

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

**GOVERNANCE COMMITTEE MEETING
Friday, November 1, 2024
9:30 a.m.**

MINUTES

The Chair called the meeting to order at 9:34 a.m.

Recording Secretary administered the roll call.

Attendance was as follows:

Present: Chris Prevatt, Chair; Arthur Hidalgo, Vice-Chair; Roger Hilton, Board Member; Richard Oates, Board Member.

Also present: Steve Delaney, CEO; Manuel Serpa, General Counsel; David Kim, Assistant CEO, External Operations; Rosie Baek, Staff Attorney; Jenny Sadoski, Director of IT; Todd Tauzer, Segal, Senior Vice President & Actuary; Silviu Ardeleanu, Director of Member & Employer Relations Section - Member Services; Bill Singleton, Paralegal; Will Tsao, Director of Enterprise Project Management Office; Kwame Addo, Chief Compliance Officer; Amanda Evenson, Executive Secretary; Carolyn Nih, Executive Secretary; Jeff Lamberson, Director of Retirement Operations - Member Services; Phillip Lam, Director of Internal Audit; Marielle Horst, Executive Secretary; Joon Kim, Staff Attorney; Mark Adviento, Senior Internal Auditor; Jenny Davey, Internal Auditor; Brenda Shott, Assistant CEO, Finance and Internal Operations; Adam Cupp, Member of the Public; Liza Le, Member of the Public; Nikhil Daftary, Member of the Public; Jingle Doan, Member of the Public; Bryan Drinkward, Member of the Public; Anthony Beltran, Audio Visual Technician; Rebeca Gonzalez-Verdugo, Recording Secretary.

CONSENT AGENDA

C-1 APPROVE GOVERNANCE COMMITTEE MEETING MINUTES

Governance Committee Meeting Minutes

August 15, 2024

MOTION by Mr. Hidalgo, **seconded** by Mr. Hilton, to approve the Minutes.

The motion passed **unanimously**.

ACTION ITEMS

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

No items were trailed from the Consent Agenda.

A-2 TRIENNIAL REVIEW OF THE DISPOSITION OF SURPLUS PROPERTY POLICY

Presentation by Brenda Shott, Assistant CEO, Finance and Internal Operations

Recommendation: Approve, and recommend that the Board adopt, revisions to the Disposition of Surplus Property Policy.

After discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Hilton to adopt staff's recommendations.

The motion passed **unanimously**.

A-3 TRIENNIAL REVIEW OF THE PAY ITEM REVIEW POLICY

Presentation by David Kim, Assistant CEO, External Operations, and Manuel D. Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt revisions to the Pay Item Review Policy.

After discussion, **MOTION** by Mr. Hidalgo, **seconded** by Mr. Hilton to adopt staff's recommendations.

The motion passed **unanimously**.

A-4 TRIENNIAL REVIEW OF THE RECORDS MANAGEMENT POLICY

Presentation by Manuel Serpa, General Counsel

Recommendation: Approve and recommend that the Board adopt the revisions to the Records Management Policy.

After discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Hilton to adopt staff's recommended revisions to the Policy, with the following additions/changes:

- "The Chief Executive Officer ("CEO") may authorize the request to exceed the retention schedule beyond the period shown on the Retention Schedule by designating it as an archival record..."
- Increase the retention period of the Investment Manager Contracts to "Active + 7 years."
- Move the Background Checks category under the Recruitment Process Records.
- Remove the Legal Memoranda and other Attorney Work Product record category.
- Change the retention period of the Compliance Program Documents to "Active + 7 years."
- Remove the full Communications category from the Policy.

The motion passed **unanimously**.

A-5 OFF-CYCLE REVIEW OF THE MEMBERSHIP ELIGIBILITY REQUIREMENTS POLICY

Presentation by Manuel Serpa, General Counsel

Recommendation: Approve and recommend the Board adopt revisions to the Membership Eligibility Requirements Policy.

After discussion, the Committee provided direction to staff to continue to meet with Employers before the first Governance Committee meeting in 2025 to ensure all issues are addressed and provide an update on current progress with Employers at the December Board meeting.

The Committee provided further direction to staff to create an additional policy that will address working retirees.

The Committee recessed for break at 10:45 a.m.

The Committee reconvened from break at 10:58 a.m.

The Chair administered the Roll Call attendance.

A-6 CONSIDERATION OF AN EMPLOYER DATA POLICY

Presentation by David Kim, Assistant CEO, External Operations, and Manuel Serpa, General Counsel

Recommendation: Consider and provide guidance on the current draft of an Employer Data Policy.

After discussion, Committee consensus was to return Policy back to staff for further development.

With the Employers expressing concern regarding the possible addition of fee implementation language to the draft policy, the committee agreed to the following schedule:

1. Year one, the fee implementation language will be shared in the policy cover memo each time it is reviewed, and benchmarks for employer progress will be provided for the end of year one. If an employer does not meet its benchmark at the end of the one-year review, the fee implementation language will be immediately adopted and available for staff to use in future interactions.
2. Year two, the fee implementation language will again be shared in the policy cover memo each time it is reviewed, and new benchmarks for employer progress will be provided for the end of year two. If an employer does not meet its benchmark at the end of the year two review, the fee implementation language will be immediately adopted and available for staff to use in future interactions.
3. At the end of year three, at the time of the policy's triennial review, the fee implementation language will be immediately adopted and available for staff to use in future interactions.

The Committee also provided direction to staff to continue to meet with Employers to discuss the next draft of the policy and to provide the future committee members a quarterly update on the progress with Employers. The Committee discussed the potential implementation of the AB 2284 definition of "grade."

A-7 REVIEW OF THE OCERS ADMINISTRATIVE PROCEDURE ON THE TOPIC OF THE DIVISION OF RETIREMENT BENEFITS UPON DIVORCE

Presentation by Rosie Baek, Staff Attorney

Recommendation: Review and recommend that the Board approve the revisions to the OCERS Administrative Procedure on the Topic of the Division of Retirement Benefits Upon Divorce.

After discussion, **MOTION** by Mr. Hidalgo, **seconded** by Mr. Hilton to adopt staff’s recommendations.

The motion passed **unanimously**.

INFORMATION ITEMS

I-1 STRATEGY TO PREPARE FOR ACTUARIAL SURPLUS IN OCERS ACTUARIAL FUNDING POLICY

Presentation by Todd Tauzer, Segal

The Committee provided direction to staff to schedule a similar presentation at the 2025 Strategic Planning Workshop to inform the Board on the glide plan for Surplus Management Process within the Actuarial Funding Policy. The Committee provided additional direction to begin planning for surplus after the Strategic Planning Workshop by meeting with plan sponsors to discuss the implementation of a glide plan and begin discussing updating the Actuarial Funding Policy with the Governance Committee meeting in 2026.

COMMITTEE MEMBER COMMENTS

Mr. Hidalgo and Mr. Oates thanked Mr. Prevatt for his work as the committee chair.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

Mr. Delaney shared that the information item will count as 1-hour of education for the Committee members


COUNSEL COMMENTS

None.

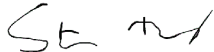
ADJOURNMENT

Chair adjourned meeting at 12:12 p.m.

Submitted by:


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Manuel Serpa
General Counsel/Staff Liaison

DocuSigned by:

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Steve Delaney
Chief Executive Officer/Secretary

Approved by:

Signed by:

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Arthur Hidalgo
Chair