

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

REGULAR MEETING
Monday, March 18, 2019
9:00 A.M.

Minutes

Chair Packard called the meeting to order at 9:01 a.m.

Attendance was as follows:

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

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO, External Operations; David Kim, Director of Internal Audit; Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, General Counsel; Anthony Beltran, Visual Technician; Cammy Torres; Recording Secretary, and Nichol Forbes; Temporary Assistant Recording Secretary.

Guests: Julie Wyne; Harvey Leiderman

Absent: David Ball

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. Lindholm, 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) Susan Schroeder

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

February 19, 2019

Recommendation: Approve minutes.

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 provide comment on a matter listed on the agenda should fill out a speaker card located at the back of the room and deposit it in the Recording Secretary's box located near the back counter.**

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

A-2 2019 STAR COLA FINAL APPROVAL

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

Recommendation: Approve payment of STAR COLA for the period April 1, 2019 through March 31, 2020.

Ms. Jenike presented the final approval for the 2019 STAR COLA to the Board.

A **motion** was made by Mr. Eley, **seconded** by Mr. Prevatt, to adopt the approved payment of STAR COLA for April 1, 2019 thru March 31, 2020.

Sara Ruckle-Harms, representing Retired Employees Association of Orange County (REAOC), reviewed the need for STAR COLA due to recent inflation. She asked the Board to grant the STAR COLA for an additional year.

Motion passed **unanimously** with Ms. Freidenrich absent.

The Board recessed for break at 9:41 a.m.

The Board reconvened from break at 10:00 a.m.

A-3 GOVERNANCE COMMITTEE OUTCOMES FROM MARCH 1, 2019 MEETING

Presentation by Suzanne Jenike, Assistant CEO of External Operations, and Gina Ratto, General Counsel

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

- (1) Approve, after a second reading by the Committee, the following policies relating to the Master Final Average Salary Project as presented by staff:
 - a. Compensation Earnable Policy;
 - b. Pensionable Compensation Policy;
 - c. Retirement Enhancement Review Policy; and
 - d. Pay Item Review Policy;
- (2) Approve revisions to the Board of Retirement Charter, the Board Chair Charter, and the Board Vice-Chair Charter with changes by the Committee;
- (3) Approve revisions to the OCERS Rules of Parliamentary Procedure as presented by staff; and
- (4) Approve revisions to the CEO Charter with changes by the Committee.

Section 1

Ms. Jenike presented the outcomes and recommendations of the Governance Committee meeting on March 1, 2019 under item A-3 section 1. Ms. Jenike discussed the policies for the Master Final Average Salary pay item project. She stated all policies have been distributed to the stakeholders, employers and major labor groups for input. The policies cover final average salary, retirement enhancement review, and pay item review, and constitute the final policies the Board will be presented with related to this project.

Mr. Delaney suggested that the Board discuss the policies and vote on Agenda Item A-3 recommendations in two parts: Section (1) first, followed by Sections (2), (3), and (4).

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

- (1) Approve, following policies relating to the Master Final Average Salary Project as presented by staff:
 - a. Compensation Earnable Policy;
 - b. Pensionable Compensation Policy;
 - c. Retirement Enhancement Review Policy; and
 - d. Pay Item Review Policy

The motion passed **unanimously**.

Before moving to the next sections of Agenda Item A-3, Ms. Jenike provided an update to the Board regarding the Master Final Average Salary Project. She stated that good progress is being made with the employer list of pay items. Ms. Jenike stated that she is planning on bringing the final list with all pay items, all comments addressed, and all attributes recognized, before the Governance Committee in order to get the final list to the Board before the new fiscal year, July 1, 2019, for final approval. OCERS is currently using this process for approval on any new pay items requested by employers. Going forward, a reconciliation of any pay items that have been requested will be provided to the Board annually for any items without a dispute.

Chair Packard asked what the timeline for this list would be.

Ms. Jenike responded that she and Ms. Ratto plan to have the comprehensive list of pay items back to the Governance Committee by the beginning of May in hopes to have the final list presented to the Board in June. Ms. Jenike clarified that if there is a reason that that list cannot be ready by the June Regular Board Meeting, they will keep the Board updated.

Section 2

Ms. Ratto discussed Section (2) under Item A-3. These revisions are to address the issues of timing and efficiency for elections for new committee member elections. The Governance Committee is proposing a revision that states, that since the Vice Chair, at the end of the year automatically ascends to the position of Chair, the person holding the appointment of Vice Chair as of the end of October of any given year, will be authorized to appoint the members of those committees and the Chairs and Vice Chairs of those committees for the next year. The Governance Committee also recommended a change to the Board Chair Charter to provide that the Chair's authority to appoint members to committees includes when a vacancy occurs during the year.

Also addressed in the charter modifications was the process to be used by the Chair and Vice Chair in addressing reports or complaints alleging that a Board Member has failed to comply with applicable law, board charters or policies. The Governance Committee has recommended revisions to the Board Chair Charter to specify that it will be the responsibility of the Board Chair to review any report or complaint that is received by OCERS that alleges that any member of the Board, other than the Board Chair, has failed to comply with the law, Board Charters, or Bylaws, or any policies of the Board and that it will be for the Board Chair to determine the appropriate course of action in response to such report after consulting with fiduciary counsel, internal legal counsel and the CEO.

When the complaint or the report is about the Chair, as opposed to any other member of the Board, the Governance Committee recommended an addition to the Vice Chair Charter to include the same responsibility on the part of Vice Chair to review the report or complaint and determine an appropriate course of action.

In addition, the Governance Committee approved a revision to the Board Charter to expressly include a duty on the part of Board Members to treat all persons of OCERS staff and all persons having business with OCERS with civility, courtesy, respect, and dignity and to include a provision stating that Board Members should also treat each other in the same manner.

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

- (2) Approve revisions to the Board of Retirement Charter, the Board Chair Charter, and the Board Vice-Chair Charter with changes recommended by the Governance Committee;

The Board proceeded to discuss the recommendations made by the Governance Committee and asked for clarifications.

Mr. Eley requested more detail as to the process of investigating complaints, with a timeline requirement.

Chair Packard suggested that this item go back to the Committee for additional work on a procedure of how to deal with appropriate course of action in response to reports and complaints by staff.

After further discussion by the Board, Mr. Prevatt clarified that the new process would allow for multiple situations to be addressed while working with fiduciary counsel, legal counsel and the CEO along-side the Chair which would keep everything in line with labor laws and regulations.

Additional discussion from the Board Members took place leading to a directive for further development from the staff.

Mr. Prevatt left the room at 10:49 a.m.

The motion passed **unanimously** with Mr. Prevatt absent.

Section 3

Ms. Ratto discussed Revision of the OCERS Rule of Parliamentary Procedures. There was a concern with new committee members approving minutes of a meeting that took place before an individual took his/her place on the committee. Conforming to the provisions of Roberts Rules of Order, the committee recommended revising the procedure to expressly provide that each current member of a committee is authorized to approve the minutes of the meetings conducted prior to the trustee becoming a member of the committee.

Mr. Prevatt returned at 10:54 a.m.

Ms. Ratto stated that Mr. Leiderman has suggested a change of language, changing the word “approve” to “take action on” so that it allows for other action, than just approving the minutes, if they feel needed.

A **motion** was made by Mr. Baldwin, **seconded** by Mr. Hilton to:

- (3) Approve revisions to the OCERS Rules of Parliamentary Procedure as presented by staff, with the recommended language change from “approve” to “take action on.”

The motion passed **unanimously**.

Section 4

The Governance Committee recommended a substantive revision to the CEO Charter, granting authority to the CEO to act on matters in emergency situations, after the CEO has made reasonable attempts to contact the Chair and Vice Chair.

As an informational aside, Ms. Ratto noted that the CEO has now created charters for all his Senior Executives, including the Assistant CEOs which would allow the Assistant CEOs to act, in order of succession, in the absence of the CEO in an emergency situation.

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

- (4) Approve revisions to the CEO Charter with changes by the Committee.

Ms. Fridenrich questioned if the charter should specify which position would fill in when the CEO is out.

In response, Ms. Ratto stated that the CEO Charter specifies, in Section 2, under Leadership and Policy Analysis, page 76, that the CEO may delegate all duties to the Senior Management.

The motion passed **unanimously**.

The Board recessed for break at 11:07 a.m.

The Board reconvened from break at 11:20 a.m.

A-4 APPROVAL OF PERSONNEL COMMITTEE CHARTER

Presentation by Steve Delaney, CEO, OCERS

Recommendation: Approve the Personnel Committee Charter

Mr. Delaney presented a draft of the Personnel Committee Charter for approval. Board members on this committee are Mr. Prevatt, Mr. Hilton, and Mr. Lindholm.

Mr. Delaney stated that Mr. Hilton has suggested for the first page of the charter; item 3 under membership: instead of just stating that the committee is composed of three members, state that the committee will be composed of both appointed and elected members.

Mr. Hilton stated that under the Duties and Responsibilities, 2E should be changed to reflect: Oversee the compensation and benefits paid to all OCERS direct employees according to established compensation policies and procedures and within the approved Operating Budget.

A **motion** was made by Mr. Hilton, **seconded** by Mr. Dewane, to approve the Personnel Committee Charter with suggested language changes.

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 MEMBER MATERIALS DISTRIBUTED

Written Report

Application Notices

March 19, 2019

Death Notices

March 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 LEGISLATIVE UPDATE

Written Report

I-6 FIRST QUARTER REVIEW OF OCERS 2019- 2021 STRATEGIC PLAN

Written Report

I-7 TRAVEL REPORT – PROFESSIONAL VISIT TO SFERS

Written Report

I-8 BOARD COMMUNICATIONS

Written Report

I-9 SONOMA BUSINESS CONTINUITY AND DISASTER RECOVERY

Presentation by Julie Wyne, CEO, Sonoma County Employees Retirement Association

Ms. Julie Wyne, CEO of Sonoma County, discussed business continuity and disaster recovery after the 2018 wildfires.

Ms. Freidenrich arrived at 9:09 a.m.

Ms. Wyne went into detail about the Sonoma County wild-fires, the steps that were taken by the county for disaster recovery, what happened, and how their preparedness trainings were implemented. She discussed how their plans were challenged during a real life situation. She reviewed what, since the fires, they have changed and how the experience has helped them become better prepared.

I-10 TRUSTEE EDUCATION OPPORTUNITIES

Presentation by Steve Delaney, CEO, OCERS

Mr. Delaney presented Trustee Education Opportunities for SACRS, CALAPRS and Global Financial Markets Institute, Inc.

Mr. Baldwin, as a member of the CALAPRS Roundtable, asked for input on locations, attendance and topics from the Board Members. The Board discussed location options for future events.

I-11 COALITION TO PRESERVE RETIREMENT SECURITY – CONFERENCE REPORT

Written Report

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

DISABILITY/MEMBER BENEFITS AGENDA

10:00 AM

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.

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. Eley, **seconded** by Mr. Dewane, to approve the consent agenda.

Motion passed **unanimously**.

DC-1: Cliff Bramlette
Battalion Chief, Orange County Fire Authority

Recommendation: Grant service connected disability retirement with an effective date of December 26, 2017. (Safety Member)

DC-2: Brian Coney
Firefighter, Orange County Fire Authority

Recommendation Grant service connected disability retirement pursuant to Government Code section 31720.6 (Cancer Presumption) with an effective date of September 28, 2018. (Safety Member)

DC-3: Michael Lopez
Supervising Juvenile Correctional Officer, Orange County Probation Department

Recommendation:
Grant service connected disability retirement pursuant to Government Code section 31720.5 (Heart Presumption) with an effective date of December 23, 2016. (Safety Member)

DC-4: Jessica Marriott
Coach Operator, Orange County Transportation Authority

Recommendation: Grant service connected disability retirement with an effective date to be determined administratively. (General Member)

DC-5: Robert Moreno
Deputy Probation Officer, Orange County Probation Department

Recommendation: Grant service connected disability retirement with an effective date of September 12, 2018. (Safety 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

DA-2: BENEFIT APPEAL – ANTHONY MANZO

Firefighter, Orange County Fire Authority

Recommendation: Staff recommends that the Board approve and adopt the findings and recommendations of the Referee as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated February 6, 2019 (Recommendations), to uphold the Board’s decision and grant service connected disability retirement with an effective date of February 27, 2017, and **deny** Applicant’s request for an earlier effective date.

Ms. Megan Cortez presented the benefit appeal for Mr. Anthony Manzo.

A **motion** was made by Mr. Eley, **seconded** by Mr. Dewane, to approve and adopt the findings and recommendations of the Referee as set forth in the Summary of Evidence, Findings of Fact, Conclusions of Law, and Recommendations dated February 6, 2019 (Recommendations), to uphold the Board’s decision and grant service connected disability retirement with an effective date of February 27, 2017, and **deny** Applicant’s request for an earlier effective date.

The motion passed **unanimously**.

The Board adjourned to closed session at 11:44 a.m.

CLOSED SESSION ITEMS

**E-1 CONFERENCE REGARDING LITIGATION THAT HAS BEEN INITIATED
(GOVERNMENT CODE SECTION 54956.9(d)(1)) In re Vale S.A. Securities Litigation, U.S. District Court, Southern District of New York (Case No. 15 Civ. 9539 (GHW))**
Adjourn to closed session pursuant to Government Code Section 54956.9(d)(1).

Recommendation: Take appropriate action.

The Board retired to the back board room for closed session under GOVERNMENT CODE SECTION 54956.9(d)(1) In re Vale S.A. Securities Litigation, U.S. District Court, Southern District of New York (Case No. 15 Civ. 9539 (GHW))

Mr. Lindholm, Mr. Dewane and Mr. Vallone left at 12:56 p.m.

The Board reconvened from closed session at 12:57 p.m.

Mr. Vallone returned at 12:58 p.m.

No reportable action taken.

BOARD MEMBER COMMENTS

N/A

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

N/A

COUNSEL COMMENTS

N/A

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

Active Members

Beglau, Lori
Lopez, Frank
Rojas Stone, Elsa

Retired Members

Andino, Tomas
Andrus, Terry
Applen, Mary
Armes, Alfred
Armitage, Laura
Beau, Jack
Belanger, Albert
Blakebrough, Arden
Blandin, Julianne
Bodini, Hilma
Bradley, Edgar
Bragg, Robert
Carpenter, Kenneth
Crawford, Gerald
Ewers, Norman
Fitzpatrick, Francis
Flagg, Florence
Forth, Angelo
Fortney, Don
Foster, Charlotte
Fox, Thomas
Harrington, Mary
Hook, Ronald
Hunold, Marilyn
Jacobs, John
Kamp, Dorothy
Kite, William
Koskela, Mollie
Lucas, Douglas
Magness, Darlene
Moore, Clarence
Najmulski, Robert
Perk, Steven
Peterson, Charles

Rietkerk, Kenneth
Robertson, Anne
Smith, Charles
Staton, Augustus
Storlee, Douglas
Story, Joel
Stumph, Charles
Thomson, Kathleen
Trujillo, Michael
Van Valkenburgh, Earl
Ward, Sandra
Wong, Kenneth

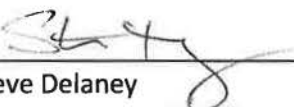
Surviving Spouses

Johnson, Sandra
Paire, Joseph
Petersen, Kathy
Pizzi, Sam
Staump, Emma
Wack, Mary
Williams, Lucy
Wills Adams, Dorothy

Meeting adjourned at 1:00 p.m.

There being no further business to bring before the Board, the meeting adjourned at 1:00 p.m.

Submitted by:



Steve Delaney
Secretary to the Board

Approved by:



Charles E. Packard
Chairman