

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

REGULAR MEETING
Monday, January 16, 2019
9:00 a.m.

MINUTES

Chair Packard called the meeting to order at 9:03 a.m.

Attendance was as follows:

Present: Chuck Packard, Chair; Roger Hilton, Vice-Chair; David Ball; Chris Prevatt; Shawn Dewane; Frank Eley; Russell Baldwin, Jeremy Vallone, Shari Freidenrich, and Wayne Lindholm

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Molly Murphy, Chief Investment Officer; Gina Ratto, General Counsel; David Kim, Director of Internal Audit; Anthony Beltran, Visual Technician; Cammy Torres, Recording Secretary.

Guests: Harvey Leiderman

Mr. Dewane led the Pledge of Allegiance.

CONSENT AGENDA

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

A motion was made by Mr. Dewane seconded by Mr. Hilton to approve 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) None

| |
|-----------------------|
| ADMINISTRATION |
|-----------------------|

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

December 17, 2018

Recommendation: Approve minutes.

ACTION ITEMS

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

A-2 GOVERNANCE COMMITTEE OUTCOMES FROM DECEMBER 11, 2018 MEETING

Presentation by Suzanne Jenike, Assistant Chief Executive Officer, External Operations, OCERS

Recommendation: The Governance Committee recommends that the Board:

- (1) Approve the Overpayment/Underpayment of Plan Contributions Policy

Ms. Jenike spoke on the new policy entitled "Overpayment/Underpayment of Plan Contributions Policy." This item was approved at the December 11, 2018 Governance Committee meeting. Ms. Jenike noted this was one of three policies that together helped ease the burden on staff while reconciling contributions and benefits. The other two policies deal with overpaid/underpaid benefits and approved write offs. The Governance Committee recommends that the Board approve the policy.

A **motion** was made by Mr. Dewane **seconded** by Mr. Eley to approve the Overpayment/Underpayment of Plan Contributions Policy.

Motion passed **unanimously**.

A-3 GOVERNANCE COMMITTEE OUTCOMES FROM THE DECEMBER 11, 2018 MEETING

Presentation by Gina Ratto, General Counsel, OCERS

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

- (1) Approve the revisions to the Monitoring and Reporting Policy as approved by the Governance Committee;
- (2) Approve the revisions to the Whistleblower Policy as approved by the Governance Committee.

Ms. Ratto described the two policies brought to the Board that were approved at the December 11, 2018 Governance Committee meeting. She explained that Mr. Leiderman had minor comments and additions added to the policies and staff requests that the Board approve both policies with those additions.

A **motion** was made by Mr. Eley **seconded** by Mr. Dewane to approve the revisions to the Monitoring and Reporting Policy as approved by the Governance Committee and approve the revisions to the Whistleblower Policy as approved by the Governance Committee.

Motion passed **unanimously**.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

January 16, 2019

Death Notices

January 16, 2019

I-2 COMMITTEE MEETING MINUTES

- Governance Minutes
- Audit Minutes

Mr. Delaney asked Ms. Ratto to explain the delay in bringing the committee minutes to the full Board as an information item.

Ms. Ratto explained that all committee minutes are approved by the specific committee prior to being presented to the Board of Retirement. Due to the timing of the committee meetings approval of the minutes may take several months. Once approved, the minutes are then added to the Regular Board meeting agenda as an information item.

I-3 CEO FUTURE AGENDAS AND 2018 OCERS BOARD WORK PLAN

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-5 2018 OCERS YEAR IN REVIEW: COMMUNICATION PLAN

Written Report

I-6 DISABILITY RETIREMENT STATISTICS – 2018 REPORT

Written Report

I-7 2018 FORM 700 DESIGNATED FILERS LIST AND FACT SHEET

Written Report

I-8 FOURTH QUARTER 2018 EDUCATION AND TRAVEL EXPENSE REPORT

Written Report

I-9 2019 OCERS BOARD OF RETIREMENT COMMITTEE ASSIGNMENTS

Written Report

I-10 CONTRACT STATUS FOR NAMED SERVICE PROVIDERS

Written Report

- I-11 BOARD COMMUNICATIONS POLICY FACT SHEET**
Written Report

- I-12 BOARD COMMUNICATIONS**
Written Report

- I-13 OCERS INNOVATIONS/PROCESS IMPROVEMENTS AND EMPLOYEE STAFF AWARDS**
Presentation by Steve Delaney, Chief Executive Officer, OCERS

Mr. Delaney introduced the winners of the 2018 Employee of the Year award, Manager of the Year award and Innovation of the Year award.

Mr. Prevatt arrived at 9:12 a.m.

Each manager discussed innovations and process improvements that occurred in their department or division in 2018.

Ms. Freidenrich arrived at 9:18 a.m.

The Board recessed for break at 9:49 a.m.

The Board reconvened from break at 10:07 a.m.

******* END OF INFORMATION ITEMS AGENDA *******

CLOSED SESSION

- E-1 PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957**

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

This item was removed from the agenda.

DISABILITY/MEMBER BENEFITS AGENDA

OPEN SESSION

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Board member requires separate action on a specific item. If separate action is requested, the item will be discussed during agenda item DA-1.

A **motion** was made by Mr. Dewane, **seconded** by Mr. Eley to approve the Disability Consent Agenda. The motion carried **9-0** with voting as follows:

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

DC-1: Steven Burkley
Sheriff's Special Officer II, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of July 7, 2017.

DC-2: James R. Forrester
Fire Apparatus Engineer, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of July 19, 2017.

DC-3: Robert Morris
Senior Plant Operator, Orange County Sanitation Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of March 2, 2018.

CLOSED SESSION
(Government Code sections 54957 and 54956.9)

The Board will adjourn to Closed Session pursuant to Government Code sections 54957 or 54956.9 to discuss matters relating to member applications or appeals. The member may request that the discussion relating to his or her application or appeal take place in Open Session.

ACTION ITEMS

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

DISABILITY/MEMBER BENEFITS AGENDA

DA-2: DISABILITY APPEAL - FAHIMEH NAZARI

Library Clerk, Orange County Community Resources

Recommendation: Staff recommends the Board approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated October 27, 2018, and deny Applicant's application for service connected disability retirement.

DA-2 was **pulled** from the agenda.

DA-3: DISABILITY APPEAL - MAX CHANCE, JR.

Sergeant, Orange County Sheriff's Department

Recommendation: Staff recommends the Board dismiss the appeal by Max Chance Jr. of OCERS' denial of his application for service and non-service connected disability retirement pursuant to Section 3.E of OCERS Adjudication Policy and Administrative Hearing Rules.

DA-3 was **pulled** from the agenda.

DA-4: DISABILITY APPEAL – BARBARA BELL

Cashier, Orange County Sheriff's Department

Recommendation: Staff recommends that the Board approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated November 26, 2018 (Proposed Decision), and deny Applicant's application for service connected and non-service connected disability retirement.

A **motion** was made by Mr. Eley, **seconded** by Mr. Dewane to approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated November 26, 2018 (Proposed Decision), and deny Applicant's application for service connected and non-service connected disability retirement.

The motion carried **9-0** with voting as follows:

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

DA-5: DISABILITY APPEAL – KEVIN WARD

Tree Trimmer, Orange County Public Works

Recommendation: Staff recommends that the Board approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Proposed Findings of Fact, Conclusions of Law, and Recommended Decision dated November 29, 2018 (Proposed Decision), and deny Applicant’s appeal for an earlier effective date.

A **motion** was made by Mr. Eley, **seconded** by Mr. Dewane to approve and adopt the findings and recommendations of the Hearing Officer as set forth in the Proposed Findings of Fact, Conclusions of Law, and Recommended Decision dated November 29, 2018 (Proposed Decision), and deny Applicant’s appeal for an earlier effective date.

The motion carried **9-0** with voting as follows:

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

DA-6: BENEFIT APPEAL – DAVID ROCHA

Administrative Manager III, County of Orange

Recommendation: Staff recommends that the Board, pursuant to subdivision (d) of section 31534 of the California Government Code, set the matter for a hearing before itself. Additionally, staff recommends that the hearing be held in closed session during the Board’s regularly scheduled meeting on March 18, 2019.

***The Board adjourned into closed session at 10:13 a.m.
The Board reconvened from closed session at 10:30 a.m.***

No reportable action taken.

The Board adjourned into closed session with the parties present to discuss the benefit appeal related to DA-6 at 10:31 a.m.

OPEN SESSION

The Board reconvened from closed session at 10:50 a.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

The Board voted unanimously to send the matter back to the Hearing Officer with instruction for further proceedings pursuant to subdivision (c) of Government Code §31534 with the following instructions:

1. To reopen the matter and instruct the parties to brief and to provide evidence demonstrating the following:
 - a. The intent of the parties to the 2014—2017 Memorandum of Understanding between the County of Orange and the Orange County Managers Association (Administrative Record, 265-360) (the MOU) solely with respect to the question of whether the Payoff of Unused Annual Leave provision of the MOU was intended by the parties to be applied retroactively, that is, to a date prior to the date the MOU was approved by the Orange County Board of Supervisors; and
 - b. Whether the Payoff of Unused Annual Leave provision of the MOU was actually applied retroactively by the County such that members of the Orange County Managers Association were credited with and permitted to cash out additional unused annual leave for periods prior to the date the MOU was approved by the County Board of Supervisors; and
2. To reissue the Recommendation based on such briefing and evidence.

BOARD MEMBER COMMENTS

N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Ms. Jenike provided her monthly update to the Board regarding the master final average salary project.

Mr. Eakin described malware and fraudulent emails received by the Board members and the steps OCERS will take to minimize these issues.

COUNSEL COMMENTS

N/A

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

Active Members

Smith, Lamar

Retired Members

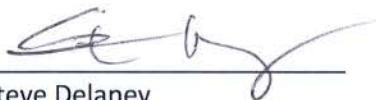
Berenson, Corinne
Clark, Charles
Craig, Corrina
Devereaux, John
Folk, Robert
Hagadorn, James
Homs, Carlos
Keef, Charles
Lengyel, Constance
Lundy, Terrence
MacIntyre, Mary
Malandra, Ronald
McCullough, Christopher
Ortiz, Amelia
Polin, Audrey
Ritze, Loreen
Sevilla, Benjamin
Thomas, Eveleen
Totten, Donna
Weiman, Carol
Wesson, Clarence
Zwilling, Bernice

Surviving Spouses

Babtist, Margaret
Bell, Donald
Chesshir, Eleanor
Sevilla, Benjamin

There being no further business to bring before the Board, the meeting adjourned at 11:00 a.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Chuck Packard
Chairman