

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

REGULAR MEETING
Tuesday, February 19, 2019
9:00 a.m.

MINUTES

Chair Packard called the meeting to order at 9:06 a.m.

Attendance was as follows:

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

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Joe Fletcher, Staff Attorney; Anthony Beltran, Visual Technician; Cammy Torres, Recording Secretary.

Guests: Harvey Leiderman

Absent: Jeremy Vallone

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 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) Curtis Morrison

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

January 16, 2019

Recommendation: Approve minutes.

ACTION ITEMS

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

A-2 2019 COST OF LIVING ADJUSTMENT

Presentation by Suzanne Jenike, Assistant CEO of External Operations, OCERS; and Andy Yeung, Segal Consulting

Recommendation: Adjust all applicable benefit allowances by 3% effective April 1, 2019, in accordance with Government Code Section 31870.1, resulting from the 3.81% change to CPI in calendar year 2018.

Chris Prevatt arrived at 9:09 a.m.

Sara Ruckle-Harms, representing Retired Employees Association of Orange County (REAOC), asked the Board to approve the COLA increase and explained the importance of the COLA to all retirees.

Ms. Jenike and Andy Yeung presented the 2019 Cost of Living Adjustment.

Mr. Ball arrived at 9:13 a.m.

Mr. Lindholm arrived at 9:14 a.m.

Mr. Yeung explained that this year CPI was calculated using a new geographic area: Los Angeles, Long Beach, and Anaheim.

Ms. Freidenrich asked that in future years staff include the prior CPI from previous year for comparison purposes.

A **motion** was made by Mr. Eley **seconded** by Mr. Dewane to adjust all applicable benefit allowances by 3% effective April 1, 2019, in accordance with Government Code Section 31870.1, resulting from the 3.81% change to CPI in calendar year 2018.

Motion passed **unanimously**.

A-3 OCERS HEADQUARTERS BUILDING

Presentation by Brenda Shott, Assistant CEO of Internal Operation, OCERS and Tim Hogan, Owner, Hogan Edgcomb Consulting LLC

Recommendation: The ad hoc Building Committee recommends that the OCERS Board determine to remain at 2223 E. Wellington Ave., Santa Ana and direct staff to advance plans for tenant improvements and upgrade of mechanical systems.

Ms. Shott presented the OCERS Headquarters Building project update.

Mr. Time Hogan joined the Board meeting via conference call.

Mr. Hogan, via conference call, gave his executive summary of his report recommends OCERS remain in its current building and upgrade that building.

Mr. Eley asked staff regarding the choreography of staff movement and how that will play out in order to not disturb workflow.

Mr. Delaney explained that this will be about a two-year process and the goal is to move staff in groups using the open space on the this floor as a start, as not to disturb workflow.

Mr. Prevatt explained the thought process behind the Building Committee discussions and how they came about making their conclusion.

Ms. Freidenrich asked if the Board could have a written documentation of the ad hoc committee's meetings and their recommendations.

Mr. Delaney discussed the benefits of OCERS staying in the current location.

A **motion** was made by Mr. Dewane **seconded** by Mr. Hilton to approved the ad hoc Building Committee recommendation that the OCERS Board determine to remain at 2223 E. Wellington Ave., Santa Ana and direct staff to advance plans for tenant improvements and upgrade of mechanical systems.

Motion passed **unanimously**.

A-4 SACRS BOARD OF DIRECTORS ELECTIONS 2019-2020

Presentation by Steve Delaney, CEO, OCERS

Recommendation: Identify one or more nominees for the SACRS Board of Directors election to be conducted on May 10, 2019; and direct staff to submit the nomination(s) to the SACRS Nominating Committee on or before March 1, 2019.

Mr. Delaney presented the SACRS Board of Directors Elections 2019-2020.

A **motion** was made by Mr. Prevatt **seconded** by Mr. Dewane to approve the endorsement of Roger Hilton to another term.

Motion passed unanimously.

The Board recessed for break at 9:45 a.m.

The Board reconvened from break at 10:02 a.m.

A-5 AUDIT COMMITTEE OUTCOMES FROM DECEMBER 11, 2018 MEETING - TRIENNIAL REVIEW OF THE RISK POLICY

Presentation by Brenda Shott, Assistant CEO of Internal Operation, OCERS

Recommendation: The Audit Committee recommends that the Board adopt the revised Risk Policy as presented.

Ms. Shott presented the triennial review of the risk policy.

Mr. Hilton asked if we could name the policy “Operational Risk Policy” not “Risk Policy”.

Staff stated yes, that change will be implemented.

A **motion** was made by Mr. Dewane **seconded** by Mr. Lindholm to approve the Audit Committee’s recommendation for the Board to adopt the revised Risk Policy as presented.

Motion passed unanimously.

INFORMATION ITEMS

Ms. Freidenrich pulled item I-5 and I-9 for discussion.

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

February 19, 2019

Death Notices

February 19, 2019

I-2 COMMITTEE MEETING MINUTES

- None

I-3 CEO FUTURE AGENDAS AND 2019 OCERS BOARD WORK PLAN

Written Report

I-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

I-5 2018 PPCC PUBLIC PENSION STANDARDS AWARD FOR FUNDING AND ADMINISTRATION

Written Report

Ms. Freidenrich wanted to acknowledge that OCERS received the PPCC Award.

I-6 FOURTH QUARTER 2018 BUDGET VS. PRELIMINARY ACTUALS REPORT

Written Report

I-7 FOURTH QUARTER UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Written Report

I-8 2019 STAR COLA COST POSTING

Written Report

I-9 OVERPAID AND UNDERPAID PLAN BENEFITS – 2018 REPORT

Written Report

Mr. Freidenrich questioned if OCERS has taken the necessary steps to prevent an overpayment or underpayment in plan benefits.

Ms. Halbur discussed the ways OCERS has prepared and the steps taken to avoid any issues in the future.

I-10 OCERS BOARD POLICY COMPLIANCE

Written Report

I-11 BOARD COMMUNICATIONS

Written Report

I-12 2018 BUSINESS PLAN – END OF YEAR REPORT

Presentation by Steve Delaney, CEO, OCERS

Mr. Delaney presented the 2018 Business Plan – End of Year Report. He specifically reviewed those tasks that began in 2018 but which would not conclude until 2019.

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

DISABILITY/MEMBER BENEFITS AGENDA

10:00 AM

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:

AYES

Mr. Prevatt
Mr. Dewane

NAYS

ABSTAIN

ABSENT

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

DC-1: Jason Yates

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

Recommendation: The Disability Committee recommends that the Board deny service connected disability retirement due to insufficient evidence of job causation. (General Member)

DC-2: Robert D. Davis

Deputy Sheriff, Orange County Sheriff's Department

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of August 31, 2018. (Safety Member)

DC-3: Claudette Oliver

Bus Operations Supervisor, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of May 28, 2017. (General Member)

DC-4: Robert Willis

Certified Journeyman Mechanic II, Orange County Transportation Authority

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of July 23, 2017. (General Member)

DC-5: James E. Bento

Firefighter, Orange County Fire Authority

Recommendation: The Disability Committee recommends that the Board grant service connected disability retirement with an effective date of November 10, 2017. (Safety Member)

DC-6: Darrin Wheaton

Senior Social Worker, Social Services Agency

Recommendation: The Disability Committee recommends that the Board grant non-service connected disability retirement with an effective date of August 7, 2015. (General Member)

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

The Board adjourned into closed session at 10:06 a.m.

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.

Mr. Ball stepped out of the room.

A **motion** was made by Mr. Baldwin, **seconded** by Mr. Eley 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 October 27, 2018, and deny Applicant's application for service connected disability retirement.

The motion carried **8-0** with voting as follows:

AYES

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

NAYS

ABSTAIN

ABSENT

Mr. Ball

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.

A **motion** was made by Mr. Prevatt, **seconded** by Mr. Dewane to 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.

After further discussions, a **substitute** motion was made by Mr. Hilton, **seconded** by Mr. Prevatt to provide Mr. Change with additional time for filing.

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

DA-4: BENEFIT APPEAL – BETSY ZUANICH

Recommendation: Staff recommends that the Board approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated January 19, 2019 (Recommendations), and deny the Applicant's request to have 96 hours of sick leave cash-out included in her Final Average Salary calculation to determine her service retirement benefit.

A **motion** was made by Mr. Hilton, **seconded** by Mr. Prevatt to approve and adopt the findings and recommendations of the Referee/Hearing Officer as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated January 19, 2019 (Recommendations), and deny the Applicant's request to have 96 hours of sick leave cash-out included in her Final Average Salary calculation to determine her service retirement benefit.

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

The Board reconvened from closed session at 11:06 a.m.

Chair Packard reported out of closed session:

DA-2 – The Board approved staff recommendation.

DA-3 – The Board agreed to provide Mr. Chance with additional time to file the appropriate documents.

DA-4 – The Board approved staff recommendation.

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 Court
of Appeal, 4th Dist. (Case No. G055439); CA Superior Court, Orange County, (Case No. 30-2016-
00836897)**

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

Recommendation: Take appropriate action.

The Board adjourned into closed session at 11:08 a.m.

The Board reconvened from closed session at 11:35 a.m.

No reportable action taken.

BOARD MEMBER COMMENTS

Mr. Packard stated:

I am directing that the Employee Handbook revisions that were heard initially by the Governance Committee in December, because of having an impact on the employment benefits provided to our OCERS Direct staff, now be more appropriately considered by the newly formed Personnel Committee. Fortunately two of the three Personnel Committee Trustees, Mr. Hilton and Mr. Prevatt, were on the Governance Committee and heard the initial discussions regarding revisions to the Employee Handbook, so we will benefit by that continuity.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

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

COUNSEL COMMENTS

N/A

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

Active Members

Flores-Shakouri, Alejandrina

Retired Members

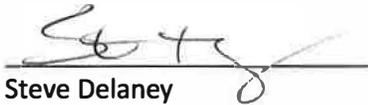
Banigan, Ida
Bastow, Jean
Bennett, Jeanne
Bolken, Loween
Canlas, Rolando
Centeno, Linda
Chadwick, Bert
Craunn, Paddy
Croker, John
Dalton, Darlene
Del Campo, Jeff
Diemer, Jerome
Edgerly, Raymond
Eggers, David
Gill, John
Gonzales, Ana
Guajardo, Emilio
Hemmen, Eileen
Isbell, Robert
Johnson, Rebecca
King, Frank
Kuebler, Robin
Labelle, Margaret
Lock, Henry
Mattern, Bruce
Mc Nealy, Tim
Mikkelsaar, Tiia
Miller, Robert
Mitchell, Joseph
Mount, Leila
Nakamura, Steven
Orosco, Rafael
PARK, MARTHA
POHLKE, FREDERICK HENRY
Poulson, Juliette
Schagene, Joan
Stone, Vaneva
Tran, Chau
Waddell, Doris
Waltermire, Louis
Watkins, Lloyd

Surviving Spouses

Babtist, Margaret
Bell, Donald
Chesshir, Eleanor
Estes, Gail
Preston, Angela
Sevilla, Benjamin

There being no further business to bring before the Board, the meeting adjourned at 11:42 a.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Charles E. Packard
Chairman