

### 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.

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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' 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.

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### Policy History

16. The Board adopted this policy on January 19, 2016. The policy was last revised on October 21, 2024

### Secretary's Certificate

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



Steve Delaney  
Secretary of the Board

10/21/2024

Date