

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

**REGULAR MEETING
Monday, July 17, 2017
9:00 a.m.**

MINUTES

Chair Ball called the meeting to order at 9:00 a.m.

Attendance was as follows:

Present: David Ball, Chair; Chris Prevatt, Vice Chair; Eric Gilbert, Chuck Packard, Russell Baldwin, Shawn Dewane, Roger Hilton; Wayne Lindholm, and Shari Freidenrich

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Finance and Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, Chief Investment Officer; Jenny Sadoski, Director of Information Technology; Gina Ratto, General Counsel; Lee Fink, Deputy General Counsel; Anthony Beltran, Visual Technician; Megan Cortez; Disability Coordinator; Cammy Danciu, Recording Secretary.

Guests: Harvey L. Leiderman, ReedSmith LLP, Paul Angelo, Segal Consulting

Absent: Frank Eley

Mr. Hilton led the 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.

Mr. Delaney pulled item C-13 for discussion.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Lindholm to move the remainder of the consent calendar.

The motion carried **unanimously**.

BENEFITS

Application Notices
Death Notices

July 17, 2017
July 17, 2017

Recommendation: Receive and file.

C-2 OPTION 4 RETIREMENT ELECTION – JEFF GRIFFITH

Recommendation: Grant election of retirement benefit payment, Option 4, based on Segal Consulting actuarial report.

ADMINISTRATION

C-3 BOARD MEETINGS AND COMMITTEE MEETINGS

Governance Committee Meeting Minutes	June 8, 2017
Audit Committee Meeting Minutes	June 9, 2017
Regular Board Meeting Minutes	June 12, 2017
Audit Committee Meeting Minutes	June 12, 2017

Recommendation: Authorize meeting and approve minutes.

C-4 CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN

Recommendation: Receive and file.

C-5 GOVERNANCE COMMITTEE OUTCOMES FROM JUNE 8, 2017 MEETING

Recommendation:

The Governance Committee recommends that the Board of Retirement adopt:

- (1) Budget Approval Policy, with revisions as approved by the Committee;
- (2) Planning Policy, with revisions as approved by the Committee;
- (3) Quiet Period Policy, with revisions as approved by the Committee; and
- (4) Disability Retirement Policy, with non-substantive revisions as approved by the Committee.

C-6 AUDIT COMMITTEE OUTCOMES FROM JUNE 9, 2017 MEETING

Recommendation:

The Audit Committee recommends that the Board of Retirement approves:

- (1) Receive and file the presentation of OCERS' Investment Fee Report
- (2) Receive and file the review of OCERS' Investment Wire Transfer Process report
- (3) Receive and file the presentation of New York State Retirement Fund's Scandal and OCERS' Policies

(4) Approve the selection of Cheiron as OCERS' Actuarial Auditor for the 2016 Actuarial Valuation

C-7 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Recommendation: Receive and file.

C-8 LEGISLATIVE UPDATE

Recommendation: Receive and file.

C-9 CEM GLOBAL PENSION ADMINISTRATION CONFERENCE

Recommendation: Receive and file.

C-10 TRAVEL REPORT – PUBLIC RISK MANAGEMENT ASSOCIATION (PRIMA) ANNUAL CONFERENCE

Recommendation: Receive and file.

C-11 SECOND QUARTER 2017 EDUCATION AND TRAVEL EXPENSE REPORT

Recommendation: Receive and file.

C-12 SEPTEMBER 2017 STRATEGIC PLANNING WORKSHOP INVESTMENT FORUM AGENDA

Recommendation: Approve the agenda for September 13-14, 2017 Regular Meeting and Strategic Planning Workshop & Investment Forum.

C-13 TCA EXCLUDED WORKERS - UPDATE

Recommendation: Receive and file.

C-14 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

C-13 - TCA EXCLUDED WORKERS - UPDATE

Ms. Jenike commented on the successful resolution and final outcomes of TCA excluded workers. TCA entered into a contract with an agency that will handle the employment services and therefore individuals are no longer on the TCA payroll.

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Baldwin to receive and file item C-13.

The motion carried **unanimously**.

Mr. Packard arrived at 9:08 a.m.

I-2 ILLUSTRATIONS OF RETIREMENT COSTS, UNFUNDED ACTUARIAL ACCRUED LIABILITY AND FUNDED RATIO UNDER ALTERNATIVE ECONOMIC SCENARIOS

Presentation by Paul Angelo, Segal Consulting

Recommendation: Receive and file.

Mr. Angelo from Segal Consulting prepared the annual illustration of retirement costs, Unfunded Actuarial Accrued Liability and Funded Ratio under Alternative Economic Scenarios. The illustrations covered a 20-year period to reflect the current 20 year amortization period.

The three market rate of return scenarios are as follows:

Scenario #1: 0.00% for 2017 and 7.25% thereafter

Scenario #2: 7.25% for all years

Scenario #3: 14.50% for 2017 and 7.25% thereafter

Mr. Dewane asked what the reason is for doubling the rate of return from scenario two to scenario three.

Mr. Angelo stated that these illustrations are more for the purpose of numerical semantics. Segal uses the same scenarios every year to make the analysis neutral and easier for the reader to understand the explanations by using the no returns, the assumed rate and double the assumed rate as examples.

Mr. Prevatt asked what the lag time is from projections dates until rates come into effect.

Mr. Angelo stated that there's an 18 month lag from the December 31 date shown on all projections.

Following discussion, a **motion** was made by Mr. Dewane, **seconded** by Mr. Packard to receive and file the Illustrations of Retirement Costs, Unfunded Actuarial Accrued Liability and Funded Ratio Under Alternative Economic Scenarios.

The motion carried **unanimously**.

I-3 SENSITIVITY ANALYSIS OF ALTERNATIVE ECONOMIC ASSUMPTIONS

Presentation by Paul Angelo, Segal Consulting

Recommendation: Receive and file.

Mr. Angelo from Segal Consulting provided the sensitivity analyses of four alternative economic actuarial assumptions:

Alternative #1: 7.00% investment return assumption and 2.75% inflation assumption

Alternative #2: 7.00% investment return assumption and 3.00% inflation assumption

Alternative #3: 6.75% investment return assumption and 3.00% inflation assumption

Alternative #4: 7.25% investment return assumption and 3.25% inflation assumption

Mr. Ball asked Mr. Angelo to explain the dynamics of why the UAAL rate is so much higher than the normal cost rate.

Mr. Angelo stated that the rates vary due to the size of the unfunded liability.

Mr. Ball clarified that it is purely a function of the size of the UAAL in comparison to the overall payroll.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Packard to receive and file the Sensitivity Analysis of Alternative Economic Assumptions.

The motion carried **unanimously**.

I-4 ARITHMETIC VS. GEOMETRIC METHODOLOGIES – INFORMATIONAL REVIEW

Presentation by Paul Angelo, Segal Consulting

Recommendation: Receive and file.

Mr. Angelo presented a summary of the Arithmetic vs. Geometric Methodologies Informational Presentation.

Mr. Ball asked why some firms use Geometric vs. Arithmetic methodologies.

Mr. Angelo stated that fundamentally it has to do with how the actuary presents the items and comes up with their recommendations.

Following discussion, a **motion** was made by Mr. Dewane, **seconded** by Mr. Packard to receive and file the Sensitivity Analysis of Alternative Economic Assumptions.

The motion carried **unanimously**.

I-5 FUTURE SERVICE ONLY CONTRIBUTION RATE CREDIT CORRECTION

Presentation by Brenda Shott, Assistant Chief Executive Officer, OCERS and Paul Angelo, Segal Consulting

Recommendation: Approve revised employer contribution rates for employers eligible for the future service only rate credit for Fiscal Years 2015-2016, 2016-2017 and 2017-2018 and the related correction of employer contributions received.

Ms. Shott presented the Future Service Only Contribution Rate Credit Correction.

Mr. Ball asked if this is normal to have these types of discrepancies or if this is a one-time oversight because of the PEPRA implementation.

Mr. Angelo stated that he cannot guarantee that this type of correction will never occur again but it was an oversight with the PEPRA calculation.

Mr. Prevatt asked that given the scope of how we structure audits, would the audit have actually caught this error.

Ms. Shott stated that she can't say yes or no. It's not glaringly clearly that this situation would have been caught.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Packard to receive and file the Sensitivity Analysis of Alternative Economic Assumptions.

The motion carried **unanimously**.

I-6 REVIEW OF FUNDING POLICY TIMING AND RELATIONSHIP TO EXPERIENCE STUDIES

Presentation by Paul Angelo, Segal Consulting

Recommendation: Receive and file.

Mr. Angelo discussed the Funding Policy timing and relationship to experience studies.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Gilbert to receive and file the report.

The motion carried **unanimously**.

The Board recessed for break: 10:12am

The Board reconvened from break: 10:20am

The Board adjourned into closed session at 10:20 a.m.

Mr. Lindholm recused himself from closed session at 10:39 a.m.

Mr. Lindholm reconvened into closed session 10:48 a.m.

The Board reconvened from closed session at 11:00 a.m.

The Board recessed for lunch at 11:03a.m.

The Board reconvened from lunch at 1:00p.m.

***** 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.

Megan Cortez, Disability Coordinator, presented D-1 to the Board along with the staff recommendation.

D-1: Hominder Bharadwaj

Coach Operator, Orange County Transportation Authority

Date of employee filed application for service connected disability retirement: 10/22/2014

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF OCTOBER 22, 2014. (GENERAL MEMBER) (D-1)

Mr. Lindholm asked staff to clarify the conflict between the two doctors.

Ms. Cortez explained the different opinions between the two orthopedic doctors.

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Baldwin to grant service connected disability retirement with an effective date of October 22, 2014. The motion carried **5-2** with voting as follows:

AYES

Mr. Hilton
Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball

NAYS

Mr. Lindholm
Ms. Freidenrich

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-2 to the Board along with the staff recommendation.

D-2: Karen Cushing

Coach Operator, Orange County Transportation Authority

Date of employee filed application for service connected disability retirement: 09/06/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF APRIL 14, 2016. (SAFETY MEMBER) (D-4)

Mr. Lindholm asked staff if the doctor stated why this injury was work related.

Ms. Cortez stated that he lifted heavy water hoses which caused his retina to detach sooner than it would have otherwise.

Mr. Lindholm stated that he cannot see how moving hoses is related to eye problems.

Mr. Gilbert stated that depending on how many hoses he lifted, that can certainly cause eye problems.

Following discussion, a **motion** was made by Mr. Gilbert, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of April 14, 2016. The motion carried **7-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Ms. Freidenrich
Mr. Gilbert
Mr. Lindholm

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-5 to the Board along with the staff recommendation.

D-5: Valerie Thomson

Social Worker II, Orange County Social Services Agency

Date of employer filed application for service and non-service connected disability retirement:
04/29/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JULY 22, 2016. (GENERAL MEMBER) (D-5)

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Gilbert to grant service connected disability retirement with an effective date of July 22, 2016. The motion carried **8-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Ms. Freidenrich
Mr. Gilbert
Mr. Lindholm
Mr. Hilton

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-6 to the Board along with the staff recommendation.

D-6: An Tu

Coach Operator, Orange County Transportation Authority

Date of employee filed application for service connected disability retirement: 04/11/2016

STAFF RECOMMENDATION IS TO GRANT SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF APRIL 11, 2016. (GENERAL MEMBER) (D-6)

Following discussion, a **motion** was made by Mr. Baldwin, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of April 11, 2016. The motion carried **8-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Ms. Freidenrich
Mr. Gilbert
Mr. Lindholm
Mr. Hilton

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-7 to the Board along with the staff recommendation.

D-7: Janice Denham

Legal Processing Supervisor, Orange County Superior Court

Date of employee filed application for service and non-service connected disability retirement: 05/08/2015

Mr. Prevatt asked to summarize why OCERS wants to send this matter back to a hearing officer.

Ms. Cortez explained that there is conflicting evidence and the Hearing Officer can go deeper into the matter.

STAFF RECOMMENDATION IS TO REFER THE MATTER TO A HEARING OFFICER TO GATHER ADDITIONAL EVIDENCE AND FOR FURTHER ANALYSIS OF THE RECORD REGARDING PERMANENT INCAPACITY AND JOB CAUSATION. (GENERAL MEMBER) (D-7)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Packard to refer the matter to a Hearing Officer to gather additional evidence and for further analysis of the record regarding permanent incapacity and job causation. The motion carried **7-1** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball

NAYS

Ms. Freidenrich

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Mr. Hilton
Mr. Gilbert
Mr. Lindholm

Megan Cortez, Disability Coordinator, presented D-8 to the Board along with the staff recommendation.

D-8: Carole Barber

Information Processing Technician, Orange County Sheriff's Department
Date of employer filed application for service and non-service connected disability retirement:
05/16/2016

Mr. Hilton asked to add the retirement without prejudice due to the member's failure to cooperate cases to the Consent Calendar.

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT WITHOUT PREJUDICE DUE TO THE MEMBER'S FAILURE TO COOPERATE. (GENERAL MEMBER) (D-8)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Gilbert to deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. The motion carried **8-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Mr. Hilton
Mr. Gilbert
Mr. Lindholm
Ms. Freidenrich

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-9 to the Board along with the staff recommendation.

D-9: Donald Ferl

Construction Inspector, Orange County Sanitation District
Date of employer filed application for service and non-service connected disability retirement:
12/12/2016

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT WITHOUT PREJUDICE DUE TO THE MEMBER'S FAILURE TO COOPERATE. (GENERAL MEMBER) (D-9)

Following discussion, a **motion** was made by Mr. Hilton, **seconded** by Mr. Lindholm to deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. The motion carried **8-0** with voting as follows:

AYES

Mr. Baldwin

NAYS

ABSTAIN

ABSENT

Mr. Dewane

Mr. Packard
Mr. Prevatt
Chair Ball
Mr. Hilton
Mr. Gilbert
Mr. Lindholm
Ms. Freidenrich

Mr. Eley

Megan Cortez, Disability Coordinator, presented D-10 to the Board along with the staff recommendation.

D-10: Edith Hartzler

Office Technician, Orange County Social Services Agency

Date of employer filed application for service and non-service connected disability retirement:
04/11/2016

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT WITHOUT PREJUDICE DUE TO THE MEMBER'S FAILURE TO COOPERATE. (GENERAL MEMBER) (D-10)

Following discussion, a **motion** was made by Mr. Lindholm, **seconded** by Mr. Baldwin to deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. The motion carried **8-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Mr. Hilton
Mr. Gilbert
Mr. Lindholm
Ms. Freidenrich

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

D-11: Roy Hendy

Senior Mechanic, Orange County Sanitation District

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

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT WITHOUT PREJUDICE DUE TO THE MEMBER'S FAILURE TO COOPERATE. (GENERAL MEMBER) (D-11)

Item D-11 was pulled at the request of the applicant.

Megan Cortez, Disability Coordinator, presented D-12 to the Board along with the staff recommendation.

D-12: Michael Marroquin

Deputy Sheriff II, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
04/01/2016

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT WITHOUT PREJUDICE DUE TO THE MEMBER'S FAILURE TO COOPERATE. (SAFETY MEMBER) (D-12)

Following discussion, a **motion** was made by Mr. Lindholm, **seconded** by Mr. Prevatt to deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. The motion carried **7-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Mr. Hilton
Mr. Lindholm
Ms. Freidenrich

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-13 to the Board along with the staff recommendation.

D-13: Guillermina Sanchez

Sheriff's Special Officer II, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
09/02/2016

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT WITHOUT PREJUDICE DUE TO THE MEMBER'S FAILURE TO COOPERATE. (GENERAL MEMBER) (D-13)

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Lindholm to deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. The motion carried **7-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Mr. Hilton
Mr. Lindholm
Ms. Freidenrich

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-14 to the Board along with the staff recommendation.

D-14: Donald Wendt

Kennel Attendant I, Orange County Community Resources

Date of employer filed application for service and non-service connected disability retirement:
08/05/2016

STAFF RECOMMENDATION IS TO DENY SERVICE AND NON-SERVICE CONNECTED DISABILITY RETIREMENT WITHOUT PREJUDICE DUE TO THE MEMBER'S FAILURE TO COOPERATE. (GENERAL MEMBER) (D-14)

Following discussion, a **motion** was made by Mr. Baldwin, **seconded** by Mr. Lindholm to deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. The motion carried **8-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Mr. Hilton
Mr. Gilbert
Mr. Lindholm
Ms. Freidenrich

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-15 to the Board along with the staff recommendation.

D-15: Jose Luis Saavedra

Maintenance Crew Supervisor IV, Orange County Public Works

Date of employee application for service and non-service connected disability retirement:
10/18/2012

STAFF RECOMMENDATION IS TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE HEARING OFFICER AND GRANT THE APPLICANT'S APPLICATION FOR SERVICE CONNECTED DISABILITY RETIREMENT WITH AN EFFECTIVE DATE OF JULY 27, 2012. (GENERAL MEMBER) (D-15)

John Mitchell, member of the public, spoke on behalf of applicant and requested to approve staff recommendation.

Ms. Freidenrich asked for a synopsis in this case.

Ms. Jenike explained the process and the doctors' conclusions and stated that the Hearing Officer made the final decision based on his expertise to grant the applicant's service connected disability.

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Baldwin to adopt the findings and recommendations of the Hearing Officer and grant the applicant's application for service connected disability retirement with an effective date of July 27, 2012. The motion carried **7-0** with voting as follows:

AYES

Mr. Hilton
Mr. Baldwin
Mr. Packard

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Dewane
Mr. Eley

Mr. Prevatt
Chair Ball
Mr. Lindholm
Ms. Freidenrich

Megan Cortez, Disability Coordinator, presented D-16 to the Board along with the staff recommendation.

D-16: Craig Casey

Fire Captain, Orange County Fire Authority

Date of employee filed application for service connected disability retirement:

10/07/2010

STAFF RECOMMENDATION IS FOR THE BOARD TO ADOPT THE FINDINGS AND RECOMMENDATIONS OF THE HEARING OFFICER AND DENY THE APPLICANT'S APPLICATION FOR SERVICE CONNECTED DISABILITY RETIREMENT. (SAFETY MEMBER) (D-16)

Following discussion, a **motion** was made by Mr. Lindholm, **seconded** by Mr. Packard to adopt the findings and recommendations of the Hearing Officer and deny the applicant's application for service connected disability retirement. The motion carried **6-1** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard
Mr. Prevatt
Chair Ball
Mr. Lindholm
Ms. Freidenrich

NAYS

Mr. Gilbert

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-17 to the Board along with the staff recommendation.

D-17: Lydia Gonzalez

STAFF RECOMMENDATION IS TO APPROVE THE MEMBER'S PETITION FOR REASSIGNMENT OF THE HEARING OFFICER ASSIGNED TO HER BENEFIT DETERMINATION APPEAL. (GENERAL MEMBER) (D-17)

Ms. Gonzalez addressed the Board and requested that the Hearing Officer assigned to her case be dismissed. She also requested that staff take another look at her case.

Mr. Ball explained that Mr. Gonzalez will be able to vet all of her concerns during the appeals process.

Following discussion, a **motion** was made by Mr. Packard, **seconded** by Mr. Hilton to approve the member's petition for reassignment of the Hearing Officer assigned to her benefit determination appeal. The motion carried **7-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Packard

NAYS

ABSTAIN

ABSENT

Mr. Gilbert
Mr. Dewane

Mr. Hilton
Mr. Prevatt
Chair Ball
Mr. Lindholm
Ms. Freidenrich

Mr. Eley

Mr. Gilbert arrived at 1:14p.m.

Megan Cortez, Disability Coordinator, presented D-18 to the Board along with the staff recommendation.

D-18: David Rocha

STAFF RECOMMENDATION IS TO AFFIRM STAFF'S DETERMINATION THAT MR. ROCHA'S RETIREMENT ALLOWANCE WAS CALCULATED PROPERLY AND DENY MEMBER'S APPEAL. (GENERAL MEMBER) (D-18)

Mr. Rocha stated that he's in disagreement with staff report for the service credit calculations.

Mr. Ball asked for staff to explain what the next steps would be for Mr. Rocha's options going forward.

Ms. Jenike stated that Mr. Rocha can file another appeal with another Hearing Officer.

Following discussion, a **motion** was made by Mr. Prevatt, **seconded** by Mr. Packard to affirm staff's determination that Mr. Rocha's retirement allowance was calculated properly and deny member's appeal. The motion carried **8-0** with voting as follows:

AYES

Mr. Baldwin
Mr. Gilbert
Mr. Packard
Mr. Prevatt
Chair Ball
Mr. Lindholm
Ms. Freidenrich
Mr. Hilton

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Eley

Megan Cortez, Disability Coordinator, presented D-19 to the Board along with the staff recommendation.

D-19: 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. (SAFETY MEMBER) (D-19)

Item D-19 was pulled at the request of the applicant.

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.

N/A

BOARD MEMBER COMMENTS

N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Mr. Delaney asked the Board if they are comfortable with Mr. Hilton's request to simplify the disability agenda.

Chair Ball stated that this topic will be reviewed at the next Governance Committee meeting and discussed further.

COUNSEL COMMENTS

Ms. Ratto stated that her recommendation is to take this topic along with others to the Governance Committee and streamline the process.

CLOSED SESSION ITEMS

- E-1 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.

In February 2016, the Orange County Department of Education filed a lawsuit against OCERS, seeking to declare that OCDE owed nothing further towards the retirement benefits of its employees participating in OCERS after OCDE's last employee retired. OCDE refused to pay its fair share of OCERS' UAAL, which OCERS calculated was in excess of \$3 million. OCERS cross-sued OCDE for UAAL contributions.

In 2016 OCERS obtained a Writ from the Superior Court that ordered OCDE to continue making its required monthly contributions while the lawsuit was pending. In June 2017 OCERS won a complete Judgment in its favor. The Judgement ordered OCDE to pay in a timely manner all

amounts due to OCERS, now and in the future. Under law, OCDE is also liable to OCERS for attorneys' fees and administrative costs incurred in collecting the contributions, totaling some \$335,000 through the end of June. In late June, OCERS contacted OCDE about paying these fees and costs; and on July 3, 2017, OCDE filed an appeal from the Judgment in favor of OCERS. OCERS continues to engage litigation counsel Reed Smith, LLP as its counsel for the appeal. In closed session, The Board voted unanimously to demand immediate payment of the amount of OCERS' legal fees and costs to date.

**E-2 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.

No reportable action taken.

**ADJOURNMENT: (IN MEMORY OF THE ACTIVE MEMBERS, RETIRED MEMBERS, AND SURVIVING
SPOUSES WHO PASSED AWAY THIS PAST MONTH)**

Active Members

N/A

Retired Members

Bouwmeester, Augustus
Buchanan, David
Chapman, Merle
Gerber, Lea
Kies, Anthony
Ledgard, Julia
Legacy, Jean-Marie
Melanson, Mary
Martin, Paul
Obrazda, Richard
Remp, Robert
Robben, Joseph
Siegel, Nancy
Stancheck, Joseph
Tabb, Josh
Thornton, Margaret
Tinney, Wanda
Wells, Fenrick
Williams, Howard
Wright, Robert

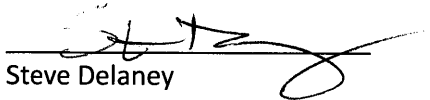
Surviving Spouses

Le, Thoa Thi
Moore, Margaret

Nelson, Eileen
Shannon, Robert

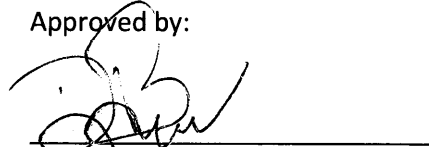
There being no further business to bring before the Board, the meeting adjourned at 2:02p.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



David Ball
Chairman