

Extraordinary Expense Recovery Policy

Purpose and Background

1. The Extraordinary Expense Recovery Policy is intended to establish guidelines and codify existing practices by which OCERS' Board of Retirement and staff can identify expenses incurred as a result of requests by third parties, other than expenses related to public records requests, which are handled in accordance with OCERS' Public Records Request Policy, or data requests, which are handled in accordance with OCERS' Plan Sponsor, Member and Stakeholder Data Request Policy, that are outside of the ordinary course and scope of the business of the Retirement System ("Extraordinary Expenses"); and a mechanism for recovering such expenses from the responsible party(ies).

Policy Objectives

2. The objectives of the policy are to ensure that:
 - a. OCERS expends trust funds on authorized administrative expenses consistent with the law;
 - b. There are clear expectations when third parties cause OCERS to incur Extraordinary Expenses;
 - c. The identification of Extraordinary Expenses is clearly defined;
 - d. The method for recovering Extraordinary Expenses is clearly defined.

Policy Guidelines

3. The following guidelines will be used to identify Extraordinary Expenses:
 - a. OCERS CEO, or his or her designee, will gather the following information:
 - i. The name of the person or organization responsible for the expense;
 - ii. The purpose of the expense;
 - iii. The amount of the expense;
 - iv. Whether the expense benefits OCERS' membership generally, or a significant number of plan sponsors, and to what extent;
 - v. Whether the expense is necessary for the administration of the system.
 - b. Upon review of all information, the CEO or his or her designee will initially determine whether the expense is beneficial to the membership generally or to a significant number of plan sponsors and whether it is necessary for the administration of the system. If, in the discretion of the CEO or his or her designee, the expense is not beneficial to the membership generally or to a significant number of plan sponsors or necessary for the administration of the system, the CEO or his or her designee will determine the amount of the expense and make a recommendation to the Board for recovery of the full amount of the expense.
 - c. If the CEO or his or her designee initially determines that the party responsible for the expense should reimburse OCERS, the issue will be placed on a Board of Retirement agenda for consideration by the full Board in a public meeting.

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- d. The CEO or his or her designee will notify the responsible party of the date and time of the Board of Retirement meeting at which the Board's consideration will take place. The responsible party may be heard on the matter in open session.
- e. If the Board determines that OCERS should be reimbursed for the Extraordinary Expenses, the CEO or his or her designee will provide a written request to the responsible party for reimbursement, detailing the amount of reimbursement requested and a brief statement as to the reason why the Board determined that the party was responsible for the Extraordinary Expenses. The written request will specify that payment is to be received by OCERS within 90 days of the request.
- f. The Board, in its discretion, may allow the party to reimburse OCERS through an installment payment plan that is reasonably designed to allow OCERS to recoup the entire expense plus reasonable interest.
- g. If the responsible party fails to reimburse OCERS within 90 days from the date of the written request or fails to make payments under an installment payment plan, OCERS shall take appropriate action under the law to recover the amount of the Extraordinary Expenses.

Policy Review

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

Policy History

- 5. The Board of Retirement adopted this policy on May 26, 2009. The Board revised this policy on February 19, 2013, July 20, 2015, and August 20, 2018.

Secretary's Certificate

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



08/20/2018

Steve Delaney
Secretary of the Board

Date