a statement was added to section 1 that, in addition to the enumerated duties specified in the charter, the Chair will also perform any additional duties assigned by the Board. Also, section 2.b. was changed to state that the Chair will facilitate the orientation of new Board members, rather than designate an incumbent Board member to provide that orientation.

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

Attachments

Submitted by:



SD-Approved

Steve Delaney
CEO

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Charter

Board of Retirement Chair Charter

Introduction

1. The OCERS Board of Retirement (Board) By-Laws provide that the Board shall have a Chair and a Vice-Chair, each of whom will serve a one-year term of office. ~~T~~he person who holds the office of Vice Chair of the Board on the last day of the calendar year will automatically succeed to the office of Chair of the Board effective the first day of the following calendar year. The Chair will exercise the powers and will perform the duties and functions specified in this Charter, and any additional duties as may be assigned by the Board. ~~herein.~~

Duties and Responsibilities

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of the Board to fill any vacancies that occur in the committees of the Board;
 - b. Facilitate the Orientation of new members of the Board on current issues before the Board and ~~designate an incumbent member of the Board to provide new members with an orientation on current~~ Board governance practices;
 - c. Approve monthly Board meeting agendas as prepared by the CEO;
 - d. Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with The Ralph M. Brown Act (Government Code Sections 54950, *et seq.*) and the OCERS Rules of Parliamentary Procedure;
 - e. Guide the Board in achieving a harmonious atmosphere, while allowing full and open debate;
 - f. Ensure coordination of meetings, agendas, schedules, and presentations, in consultation with the CEO;
 - g. Facilitate effective and open communications between the Board, the CEO, and other OCERS ~~executive~~ senior management;
 - h. ~~Work to~~ Ensure that Board deliberations are conducted with respect and professionalism;
 - i. ~~Work to~~ ensure that the Board discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, the Board of Retirement Charter, By-Laws, and policies of the Board;
 - j. Review any report or complaint received by OCERS that alleges that a member of the Board (other than the Board Chair) has failed to comply with applicable law, the Board of Retirement Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel, OCERS' internal legal counsel, and the CEO;



OCERS Board Charter Board of Retirement Chair Charter

- k. In situations that call for an official spokesperson to speak on behalf of OCERS, the CEO and the Chair will jointly determine who will act in such capacity, on an issue-by-issue basis;
- l. Approve in advance all travel of the CEO and review all expense claims by the CEO and other members of the Board;
- m. Sign subpoenas if the CEO (who is Secretary to the Board) is unavailable;
- n. Work with the Board Vice Chair to coordinate the CEO evaluation process;
- o. Review, revise as necessary, and approve and sign the minutes of the meetings of the Board, which will be part of the permanent records of the Board; and
- p. Carry out such other functions and duties as may be prescribed by the Board from time to time.

Ⓟ

Charter Review

- 3. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that this Charter remains relevant and appropriate.

Charter History

- 4. This Charter was adopted by the Board of Retirement on November 18, 2002, and amended on July 20, 2015, February 13, 2018, April 18, 2018, March 18, 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.

06/20/2022

Steve Delaney
Secretary of the Board

Date



OCERS Board Charter

Board of Retirement Chair Charter

Introduction

1. The OCERS Board of Retirement (Board) By-Laws provide that the Board shall have a Chair and a Vice-Chair, each of whom will serve a one-year term of office. The person who holds the office of Vice Chair of the Board on the last day of the calendar year will automatically succeed to the office of Chair of the Board effective the first day of the following calendar year. The Chair will exercise the powers and will perform the duties and functions specified in this Charter, and any additional duties as may be assigned by the Board.

Duties and Responsibilities

2. The Chair will, from time to time, and as necessary for the efficient governance of the Board:
 - a. Appoint members of the Board to fill any vacancies that occur in the committees of the Board;
 - b. Facilitate the orientation of new members of the Board on current issues before the Board and Board governance practices;
 - c. Approve monthly Board meeting agendas as prepared by the CEO;
 - d. Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with The Ralph M. Brown Act (Government Code Sections 54950, *et seq.*) and the OCERS Rules of Parliamentary Procedure;
 - e. Guide the Board in achieving a harmonious atmosphere, while allowing full and open debate;
 - f. Ensure coordination of meetings, agendas, schedules, and presentations, in consultation with the CEO;
 - g. Facilitate effective and open communications between the Board, the CEO, and other OCERS executive management;
 - h. Ensure that Board deliberations are conducted with respect and professionalism;
 - i. Ensure that the Board discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, the Board of Retirement Charter, By-Laws, and policies of the Board;
 - j. Review any report or complaint received by OCERS that alleges that a member of the Board (other than the Board Chair) has failed to comply with applicable law, the Board of Retirement Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel, OCERS' internal legal counsel, and the CEO;



OCERS Board Charter

Board of Retirement Chair Charter

- k. In situations that call for an official spokesperson to speak on behalf of OCERS, the CEO and the Chair will jointly determine who will act in such capacity, on an issue-by-issue basis;
- l. Approve in advance all travel of the CEO and review all expense claims by the CEO and other members of the Board;
- m. Sign subpoenas if the CEO (who is Secretary to the Board) is unavailable;
- n. Work with the Board Vice Chair to coordinate the CEO evaluation process;
- o. Review, revise as necessary, and approve and sign the minutes of the meetings of the Board, which will be part of the permanent records of the Board; and
- p. Carry out such other functions and duties as may be prescribed by the Board from time to time.

Charter Review

- 3. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that this Charter remains relevant and appropriate.

Charter History

- 4. This Charter was adopted by the Board of Retirement on November 18, 2002, and amended on July 20, 2015, February 13, 2018, April 18, 2018, March 18, 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 blue ink that reads "Steve Delaney".

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: August 21, 2025
TO: Members of the Governance Committee
FROM: Steve Delaney, CEO; Manuel D. Serpa, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE BOARD VICE CHAIR CHARTER

Recommendation

Approve and recommend that the Board adopt the Board Vice Chair Charter 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 Board Vice Chair Charter on November 18, 2002, and most recently amended it on June 20, 2022.

Two minor clarifications were made to the charter. First, in section 1, it was added that the term of the Vice Chair is subject to extension by the Board per section 3. Then, in section 2.b., to specify responsibility, the following statement was added to the duty to “work with the Chair to coordinate the CEO Evaluation Policy:”

..., and defer to the Chair if there is any disagreement in its coordination;

The proposed revisions are set forth in underlined/strikeout text in the attached copy of the Board Vice Chair Charter. An unmarked version of the Charter is also attached for the Committee’s ease of review.

Attachments

Submitted by:



SD-Approved

Steve Delaney
CEO

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Charter Board Vice Chair Charter

Introduction

1. The OCERS Board of Retirement (Board) By-Laws provide that each year at the Board's last regular meeting in December, the Board will elect a new Vice Chair, who will serve in that capacity beginning in January of the following year until the end of that calendar year, at which time he or she will succeed to the office of Chair, unless the term is extended per section 3 below.

Duties and Responsibilities

2. The Vice Chair will:
 - a. Assume the duties and responsibilities of the Chair as set forth in the Chair Charter in the event the Chair is unable to fulfill the duties of the position;
 - b. Work with the Chair to coordinate the CEO Evaluation Policy, and defer to the Chair if there is any disagreement in its coordination;
 - c. Review any report or complaint received by OCERS that alleges that the Chair has failed to comply with applicable law, the Board Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel, OCERS' internal legal counsel and the CEO; and
 - d. Review all expense claims of the Chair.
3. Unless the Board elects to extend the term of office of a sitting Chair or Vice Chair of the Board for an additional year, the person holding the office of Vice Chair as of the end of October of the year will appoint the members of each of the committees of the Board (with the exception of the Investment Committee) and the Chair and Vice Chair of all committees of the Board, all of whom will serve on such committees during the following calendar year; and the Vice Chair will report such appointments to the Board not later than at the Board's last meeting of the calendar year.

Charter Review

4. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.

Charter History

5. This charter was adopted by the Board of Retirement on November 18, 2002, and amended on July 20, 2015, April 18, 2016, March 18, 2019, ~~and June 20, 2022~~, and [date].



OCERS Board Charter Board Vice Chair Charter

Secretary's Certificate

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

A handwritten signature in black ink, appearing to read "Steve Delaney".

06/20/2022

Steve Delaney, Secretary of the Board

Date



OCERS Board Charter

Board Vice Chair Charter

Introduction

1. The OCERS Board of Retirement (Board) By-Laws provide that each year at the Board's last regular meeting in December, the Board will elect a new Vice Chair, who will serve in that capacity beginning in January of the following year until the end of that calendar year, at which time he or she will succeed to the office of Chair, unless the term is extended per section 3 below.

Duties and Responsibilities

2. The Vice Chair will:
 - a. Assume the duties and responsibilities of the Chair as set forth in the Chair Charter in the event the Chair is unable to fulfill the duties of the position;
 - b. Work with the Chair to coordinate the CEO Evaluation Policy, and defer to the Chair if there is any disagreement in its coordination;
 - c. Review any report or complaint received by OCERS that alleges that the Chair has failed to comply with applicable law, the Board Charter, By Laws or any policy of the Board, and determine the appropriate course of action in response to such report after consulting with the Board's fiduciary counsel, OCERS' internal legal counsel and the CEO; and
 - d. Review all expense claims of the Chair.
3. Unless the Board elects to extend the term of office of a sitting Chair or Vice Chair of the Board for an additional year, the person holding the office of Vice Chair as of the end of October of the year will appoint the members of each of the committees of the Board (with the exception of the Investment Committee) and the Chair and Vice Chair of all committees of the Board, all of whom will serve on such committees during the following calendar year; and the Vice Chair will report such appointments to the Board not later than at the Board's last meeting of the calendar year.

Charter Review

4. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.

Charter History

5. This charter was adopted by the Board of Retirement on November 18, 2002, and amended on July 20, 2015, April 18, 2016, March 18, 2019, June 20, 2022, and [date].



OCERS Board Charter Board Vice Chair Charter

Secretary's Certificate

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

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

Steve Delaney, Secretary of the Board

Date



Memorandum

DATE: August 21, 2025
TO: Members of the Governance Committee
FROM: Steve Delaney, CEO; Manuel D. Serpa, General Counsel
SUBJECT: TRIENNIAL REVIEW OF THE COMMITTEE CHAIR CHARTER

Recommendation

Approve and recommend that the Board adopt the Committee Chair Charter 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 Committee Chair Charter on November 18, 2002, and most recently amended it on June 20, 2022.

Staff has no recommended changes to the charter at this time. The Committee Chair Charter is attached for the Committee's review.

Attachment

Submitted by:



SD-Approved

Steve Delaney
CEO

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Charter Committee Chair Charter

Introduction

1. The person holding the office of Vice Chair of the Board as of the end of October of the year will appoint the members of each of the committees of the Board (with the exception of the Investment Committee) and will appoint the chair and vice chair of each of the committees of the Board. The Committee Chairs will exercise the powers and perform the duties and functions specified herein.

Duties and Responsibilities

2. With regard to their assigned committees, Committee Chairs will:
 - a. Preside at all meetings of their assigned committee, ensuring that meetings are conducted in an efficient manner and in accordance with The Ralph M. Brown Act (California Government Code Section 54950, *et. seq.*) and the OCERS Rules of Parliamentary Procedure;
 - b. Guide the committee in achieving a harmonious atmosphere while allowing full and open debate;
 - c. Approve committee meeting agendas as prepared by the executive liaison to the committee;
 - d. Ensure coordination of meetings, agendas, schedules, presentations, and consultation with the OCERS Administration;
 - e. Work to ensure that committee deliberations are conducted with respect and professionalism;
 - f. Work to ensure that the committee discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, the committee's charter, the By-Laws, and the policies of the Board;
 - g. Facilitate effective and open communications between the committee, the Board, and the CEO;
 - h. On behalf of the committee, report to the Board on the activities of the committee; and
 - i. Carry out such other functions and duties that may be prescribed by the Board or the Board Chair.

Charter Review

3. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.

Charter History

4. This charter was adopted by the Board of Retirement on November 18, 2002, and revised on July 20, 2015, April 18, 2016, June 17, 2019, ~~and June 20, 2022,~~ and [date].



OCERS Board Charter Committee Chair Charter

Secretary's Certificate

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

A handwritten signature in black ink, appearing to read "Steve Delaney", written over a horizontal line.

Steve Delaney, Secretary of the Board

06/20/2022

Date



OCERS Board Charter Committee Chair Charter

Introduction

1. The person holding the office of Vice Chair of the Board as of the end of October of the year will appoint the members of each of the committees of the Board (with the exception of the Investment Committee) and will appoint the chair and vice chair of each of the committees of the Board. The Committee Chairs will exercise the powers and perform the duties and functions specified herein.

Duties and Responsibilities

2. With regard to their assigned committees, Committee Chairs will:
 - a. Preside at all meetings of their assigned committee, ensuring that meetings are conducted in an efficient manner and in accordance with The Ralph M. Brown Act (California Government Code Section 54950, *et. seq.*) and the OCERS Rules of Parliamentary Procedure;
 - b. Guide the committee in achieving a harmonious atmosphere while allowing full and open debate;
 - c. Approve committee meeting agendas as prepared by the executive liaison to the committee;
 - d. Ensure coordination of meetings, agendas, schedules, presentations, and consultation with the OCERS Administration;
 - e. Work to ensure that committee deliberations are conducted with respect and professionalism;
 - f. Work to ensure that the committee discharges its duties and responsibilities as set forth in the County Employees Retirement Law of 1937, the committee's charter, the By-Laws, and the policies of the Board;
 - g. Facilitate effective and open communications between the committee, the Board, and the CEO;
 - h. On behalf of the committee, report to the Board on the activities of the committee; and
 - i. Carry out such other functions and duties that may be prescribed by the Board or the Board Chair.

Charter Review

3. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.

Charter History

4. This charter was adopted by the Board of Retirement on November 18, 2002, and revised on July 20, 2015, April 18, 2016, June 17, 2019, June 20, 2022, and [date].



OCERS Board Charter Committee Chair Charter

Secretary's Certificate

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

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

Steve Delaney, Secretary of the Board

06/20/2022

Date



Memorandum

DATE: August 21, 2025
TO: Members of the Governance Committee
FROM: Joon Kim, Staff Attorney
SUBJECT: **ADOPTION OF THE OCERS ADMINISTRATIVE PROCEDURE ON RETIREES RETURNING TO WORK**

Recommendation

- (1) Approve and recommend that the Board adopt OCERS Administrative Procedure regarding Retirees Returning to Work, as presented.

Background/Discussion

When a retired member of OCERS returns to work for an OCERS-covered employer ("Employer"), the County Employees Retirement Law of 1937 ("CERL") and the Public Employees' Pension Reform Act ("PEPRA") impose various conditions on the manner of reemployment. An OAP describing the procedures required by law will assist members, Employers, and OCERS staff to understand and abide by their respective rights and responsibilities related to such reemployment.

The OAP covers the two main scenarios for retirees returning to work: (1) Reemployment without reinstatement to active OCERS membership; and (2) Reemployment with reinstatement to active OCERS membership.

(1) Reemployment without Reinstatement

Retired members may return to work without reinstatement in relation to (a) an emergency to prevent stoppage of public business; or (2) having special skills or knowledge needed to perform work of a limited duration. The member's retirement benefit will *not* be suspended, and they will *not* acquire additional service credit related to their reemployment, which must be limited to a total of 960 hours or 120 working days, whichever is greater.

The OAP explains additional facets of governing laws with respect to mandatory waiting periods and their exceptions, rate of pay, compliance with IRS rules for in-service distribution, retirement incentives, unemployment insurance compensation, and special service positions.

The OAP also incorporates recent legislation, AB 2474, codified in Government Code section 31680.9, effective January 1, 2025, which defines a procedure to remedy Employer and employee violations of applicable law and requires Employers to notify employees as they approach their yearly limit on reemployment.

(2) Reinstatement to Active Membership

Retired members who seek reemployment and do not satisfy the requirements for working without reinstatement may apply to reinstate to active OCERS membership. The OAP describes the application process, plan participation upon reemployment, and calculation of retirement allowance upon retiring after their reemployment.

Attachment

Submitted by:



JK-Approved

Joon Kim
Staff Attorney



OCERS Administrative Procedure (OAP) Retirees Returning to Work

I. Purpose

This OCERS Administrative Procedure (“OAP”) describes legal requirements and procedures regarding retired members of OCERS who wish to return to work for an OCERS-covered employer (i.e., OCERS plan sponsor, or “Employer”). This OAP does not apply to OCERS retirees who choose to work outside of OCERS-covered employment. Those members may do so without interruption of their OCERS retirement benefit.

II. Authority

This OAP is established by OCERS’ Chief Executive Officer (“CEO”) pursuant to the CEO Charter, in conformance with applicable OCERS’ Board policies and in compliance with the provisions of the County Employees Retirement Law (Title 3, Division 4, Part 3, Chapter 3 & 3.9 of the California Government Code, sections 31450, et seq.) (“CERL”) and the Public Employees’ Pension Reform Act (Government Code sections 7522, et seq.) (“PEPRA”).

III. Working without Reinstatement to OCERS Membership

A. Reemployed due to emergency, or special skills or knowledge. Retired members may return to work for an Employer, without reinstatement to OCERS membership or interruption of their retirement benefit, *only* when they are reemployed either: (1) during an emergency to prevent stoppage of public business; or (2) because the member has special skills or knowledge needed to perform work of a limited duration.¹

Reemployment without reinstatement must also follow these rules and requirements:

1. **No additional retirement credit or rights.** Retired members will not acquire additional service credit or retirement rights for their reemployment.²
2. **Yearly limit to hours/days worked.** The reemployment must not exceed a total of 960 hours or 120 working days, whichever is greater, per year (fiscal or calendar year as set by the Employer).³
3. **Limited duration.** “Limited duration” means the assignment is neither permanent nor of indefinite duration.
4. **Retirees who received a retirement incentive.** A retired member who received additional

¹ Gov. Code, § 7522.56.

² Gov. Code, § 7522.56, subd. (d).

³ Gov. Code, § 7522.56, subd. (d).



OCERS Administrative Procedure (OAP) Retirees Returning to Work

service credit as a retirement incentive⁴ will forfeit the additional service credit unless their reemployment is a temporary callback limited to a maximum of 720 hours of service in any one year.⁵

5. **Rate of pay.** The monthly rate of pay must be what the Employer pays other employees who perform similar duties. The monthly rate is divided by 173.333 to determine an hourly rate.⁶
 6. **Mandatory wait periods.**⁷
 - a. *180-day wait period and exceptions.* A retired member may not return to work for a period of *180 days* following their date of retirement unless one of these exceptions applies:
 - i. The Employer certifies the nature of the employment and that the appointment is necessary to fill a critically needed position before 180 days have passed; and the Employer's governing body has approved the appointment in a public meeting where the matter was not a consent item on the agenda; or
 - ii. The retired member is a public safety officer or firefighter hired to perform function(s) regularly performed by a public safety officer or firefighter.
- These exceptions are not available for retired members who received additional service credit as a retirement incentive; such members must wait the full 180-day period.**⁸
- b. *Unemployment insurance.* A retired member who received unemployment insurance compensation related to employment with an Employer is not eligible to be reemployed for a period of *twelve (12) months* following receipt of such compensation. When accepting an offer of employment, the retired member must certify in writing to the Employer that they have complied with this requirement.⁹
 7. **IRS rules regarding in-service distributions.**¹⁰ The retired member's reemployment must comply with IRS rules regarding in-service distributions. In all cases, *prearranged agreements with Employers to return to work after retirement are prohibited*. In addition, the member must satisfy one of the following:
 - a. The member has reached age 59½;
 - b. The member has reached the "normal retirement age" under their plan with OCERS: age 62 for general members and age 50 for safety members¹¹; or
 - c. The member had a bona fide separation from service, which means:
 - i. Before retiring, there was no agreement between the member and Employer for the

⁴ Gov. Code, § 31641.04.

⁵ Gov. Code, § 31641.04, subd. (f).

⁶ Gov. Code, § 7522.56, subd. (d).

⁷ Gov. Code, § 7522.56, subd. (f).

⁸ Gov. Code, § 7522.56, subd. (g).

⁹ Gov. Code, § 7522.56, subd. (e); Gov. Code, § 31680.6.

¹⁰ Gov. Code, §§ 31485.20, 31485.21; Int. Rev. Code, § 401(a); OCERS Regulations for Code § 401(a)(36) Normal Retirement Age; OCERS Resolution No. 22-001.

¹¹ OCERS Regulations for Code § 401(a)(36) Normal Retirement Age.



OCERS Administrative Procedure (OAP) Retirees Returning to Work

- member to return to work; and
- ii. Before returning to work, the member was separated from service for at least the greater of:
 - (A) the period of separation required under PEPRRA (i.e., the mandatory wait period of 180 days unless an exception applies, or twelve (12) months from receipt of unemployment insurance compensation); or
 - (B) fifteen (15) calendar days.

Emergency Declaration Exception: The member may be reemployed before the required separation periods when it is in response to an emergency declared by the State of California, as defined by Government Code section 8558.¹²

- B. Independent contractors.** A retired person shall not serve, be employed by, or be employed through a contract directly by an Employer unless they are reinstated to active membership.¹³ Thus, independent contractors hired directly by an Employer are subject to the restrictions enumerated in Section III.A, above.
- C. Special service positions.** Retired members occupying the following special service positions may perform services for compensation without reinstatement, and they are not subject to the requirements of Section III, subdivision A, above.
1. *Elective Officers.*¹⁴ Retired members may serve as an elective officer without reinstatement from retirement and without loss or interruption of benefits. Any portion of their retirement allowance based on service in that elective office, however, will be suspended while serving in that office. The full allowance, including the suspended amount, will be paid once the member leaves that office.
 2. *Nonsalaried member of a board or commission.*¹⁵ Retired members may serve as nonsalaried members of a part-time board or commission without reinstatement, whether elected or appointed. They will not acquire benefits, service credit, or retirement rights, but they may receive any per diem that is given to all members of the board or commission.
- D. Violations; Employers duty to notify employee.**¹⁶
1. *Employer's notice to employee.* For retired members who are reemployed without reinstatement, Employers must provide them with written notice, by first-class mail, email, or other appropriate means, of the employee's status and need to comply with the yearly limit for working hours or days (i.e., 960 hours or 120 days) before the employee is within ten (10)

¹² OCERS Board Resolution No. 22-001; Gov. Code, § 8558.

¹³ Gov. Code, § 7522.56, subd. (a).

¹⁴ Gov. Code, §§ 1234, 31680.15

¹⁵ Gov. Code, § 31680.16.

¹⁶ Gov. Code, § 31680.9.



OCERS Administrative Procedure (OAP) Retirees Returning to Work

- business days or 80 hours of reaching the yearly limit.¹⁷
2. *Member's violation.* A retired member whose reemployment violates Section III of this OAP¹⁸ is subject to all of the following:
 - a. Any retirement allowance paid during periods of employment that are in violation will be considered an overpayment, which the member will reimburse to OCERS.¹⁹
 - b. If the member is reinstated, they must pay OCERS an amount equal to the employee contributions that would have been paid during the period of violation, plus interest, consistent with the OCERS Overpaid and Underpaid Plan Contributions Policy.²⁰
 - c. The member will reimburse OCERS for reasonable administrative expenses incurred in responding to the violation to the extent OCERS determines the member was at fault.²¹
 3. *Employer's violation.* An Employer who employs a retired member in violation of Section III.A of this OAP is subject to all of the following:
 - a. If the member is reinstated, the Employer must pay OCERS an amount equal to the employer contributions that would have been paid during the period of violation, plus interest, consistent with the OCERS Overpaid and Underpaid Plan Contributions Policy.²²
 - b. The Employer will reimburse OCERS for reasonable administrative expenses incurred in responding to the violation to the extent OCERS determines the Employer was at fault.²³

IV. Reemployment without Reinstatement; Membership Eligibility

OCERS Board Policy on Membership Eligibility Requirements identifies the rules used to determine when an employee is eligible for membership and whether membership enrollment is mandatory. For retirees who wish to be reemployed without reinstatement, the Membership Eligibility Requirements cannot be applied in a manner to circumvent the requirements of this OAP.

For example, if an “extra help” employee is hired with the expectation of working and in fact, works less than 1,040 or 1,600 hours per year (depending on whether they occupy a “standard” or “exceptional” extra help position), such an employee is excluded from membership. However, a *retired member* who seeks to be reemployed without reinstatement must abide by the requirements of Section III, above. Their work must not exceed a total of 960 hours or 120 working days, whichever is greater, per year.

¹⁷ Gov. Code, § 31680.9(g).

¹⁸ Gov. Code, § 31680.9(b) enumerates the consequences of violating the requirements of Government Code sections 31680.2, 31680.3, 31680.6, or 7522.56, which are described in Section III of this OAP.

¹⁹ Gov. Code, § 31680.9(b)(1).

²⁰ Gov. Code, § 31680.9(b)(2).

²¹ Gov. Code, § 31680.9(b)(3).

²² Gov. Code, § 31680.9(c)(1).

²³ Gov. Code, § 31680.9(c)(2).



OCERS Administrative Procedure (OAP) Retirees Returning to Work

Similarly, newly hired members, age 60 or over, may choose to waive membership.²⁴ However, a retired member, age 60 or over, must satisfy the requirements provided in Section III, above, in order to be reemployed without reinstatement.

V. Reinstatement to Active Membership

Retired members who seek reemployment and do not satisfy the requirements for working without reinstatement, as provided in Section III of this OAP, above, may apply to reinstate to active OCERS membership. The effective date of reinstatement shall be the first day of the month following the date of reemployment.²⁵

A. Reinstatement process.²⁶

1. *Application for reinstatement.* The member must file an application for reinstatement by submitting the following: (a) a letter from the member requesting reinstatement and identifying the employer and position; (b) documentation verifying the employer's offer and terms of reemployment²⁷; (c) the employer's job description; and (d) a letter or report signed by a physician opining that the member is capable of performing the usual duties of the position for which they are being reemployed. All documents should be delivered to OCERS Disability section.
2. *Membership eligibility.* OCERS will review the application to confirm the member is eligible for reinstatement.
3. *Medical examination.* Once the application has been properly filed and eligibility for reinstatement confirmed, the member will be scheduled for examination by OCERS Independent Medical Examiner (IME) to determine whether the member is capable of performing the duties of the position for which they are being reemployed.
4. *Board determination.* The member's application for reinstatement will be placed on the Board's regular agenda to be approved, denied, or for other appropriate action by the Board. The member will not be reinstated until the Board has approved the application.

B. Elective officer.²⁸ Retired members who seek reinstatement as an elective officer are not subject to the reinstatement process described in Section IV.A., above. An elective officer may be reinstated upon filing a declaration with the Board. In addition, within 60 days after the expiration of the term of office or within 60 days after ceasing to hold office, the elective officer may rescind their declaration for reinstatement and withdraw their contributions.

²⁵ Gov. Code, § 31680.4.

²⁶ Gov. Code, § 31680.4.

²⁷ For terms of reemployment, OCERS must be able to verify that the member is expected to be employed for more than one year and work at least 1,040 hours per year.

²⁸ Gov. Code, § 31553.



OCERS Administrative Procedure (OAP) Retirees Returning to Work

- C. PEPPRA-compliant plan.**²⁹ Reinstated members will be enrolled in a PEPPRA-compliant plan for the period of reinstatement. This applies even if the member previously retired under a Legacy plan.³⁰ Thus, the member's age and contribution rate are based on the date of their reinstatement.
- D. Retirement allowance.**³¹ Once reinstated, the member's retirement allowance is suspended and will resume only after they retire from their reemployment. The total retirement allowance will be the sum of: (a) an allowance based on service credited after reinstatement, and (b) the allowance they were receiving prior to reinstatement with the addition of cost-of-living adjustments (COLA) that would have applied during the period of reinstatement.
- E. Disability Retirement.**³² Retired members, who become incapacitated for duty after reinstatement, may file an application for disability retirement. If they are granted a service-connected disability retirement, their total disability allowance will be the greater of either: (1) one-half of their final compensation, or (2) their allowance as provided in the preceding paragraph, D. If granted a nonservice-connected disability retirement, their total disability allowance will be as provided in the preceding paragraph, D.

²⁹ Gov. Code, § 31680.5.

³⁰ Id.

³¹ Gov. Code, §§ 31680.4, 31680.5.

³² Gov. Code, §§ 31680.5



Memorandum

DATE: August 21, 2025
TO: Members of the Governance Committee
FROM: Steve Delaney, CEO
SUBJECT: OFF-CYCLE REVIEW OF THE POLICIES AND CHARTER REFERENCING STRATEGIC AND BUSINESS PLAN

Recommendation

Approve and recommend that the Board adopt the revisions to the following policies and charter:

- (1) Budget Approval Policy
- (2) Chief Executive Officer Performance Evaluation Policy
- (3) Monitoring and Reporting
- (4) Planning Policy
- (5) Procurement and Contracting
- (6) Records Management Policy
- (7) Succession Policy
- (8) Trustee Education Policy
- (9) CEO Charter

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. Although not scheduled for review, the above-noted policies and charter are being brought to the Governance Committee because they each reference the OCERS' business plan or strategic plan. However, since 2024, OCERS has combined the business and strategic plans into a single document: the OCERS' Strategic and Business Plan. The only changes recommended to the above policies and charter are to reference this combined plan, rather than the separate ones.

The proposed revisions are set forth in underlined/strikeout text in the attached copies of the nine policies and charter. An unmarked version of each policy and charter is also attached for the Committee's ease of review.

Attachments

Submitted by:



SD-Approved

Steve Delaney
CEO



OCERS Board Policy Budget Approval Policy

Purpose and Background

1. The Board of Retirement annually adopts a budget covering the expenses of administering the retirement system. The administration expenses, as defined in Government Code Section 31580.2, incurred in any year will be charged against the earnings of the retirement fund and will not exceed 21 basis points of the actuarial accrued liability of the system.
2. The purpose of the Budget Approval Policy is to establish the process by which the OCERS annual budget is approved by the Board of Retirement.

Roles

3. The preparation and presentation of the budget is the responsibility of the Chief Executive Officer.
4. The adoption of an annual budget is the responsibility of the Board of Retirement.

Guidelines

General Provisions

5. The Chief Executive Officer will present to the Board of Retirement a proposed administrative budget for the next calendar year that supports the initiatives set out in the proposed [Strategic and Business Plan](#), ~~which is directly linked to OCERS three year Strategic Plan~~, along with ongoing operations of the system. The Budget will be presented to the Board during the month of November.
6. The proposed budget will be compiled based upon budget requests approved by the Chief Executive Officer from each functional department within OCERS as follows:
 - a. Board;
 - b. Communications;
 - c. Disabilities;
 - d. Executive;
 - e. Finance;
 - f. Human Resources;
 - g. Information Security;
 - h. Information Technology;
 - i. Internal Audit;
 - j. Investments;
 - k. Legal;
 - l. Member Services;
 - m. Operations Support Services; and/or



OCERS Board Policy

Budget Approval Policy

- n. Such other functions that may be adopted by OCERS in the future.
- 7. The budget shall be organized into three broad categories of expenditures:
 - a. Salaries and Benefits;
 The Salaries and Benefits category will include salaries, overtime, fringe benefits, temporary help costs, and any other costs directly related to employee and Board member compensation.
 - b. Services and Supplies
 The Services and Supplies category will include items such as professional services, legal services, equipment, information technology infrastructure, and software expenses (other than those that are capitalized on OCERS' books as assets that will be depreciated over time and budgeted as capital expenditures), maintenance costs, office expenses, training, and meetings & travel costs. Investment management fees (including directly billed fees, indirectly paid fees reported on investment manager statements, fees and costs for investment management that are netted in portfolio returns, foreign income tax, and security lending fees) are not to be included in the annual administrative budget. These expenses are to be managed and reported in accordance with the Board of Retirement's Investment Fee Policy; and
 - c. Capital Projects.
- 8. The Capital Project budget category will include the current year's costs for all capital asset purchases. Capital assets include items such as buildings, building improvements, vehicles, machinery, equipment, internally generated computer software, computer hardware, and all other tangible or intangible assets that are used in operations, cost more than \$25,000 per item, and have initial useful lives extending beyond a single reporting period. The Chief Executive Officer, or the Assistant CEO, Finance & Internal Operations, is granted authority to transfer funds within a category. Funds may not be moved from one category to another without the approval of the Board of Retirement.
- 9. The value of the actuarial accrued liability (AAL) at the beginning of the budget year will be used for purposes of calculating the 21 basis point test. That value will be calculated by the system's actuary using the prior year's beginning AAL and projecting it to the beginning of the budget year.
- 10. The Chief Executive Officer may request that the Board amend the budget for the current fiscal year by presenting reasons for the budget amendment, its expected impact, and the cost of the amendment for the remainder of the budget year.

Policy Review

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

Policy History

- 12. This policy was adopted by the Board of Retirement on February 19, 2002.



OCERS Board Policy Budget Approval Policy

13. The policy was revised on October 27, 2003, May 16, 2005, March 24, 2008, March 22, 2010, January 18, 2011, June 18, 2012, July 20, 2015, July 17, 2017, April 20, 2020, ~~and~~ June 19, 2023 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

6/19/2023

Date



OCERS Board Policy

Budget Approval Policy

Purpose and Background

1. The Board of Retirement annually adopts a budget covering the expenses of administering the retirement system. The administration expenses, as defined in Government Code Section 31580.2, incurred in any year will be charged against the earnings of the retirement fund and will not exceed 21 basis points of the actuarial accrued liability of the system.
2. The purpose of the Budget Approval Policy is to establish the process by which the OCERS annual budget is approved by the Board of Retirement.

Roles

3. The preparation and presentation of the budget is the responsibility of the Chief Executive Officer.
4. The adoption of an annual budget is the responsibility of the Board of Retirement.

Guidelines

General Provisions

5. The Chief Executive Officer will present to the Board of Retirement a proposed administrative budget for the next calendar year that supports the initiatives set out in the proposed Strategic and Business Plan along with ongoing operations of the system. The Budget will be presented to the Board during the month of November.
6. The proposed budget will be compiled based upon budget requests approved by the Chief Executive Officer from each functional department within OCERS as follows:
 - a. Board;
 - b. Communications;
 - c. Disabilities;
 - d. Executive;
 - e. Finance;
 - f. Human Resources;
 - g. Information Security;
 - h. Information Technology;
 - i. Internal Audit;
 - j. Investments;
 - k. Legal;
 - l. Member Services;
 - m. Operations Support Services; and/or



OCERS Board Policy

Budget Approval Policy

- n. Such other functions that may be adopted by OCERS in the future.
- 7. The budget shall be organized into three broad categories of expenditures:
 - a. Salaries and Benefits;

The Salaries and Benefits category will include salaries, overtime, fringe benefits, temporary help costs, and any other costs directly related to employee and Board member compensation.
 - b. Services and Supplies

The Services and Supplies category will include items such as professional services, legal services, equipment, information technology infrastructure, and software expenses (other than those that are capitalized on OCERS' books as assets that will be depreciated over time and budgeted as capital expenditures), maintenance costs, office expenses, training, and meetings & travel costs. Investment management fees (including directly billed fees, indirectly paid fees reported on investment manager statements, fees and costs for investment management that are netted in portfolio returns, foreign income tax, and security lending fees) are not to be included in the annual administrative budget. These expenses are to be managed and reported in accordance with the Board of Retirement's Investment Fee Policy; and
 - c. Capital Projects.
- 8. The Capital Project budget category will include the current year's costs for all capital asset purchases. Capital assets include items such as buildings, building improvements, vehicles, machinery, equipment, internally generated computer software, computer hardware, and all other tangible or intangible assets that are used in operations, cost more than \$25,000 per item, and have initial useful lives extending beyond a single reporting period. The Chief Executive Officer, or the Assistant CEO, Finance & Internal Operations, is granted authority to transfer funds within a category. Funds may not be moved from one category to another without the approval of the Board of Retirement.
- 9. The value of the actuarial accrued liability (AAL) at the beginning of the budget year will be used for purposes of calculating the 21 basis point test. That value will be calculated by the system's actuary using the prior year's beginning AAL and projecting it to the beginning of the budget year.
- 10. The Chief Executive Officer may request that the Board amend the budget for the current fiscal year by presenting reasons for the budget amendment, its expected impact, and the cost of the amendment for the remainder of the budget year.

Policy Review

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

Policy History

- 12. This policy was adopted by the Board of Retirement on February 19, 2002.



OCERS Board Policy

Budget Approval Policy

13. The policy was revised on October 27, 2003, May 16, 2005, March 24, 2008, March 22, 2010, January 18, 2011, June 18, 2012, July 20, 2015, July 17, 2017, April 20, 2020, June 19, 2023 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.

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Background and Objectives

1. The Board of Retirement supervises the Chief Executive Officer. Formal evaluation procedures and practices are required. This process shall be performed on an annual basis.
2. The objectives of this policy are to:
 - a. Assist the Board in arriving at and communicating clear and meaningful goals and performance targets for the Chief Executive Officer;
 - b. Ensure that the Chief Executive Officer receives meaningful, objective, and timely feedback that will allow the Chief Executive Officer to perform, over time, at the highest levels possible; and
 - c. Enable the Board to hold the Chief Executive Officer accountable for performance.

Roles

3. The Board will be responsible for evaluating the performance of the Chief Executive Officer.
4. The Chair and Vice Chair will be responsible for coordinating the evaluation process. The Board may use a third party to facilitate the process.

Policy Guidelines

Process and Timelines

5. The Chief Executive Officer's performance review period will be September through August.
6. The Chief Executive Officer will discuss the following items with the Chair during the month of November each year:
 - a. Proposed CEO evaluation criteria for the coming year;
 - b. Proposed weights for each of the above criteria; and
 - c. Proposed CEO Evaluation Form for the coming year.
7. In addition, the CEO's performance for the review period will be evaluated using the same rating metrics as are used by OCERS in evaluating the performance of OCERS direct employees, and may be based on the following seven categories based on the goals stated in the OCERS Strategic [and Business](#) Plan:
 - a. Fund Sustainability
 - b. Excellent Service and Support
 - c. Risk Management
 - d. Talent Management
 - e. Effective Governance



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

- f. Communications
- g. Other criteria that the Board determines is appropriate.

The Board will attempt to ensure that the criteria:

- a. Are objective and measurable; and
 - b. Pertain only to outcomes over which the Chief Executive Officer has a reasonable degree of control.
8. The Chair will distribute the CEO Evaluation Package to each member of the Board in September of each year. The Evaluation Package will include copies of the Evaluation Form to be completed by each Board member, [Strategic and Business Plan](#), and the CEO's self-evaluation. The Chief Executive Officer's self-evaluation report is designed to assist the Board in the evaluation process. It should describe the extent to which the CEO believes the evaluation criteria were met over the past year, as well as all relevant supporting data. Supporting data may be confirmed by internal audit material where appropriate. The report may also describe any additional accomplishments during the year.
9. The Board shall treat this material as confidential. Completed individual Evaluation Forms will be returned to the Chair or the designated third party with a copy to the Vice Chair within the time frame specified. The Chair will ensure that all data is tabulated and summarized in a Master CEO Evaluation Form and treated as confidential until released to the Board.
10. Evaluation of the Chief Executive Officer will be completed by November each year. The evaluation process itself will be conducted in executive session. The Chair will distribute a copy of the Master CEO Evaluation Form and invite discussion by the Board. At the conclusion of discussion, the Chief Executive Officer will join the Board for review and discussion of his/her performance along with any suggestions for improvement. The Board may have preliminary discussions in October, but will complete the process by November.
11. Upon completion of the Master CEO Evaluation Form, the Chair and the Chief Executive Officer will sign the Master CEO Evaluation Form and cause it to be placed in the Chief Executive Officer's personnel file.

Documentation

12. The Individual and Master CEO Evaluation Form(s) may take any format the Board deems appropriate, but must allow Board members an opportunity to provide general comments.

Compensation

13. The Board of Retirement will consider the Chief Executive Officer's compensation during the months of October and November.
14. In establishing the Chief Executive Officer's salary, the Board will appoint a designated representative under Government Code section 54957.6(a) to assist the Board in negotiating for these purposes. As directed by the Board, the designated representative will negotiate with the Chief Executive Officer the salary, salary schedule and/or compensation paid in the form of fringe benefits that will be paid to the Chief Executive Officer subject to final action by the Board.



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Policy Review

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

Policy History

16. This policy will be implemented in February 19, 2002. This policy was revised May 16, 2005, May 19, 2008, March 22, 2010, January 21, 2014 , November 14, 2016, August 19, 2019, ~~and~~ August 21, 2023 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

8/21/2023

Date



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

Background and Objectives

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2. The objectives of this policy are to:
 - a. Assist the Board in arriving at and communicating clear and meaningful goals and performance targets for the Chief Executive Officer;
 - b. Ensure that the Chief Executive Officer receives meaningful, objective, and timely feedback that will allow the Chief Executive Officer to perform, over time, at the highest levels possible; and
 - c. Enable the Board to hold the Chief Executive Officer accountable for performance.

Roles

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 - a. Fund Sustainability
 - b. Excellent Service and Support
 - c. Risk Management
 - d. Talent Management
 - e. Effective Governance



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

- f. Communications
- g. Other criteria that the Board determines is appropriate.

The Board will attempt to ensure that the criteria:

- a. Are objective and measurable; and
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OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

Policy Review

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

Policy History

16. This policy will be implemented in February 19, 2002. This policy was revised May 16, 2005, May 19, 2008, March 22, 2010, January 21, 2014 , November 14, 2016, August 19, 2019, August 21, 2023 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



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 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. Reports will contain sufficient staff analysis for the Board to evaluate their content.

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.



OCERS Board Policy Monitoring and Reporting

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 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~~ May 19, 2025, 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

5/19/2025

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
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
Portfolio Risk Review	Enables Investment Committee to assess risks in the system's portfolio and current macro risks.	Quarterly	Risk Consultant



Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
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

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



Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
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	Every Regular Meeting of the Board	Member Services
Payees who have died	Identifies payees who have died	Every Regular Meeting of the Board	Member Services
Disability applications	Report on disability applications received and processed during the preceding year	Annually	Disability

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



Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
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

Administrative Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Business Plan and Strategic and Business Plan	Summarizes the status of each initiative contained in the Strategic and Business Plan and sets out the multi-year Strategic Plan .	Annually	CEO
Budget	Operational Budget for both Administration and Investment.	Annually	CEO



Appendix 1

<u>ISSUE</u>	<u>REPORT DESCRIPTION AND PURPOSE</u>	<u>FREQUENCY</u>	<u>PREPARED BY</u>
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



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 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. Reports will contain sufficient staff analysis for the Board to evaluate their content.

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.



OCERS Board Policy Monitoring and Reporting

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 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, May 19, 2025, and [date].

Secretary's Certificate

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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
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
Portfolio Risk Review	Enables Investment Committee to assess risks in the system's portfolio and current macro risks.	Quarterly	Risk Consultant



Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
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

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



Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
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	Every Regular Meeting of the Board	Member Services
Payees who have died	Identifies payees who have died	Every Regular Meeting of the Board	Member Services
Disability applications	Report on disability applications received and processed during the preceding year	Annually	Disability

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



Appendix 1

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
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

Administrative Reports

Standard Reports

ISSUE	REPORT DESCRIPTION AND PURPOSE	FREQUENCY	PREPARED BY
Strategic and Business Plan	Summarizes the status of each initiative contained in the Strategic and Business Plan and sets out the multi-year plan.	Annually	CEO
Budget	Operational Budget for both Administration and Investment.	Annually	CEO



Appendix 1

<u>ISSUE</u>	<u>REPORT DESCRIPTION AND PURPOSE</u>	<u>FREQUENCY</u>	<u>PREPARED BY</u>
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



OCERS Board Policy Planning Policy

Purpose and Background

1. The purpose of the OCERS Planning Policy is to provide a framework for developing the strategic direction of OCERS and the creation of ~~both a multi-year Strategic Plan and a one-year Business Plan~~ the Strategic and Business Plan that document the goals and objectives that underlie OCERS' strategic direction. In performing the planning process, the Board of Retirement recognizes its fiduciary responsibility to provide the prompt delivery of benefits to the OCERS membership while maintaining or reducing costs to participating employers and reducing the likelihood of unpredicted and wide swings in expenses.

Policy Objectives

2. The objectives of the Planning Policy are to:
 - a. Ensure that OCERS actively and systematically plans for the future strategic needs of the System;
 - b. Facilitate discussion and agreement between the Board and management on the strategic direction and business priorities of OCERS; and
 - c. Facilitate the communication of OCERS' Strategic ~~Plan~~ and Business Plan throughout the organization and the public.

Policy Guidelines

Roles and Responsibilities

3. The Board will be responsible for:
 - a. Participating with OCERS management to identify strategic risks, opportunities to mitigate strategic risks, and future needs of the System;
 - b. Establishing OCERS' strategic direction and priorities;
 - c. Approving OCERS' Strategic ~~Plan~~ and Business Plan and ensuring adequate resources are in place to support them; and
 - d. Monitoring the implementation of OCERS' Strategic ~~Plan~~ and Business Plan.
4. Management will be responsible for:
 - a. Identifying strategic and business risks, opportunities to mitigate strategic and business risks and future needs of the System;
 - b. Identifying and prioritizing business initiatives and the processes and resources necessary to achieve those initiatives;
 - c. Drafting OCERS' Strategic ~~Plan~~ and Business Plan for the Board's consideration and approval;
 - d. Implementing OCERS' Strategic ~~Plan~~ and Business Plan.



OCERS Board Policy Planning Policy

5. Service providers and experts, such as the actuary and investment consultants, may be called upon to provide input to the Board and management regarding the identification of strategic and business risks, opportunities for risk mitigation and future needs of the System.

Strategic Planning Workshop

6. The Chief Executive Officer will organize, lead and participate in the strategic planning process. An annual strategic planning workshop (Strategic Planning Workshop) will be held as a forum to educate and elicit the Board's views on current issues and proposed strategies.
7. The Chief Executive Officer will structure an agenda for the Strategic Planning Workshop to include the following topics, at a minimum:
 - a. The progress made in implementing OCERS' [Strategic and Business Plan](#) for the current year;
 - b. The continued appropriateness of OCERS' strategic direction as outlined in OCERS' Strategic [and Business Plan](#), which will include a consideration of the following issues:
 - i. The needs currently served by OCERS;
 - ii. The services OCERS offers; and
 - iii. The level of excellence OCERS strives to achieve; and
 - c. Whether OCERS is well positioned and has the resources to fulfill its strategic direction as outlined in OCERS' Strategic [and Business Plan](#); and
 - d. Proposed initiatives to be undertaken in the coming 12-36 month period.
8. Upon the conclusion of the Strategic Planning Workshop, the Chief Executive Officer will summarize the Board's discussion and views on current issues and proposed strategies and agendize the written summary for Board approval at its next meeting.

Formulation of the Strategic ~~Plan~~ and Business Plan

9. Following the Strategic Planning Workshop, the Chief Executive Officer will prepare OCERS' Strategic [and Business Plan](#) which will include, at a minimum, recommended initiatives to be undertaken or continued, along with the necessary supporting information and planning parameters, such as:
 - a. Rationale for undertaking each initiative including financial and non-financial benefits, impact, and consequences of not undertaking the initiative;
 - b. Timelines for completion;
 - c. Assignment of responsibilities for implementation;
 - d. Budget impacts;
 - e. Criteria for assessing the success of each initiative; and
 - f. Provisions for reporting to the Board.

10. Additionally, OCERS management will formulate OCERS' Business Plan to provide detail as to how OCERS' Strategic Plan will be advanced in the coming calendar year.



OCERS Board Policy Planning Policy

- ~~11.~~10. The Chief Executive Officer will present the proposed OCERS' Strategic ~~Plan~~ and Business Plan to the Board for approval. In approving the plans, the Board will satisfy itself that the plans are reasonable and support the mission of OCERS.
- ~~12.~~11. In order to ensure adequate resources to implement the initiatives within OCERS' Strategic and Business Plan, the resources needed to implement each business plan initiative will be reflected in the proposed OCERS' budget. If the budgeted funds associated with a particular initiative fail to receive approval by the Board, OCERS' Strategic and Business Plan will be amended accordingly.
- ~~13.~~12. Approval of OCERS' Strategic and Business Plan represents an immediate commitment by the Board and management to accomplish the strategic goals and objectives set forth within approved parameters. Because of the long-term nature of a multi-year OCERS' Strategic and Business Plan, adjustments and corrections are more easily accommodated over time. Modification of OCERS' Strategic and Business Plan should occur only when exceptional circumstances are present.
- ~~14.~~13. If management determines that changing circumstances will not allow it to meet a particular parameter or require that a new initiative be undertaken, the Board will be informed in a timely manner and OCERS' Strategic ~~Plan~~ and Business Plan will be adjusted accordingly.

Review of Strategic ~~Plan~~ and Business Plan Initiatives

- ~~15.~~14. The Chief Executive Officer will provide the Board with a quarterly review and any recent activities or updates of each initiative in OCERS' Strategic and Business Plan.
- ~~16. On a semi-annual basis the Chief Executive Officer will provide the Board with a review and any recent activities or updates of each initiative in OCERS' Business Plan.~~

Communications

- ~~17.~~15. OCERS' Strategic ~~Plan~~ and Business Plan will be posted to OCERS' website and communicated to all OCERS staff and employers and to the public on a timely basis after Board approval.

Policy Review

- ~~18.~~16. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate.

Policy History

17. The Board adopted this policy on February 19, 2002, and it was revised on May 16, 2005, April 16, 2007 and January 18, 2011, reviewed without changes on March 17, 2014 and revised on July 17, 2017, April 20, 2020, June 19, 2023, and [date].
- ~~19.~~
- ~~20. The policy was revised on May 16, 2005, April 16, 2007 and January 18, 2011, reviewed without changes on March 17, 2014 and revised on July 17, 2017, April 20, 2020, and June 19, 2023.~~



OCERS Board Policy Planning Policy

Secretary's Certificate

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

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

06/19/2023

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy Planning Policy

Purpose and Background

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 - a. Ensure that OCERS actively and systematically plans for the future strategic needs of the System;
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 - d. Monitoring the implementation of OCERS' Strategic and Business Plan.
4. Management will be responsible for:
 - a. Identifying strategic and business risks, opportunities to mitigate strategic and business risks and future needs of the System;
 - b. Identifying and prioritizing business initiatives and the processes and resources necessary to achieve those initiatives;
 - c. Drafting OCERS' Strategic and Business Plan for the Board's consideration and approval;
 - d. Implementing OCERS' Strategic and Business Plan.



OCERS Board Policy Planning Policy

5. Service providers and experts, such as the actuary and investment consultants, may be called upon to provide input to the Board and management regarding the identification of strategic and business risks, opportunities for risk mitigation and future needs of the System.

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 - a. The progress made in implementing OCERS' Strategic and Business Plan for the current year;
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 - i. The needs currently served by OCERS;
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8. Upon the conclusion of the Strategic Planning Workshop, the Chief Executive Officer will summarize the Board's discussion and views on current issues and proposed strategies and agendize the written summary for Board approval at its next meeting.

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9. Following the Strategic Planning Workshop, the Chief Executive Officer will prepare OCERS' Strategic and Business Plan which will include, at a minimum, recommended initiatives to be undertaken or continued, along with the necessary supporting information and planning parameters, such as:
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 - c. Assignment of responsibilities for implementation;
 - d. Budget impacts;
 - e. Criteria for assessing the success of each initiative; and
 - f. Provisions for reporting to the Board.



OCERS Board Policy Planning Policy

10. The Chief Executive Officer will present the proposed OCERS' Strategic and Business Plan to the Board for approval. In approving the plans, the Board will satisfy itself that the plans are reasonable and support the mission of OCERS.
11. In order to ensure adequate resources to implement the initiatives within OCERS' Strategic and Business Plan, the resources needed to implement each business plan initiative will be reflected in the proposed OCERS' budget. If the budgeted funds associated with a particular initiative fail to receive approval by the Board, OCERS' Strategic and Business Plan will be amended accordingly.
12. Approval of OCERS' Strategic and Business Plan represents an immediate commitment by the Board and management to accomplish the strategic goals and objectives set forth within approved parameters. Because of the long-term nature of a multi-year OCERS' Strategic and Business Plan, adjustments and corrections are more easily accommodated over time. Modification of OCERS' Strategic and Business Plan should occur only when exceptional circumstances are present.
13. If management determines that changing circumstances will not allow it to meet a particular parameter or require that a new initiative be undertaken, the Board will be informed in a timely manner and OCERS' Strategic and Business Plan will be adjusted accordingly.

Review of Strategic and Business Plan Initiatives

14. The Chief Executive Officer will provide the Board with a quarterly review and any recent activities or updates of each initiative in OCERS' Strategic and Business Plan.

Communications

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Secretary's Certificate

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



OCERS Board Policy Planning Policy

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

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy

Procurement and Contracting

I. Purpose and Background

A. Purpose

The Procurement and Contracting Policy (policy) establishes the guidelines by which OCERS will procure goods and services. Investment Management Agreements (as defined below) are exempt from this policy, and will instead be governed by the CIO Charter and the Investment Policy Statement.

B. Objectives

The objectives of this policy are to ensure that:

1. Contractual arrangements for the purchase of goods and services are made in a manner consistent with OCERS' fiduciary duty to its members and beneficiaries;
2. The procurement of goods and services is efficient, transparent, economical, fair, and in compliance with all applicable laws;
3. A system of internal controls related to the procurement of goods and services is implemented;
4. All contracting activities are performed by qualified individuals with specifically delegated authority using sound business practices in an ethical manner;
5. The selection of Contractors reflects a level of rigor that is commensurate with the importance and cost of the service or goods in question.

C. Roles and Responsibilities

1. The role of the Board of Retirement (Board), or the Investment Committee if applicable, is to:
 - i. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - ii. Oversee compliance with such policies;
 - iii. Select and terminate Named Service Providers; and
 - iv. Authorize staff to execute contracts with Named Service Providers.
2. The role of the Chief Executive Officer (CEO) is to:
 - i. Approve the purchase of goods and services for which the CEO is responsible under this policy; and
 - ii. Keep the Board apprised of contract actions as necessary for the Board to carry out its oversight function.
3. The role of the Responsible Executive is to:
 - i. Approve the purchase of goods and services for which they are responsible under this policy;



OCERS Board Policy

Procurement and Contracting

- ii. Keep the CEO apprised of all significant contract actions for which the Responsible Executive is responsible;
 - iii. Ensure that budget authority exists within the budget category from which a contract will be paid;
 - iv. Select the appropriate procurement process to be used and participate in the preparation of the solicitation documents for the goods and services being procured.
 - v. Select, or recommend that the CEO select as the case may be, Contractors in the area for which the Responsible Executive is responsible;
 - vi. Negotiate, or delegate to an appropriate staff member who will negotiate terms and conditions of contracts for the purchase of goods and services for which they are responsible.
 4. The role of the Contract Administrator is to:
 - i. Manage the Contractor files and the lifecycle management system, and ensure compliance with best practices for Contractor management;
 - ii. Assemble, manage, and distribute all contract solicitations and other contract acquisition efforts;
 - iii. Maintain appropriate contract and solicitations templates in consultation with the Legal Division;
 - iv. Assist the Responsible Executive with the selection of Contractors and negotiation of contractual terms;
 - v. Ensure due diligence is completed in accordance with Section III.E for Contractors with whom OCERS does not have an existing contract;
 - vi. Review Contractors' certificates of insurance to verify compliance with the contracted requirements for coverage;
 - vii. Serve as the CEO's designee under the Quiet Period Policy;
 - viii. Develop (subject to the approval of the Responsible Executive and in consultation with the Legal Division) required and preferred terms and conditions to be included in OCERS contracts;
 - ix. Ensure all solicitations are reflected in the Quiet Period Report to the Board;
 - x. Coordinate and oversee the review of Contractors' performance;
 - xi. Monitor the expiration dates of all contracts to ensure either timely extension of the contract term or timely issuance of contract solicitation
 - xii. Report to the Board annually all contracts that exceed a Contract Value of \$100,000;



OCERS Board Policy

Procurement and Contracting

- xiii. Conduct annual Procurement & Contracting Policy training for team members who have responsibility for purchasing and contracting;
 - xiv. Ensure contracts comply with the signature requirements set forth in Section IV of this policy; and
 - xv. Ensure OCERS' contract template is attached to and incorporated into all RFPs.
5. The role of the General Counsel or their designee is to:
- i. Review contracts before execution for compliance with legal requirements and to provide an assessment of risk to the agency;
 - ii. Assist the CEO, Responsible Executive, and Contract Administrator in preparing Requests for Proposals, Invitations to Bid, and other solicitations when requested;
 - iii. Assist the Responsible Executive and Contract Administrator in the negotiation of contractual terms and conditions when requested; and
 - iv. Assist the Contract Administrator in developing necessary and preferred terms and conditions and contract templates.

D. Definitions

1. **Contract Value:** For the purposes of the dollar thresholds in this policy, the value of a contract is the anticipated amount OCERS will be obligated to pay for one year under the contract.
2. **Contractors:** For purposes of this policy, Contractors include providers of services and vendors of goods.
3. **Executive:** The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.
4. **Investment Management Agreements:** agreements of any kind that evidence and/or govern the investment of OCERS' assets in any investment class. Investment Consultant Agreements are not Investment Management Agreements.
5. **Master Services Agreement:** A contract for goods or services to be provided on an as-needed basis or which may govern future transactions with the vendor is sometimes referred to as a Master Services Agreement. Any statement of work or order made under such contracts will comply with the requirements for contracts of the same value.
6. **Named Service Providers:** The Contractors designated in section V, below.
7. **Non-Routine Items:** expenses that are not regularly purchased or budgeted on an annual basis. Contracts or purchase orders for non-routine items require:
 - i. Available funds in the approved budget, including permissible budget transfers under the Budget Approval Policy or Board approved amendments to the budget designated for the goods or services being procured; and



OCERS Board Policy

Procurement and Contracting

- ii. Approval by the Responsible Executive for where the goods or services are to be paid from for expenditures valued at less than \$100,000; or
 - iii. Approval by the Board for expenditures valued over \$100,000. The Board may approve of the expenditure either as part of the annual budget, budget amendment, annual [Strategic and Business Plan](#) or a specific Board approval of the contract or purchase order.
8. **Pre-Qualified Contractors:** Contractors that have been evaluated and selected by OCERS through a publicly advertised competitive search and selection process, and passed a due diligence review.
9. **Responsible Executive:** The Executive who manages the budget category for the funds being committed under the contract.
10. **Routine Items:** expenses that are regularly budgeted on an annual basis. These items include but are not limited to the following:
- i. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, software and cloud services; and
 - ii. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building, and equipment, printing, Board of Retirement elections, computer consulting, software licenses, messenger services, catering, etc.
- Contracts or purchase orders for Routine Items require:
- iii. Available funds in the approved budget, including any Board approved amendments to the budget.
 - iv. Approval by the Responsible Executive
11. **Time and Material (T&M) Contracts:** agreements with Contractors where the value of the contract is variable based on the time and material costs of the Contractor. In these types of contracts, if the contract does not include a specified not-to-exceed dollar amount, the Contract Value will be limited by the available budget for the goods or services.
12. **Total Contract Value:** the sum of all Contract Values that, when the contract is entered, is anticipated to be the amount OCERS will be obligated to pay over the entire term of the contract.
13. **Unilateral Contract:** a contract that is used to pay for critical, ongoing services provided by exclusive entities that will not sign an OCERS-written contract. Unilateral Contracts are not subject to OCERS' standard procurement practices. The following are permissible Unilateral Contracts:
- i. Utility services: electric, gas, water, telephone
 - ii. Cable/Satellite companies
 - iii. US Postal Service



OCERS Board Policy

Procurement and Contracting

- iv. Memberships in associations formed for a purpose directly related to the primary work of OCERS

14. **Written Agreement:** a document that is a legally binding contract between OCERS and another party(s) regarding the buying and selling of goods or services. Examples include but are not limited to: a contract, sale or lease agreement, bill of sale, purchase order, or memorandum of understanding. Reference to a written agreement means a contract that has been reduced to writing, regardless of format or label.

II. Provisions Applicable to All Contracts

A. Contracting Philosophy

1. OCERS will consider as broad a universe of qualified Contractors as is practical and reasonable given budgetary, staffing, time, and other relevant constraints and considerations.
2. The search, selection, monitoring, and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established under the law or within other policies of OCERS, the law, and such other policies will control.
3. Consistent with Title 2, Division 6, Chapter 7 of the California Code of Regulations, §§ 18700-18720, no OCERS Board Member or staff will be directly or indirectly involved in an OCERS contracting decision if the decision will have a material financial effect on an economic interest of the Board Member, staff person, or the immediate family of the Board Member or staff person.
4. OCERS values diversity and inclusion and is committed to fostering diversity in its procurement process through outreach to small and diverse businesses. In the distribution and publication of solicitations, OCERS will endeavour to reach beyond traditional sources and list opportunities in locations that will notify a diverse audience of Contractors.
5. A Written Agreement is required when:
 - a. Services valued over \$1,000, and the delivery of services will span a duration of more than one year; or
 - b. Goods purchased with a value greater than \$1,000
6. Contracts shall not be split to avoid approval by the Board or to bypass competitive search and selection requirements.

B. Authority for Entering Into Contracts.

1. Before entering into any contract for goods or services, OCERS must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense or Contract Value.



OCERS Board Policy

Procurement and Contracting

2. Only the Responsible Executive or their designee may bind or commit OCERS for the purchase of goods or services as set forth in this policy, except in emergencies and as may be otherwise authorized by the Board.
3. An emergency is any circumstance that would interfere with OCERS' ability to meet its fiduciary obligations, threaten the health and safety of its staff, or compromise its legal rights or remedies. If a contract is needed as the result of an emergency, report of the contract will be made to the Responsible Executive or to the Board whose authorization is normally required for such contract as soon as practicable.
4. The CEO may delegate their authority to execute documents to an Executive.
5. A Responsible Executive may delegate their authority to approve check requests, invoices and/or purchase requisitions.
6. All delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.
7. Contracts will be routed to the Responsible Executive for signature. The submission will include a certification by both the Contracts Administrator and the staff member who originated the contract certifying compliance of the contract with the provisions of this policy.
8. After the Responsible Executive signs the contract it will be routed for the second Executive signature when required.

C. Contract Amendments

1. Contract Amendments that increase Contract Value are permissible under the following circumstances:
 - i. The need for services could not be accurately projected and the increase does not justify rebidding
 - ii. To cover services already provided in the scope of work or additional services similar to those already provided in the scope of work set forth in the contract
 - iii. Special economic factors that justify a contract increase
 - iv. An emergency exists which does not permit rebidding
2. Contract Value may be increased up to twenty-five percent (25%) of the original Contract Value or \$100,000, whichever is less.
3. For contracts that span over multiple years, the Total Contract Value may be increased up to twenty-five percent (25%) or \$200,000 whichever is less.
4. Contract amendments have the signature requirements of the Total Contract Value for the purpose of determining signing authority.
5. A full due diligence review is not required for Contract Amendments.



OCERS Board Policy

Procurement and Contracting

6. If an amendment is determined to be in the best interest of OCERS and will exceed the limitations in sections II.C.2 and II.C.3, justification must be documented and CEO approval is required.
7. Exemptions: Amendments to Unilateral Contracts or subscriptions, cloud services, or license agreements for the purpose of increasing the number of users required to meet OCERS operational needs are not limited as prescribed in section II.C.1. However, approved budget funds must be available in the designated budget category.

D. Contract Term

1. Contract terms will not exceed six (6) years
2. Ongoing subscriptions or licenses will be reviewed at least every six (6) years
3. The Legal department must review renewal documents.
4. Board of Retirement approval is required to extend a contract term beyond a total of six years without a new competitive search and selection process, with the exception of Unilateral Contracts

E. Performance Reviews

1. The Contract Administrator will coordinate evaluations of Contractors.
2. The performance of Named Service Providers and Contractors with Contract Values that exceed \$100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over \$100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed. For contracts with Named Service Providers, the CEO, the Board or the pertinent committee of the Board, or their designee will make the performance review and assessment. For Contract Values over \$100,000, the CEO (or his/her designee) will make the performance review and assessment.

The results of performance reviews of Named Service Providers will be summarized and reported to the Board.

III. Search and Selection Process

A. Competitive Search and Selection Process

Where a competitive search and selection process is required under this policy, the Responsible Executive will use one of the following procurement methods.

1. Invitation for Bid (IFB):
 - i. This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized.



OCERS Board Policy

Procurement and Contracting

- ii. The IFB process requires the evaluation of price, delivery and payment terms, and compliance with technical standards. The bid that provides the best pricing and delivery and payment terms will be selected.
 - iii. The bids may be reviewed by a minimum of three OCERS staff members to identify the bidder who provides the best value to OCERS.
2. Request for Proposal (RFP)
 - i. This method will be used where the product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products.
 - ii. The proposal that best meets OCERS' needs, with consideration for price, qualifications, and other relevant factors set forth in the RFP, will be selected.
 - iii. This method will be used in most circumstances where the Contract Value exceeds \$100,000 or Master Service Agreements.
3. Request for Qualifications (RFQ)
 - i. A solicitation that describes the product, project, or services required and solicits qualifications from potential Contractors for purposes of evaluating those qualifications for screening, pre-qualifying, or for an award of contract.
 - ii. This method will be used where:
 - a. The available specifications or description of the product, project, or service to be acquired are not sufficiently complete without further technical evaluations and discussions between the Contractor and OCERS, or
 - b. OCERS has a business need to have one or multiple Pre-Qualified Contractors within a designated field of work (i.e. information technology support), a Master Services Agreement will be used with specific scopes of work developed on an as-needed basis. Use of a Pre-Qualified Contractor will be based on the best interest and needs of OCERS.
4. Small Purchase Procedure
 - i. Where the Contract Value is at least \$1,000 but less than \$50,000, the selection of Contractors will be based on a less formal competitive process resulting in a minimum of one written or oral quote from a qualified source. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters.
 - ii. Where the Contract Value is \$50,000 or more but less than \$100,000, the selection of Contractors will be based on a less formal competitive process resulting in a minimum of three quotes from qualified sources. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters. If three qualified sources cannot be reasonably identified, then the Responsible Executive may authorize the use of a selected vendor based on the best interest and needs of OCERS.
5. Process for Receiving Bids in Response to an RFP, IFB and RFQ



OCERS Board Policy

Procurement and Contracting

- i. The period for submitting bids in response to an RFP, IFB and RFQ will be at least fifteen (15) days from the date the RFP, IFB or RFQ is issued. All RFPs, IFBs and RFQs will be issued on OCERS' bidding system. A link to the bidding system will be posted on OCERS' website and notification may be given to entities that OCERS identifies as likely to be interested.
 - ii. The Contract Administrator or their designee will answer questions from any bidder or potential bidder, and all answers provided to any bidder will be made available to all bidders through OCERS' bidding system.
 - iii. Best efforts will be made to have at least three OCERS personnel review the bids and recommend finalists. Best efforts will be made to include at least one representative from a department other than the one that has authority over the contract. In the case where external expertise is used to review the bids, at least one reviewer must be an OCERS employee.
6. Request for Information (RFI)
 - i. A solicitation used when OCERS does not intend to award a contract, but needs to obtain price, delivery, other market information, or capabilities for planning purposes. Responses to RFI notices are not offers and cannot be accepted by OCERS to form a binding contract.
 - ii. An RFI may precede an RFP or RFQ. The RFI is a way to find interested vendors and service providers and is generally in the format of a business letter, clearly identifying the needs or services OCERS desires to obtain. An RFI could contain some of the following:
 1. Description of the goods or services being requested, and if applicable, the target population to be served;
 2. Term of a potential contract;
 3. Deadline for submitting a response to the RFI;
 4. Contact information for responding to the RFI Letter;
7. Exceptions
 - i. In cases where an RFP, IFB or RFQ is required, but the Responsible Executive deems the defined search and selection process will not be of benefit, the Responsible Executive or designee will provide a report to the CEO, detailing the reasons why the required search and selection process is not beneficial along with a description of an alternative search and selection process that does not restrict open and fair competition to be used.
 - ii. The CEO must approve the alternative search and selection process prior to selecting a Contractor.
 - iii. In cases where OCERS has purchased equipment, software and operating systems for its use in compliance with this policy, procurement of the continuing maintenance, and upgrades of the software and operating systems from the developer, manufacturer or authorized reseller does not require a separate competitive procurement

B. Contracted Suppliers

Where a Contractor has been selected by OCERS pursuant to a competitive search and selection process or by the County of Orange or other governmental agency pursuant to a competitive search



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and selection process, the Contractor may be used as a Contracted Supplier under certain circumstances as set forth in this policy. Such Contracted Suppliers may include, by way of example, retail sellers of off-the-shelf office supplies contracted by the County of Orange or directly by OCERS.

C. Sole Source

A sole source approach may be permitted under the following circumstances:

1. In cases where a competitive search and selection process will not likely yield a viable alternative to a known service provider; or
2. Where legal services are urgently needed, a competitive search and selection process will not be timely, and a known Contractor exists.

A written report describing the unique characteristics of the situation, the known Contractor, whether OCERS has contracted with this Contractor within the last five years, sound justification for a sole source approach and explanation of how prices or fees compare to the general market for comparable services or supplies will be provided to the Contract Administrator and the Executive who will either approve or deny the request to use a sole source approach in writing

Executives who wish to use a sole source approach will provide the report to the Contract Administrator and the CEO, who will either approve or deny the request. When the CEO is the Responsible Executive, the report will be provided to the Contract Administrator, the Board Chair and Vice-Chair who will either approve or deny the request to use a sole source approach. All sole source contracts (whether approved by the CEO or the Board Chair and Vice-Chair and regardless of Contract Value) will be reported to the Board at its next regular meeting. Sole Source contracts with a Contract Value of \$100,000 or more require Board approval.

D. Technology Purchases and Leases

1. Include any information technology-related hardware, software, licenses, subscriptions, services, and/or consulting;
2. Must be initiated and processed with the full knowledge, direction, and approval of OCERS' Director of Information Technology, regardless of cost, to ensure compatibility with OCERS' current technology environment, and
3. Require an information security due diligence review that includes a review of the Contractor's service and organizational controls (i.e. SOC-2 report), if applicable, as well as a review and analysis of whether the purchase complies with OCERS' information security policies and controls. Information security due diligence will be completed by the Director of Information Security or their designee.

E. Exclusions

Notwithstanding any other provision in this policy, Contractor back-fill or temporary help for staff augmentation does not require Board approval or compliance with this policy as long as budgetary amounts are available for individual temporary help or contractor positions.

F. Due Diligence



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1. Before awarding a contract, the Contract Administrator will conduct due diligence of any bidder selected to ensure that the bidder:
 - i. Meets all minimum qualifications set forth in the solicitation document; and
 - ii. Meets all other standards which, in the exercise of sound business judgment, are required of the Contractor.
2. If a selected bidder is disqualified as a result of the due diligence process, the reason for the disqualification will be documented and forwarded to the Responsible Executive for confirmation.
3. For certain critical Information Technology Contractors, SOC2 reports will be requested during the due diligence process. These reports will then be requested from the Contractor annually to ensure proper Information Technology and security controls are in place.



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IV. Contract Guidelines Summary

Estimated Contract Value ¹ or Type of Contractor	Approver	Signatory	Procurement Requirements ^{2*}
Named Service Provider	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
Sole Source > \$100,00	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	Sole Source
\$100,000 or More	CEO	CEO (or CIO on Investment-related contracts) +1 Executive	IFB, RFP, RFQ or Contracted Supplier
\$1,000 to \$99,999	Responsible Executive	Responsible Executive + 1 Executive, Director or Manager	IFB, RFP, RFQ, Small Purchase Procedure, or Contracted Supplier
Under \$1,000	Responsible Executive or designee	Responsible Executive or designee	Small Purchase Procedure, Contracted Supplier

¹ Refers to the value of the contract or the value of a new statement of work or new order under an existing contract.

² See section III.C for Sole Source requirements



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V. Contracts with Named Service Providers

Contracts with Named Service Providers will comply with the requirements of this section.

A. Designation of Named Service Providers

The following service providers are designated as Named Service Providers:

1. Consulting actuary;
2. Actuarial auditor;
3. General investment consultant;
4. Alternative investments consultant;
5. Fiduciary counsel;
6. Custodial Bank;
7. Financial auditor; and
8. Any additional consultant not named above but which the Board may, from time to time, designate.

B. Search and Selection Process

1. At least six months before the expiration of the final extension of a contract with a Named Service Provider, or upon direction of the Board following the review of the performance of the Named Service Provider, the CEO will conduct a competitive search and selection process for a Named Service Provider.
2. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary to the Board or representative Committee, which will include:
 - i. The type of service provider being sought and the supporting rationale;
 - ii. The objectives and selection criteria to be met and their relative importance;
 - iii. An estimated timeline for completion of the search process; and
 - iv. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - a. What method of competitive search and selection process will be used;
 - b. Whether a consultant is to be used to assist with the search process;
 - c. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks;
 - d. Such other information that the CEO believes may assist the Board in better understanding the search process.
3. The CEO will provide the Board (or a designated committee of the Board) with periodic reports on the status of all search processes involving Named Service Providers.



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4. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board (or a designated committee of the Board) with a written report containing, at a minimum:
 - i. A description of the due diligence activities undertaken;
 - i. The recommended finalist(s) and analysis of the recommendation;
 - ii. Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred;
 - iii. A description of performance expectations and the proper time horizon for evaluation of results;
 - iv. A bid (pricing) summary with annotations regarding differentiating features; and
 - v. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the Named Service Provider throughout the term of the contract, including the reporting to be provided to the Board.
5. The Board (or a designated committee of the Board) will interview the candidate or candidates recommended for appointment as a Named Service Provider. If a committee reviews the candidates, the committee will recommend to the Board the appointment of the Named Service Provider. If the Board interviews the candidates, the Board itself will decide on the appointment.
6. Upon selection of the candidate, the CEO (or their designee) will negotiate a final contract with the selected Named Service Provider, consistent with the terms of the contract solicitation, this policy, and any other direction from the Board. If, at any time during the negotiations, the CEO determines that there is an impasse in negotiations, they may recommend to the Board that the Board select an alternate bidder for the Named Service Provider.

C. Approval and Execution

Upon completion of negotiations with a Named Service Provider, the CEO or their designee will inform the Board of the general contract terms and conditions that have been negotiated. Contracts with Named Service Providers must be executed by the CEO and one other Executive.

D. Reports

1. The CEO will report promptly to the Board any failures by a Named Service Provider to comply with the terms of their contract.
2. At least annually, the CEO will provide the Board a schedule of the contracts with Named Service Providers due for renewal and those whose terms will expire in the coming year.
3. The CEO will report regularly and in a timely fashion to the Board on all monitoring efforts involving Named Services Providers, identifying any material issues and actions taken in response.



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VI. Contracts with Contract Value of \$100,000 or More

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value exceeds \$100,000 will comply with the requirements of this section.

A. Review and Renewal

1. At least six months before the expiration of the term of a contract with a Contract Value over \$100,000, the CEO (or their designee) will assess the continued appropriateness and cost-effectiveness of the Contractor in question.
2. Upon recommendation of the Responsible Executive (or their designee), the CEO will: 1) extend the term of the contract up to the maximum total term of six years; 2) direct the Responsible Executive (or their designee) to conduct a new search and selection process; or 3) determine that the goods or services are no longer necessary.

B. Search and Selection Process

1. Contracts for goods or services for which the Contract Value exceeds \$100,000, require a competitive search and selection process (See Section IV for procurement requirements).
2. Upon completion of a competitive search and selection process, a written report will be provided to the CEO or their designee and will include at a minimum:
 - i. Purpose and need for the goods or services being procured;
 - ii. A description of the procurement process and due diligence activities undertaken; and
 - iii. The recommended finalist and analysis concerning the candidates.
3. Upon the CEO's, or their designee's approval of the candidate, the Responsible Executive (or their designee) will negotiate a final contract, consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, they may recommend to the CEO that the CEO select an alternate candidate.

C. Approval and Execution

1. Contracts for goods or services with a Contract Value that exceeds \$100,000 must be executed by the CEO and one other Executive.
2. For contracts relating to Routine and Non-Routine Items, Board authorization of the expenditure may be acquired through either the budgeting process or the annual [Strategic and Business Plan](#).

VII. Contracts with Contract Value Between \$1,000-\$99,999.99

Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value that is at least \$1,000 but less than \$100,000 will comply with the requirements of this section.



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A. Search and Selection Process

1. Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value of at least \$1,000 but less than \$100,000, the Executive Responsible will require a competitive search and selection process. (See Section IV for procurement requirements).
2. Upon selection of the candidate, the Responsible Executive (or their designee) will negotiate a final contract consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, they may select an alternate candidate.

B. Approval and Execution

1. Upon completion of negotiations, the Responsible Executive will approve the contract.
2. Any contract under this provision must be executed by at least two Executives.

VIII. Contracts with Contract Value Less than \$1,000

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value is less than \$1,000 will comply with the requirements of this section.

A. Search and Selection Process

The Responsible Executive may enter into a contract with any qualified Contractor that the Responsible Executive determines is in the best interest of OCERS. Alternatively, the Responsible Executive may choose to use a competitive search and selection process if they determine it is in the best interest of OCERS.

Policy Review and History

- A. The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- B. The Board adopted this policy on Monday, April 17, 2023.
- C. This policy was revised May 19, 2008, March 22, 2010, May 20, 2013, January 20, 2015, October 15, 2018, November 2021, April 2023, [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

04/17/2023

Date:



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I. Purpose and Background

A. Purpose

The Procurement and Contracting Policy (policy) establishes the guidelines by which OCERS will procure goods and services. Investment Management Agreements (as defined below) are exempt from this policy and will instead be governed by the CIO Charter and the Investment Policy Statement.

B. Objectives

The objectives of this policy are to ensure that:

1. Contractual arrangements for the purchase of goods and services are made in a manner consistent with OCERS' fiduciary duty to its members and beneficiaries;
2. The procurement of goods and services is efficient, transparent, economical, fair, and in compliance with all applicable laws;
3. A system of internal controls related to the procurement of goods and services is implemented;
4. All contracting activities are performed by qualified individuals with specifically delegated authority using sound business practices in an ethical manner;
5. The selection of Contractors reflects a level of rigor that is commensurate with the importance and cost of the service or goods in question.

C. Roles and Responsibilities

1. The role of the Board of Retirement (Board), or the Investment Committee if applicable, is to:
 - i. Establish appropriate policies to ensure selection decisions are prudent and sound;
 - ii. Oversee compliance with such policies;
 - iii. Select and terminate Named Service Providers; and
 - iv. Authorize staff to execute contracts with Named Service Providers.
2. The role of the Chief Executive Officer (CEO) is to:
 - i. Approve the purchase of goods and services for which the CEO is responsible under this policy; and
 - ii. Keep the Board apprised of contract actions as necessary for the Board to carry out its oversight function.
3. The role of the Responsible Executive is to:
 - i. Approve the purchase of goods and services for which they are responsible under this policy;
 - ii. Keep the CEO apprised of all significant contract actions for which the Responsible Executive is responsible;



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- iii. Ensure that budget authority exists within the budget category from which a contract will be paid;
 - iv. Select the appropriate procurement process to be used and participate in the preparation of the solicitation documents for the goods and services being procured.
 - v. Select, or recommend that the CEO select as the case may be, Contractors in the area for which the Responsible Executive is responsible;
 - vi. Negotiate, or delegate to an appropriate staff member who will negotiate terms and conditions of contracts for the purchase of goods and services for which they are responsible.
4. The role of the Contract Administrator is to:
- i. Manage the Contractor files and the lifecycle management system, and ensure compliance with best practices for Contractor management;
 - ii. Assemble, manage, and distribute all contract solicitations and other contract acquisition efforts;
 - iii. Maintain appropriate contract and solicitations templates in consultation with the Legal Division;
 - iv. Assist the Responsible Executive with the selection of Contractors and negotiation of contractual terms;
 - v. Ensure due diligence is completed in accordance with Section III.E for Contractors with whom OCERS does not have an existing contract;
 - vi. Review Contractors' certificates of insurance to verify compliance with the contracted requirements for coverage;
 - vii. Serve as the CEO's designee under the Quiet Period Policy;
 - viii. Develop (subject to the approval of the Responsible Executive and in consultation with the Legal Division) required and preferred terms and conditions to be included in OCERS contracts;
 - ix. Ensure all solicitations are reflected in the Quiet Period Report to the Board;
 - x. Coordinate and oversee the review of Contractors' performance;
 - xi. Monitor the expiration dates of all contracts to ensure either timely extension of the contract term or timely issuance of contract solicitation
 - xii. Report to the Board annually all contracts that exceed a Contract Value of \$100,000;
 - xiii. Conduct annual Procurement & Contracting Policy training for team members who have responsibility for purchasing and contracting;
 - xiv. Ensure contracts comply with the signature requirements set forth in Section IV of this policy; and
 - xv. Ensure OCERS' contract template is attached to and incorporated into all RFPs.



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5. The role of the General Counsel or their designee is to:

- i. Review contracts before execution for compliance with legal requirements and to provide an assessment of risk to the agency;
- ii. Assist the CEO, Responsible Executive, and Contract Administrator in preparing Requests for Proposals, Invitations to Bid, and other solicitations when requested;
- iii. Assist the Responsible Executive and Contract Administrator in the negotiation of contractual terms and conditions when requested; and
- iv. Assist the Contract Administrator in developing necessary and preferred terms and conditions and contract templates.

D. Definitions

1. **Contract Value:** For the purposes of the dollar thresholds in this policy, the value of a contract is the anticipated amount OCERS will be obligated to pay for one year under the contract.
2. **Contractors:** For purposes of this policy, Contractors include providers of services and vendors of goods.
3. **Executive:** The CEO, the Assistant CEOs, the Chief Investment Officer, and the General Counsel.
4. **Investment Management Agreements:** agreements of any kind that evidence and/or govern the investment of OCERS' assets in any investment class. Investment Consultant Agreements are not Investment Management Agreements.
5. **Master Services Agreement:** A contract for goods or services to be provided on an as-needed basis or which may govern future transactions with the vendor is sometimes referred to as a Master Services Agreement. Any statement of work or order made under such contracts will comply with the requirements for contracts of the same value.
6. **Named Service Providers:** The Contractors designated in section V, below.
7. **Non-Routine Items:** expenses that are not regularly purchased or budgeted on an annual basis. Contracts or purchase orders for non-routine items require:
 - i. Available funds in the approved budget, including permissible budget transfers under the Budget Approval Policy or Board approved amendments to the budget designated for the goods or services being procured; and
 - ii. Approval by the Responsible Executive for where the goods or services are to be paid from for expenditures valued at less than \$100,000; or
 - iii. Approval by the Board for expenditures valued over \$100,000. The Board may approve of the expenditure either as part of the annual budget, budget amendment, annual Strategic and Business Plan or a specific Board approval of the contract or purchase order.



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8. **Pre-Qualified Contractors:** Contractors that have been evaluated and selected by OCERS through a publicly advertised competitive search and selection process, and passed a due diligence review.
9. **Responsible Executive:** The Executive who manages the budget category for the funds being committed under the contract.
10. **Routine Items:** expenses that are regularly budgeted on an annual basis. These items include but are not limited to the following:
 - i. Office supplies, postage, furniture, office equipment, subscriptions, temporary services, professional and consulting services engaged to supplement or support staff, software and cloud services; and
 - ii. General services contracts and agreements such as hearing officers, medical panel reviewers, property management, maintenance and repair of landscaping, building, and equipment, printing, Board of Retirement elections, computer consulting, software licenses, messenger services, catering, etc.

Contracts or purchase orders for Routine Items require:

- iii. Available funds in the approved budget, including any Board approved amendments to the budget.
 - iv. Approval by the Responsible Executive
11. **Time and Material (T&M) Contracts:** agreements with Contractors where the value of the contract is variable based on the time and material costs of the Contractor. In these types of contracts, if the contract does not include a specified not-to-exceed dollar amount, the Contract Value will be limited by the available budget for the goods or services.
12. **Total Contract Value:** the sum of all Contract Values that, when the contract is entered, is anticipated to be the amount OCERS will be obligated to pay over the entire term of the contract.
13. **Unilateral Contract:** a contract that is used to pay for critical, ongoing services provided by exclusive entities that will not sign an OCERS-written contract. Unilateral Contracts are not subject to OCERS' standard procurement practices. The following are permissible Unilateral Contracts:
 - i. Utility services: electric, gas, water, telephone
 - ii. Cable/Satellite companies
 - iii. US Postal Service
 - iv. Memberships in associations formed for a purpose directly related to the primary work of OCERS
14. **Written Agreement:** a document that is a legally binding contract between OCERS and another party(s) regarding the buying and selling of goods or services. Examples include but are not limited to: a contract, sale or lease agreement, bill of sale, purchase order, or



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memorandum of understanding. Reference to a written agreement means a contract that has been reduced to writing, regardless of format or label.

II. Provisions Applicable to All Contracts

A. Contracting Philosophy

1. OCERS will consider as broad a universe of qualified Contractors as is practical and reasonable given budgetary, staffing, time, and other relevant constraints and considerations.
2. The search, selection, monitoring, and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established under the law or within other policies of OCERS, the law, and such other policies will control.
3. Consistent with Title 2, Division 6, Chapter 7 of the California Code of Regulations, §§ 18700-18720, no OCERS Board Member or staff will be directly or indirectly involved in an OCERS contracting decision if the decision will have a material financial effect on an economic interest of the Board Member, staff person, or the immediate family of the Board Member or staff person.
4. OCERS values diversity and inclusion and is committed to fostering diversity in its procurement process through outreach to small and diverse businesses. In the distribution and publication of solicitations, OCERS will endeavour to reach beyond traditional sources and list opportunities in locations that will notify a diverse audience of Contractors.
5. A Written Agreement is required when:
 - i. Services valued over \$1,000, and the delivery of services will span a duration of more than one year; or
 - ii. Goods purchased with a value greater than \$1,000
6. Contracts shall not be split to avoid approval by the Board or to bypass competitive search and selection requirements.

B. Authority for Entering Into Contracts.

1. Before entering into any contract for goods or services, OCERS must have available funds in the current year's approved budget, including any Board approved amendments to the budget, to fund the current year's expense or Contract Value.
2. Only the Responsible Executive or their designee may bind or commit OCERS for the purchase of goods or services as set forth in this policy, except in emergencies and as may be otherwise authorized by the Board.
3. An emergency is any circumstance that would interfere with OCERS' ability to meet its fiduciary obligations, threaten the health and safety of its staff, or compromise its legal rights or remedies. If a contract is needed as the result of an emergency, report of the contract will be made to the Responsible Executive or to the Board whose authorization is normally required for such contract as soon as practicable.



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4. The CEO may delegate their authority to execute documents to an Executive.
5. A Responsible Executive may delegate their authority to approve check requests, invoices and/or purchase requisitions.
6. All delegations will be documented in writing, identifying the individual to whom the authority is delegated and any dollar restriction or budget account restrictions associated therewith.
7. Contracts will be routed to the Responsible Executive for signature. The submission will include a certification by both the Contracts Administrator and the staff member who originated the contract certifying compliance of the contract with the provisions of this policy.
8. After the Responsible Executive signs the contract it will be routed for the second Executive signature when required.

C. Contract Amendments

1. Contract Amendments that increase Contract Value are permissible under the following circumstances:
 - i. The need for services could not be accurately projected and the increase does not justify rebidding
 - ii. To cover services already provided in the scope of work or additional services similar to those already provided in the scope of work set forth in the contract
 - iii. Special economic factors that justify a contract increase
 - iv. An emergency exists which does not permit rebidding
2. Contract Value may be increased up to twenty-five percent (25%) of the original Contract Value or \$100,000, whichever is less.
3. For contracts that span over multiple years, the Total Contract Value may be increased up to twenty-five percent (25%) or \$200,000 whichever is less.
4. Contract amendments have the signature requirements of the Total Contract Value for the purpose of determining signing authority.
5. A full due diligence review is not required for Contract Amendments.
6. If an amendment is determined to be in the best interest of OCERS and will exceed the limitations in sections II.C.2 and II.C.3, justification must be documented and CEO approval is required.
7. Exemptions: Amendments to Unilateral Contracts or subscriptions, cloud services, or license agreements for the purpose of increasing the number of users required to meet OCERS operational needs are not limited as prescribed in section II.C.1. However, approved budget funds must be available in the designated budget category.

D. Contract Term



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1. Contract terms will not exceed six (6) years
2. Ongoing subscriptions or licenses will be reviewed at least every six (6) years
3. The Legal department must review renewal documents.
4. Board of Retirement approval is required to extend a contract term beyond a total of six years without a new competitive search and selection process, with the exception of Unilateral Contracts

E. Performance Reviews

1. The Contract Administrator will coordinate evaluations of Contractors.
2. The performance of Named Service Providers and Contractors with Contract Values that exceed \$100,000 will be reviewed at least every three years. In addition, at least six months before the expiration of the initial term of a contract with a Named Service Provider and Contract Value over \$100,000, the continued appropriateness and cost-effectiveness of the Contractor will be assessed. For contracts with Named Service Providers, the CEO, the Board or the pertinent committee of the Board, or their designee will make the performance review and assessment. For Contract Values over \$100,000, the CEO (or his/her designee) will make the performance review and assessment.

The results of performance reviews of Named Service Providers will be summarized and reported to the Board.

III. Search and Selection Process

A. Competitive Search and Selection Process

Where a competitive search and selection process is required under this policy, the Responsible Executive will use one of the following procurement methods.

1. Invitation for Bid (IFB):
 - i. This method will be used when multiple bidders are available and willing to bid, and procurement needs can be stated in detail, with precision, or where services or products are standardized.
 - ii. The IFB process requires the evaluation of price, delivery and payment terms, and compliance with technical standards. The bid that provides the best pricing and delivery and payment terms will be selected.
 - iii. The bids may be reviewed by a minimum of three OCERS staff members to identify the bidder who provides the best value to OCERS.
2. Request for Proposal (RFP)
 - i. This method will be used where the product or service to be acquired cannot be stated with specificity (such as consulting services) or where OCERS may seek to evaluate a number of different types of professional services or products.



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- ii. The proposal that best meets OCERS' needs, with consideration for price, qualifications, and other relevant factors set forth in the RFP, will be selected.
 - iii. This method will be used in most circumstances where the Contract Value exceeds \$100,000 or Master Service Agreements.
 3. Request for Qualifications (RFQ)
 - i. A solicitation that describes the product, project, or services required and solicits qualifications from potential Contractors for purposes of evaluating those qualifications for screening, pre-qualifying, or for an award of contract.
 - ii. This method will be used where:
 - a. The available specifications or description of the product, project, or service to be acquired are not sufficiently complete without further technical evaluations and discussions between the Contractor and OCERS, or
 - b. OCERS has a business need to have one or multiple Pre-Qualified Contractors within a designated field of work (i.e. information technology support), a Master Services Agreement will be used with specific scopes of work developed on an as-needed basis. Use of a Pre-Qualified Contractor will be based on the best interest and needs of OCERS.
 4. Small Purchase Procedure
 - i. Where the Contract Value is at least \$1,000 but less than \$50,000, the selection of Contractors will be based on a less formal competitive process resulting in a minimum of one written or oral quote from a qualified source. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters.
 - ii. Where the Contract Value is \$50,000 or more but less than \$100,000, the selection of Contractors will be based on a less formal competitive process resulting in a minimum of three quotes from qualified sources. Quotes can be obtained from means such as websites, email, catalogs, price lists, and letters. If three qualified sources cannot be reasonably identified, then the Responsible Executive may authorize the use of a selected vendor based on the best interest and needs of OCERS.
 5. Process for Receiving Bids in Response to an RFP, IFB and RFQ
 - i. The period for submitting bids in response to an RFP, IFB and RFQ will be at least fifteen (15) days from the date the RFP, IFB or RFQ is issued. All RFPs, IFBs and RFQs will be issued on OCERS' bidding system. A link to the bidding system will be posted on OCERS' website and notification may be given to entities that OCERS identifies as likely to be interested.
 - ii. The Contract Administrator or their designee will answer questions from any bidder or potential bidder, and all answers provided to any bidder will be made available to all bidders through OCERS' bidding system.
 - iii. Best efforts will be made to have at least three OCERS personnel review the bids and recommend finalists. Best efforts will be made to include at least one representative



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from a department other than the one that has authority over the contract. In the case where external expertise is used to review the bids, at least one reviewer must be an OCERS employee.

6. Request for Information (RFI)

- i. A solicitation used when OCERS does not intend to award a contract, but needs to obtain price, delivery, other market information, or capabilities for planning purposes. Responses to RFI notices are not offers and cannot be accepted by OCERS to form a binding contract.
- ii. An RFI may precede an RFP or RFQ. The RFI is a way to find interested vendors and service providers and is generally in the format of a business letter, clearly identifying the needs or services OCERS desires to obtain. An RFI could contain some of the following:
 - 1. Description of the goods or services being requested, and if applicable, the target population to be served;
 - 2. Term of a potential contract;
 - 3. Deadline for submitting a response to the RFI;
 - 4. Contact information for responding to the RFI Letter;

7. Exceptions

- i. In cases where an RFP, IFB or RFQ is required, but the Responsible Executive deems the defined search and selection process will not be of benefit, the Responsible Executive or designee will provide a report to the CEO, detailing the reasons why the required search and selection process is not beneficial along with a description of an alternative search and selection process that does not restrict open and fair competition to be used.
- ii. The CEO must approve the alternative search and selection process prior to selecting a Contractor.
- iii. In cases where OCERS has purchased equipment, software and operating systems for its use in compliance with this policy, procurement of the continuing maintenance, and upgrades of the software and operating systems from the developer, manufacturer or authorized reseller does not require a separate competitive procurement

B. Contracted Suppliers

Where a Contractor has been selected by OCERS pursuant to a competitive search and selection process or by the County of Orange or other governmental agency pursuant to a competitive search and selection process, the Contractor may be used as a Contracted Supplier under certain circumstances as set forth in this policy. Such Contracted Suppliers may include, by way of example, retail sellers of off-the-shelf office supplies contracted by the County of Orange or directly by OCERS.

C. Sole Source

A sole source approach may be permitted under the following circumstances:



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1. In cases where a competitive search and selection process will not likely yield a viable alternative to a known service provider; or
2. Where legal services are urgently needed, a competitive search and selection process will not be timely, and a known Contractor exists.

A written report describing the unique characteristics of the situation, the known Contractor, whether OCERS has contracted with this Contractor within the last five years, sound justification for a sole source approach and explanation of how prices or fees compare to the general market for comparable services or supplies will be provided to the Contract Administrator and the Executive who will either approve or deny the request to use a sole source approach in writing

Executives who wish to use a sole source approach will provide the report to the Contract Administrator and the CEO, who will either approve or deny the request. When the CEO is the Responsible Executive, the report will be provided to the Contract Administrator, the Board Chair and Vice-Chair who will either approve or deny the request to use a sole source approach. All sole source contracts (whether approved by the CEO or the Board Chair and Vice-Chair and regardless of Contract Value) will be reported to the Board at its next regular meeting. Sole Source contracts with a Contract Value of \$100,000 or more require Board approval.

D. Technology Purchases and Leases

1. Include any information technology-related hardware, software, licenses, subscriptions, services, and/or consulting;
2. Must be initiated and processed with the full knowledge, direction, and approval of OCERS' Director of Information Technology, regardless of cost, to ensure compatibility with OCERS' current technology environment, and
3. Require an information security due diligence review that includes a review of the Contractor's service and organizational controls (i.e. SOC-2 report), if applicable, as well as a review and analysis of whether the purchase complies with OCERS' information security policies and controls. Information security due diligence will be completed by the Director of Information Security or their designee.

E. Exclusions

Notwithstanding any other provision in this policy, Contractor back-fill or temporary help for staff augmentation does not require Board approval or compliance with this policy as long as budgetary amounts are available for individual temporary help or contractor positions.

F. Due Diligence

1. Before awarding a contract, the Contract Administrator will conduct due diligence of any bidder selected to ensure that the bidder:
 - i. Meets all minimum qualifications set forth in the solicitation document; and
 - ii. Meets all other standards which, in the exercise of sound business judgment, are required of the Contractor.



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Procurement and Contracting

2. If a selected bidder is disqualified as a result of the due diligence process, the reason for the disqualification will be documented and forwarded to the Responsible Executive for confirmation.
3. For certain critical Information Technology Contractors, SOC2 reports will be requested during the due diligence process. These reports will then be requested from the Contractor annually to ensure proper Information Technology and security controls are in place.

IV. Contract Guidelines Summary

Estimated Contract Value ¹ or Type of Contractor	Approver	Signatory	Procurement Requirements ^{2*}
Named Service Provider	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	IFB or RFP
Sole Source > \$100,00	Board of Retirement or represented committee	CEO (or CIO on Investment-related contracts) +1 Executive	Sole Source
\$100,000 or More	CEO	CEO (or CIO on Investment-related contracts) +1 Executive	IFB, RFP, RFQ or Contracted Supplier
\$1,000 to \$99,999	Responsible Executive	Responsible Executive + 1 Executive, Director or Manager	IFB, RFP, RFQ, Small Purchase Procedure, or Contracted Supplier
Under \$1,000	Responsible Executive or designee	Responsible Executive or designee	Small Purchase Procedure, Contracted Supplier

¹ Refers to the value of the contract or the value of a new statement of work or new order under an existing contract.

² See section III.C for Sole Source requirements



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Procurement and Contracting

V. Contracts with Named Service Providers

Contracts with Named Service Providers will comply with the requirements of this section.

A. Designation of Named Service Providers

The following service providers are designated as Named Service Providers:

1. Consulting actuary;
2. Actuarial auditor;
3. General investment consultant;
4. Alternative investments consultant;
5. Fiduciary counsel;
6. Custodial Bank;
7. Financial auditor; and
8. Any additional consultant not named above but which the Board may, from time to time, designate.

B. Search and Selection Process

1. At least six months before the expiration of the final extension of a contract with a Named Service Provider, or upon direction of the Board following the review of the performance of the Named Service Provider, the CEO will conduct a competitive search and selection process for a Named Service Provider.
2. Prior to conducting a search for a Named Service Provider, the CEO or his designee will present a written summary to the Board or representative Committee, which will include:
 - i. The type of service provider being sought and the supporting rationale;
 - ii. The objectives and selection criteria to be met and their relative importance;
 - iii. An estimated timeline for completion of the search process; and
 - iv. A description of the search methodology that is deemed most appropriate and cost effective in the particular circumstances, and that addresses such issues as:
 - a. What method of competitive search and selection process will be used;
 - b. Whether a consultant is to be used to assist with the search process;
 - c. The due diligence efforts to be undertaken, including such efforts as site visits, and reference checks;
 - d. Such other information that the CEO believes may assist the Board in better understanding the search process.
3. The CEO will provide the Board (or a designated committee of the Board) with periodic reports on the status of all search processes involving Named Service Providers.



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4. Upon completion of the analysis and due diligence involved in a search process for a Named Service Provider, the CEO will provide the Board (or a designated committee of the Board) with a written report containing, at a minimum:
 - i. A description of the due diligence activities undertaken;
 - i. The recommended finalist(s) and analysis of the recommendation;
 - ii. Confirmation of compliance with the objectives, selection criteria and search methodology presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred;
 - iii. A description of performance expectations and the proper time horizon for evaluation of results;
 - iv. A bid (pricing) summary with annotations regarding differentiating features; and
 - v. A description of the expected performance monitoring and reporting efforts to be carried out with respect to the Named Service Provider throughout the term of the contract, including the reporting to be provided to the Board.
5. The Board (or a designated committee of the Board) will interview the candidate or candidates recommended for appointment as a Named Service Provider. If a committee reviews the candidates, the committee will recommend to the Board the appointment of the Named Service Provider. If the Board interviews the candidates, the Board itself will decide on the appointment.
6. Upon selection of the candidate, the CEO (or their designee) will negotiate a final contract with the selected Named Service Provider, consistent with the terms of the contract solicitation, this policy, and any other direction from the Board. If, at any time during the negotiations, the CEO determines that there is an impasse in negotiations, they may recommend to the Board that the Board select an alternate bidder for the Named Service Provider.

C. Approval and Execution

Upon completion of negotiations with a Named Service Provider, the CEO or their designee will inform the Board of the general contract terms and conditions that have been negotiated. Contracts with Named Service Providers must be executed by the CEO and one other Executive.

D. Reports

1. The CEO will report promptly to the Board any failures by a Named Service Provider to comply with the terms of their contract.
2. At least annually, the CEO will provide the Board a schedule of the contracts with Named Service Providers due for renewal and those whose terms will expire in the coming year.
3. The CEO will report regularly and in a timely fashion to the Board on all monitoring efforts involving Named Services Providers, identifying any material issues and actions taken in response.



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Procurement and Contracting

VI. Contracts with Contract Value of \$100,000 or More

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value exceeds \$100,000 will comply with the requirements of this section.

A. Review and Renewal

1. At least six months before the expiration of the term of a contract with a Contract Value over \$100,000, the CEO (or their designee) will assess the continued appropriateness and cost-effectiveness of the Contractor in question.
2. Upon recommendation of the Responsible Executive (or their designee), the CEO will: 1) extend the term of the contract up to the maximum total term of six years; 2) direct the Responsible Executive (or their designee) to conduct a new search and selection process; or 3) determine that the goods or services are no longer necessary.

B. Search and Selection Process

1. Contracts for goods or services for which the Contract Value exceeds \$100,000, require a competitive search and selection process (See Section IV for procurement requirements).
2. Upon completion of a competitive search and selection process, a written report will be provided to the CEO or their designee and will include at a minimum:
 - i. Purpose and need for the goods or services being procured;
 - ii. A description of the procurement process and due diligence activities undertaken; and
 - iii. The recommended finalist and analysis concerning the candidates.
3. Upon the CEO's, or their designee's approval of the candidate, the Responsible Executive (or their designee) will negotiate a final contract, consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, they may recommend to the CEO that the CEO select an alternate candidate.

C. Approval and Execution

1. Contracts for goods or services with a Contract Value that exceeds \$100,000 must be executed by the CEO and one other Executive.
2. For contracts relating to Routine and Non-Routine Items, Board authorization of the expenditure may be acquired through either the budgeting process or the annual Strategic and Business Plan.

VII. Contracts with Contract Value Between \$1,000-\$99,999.99

Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value that is at least \$1,000 but less than \$100,000 will comply with the requirements of this section.

A. Search and Selection Process



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1. Contracts for goods or services, excluding contracts with Named Service Providers, with a Contract Value of at least \$1,000 but less than \$100,000, the Executive Responsible will require a competitive search and selection process. (See Section IV for procurement requirements).
2. Upon selection of the candidate, the Responsible Executive (or their designee) will negotiate a final contract consistent with the terms of the contract solicitation, this policy, and direction from the CEO. If, at any time during the negotiations, the Responsible Executive determines that there is an impasse in negotiations, they may select an alternate candidate.

B. Approval and Execution

1. Upon completion of negotiations, the Responsible Executive will approve the contract.
2. Any contract under this provision must be executed by at least two Executives.

VIII. Contracts with Contract Value Less than \$1,000

Contracts for goods or services, excluding contracts with Named Service Providers, for which the Contract Value is less than \$1,000 will comply with the requirements of this section.

A. Search and Selection Process

The Responsible Executive may enter into a contract with any qualified Contractor that the Responsible Executive determines is in the best interest of OCERS. Alternatively, the Responsible Executive may choose to use a competitive search and selection process if they determine it is in the best interest of OCERS.

Policy Review and History

- A. The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- B. The Board adopted this policy on Monday, April 17, 2023.
- C. This policy was revised May 19, 2008, March 22, 2010, May 20, 2013, January 20, 2015, October 15, 2018, November 2021, April 2023, 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:



OCERS Board Policy

Records Management Policy

Authority and Purpose

The OCERS Board of Retirement (Board) has the authority to establish efficient records management procedures and to provide for the maintenance and disposal of records within its jurisdiction (Gov. Code § 31537). In addition, OCERS has leveraged the guidelines for local government record retention provided by the California Secretary of State in drafting this policy.

This Records Management Policy establishes timeframes for the retention and destruction of OCERS' records in a manner compliant with binding statutes and regulations. This policy recognizes that effective records management ensures that records are kept only as long as they have administrative, fiscal, or legal value. The Policy includes an up-to-date record retention schedule to ensure that OCERS' obsolete records are properly and timely destroyed and to enable efficient responses to public record requests. Retaining expired records is costly and makes it more difficult to find the records needed for OCERS business.

Policy Objectives

The objectives of the policy are to ensure that:

- OCERS maintains its records for the time period necessary to fulfill its function;
- OCERS properly disposes of records once the retention period has passed; and
- OCERS' staff is informed of the requisite retention periods for agency records.

Definitions

For purposes of this policy, the following definitions apply:

1. **Records** – Documents and files created, received, owned, or used by OCERS, regardless of physical form or how the record has been stored. For records created by OCERS, this policy only applies to records in their final form, that is, records that have been finalized or approved for the OCERS' activity related to the record's content. Material kept only for convenience or reference is not generally subject to a specific retention schedule. For example:
 - Informal notes, working papers, and calculations.
 - Library and reference material.
 - Rough drafts.
2. **Records Retention Schedule or Retention Schedule** – The table below designates the period each record must be retained before disposal. The Records are listed by Division and document category.
3. **Retention Period** – The length of time a record must be retained to fulfill its administrative, fiscal, or legal function. The required retention period is listed in the Retention Schedule.



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Records Management Policy

4. **Drafts** – Drafts consist of works in progress, preliminary drafts, and copies of notes that have either not been finalized or approved. Preliminary drafts and notes are to be disposed of once the document or file they apply to has been finalized. The Retention Schedule does not apply to draft documents and files. It is OCERS' policy that such preliminary drafts and notes are not to be retained.

Retention and Disposition of Records

The Board's policy is that records should be retained only as long as they serve the administrative, legal, or fiscal purposes for which they were created, after which they should be disposed of as soon as practicable and in a secure manner.

Records have administrative value when they are created to help accomplish the functions for which OCERS is responsible and have administrative value only as long as they assist OCERS in performing current or future work. Their administrative use is exhausted when the transactions to which the records relate are complete.

Records have legal value when they contain evidence of OCERS' legally enforceable rights or obligations. Examples are records that provide the basis for action, such as legal recommendations and opinions; documents representing transactions and agreements, such as leases, titles, and contracts; and records evidencing action in particular cases, such as claim forms, filings, and pleadings.

Fiscal records pertain to OCERS' financial transactions, for example, budgets, ledgers, financial statements, and payrolls. After some fiscal records have served their function, additional retention may be necessary to protect OCERS against court action, to support audits, or to comply with IRS rules.

Proper disposal of outdated records also protects any confidential information included in the records. Additionally, if records were never destroyed, the agency's file cabinets and computer networks would fill up with obsolete records that are no longer useful or necessary to the conduct of OCERS' business. The volume of such records would make it more and more challenging to search for and find records that are still valuable and necessary to OCERS' operations or responsive to discovery and public record requests.

The Retention Schedule specifies the time period that at least one version of a designated record must be retained. For example, paper records may be disposed of at any time after they are saved in a digital format or transferred to an electronic recordkeeping system. Once the retention period has passed, all record copies should be disposed of as soon as practicable or, at the latest, by the end of that calendar year. Copies of the record should be disposed of regardless of format or location, i.e., paper and digital versions, located on- or off-site. Records will be disposed of as follows:



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- All paper records will be destroyed by placing them in the secure shredding bins located in the OCERS' office.
- All electronic records will be purged from OCERS' systems manually by the user or automatically by the system configured to automatically purge or delete the records per the established retention period.

Electronic Mail

Unless otherwise required by law, a litigation hold, or Board Policy, email communications will not be retained for more than two years. OCERS' email database will archive all emails older than one year and then automatically delete emails older than two years.

Exceptions to the Retention Schedule

CEO Approval

The Chief Executive Officer ("CEO") may authorize the retention of a record beyond the period shown on the Retention Schedule by designating it as an archival record and providing a revised disposal date. Requests to exceed the time periods in the Retention Schedule must be approved in writing by the CEO or their designee.

Litigation Holds

Whenever a division within OCERS learns that litigation against OCERS is reasonably anticipated, threatened, or pending, the division must notify the Legal Division. The Legal Division will analyze the potential for litigation and, as needed, issue a litigation hold letter to the appropriate parties.

OCERS' staff must comply with the directives of the Legal Division for the retention of records pursuant to a litigation hold letter, even if those directives require the retention of a record beyond the period stated in the Retention Schedule.

Compliance

It is the responsibility of the Director of each Department (or Senior Executive where there is no Director within the applicable Division) to:

- ensure this policy is communicated to every team member in the Department/Division;
- ensure the Department/Division is initially brought into full compliance with this policy;
- institute a periodic reminder system and process for ensuring the Department/Division remains in full compliance with this policy;
- require each team member in the Department/Division to certify to the Director on an annual basis that the Department/Division is in full compliance with this policy; and
- review the record categories listed in the Retention Schedule on at least an annual basis to confirm that the record categories continue to be accurate and reflective of the types of



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records maintained by the related Department/Division and promptly inform the Legal Division if any modifications are necessary.

Record Retention Schedule

Board of Retirement

Record Category	Description/Citations	Retention Period
Board Meeting agendas, materials, and minutes	Materials for any meeting of the Board or Board Committee.	Permanent
Digital Recordings of Board Meetings	Gov. Code § 54953.5(b) allows for destruction of recordings 30 days after the recording is made. However, the board voted on October 21, 2013 to change the retention period to permanent.	Permanent
Board Policies and Charters		Permanent
Board Resolutions		Permanent
Employer Sponsor Agreements and MOUs		Permanent
Board of Supervisors Resolutions		Permanent
Actuarial Reports		Permanent

Executive Division

Record Category	Description/Citations	Retention Period
OCERS' Business Plan	Combined with the Strategic Plan as of 2024	Active + 5 years
OCERS' Strategic Plan	Combined with Business Plan as of 2024	Active + 5 years
OCER' Strategic and Business Plan		Active + 5 years
Executive Charters		Permanent
Evolution of the UAAL		Permanent
Annual Employer Report		Permanent



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Investments

Record Category	Description/Citations	Retention Period
Capital Call Letters/Wire Transfers	Redundant with Finance Dept and State Street	Active + 5 years
Investment Performance Reports		7 years
Investment Manager, Custodian, and Consultant Correspondence; Portfolio Reviews	Correspondence includes work paper, pacing studies from Investment Consultants and Investment Manager Search Materials from Consultants	7 years
Form ADV	Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Adviser	7 years
Investment Manager Contracts	Including separately managed accounts, limited partnerships, mutual funds, and collective trust funds.	Active + 7 years

Human Resources

Record Category	Description/Citations	Retention Period
Employee Personnel Files	Including, e.g., performance evaluations, disciplinary actions and family leave records. Civil Rights Act of 1964 (Title VII) Americans with Disabilities Act (ADA) GINA, FMLA 29 CFR §§ 1602.14, 1627.3 Cal Labor Code § 1198.5, CCP §337	Termination + 7 years "Termination" refers to date employee is no longer employed by OCERS for any reason.
Payroll Records	Including time keeping records and wage attachment or garnishment records Cal Labor Code § 1174, CCP §337 29 CFR §§ 1602.31, 1620.33(b), 1627.3	Termination + 7 years



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Record Category	Description/Citations	Retention Period
Recruitment Process Records	Including job postings, résumés, applications, background checks, and any scored components. Age Discrimination in Employment Act (ADEA) ADA Title VII	Termination + 7 years For non-hires: 3 years from no-hire decision.
Form I-9	8 CFR § 274a.2	Later of date of hire + 3 years or Termination + 1 year
Employment Benefits	Including plan descriptions, reports, and amendments. Employee Retirement Income Security Act (ERISA)	Active + 6 years
OSHA and CAL/OSHA Forms and Records	Occupational Safety and Health Administration (OSHA), e.g., 29 CFR §§1904.2, 1904.33. CAL/OSHA: Cal Labor Code § 6300, 8 CCR 14300.33	5 years
Disability Records and Employee Medical Files	ADA, GINA, FMLA	Termination + 7 year
Workers' Comp Records		Termination + 7 years

Operational Support Services

Record Category	Description/Citations	Retention Period
Contracts and Agreements (including OCERS' RFP and the successful bidder's RFP Response), and related due diligence documentation	Agency-wide contracts other than those for investment managers and for the purchase of real estate. E.g., hardware and software licenses and agreements, medical provider contracts, professional services agreements, etc. CCP §337	Active + 4 years
Unfilled RFPs and RFP Responses of unsuccessful bidders		4 years
Real Estate Contracts	Contracts for the purchase of real property.	Duration of ownership + 10 years
Insurance Policies		Active + 7 years



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Finance

Record Category	Description/Citations	Retention Period
Accounts Payable Ledgers and Schedules, including Vendor Files, Invoices from Vendors, Employee/Board Member Expense Reports and 1099s		7 years
Accounts Receivable Ledgers and Schedules, including invoices to customers, employees, employers, and members		7 years
Actuarial Reports Accounting Support	Consists of accounting schedules provided to Actuary in support of preparing the valuation, including financial statements, reserve schedule, contributions and benefit payments by rate group, and covered payroll. Guidelines for retention of Final Actuarial Report can be found under Board section of the Retention Schedule.	7 years
Agency Administrative Budget, including department budget templates, presentation materials, and other supporting documentation	Final budget will be included in retention guidelines for Board materials under the Board section of the Retention Schedule.	5 years
Audited Financial Statements/Annual Report		Permanent
Bank Statements/Reconciliations, Cancelled Checks, and Deposit Slips		7 years
Cash Disbursements Journal		Permanent
Cash Receipts Journal		Permanent
Chart of Accounts		Permanent
Contribution Accounting Records for EE & ER Retirement Contributions	Finance is responsible for the accounting activity of EE & ER contributions, but retention of permanent and other EE/ER records (transmittals, contribution rates, etc.) is maintained in the Pension Administration Software and the responsibility of Member Services.	7 years
Fixed Assets and Depreciation Schedules	26 USC §168(e) (IRS depreciation rules)	Permanent



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General Ledger and General Journal		Permanent
Investment Accounting Records, including Highlights and Notes Reconciliations, Health Care Trust & Custodial Statements, and Capital Call/Commitment Schedule	Capital call, data, and attachments processed through State Street Bank's eCFM platform are available from State Street for 7 years.	7 years
OCERS Employees Payroll Accounting Records, including Payroll Summaries and Journal Entries	Finance is responsible for recording journal entries for payroll activity, but retention of OCERS employee records (timesheets, PAN forms, etc.) is the responsibility of Human Resources.	7 years
Other Financial Reports	Records not specifically listed (e.g., annual State Controller's Report, annual census report, and other miscellaneous documents) will follow a default 7 year retention consistent with retention period of most other accounting records.	7 years
Retirement Payroll Accounting Records, including Reconciliations and Payroll Tax Records	Finance is responsible for the accounting activity of Retiree Payroll, but retention of permanent and other member/retiree records (FAS calculations, deposit forms, EFT/Check copies, etc.) is maintained in the Pension Administration Software System and is the responsibility of Member Services.	7 years

Member Services

Record Category	Description/Citations	Retention Period
Member File	<p>The Member account in the pension administration system application.</p> <p>Including:</p> <ul style="list-style-type: none"> • 1099's • Support Orders and Tax Levies • Dissolution documents • Member identification documents • Death Certificates • Transaction requests <p>CCP §§ 704.110, 706.031; 26 USC §§ 6322, 6333; ERISA §§ 107, 209; Gov. Code § 31532</p> <p>CCP § 338</p>	Permanent



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Record Category	Description/Citations	Retention Period
Member Services Actuarial Reports	Including member specific documents provided by actuaries regarding 415 calculations or option 4 calculations.	Permanent
Employer Records	Including microfiche and payroll records ERISA §§ 107, 209; CCP § 338; Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77; Gov. Code § 31532	Permanent

Disability

Record Category	Description/Citations	Retention Period
Disability Files	<p>Disability Files consist of all records relating to a member's disability application, including:</p> <ul style="list-style-type: none"> Disability application packet Medical records and reports Workers' Compensation file documents Investigator Reports Employer File documents Correspondence regarding the disability application <p>ERISA §§107, 209</p>	<p>Active + 6 years*</p> <p>Disability files are considered "Active" until all administrative proceedings have concluded and the Board has made a final decision.</p> <p>* Certain Disability File records are scanned into the pension administration system and retained permanently in the member file, including:</p> <ul style="list-style-type: none"> Disability Application Employee and Employer statements Employer accommodation document Physician's statement of disability Attorney designation form Workers' Compensation statement Supervisor's statement IME reports Disability correspondence between OCERS and member, including earlier effective date requests Board release



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Legal

Record Category	Description/Citations	Retention Period
Administrative Record and related filings for hearings, appeals, and writs of both member and non-member actions	Cases are considered “Active” until all writs and appeals have been fully adjudicated.	Active + 5 years
Securities Litigation Reports from Outside Counsel		4 years
Log of California Public Records Requests and Responses		4 years

Compliance

Record Category	Description/Citations	Retention Period
Compliance Program Documents	Foundational documents that outline the purpose, scope, goals, roles, and responsibilities of Compliance Program elements.	Active + 7 years
Ethics & Fraud Hotline Case Reports	Including reports received from NAVEX, interview & investigation reports, supporting documentation, communication records, and documents received from external sources.	7 years
Compliance Risk Assessment Reports	Including reports detailing operational risk, evaluation of risks related to non-compliance with laws, rules, regulations, internal policies, and procedures.	7 years
Compliance Control Monitoring Documents	Including reports of control monitoring activities, department attestations, and management reports.	7 years
Compliance Performance Reports	Includes key metrics measuring program effectiveness, e.g., Ethics & Fraud Hotline case disposition, training activity, and summarized risk assessment and control monitoring results.	7 years
Compliance Communication & Training Records	Including records of compliance related communication, awareness campaign material, training material, distribution schedules, and completion tracking reports.	5 years
Other Compliance Reports	Including process due diligence reviews conducted in response to external events.	3 years



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Internal Audit

Record Category	Description/Citations	Retention Period
Audit Reports and Work Papers	PCAOB – Auditing Standard No. 3. Securities and Exchange Commission, RIN 3235-AI74, Retention of Records Relevant to Audits and Reviews.	7 years

Information Technology

Record Category	Description/Citations	Retention Period
IT Asset Inventory		Life of Asset
Agency Reports generated by IT		1 year
IT Programming/Operations Requests		1 year
Hardware and Software Reference Material and User Guides	To include design specification documents	Active
IT Audit and Assessment Reports		7 years
Hardware and Software Serial Numbers and Activation Keys		Life of Product
IT Project Documentation		Project life + 1 year
Server Data Backups		1 year

Information Security

Record Category	Description/Citations	Retention Period
Information Security Advisory and Audit Committee Material		3 years
IS Audit and Assessment Reports		7 years
Information Security Event Notifications		1 year
Security Incident Reports	Including supporting documentation	5 years
System Summary Reports	E.g., email security, and Rapid 7	3 years



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Record Category	Description/Citations	Retention Period
Business Continuity Program Documentation	Including meeting materials, recovery documents, plan documents, and summary reports.	5 years

Policy Review

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

Policy History

This policy was adopted by the Board on November 15, 2021, and revised on December 9, 2024, [and \[date\]](#). It replaced the Record Retention Policy and Guidelines adopted by the Board on October 23, 2003.

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

12/9/2024

Date



OCERS Board Policy Records Management Policy



OCERS Board Policy

Records Management Policy

Authority and Purpose

The OCERS Board of Retirement (Board) has the authority to establish efficient records management procedures and to provide for the maintenance and disposal of records within its jurisdiction (Gov. Code § 31537). In addition, OCERS has leveraged the guidelines for local government record retention provided by the California Secretary of State in drafting this policy.

This Records Management Policy establishes timeframes for the retention and destruction of OCERS' records in a manner compliant with binding statutes and regulations. This policy recognizes that effective records management ensures that records are kept only as long as they have administrative, fiscal, or legal value. The Policy includes an up-to-date record retention schedule to ensure that OCERS' obsolete records are properly and timely destroyed and to enable efficient responses to public record requests. Retaining expired records is costly and makes it more difficult to find the records needed for OCERS business.

Policy Objectives

The objectives of the policy are to ensure that:

- OCERS maintains its records for the time period necessary to fulfill its function;
- OCERS properly disposes of records once the retention period has passed; and
- OCERS' staff is informed of the requisite retention periods for agency records.

Definitions

For purposes of this policy, the following definitions apply:

1. **Records** – Documents and files created, received, owned, or used by OCERS, regardless of physical form or how the record has been stored. For records created by OCERS, this policy only applies to records in their final form, that is, records that have been finalized or approved for the OCERS' activity related to the record's content. Material kept only for convenience or reference is not generally subject to a specific retention schedule. For example:
 - Informal notes, working papers, and calculations.
 - Library and reference material.
 - Rough drafts.
2. **Records Retention Schedule or Retention Schedule** – The table below designates the period each record must be retained before disposal. The Records are listed by Division and document category.
3. **Retention Period** – The length of time a record must be retained to fulfill its administrative, fiscal, or legal function. The required retention period is listed in the Retention Schedule.
4. **Drafts** – Drafts consist of works in progress, preliminary drafts, and copies of notes that have either not been finalized or approved. Preliminary drafts and notes are to be disposed of once the document or file they apply to has been finalized. The Retention Schedule does not apply to draft documents and files. It is OCERS' policy that such preliminary drafts and notes are not to be retained.



OCERS Board Policy

Records Management Policy

Retention and Disposition of Records

The Board's policy is that records should be retained only as long as they serve the administrative, legal, or fiscal purposes for which they were created, after which they should be disposed of as soon as practicable and in a secure manner.

Records have administrative value when they are created to help accomplish the functions for which OCERS is responsible and have administrative value only as long as they assist OCERS in performing current or future work. Their administrative use is exhausted when the transactions to which the records relate are complete.

Records have legal value when they contain evidence of OCERS' legally enforceable rights or obligations. Examples are records that provide the basis for action, such as legal recommendations and opinions; documents representing transactions and agreements, such as leases, titles, and contracts; and records evidencing action in particular cases, such as claim forms, filings, and pleadings.

Fiscal records pertain to OCERS' financial transactions, for example, budgets, ledgers, financial statements, and payrolls. After some fiscal records have served their function, additional retention may be necessary to protect OCERS against court action, to support audits, or to comply with IRS rules.

Proper disposal of outdated records also protects any confidential information included in the records. Additionally, if records were never destroyed, the agency's file cabinets and computer networks would fill up with obsolete records that are no longer useful or necessary to the conduct of OCERS' business. The volume of such records would make it more and more challenging to search for and find records that are still valuable and necessary to OCERS' operations or responsive to discovery and public record requests.

The Retention Schedule specifies the time period that at least one version of a designated record must be retained. For example, paper records may be disposed of at any time after they are saved in a digital format or transferred to an electronic recordkeeping system. Once the retention period has passed, all record copies should be disposed of as soon as practicable or, at the latest, by the end of that calendar year. Copies of the record should be disposed of regardless of format or location, i.e., paper and digital versions, located on- or off-site. Records will be disposed of as follows:

- All paper records will be destroyed by placing them in the secure shredding bins located in the OCERS' office.
- All electronic records will be purged from OCERS' systems manually by the user or automatically by the system configured to automatically purge or delete the records per the established retention period.

Electronic Mail

Unless otherwise required by law, a litigation hold, or Board Policy, email communications will not be retained for more than two years. OCERS' email database will archive all emails older than one year and then automatically delete emails older than two years.

Exceptions to the Retention Schedule



OCERS Board Policy Records Management Policy

CEO Approval

The Chief Executive Officer ("CEO") may authorize the retention of a record beyond the period shown on the Retention Schedule by designating it as an archival record and providing a revised disposal date. Requests to exceed the time periods in the Retention Schedule must be approved in writing by the CEO or their designee.

Litigation Holds

Whenever a division within OCERS learns that litigation against OCERS is reasonably anticipated, threatened, or pending, the division must notify the Legal Division. The Legal Division will analyze the potential for litigation and, as needed, issue a litigation hold letter to the appropriate parties. **OCERS' staff must comply with the directives of the Legal Division for the retention of records pursuant to a litigation hold letter, even if those directives require the retention of a record beyond the period stated in the Retention Schedule.**

Compliance

It is the responsibility of the Director of each Department (or Senior Executive where there is no Director within the applicable Division) to:

- ensure this policy is communicated to every team member in the Department/Division;
- ensure the Department/Division is initially brought into full compliance with this policy;
- institute a periodic reminder system and process for ensuring the Department/Division remains in full compliance with this policy;
- require each team member in the Department/Division to certify to the Director on an annual basis that the Department/Division is in full compliance with this policy; and
- review the record categories listed in the Retention Schedule on at least an annual basis to confirm that the record categories continue to be accurate and reflective of the types of records maintained by the related Department/Division and promptly inform the Legal Division if any modifications are necessary.



OCERS Board Policy

Records Management Policy

Record Retention Schedule

Board of Retirement

Record Category	Description/Citations	Retention Period
Board Meeting agendas, materials, and minutes	Materials for any meeting of the Board or Board Committee.	Permanent
Digital Recordings of Board Meetings	Gov. Code § 54953.5(b) allows for destruction of recordings 30 days after the recording is made. However, the board voted on October 21, 2013 to change the retention period to permanent.	Permanent
Board Policies and Charters		Permanent
Board Resolutions		Permanent
Employer Sponsor Agreements and MOUs		Permanent
Board of Supervisors Resolutions		Permanent
Actuarial Reports		Permanent

Compliance

Record Category	Description/Citations	Retention Period
Compliance Program Documents	Foundational documents that outline the purpose, scope, goals, roles, and responsibilities of Compliance Program elements.	Active + 7 years
Ethics & Fraud Hotline Case Reports	Including reports received from NAVEX, interview & investigation reports, supporting documentation, communication records, and documents received from external sources.	7 years
Compliance Risk Assessment Reports	Including reports detailing operational risk, evaluation of risks related to non-compliance with laws, rules, regulations, internal policies, and procedures.	7 years
Compliance Control Monitoring Documents	Including reports of control monitoring activities, department attestations, and management reports.	7 years
Compliance Performance Reports	Includes key metrics measuring program effectiveness, e.g., Ethics & Fraud Hotline case disposition, training activity, and summarized risk assessment and control monitoring results.	7 years
Compliance Communication & Training Records	Including records of compliance related communication, awareness campaign material, training material, distribution schedules, and completion tracking reports.	5 years



OCERS Board Policy

Records Management Policy

Record Category	Description/Citations	Retention Period
Other Compliance Reports	Including process due diligence reviews conducted in response to external events.	3 years

Disability

Record Category	Description/Citations	Retention Period
Disability Files	<p>Disability Files consist of all records relating to a member's disability application, including:</p> <ul style="list-style-type: none"> Disability application packet Medical records and reports Workers' Compensation file documents Investigator Reports Employer File documents Correspondence regarding the disability application <p>ERISA §§107, 209</p>	<p>Active + 6 years*</p> <p>Disability files are considered "Active" until all administrative proceedings have concluded and the Board has made a final decision.</p> <p>* Certain Disability File records are scanned into the pension administration system and retained permanently in the member file, including:</p> <ul style="list-style-type: none"> Disability Application Employee and Employer statements Employer accommodation document Physician's statement of disability Attorney designation form Workers' Compensation statement Supervisor's statement IME reports Disability correspondence between OCERS and member, including earlier effective date requests Board release

Executive Division

Record Category	Description/Citations	Retention Period
OCERS' Business Plan	Combined with the Strategic Plan as of 2024	Active + 5 years
OCERS' Strategic Plan	Combined with Business Plan as of 2024	Active + 5 years
OCER' Strategic and Business Plan		Active + 5 years
Executive Charters		Permanent



OCERS Board Policy

Records Management Policy

Evolution of the UAAL		Permanent
Annual Employer Report		Permanent

Finance

Record Category	Description/Citations	Retention Period
Accounts Payable Ledgers and Schedules, including Vendor Files, Invoices from Vendors, Employee/Board Member Expense Reports and 1099s		7 years
Accounts Receivable Ledgers and Schedules, including invoices to customers, employees, employers, and members		7 years
Actuarial Reports Accounting Support	Consists of accounting schedules provided to Actuary in support of preparing the valuation, including financial statements, reserve schedule, contributions and benefit payments by rate group, and covered payroll. Guidelines for retention of Final Actuarial Report can be found under Board section of the Retention Schedule.	7 years
Agency Administrative Budget, including department budget templates, presentation materials, and other supporting documentation	Final budget will be included in retention guidelines for Board materials under the Board section of the Retention Schedule.	5 years
Audited Financial Statements/Annual Report		Permanent
Bank Statements/Reconciliations, Cancelled Checks, and Deposit Slips		7 years
Cash Disbursements Journal		Permanent
Cash Receipts Journal		Permanent
Chart of Accounts		Permanent
Contribution Accounting Records for EE & ER Retirement Contributions	Finance is responsible for the accounting activity of EE & ER contributions, but retention of permanent and other EE/ER records (transmittals, contribution rates, etc.) is maintained in the Pension Administration Software and the responsibility of Member Services.	7 years



OCERS Board Policy

Records Management Policy

Fixed Assets and Depreciation Schedules	26 USC §168(e) (IRS depreciation rules)	Permanent
General Ledger and General Journal		Permanent
Investment Accounting Records, including Highlights and Notes Reconciliations, Health Care Trust & Custodial Statements, and Capital Call/Commitment Schedule	Capital call, data, and attachments processed through State Street Bank's eCFM platform are available from State Street for 7 years.	7 years
OCERS Employees Payroll Accounting Records, including Payroll Summaries and Journal Entries	Finance is responsible for recording journal entries for payroll activity, but retention of OCERS employee records (timesheets, PAN forms, etc.) is the responsibility of Human Resources.	7 years
Other Financial Reports	Records not specifically listed (e.g., annual State Controller's Report, annual census report, and other miscellaneous documents) will follow a default 7 year retention consistent with retention period of most other accounting records.	7 years
Retirement Payroll Accounting Records, including Reconciliations and Payroll Tax Records	Finance is responsible for the accounting activity of Retiree Payroll, but retention of permanent and other member/retiree records (FAS calculations, deposit forms, EFT/Check copies, etc.) is maintained in the Pension Administration Software System and is the responsibility of Member Services.	7 years

Human Resources

Record Category	Description/Citations	Retention Period
Employee Personnel Files	Including, e.g., performance evaluations, disciplinary actions and family leave records. Civil Rights Act of 1964 (Title VII) Americans with Disabilities Act (ADA) GINA, FMLA 29 CFR §§ 1602.14, 1627.3 Cal Labor Code § 1198.5, CCP §337	Termination + 7 years "Termination" refers to date employee is no longer employed by OCERS for any reason.
Payroll Records	Including time keeping records and wage attachment or garnishment records Cal Labor Code § 1174, CCP §337 29 CFR §§ 1602.31, 1620.33(b), 1627.3	Termination + 7 years
Recruitment Process Records	Including job postings, résumés, applications, background checks, and any scored components. Age Discrimination in Employment Act (ADEA) ADA Title VII	Termination + 7 years For non-hires: 3 years from no-hire decision.



OCERS Board Policy

Records Management Policy

Record Category	Description/Citations	Retention Period
Form I-9	8 CFR § 274a.2	Later of date of hire + 3 years or Termination + 1 year
Employment Benefits	Including plan descriptions, reports, and amendments. Employee Retirement Income Security Act (ERISA)	Active + 6 years
OSHA and CAL/OSHA Forms and Records	Occupational Safety and Health Administration (OSHA), e.g., 29 CFR §§1904.2, 1904.33. CAL/OSHA: Cal Labor Code § 6300, 8 CCR 14300.33	5 years
Disability Records and Employee Medical Files	ADA, GINA, FMLA	Termination + 7 year
Workers' Comp Records		Termination + 7years

Information Security

Record Category	Description/Citations	Retention Period
Information Security Advisory and Audit Committee Material		3 years
IS Audit and Assessment Reports		7 years
Information Security Event Notifications		1 year
Security Incident Reports	Including supporting documentation	5 years
System Summary Reports	E.g., email security, and Rapid 7	3 years
Business Continuity Program Documentation	Including meeting materials, recovery documents, plan documents, and summary reports.	5 years

Information Technology

Record Category	Description/Citations	Retention Period
IT Asset Inventory		Life of Asset
Agency Reports generated by IT		1 year
IT Programming/Operations Requests		1 year
Hardware and Software Reference Material and User Guides	To include design specification documents	Active
IT Audit and Assessment Reports		7 years



OCERS Board Policy

Records Management Policy

Record Category	Description/Citations	Retention Period
IT Asset Inventory		Life of Asset
Agency Reports generated by IT		1 year
IT Programming/Operations Requests		1 year
Hardware and Software Reference Material and User Guides	To include design specification documents	Active
Hardware and Software Serial Numbers and Activation Keys		Life of Product
IT Project Documentation		Project life + 1 year
Server Data Backups		1 year

Internal Audit

Record Category	Description/Citations	Retention Period
Audit Reports and Work Papers	PCAOB – Auditing Standard No. 3. Securities and Exchange Commission, RIN 3235-AI74, Retention of Records Relevant to Audits and Reviews.	7 years

Investments

Record Category	Description/Citations	Retention Period
Capital Call Letters/Wire Transfers	Redundant with Finance Dept and State Street	Active + 5 years
Investment Performance Reports		7 years
Investment Manager, Custodian, and Consultant Correspondence; Portfolio Reviews	Correspondence includes work paper, pacing studies from Investment Consultants and Investment Manager Search Materials from Consultants	7 years
Form ADV	Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Adviser	7 years
Investment Manager Contracts	Including separately managed accounts, limited partnerships, mutual funds, and collective trust funds.	Active + 7 years



OCERS Board Policy

Records Management Policy

Legal

Record Category	Description/Citations	Retention Period
Administrative Record and related filings for hearings, appeals, and writs of both member and non-member actions	Cases are considered "Active" until all writs and appeals have been fully adjudicated.	Active + 5 years
Securities Litigation Reports from Outside Counsel		4 years
Log of California Public Records Requests and Responses		4 years

Member Services

Record Category	Description/Citations	Retention Period
Member File	<p>The Member account in the pension administration system application.</p> <p>Including:</p> <ul style="list-style-type: none"> • 1099's • Support Orders and Tax Levies • Dissolution documents • Member identification documents • Death Certificates • Transaction requests <p>CCP §§ 704.110, 706.031; 26 USC §§ 6322, 6333; ERISA §§ 107, 209; Gov. Code § 31532</p> <p>CCP § 338</p>	Permanent
Member Services Actuarial Reports	Including member specific documents provided by actuaries regarding 415 calculations or option 4 calculations.	Permanent
Employer Records	<p>Including microfiche and payroll records</p> <p>ERISA §§ 107, 209; CCP § 338; Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77; Gov. Code § 31532</p>	Permanent

Operational Support Services

Record Category	Description/Citations	Retention Period
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OCERS Board Policy

Records Management Policy

Contracts and Agreements (including OCERS' RFP and the successful bidder's RFP Response), and related due diligence documentation	Agency-wide contracts other than those for investment managers and for the purchase of real estate. E.g., hardware and software licenses and agreements, medical provider contracts, professional services agreements, etc. CCP §337	Active + 4 years
Unfilled RFPs and RFP Responses of unsuccessful bidders		4 years
Real Estate Contracts	Contracts for the purchase of real property.	Duration of ownership + 10 years
Insurance Policies		Active +7 years

Policy Review

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

Policy History

This policy was adopted by the Board on November 15, 2021, and revised on December 9, 2024, and [date]. It replaced the Record Retention Policy and Guidelines adopted by the Board on October 23, 2003.

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



OCERS Board Policy Succession Policy

Purpose

1. The OCERS Board of Retirement ("Board") established this Succession Policy to provide continuity in leadership and avoid extended and costly vacancies in key positions. While this policy provides specific steps designed to identify candidates for the Chief Executive Officer ("CEO") position that may become vacant, it also requires the establishment and maintenance of a talent and succession management program applicable to all levels of leadership. Succession planning will demonstrate to plan employers and members that OCERS is committed to the consistent delivery of excellent service.

Policy Statement

2. As part of good governance, OCERS must plan for a change – either planned or unplanned – in leadership, which is inevitable for all organizations. Succession planning is a risk mitigation strategy focused on developing and supporting a large, competent, and effective talent pool. The goal is to ensure the stability and accountability of the agency and sustain uninterrupted service levels to plan sponsors and members during periods of leadership transition. OCERS prioritizes leadership development to ensure internal candidates are strong contenders for key senior vacancies.

Policy Guidelines

Appointment of Interim CEO

3. In the event of a leave of absence (temporary or permanent) of the CEO, the Board will appoint an Interim CEO. The Interim CEO shall ensure that the organization continues to operate without disruption and that all OCERS' obligations and commitments, as defined in the CEO's charter, are addressed.
4. Within five (5) business days of a leave of absence, the Board shall appoint an Interim CEO from the recommended list of incumbent positions below or such other candidates as the Board may choose:
 - a. Assistant CEO of Finance and Internal Operations
 - b. Assistant CEO of External Operations
 - c. Chief Investment Officer ("CIO")
 - d. General Counsel
 - e. External consultant (with experience as a CEO)
5. Board members are prohibited from seeking or accepting employment as the Interim CEO or as any member of OCERS direct staff while they are serving as a Trustee and for three years after they stop serving as a Trustee unless granted express waiver by the Board.
6. The person appointed as Interim CEO shall have the full authority for decision-making and independent action as the CEO. The Board shall determine if the Interim CEO is to be given a temporary salary increase while performing the duties of the CEO position.
7. The Board Chair is responsible for monitoring the work of the Interim CEO.



OCERS Board Policy Succession Policy

8. Immediately upon transferring the responsibilities to the Interim CEO, the Board Chair will notify staff members of the delegation of authority. After the Interim CEO has assumed the role, Board members and the Interim CEO shall communicate the temporary leadership structure to key external stakeholders as soon as practicable.

Leadership Transition

9. In the event that a permanent change in CEO leadership is required, the Personnel Committee shall:
 - a. Consider the need for consulting assistance (i.e., transition management or executive search consultant) based on the circumstances of the transition.
 - b. Review OCERS' [Strategic and Business Plan](#) and conduct a brief assessment of organizational strengths, weaknesses, opportunities, and threats to identify priority issues that may need to be addressed during the transition process and to identify attributes and characteristics that are important to consider in the selection of the next CEO.
 - c. Establish a time frame and plan for the recruitment and selection process.
 - d. Refer to the CEO's Charter for a sample job description and qualifications.
10. It is the policy of the Board to develop a diverse pool of candidates and consider at least three final candidates for its permanent CEO position. OCERS shall implement a recruitment and selection process to include all qualified candidates.
11. The Board Chair/Vice-Chair shall communicate with key stakeholders regarding the actions taken by the Board in naming an interim successor and the committee's implementation of the Succession Policy provisions. OCERS shall maintain a current list of key stakeholders who must be contacted, such as plan sponsors and other entities or government agencies that should be made aware of the change in leadership.
12. The CEO may use this process as guidance for the succession of other key executives.
13. In the event that an Assistant CEO position should become vacant, the CEO shall promptly inform the Board and, working with the Personnel Committee, will initiate a process to identify a replacement for the Assistant CEO as soon as practicable.

Talent Management

14. The CEO will establish and maintain a talent management program designed to effectively manage the transition of senior leaders into executive roles, front-line leaders into senior leadership roles, and staff into leadership roles. The program will aim to source, spot, engage, develop, and retain the best talent. It will include a quarterly review and assessment of the risk of vacancy in senior leadership and the potential of current OCERS staff to become future leaders. The CEO will provide an annual report to the Board on the status of the talent management program.

Policy Review

15. The Governance Committee shall review this policy every three years, and the Board may amend it at any time.



OCERS Board Policy Succession Policy

Policy History

16. The Board adopted this policy on January 19, 2016. The policy was last revised on October 21, 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

10/21/2024

Date



OCERS Board Policy Succession Policy

Purpose

1. The OCERS Board of Retirement ("Board") established this Succession Policy to provide continuity in leadership and avoid extended and costly vacancies in key positions. While this policy provides specific steps designed to identify candidates for the Chief Executive Officer ("CEO") position that may become vacant, it also requires the establishment and maintenance of a talent and succession management program applicable to all levels of leadership. Succession planning will demonstrate to plan employers and members that OCERS is committed to the consistent delivery of excellent service.

Policy Statement

2. As part of good governance, OCERS must plan for a change – either planned or unplanned – in leadership, which is inevitable for all organizations. Succession planning is a risk mitigation strategy focused on developing and supporting a large, competent, and effective talent pool. The goal is to ensure the stability and accountability of the agency and sustain uninterrupted service levels to plan sponsors and members during periods of leadership transition. OCERS prioritizes leadership development to ensure internal candidates are strong contenders for key senior vacancies.

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4. Within five (5) business days of a leave of absence, the Board shall appoint an Interim CEO from the recommended list of incumbent positions below or such other candidates as the Board may choose:
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 - c. Chief Investment Officer ("CIO")
 - d. General Counsel
 - e. External consultant (with experience as a CEO)
5. Board members are prohibited from seeking or accepting employment as the Interim CEO or as any member of OCERS direct staff while they are serving as a Trustee and for three years after they stop serving as a Trustee unless granted express waiver by the Board.
6. The person appointed as Interim CEO shall have the full authority for decision-making and independent action as the CEO. The Board shall determine if the Interim CEO is to be given a temporary salary increase while performing the duties of the CEO position.
7. The Board Chair is responsible for monitoring the work of the Interim CEO.



OCERS Board Policy Succession Policy

8. Immediately upon transferring the responsibilities to the Interim CEO, the Board Chair will notify staff members of the delegation of authority. After the Interim CEO has assumed the role, Board members and the Interim CEO shall communicate the temporary leadership structure to key external stakeholders as soon as practicable.

Leadership Transition

9. In the event that a permanent change in CEO leadership is required, the Personnel Committee shall:
 - a. Consider the need for consulting assistance (i.e., transition management or executive search consultant) based on the circumstances of the transition.
 - b. Review OCERS' Strategic and Business Plan and conduct a brief assessment of organizational strengths, weaknesses, opportunities, and threats to identify priority issues that may need to be addressed during the transition process and to identify attributes and characteristics that are important to consider in the selection of the next CEO.
 - c. Establish a time frame and plan for the recruitment and selection process.
 - d. Refer to the CEO's Charter for a sample job description and qualifications.
10. It is the policy of the Board to develop a diverse pool of candidates and consider at least three final candidates for its permanent CEO position. OCERS shall implement a recruitment and selection process to include all qualified candidates.
11. The Board Chair/Vice-Chair shall communicate with key stakeholders regarding the actions taken by the Board in naming an interim successor and the committee's implementation of the Succession Policy provisions. OCERS shall maintain a current list of key stakeholders who must be contacted, such as plan sponsors and other entities or government agencies that should be made aware of the change in leadership.
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OCERS Board Policy Succession Policy

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Secretary's Certificate

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

Steve Delaney
Secretary of the Board

Date



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 Board Member 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;
 - 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. Current information on educational programs, conferences, and seminars is provided in the Board Member 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

Trustee Education Policy

- 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.
 - a. Trustees will endeavor to complete 24 hours of education in the remainder of the first and second calendar year after appointment. For Trustees 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, 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. 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, other pertinent legislation, and the Board's Policies and Charters; 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.
23. 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.
24. 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



OCERS Board Policy Trustee Education Policy

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

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

Policy History

26. The Board of Retirement adopted this policy on February 19, 2002.
27. 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~~ May 19, 2025, 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

5/19/2025

Date



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 [Strategic and](#) 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 Board Member 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;
 - 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. Current information on educational programs, conferences, and seminars is provided in the Board Member 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

Trustee Education Policy

- 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.
 - a. Trustees will endeavor to complete 24 hours of education in the remainder of the first and second calendar year after appointment. For Trustees 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, 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.
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OCERS Board Policy

Trustee Education Policy

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22. 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, other pertinent legislation, and the Board's Policies and Charters; 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);
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OCERS Board Policy Trustee Education Policy

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

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27. 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, May 19, 2025, 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 contained within a rectangular box.

Steve Delaney

Secretary of the Board

Date



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*;
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- h. Most recent actuarial experience study;
- i. Most recent asset/liability study;
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- 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 Charter CEO Charter

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of OCERS and is not subject to county civil service and merit system rules. This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Implement Board-approved governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (California Government Code §§54950, *et seq.*);
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board;
 - d. Sign subpoenas; and
 - e. Serve as OCERS' filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.



OCERS Board Charter CEO Charter

Investments

7. The CEO will:
 - a. Employ a Chief Investment Officer (CIO) with appropriate education and experience in institutional investing;
 - b. Carry out the duties described in this section through the CIO and other professional investment staff;
 - c. Recommend to the Investment Committee an Investment Policy Statement which will include investment objectives;
 - d. Recommend to the Investment Committee strategies for achieving OCERS' investment objectives;
 - e. Ensure the implementation of the strategies approved by the Board by establishing manager structures for each asset class, which includes among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
 - f. Ensure execution of portfolio rebalancing and portfolio transitions;
 - g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program;
 - h. Ensure all necessary investment manager due diligence is performed in accordance with the Investment Policy Statement of the Board; and
 - i. Oversee the CIO's hiring and termination of investment managers.

Benefits Administration

8. The CEO will:
 - a. Recommend to the Board, as necessary, policies to ensure effective and efficient administration of member benefits;
 - b. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
 - c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their consideration;
 - d. Maintain accurate records of member accounts;
 - e. Ensure delivery of high standards of service to members including calculations and counseling; and
 - f. Develop staff policies and procedures to ensure effective and efficient administration of member benefits.



OCERS Board Charter CEO Charter

Operations

9. The CEO will:
- a. Recommend to the Board, as appropriate, Board policies designed to help ensure effective operations;
 - b. Develop and recommend to the Board a [strategic and](#) business plan and updates to the plan as necessary;
 - c. Recommend the annual Operating Budget to the Board;
 - d. Transfer funds within a category of expenditures (i.e., Salaries and Benefits; Services and Supplies; Capital Projects) within the approved Operating Budget;
 - e. Execute contractual agreements in accordance with the Procurement and Contracting Policy and authorize payments related to the administration of OCERS, consistent with the Operating Budget and OCERS' internal controls;
 - f. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 - g. Implement internal operational control policies;
 - h. Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer OCERS;
 - i. Maintain the records of OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
 - j. Assist the Audit Committee in coordinating operational audits; and
 - k. Maintain an effective working relationship with the County, other participating employers and key stakeholders such as REAOC and member labor unions.

Finance, Actuarial and Accounting

10. The CEO will:
- a. Recommend to the Audit Committee as appropriate, financial and accounting policies;
 - b. Implement appropriate internal financial controls to safeguard the assets of the OCERS;
 - c. Assist the Audit Committee in coordinating the annual financial audit;
 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits;
 - e. Cause to be prepared an annual comprehensive financial report on the operations of OCERS for Board approval; and
 - f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code §31597.



OCERS Board Charter CEO Charter

Human Resources

11. The CEO will:
- a. Recommend human resources and compensation policies to the Board;
 - b. Assess the human resources needs of OCERS and its employees and establish and implement appropriate human resources programs, procedures and employee benefits, consistent with the human resources and compensation policies of the Board;
 - c. Hire, manage and terminate senior management, and approve all personnel decisions concerning OCERS staff; and
 - d. Implement and lead agency training, talent development and succession planning.

Legislation and Litigation

12. The CEO will:
- a. Recommend legislative proposals for approval by the Board;
 - b. Conduct and oversee the assigning, directing, and handling of litigation, claims, demands, disputes or legal proceedings involving OCERS and report material developments in these matters to the Board on a timely basis;
 - c. In consultation with legal counsel, provide recommendations to the Board concerning the initiation and settlement of litigation, including administrative appeals, involving OCERS; and
 - d. Oversee the development and implementation of plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:
- a. Ensure effective and timely communications with stakeholders on matters relating to the administration of OCERS. Such communications may include press releases, newsletters, presentations, and internet communications; and
 - b. In situations that call for an official spokesperson to speak on behalf of OCERS, jointly determine with the Chair, on an issue-by-issue basis, who will act in such capacity.

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Named Service Providers, as listed in the Board Procurement and Contracting Policy, and will provide the Board with appropriate recommendations, in accordance with the Procurement and Contracting Policy and the Investment Policy Statement of the Board.
15. The CEO may hire other service providers, consistent with the Operating Budget and the Procurement and Contracting Policy and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.



OCERS Board Charter CEO Charter

Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate, and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to OCERS and provide recommended courses of action as appropriate.
17. The CEO will:
 - a. Oversee the regular review of all policies of OCERS to ensure they are being followed and continue to meet OCERS' needs;
 - b. Oversee the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
 - c. Oversee the funded status of OCERS and all issues that may reasonably have a significant impact on such status;
 - d. Oversee the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund ;
 - e. Oversee management's response to the findings of the annual financial audit, and of any internal audits that may be performed;
 - f. Oversee employees and service providers of OCERS to ensure compliance with the OCERS policies;
 - g. Oversee the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
 - h. Oversee the activities and performance of senior management;
 - i. Oversee the collection of all payments due to OCERS and the payment of all amounts due by OCERS to ensure accuracy and timeliness;
 - j. Oversee OCERS' compliance with applicable laws and regulations; and
 - k. In conjunction with legal counsel, oversee the status of all claims, demands, disputes, and legal proceedings involving OCERS and report to the Board as appropriate.

Emergency Authority

18. In emergency situations, the CEO, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on matters not expressly stated within this charter provided that:
 - a. The action is, in the CEO's judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and



OCERS Board Charter CEO Charter

-
- b. The CEO promptly reports to the Board the emergency action taken, and the reasons why the CEO determined action was immediately necessary.

Charter Review

19. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
20. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015, April 18, 2018, March 18, 2019, ~~and~~ April 17, 2023, 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".

APRIL 17, 2023

Steve Delaney
Secretary of the Board

Date



OCERS Board Charter CEO Charter

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of OCERS and is not subject to county civil service and merit system rules. This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Implement Board-approved governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (California Government Code §§54950, *et seq.*);
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board;
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OCERS Board Charter CEO Charter

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 - c. Recommend to the Investment Committee an Investment Policy Statement which will include investment objectives;
 - d. Recommend to the Investment Committee strategies for achieving OCERS' investment objectives;
 - e. Ensure the implementation of the strategies approved by the Board by establishing manager structures for each asset class, which includes among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
 - f. Ensure execution of portfolio rebalancing and portfolio transitions;
 - g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program;
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 - c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their consideration;
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OCERS Board Charter CEO Charter

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9. The CEO will:
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 - d. Transfer funds within a category of expenditures (i.e., Salaries and Benefits; Services and Supplies; Capital Projects) within the approved Operating Budget;
 - e. Execute contractual agreements in accordance with the Procurement and Contracting Policy and authorize payments related to the administration of OCERS, consistent with the Operating Budget and OCERS' internal controls;
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 - i. Maintain the records of OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
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 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits;
 - e. Cause to be prepared an annual comprehensive financial report on the operations of OCERS for Board approval; and
 - f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code §31597.



OCERS Board Charter CEO Charter

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Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Named Service Providers, as listed in the Board Procurement and Contracting Policy, and will provide the Board with appropriate recommendations, in accordance with the Procurement and Contracting Policy and the Investment Policy Statement of the Board.
15. The CEO may hire other service providers, consistent with the Operating Budget and the Procurement and Contracting Policy and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.



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Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate, and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to OCERS and provide recommended courses of action as appropriate.
17. The CEO will:
 - a. Oversee the regular review of all policies of OCERS to ensure they are being followed and continue to meet OCERS' needs;
 - b. Oversee the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
 - c. Oversee the funded status of OCERS and all issues that may reasonably have a significant impact on such status;
 - d. Oversee the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund ;
 - e. Oversee management's response to the findings of the annual financial audit, and of any internal audits that may be performed;
 - f. Oversee employees and service providers of OCERS to ensure compliance with the OCERS policies;
 - g. Oversee the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
 - h. Oversee the activities and performance of senior management;
 - i. Oversee the collection of all payments due to OCERS and the payment of all amounts due by OCERS to ensure accuracy and timeliness;
 - j. Oversee OCERS' compliance with applicable laws and regulations; and
 - k. In conjunction with legal counsel, oversee the status of all claims, demands, disputes, and legal proceedings involving OCERS and report to the Board as appropriate.

Emergency Authority

18. In emergency situations, the CEO, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on matters not expressly stated within this charter provided that:
 - a. The action is, in the CEO's judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and



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- b. The CEO promptly reports to the Board the emergency action taken, and the reasons why the CEO determined action was immediately necessary.

Charter Review

19. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
20. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015, April 18, 2018, March 18, 2019, April 17, 2023, 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: August 21, 2025
TO: Members of the Governance Committee
FROM: David Kim, Asst. CEO, External Operations; Darren Dang, Chief Technology Officer
SUBJECT: **UPDATE ON THE EMPLOYER DATA POLICY**

Background

At the direction of the Board, OCERS staff has quarterly informational meetings with representatives from our Employer groups regarding the data reported to OCERS and the need for all components of Final Average Salary to be reported on the biweekly transmittal file in an accurate and timely fashion. The OCERS team met with individual Employer groups at their headquarters buildings to review the process from their perspective and hosted Quarterly All Employer meetings to solicit feedback on the draft Employer Handbook (Handbook). The third All Employer meeting will be held on August 26, 2025.

OCERS Employer Handbook

The goal of the new Handbook is to outline the steps required to ensure accurate reporting and review of member payroll information from Participating Employers. The Handbook clarifies the roles and responsibilities of OCERS and its Employers to facilitate the accurate exchange of the data elements required for OCERS to perform its function of administering the retirement system. The Handbook is designed to guide Employers in providing the specific information required for the transmittal and to address any exceptions that may arise during the process. The Handbook details the data transmittal field requirements, including the detailed record layouts and data formatting. Additionally, the Handbook details the exception reporting identified during the transmittal process, noting the error file type, priority, and validation condition.

The latest draft of the Handbook, which will be shared with Employers at the August quarterly meeting, includes enhancements to payroll transmittal data—introducing a new approach to reporting pensionable paid time off and pensionable holiday compensation in transmittal files. The OCERS team will continue to meet with each Employer to discuss their specific data requirements and gather feedback on the Handbook.

OCERS Employer Data Policy

Based on feedback from Employers, the OCERS team is prioritizing the finalization of the Handbook, which will then inform the drafting of the Policy. We are not seeking action at this time.

Submitted by:



DK-Approved

David Kim
Assistant CEO, External Operations



DD-Approved

Darren Dang
Chief Technology Officer