

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

REGULAR MEETING
Monday, June 12, 2017
9:00 a.m.

AGENDA

The Orange County Board of Retirement welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Board of Retirement encourages your participation. The public, plan members, beneficiaries, and/or representatives may speak to any subject matter contained in the agenda at the time the item is addressed. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda. Persons wishing to address items on the agenda should provide written notice to the Secretary of the Board prior to the Board's discussion on the item by filling out the Public Comment Form located in the back of the room. Members of the public may also comment during the Public Comment period at the end of Open Session. When addressing the Board, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

Pledge of Allegiance

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Board Member or a member of the public requests separate action on a specific item.

BENEFITS

C-1 MATERIAL DISTRIBUTED

[Application Notices](#)

June 12, 2017

[Death Notices](#)

June 12, 2017

Recommendation: Receive and file.

ADMINISTRATION

C-2 BOARD MEETINGS AND COMMITTEE MEETINGS

[Regular Board Meeting Minutes](#)

May 15, 2017

Recommendation: Authorize meeting and approve minutes.

C-3 **CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN**

Recommendation: Receive and file.

C-4 **DIRECTIVE TO REVIEW OCERS INVESTMENT FEE REPORT**

Recommendation: Receive and file.

C-5 **DIRECTIVE TO REVIEW NEW YORK STATE COMMON RETIREMENT FUND’S SCANDAL**

Recommendation: Receive and file.

C-6 **2017 STRATEGIC PLANNING WORKSHOP – PROPOSED AGENDA TOPICS**

Recommendation: Receive and file.

C-7 **2017 – 2019 STRATEGIC PLAN – QUARTERLY REVIEW**

Recommendation: Receive and file.

C-8 **QUIET PERIOD – NON-INVESTMENT CONTRACTS**

Recommendation: Receive and file.

C-9 **LEGISLATIVE UPDATE**

Recommendation: Receive and file.

C-10 **BOARD COMMUNICATIONS**

Recommendation: Receive and file.

******* END OF CONSENT AGENDA *******

INDIVIDUAL ITEMS AGENDA

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

I-2 [AOCDS POST MANDATORY TRAINING BENEFIT CORRECTION](#)

Presentation by Steve Delaney, Chief Executive Officer, OCERS; and Suzanne Jenike, Assistant Chief Executive Officer External Operations, OCERS

Recommendation: Staff recommends the Board correct the underpaid benefits by:

1. Correcting (increasing) the monthly benefit going forward; and
2. Reimbursing members the full amount of the underpaid benefits retroactive to their effective date of retirement; and
3. Paying the members 3% interest compounded annually on the underpaid benefits; and
4. Collecting the underpaid benefits and interest thereon from the County by including the amount in the 2017 UAAL amortization as an actuarial loss.

Staff recommends the Board correct the overpaid benefits, effective July 1, 2017, by:

1. Correcting (decreasing) the monthly benefit going forward; and
2. Continuing to collect the full amount of the overpaid benefits retroactive to the effective date of retirement from the County by leaving the amount in the County's UAAL.

In addition, staff recommends that the Board direct staff to work with the County payroll department so that:

1. The employer properly reports pensionable pay items to OCERS in the future; and
2. Employee and employer contributions are charged and collected on those pensionable pay items on a biweekly basis.

I-3 [ACTUARIAL DECEMBER 31, 2016 VALUATION](#)

Presentation by Paul Angelo and Andy Yeung, Segal Consulting

Recommendation: Approve the Actuarial Valuation and Review as of December 31, 2016 and adopt contribution rates for Fiscal Year 2018 – 2019 as recommended by Segal Consulting.

I-4 [GASB 68 VALUATION AND AUDIT REPORT](#)

Presentation by Brenda Shott, Assistant Chief Executive Officer and Tracy Bowman, Director of Finance

Recommendation: Approve the following recommendations from the Audit Committee during a meeting held on June:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2016.
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2016 for distribution to employers.

- I-5 **2016 AUDITED FINANCIAL STATEMENTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORTS**
Presentation by Brenda Shott, Assistant Chief Executive Officer and Tracy Bowman, Director of Finance

Recommendation: Approve the following recommendations presented to the Audit Committee during a meeting held on June 9, 2017:

1. Approve OCERS' audited financial statements for the year ended December 31, 2016.
2. Direct staff to finalize OCERS' 2016 Comprehensive Annual Financial Report (CAFR)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2016.
4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2016" and their "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.*"

- I-6 **BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE**
Presentation by Jenny Sadoski, Director of Information Technology, and Jon Gossard, I.T. Manager, OCERS

Recommendation: Receive and file.

- I-7 **CYBER SECURITY OVERVIEW**
Presentation by Jenny Sadoski, Director of Information Technology, and Jon Gossard, I.T. Manager, OCERS

Recommendation: Receive and file.

- I-8 **ANNUAL BUSINESS PLAN PROGRESS – MID-YEAR REVIEW**
Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Receive and file.

***** END OF INDIVIDUAL ITEMS AGENDA *****

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

1:00 P.M.

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF BENEFIT OR DISABILITY RETIREMENT DETERMINATIONS, THE BOARD MAY ADJOURN TO CLOSED SESSION TO DISCUSS MATTERS RELATING TO THE MEMBER'S APPLICATION OR APPEAL,

PURSUANT TO GOVERNMENT CODE SECTIONS 54957 OR 54956.9. IF THE MATTER IS A DISABILITY APPLICATION UNDER SECTION 54957, THE MEMBER MAY REQUEST THAT THE DISCUSSION BE IN PUBLIC.

D-1: Nicholas Casson

Firefighter, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 05/05/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF THE DAY FOLLOWING THE LAST DAY OF COMPENSATION. (SAFETY MEMBER) (D-1)

D-2: Jesse Gonzales

Landfill Equipment Operator, Orange County Waste and Recycling

Date of employee filed application for service connected disability retirement: 05/03/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MAY 3, 2016. (GENERAL MEMBER) (D-2)

D-3: Amadeo Guerrero

Laborer, Orange County Waste and Recycling

Date of employee filed application for service and non-service connected disability retirement: 06/22/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JUNE 22, 2016. (GENERAL MEMBER) (D-3)

D-4: Wendy Kahapea

Group Counselor II, Orange County Social Services Agency

Date of employer filed application for service and non-service connected disability retirement: 03/03/2016

Date of employee filed application for service and non-service connected disability retirement: 03/23/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF MARCH 4, 2016, THE DAY FOLLOWING THE LAST DAY OF REGULAR COMPENSATION AS A GROUP COUNSELOR I. FIND THE APPLICANT IS CAPABLE OF PERFORMING OTHER DUTIES IN THE SERVICE OF THE COUNTY OF ORANGE PURSUANT TO GOVERNMENT CODE SECTION 31725.65. GRANT A SUPPLEMENTAL DISABILITY RETIREMENT PAYMENT ALLOWANCE IN THE AMOUNT OF THE SALARY DIFFERENCE BETWEEN THE HIGHER AND LOWER PAYING POSITIONS EFFECTIVE MARCH 4, 2016, THE DATE OF THE POSITION CHANGE UNTIL THE LAST DAY OF COMPENSATION. (GENERAL MEMBER) (D-4)

D-5: Joseph McClintock

Sergeant, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement:
05/23/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF SEPTEMBER 4, 2015. (SAFETY MEMBER) (D-5)

D-6: Carl Pollitt

Deputy Sheriff II, Orange County Sheriff's Department

Date of employee filed application for service connected disability retirement: 08/25/2015

STAFF RECOMMENDATION IS TO DENY SERVICE CONNECTED DISABILITY RETIREMENT DUE TO INSUFFICIENT EVIDENCE OF PERMANENT INCAPACITY AND JOB CAUSATION. DENY THE APPLICATION AS IT WAS NOT FILED TIMELY PURSUANT TO GOVERNMENT CODE SECTION 31722. (SAFETY MEMBER) (D-6)

D-7: Shayla Moore

Coach Operator, Orange County Transportation Authority

Date of employee filed application for service connected disability retirement: 09/16/2008

STAFF RECOMMENDATION IS FOR THE BOARD TO DISMISS THE APPEAL WITHOUT PREJUDICE PURSUANT TO THE ADMINISTRATIVE HEARING PROCEDURES, RULE 23. (GENERAL MEMBER) (D-7)

D-8: Rick Edgmon

AFFIRM STAFF'S DETERMINATION THAT MR. EDGMON SHOULD BE REQUIRED TO REPAY THE TOTAL AMOUNT OF THE BENEFITS OVERPAID TO HIM SINCE HE RETIRED ON NOVEMBER 11, 2005 IN THE APPROXIMATE AMOUNT OF \$237,107.79. STAFF ALSO RECOMMENDS THAT OCERS FORGO THE COLLECTION OF INTEREST ON THE OVERPAYMENT, AND THAT MR. EDGMON BE GIVEN 20 YEARS TO REPAY THE OVERPAYMENT THROUGH MONTHLY DEDUCTIONS TO HIS RETIREMENT ALLOWANCE.

(MEMBER) (D-8)

PUBLIC COMMENTS: At this time members of the public may address the Board of Retirement regarding any items within the subject matter jurisdiction of the Board, provided that no action may be taken on non-agendized items unless authorized by law.

BOARD MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

CLOSED SESSION ITEMS

**E-1 CONFERENCE REGARDING SIGNIFICANT EXPOSURE TO LITIGATION (ONE MATTER)
(GOVERNMENT CODE SECTION 54956.9)**

Adjourn pursuant to Government Code section 54956.9(d)(2)

Recommendation: Take appropriate action.

**E-2 CONFERENCE REGARDING INITIATION OF LITIGATION (ONE MATTER)
(GOVERNMENT CODE SECTION 54956.9)**

Adjourn pursuant to Government Code section 54956.9(d)(4) to consider whether to initiate litigation.

Recommendation: Take appropriate action.

**E-3 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1)) O.C. Department of Education v. OCERS, CA
Superior Court, Orange County, (Case No. 30-2016-00836897)**

Adjourn pursuant to Government Code Section 54956.9(d)(1).

Recommendation: Take appropriate action.

NOTICE OF NEXT MEETINGS

INVESTMENT COMMITTEE MEETING

June 28, 2017

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

July 17, 2017

9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

All supporting documentation is available for public review in the retirement office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday and 8:00 a.m. – 4:30 p.m. on Friday.

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.