

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

REGULAR MEETING
Monday, May 14, 2018
9:00 a.m.

MINUTES

Chair Prevatt called the meeting to order at 9:02 a.m.

Attendance was as follows:

Present: Chris Prevatt, Chair; Chuck Packard, Vice-Chair; Eric Gilbert; David Ball; Roger Hilton; Shawn Dewane; Frank Eley; Russell Baldwin 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 Leiderman

Absent: Wayne Lindholm

Mr. Gilbert 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.

Ms. Freidenrich pulled item C-3 and C-4 for discussion.

A **motion** was made by Mr. Dewane **seconded** by Mr. Packard to move the remainder of the consent agenda.

Motion passed **unanimously**.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- (1) Mitchell Cherness
- (2) Joseph Smith

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

April 18, 2018

Recommendation: Approve minutes.

C-3 INVESTMENT COMMITTEE OUTCOMES FROM APRIL 24, 2018 MEETING

Recommendation: The Investment Committee recommends that the Board of Retirement:

- (1) Adopt revisions to the Investment Committee Charter as approved by the Investment Committee.

C-4 INVESTING FOR A SUSTAINABLE WORLD

Recommendation: Approve Russell Baldwin's attendance and related expenses including overnight accommodations for the "Investing for a Sustainable World" Conference, May 30-June 1, 2018, at the Omni Shoreham in Washington D.C.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board's discussion of the item. 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 signing in on the Public Comment Sign-In Sheet located at the back of the room.

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

C-3 - INVESTMENT COMMITTEE OUTCOMES FROM APRIL 24, 2018 MEETING

Ms. Freidenrich commented on the delegating authority portion of the item. She stated that the delegation should be a specific person instead of it being a general delegation.

Mr. Prevatt explained the delegation process under the charter and stated that he does not want a specific person to be added in the charter. The committee has the authority to delegate based on their decisions.

Mr. Delaney concurred with Mr. Prevatt that this gives a general authority for delegation.

A **motion** was made by Ms. Freidenrich **seconded** by Mr. Eley to move item C-3 of the consent agenda.

Motion passed **unanimously**.

C-4- INVESTING FOR A SUSTAINABLE WORLD

Ms. Freidenrich did not like that this item was a last minute addition to the agenda.

Mr. Prevatt stated that OCERS was within policy for the addition of the item. He recommended approval of Mr. Baldwin's travel based on OCERS travel policy.

Ms. Freidenrich stated that it is a poor business practice to add last minute travel items to the agenda as there isn't an opportunity for the public to add their comments. She stated that she is not in support of this conference due to timing as it sets a bad precedence.

Mr. Baldwin apologized for the late addition.

Mr. Eley stated that the conference is a good idea and supported Mr. Baldwin's attendance.

A **motion** was made by Mr. Packard **seconded** by Mr. Dewane to move item C-4 of the consent agenda.

Motion passed **8-1** with Ms. Freidenrich voting "No".

A-2 SACRS BUSINESS MEETING – DIRECTION TO OCERS VOTING DELEGATE RE: SB 1270

Presentation by Gina Ratto, General Counsel, OCERS

Recommendation: Direct the OCERS' Voting Delegate and Alternate Delegates to vote **IN FAVOR** of SACRS' proposal to co-sponsor SB 1270 (Videk) at the SACRS business meeting on May 18, 2018.

Ms. Ratto discussed the SACRS business meeting, direction to OCERS voting delegate RE:SB 1270.

She stated that staff recommends the Board direct the OCERS voting delegate/alternate delegates to vote in favor of SACRS' proposal to co-sponsor SB 1270.

Mr. Eley stated his concerns regarding the language in the SB1270 document where it states, "The persons so appointed shall be county employees and shall be included in the salary ordinance or salary resolution adopted by the board of supervisors..." He stated that this will not accomplish what is intended to be accomplished. He also pointed out that there's a conflict between County employees and direct hire employees of a system.

Ms. Ratto discussed her reasoning as to why the SB1270 language was drafted the way it's written.

At the direction of Chair Prevatt, Ms. Ratto stated that she will communicate with SACRS the observation that Mr. Eley communicated.

A **motion** was made by Mr. Ball **seconded** by Mr. Packard to direct the OCERS' Voting Delegate and Alternate Delegates to vote **IN FAVOR** of SACRS' proposal to co-sponsor SB 1270 (Videk) at the SACRS business meeting on May 18, 2018.

Motion passed **unanimously**.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

May 14, 2018

Death Notices

May 14, 2018

I-2 CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN

Written Report

I-3 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-4 LEGISLATIVE UPDATE

Written Report

I-5 2018 FIRST QUARTER BUDGET TO ACTUAL REPORT

Written Report

I-6 2018 FIRST QUARTER PRELIMINARY FINANCIAL STATEMENTS

Written Report

I-7 UPDATE TO BOARD ELECTION, SAFETY MEMBER AND ALTERNATE SAFETY MEMBER

Written Report

I-8 BOARD POLICY COMPLIANCE

Written Report

I-9 TRAVEL REPORT – CALIFORNIA RETIRED COUNTY EMPLOYEES ASSOCIATION (CRCEA) SPRING 2018

Written Report

I-10 TRAVEL REPORT – WOMEN'S PRIVATE EQUITY SUMMIT 2018

Written Report

I-11 PRELIMINARY DECEMBER 31, 2017 ACTUARIAL VALUATION

Presentation by Andy Yeung, Segal Consulting

Mr. Yeung discussed the Preliminary December 31, 2017 Actuarial Valuation.

Mr. Ball asked if the UAAL and Actuarial Valuation changed with the new assumptions adopted and if contribution rates were consistent with the estimates provided a few months ago.

Mr. Yeung explained the reason for the changes.

Mr. Ball and Mr. Yeung discussed the differences in payment amount when there is a reduction in interest rates when using percentage of pay verses flat payment amounts. They will discuss offline.

Mr. Prevatt asked Ms. Shott to give an update with the City of Cypress Recreation and Parks.

Ms. Shott stated that OCERS has an agreement drafted that will be sent to the City Cypress mirroring a similar agreement as Vector Control. The agreement will include a time frame for paying off their unfunded liability.

Ms. Freidenrich discussed Plan W and asked why OCERS didn't combine Plan W into Plan T. She asked Mr. Yeung to discuss why a new plan was created.

Mr. Yeung discussed the reasons, based on discussions and experiences as to why a new plan was created instead of adding plans together.

Mr. Eley stepped out at 10:05am.

Mr. Eley returned at 10:09am.

Mr. Prevatt stepped out at 10:11am.

Mr. Prevatt returned at 10:13am.

Ms. Molly Calcagno of Segal Consulting discussed the reconciliation of employer contributions for safety members.

Mr. Gilbert stepped out at 10:38am.

Mr. Gilbert returned at 10:39am.

Mr. Eley stepped out at 10:59am.

Mr. Hilton discussed mortality and assumption rate specifically for safety members.

Mr. Yeung stated that safety members are living longer and every year there would be an increase in the UAAL related to actuarial losses if assumptions weren't adjusted. They recommend a more conservative approach during the recent experience study to reflect that members live longer.

Mr. Eley returned at 11:01am.

The Board recessed for break at 11:04am.

The Board reconvened from break at 11:17am.

I-12 REFRESHER ON THE NEW PROCESS FOR DISABILITY RETIREMENT DETERMINATIONS
Presentation by Suzanne Jenike, Assistant CEO and Gina Ratto, General Counsel, OCERS

Ms. Jenike discussed the new process for the Disability retirement determinations.

Ms. Freidenrich asked what documentation will be brought to the full board.

Ms. Jenike discussed the process and the type of communication that will be brought to the board.

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

DISABILITY APPLICATIONS/MEMBER APPEALS AGENDA

11:00 A.M.

DISABILITY CONSENT AGENDA

Note: Mr. Lindholm's absence on May 14, 2018.

All matters on the Disability 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: Kevin Ward

Recommendation: Dismiss the appeal of the effective date of the Applicant's service connected disability retirement benefit without prejudice due to the Applicant's failure to cooperate. (General Member)

Item D-1 was **pulled** from the agenda.

DISABILITY INDIVIDUAL AGENDA

D-2: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

Ms. Cortez presented item D-3.

D-3: Jeffrey Baclawski

Firefighter, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 01/06/2017

Recommendation: Grant service connected disability retirement with an effective date of January 6, 2017. (Safety Member)

A **motion** was made by Mr. Gilbert, **seconded** by Mr. Dewane to grant service connected disability retirement with an effective date of January 6, 2017. The motion carried **8-0** with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Chair Prevatt			Mr. Lindholm
Mr. Dewane			
Mr. Ball			
Mr. Baldwin			
Mr. Packard			
Mr. Eley			
Mr. Gilbert			
Ms. Freidenrich			

Ms. Cortez presented item D-4.

D-4: Cheryl Cisowski

Deputy Sheriff II, Orange County Sheriff's Department

Date of employer filed application for service and non-service connected disability retirement:
10/26/2016

Date of employee filed application for service and non-service connected disability retirement:
02/10/2017

Recommendation: Grant service connected disability retirement with an effective date of April 14, 2017. (Safety Member)

A **motion** was made by Mr. Hilton, **seconded** by Mr. Dewane to grant service connected disability retirement with an effective date of April 14, 2017. The motion carried **8-0** with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Chair Prevatt			Mr. Lindholm
Mr. Dewane			
Mr. Ball			
Mr. Baldwin			
Mr. Packard			
Mr. Eley			
Mr. Hilton			
Ms. Freidenrich			

Ms. Cortez presented item D-5.

D-5: Jonathan Lim

Firefighter, Orange County Fire Authority

Date of employer filed application for service and non-service connected disability retirement:
04/28/2017

Date of employee filed application for service and non-service connected disability retirement:
08/08/2017

Recommendation: Grant service connected disability retirement with an effective date of June 09, 2017. Find the Applicant is capable of performing other duties in the service of the Orange County Fire Authority pursuant to Government Code Section 31725.65. Grant a supplemental disability retirement payment. Request that the Board require Mr. Lim to undergo the reexamination process in two years' time per Government Code section 31729. (Safety Member)

A **motion** was made by Mr. Gilbert, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of June 09, 2017. Find the Applicant is capable of performing other duties in the service of the Orange County Fire Authority pursuant to Government Code Section 31725.65. Grant a supplemental disability retirement payment. Request that the Board require Mr. Lim to undergo the reexamination process in two years' time per Government Code section 31729. The motion carried **8-0** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Gilbert
Ms. Freidenrich

NAYS

ABSTAIN

ABSENT

Mr. Lindholm

Ms. Cortez presented item D-6.

D-6: Claudine Otero-Murrietta

Deputy Juvenile Correctional Officer I, Orange County Probation 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 December 7, 2007. 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. (Safety Member)

A **motion** was made by Mr. Hilton, **seconded** by Mr. Eley to grant service connected disability retirement with an effective date of December 7, 2007. 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. The motion carried **8-0** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin

NAYS

ABSTAIN

ABSENT

Mr. Lindholm

Mr. Packard
Mr. Eley
Mr. Hilton
Ms. Freidenrich

Ms. Cortez presented item D-7.

D-7: Maritza Partida

Senior Social Services Supervisor, Social Services Agency

Date of employee filed application for non-service connected disability retirement: 04/05/2018

Recommendation: Grant non-service connected disability retirement with an effective date of April 13, 2018. (General Member)

A **motion** was made by Mr. Baldwin, **seconded** by Mr. Eley to grant non-service connected disability retirement with an effective date of April 13, 2018. The motion carried **8-0** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Hilton
Ms. Freidenrich

NAYS

ABSTAIN

ABSENT

Mr. Lindholm

Ms. Cortez presented item D-8.

D-8: Derek Peter

Firefighter/Paramedic, Orange County Fire Authority

Date of employee filed application for service connected disability retirement: 07/18/2017

Recommendation Grant service connected disability retirement with an effective date of September 29, 2017. (Safety Member)

A **motion** was made by Mr. Gilbert, **seconded** by Mr. Packard to grant service connected disability retirement with an effective date of September 29, 2017. The motion carried **8-0** with voting as follows:

AYES

Chair Prevatt
Mr. Dewane
Mr. Ball
Mr. Baldwin
Mr. Packard
Mr. Eley
Mr. Gilbert

NAYS

ABSTAIN

ABSENT

Mr. Lindholm

Agee, Thomas
Al-Sunna, Saeb
Bernard, G-Jimmie
Bien, Ann
Burns, Ardith
Chesshir, Leeds
Chicklo, Michael
Clark, Dane
Cobbett, William
Compton, Ariel
Coons, Bonnie
Curtis, Edward
Denisac, Raul
Dionne, Linda
Dirden, Josephine
Frazier, Carol
Graner, Beverly
Hiller, Robert
Kay, Barbara
Kimpo, Ramon
Kohlberg, Charles
Liberator, Carol
Mandell, Irma
Mannion, Horace
Marquez, Anna
May, Kay
Mc Nealey, Evelyn
McDonald, Bredaline
Mishica, Joseph
Morrow, Kathryn
Mucia, Anton
Powell, Robin
Reza, Connie
Sherman, Natalie
Simpson, Warren
Slupsky, Suzanne
Smith, Elmer
Towne, Leroy
Truitt, Patricia
Ureta, Ignacio
Walker, Milo
Waterman, Patricia
White, Betty

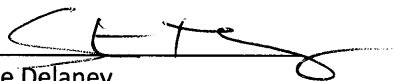
Surviving Spouses

Allemant, Jose
Brady, Floy
Collins, Marlene
Heppert, Elizabeth
Johnston, Ann

Kuroda, Hideo
Lane, Thomas
Powers, Gail
Sena, Alice

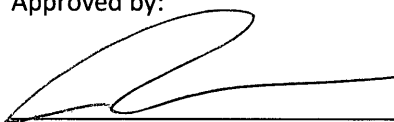
There being no further business to bring before the Board, the meeting adjourned at 12:23p.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Chris Prevatt
Chairman