

Purpose and Background

1. The Orange County Employees Retirement System (“OCERS”) established a succession policy to provide continuity in leadership and avoid extended and costly vacancies in key positions. This policy provides specific steps designed to identify candidates for the Chief Executive Officer (“CEO”) position that may become vacant due to retirement, resignation, death or a new business opportunity. This policy ensures that there are qualified and motivated employees (or a means of recruiting them) who are able to take over when the CEO exits the agency. It also demonstrates to plan sponsors and members that OCERS is committed to and able to provide excellent service at all times, including during times of transition.

Policy Statement

2. As part of good governance, OCERS must plan for a change – either planned or unplanned – in Executive leadership which is inevitable for all organizations. The policy goal is to ensure the stability and accountability of the organization and sustain uninterrupted service levels to plan sponsors and members until a new permanent leader is identified. The Board of Retirement (“Board”) shall be responsible for implementing this policy and its related procedures.

Scope and Coverage

3. This policy should be used in case of an Executive transition that involves the CEO. In such an instance, the Board may also consider temporarily subcontracting of the organizational functions to a trained consultant or other organization(s).

Policy Guidelines

Appointment of Interim CEO

4. 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.
5. 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. Chief Legal Officer
- e. External consultant (with experience as a CEO)

Authority and Compensation of the Interim CEO

- 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.

Board Oversight

- 7. The Board Chair is responsible for monitoring the work of the Interim CEO.

Communication Plan

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

Leadership Transition

- 9. In the event that a permanent change in CEO leadership is required, the Board Chair shall appoint an Executive Transition committee within fifteen (15) business days of notification. The 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.

OCERS Board Policy Succession Policy

11. The Board Chair/Vice-Chair shall communicate with key stakeholders regarding the actions taken by the Board in naming an interim successor, the Board Chair's appointment of the Executive Transition Committee, 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.

Delegation of Authority – Other Executive Positions

12. The CEO may use this policy as guidance for the succession of other key Executives.
13. The CEO will annually present to the Board an executive staff development plan.

Policy Review

14. This policy shall be reviewed every three years by the Governance Committee and may be amended by the Board of Retirement at any time.

Policy History

15. The Retirement Board adopted this policy on January 19, 2016.

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

1/19/16

Date