

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

REGULAR MEETING
Monday, August 21, 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 may take action on any item included in the following agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda.

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. 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](#)

August 21, 2017

[Death Notices](#)

August 21, 2017

Recommendation: Receive and file.

C-2 [OPTION 4 RETIREMENT ELECTION – TIMOTHY DAY](#)

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

C-3 **OPTION 4 RETIREMENT ELECTION – KATHLEEN MORAN**

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

C-4 **OPTION 4 RETIREMENT ELECTION – KIRBY ROUCHER**

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

ADMINISTRATION

C-5 **BOARD MEETINGS AND COMMITTEE MEETINGS**

Audit Committee Meeting Minutes
Regular Board Meeting Minutes

July 6, 2017
July 17, 2017

Recommendation: Authorize meeting and approve minutes.

C-6 **CEO FUTURE AGENDAS AND 2017 OCERS BOARD WORK PLAN**

Recommendation: Receive and file.

C-7 **QUIET PERIOD – NON-INVESTMENT CONTRACTS**

Recommendation: Receive and file.

C-8 **LEGISLATIVE UPDATE**

Recommendation: Receive and file.

C-9 **OCERS BY THE NUMBERS (2017 EDITION)**

Recommendation: Receive and file.

C-10 **EVOLUTION OF THE UAAL (2017 EDITION)**

Recommendation: Receive and file.

C-11 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN UPDATE

Recommendation: Receive and file.

C-12 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED JUNE 30, 2017

Recommendation: Receive and file.

C-13 SECOND QUARTER 2017 BUDGET TO ACTUALS REPORT

Recommendation: Receive and file.

C-14 2017 BUDGET AMENDMENT TO EXCLUDE INVESTMENT MANAGEMENT FEES FROM THE OCERS' ANNUAL ADMINISTRATIVE BUDGET

Recommendation: Approve an amendment to OCERS' Administrative and Investment Budget for 2017 to exclude investment management fees originally budgeted in the amount of \$38,323,996, decreasing the 2017 investment budget from \$42,791,649 to \$4,467,653 and the overall budget from \$61,155,100 to \$22,831,104.

C-15 QUARTERLY UPDATE ON SECURITIES LITIGATION CASES

Recommendation: Receive and file.

C-16 SITE VISIT REPORT – CONTRA COSTA COUNTY AND STANISLAUS COUNTY

Recommendation: Receive and file.

C-17 2017 EMPLOYER AND EMPLOYEE PENSION COST COMPARISON

Recommendation: Receive and file.

C-18 AUDIT COMMITTEE OUTCOMES FROM JULY 6, 2017 MEETING

Recommendation:

The Audit Committee recommends that the Board of Retirement approves:

- (1) Receive and file the Hotline Update
- (2) Receive and file the Audit Committee Inquiry on Administrative time in Internal Audit
- (3) Receive and file the Status of Internal Audits and Audit Projects

C-19 [BOARD COMMUNICATIONS](#)

Recommendation: Receive and file.

C-20 [CRI - THE CONFERENCE ON SUSTAINABLE, RESPONSIBLE, IMPACT INVESTING](#)

Recommendation: Approve Russell Baldwin’s attendance and related expenses including overnight accommodations for the “CRI - The Conference on Sustainable, Responsible, Impact Investing” on November 1-3, 2017 at the Hotel Del Coronado, San Diego, CA.

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

INDIVIDUAL ITEMS AGENDA

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

I-2 [INITIAL DISCUSSION OF TRIENNIAL STUDY OF ACTUARIAL ASSUMPTIONS](#)

Presentation by Paul Angelo, Segal Consulting

Recommendation: Receive and file.

I-3 [EARLY PAYMENT OF EMPLOYER CONTRIBUTIONS PROGRAM - 2018](#)

Presentation by Brenda Shott, Assistant Chief Executive Officer Finance and Internal Operations and Molly Murphy, Chief Investment Officer

Recommendation: Approve the terms of a prepayment discount program for the advance payment of employer contributions, including the discount rate to be used, for contribution year July 2018 - June 2019.

I-4 [EXECUTIVE SECRETARY I POSITION - LEGAL DEPARTMENT](#)

Presentation by Brenda Shott, Assistant Chief Executive Officer Finance and Internal Operations

Recommendation:

- 1) Approve the addition of an Executive Secretary I position assigned to the Legal Department.
- 2) Delete the current vacant Secretary II position.

I-5 [MEMBER SERVICES ANNUAL REPORT](#)

Presentation by Catherine Fairley, Director of Member Services, OCERS

Recommendation: Receive and file.

I-6 **OCERS VISION AND VALUES**

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Adopt an OCERS' Vision and Values statement.

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

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

11:00 A.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.

CONSENT AGENDA

All matters on the Disability Applications or Member Appeals 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.

D-1: Robert James

Fire Apparatus Engineer, Orange County Fire Authority

Date of employer filed application for service and non-service connected disability retirement:
06/03/2016

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (Safety Member)

D-2: Aaron Phelps

Group Counselor I, Orange County Social Services Agency

Date of employer filed application for service and non-service connected disability retirement:
03/17/2016

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (General Member)

D-3: Michael Sarno

Deputy Sheriff II, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
03/14/2017

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (Safety Member)

D-4: Benjamin Savill

Defense Investigator III, Orange County Public Defender

Date of employer filed application for service and non-service connected disability retirement:
01/31/2017

Recommendation: Deny service and non-service connected disability retirement without prejudice due to the member's failure to cooperate. (General Member)

INDIVIDUAL ITEMS AGENDA

D-5: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

D-6: Margretta Burton

Coach Operator, Orange County Transportation Authority

Date of employer filed application for service and non-service connected disability retirement:
04/08/2016

Date of employee filed application for service and non-service connected disability retirement:
06/02/2016

Recommendation: Grant service connected disability retirement with an effective date of April 8, 2016. (General Member)

D-7: Daniel Edralin

Deputy Sheriff II, Orange County Sheriff's Department

Date of employee filed application for service connected disability retirement: 07/08/2016

Recommendation: Grant service connected disability retirement with an effective date of the last day of compensation. (Safety Member)

D-8: Michael Gledhill

Firefighter, Orange County Fire Authority

Date of employer filed application for service and non-service* connected disability retirement:
11/02/2015

Date of employee filed application for service connected disability retirement: 02/08/2016

Recommendation: Grant service connected disability retirement with an effective date of November 2, 2015. (Safety Member)

D-9: Corinne Mahlen

Attorney's Clerk II, Orange County Public Defender

Date of employee filed application for service and non-service connected disability retirement: 01/11/2016

Recommendation: Grant service connected disability retirement with an effective date of January 11, 2016. (General Member)

D-10: Enrique Marquez

Custodian, Orange County Superior Court

Date of employee filed application for service and non-service connected disability retirement: 07/11/2016

Recommendation: Grant service connected disability retirement with an effective date of February 6, 2015. (General Member)

D-11: Karen Nelson

Deputy Juvenile Correctional Officer II, Orange County Probation Department

Date of employee filed application for service connected disability retirement: 12/29/2016

Recommendation: Grant service connected disability retirement with an effective date of March 3, 2017. (Safety Member)

D-12: Elena P. Preciado Navarro

Custodian II, Orange County Superior Court

Date of employee filed application for service and non-service connected disability retirement: 09/01/2015

Recommendation: Grant service connected disability retirement with an effective date of September 1, 2015. (General Member)

D-13: Ernesto Romero

Park Maintenance Worker, Orange County Community Resources

Date of employee filed application for service connected disability retirement: 10/29/2015

Recommendation: Grant service connected disability retirement with an effective date of October 29, 2015. (General Member)

D-14: Dan Sjule

Senior Social Worker, Orange County Social Services Agency

Date of employee filed application for service connected (recommendation has both) disability retirement: 04/28/2016

Recommendation: Grant non- service connected disability retirement with an effective date of April 28, 2016 and deny service connected disability retirement due to insufficient evidence of job causation. (General Member)

D-15: Joseph Steelman

Fire Captain, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 12/18/2015

Recommendation: Grant service connected disability with an effective date of December 18, 2015. (Safety Member)

D-16: Courtney Ward

Deputy Sheriff II, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement:
11/07/2016

Recommendation: Grant service connected disability retirement pursuant to Government Code Section 31720.6 (Cancer Presumption) with an effective date of November 7, 2016. (Safety Member)

D-17: Jeffrey Bardzik

Lieutenant, Orange County Sheriff's Department

Date of employee filed application for service connected disability retirement: 07/06/2015

Recommendation: Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity and deny the application as it was not filed timely pursuant to Government Code Section 31722. (Safety Member)

D-18: Elizabeth Freyre

Sheriff Correctional Services Assistant, Orange County Sheriff's Department

Date of employer filed application for service and non-service* connected disability retirement:
04/02/2014

Date of employee filed application for service connected disability retirement: 06/30/2014

Recommendation: Deny service and non-service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

D-19: Teresa Geldmacher

Senior Social Worker, Orange County Social Service Agency

Date of employee filed application for service connected disability retirement: 11/03/2015

Recommendation: Deny service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

D-20: Josefina Zamacona

Library Clerk, Orange County Community Resources

Date of employer filed application for non-service* connected disability retirement: 12/21/2015.

Date of employee filed application for service connected disability retirement: 03/22/2016

*The member does not have the minimum years of service required to be considered for a non-service connected disability.

Recommendation: Deny service connected disability retirement due to insufficient evidence of permanent incapacity. (General Member)

D-21: Olivia Garcia

Records Technician, Orange County Sheriff's Department

Date of employee filed application for service and non-service connected disability retirement:
12/05/2012

Recommendation: Adopt the findings and recommendations of the Hearing Officer and deny Applicant's application for service and non-service connected disability retirement. (General Member)

D-22: Rick Edgmon

Recommendation: 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.

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 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.

- 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.

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

NOTICE OF NEXT MEETINGS

INVESTMENT COMMITTEE MEETING

**August 23, 2017
9:00 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

AUDIT COMMITTEE MEETING

**August 30, 2017
1:00 P.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

GOVERNANCE COMMITTEE MEETING

**September 5, 2017
9:30 A.M.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

INVESTMENT MANAGER MONITORING SUBCOMMITTEE MEETING
September 7, 2017
9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701

2-DAY STRATEGIC PLANNING WORKSHOP
September 13-14, 2017
8:00 A.M.

DOUBLETREE CLUB BY HILTON-ORANGE COUNTY AIRPORT
7 HUTTON CENTRE DRIVE
SANTA ANA, CA 92707

REGULAR BOARD MEETING
October 16, 2017
9:00 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100

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.