

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

**REGULAR MEETING
Monday, December 9, 2024
9:30 A.M.**

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the OCERS Boardroom or (2) via the Zoom app or telephone (information below) from any location.

OCERS Zoom Video/Teleconference information	
<p>Join Using Zoom App (Video & Audio)</p> <p>Join Zoom Meeting https://ocers.zoom.us/j/87528899701</p> <p>Meeting ID: 875 2889 9701 Passcode: 931354</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only) Dial by your location</p> <p>+1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US +1 301 715 8592 US +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York)</p> <p>Meeting ID: 875 2889 9701 Passcode: 931354</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AGENDA

The Orange County Board of Retirement welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Board of Retirement may take action on any item included in the following agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Board of Retirement may consider matters included on the agenda in any order, and not necessarily in the order listed.

1. CALL MEETING TO ORDER AND ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. BOARD MEMBER STATEMENT REGARDING PARTICIPATION VIA ZOOM (IF NECESSARY)
(Government Code section 54953(f))
4. PUBLIC COMMENTS

Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad. Members of the public who participate in the meeting from the OCERS Boardroom and who wish to provide comment during the meeting may do so from the podium located in the OCERS Boardroom.

When addressing the Board, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Board; and (2) any matter appearing on the Consent Agenda.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

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.

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- Lance Ginest
- Tommy Brown

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes November 18, 2024

Recommendation: Approve minutes.

C-3 2025 OCERS BOARD ANNUAL WORK PLAN

Recommendation: Approve 2025 OCERS Board Annual Work Plan.

C-4 OUTCOMES FROM THE GOVERNANCE COMMITTEE ON NOVEMBER 1, 2024

Recommendation: The Governance Committee recommends that the Board adopt the following:
(1) **Disposition of Surplus Property Policy** with no substantive revisions;
(2) **Pay Item Review Policy** with revisions approved by the Committee;
(3) **Records Management Policy** with revisions approved by the Committee;
(4) **OCERS Administrative Procedure Regarding the Division of Retirement Benefits Upon Divorce** with revisions approved by the Committee;

DISABILITY/MEMBER BENEFITS AGENDA

9:30 AM

NOTE: WHEN CONSIDERING DISABILITY RETIREMENT APPLICATIONS OR MEMBER APPEALS OF 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 ITEMS

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 in closed session during agenda item DA-1.

A. Disability Committee Recommendations:

DC-1: PEGGY BRANDON

Data Entry Technician, Orange County Social Services Agency (General)

Recommendation: Disability Committee recommends that the Board:

- Deny service-connected and non-service connected disability retirement due to the employer being able to accommodate the member’s permanent work restrictions.

B. CEO Recommendations:

DC-2: MARILYN GORRIN

Sheriff’s Record Specialist, Orange County Sheriff’s Department (General)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connect disability retirement.
- Set the effective date as January 1, 2021.

DC-3: ANDRES VAZQUEZ

Fire Apparatus Engineer, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connect disability retirement.
- Set the effective date as March 8, 2024.

DC-4: BRIAN WOODS

Fire Captain, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connect disability retirement.
- Set the effective date as March 22, 2024.

CLOSED SESSION

Government Code section 54957

Adjourn to Closed Session under Government Code section 54957 to consider member disability applications and to discuss member medical records submitted in connection therewith. The applicant may waive confidentiality and request his or her disability application to be considered in Open Session. As per the OCERS Bylaws, for disability matters before the Board, the applicant or their attorney is allowed to present for a maximum of ten (10) minutes. The opposing counsel is allowed a time limit of seven (7) minutes for argument, followed by a three (3) minute rebuttal from the applicant or their attorney.

**DA-1: INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE DISABILITY/MEMBER BENEFITS
CONSENT AGENDA**

OPEN SESSION

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

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. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called. Persons attending the meeting in person and wishing to provide comment on a matter listed on the agenda should fill out a speaker card located at the back of the Boardroom 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 ANNUAL CEO COMPENSATION

Presentation by Roger Hilton, Designated Labor Negotiator, and Cynthia Hockless, Director of Human Resources, OCERS

Recommendation: Approve and authorize the Board to execute a salary adjustment for the Chief Executive Officer, effective December 27, 2024, at an annual base salary of \$399,937.50 which equals a 6.65% increase or \$24,937.50 and an estimated annual total compensation of \$667,021.00 including benefits.

A-3 “OCERS PROMISE” AGENCY CULTURE AND VALUES STATEMENT

Presentation by Manuel Serpa, General Counsel, and Molly Murphy, Chief Investment Officer, OCERS

Recommendation: Approve the attached “OCERS PROMISE” statement for use in OCERS communications to both internal and external audiences.

INFORMATION ITEMS

Each of the following informational items will be presented to the Board for discussion.

I-1 RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE

Presentation by Buffy O’Neal, Executive Director, and Dot Ronan, Vice President, REAOC

- I-2 NEW PENSION ADMINISTRATION SYSTEM (PAS) UPDATE AND CONSIDERATIONS**
Presentation by Will Tsao, Director of EPMO, OCERS, and Provaliant Retirement, LLC
- I-3 ALAMEDA IMPLEMENTATION REPORT**
Presentation by Sally Choi, Contractor-Project Management

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Board requests discussion.

R-1 MEMBER MATERIALS DISTRIBUTED

Application Notices	December 9, 2024
Death Notices	December 9, 2024

R-2 COMMITTEE MEETING MINUTES

- None

R-3 CEO FUTURE AGENDAS (2025)

Written Report

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

R-5 BOARD COMMUNICATIONS

Written Report

R-6 OCERS TRAVEL POLICY APPROVED CONFERENCES LIST

Written Report

R-7 OCERS ANNUAL EMPLOYER REPORT

Written Report

R-8 2025 OCERS BOARD COMMITTEE APPOINTMENTS

Written Report

CLOSED SESSION ITEMS

E-1 If needed

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

BOARD MEMBER COMMENTS

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

NOTICE OF NEXT MEETINGS

**AUDIT COMMITTEE MEETING
December 12, 2024
9:30 A.M.**

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

**DISABILITY COMMITTEE MEETING
January 22, 2025
8:30 A.M.**

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

**REGULAR BOARD MEETING
January 22, 2025
9:30 A.M.**

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

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS website: <https://www.ocers.org/board-committee-meetings>. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.



Memorandum

DATE: December 09, 2024
TO: Members of the Board of Retirement
FROM: Irene Warkentine, Member Services Manager
SUBJECT: **OPTION 4 RETIREMENT ELECTION – LANCE GINEST**

Recommendation

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

Background/Discussion

This member elected Option 4 as the benefit payment option for his service retirement allowance as required by his Domestic Relations Order (DRO), effective July 24, 2024. The Orange County Employees Retirement System (OCERS) was joined in the member’s dissolution of marriage and under the terms of the DRO, the member’s ex-spouse was awarded a lifetime continuance as a percentage of the member’s allowance.

The approval of Option 4 will not increase OCERS liability because the cost of this Option 4 benefit is proportional to the cost of the other benefit plans. Segal Consulting has calculated the member’s monthly allowance as indicated in the attached letter, as well as the allowance payable to the member’s ex-spouse.

Submitted by:



I.W. – APPROVED

Irene Warkentine
Member Services Manager



Molly Calcagno, ASA, MAAA, EA
Senior Actuary
T 415.263.8254
M 415.265.6078
mcalcagno@segalco.com

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com

Personal and Confidential

November 19, 2024

Jonathea Tallase
Member Services Manager
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Option 4 Calculation for Lance D. Ginest**

Dear Jonathea:

Pursuant to your request, we have determined the Option 4 benefits payable to Lance D. Ginest, his ex-spouse, and his daughter based on the unmodified benefit and other information provided in the System's request received on November 14, 2024.

The monthly benefits payable to the member, ex-spouse, daughter, and the data we used for our calculations are as follows:

Data Element	Data Provided by OCERS
Member's date of birth	[REDACTED]
Date of retirement	July 24, 2024
Plan of membership	General Plan B
Monthly unmodified benefit	\$3,113.88
Ex-spouse's date of birth	[REDACTED]
Ex-spouse's share of unmodified benefit	38.14%
Daughter's date of birth	[REDACTED]
Continuance payable to daughter	100%

Jonathea Tallase
November 19, 2024
Page 2

Calculations

We have determined the Option 4 benefits using a two-part process. In Part One, we first calculated the adjustment to the member's unmodified benefit to provide a 38.14% continuance to the ex-spouse. As instructed by OCERS, the cost to provide the continuance benefit to the ex-spouse is paid for entirely by the ex-spouse.

Part One: Before Adjustment for Continuance to Daughter

Monthly Benefit Type	Payable while the Member is Alive	Payable after the Member's Death
Payable to member		
• Annuity:	\$557.06	
• Pension:	1,369.19	
- Total payable to member	\$1,926.25	\$0.00
Payable to ex-spouse*	\$1,020.28	\$1,020.28

In Part Two, we further adjusted the member's benefit in Part One so that a continuance benefit of 100% can be paid to the member's daughter. In addition, the cost to provide this continuance benefit would be paid for entirely by the member.

It is our understanding that pursuant to Regulation §1.401(a)(9)-6, the maximum percentage continuance benefit that can be provided to a non-spouse beneficiary may be limited if the difference in the member's age and the non-spouse beneficiary's age is greater than ten years. The actual calculation is as follows:

- Step 1:** Calculate the difference in age between the member and the beneficiary based on their ages on their birthdays during the calendar year of retirement
(61 - 32) = 29.
- Step 2:** If the member is retiring before age 70, the age difference determined in Step 1 is reduced by the number of years that the member is retiring before age 70
(29 - 9) = 20.
- Step 3:** The maximum percentage continuance benefit can be found in the table provided in §1.401(a)(9)-6 which for an adjusted age difference of 20 years is 73%.

Therefore, for the purposes of this calculation, we have determined the total maximum continuance to be 73%.

* This is equal to 38.14% of the member's unmodified benefit (i.e., 38.14% x \$3,113.88 or \$1,187.63) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

Jonathea Tallase
November 19, 2024
Page 3

Part Two: After Adjustment for Continuance to Daughter
73% Continuance

Monthly Benefit Type	Payable while the Member is Alive	Payable after the Member's Death
Payable to member		
• Annuity:	\$440.25	
• Pension:	1,082.08	
- Total payable to member	\$1,522.33	\$0.00
Payable to ex-spouse*	\$1,020.28	\$1,020.28
Payable to daughter	\$0.00	\$1,111.30

Actuarial assumptions

We have calculated the Option 4 benefits based on the following actuarial assumptions:

Interest

Effective interest rate of 4.136253% per year, which is calculated using an investment return assumption of 7.00% per year together with a cost-of-living adjustment assumption of 2.75% per year.

Mortality Table

Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 associated with a retirement year of 2024, weighted 40% male and 60% female for members.

Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019 associated with a retirement year of 2024, weighted 60% male and 40% female for beneficiaries.

* This is equal to 38.14% of the member's unmodified benefit (i.e., 38.14% × \$3,113.88 or \$1,187.63) adjusted further to provide a benefit payable over the ex-spouse's lifetime or to the estate of the ex-spouse if the ex-spouse pre-deceases the member.

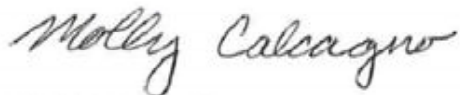
Jonathea Tallase
November 18th 2024
Page 4

Other considerations

The actuarial calculations contained in this letter were prepared under my supervision. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any comments or questions. As in all matters pertaining to the interpretation and application of the law, Plan, or individual Option 4 Calculation provisions, you should be guided by the advice of the Plan's Legal Counsel.

Sincerely,



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

JY/elf

cc: Irene Warkentine



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OPTION 4 RETIREMENT ELECTION: TOMMY BROWN** [Click or tap here to enter text.](#)

PLACE HOLDER

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

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

**REGULAR MEETING
Monday, November 18, 2024
9:30 A.M.**

MINUTES

Chair Lopez Tagaloa called the meeting to order at 9:31 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present in Person: Adele Lopez Tagaloa, Chair, Roger Hilton, Richard Oates, Arthur Hidalgo, Wayne Lindholm, Shari Freidenrich Charles Packard, Vice Chair; Jeremy Vallone, Chris Prevatt

Present via Zoom (under Government Code Section 54953(f)):

Also Present: Steve Delaney, CEO; David Kim, Assistant CEO, External Operations; Brenda Shott, Assistant CEO, Internal Operations; Molly Murphy, Chief Investments Officer (ZOOM); Joon Kim, Staff Attorney (ZOOM); Rosie Baek, Staff Attorney; Will Tsao, Director of EPMO; Fong Tse, Senior Facilities Manager; Cynthia Hockless, Director of HR; Nicole McIntosh; Director of Disability; Jenny Sadoski, Director of IT; Anthony Beltran, Audio-Visual Technician; Carolyn Nih, Recording Secretary

Guests: Maytak Chin, ReedSmith (ZOOM); Iriss Barriga

Absent: Shawn Dewane

Ms. Freidenrich arrived at 9:35 a.m.

CONSENT AGENDA

BENEFITS

C-1 OPTION 4 RETIREMENT ELECTION

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

- None

ADMINISTRATION

C-2 BOARD MEETING MINUTES

Regular Board Meeting Minutes

October 21, 2024

Recommendation: Approve minutes.

MOTION by Mr. Packard, **seconded** by Mr. Lindholm, to approve the Consent Agenda.

The motion passed **unanimously**.

DISABILITY/MEMBER BENEFITS AGENDA

CONSENT ITEMS

A. Disability Committee Recommendations:

NONE

B. CEO Recommendations:

DC-1: EDWARD ANAYA

Coach Operator, Orange County Transportation Authority (General)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Deny service-connected disability retirement without prejudice due to the member’s decision not to join in the application.

DC-2: JAMES T. CASS

Fire Captain, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as July 21, 2023.

DC-3: LENNY EDELMAN

Firefighter, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as September 6, 2024.

DC-4: DAVID FORRESTER

Firefighter, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as February 23, 2024.

DC-5: PARIET HERNANDEZ

Firefighter, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as July 1, 2022.

DC-6: DEAN JUNG

Deputy Probation Officer, Orange County Probation Department (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as March 22, 2024.

DC-7: BRAD MAYO

Firefighter, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as May 5, 2023.

DC-8: JOSE J. MENDOZA

Sheriff's Correctional Services Assistant, Orange County Sheriff's Department (General)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as April 21, 2023.

DC-9: JACQUELYN MOTA

Deputy Sheriff I, Orange County Sheriff's Department (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as February 10, 2023.

DC-10: JAMES NASSER

Deputy Sheriff II, Orange County Sheriff's Department (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as September 30, 2023.

DC-11: THOMAS TOWNLEY

Fire Apparatus Engineer, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as July 5, 2023.

MOTION by Mr. Lindholm, **seconded** by Mr. Packard, to approve DC 1-11. DC-12 is pulled for further discussion in closed session.

The motion passed **unanimously**.

CLOSED SESSION

The Board adjourned to closed session at 9:36 a.m.

DA-1 PULLED FROM DISABILITY CONSENT

DC-12: MICHAEL WAGONER

Fire Captain, Orange County Fire Authority (Safety)

Recommendation: Steve Delaney, CEO, recommends that the Board:

- Grant service-connected disability retirement.
- Set the effective date as March 22, 2024.

OPEN SESSION

The Board returned from Closed Session at 9:42 a.m.

Recording Secretary did not administer the Roll Call attendance, but noted the attendance of Ms. Freidenrich, Mr. Hilton, Mr. Hidalgo, Mr. Oates, Ms. Tagaloo, Mr. Packard, Mr. Lindholm, and Mr. Vallone.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION- Board voted unanimously to accept the staff recommendation.

ACTION ITEMS

Mr. Prevatt arrived at 10:10 a.m. during A-2.

A-2 OCERS’ PROPOSED ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2025

Presentation by Brenda Shott, Assistant CEO, Internal Operations, and Steve Delaney, CEO

Recommendation: Adopt the Proposed Administrative Budget for Fiscal Year 2025 in the amount of \$47,957,279 which includes:

- a. Personnel costs in the amount of \$28,109,519
- b. Services and supplies in the amount of \$16,097,760
- c. Capital expenditures in the amount of \$3,750,000

MOTION by Mr. Oates, **seconded** by Mr. Packard, to approve staff recommendations.

The motion passed **unanimously**.

The Board recessed for break at 10:57 a.m.

The Board reconvened from break at 11:16 a.m.

Recording Secretary administered the Roll Call attendance.

A-3 ANNUAL CEO COMPENSATION

Presentation by Roger Hilton, Designated Labor Negotiator, and Cynthia Hockless, Director of Human Resources, OCERS

Recommendation: Approve and authorize the Board to execute a salary adjustment for the Chief Executive Officer, effective December 29, 2024.

Staff pulled A-3 from this agenda for further discussion during December 9th Board Meeting.

A-4 ELECTION OF OCERS BOARD VICE-CHAIR

Presentation by Steve Delaney, Chief Executive Officer, OCERS

Recommendation: Elect a new OCERS Board Vice-Chair for calendar year 2025.

MOTION by Mr. Hilton, **seconded** by Mr. Prevatt, to approve elect Mr. Richard Oates as Vice Chair. While policy dictates that this should be done in December, this exception is being made in order to set the 2025 committee assignments in a timely fashion.

The motion passed **unanimously**.

A-5 REQUEST FOR CONTRACT TERM EXTENSION – DIALPAD PHONE SERVICES

Presentation by Brenda Shott, Assistant CEO, Internal Operations, OCERS

Recommendation: Approve extending the contract term with Dialpad for Voice Over IP (VOIP) business phone and contact center services for up to six years, to be renewed annually.

MOTION by Mr. Prevatt, **seconded** by Mr. Lindholm, to approve staff recommendations.

The motion passed **unanimously**.

CLOSED SESSION ITEMS

The Board adjourned to closed session at 11:30 a.m.

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

Adjourn to closed session pursuant to Government Code Section 54957

Position to be evaluated: Chief Executive Officer

Recommendation: Take appropriate action.

E-2 CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE SECTION 54957.6

OCERS designated representative: Trustee Roger Hilton

Unrepresented employee: OCERS Chief Executive Officer

Recommendation: Take appropriate action.

E-3 CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION (GOVERNMENT CODE SECTION 54956.9(d)(4))

LACERA v. County of Los Angeles - Supreme Court of California

Recommendation: Take appropriate action.

OPEN SESSION

The Board returned from Closed Session at 11:57 a.m.

Recording Secretary did not administer the Roll Call attendance, but noted the attendance of Ms. Freidenrich, Mr. Hilton, Mr. Hidalgo, Mr. Oates, Ms. Tagaloo, Mr. Packard, Mr. Prevatt, Mr. Lindholm, and Mr. Vallone.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION- No reportable action was taken for E-2. On E-3, Board voted unanimously, with Ms. Freidenrich abstaining, to authorize staff to seek amicus status supporting LACERA’s position in the LACERA v. County of Los Angeles case now pending before the Supreme Court of California.

WRITTEN REPORTS

R-1 MEMBER MATERIALS DISTRIBUTED

Application Notices November 18, 2024
Death Notices November 18, 2024

R-2 COMMITTEE MEETING MINUTES

- August 2024- Governance Committee Minutes

R-3 CEO FUTURE AGENDAS AND 2024 OCERS BOARD WORK PLAN

Written Report

R-4 QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report

R-5 BOARD COMMUNICATIONS

Written Report

R-6 OCERS TRAVEL POLICY APPROVED CONFERENCES LIST

Written Report

R-7 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

Written Report

R-8 THIRD QUARTER 2024 BUDGET TO ACTUALS REPORT

Written Report

R-9 THIRD QUARTER 2024 TRAVEL AND TRAINING EXPENSE REPORT
Written Report

R-10 PUBLIC PENSION COORDINATING COUNCIL (PPCC) STANDARDS AWARD FOR FUNDING AND ADMINISTRATION 2024
Written Report

R-11 REPORT OF ATTENDANCE AT CONFERENCE- INVESTMENTS DIVISION
Written Report

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS- CEO shared that he has elected to extend Ms. Sally Choi’s contract for \$20,000 for 80 final hours to complete final tasks for Alameda Project. Brenda noted that we submitted our Development Project Review (DPR) application to the City of Santa Ana for the new Headquarters project.

COUNSEL COMMENTS- None

BOARD MEMBER COMMENTS- None

Meeting **ADJOURNED** at 12:04 p.m. in memory of active members, retired members, and surviving spouses who passed away this passed month.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Adele Lopez Tagaloa
Chairperson



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **2025 OCERS BOARD ANNUAL WORK PLAN**

Recommendation

Approve 2025 OCERS Board Annual Work Plan.

Background/Discussion

For nearly a decade, the OCERS Board has in the month of December adopted an annual work plan for the coming calendar year.

The attached 2025 Annual Work Plan outlines known and anticipated OCERS Board tasks in the coming year, allowing for better planning and support by your staff.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

OCERS RETIREMENT BOARD - 2025 Work Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep (Offsite)	Oct	Nov	Dec	
System Oversight	Receive Quality of Member Services Report (I)	Approve 2025 COLA (A)	Approve 2025 STAR COLA (A)	SACRS Board of Directors Election and Business Meeting Direction (A)	Preliminary December 31, 2023 Valuation (I)	Approve December 31, 2024 Actuarial Valuation & Funded Status of OCERS (A)	Approve Early Payment Rates for Fiscal Year 2025-27 (A)	Receive OCERS by the Numbers (I)	Strategic Planning Workshop (I)	Approve 2026-2028 Strategic and Business Plan (A)	Approve 2026 Administrative (Operating) Budget (A)	Annual OCERS Employer Review (I)	
	Receive OCERS Innovation Report (I)	Initial STAR COLA Posting (I)	Quarterly Unaudited Financial Statements (I)	Quarterly 2025-2027 Strategic and Business Plan Review (I)	Quarterly Unaudited Financial Statements (I)	Approve 2024 Comprehensive Annual Financial Report (A)	Quarterly 2025-2027 Strategic and Business Plan Review (I)	Receive Evolution of the UAAL (I)	State of OCERS (I)	SACRS Business Meeting Direction (A)	Annual CEO Performance Review and Compensation (A)		
	Annual Disability Statistics (I)	Annual Overpaid And Underpaid Plan Benefits Report (I)	Quarterly Budget vs Actual Report (I)		Quarterly Budget vs Actual Report (I)			Quarterly Unaudited Financial Statements (I)		Annual CEO Performance Review (Closed Session) (A)	Quarterly Unaudited Financial Statements (I)		
	Quarterly 2025-2027 Strategic and Business Plan Review (I)	Annual Report of Contracts >\$100,000 (I)	Quarterly Travel and Training Expense Report (I)		Quarterly Travel and Training Expense Report (I)			Quarterly Budget vs Actual Report (I)		Quarterly Unaudited Financial Statements (I)	Name a Labor Negotiator for CEO Compensation process (A)	Quarterly Budget vs Actual Report (I)	
								Quarterly Travel and Training Expense Report (I)		Quarterly 2025-2027 Strategic and Business Plan Review (I)	Quarterly Travel and Training Expense Report (I)		
										Propose 2025 Board Meeting Calendar (I)			
Board Governance											Vice-Chair Election (A)	Adopt Annual Work Plan for 2026 (A) Receive 2026 Board Committee Appointments (I)	
Regulation / Policies	Communication Policy Fact Sheet (I)												
Compliance	Status of Board Education Hours for 2024 (I)	Annual Policy Compliance Report (I)	Semi Annual Business Continuity Disaster Recovery Updates (I)	Form 700 Due (A)		Receive Financial Audit (I)				Semi Annual Business Continuity Disaster Recovery Updates (I)			
	Annual Information Security Summary (closed session) (I)												

(A) = Action (I) = Information



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Manuel D. Serpa, General Counsel
SUBJECT: **OUTCOMES OF THE MEETING OF THE GOVERNANCE COMMITTEE HELD ON NOVEMBER 1, 2024**

Recommendation

The Governance Committee recommends that the Board adopt the following:

- (1) **Disposition of Surplus Property Policy** with no substantive revisions;
- (2) **Pay Item Review Policy** with revisions approved by the Committee;
- (3) **Records Management Policy** with revisions approved by the Committee;
- (4) **OCERS Administrative Procedure Regarding the Division of Retirement Benefits Upon Divorce** with revisions approved by the Committee;

Background/Discussion

The Governance Committee met on November 1, 2024, and reviewed the above-listed policies. The Committee now recommends that the Board adopt the revisions to all the policies, as set forth below.

Revisions to the Disposition of Surplus Property Policy

There were no substantive revisions to the Write Off Policy recommended or approved by the Committee. An unmarked version of the policy is attached.

Revisions to the Pay Item Review Policy

Staff recommended to the Committee, and the Committee approved, revisions to the Pay Item Review Policy. The revisions are set forth in underlined/strikeout text in the attached copy of the policy.

The proposed revisions to the Pay Item Review Policy strive to remove unnecessary verbiage, correct grammar and typos, and re-word and re-organize the material to enhance clarity and readability.

Also, Government Code sections 31580.1 was added as an additional citation to paragraph 4 as a basis for imposing any costs on an employer for failure to comply. Gov. Code, Sec. 31580.1 states:

Contribution from districts; costs of administering retirement system; penalty assessments for delinquencies

The board may include each year in the contribution required of a district a reasonable amount, which may differ from district to district, to cover the costs of administering its retirement system as such costs affect the active and retired employees of that district. The board may also assess a district a reasonable amount to cover costs incurred because of the district's failure to submit reports and forward contributions on a timely basis.

Revisions to the Records Management Policy

Staff recommended to the Committee, and the Committee approved, revisions to the Records Management Policy. The revisions are set forth in underlined/strikeout text in the attached copy of the policy.

The proposed revisions to the Records Management Policy strive to remove unnecessary verbiage and reword and reorganize the material to enhance clarity and readability. Several minor changes were made to record category retention periods. In addition, at the request of Human Resources, the retention schedule for records for terminated employees was changed from "Termination + 4 years" to "Termination + 7 years." At the Finance Division's request, four categories of records were added to its retention schedule. Also, a section for the Compliance department was added.

In addition, the Committee made the following revisions to the policy:

- "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.

Revisions to the OCERS Administrative Procedure Regarding the Division of Retirement Benefits Upon Divorce

Staff recommended to the Committee, and the Committee approved, revisions to the OCERS Administrative Procedure Regarding the Division of Retirement Benefits Upon Divorce. The revisions are set forth in underlined/strikeout text in the attached copy of the OAP.

The Divorce Procedure has been revised to ensure a clearer and more accurate explanation of the division of retirement benefits upon a members' divorce. In addition, edits were made to remove unnecessary verbiage, correct typos, reduce legalese, and re-organize the material to enhance clarity and readability. The changes are as follows:

- **Purpose:** A section explaining the Procedure's Purpose was added for clarity on the information provided by the Procedure.
- **Authority:** Language was added to cite the OCERS Charters and Board Policy that authorize issuance of this Procedure. Language simply reciting the governing Family Code section was removed and replaced with a concise summary of the same Code section.
- **Definitions:** A section defining terms that are used throughout the Procedure was added for clarity.
- **Limitations:** A section explicitly stating the legal limits of the Procedure was added for clarity. The section makes clear that the Procedure is to be interpreted consistently with governing legal authority, OCERS cannot provide legal advice, and recommends parties consult an appropriate attorney for advice.
- **Process:** Sub-sections were added to increase readability by distinguishing different topics contained in the section. Redundant or vague language was revised to be clearer and more concise. Language was added to provide a hyperlink to additional information regarding Retirement Payment Options on the OCERS website.
- The following sub-section titles were added:
 - **Notifying OCERS of a Divorce**
 - **Joining OCERS in a Member's Divorce**
 - **Domestic Relations Order (DRO)**

- **Model Domestic Relations Orders (“DROs”):** Model DRO A has been revised to improve clarity.
 - The following sub-section title was added: **IDENTIFICATION OF PARTIES AND STATISTICAL INFORMATION**

Attachments.

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel



OCERS Board Policy

Disposition of Surplus Property Policy

Purpose and Background

1. The CEO is accountable for all OCERS property. When property is no longer needed now or in the foreseeable future a process for the proper disposition is needed.

Policy Guidelines

2. Surplus Property is defined as all furniture, equipment or other tangible assets owned by OCERS that is determined by the CEO or the Assistant CEO, Finance and Internal Operations, to be obsolete, damaged or no longer useable or required for use by OCERS.
3. The method used to dispose of Surplus Property will be selected from the list in Section 4 by either the CEO or the Assistant CEO, Finance and Internal Operations. Using the method selected, the actual disposition of Surplus Property will be coordinated by the Operations Support Services Department.
4. Surplus Property will be disposed of in one of the following preferred methods:
 - a. Sale by Auction or direct solicitation of bids
 - b. Donation of items with an estimated value of less than \$5,000 per lot to any California public institution including but not limited to, public libraries, school districts, plan sponsors, or interested charities.
 - c. E-waste recycling
 - d. Recycling
 - e. Trash
5. Disposition of Surplus Property that is a capital asset and, as a lot, has an estimated market value that exceeds \$5,000 must be approved by the Board of Retirement.
6. Surplus Property approved for disposition by the Board under Section 5 will be publicly advertised on OCERS' web-site and mailed to a minimum of three firms active in the purchase of like property. Sealed bids shall be accepted from interested parties with the property sold to the highest bidder. The total of bids for individual items must exceed that of lot bids or the highest lot bidder will be awarded the sale. Property for which OCERS does not receive bids may be disposed by any of the methods listed in Section 5 of this Policy with every attempt being made to receive fair market value for the property.
7. Proceeds from the sale of Surplus Property will be remitted to the Finance department to be deposited into OCERS' Pension Trust Fund and accounted for in accordance with Generally Accepted Accounting Principals.
8. Electronic equipment such as hard drives and other recordable media (rewritable and non-rewritable) **will not be** included in any surplus sale or other routine means of disposing of equipment (e-waste recycling, etc.).



OCERS Board Policy

Disposition of Surplus Property Policy

- a. All hard drives and other rewriteable media (tapes, etc.) will be removed and erased by OCERS IT Staff in accordance with the U.S. Department of Defense 5220.22-M “National Industrial Security Program Operating Manual” (NISPOM) standards.
 - b. Erased hard drives and rewritable media will then be submitted to an authorized third party vendor to be physically destroyed. OCERS will retain a copy of the “Certificate of Destruction” affidavit provided by the vendor in accordance with OCERS’ Records and Retention Policy.
 - c. Rewriteable and non-rewriteable CD’s and DVD’s will be shredded by OCERS’ IT staff per OCERS’ regular paper shredding process.
9. Board members and/or employees of OCERS are are not permitted to bid on or receive Surplus Property.
10. Records of disposition will be kept for a minimum of four years after disposition in accordance with OCERS’ Records Retention Policy.

Policy Review

11. The Board of Retirement will review this policy at least once every three years to ensure that it remains relevant and appropriate.

Policy History

12. The Board of Retirement adopted this policy on December 20, 1999. The policy was revised August 25, 2008, May 17, 2011, November 19, 2012, December 14, 2015, October 15, 2018, ~~and~~ April 19, 2021 and November 18, 2024.

Secretary’s Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

11/18/202404/19/2021

Date



OCERS Board Policy Disposition of Surplus Property Policy

Purpose and Background

1. The CEO is accountable for all OCERS property. When property is no longer needed now or in the foreseeable future a process for the proper disposition is needed.

Policy Guidelines

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3. The method used to dispose of Surplus Property will be selected from the list in Section 4 by either the CEO or the Assistant CEO, Finance and Internal Operations. Using the method selected, the actual disposition of Surplus Property will be coordinated by the Operations Support Services Department.
4. Surplus Property will be disposed of in one of the following preferred methods:
 - a. Sale by Auction or direct solicitation of bids
 - b. Donation of items with an estimated value of less than \$5,000 per lot to any California public institution including but not limited to, public libraries, school districts, plan sponsors, or interested charities.
 - c. E-waste recycling
 - d. Recycling
 - e. Trash
5. Disposition of Surplus Property that is a capital asset and, as a lot, has an estimated market value that exceeds \$5,000 must be approved by the Board of Retirement.
6. Surplus Property approved for disposition by the Board under Section 5 will be publicly advertised on OCERS' web-site and mailed to a minimum of three firms active in the purchase of like property. Sealed bids shall be accepted from interested parties with the property sold to the highest bidder. The total of bids for individual items must exceed that of lot bids or the highest lot bidder will be awarded the sale. Property for which OCERS does not receive bids may be disposed by any of the methods listed in Section 5 of this Policy with every attempt being made to receive fair market value for the property.
7. Proceeds from the sale of Surplus Property will be remitted to the Finance department to be deposited into OCERS' Pension Trust Fund and accounted for in accordance with Generally Accepted Accounting Principals.
8. Electronic equipment such as hard drives and other recordable media (rewritable and non-rewritable) **will not be** included in any surplus sale or other routine means of disposing of equipment (e-waste recycling, etc.).



OCERS Board Policy Disposition of Surplus Property Policy

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Secretary’s Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

11/18/2024
Date



OCERS Board Policy Pay Item Review Policy

Purpose and Background

1. The purpose of this policy is to set forth a procedure for the submittal and approval of pay items by OCERS participating employers to assist OCERS in properly and timely determining whether elements of compensation are appropriately treated as Compensation Earnable (for Legacy Members) or Pensionable Compensation (for PEPRAs members).

Policy Objectives

2. The objectives of this policy are to comply with the requirements of the County Employees Retirement Law (CERL; California Government Code Title 3, Part 3, Chapters 3 & 3.9), as amended by the Public Employees Pension Reform Act (PEPRA; California Government Code sections 7522 - 7522.74) and to ensure OCERS' effective assessment and determination of whether an element of compensation is properly categorized for purposes of collecting contributions and including in the calculation of final average salary.

Policy Guidelines

3. OCERS shall not accept any new pay items from employers for processing contributions and reporting compensation until each pay item has been reviewed by OCERS staff and approved by the CEO or ~~his/her~~their designee for inclusion as, or exclusion from, Compensation Earnable for Legacy members and Pensionable Compensation for PEPRAs members. OCERS staff, under the direction of the CEO and with ~~the~~ assistance of ~~OCERS legal~~the General Counsel, is responsible for implementing this Policy. OCERS staff will analyze each pay item to determine whether each meets the definition of Compensation Earnable or Pensionable Compensation. Unless appealed, the CEO's determination shall be final.
4. Employers are responsible ~~for~~ notifying OCERS of new or modified pay items for ~~sufficient~~ review and approval ~~sufficiently in advance of implementation of~~before implementing the items. Failure to do so may result in OCERS imposing costs on the employer ~~in accordance with~~per Government Code sections ~~31580.1 and~~ 31542.5.
5. OCERS staff will review employer pay ~~item~~ listings for compliance with this Policy. When reviewing ~~items of compensation~~compensation items, OCERS will audit pay items to determine whether each ~~of them~~ meets the applicable statutory definitions and ~~applicable~~Board Policies.
6. After concluding the foregoing assessment, OCERS staff shall send written notification to the employer of ~~the~~ staff's determination, including the specific supporting facts, circumstances, reasoning, and analyses.
7. The employer shall have 30 calendar days from the date of staff's final notice of determination ~~within which~~ to appeal the staff determination to the Board ~~of Retirement (Board)~~. If the employer accepts staff's determination, ~~or if~~ ~~or does not file~~ a timely appeal ~~it to the Board is not filed~~, the matter shall be deemed concluded ~~and~~, the staff determination shall be final, and the employer shall comply with the determination.
8. Upon receipt of a timely request for appeal to the Board of staff's determination, staff shall place the matter on a future Board agenda and ~~shall~~ prepare a written report to the Board making a



OCERS Board Policy Pay Item Review Policy

recommendation to the Board on the pay items in question. Staff shall provide the employer with advance notice of the Board meeting and a copy of staff’s report and all materials to be considered by the Board, ~~and~~. Likewise, the employer shall provide OCERS with all materials it intends to submit to the Board.

- 9. The Board shall consider ~~the~~ all written materials submitted ~~as well as~~ and any arguments presented by the employer. The Board shall then ~~make a decision as to~~ decide whether the pay item qualifies as Compensation Earnable ~~or P~~, Pensionable Compensation, or both, ~~which~~. The decision shall be final, and the employer shall comply with ~~the Board’s determination~~ the Board’s determination.

Policy Review

- 10. The Board shall review this policy at least every three (3) years to ensure ~~that~~ it remains relevant and appropriate.

Policy History

- 11. The Board adopted this policy on March 18, 2019, and revised ~~it~~ on June 20, 2022 ~~and~~.

Secretary’s Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

~~06/20/2022~~

Date



OCERS Board Policy

Pay Item Review Policy

Purpose and Background

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4. Employers are responsible for notifying OCERS of new or modified pay items for sufficient review and approval before implementing the items. Failure to do so may result in OCERS imposing costs on the employer per Government Code sections 31580.1 and 31542.5.
5. OCERS staff will review employer pay item listings for compliance with this Policy. When reviewing compensation items, OCERS will audit pay items to determine whether each meets the applicable statutory definitions and Board Policies.
6. After concluding the foregoing assessment, OCERS staff shall send written notification to the employer of the staff's determination, including the specific supporting facts, circumstances, reasoning, and analyses.
7. The employer shall have 30 calendar days from the date of staff's final notice of determination to appeal the staff determination to the Board of Retirement (Board). If the employer accepts staff's determination or does not file a timely appeal, the matter shall be deemed concluded, the staff determination shall be final, and the employer shall comply with the determination.
8. Upon receipt of a timely request for appeal to the Board of staff's determination, staff shall place the matter on a future Board agenda and prepare a written report to the Board making a recommendation to the Board on the pay items in question. Staff shall provide the employer with advance notice of the Board meeting and a copy of staff's report and all materials to be considered



OCERS Board Policy Pay Item Review Policy

by the Board. Likewise, the employer shall provide OCERS with all materials it intends to submit to the Board.

- 9. The Board shall consider all written materials submitted and any arguments presented by the employer. The Board shall then decide whether the pay item qualifies as Compensation Earnable, Pensionable Compensation, or both. The decision shall be final, and the employer shall comply with the Board’s determination.

Policy Review

- 10. The Board shall review this policy at least every three (3) years to ensure it remains relevant and appropriate.

Policy History

- 11. The Board adopted this policy on March 18, 2019, and revised it on June 20, 2022 and .

Secretary’s Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

_____ Date



OCERS Board Policy Records Management Policy

Authority and Purpose

The OCERS Board of Retirement (Board) has the authority to establish efficient records management procedures and to provide for the maintenance and disposal of records within its jurisdiction (Gov. Code § 31537). In addition, OCERS has leveraged the guidelines for local government record retention provided by (per Gov. Code § 12236), the California Secretary of State is to establish guidelines for local government record retention. OCERS has leveraged those guidelines in drafting this policy.

This Records Management Policy establishes timeframes for the retention and destruction of OCERS' records in a manner compliant with binding statutes and regulations. This policy recognizes that effective records management ensures that records are kept only as long as they have administrative, fiscal, or legal value. The Policy includes

a An up-to-date record retention schedule to ensures that OCERS' obsolete records are properly and timely destroyed and to enable s efficient responses to public record requests. Retaining expired records is costly and makes it more difficult to find the records needed tefor OCERS business.

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Policy Objectives

The objectives of the policy are to ensure that:

- OCERS maintains its records for the necessary time period necessary to fulfill its function;
- OCERS properly disposes of records once the retention period has passed; and
- OCERS' staff is informed of the requisite retention periods for agency records.

Definitions

For purposes of this policy, the following definitions apply:

1. Records – Documents and files created, received, owned, or used by OCERS, regardless of physical form or the manner in which how the record has been stored. For records created by OCERS, this policy only applies to records in their final form, that is, records that have been finalized or approved for the OCERS' activity related to the content of the record record's content.

3-1. Non-Records – Material not included within the definition of Records, such as documents or files kept only for convenience or reference is not generally subject to a specific retention schedule. For example:

- Informal notes, working papers, and calculations.
- Library and reference material.

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OCERS Board Policy

Records Management Policy

- Rough drafts.

4.2. Records Retention Schedule or Retention Schedule – ~~The table set forth below that designates the period of time that each record must be retained, after which time each record is to be disposed of.~~ The table below designates the period each record must be retained before disposal. The Records are listed by Division and document category.

5.3. Retention Period – The length of time a record must be retained to fulfill its administrative, fiscal, or legal function. The required retention period is listed in the Retention Schedule.

6.4. Drafts – Drafts consist of works in progress, preliminary drafts, and copies of notes that have either not been finalized or approved. Preliminary drafts and notes are to be disposed of once the document or file they apply to has been finalized. The Retention Schedule does not apply to draft documents and files. It is OCERS’ policy that such preliminary drafts and notes are not to be retained.

Retention and Disposition of Records

The Board’s policy is that records should be retained only as long as they serve the administrative, legal, or fiscal purposes for which they were created, after which they should be disposed of as soon as practicable and in a secure manner.

Records have administrative value when they are created to help accomplish the functions for which OCERS is responsible, and have administrative value only as long as they assist OCERS in performing current or future work. Their administrative use is exhausted when the transactions to which the records relate are complete.

Records have legal value when they contain evidence of OCERS’ legally enforceable rights or obligations. Examples are records that provide the basis for action, such as legal recommendations and opinions; documents representing transactions and agreements, such as leases, titles, and contracts; and records evidencing action in particular cases, such as claim forms, filings, and pleadings.

Fiscal records pertain to OCERS’ financial transactions, for example, budgets, ledgers, financial statements, and payrolls. After some fiscal records have served their function, additional retention may be necessary to protect OCERS against court action, to support audits, or to comply with IRS rules.

Proper disposal of outdated records ~~is an essential part of a records management program also in order to protect~~ any confidential information included in the records. Additionally, if records were never destroyed, the agency’s file cabinets and computer networks would fill up with obsolete records that are no longer useful or necessary to the conduct of OCERS’ business. The volume of such records would make it more and more challenging to search for



OCERS Board Policy

Records Management Policy

and find ~~the~~ records that are still valuable and necessary to OCERS' operations or ~~that are~~ responsive to discovery and public record requests.

The Retention Schedule specifies the time period that at least one version of a designated record must be retained. For example, paper records may be disposed of at any time after they are saved in a digital format or ~~are~~ transferred to an electronic recordkeeping system. Once the retention period has passed, all ~~copies of the record~~ record copies should be disposed of as soon as practicable or, at the latest, by the end of that calendar year. Copies of the record should be disposed of regardless of format or location, i.e., paper and digital versions, located on- or off-site. Records will be disposed of as follows:

- All paper records will be destroyed by placing them in the secure shredding bins located in the OCERS' office.
- All electronic records will be purged from OCERS' systems manually by the user or automatically by the system configured to automatically purge ~~or~~ delete the records ~~in accordance with~~ per the established retention period.

Electronic Mail

Unless otherwise required by law, a litigation hold, or Board Policy, email communications will not be retained for more than two years. OCERS' email database will archive all email ~~that is~~ older than one year and then automatically delete emails older than two years.

Exceptions to the Retention Schedule

CEO Approval

The Chief Executive Officer ("CEO") may authorize ~~retention of a record beyond the period shown on the Retention Schedule by designating the record~~ the retention of a record beyond the period shown on the Retention Schedule by designating it as an archival record and providing a revised disposal date. Requests to ~~exceed~~ depart from the time periods in the Retention Schedule must be approved in writing by the CEO or their designee.

Litigation Holds

Whenever a division within OCERS learns that litigation against OCERS is reasonably anticipated, threatened, or pending, the division must notify the Legal Division. The Legal Division will analyze the potential for litigation and, as needed, issue a litigation hold letter to the appropriate parties. **OCERS' staff must comply with the directives of the Legal Division for the retention of records pursuant to a litigation hold letter, even if those directives require the retention of a record beyond the period stated in the Retention Schedule.**

Compliance



OCERS Board Policy

Records Management Policy

It is the responsibility of the Director of each Department (or Senior Executive where there is no Director within the applicable Division) to:

- ensure this policy is communicated to every team member in the Department/Division;
- ensure the Department/Division is initially brought into full compliance with this policy;
- institute a periodic reminder system and process for ensuring the Department/Division remains in full compliance with this policy;
- require each team member in the Department/Division to certify to the Director on an annual basis that the Department/Division is in full compliance with this policy; and
- review the record categories listed in the Retention Schedule on at least an annual basis to confirm that the record categories continue to be accurate and reflective of the types of records maintained by the related Department/Division and promptly inform the Legal Division if any modifications are necessary.

Record Retention Schedule

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Board of Retirement

Record Category	Description/Citations	Retention Period
Board Meeting agendas, materials, and minutes	Materials for any meeting of the Board or Board Committee.	Permanent
Digital Recordings of Board Meetings	Gov. Code § 54953.5(b) allows for destruction of recordings 30 days after the recording is made. However, the board voted on October 21, 2013 to change the retention period to permanent.	Permanent
Board Policies and Charters		Permanent
Board Resolutions		Permanent
Employer Sponsor Agreements and MOUs		Permanent
Board of Supervisors Resolutions		Permanent
Actuarial Reports		Permanent

Executive Division

Record Category	Description/Citations	Retention Period
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OCERS Board Policy Records Management Policy

OCERS' Business Plan		Active + 5 years
OCERS' Strategic Plan		Active + 5 years
Executive Charters		Permanent
Evolution of the UAAL		Permanent
Annual Employer Report		Permanent

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Investments

Record Category	Description/Citations	Retention Period
Capital Call Letters/Wire Transfers	Redundant with Finance Dept and State Street	Active + 5 years
Investment Performance Reports		7 years
Investment Manager, Custodian, and Consultant Correspondence; Portfolio Reviews	Correspondence includes work paper, pacing studies from Investment Consultants and Investment Manager Search Materials from Consultants	7 years
Form ADV	Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Adviser	7 years
Investment Manager Contracts	Including separately managed accounts, limited partnerships, mutual funds, and collective trust funds.	Active + 7 5 years



OCERS Board Policy Records Management Policy

Administrative Services Human Resources

Record Category	Description/Citations	Retention Period
Employee Personnel Files	Including, e.g., performance evaluations, disciplinary actions and family leave records. Civil Rights Act of 1964 (Title VII) Americans with Disabilities Act (ADA) GINA, FMLA 29 CFR §§ 1602.14, 1627.3 Cal Labor Code § 1198.5, CCP §337	Termination + 24 years "Termination" refers to date employee is no longer employed by OCERS for any reason.
Payroll Records	Including time keeping records and wage attachment or garnishment records Cal Labor Code § 1174, CCP §337 29 CFR §§ 1602.31, 1620.33(b), 1627.3	Termination + 24 years
Recruitment Process Records	Including job postings, résumés, applications, <u>background checks</u> , and any scored components. Age Discrimination in Employment Act (ADEA) ADA Title VII	Termination + 24 years For non-hires: 1 year from no-hire decision.
Background Checks	Title VII	1-year
Form I-9	8 CFR § 274a.2	Later of date of hire + 3 years or Termination + 1 year
Employment Benefits	Including plan descriptions, reports, and amendments. Employee Retirement Income Security Act (ERISA)	Active + 6 years
OSHA and CAL/OSHA Forms and Records	Occupational Safety and Health Administration (OSHA), e.g., 29 CFR §§1904.2, 1904.33. CAL/OSHA: Cal Labor Code § 6300, 8 CCR 14300.33	5 years
Disability Records and Employee Medical Files	ADA, GINA, FMLA	Termination + 24 year
Workers' Comp Records		Termination + 47 years



OCERS Board Policy
Records Management Policy

Operational Support Services

Record Category	Description/Citations	Retention Period
Contracts and Agreements (including OCERS' RFP and the successful bidder's RFP Response), <u>and related due diligence documentation</u>	Agency-wide contracts other than those for investment managers and for the purchase of real estate. E.g., hardware and software licenses and agreements, medical provider contracts, professional services agreements, etc. CCP §337	Active + 4 years
Unfilled RFPs and RFP Responses of unsuccessful bidders		4 years
Real Estate Contracts	Contracts for the purchase of real property.	Duration of ownership + 10 years
Insurance Policies		Active +7 years

Finance

Record Category	Description/Citations	Retention Period
Accounts Payable Ledgers and Schedules, including Vendor Files, Invoices from Vendors, Employee/Board Member Expense Reports and 1099s		7 years
Accounts Receivable Ledgers and Schedules, including invoices to customers, employees, employers, and members		7 years
Actuarial Reports Accounting Support	Consists of accounting schedules provided to Actuary in support of preparing the valuation, including financial statements, reserve schedule, contributions and benefit payments by rate group, and covered payroll. Guidelines for retention of Final Actuarial Report can be found under Board section of the Retention Schedule.	7 years
Agency Administrative Budget, including department budget templates, presentation materials, and other supporting documentation	Final budget will be included in retention guidelines for Board materials under the Board section of the Retention Schedule.	5 years
Audited Financial Statements/Annual Report		Permanent



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Bank Statements/Reconciliations, Cancelled Checks, and Deposit Slips		7 years
Cash Disbursements Journal		Permanent
Cash Receipts Journal		Permanent
Chart of Accounts		Permanent
Contribution Accounting Records for EE & ER Retirement Contributions	Finance is responsible for the accounting activity of EE & ER contributions, but retention of permanent and other EE/ER records (transmittals, contribution rates, etc.) is maintained in the Pension Administration Software and the responsibility of Member Services.	7 years
Fixed Assets and Depreciation Schedules	26 USC §168(e) (IRS depreciation rules)	Permanent
General Ledger and General Journal		Permanent
Investment Accounting Records, including Highlights and Notes Reconciliations, Health Care Trust & Custodial Statements, and Capital Call/Commitment Schedule	Capital call, data, and attachments processed through State Street Bank's eCFM platform are available from State Street for 7 years.	7 years
OCERS Employees Payroll Accounting Records, including Payroll Summaries and Journal Entries Retirement Payroll Accounting Records, including Reconciliations and Payroll Tax Records	Finance is responsible for recording journal entries for payroll activity, but retention of OCERS employee records (timesheets, PAN forms, etc.) is the responsibility of Human Resources. Finance is responsible for the accounting activity of Retiree Payroll, but retention of permanent and other member/retiree records (FAS calculations, deposit forms, EFT/Check copies, etc.) is maintained in the Pension Administration Software System and is the responsibility of Member Services.	7 years 7 years
Other Financial Reports	Records not specifically listed (e.g., annual State Controller's Report, annual census report, and other miscellaneous documents) will follow a Show Markup Toolbar default 7 year retention consistent with retention period of most other accounting records.	7 years
Retirement Payroll Accounting Records, including Reconciliations and Payroll Tax Records Investment Accounting Records, including Highlights and Notes Reconciliations, Health Care Trust & Custodial Statements, and Capital Call/Commitment Schedule	Finance is responsible for the accounting activity of Retiree Payroll, but retention of permanent and other member/retiree records (FAS calculations, deposit forms, EFT/Check copies, etc.) is maintained in the Pension Administration Software System and is the responsibility of Member Services. Capital call, data, and attachments processed through State Street Bank's eCFM platform are available from State Street for 7 years.	7 years 7 years

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OCERS Board Policy Records Management Policy

Member Services

Record Category	Description/Citations	Retention Period
Member File	<p>The Member account in the pension administration system application.</p> <p>Including:</p> <ul style="list-style-type: none"> • 1099's • Support Orders and Tax Levies • Dissolution documents • Member identification documents • Death Certificates • Transaction requests <p>CCP §§ 704.110, 706.031; 26 USC §§ 6322, 6333; ERISA §§ 107, 209; Gov. Code § 31532 CCP § 338</p>	Permanent
Member Services Actuarial Reports	Including member specific documents provided by actuaries regarding 415 calculations or option 4 calculations.	Permanent
Employer Records	Including microfiche and payroll records ERISA §§ 107, 209; CCP § 338; Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77; Gov. Code § 31532	Permanent

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Disability

Record Category	Description/Citations	Retention Period
Disability Files	<p>Disability Files consist of all records relating to a member's disability application, including:</p> <ul style="list-style-type: none"> • Disability application packet • Medical records and reports • Workers' Compensation file documents • Investigator Reports • Employer File documents • Correspondence regarding the disability application <p>ERISA §§107, 209</p>	<p>Active + 6 years*</p> <p>Disability files are considered "Active" until all administrative proceedings have concluded and the Board has made a final decision.</p> <p>* Certain Disability File records are scanned into the pension administration system and retained permanently in the member file, including:</p> <ul style="list-style-type: none"> ▪ Disability Application ▪ Employee and Employer statements



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		<ul style="list-style-type: none">▪ Employer accommodation document▪ Physician's statement of disability▪ Attorney designation form▪ Workers' Compensation statement▪ Supervisor's statement▪ IME reports▪ Disability correspondence between OCERS and member, including earlier effective date requests▪ Board release
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OCERS Board Policy Records Management Policy

Legal

Record Category	Description/Citations	Retention Period
Legal Memoranda and other Attorney-Work Product		Indefinitely, i.e., retained for the period of time they are deemed useful by the General Counsel and then destroyed.
Administrative Record and related filings for hearings, appeals, and writs of both member and non-member actions	Cases are considered "Active" until all writs and appeals have been fully adjudicated.	Active + 5 years
Securities Litigation Reports from Outside Counsel		47 years
<u>Log of California Public Records Requests and Responses</u>		<u>4 years</u>

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Compliance

<u>Record Category</u>	<u>Description/Citations</u>	<u>Retention Period</u>
<u>Compliance Program Documents</u>	<u>Foundational documents that outline the purpose, scope, goals, roles, and responsibilities of Compliance Program elements.</u>	<u>Active + 7 years</u>
<u>Ethics & Fraud Hotline Case Reports</u>	<u>Including reports received from NAVEX, interview & investigation reports, supporting documentation, communication records, and documents received from external sources.</u>	<u>7 years</u>
<u>Compliance Risk Assessment Reports</u>	<u>Including reports detailing operational risk, evaluation of risks related to non-compliance with laws, rules, regulations, internal policies, and procedures.</u>	<u>7 years</u>
<u>Compliance Control Monitoring Documents</u>	<u>Including reports of control monitoring activities, department attestations, and management reports.</u>	<u>7 years</u>
<u>Compliance Performance Reports</u>	<u>Includes key metrics measuring program effectiveness, e.g., Ethics & Fraud Hotline case disposition, training activity, and summarized risk assessment and control monitoring results.</u>	<u>7 years</u>
<u>Compliance Communication & Training Records</u>	<u>Including records of compliance related communication, awareness campaign material, training material, distribution schedules, and completion tracking reports.</u>	<u>5 years</u>



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<u>Record Category</u>	<u>Description/Citations</u>	<u>Retention Period</u>
<u>Other Compliance Reports</u>	<u>Including process due diligence reviews conducted in response to external events.</u>	<u>3 years</u>

Communications

<u>Record-Category</u>	<u>Description/Citations</u>	<u>Retention-Period</u>
<u>At Your Service magazines</u>	<u>Including historical SPD publications.</u>	<u>Indefinitely, i.e., retained for the period of time they are deemed useful by the CEO and then destroyed.</u>
<u>Media releases, Board commendations, and Board member biographical info</u>		<u>Indefinitely</u>
<u>OCERS Today newsletters</u>	<u>This includes all employee newsletters created by Communications.</u>	<u>Indefinitely</u>
<u>Informational Videos</u>	<u>This includes video tutorials and FAQs created by Communications.</u>	<u>Active</u>
<u>OCERS by the Numbers publications</u>		<u>Indefinitely</u>

Internal Audit

<u>Record Category</u>	<u>Description/Citations</u>	<u>Retention Period</u>
<u>Audit Reports and Work Papers</u>	<u>PCAOB – Auditing Standard No. 3. Securities and Exchange Commission, RIN 3235-A174, Retention of Records Relevant to Audits and Reviews.</u>	<u>7 years</u>
<u>Hotline Case Reports</u>		<u>7 years</u>

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Information Technology

Record Category	Description/Citations	Retention Period
IT Asset Inventory		Life of Asset
Agency Reports generated by IT		1 year
IT Programming/Operations Requests		1 year
Hardware and Software Reference Material and User Guides	To include design specification documents	Active
IT Audit and Assessment Reports		7 years
Hardware and Software Serial Numbers and Activation Keys		Life of Product
IT Project Documentation		Project life + 1 year
Server Data Backups		1 year

Information Security

Record Category	Description/Citations	Retention Period
Information Security Advisory and Audit Committee Material		3 years
IS Audit and Assessment Reports		7 years
Information Security Event Notifications		1 year
Security Incident Reports	Including supporting documentation	5 years
System Summary Reports	E.g., email security, and Rapid 7	3 years
Business Continuity Program Documentation	Including meeting materials, recovery documents, plan documents, and summary reports.	5 years

Policy Review

The Board will review this policy at least every three years to ensure ~~that~~ it remains relevant and appropriate.



OCERS Board Policy
Records Management Policy

Policy History

This policy was adopted by the Board on November 15, 2021, and revised on [date].- It replaced the Record Retention Policy and Guidelines adopted by the Board on October 23, 2003.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

~~11/15/2021~~

Steve Delaney
Secretary of the Board

Date



OCERS Board Policy Records Management Policy

Authority and Purpose

The OCERS Board of Retirement (Board) has the authority to establish efficient records management procedures and to provide for the maintenance and disposal of records within its jurisdiction (Gov. Code § 31537). In addition, OCERS has leveraged the guidelines for local government record retention provided by the California Secretary of State in drafting this policy.

This Records Management Policy establishes timeframes for the retention and destruction of OCERS' records in a manner compliant with binding statutes and regulations. This policy recognizes that effective records management ensures that records are kept only as long as they have administrative, fiscal, or legal value. The Policy includes an up-to-date record retention schedule to ensure that OCERS' obsolete records are properly and timely destroyed and to enable efficient responses to public record requests. Retaining expired records is costly and makes it more difficult to find the records needed for OCERS business.

Policy Objectives

The objectives of the policy are to ensure that:

- OCERS maintains its records for the time period necessary to fulfill its function;
- OCERS properly disposes of records once the retention period has passed; and
- OCERS' staff is informed of the requisite retention periods for agency records.

Definitions

For purposes of this policy, the following definitions apply:

1. **Records** – Documents and files created, received, owned, or used by OCERS, regardless of physical form or how the record has been stored. For records created by OCERS, this policy only applies to records in their final form, that is, records that have been finalized or approved for the OCERS' activity related to the record's content. Material kept only for convenience or reference is not generally subject to a specific retention schedule. For example:
 - Informal notes, working papers, and calculations.
 - Library and reference material.
 - Rough drafts.
2. **Records Retention Schedule or Retention Schedule** – The table below designates the period each record must be retained before disposal. The Records are listed by Division and document category.
3. **Retention Period** – The length of time a record must be retained to fulfill its administrative, fiscal, or legal function. The required retention period is listed in the Retention Schedule.



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- Drafts** – Drafts consist of works in progress, preliminary drafts, and copies of notes that have either not been finalized or approved. Preliminary drafts and notes are to be disposed of once the document or file they apply to has been finalized. The Retention Schedule does not apply to draft documents and files. It is OCERS' policy that such preliminary drafts and notes are not to be retained.

Retention and Disposition of Records

The Board's policy is that records should be retained only as long as they serve the administrative, legal, or fiscal purposes for which they were created, after which they should be disposed of as soon as practicable and in a secure manner.

Records have administrative value when they are created to help accomplish the functions for which OCERS is responsible and have administrative value only as long as they assist OCERS in performing current or future work. Their administrative use is exhausted when the transactions to which the records relate are complete.

Records have legal value when they contain evidence of OCERS' legally enforceable rights or obligations. Examples are records that provide the basis for action, such as legal recommendations and opinions; documents representing transactions and agreements, such as leases, titles, and contracts; and records evidencing action in particular cases, such as claim forms, filings, and pleadings.

Fiscal records pertain to OCERS' financial transactions, for example, budgets, ledgers, financial statements, and payrolls. After some fiscal records have served their function, additional retention may be necessary to protect OCERS against court action, to support audits, or to comply with IRS rules.

Proper disposal of outdated records also protects any confidential information included in the records. Additionally, if records were never destroyed, the agency's file cabinets and computer networks would fill up with obsolete records that are no longer useful or necessary to the conduct of OCERS' business. The volume of such records would make it more and more challenging to search for and find records that are still valuable and necessary to OCERS' operations or responsive to discovery and public record requests.

The Retention Schedule specifies the time period that at least one version of a designated record must be retained. For example, paper records may be disposed of at any time after they are saved in a digital format or transferred to an electronic recordkeeping system. Once the retention period has passed, all record copies should be disposed of as soon as practicable or, at the latest, by the end of that calendar year. Copies of the record should be disposed of regardless of format or location, i.e., paper and digital versions, located on- or off-site. Records will be disposed of as follows:



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- All paper records will be destroyed by placing them in the secure shredding bins located in the OCERS' office.
- All electronic records will be purged from OCERS' systems manually by the user or automatically by the system configured to automatically purge or delete the records per the established retention period.

Electronic Mail

Unless otherwise required by law, a litigation hold, or Board Policy, email communications will not be retained for more than two years. OCERS' email database will archive all emails older than one year and then automatically delete emails older than two years.

Exceptions to the Retention Schedule

CEO Approval

The Chief Executive Officer ("CEO") may authorize the retention of a record beyond the period shown on the Retention Schedule by designating it as an archival record and providing a revised disposal date. Requests to exceed the time periods in the Retention Schedule must be approved in writing by the CEO or their designee.

Litigation Holds

Whenever a division within OCERS learns that litigation against OCERS is reasonably anticipated, threatened, or pending, the division must notify the Legal Division. The Legal Division will analyze the potential for litigation and, as needed, issue a litigation hold letter to the appropriate parties. **OCERS' staff must comply with the directives of the Legal Division for the retention of records pursuant to a litigation hold letter, even if those directives require the retention of a record beyond the period stated in the Retention Schedule.**

Compliance

It is the responsibility of the Director of each Department (or Senior Executive where there is no Director within the applicable Division) to:

- ensure this policy is communicated to every team member in the Department/Division;
- ensure the Department/Division is initially brought into full compliance with this policy;
- institute a periodic reminder system and process for ensuring the Department/Division remains in full compliance with this policy;
- require each team member in the Department/Division to certify to the Director on an annual basis that the Department/Division is in full compliance with this policy; and
- review the record categories listed in the Retention Schedule on at least an annual basis to confirm that the record categories continue to be accurate and reflective of the types of



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records maintained by the related Department/Division and promptly inform the Legal Division if any modifications are necessary.

Record Retention Schedule

Board of Retirement

Record Category	Description/Citations	Retention Period
Board Meeting agendas, materials, and minutes	Materials for any meeting of the Board or Board Committee.	Permanent
Digital Recordings of Board Meetings	Gov. Code § 54953.5(b) allows for destruction of recordings 30 days after the recording is made. However, the board voted on October 21, 2013 to change the retention period to permanent.	Permanent
Board Policies and Charters		Permanent
Board Resolutions		Permanent
Employer Sponsor Agreements and MOUs		Permanent
Board of Supervisors Resolutions		Permanent
Actuarial Reports		Permanent

Executive Division

Record Category	Description/Citations	Retention Period
OCERS' Business Plan		Active + 5 years
OCERS' Strategic Plan		Active + 5 years
Executive Charters		Permanent
Evolution of the UAAL		Permanent
Annual Employer Report		Permanent



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Investments

Record Category	Description/Citations	Retention Period
Capital Call Letters/Wire Transfers	Redundant with Finance Dept and State Street	Active + 5 years
Investment Performance Reports		7 years
Investment Manager, Custodian, and Consultant Correspondence; Portfolio Reviews	Correspondence includes work paper, pacing studies from Investment Consultants and Investment Manager Search Materials from Consultants	7 years
Form ADV	Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Adviser	7 years
Investment Manager Contracts	Including separately managed accounts, limited partnerships, mutual funds, and collective trust funds.	Active + 7 years

Human Resources

Record Category	Description/Citations	Retention Period
Employee Personnel Files	Including, e.g., performance evaluations, disciplinary actions and family leave records. Civil Rights Act of 1964 (Title VII) Americans with Disabilities Act (ADA) GINA, FMLA 29 CFR §§ 1602.14, 1627.3 Cal Labor Code § 1198.5, CCP §337	Termination + 7 years "Termination" refers to date employee is no longer employed by OCERS for any reason.
Payroll Records	Including time keeping records and wage attachment or garnishment records Cal Labor Code § 1174, CCP §337 29 CFR §§ 1602.31, 1620.33(b), 1627.3	Termination + 7 years



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Record Category	Description/Citations	Retention Period
Recruitment Process Records	Including job postings, résumés, applications, background checks, and any scored components. Age Discrimination in Employment Act (ADEA) ADA Title VII	Termination + 7 years For non-hires: 1 year from no-hire decision.
Form I-9	8 CFR § 274a.2	Later of date of hire + 3 years or Termination + 1 year
Employment Benefits	Including plan descriptions, reports, and amendments. Employee Retirement Income Security Act (ERISA)	Active + 6 years
OSHA and CAL/OSHA Forms and Records	Occupational Safety and Health Administration (OSHA), e.g., 29 CFR §§1904.2, 1904.33. CAL/OSHA: Cal Labor Code § 6300, 8 CCR 14300.33	5 years
Disability Records and Employee Medical Files	ADA, GINA, FMLA	Termination + 7 year
Workers' Comp Records		Termination + 7years

Operational Support Services

Record Category	Description/Citations	Retention Period
Contracts and Agreements (including OCERS' RFP and the successful bidder's RFP Response), and related due diligence documentation	Agency-wide contracts other than those for investment managers and for the purchase of real estate. E.g., hardware and software licenses and agreements, medical provider contracts, professional services agreements, etc. CCP §337	Active + 4 years
Unfilled RFPs and RFP Responses of unsuccessful bidders		4 years
Real Estate Contracts	Contracts for the purchase of real property.	Duration of ownership + 10 years
Insurance Policies		Active +7 years



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Finance

Record Category	Description/Citations	Retention Period
Accounts Payable Ledgers and Schedules, including Vendor Files, Invoices from Vendors, Employee/Board Member Expense Reports and 1099s		7 years
Accounts Receivable Ledgers and Schedules, including invoices to customers, employees, employers, and members		7 years
Actuarial Reports Accounting Support	Consists of accounting schedules provided to Actuary in support of preparing the valuation, including financial statements, reserve schedule, contributions and benefit payments by rate group, and covered payroll. Guidelines for retention of Final Actuarial Report can be found under Board section of the Retention Schedule.	7 years
Agency Administrative Budget, including department budget templates, presentation materials, and other supporting documentation	Final budget will be included in retention guidelines for Board materials under the Board section of the Retention Schedule.	5 years
Audited Financial Statements/Annual Report		Permanent
Bank Statements/Reconciliations, Cancelled Checks, and Deposit Slips		7 years
Cash Disbursements Journal		Permanent
Cash Receipts Journal		Permanent
Chart of Accounts		Permanent
Contribution Accounting Records for EE & ER Retirement Contributions	Finance is responsible for the accounting activity of EE & ER contributions, but retention of permanent and other EE/ER records (transmittals, contribution rates, etc.) is maintained in the Pension Administration Software and the responsibility of Member Services.	7 years
Fixed Assets and Depreciation Schedules	26 USC §168(e) (IRS depreciation rules)	Permanent

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General Ledger and General Journal		Permanent
Investment Accounting Records, including Highlights and Notes Reconciliations, Health Care Trust & Custodial Statements, and Capital Call/Commitment Schedule	Capital call, data, and attachments processed through State Street Bank's eCFM platform are available from State Street for 7 years.	7 years
OCERS Employees Payroll Accounting Records, including Payroll Summaries and Journal Entries	Finance is responsible for recording journal entries for payroll activity, but retention of OCERS employee records (timesheets, PAN forms, etc.) is the responsibility of Human Resources.	7 years
Other Financial Reports	Records not specifically listed (e.g., annual State Controller's Report, annual census report, and other miscellaneous documents) will follow a default 7 year retention consistent with retention period of most other accounting records.	7 years
Retirement Payroll Accounting Records, including Reconciliations and Payroll Tax Records	Finance is responsible for the accounting activity of Retiree Payroll, but retention of permanent and other member/retiree records (FAS calculations, deposit forms, EFT/Check copies, etc.) is maintained in the Pension Administration Software System and is the responsibility of Member Services.	7 years

Member Services

Record Category	Description/Citations	Retention Period
Member File	<p>The Member account in the pension administration system application.</p> <p>Including:</p> <ul style="list-style-type: none"> • 1099's • Support Orders and Tax Levies • Dissolution documents • Member identification documents • Death Certificates • Transaction requests <p>CCP §§ 704.110, 706.031; 26 USC §§ 6322, 6333; ERISA §§ 107, 209; Gov. Code § 31532 CCP § 338</p>	Permanent



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Member Services Actuarial Reports	Including member specific documents provided by actuaries regarding 415 calculations or option 4 calculations.	Permanent
Employer Records	Including microfiche and payroll records ERISA §§ 107, 209; CCP § 338; Civ. Code §§ 1798.3, 1798.21, 1798.24, 1798.27, 1798.77; Gov. Code § 31532	Permanent

Disability

Record Category	Description/Citations	Retention Period
Disability Files	<p>Disability Files consist of all records relating to a member's disability application, including:</p> <ul style="list-style-type: none"> • Disability application packet • Medical records and reports • Workers' Compensation file documents • Investigator Reports • Employer File documents • Correspondence regarding the disability application <p>ERISA §§107, 209</p>	<p>Active + 6 years*</p> <p>Disability files are considered "Active" until all administrative proceedings have concluded and the Board has made a final decision.</p> <p>* Certain Disability File records are scanned into the pension administration system and retained permanently in the member file, including:</p> <ul style="list-style-type: none"> ▪ Disability Application ▪ Employee and Employer statements ▪ Employer accommodation document ▪ Physician's statement of disability ▪ Attorney designation form ▪ Workers' Compensation statement ▪ Supervisor's statement ▪ IME reports ▪ Disability correspondence between OCERS and member, including earlier effective date requests ▪ Board release



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Legal

Record Category	Description/Citations	Retention Period
Administrative Record and related filings for hearings, appeals, and writs of both member and non-member actions	Cases are considered "Active" until all writs and appeals have been fully adjudicated.	Active + 5 years
Securities Litigation Reports from Outside Counsel		4 years
Log of California Public Records Requests and Responses		4 years

Compliance

Record Category	Description/Citations	Retention Period
Compliance Program Documents	Foundational documents that outline the purpose, scope, goals, roles, and responsibilities of Compliance Program elements.	Active + 7 years
Ethics & Fraud Hotline Case Reports	Including reports received from NAVEX, interview & investigation reports, supporting documentation, communication records, and documents received from external sources.	7 years
Compliance Risk Assessment Reports	Including reports detailing operational risk, evaluation of risks related to non-compliance with laws, rules, regulations, internal policies, and procedures.	7 years
Compliance Control Monitoring Documents	Including reports of control monitoring activities, department attestations, and management reports.	7 years
Compliance Performance Reports	Includes key metrics measuring program effectiveness, e.g., Ethics & Fraud Hotline case disposition, training activity, and summarized risk assessment and control monitoring results.	7 years
Compliance Communication & Training Records	Including records of compliance related communication, awareness campaign material, training material, distribution schedules, and completion tracking reports.	5 years
Other Compliance Reports	Including process due diligence reviews conducted in response to external events.	3 years



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Internal Audit

Record Category	Description/Citations	Retention Period
Audit Reports and Work Papers	PCAOB – Auditing Standard No. 3. Securities and Exchange Commission, RIN 3235-A174, Retention of Records Relevant to Audits and Reviews.	7 years

Information Technology

Record Category	Description/Citations	Retention Period
IT Asset Inventory		Life of Asset
Agency Reports generated by IT		1 year
IT Programming/Operations Requests		1 year
Hardware and Software Reference Material and User Guides	To include design specification documents	Active
IT Audit and Assessment Reports		7 years
Hardware and Software Serial Numbers and Activation Keys		Life of Product
IT Project Documentation		Project life + 1 year
Server Data Backups		1 year

Information Security

Record Category	Description/Citations	Retention Period
Information Security Advisory and Audit Committee Material		3 years
IS Audit and Assessment Reports		7 years
Information Security Event Notifications		1 year
Security Incident Reports	Including supporting documentation	5 years
System Summary Reports	E.g., email security, and Rapid 7	3 years



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Record Category	Description/Citations	Retention Period
Business Continuity Program Documentation	Including meeting materials, recovery documents, plan documents, and summary reports.	5 years

Policy Review

The Board will review this policy at least every three years to ensure it remains relevant and appropriate.

Policy History

This policy was adopted by the Board on November 15, 2021, and revised on [date]. It replaced the Record Retention Policy and Guidelines adopted by the Board on October 23, 2003.

Secretary’s Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

 Steve Delaney
 Secretary of the Board

 Date



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

Purpose

This OCERS Administrative Procedure (“OAP”) provides information ~~regarding the division of~~ about how the community property interest of ~~OCERS a member’s~~ benefits ~~in accordance with~~ are divided, pursuant to a valid a court order setting ~~forth~~ the terms and conditions of ~~the dissolution a divorce. More specifically, this OAP will describe the process of notifying OCERS of a divorce, joining OCERS in a divorce, and providing OCERS with a Domestic Relations Order that divides the member’s pension benefits. marriage or domestic partnership issued pursuant to the California Family Code and applicable case law.~~

Authority

This OAP is established pursuant to the Chief Executive Officer (CEO) Charter, section 8.f., which directs the CEO to develop staff policies and procedures to ensure effective and efficient administration of member benefits. The OAP is in conformance with Board Policy, the County Employees Retirement Law (California Government Code section 31450, et seq.) (CERL), and the Public Employees’ Pension Reform Act (Government Code, sections 7522 - 7522.74) (PEPRA). Also, ~~this OAP is established pursuant to~~ consistent with California Family Code §2610, which provides that the court shall make whatever orders are necessary or appropriate to ensure that each party receives the party’s full community property share in any retirement plan, whether public or private, including all survivor and death benefits. Authority includes but is not limited to Family Code § 2610.

Definitions

Divorce: The process of terminating a marriage or domestic partnership.

Domestic Relations Order (DRO): A DRO is a special type of court order that divides retirement benefits in a divorce that is issued separate and apart from a final judgment granting a divorce or marital settlement agreement that divides retirement benefits in a divorce.

Eligible Surviving Spouse: A spouse married to a member at least one year ~~prior to~~ before the date of retirement or two years ~~prior to~~ before the date of the member’s death and has reached the age of 55 on or ~~prior to~~ before the date of the member’s death.¹ Gov Code §31760.1; 31760.2.

Registered Domestic Partnership: ~~Two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring that have met certain criteria and registered with the Secretary of State’s Office.~~

Divorce: ~~The process of terminating a marriage or domestic partnership. Divorce usually entails the canceling or reorganizing of the legal duties and responsibilities of marriage, thus dissolving the bonds of matrimony between a married couple under the rule of law.~~

Legal Separation: ~~The parties stay married, but the court divides the marital property and debts and makes orders about financial support.~~

Judgment of Dissolution of Marriage: ~~An order that states the court's decision in a summary dissolution case to end a marriage or domestic partnership. It states the date that the parties become single and tells the parties to comply with the agreement attached to the judgment.~~



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

~~**Judgment of Legal Separation:** An order that divides the marital property and debts and makes orders about financial support while keeping the marriage intact.~~

Joinder: A procedure whereby ~~OCERS~~ a person or entity, other than the spouses, who has or claims an interest in ~~the proceeding may be made a party to~~ a marital dissolution action. ~~Fam C §2021; Cal Rules of Ct 5.24.~~

~~**Judgment of Dissolution of Marriage:** An order that states the court's decision in a summary dissolution case to end a marriage or domestic partnership. It states the date that the parties become single and tells the parties to comply with the agreement attached to the judgment.~~

~~**Judgment of Legal Separation:** An order that divides the marital property and debts and makes orders about financial support while keeping the marriage intact.~~

~~**Legal Separation:** The parties stay married, but the court divides the marital property and debts and makes orders about financial support.~~

Registered Domestic Partnership (Domestic Partner): Two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring that have met certain criteria and registered with the Secretary of State's Office.

~~**Domestic Relations Order (DRO):** A DRO is a special type of court order that is issued separate and apart from a final judgment granting a divorce or marital settlement agreement that divides retirement benefits in a divorce.~~

~~**Eligible Surviving Spouse:** A spouse married to a member at least one year prior to the date of retirement or were married two years prior to the date of the member's death and has reached the age of 55 on or prior to the date of the member's death. Gov Code §31760.1.; 31760.2.~~

Limitations

This administrative procedure will be construed consistently with the requirements of the California Family Code. If this procedure conflicts with statute or authoritative case law, the statute or case law will control.

OCERS cannot provide legal advice to members, spouses of members, or former spouses of members. Retirement benefits paid by OCERS may constitute a substantial asset of the parties. OCERS ~~recommends~~ advises that ~~the~~ parties consult an attorney ~~who is knowledgeable in the areas of~~ knowledgeable in California community property law and the division of retirement benefits for advice and assistance.

Process

Notifying OCERS of a Divorce

OCERS must be provided with a conformed copy (~~p~~Photographs will not be accepted-) of a Judgment of Dissolution of Marriage/Property Settlement Agreement with all attachments from the member's divorce proceedings. OCERS cannot assist the member with obtaining a copy from the court.

~~The judgment will undergo a detailed review to assess whether the member is entitled to their retirement, including the community property portion, as separate property or whether the former spouse is entitled~~



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

~~to an interest in the community property portion of the member's retirement benefit as determined by the court.~~

If a determination has been made that the member's pension is to be divided, [OCERS Member Services Division](#) will notify the member that OCERS will require a Domestic Relations Order (DRO), [as discussed below](#).

~~OCERS will not pay any amounts to the non-member former spouse until the member actually retires and begins receiving a benefit. (In re Marriage of Jensen (1991) 235 Cal.App.3d 1137.)~~

Joining OCERS in a Member's Divorce

In all cases, OCERS must be joined in the parties' dissolution action so that the court will have proper jurisdiction over the benefits that OCERS administers. OCERS cannot pay a benefit to a ~~non-member spouse or former spouse~~ [or domestic partner](#) unless OCERS has been properly joined in the matter.ⁱⁱⁱ ~~Gov. Code § 31452. Note, also, that OCERS will not pay any amounts to the non-member former spouse until the member retires and begins receiving a benefit.~~^{iv}

~~OCERS staff cannot assist the parties with filing joinder documents.~~

Forms for joining OCERS as a party to a marital dissolution action in California are available on the California Judicial Council website ~~located at~~ www.courts.ca.gov ~~in under~~ the "forms" ~~area~~ [section](#). The specific forms required for joining OCERS are: FL 370 (Pleading on Joinder – Employee Benefits Plan), FL 372 (Request for Joinder of Employee Benefit Plan and Order), and FL 375 (Summons – Joinder). These forms must be filled out by a party and filed with the court ~~prior to~~ [before](#) service on OCERS.

~~OCERS staff cannot assist the parties with filing joinder documents.~~

~~The joinder documents must be properly served on OCERS to be considered valid.~~ [Joinder documents must be properly served on OCERS](#). Service can be made electronically (preferred), via U.S. Mail, [fax at \(657\) 363-3205](#), or in person.^v ~~Family Code § 2062.~~

After service of the joinder documents, OCERS will file a Notice of Appearance and Response (FL 374) [with the court](#). OCERS will serve the unfiled Notice of Appearance on the parties along with a letter providing information about OCERS.

Note: OCERS is not subject to the jurisdiction of out-of-state courts. Any Domestic Relations Orders (DROs) filed in out-of-state courts must be domesticated in a California court ~~in order~~ to be binding on OCERS.

Domestic Relations Order (DRO)

OCERS requires a ~~Domestic Relations order~~ [DRO](#) to divide a member's pension benefits between the parties. Parties are encouraged to have a DRO on file prior to a member's retirement.

The parties or their attorneys are required to submit a draft DRO to OCERS prior to filing ~~with the court. If a DRO is filed with the court without approval by OCERS, OCERS will petition the court to set aside the DRO if it does not comply with~~ [with the court](#). If a DRO is filed with the court without OCERS' approval, [OCERS will petition the court to set it aside if it does not comply with the -plan rules terms that govern OCERS](#).



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

The DRO must provide a method for calculating the ~~respective shares of the parties'~~ respective shares. The most common ~~method for calculation~~ calculation method is the "Time Rule" or *Judd* formula. ~~(*In re Marriage of Judd* (1977) 68 Cal.App.3d 515.)~~ Under the *Judd* formula, the number of months of the member's credited employment service during marriage is divided by the total number of months of ~~his or her~~ their credited employment service. This amount is then multiplied by one-half to get the non-member's percentage.

For example, if the member has 20 years of employment service and was married for 10 of those years, the non-member's share would be 25% of the member's retirement allowance:

$$\frac{240 \text{ months of service during marriage}}{240 \text{ total months of service}} \times .5 = 25\%$$

Parties may designate a different method for calculation of the parties' respective shares subject to approval by OCERS. Additional information regarding Retirement Payment Options can be found on our website at: <https://www.ocers.org/retirement-benefit-payment-options>

Retirement benefit payment options available to OCERS members are found in Gov. Code ~~sections §§~~ sections §§ 31761 – 31764. Options 2, 3, and 4 provide payments to a designated beneficiary or, under Option 4, multiple beneficiaries for the life of the beneficiary or beneficiaries. ~~Optional payments are calculated based on their being actuarially equivalent to the payments made under the unmodified option. Therefore, optional payments may be less than payments received under the unmodified option. This reduction of payments is considered the "cost" of the optional payment plan. If the parties wish to elect an optional retirement payment, the DRO must designate which party or parties will bear the cost of the optional election.~~ Optional payments are calculated to be actuarially equivalent to the payments made under the unmodified option. As a result, optional payments may be lower than the payments received under the unmodified option. This decrease in payments is referred to as the "cost" of the optional payment plan. If the parties choose to opt for an optional retirement payment, the DRO must specify which party or parties will bear the cost of the optional election.

OCERS cannot compel a member to choose a payment option in favor of the former spouse. Pursuant to Family Code section §-2610, the court may order a member to elect a survivor benefit annuity or other similar election for the benefit of the former spouse.

~~Additional information regarding Retirement Payment Options can be found on our website at: <https://www.ocers.org/retirement-benefit-payment-options>~~

Model DROs are attached to this document ~~and Appendix~~ and are also available on our website at <https://www.ocers.org/divorce> OCERS model DROs may not be appropriate for the unique circumstances of every individual case.

If the parties are filing a DRO under a Legal Separation, the language in the DRO must clearly state, that the parties are legally separated, and that the spouse is considered a surviving spouse. OCERS must also be provided a conformed copy of the Judgment of Legal Separation.



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

ⁱ [Gov Code, §§ 31760.1, 31760.2.](#)

ⁱⁱ [See Fam Code, §2021; Cal Rules of Ct 5.24.](#)

ⁱⁱⁱ [Gov. Code, § 31452.](#)

^{iv} [See *In re Marriage of Jensen* \(1991\) 235 Cal.App.3d 1137.](#)

^v [Family Code, § 2062.](#)

^{vi} [See *In re Marriage of Judd* \(1977\) 68 Cal.App.3d 515.](#)



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

Purpose

This OCERS Administrative Procedure (“OAP”) provides information about how the community property interest of a member’s benefits are divided, pursuant to a valid a court order setting the terms and conditions of a divorce. More specifically, this OAP will describe the process of notifying OCERS of a divorce, joining OCERS in a divorce, and providing OCERS with a Domestic Relations Order that divides the member’s pension benefits.

Authority

This OAP is established pursuant to the Chief Executive Officer (CEO) Charter, section 8.f., which directs the CEO to develop staff policies and procedures to ensure effective and efficient administration of member benefits. The OAP is in conformance with Board Policy, the County Employees Retirement Law (California Government Code section 31450, et seq.) (CERL), and the Public Employees’ Pension Reform Act (Government Code, sections 7522 - 7522.74) (PEPRA). Also, this OAP is consistent with California Family Code §2610, which provides that the court shall make whatever orders are necessary or appropriate to ensure that each party receives the party’s full community property share in any retirement plan, whether public or private, including all survivor and death benefits.

Definitions

Divorce: The process of terminating a marriage or domestic partnership.

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Eligible Surviving Spouse: A spouse married to a member at least one year before the date of retirement or two years before the date of the member’s death and has reached the age of 55 on or before the date of the member’s death.ⁱ

Joinder: A procedure whereby OCERS has or claims an interest in a marital dissolution action.ⁱⁱ

Judgment of Dissolution of Marriage: An order that states the court’s decision in a summary dissolution case to end a marriage or domestic partnership.

Judgment of Legal Separation: An order that divides the marital property and debts and makes orders about financial support while keeping the marriage intact.

Legal Separation: The parties stay married, but the court divides the marital property and debts and makes orders about financial support.

Registered Domestic Partnership (Domestic Partner): Two adults who have chosen to share one another’s lives in an intimate and committed relationship of mutual caring that have met certain criteria and registered with the Secretary of State’s Office.



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

Limitations

This administrative procedure will be construed consistently with the requirements of the California Family Code. If this procedure conflicts with statute or authoritative case law, the statute or case law will control.

OCERS cannot provide legal advice to members, spouses of members, or former spouses of members. Retirement benefits paid by OCERS may constitute a substantial asset of the parties. OCERS recommends that parties consult an attorney knowledgeable in California community property law and the division of retirement benefits for advice and assistance.

Process

Notifying OCERS of a Divorce

OCERS must be provided with a conformed copy (photographs will not be accepted) of a Judgment of Dissolution of Marriage/Property Settlement Agreement with all attachments from the member's divorce proceedings. OCERS cannot assist the member with obtaining a copy from the court.

If a determination has been made that the member's pension is to be divided, OCERS Member Services Division will notify the member that OCERS will require a Domestic Relations Order (DRO), as discussed below.

Joining OCERS in a Member's Divorce

In all cases, OCERS must be joined in the parties' dissolution action so that the court will have proper jurisdiction over the benefits that OCERS administers. OCERS cannot pay a benefit to a former spouse or domestic partner unless OCERS has been properly joined in the matter.ⁱⁱⁱ Note, also, that OCERS will not pay any amounts to the non-member former spouse until the member retires and begins receiving a benefit.^{iv}

OCERS staff cannot assist the parties with filing joinder documents. Forms for joining OCERS as a party to a marital dissolution action in California are available on the California Judicial Council website at www.courts.ca.gov under the "forms" section. The specific forms required for joining OCERS are FL 370 (Pleading on Joinder – Employee Benefits Plan), FL 372 (Request for Joinder of Employee Benefit Plan and Order), and FL 375 (Summons – Joinder). These forms must be filled out by a party and filed with the court before service on OCERS.

Joinder documents must be properly served on OCERS. Service can be made electronically (preferred), via U.S. Mail, fax at (657) 363-3205, or in person.^v After service of the joinder documents, OCERS will file a Notice of Appearance and Response (FL 374) with the court. OCERS will serve the unfiled Notice of Appearance on the parties along with a letter providing information about OCERS.

Note: OCERS is not subject to the jurisdiction of out-of-state courts. Any Domestic Relations Orders (DROs) filed in out-of-state courts must be domesticated in a California court to be binding on OCERS.

Domestic Relations Order (DRO)

OCERS requires a DRO to divide a member's pension benefits between the parties. Parties are encouraged to have a DRO on file prior to a member's retirement.



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

The parties or their attorneys are required to submit a draft DRO to OCERS prior to filing it with the court. If a DRO is filed with the court without OCERS' approval, OCERS will petition the court to set it aside if it does not comply with the terms that govern OCERS.

The DRO must provide a method for calculating the parties' respective shares. The most common calculation method is the "Time Rule" or *Judd* formula.^{vi} Under the *Judd* formula, the number of months of the member's credited employment service during marriage is divided by the total number of months of their credited employment service. This amount is then multiplied by one-half to get the non-member's percentage.

For example, if the member has 20 years of employment service and was married for 10 of those years, the non-member's share would be 25% of the member's retirement allowance:

$$\frac{240 \text{ months of service during marriage}}{240 \text{ total months of service}} \times .5 = 25\%$$

Parties may designate a different method for calculation of the parties' respective shares subject to approval by OCERS. Additional information regarding Retirement Payment Options can be found on our website at: <https://www.ocers.org/retirement-benefit-payment-options>

Retirement benefit payment options available to OCERS members are found in Gov. Code sections 31761 – 31764. Options 2, 3, and 4 provide payments to a designated beneficiary or, under Option 4, multiple beneficiaries for the life of the beneficiary or beneficiaries. Optional payments are calculated to be actuarially equivalent to the payments made under the unmodified option. As a result, optional payments may be lower than the payments received under the unmodified option. This decrease in payments is referred to as the "cost" of the optional payment plan. **If the parties choose to opt for an optional retirement payment, the DRO must specify which party or parties will bear the cost of the optional election.**

OCERS cannot compel a member to choose a payment option in favor of the former spouse. Pursuant to Family Code section 2610, the court may order a member to elect a survivor benefit annuity or other similar election for the benefit of the former spouse.

Model DROs are attached to this document and are also available on our website at <https://www.ocers.org/divorce>. OCERS model DROs may not be appropriate for the unique circumstances of every individual case.

If the parties are filing a DRO under a Legal Separation, the language in the DRO must clearly state that the parties are legally separated and that the spouse is considered a surviving spouse. OCERS must also be provided a conformed copy of the Judgment of Legal Separation.



OCERS Administrative Procedure (OAP)

Division of Retirement Benefits Upon Divorce

ⁱ Gov Code, §§ 31760.1, 31760.2.

ⁱⁱ See Fam Code, §2021; Cal Rules of Ct 5.24.

ⁱⁱⁱ Gov. Code, § 31452.

^{iv} See *In re Marriage of Jensen* (1991) 235 Cal.App.3d 1137.

^v Family Code, § 2062.

^{vi} *In re Marriage of Judd* (1977) 68 Cal.App.3d 515.

DRAFT

MODEL DOMESTIC RELATIONS **ORDER A**

Active or Deferred Members *Prior* to Retirement

This Model Domestic Relations Order is designed for use by active and deferred members of OCERS.

CAUTION: You are hereby advised to seek competent legal counsel.

The OCERS Model Domestic Relations Order A is a model. It may not be appropriate for all circumstances. Parties are advised to consult an attorney to determine the content required for the parties' specific needs.

The disposition of retirement benefits in domestic relations proceedings involves complex legal and tax issues.

The Orange County Employees' Retirement System, its agents and consultants are not authorized to give legal advice and, therefore, make no representation as to the sufficiency of the model orders under applicable federal or state law or as to legal consequences.

OCERS must review any proposed DRO to ensure it can be administered before it's submitted to the court. If a DRO is submitted to the court without review and approval, OCERS will move to set aside a DRO that does not meet its guidelines.

OCERS must be joined before the proposed DRO will be reviewed.

ALL TEXT IN BOLD RED MUST BE REMOVED BEFORE OCERS WILL REVIEW THE DRAFT DOCUMENT.

[Name of Counsel]
[Address of Counsel] [City,
State]
[Phone Number]
ATTORNEY FOR [Petitioner/Respondent]

SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF

In Re the Marriage of

Case No. _____

Petitioner: _____

**STIPULATED DOMESTIC RELATIONS
ORDER DIVIDING THE PARTIES'
INTEREST IN THE ORANGE COUNTY
EMPLOYEES' RETIRMENT SYSTEM**

and

Respondent: _____

Claimant: Orange County Employees
Retirement System (OCERS)

Petitioner, _____, and Respondent, _____,
hereby stipulate as follows:

RECITALS

1. Petitioner and Respondent were married on _____. They separated on _____, and this Court entered a judgment of dissolution in the action on _____.
2. This Court has jurisdiction over both Petitioner and Respondent and jurisdiction over the subject matter of this Order and the dissolution of marriage action.
3. OCERS was properly joined as a party to the Petitioner and Respondent's dissolution of marriage action on _____ pursuant to sections 2060 through 2065 of the Family Code.

IDENTIFICATION OF PARTIES AND STATISTICAL INFORMATION

1. Member's Name: **[INSERT NAME]**, **[Respondent or Petitioner]**, hereinafter referred to as "Member," for purposes of making any benefit payments provided by the terms of this Order or providing any notice required by the terms of this Order, Member's current mailing address, telephone number, Social Security number and date of birth are as follows:
 - a. DATE OF BIRTH: Provided Under Separate Cover.
 - b. SOCIAL SECURITY NUMBER: Provided Under Separate Cover.
 - c. ADDRESS: Provided Under Separate Cover.
 - d. PHONE: Provided Under Separate Cover.
 - e. EMAIL: Provided Under Separate Cover.

2. Nonmember's Name: **[INSERT NAME]**, **[Respondent or Petitioner]**, hereinafter referred to as "Nonmember," for purposes of making any benefit payments provided by the terms of this Order or providing any notice required by the terms of this Order, Nonmember's current mailing address, telephone number, Social Security number and date of birth are as follows:
 - a. DATE OF BIRTH: Provided Under Separate Cover.
 - b. SOCIAL SECURITY NUMBER: Provided Under Separate Cover.
 - c. ADDRESS: Provided Under Separate Cover.
 - d. PHONE: Provided Under Separate Cover.
 - e. EMAIL: Provided Under Separate Cover

STIPULATION

This Order is acceptable under the County Employees Retirement Law of 1937 (CERL), which is set forth at section 31450 et seq. of the Government Code. OCERS is a "governmental plan" as defined by 29 U.S.C. section 1002(32) and is therefore statutorily exempt from the provisions of Employee Retirement Income Security Act (ERISA) 29 U.S.C. section 1001, et seq., as amended by the Retirement Equity Act of 1984 (REA) which govern "Qualified Domestic Relations Orders ("QDRO's"). See 29 U.S.C. section 1003(b)(1). Therefore, any order directed to OCERS should not be referred to as a "Qualified Domestic Relations Order," nor should it require OCERS to comply with any provisions of ERISA or REA, or any other provisions of law generally applicable to Qualified Domestic Relations Orders.

3. Authority: This Order is entered pursuant to the Family Code, Section 2060, and following. In the event that anything in this order conflicts with statute or authoritative

case law, the statute or case law will control.

4. Party Interests: Member and Nonmember have acquired a community interest in the Member’s monthly retirement benefits and death benefits attributable to periods of service in OCERS from the Date of Marriage up to the Date of Separation.
5. Benefit Allocation: Pursuant to section 2610 of the Family Code, the Court allocates and awards to the Nonmember 50% of the monthly benefits attributable to the Member’s service in OCERS during the period from the Date of Marriage up to the Date of Separation as the Nonmember’s sole and separate property. All monthly benefits attributable to the Member’s service in OCERS which are not awarded to Nonmember pursuant to this Order shall be the Member’s sole and separate property.
6. Calculation of Nonmember’s Interest: OCERS is ordered to pay directly to Nonmember an interest in any and all of the Member’s retirement benefits, including any future cost-of-living increases pursuant to the *Judd* or “time rule”. (*In re Marriage of Judd* (1977) 68 Cal.App.3d 515), as follows:

Member’s Unmodified Gross Monthly Benefit	X	Number of months service credit earned or purchased during community ([date of marriage] to [date of separation])	X 50%	–	Monthly adjustment for Retirement Option] election (if applicable)	=	Nonmember’s monthly benefit
		Total number of months service credit earned or purchased by Member at retirement (excluding service credited for unused sick time or retirement incentive)					

[THE TIME RULE FORMULA MAY BE ADJUSTED BASED ON THE REQUIRED SELECTION OF A RETIREMENT OPTION AND WHETHER THE MEMBER OR NONMEMBER BEARS THE COST OF SUCH RETIREMENT OPTION.]

7. Commencement of Benefits to the Nonmember: Payments to the Nonmember shall be made at the same time that such benefits are paid to the Member in accordance with *In re Marriage of Jensen* (1991) 235 Cal.App.3d 1137. OCERS will make direct payment of each party’s share of said retirement benefit, by separate check, warrant, or electronic fund transfer. Should Member receive a disability retirement benefit, Nonmember shall be entitled to a portion of Member’s disability retirement equal to the amount Nonmember would have received had Member service retired pursuant to Paragraph 4 above. Payment to Nonmember shall commence upon the latter of (1) the date Member would have reached earliest retirement date under the Plan, or (2) the date of Member’s actual retirement for service.

8. Death of Nonmember: If Nonmember dies before Member, any retirement benefits that would have been paid by OCERS to Nonmember, if Nonmember were still alive, will be paid instead to Nonmember's estate or designated beneficiary, pursuant to *In re Marriage of Powers* (1990) 218 Cal.App.3d 626. Nonmember may designate a beneficiary to receive such benefits, pursuant to Government Code section 31458.4.

9. Death of Member Before Retirement: From the date of this Order, and until the time Member retires, Member shall designate Nonmember as Member's beneficiary to receive a portion of any lump sum death benefit (excluding burial) OCERS may become obligated to pay if Member dies before retirement. Said beneficiary designation shall allow Nonmember to receive a portion of any such death benefit, equal to Nonmember's percentage interest in Member's retirement benefit as of the date of Member's death, calculated pursuant to the "time rule" formula in section 4 above. Member may designate a co-beneficiary of Member's choosing to receive the remainder of any lump-sum death benefit OCERS becomes obligated to pay, after subtraction of Nonmember's share. If, at the time of Member's death before retirement, the Member leaves a "surviving spouse" who is eligible to elect, and does elect, a monthly survivor's allowance (continuance) pursuant to the terms of the Plan, Nonmember will be entitled to a pro-rata portion of such survivor's allowance pursuant to *In re Marriage of Carnall* (1989) 216 Cal.App.3d 1010. If Member dies and does not leave a surviving spouse but leaves one or more surviving minor children who are eligible to elect, and do elect, a monthly survivor's allowance under the terms and conditions of the Plan, Nonmember will be entitled to a pro-rata portion of such survivor's allowance until such children are no longer eligible for a monthly survivor's allowance. If any lump sum benefit (excluding burial) is paid to a surviving spouse or surviving minor children pursuant to the terms and conditions of the Plan, Nonmember's share shall be calculated pursuant to the formula in paragraph 4 above.

[THE FOLLOWING PARAGRAPH PROVIDES SEVERAL OPTIONAL RETIREMENT ELECTIONS AVAILABLE UNDER THE CERL. CAREFULLY READ THE AVAILABLE OPTIONS. THE OPTIONS YOU DO NOT CHOOSE MUST BE REMOVED FROM THE DRO]

10. Death of Member After Retirement/Retirement Option Selection: At the time of Member's Retirement, Member shall elect a benefit election based upon Member's marital status at retirement as follows:

[IF THE BENEFIT ELECTION IS BASED ON MARITAL STATUS AT THE TIME OF RETIREMENT, YOU MUST INCLUDE INSTRUCTIONS FOR A MEMBER MARRIED AT THE TIME OF RETIREMENT AND A MEMBER NOT MARRIED AT THE TIME OF RETIREMENT. IF THE BENEFIT ELECTION IS NOT BASED ON MARITAL STATUS AT THE TIME OF RETIREMENT ONLY ONE ELECTION MAY BE IN THE DRO. ALL OTHER POSSIBLE ELECTIONS MUST BE REMOVED.]

If the Member is married to a qualified spouse at member's date of retirement, Member

shall elect the “Unmodified Option” under the Plan, and name such qualifying spouse as beneficiary for the surviving spouse continuance under such option. It is the intention of the parties that Nonmember shall receive Nonmember’s community property interest, if any, in any surviving spouse continuance, pursuant to the calculation described above in section 4 above, which may be payable to Member’s surviving spouse pursuant to *In re Marriage of Carnall* (1989) 216 Cal.App.3d 1010, and any future qualified spouse who may qualify after Member’s retirement.

[ONLY ONE ALTERNATIVE MAY BE CHOSEN. ALL OTHER ALTERNATIVES MUST BE DELETED FROM THE DRO.]

[ALTERNATIVE NO. 1] If at the time the Member retires, the Member has no qualifying spouse, Member shall elect “Optional Settlement 2” pursuant to Government Code section 31762 and shall nominate Nonmember as sole beneficiary. Pursuant to this option, if Member predeceases Nonmember, Nonmember will receive, for the remainder of Nonmember’s lifetime, a continuance allowance equal to 100% of the total retirement benefit. Under this optional settlement, the right of Nonmember to receive a continuance allowance, after the death of Member, exists only for the lifetime of the Nonmember, and after the death of Nonmember, no further payment will be made to the estate or beneficiary of Nonmember. If Nonmember dies before the Member retires, Member need not elect an Optional Settlement.

[ALTERNATIVE NO. 2] If at the time the Member retires, the Member has no qualifying spouse, Member shall elect “Optional Settlement 3” pursuant to Government Code section 31763 and shall nominate Nonmember as sole beneficiary. Pursuant to this option, if Member predeceases Nonmember, Nonmember will receive, for the remainder of Nonmember’s lifetime, a continuance allowance equal to 50% of the total retirement benefit. Under this optional settlement, the right of Nonmember to receive a continuance allowance, after the death of Member, exists only for the lifetime of the Nonmember, and after the death of Nonmember, no further payment will be made to the estate or beneficiary of Nonmember. If Nonmember dies before the Member retires,

[INSERT OPTION 4 INSTRUCTIONS]

[ALTERNATIVE NO. 3] If at the time the Member retires, the Member has no qualifying spouse, Member shall elect “Optional Settlement 4” pursuant to Government Code section 31764, and shall nominate Nonmember as beneficiary. Under this optional settlement, the right of Nonmember to receive a continuance allowance, after the death of Member, exists only for the lifetime of the Nonmember, and after the death of Nonmember, no further payment will be made to the estate or beneficiary of Nonmember. If Nonmember dies before the Member retires, Member need not elect an Optional Settlement.

[THE DRO MUST PROVIDE CLEAR INSTRUCTIONS FOR ALLOCATING THE COST OF THE OPTIONAL SETTLEMENT 4 ELECTION. PLEASE SELECT ONE OF THE FOLLOWING COST ALLOCATION:]

[(OPTIONAL LANGUAGE 3A – MEMBER BEARS “COST” OF OPTIONAL SETTLEMENT 4)]

Pursuant to this Option, Member’s unmodified retirement allowance is reduced during Member’s lifetime, and if Member predeceases Nonmember, Nonmember will receive, for the remainder of Nonmember’s lifetime, a continuance of the retirement allowance equal to the amount Nonmember received at the time of Member’s death.

[(OPTIONAL LANGUAGE 3B – NONMEMBER BEARS “COST” OF OPTIONAL SETTLEMENT 4)]

Pursuant to this Option, Member’s unmodified retirement allowance will not be reduced, and Nonmember shall bear the cost of this retirement benefit election by a reduction in benefit, which amount Nonmember will receive, for the remainder of Nonmember’s lifetime.

11. Designation of Beneficiaries: Member and Nonmember shall be responsible for filing a Designation of Beneficiary form with the OCERS Administrator.
12. Constructive Trusts: In the event OCERS inadvertently or otherwise pays to Member or Member’s survivor any benefits that are assigned to Nonmember hereunder, Member or Member’s survivor shall be deemed a constructive trustee of said amounts. In the event OCERS inadvertently or otherwise pays to Nonmember or Nonmember’s survivor any benefits that are assigned to Member hereunder, Nonmember or Nonmember’s survivor shall be deemed a constructive trustee of said amounts.
13. Withdrawal of Contributions by the Member: If the Member wishes to withdraw their accumulated contributions, Nonmember shall be entitled to receive, at the time Member receives Member’s accumulated contributions, Nonmember’s community property share of those accumulated contributions pursuant to Paragraph 4, above. To ensure that Nonmember receives the full value of benefits guaranteed pursuant to Family Code section 2610, Nonmember must agree to the withdrawal in the form of a written statement that must be notarized. That statement shall include language stating the nonmember understands that they are waiving their right to a lifetime benefit.
14. Signatures: Member and Nonmember shall sign all forms, letters and other documents as required to affect the distribution(s) described herein and the intent of this Order.
15. Cooperation: If OCERS does not approve the form of this Order, then each party shall cooperate and do all things necessary to devise a form of Order acceptable to OCERS. The Member and Nonmember shall bear the cost of revising this order.
16. Limitations on Order: Nothing contained in this Order shall be construed to require OCERS:

- a. To provide to Nonmember any type or form of benefit or any option not otherwise available to Member under the Plan.
- b. To provide to Nonmember increased benefits (as determined based on actuarial value) not available to Member.
- c. To pay any benefits to Nonmember which are required to be paid to another non-member spouse under court order.
- d. To provide payment to the Nonmember of benefits forfeited by the Member.
- e. To change the benefit election of the member once the Member has retired.

17. Continuing Jurisdiction: The Court reserves jurisdiction to enforce, revise, modify, or amend this Order, provided, however, neither this Order nor any subsequent revision, modification, or amendment shall require OCERS to provide any form or amount of benefits not otherwise provided by OCERS. If any portion of this Order is rendered invalid or otherwise unenforceable, the Court reserves jurisdiction to make an appropriate adjustment to effectuate the intent of the parties.

18. Notices: Notice of change of address or telephone number shall be made in writing to OCERS addressed as follows, or as the Administrator may specify in a written response to Member and Nonmember:

Orange County Employees Retirement System
 P.O. Box 1229
 Santa Ana, CA 92702

19. Intent: Member, Nonmember, the OCERS Administrator, and the Court intend that this Order meet all requirements of a domestic relations order under the CERL and the Regulations of OCERS and other laws of the State of California. Any fees, taxes, and/or penalties will be assessed against the parties and not against OCERS.

IT IS SO STIPULATED:

Dated: _____ [Name]
 Petitioner

Dated: _____ [Name]
 Attorney for Petitioner(if represented)

Dated: _____

[Name]
Respondent

Dated: _____

[Name]
Attorney for Respondent(if
represented)

ORDER

The parties having stipulated and good cause appearing, therefore:

IT IS SO ORDERED.

Dated: _____

JUDGE OF THE SUPERIOR COURT

MODEL DOMESTIC RELATIONS **ORDER B**

Retired Members

This Model Domestic Relations Order (DRO) is designed for use by retired members who are receiving a service retirement allowance.

CAUTION: You are hereby advised to seek competent legal counsel.

The OCERS Model Domestic Relations Order B is a model. It may not be appropriate for all circumstances. Parties are advised to consult an attorney to determine the content required for the parties' specific needs.

The disposition of retirement benefits in domestic relations proceedings involves complex marital and tax issues.

The Orange County Employees' Retirement System, its agents and consultants are not authorized to give legal advice and, therefore, make no representation as to the sufficiency of the model orders herein under applicable federal or state law or as to legal consequences.

OCERS must review any proposed DRO to ensure it can be administered before it's submitted to the court. If a DRO is submitted to the court without review and approval, OCERS will move to set aside a DRO that does not meet its guidelines.

OCERS must be joined before the proposed DRO will be reviewed.

[Name of Counsel]
[Address of Counsel] [City,
State]
[Phone Number]
ATTORNEY FOR [Petitioner/Respondent]

SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF

In Re the Marriage of

Case No. _____

Petitioner: _____

**STIPULATED DOMESTIC RELATIONS
ORDER DIVIDING THE PARTIES'
INTEREST IN THE ORANGE COUNTY
EMPLOYEES' RETIRMENT SYSTEM**

and

Respondent: _____

Claimant: Orange County Employees
Retirement System (OCERS)

Petitioner, _____, and Respondent, _____,
hereby stipulate as follows:

RECITALS

1. Petitioner and Respondent were married on _____. They separated on _____, and this Court entered a judgment of dissolution in the action on _____.
2. This Court has jurisdiction over both Petitioner and Respondent and jurisdiction over the subject matter of this Order and the dissolution of marriage action.
3. OCERS was properly joined as a party to the Petitioner and Respondent's dissolution of marriage action on _____ pursuant to sections 2060 through 2065 of the Family Code.

IDENTIFICATION OF PARTIES AND STATISTICAL INFORMATION

1. **Member's Name:** **[INSERT NAME]**, **[Respondent or Petitioner]**, hereinafter referred to as "Member,") for purposes of making any benefit payments provided by the terms of this Order or providing any notice required by the terms of this Order, Member's current mailing address, telephone number, Social Security number and date of birth are as follows:
 - a. DATE OF BIRTH: Provided Under Separate Cover.
 - b. SOCIAL SECURITY NUMBER: Provided Under Separate Cover.
 - c. ADDRESS: Provided Under Separate Cover.
 - d. PHONE: Provided Under Separate Cover.
 - e. EMAIL: Provided Under Separate Cover.

2. **Nonmember's Name:** **[INSERT NAME]**, **[Respondent or Petitioner]**, hereinafter referred to as "Nonmember," for purposes of making any benefit payments provided by the terms of this Order or providing any notice required by the terms of this Order, Nonmember's current mailing address, telephone number, Social Security number and date of birth are as follows:
 - a. DATE OF BIRTH: Provided Under Separate Cover.
 - b. SOCIAL SECURITY NUMBER: Provided Under Separate Cover.
 - c. ADDRESS: Provided Under Separate Cover.
 - d. PHONE: Provided Under Separate Cover.
 - e. EMAIL: Provided Under Separate Cover.

STIPULATION

This Order is acceptable under the County Employees Retirement Law of 1937 (CERL), which is set forth at section 31450 et seq. of the Government Code. OCERS is a "governmental plan" as defined by 29 U.S.C. section 1002(32), and is, therefore, statutorily exempt from the provisions of Employee Retirement Income Security Act (ERISA) 29 U.S.C. section 1001, et seq., as amended by the Retirement Equity Act of 1984 (REA) which govern "Qualified Domestic Relations Orders ("QDRO's"). See 29 U.S.C. section 1003(b)(1). Therefore, any order directed to OCERS should not be referred to as a "Qualified Domestic Relations Order," nor should it require OCERS to comply with any provisions of ERISA or REA, or any other provisions of law generally applicable to Qualified Domestic Relations Orders.

3. **Authority:** This Order is entered pursuant to the Family Code. If anything in this order conflicts with statute or authoritative case law, the statute or case law will control.

4. Party Interests: Member and Nonmember have acquired a community interest in the Member’s monthly retirement benefits attributable to periods of service in OCERS from the Date of Marriage up to the Date of Separation.
5. Member Status: The member made an irrevocable election at the time of retirement and elected the unmodified option, upon dissolution of marriage, Nonmember ceases to qualify for survivor benefits (continuance) pursuant to section 31760.2 of the Government Code or for death benefits under Government Code sections 31765, 31765.1, or 31786.
6. Calculation of Nonmember’s Interest: OCERS is ordered to pay directly to Nonmember an interest in any and all of the Member’s retirement benefits, including any future cost-of-living increases pursuant to the *Judd* or “time rule”. (*In re Marriage of Judd* (1977) 68 Cal.App.3d 515), as follows:

Member’s Unmodified Gross Monthly Benefit	X	Number of months service credit earned or purchased during community ([date of marriage] to [date of separation]) <hr/> Total number of months service credit earned or purchased by Member at retirement (excluding service credited for unused sick time or retirement incentive)	X 50%	=	Nonmember’s monthly benefit
-------------------------------------------------------	---	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------	---	--------------------------------

Nonmember’s community property share of Member’s retirement benefits shall terminate upon the death of Member unless Member is married to an eligible spouse at the time of Member’s death, and OCERS pays the eligible spouse a continuation allowance pursuant to Government Code section 31760.2. In such event, OCERS will pay the Nonmember’s community portion of the continuation allowance to Nonmember according to formula above.

7. Commencement of Benefits to the Nonmember: Payment of the Nonmember’s share shall commence after OCERS’s final approval of a conformed copy of this order and as soon as administratively possible after Nonmember returns all required forms to OCERS.
8. Death of Nonmember: If Nonmember dies before Member, any retirement benefits which would have been paid (excluding burial benefits) by OCERS to Nonmember, if Nonmember were still alive, will be paid instead to Nonmember’s estate, pursuant to *In re Marriage of Powers* (1990) 218 Cal.App.3d 626. Nonmember may designate a beneficiary to receive such benefits, pursuant to Government Code section 31458.4.
9. Death of Member: If any return of accumulated contributions becomes payable as the result of the death of Member, the Nonmember is entitled to the Nonmember’s community property share of the accumulated contributions(excluding burial) as calculated in section 4 above. Member is hereby ordered to name Nonmember as

beneficiary for the community property share of the accumulated contributions.

10. Designation of Beneficiaries: Member and Nonmember shall be responsible for filing a Designation of Beneficiary form with the OCERS Administrator.
11. Constructive Trusts: In the event OCERS inadvertently or otherwise pays to Member or Member's survivor any benefits that are assigned to Nonmember hereunder, Member or Member's survivor shall be deemed a constructive trustee of said amounts. In the event OCERS inadvertently or otherwise pays to Nonmember or Nonmember's survivor any benefits that are assigned to Member hereunder, Nonmember or Nonmember's survivor shall be deemed a constructive trustee of said amounts.
12. Signatures: Member and Nonmember shall sign all forms, letters and other documents as required to affect the distribution(s) described herein and the intent of this Order.
13. Cooperation: If OCERS does not approve the form of this Order, then each party shall cooperate and do all things necessary to devise a form of Order acceptable to OCERS. The Member and Nonmember shall bear the cost of revising this Order.
14. Limitations on Order: Nothing contained in this Order shall be construed to require OCERS:
 - a. To provide to Nonmember any type or form of benefit or any option not otherwise available to Member under the Plan.
 - b. To provide to Nonmember increased benefits (as determined based on actuarial value) not available to Member.
 - c. To pay any benefits to Nonmember which are required to be paid to another non-member spouse under court order.
 - d. To provide payment to the Nonmember of benefits forfeited by the Member.
 - e. To change the benefit election of the member once the Member has retired.
15. Continuing Jurisdiction: The Court reserves jurisdiction to enforce, revise, modify or amend this Order, provided, however, neither this Order nor any subsequent revision, modification, or amendment shall require OCERS to provide any form or amount of benefits not otherwise provided by OCERS. If any portion of this Order is rendered invalid or otherwise unenforceable, the Court reserves jurisdiction to make an appropriate adjustment to effectuate the intent of the parties.
16. Notices: Notice of change of address or telephone number shall be made in writing to OCERS addressed as follows, or as the Administrator may specify in a written response to Member and Nonmember:

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
P.O. Box 1229
Santa Ana, CA 92702

17. Intent: Member, Nonmember, the OCERS Administrator, and the Court intend that this Order meet all requirements of a domestic relations order under the CERL and the Regulations of OCERS and other laws of the State of California. Any fees, taxes, and/or penalties will be assessed against the parties and not against OCERS.

IT IS SO STIPULATED:

Dated: _____
[Name]
Petitioner

Dated: _____
[Name]
Attorney for Petitioner

Dated: _____
[Name]
Respondent

Dated: _____
[Name]
Attorney for Respondent

ORDER

The parties having stipulated and good cause appearing, therefore:

IT IS SO ORDERED.

Dated: _____
JUDGE OF THE SUPERIOR COURT



Memorandum

DATE: December 09, 2024
TO: Board of Retirement
FROM: OCERS Board Negotiator, Roger Hilton
SUBJECT: Annual CEO Compensation

Recommendation

Approve and authorize the Board to execute a salary adjustment for the Chief Executive Officer, effective December 27, 2024, at an annual base salary of \$399,937.50 which equals a 6.65% increase or \$24,937.50 and an estimated annual total compensation of \$667,021.00 including benefits.

Background Information

On November 13, 2024, I met with the CEO to discuss his compensation. Based on his performance evaluation and local salary survey information, we came to a tentative agreement of a 6.65% increase to his base salary.

Formal Board action is needed to approve the proposed salary adjustment to the Chief Executive Officer's compensation.

Financial Impact

The negotiated salary for Steve Delaney is \$399,937.50. Including the cost of benefits, the total annual cost to OCERS is anticipated to be \$667,021.00. Salary and benefits appropriations are included in the OCERS Budget for 2025.

Attachments:

1. CEO Performance Evaluation Policy
2. CEO Charter



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Background and Objectives

1. The Board of Retirement supervises the Chief Executive Officer. Formal evaluation procedures and practices are required. This process shall be performed on an annual basis.
2. The objectives of this policy are to:
 - a. Assist the Board in arriving at and communicating clear and meaningful goals and performance targets for the Chief Executive Officer;
 - b. Ensure that the Chief Executive Officer receives meaningful, objective, and timely feedback that will allow the Chief Executive Officer to perform, over time, at the highest levels possible; and
 - c. Enable the Board to hold the Chief Executive Officer accountable for performance.

Roles

3. The Board will be responsible for evaluating the performance of the Chief Executive Officer.
4. The Chair and Vice Chair will be responsible for coordinating the evaluation process. The Board may use a third party to facilitate the process.

Policy Guidelines

Process and Timelines

5. The Chief Executive Officer's performance review period will be September through August.
6. The Chief Executive Officer will discuss the following items with the Chair during the month of November each year:
 - a. Proposed CEO evaluation criteria for the coming year;
 - b. Proposed weights for each of the above criteria; and
 - c. Proposed CEO Evaluation Form for the coming year.
7. In addition, the CEO's performance for the review period will be evaluated using the same rating metrics as are used by OCERS in evaluating the performance of OCERS direct employees, and may be based on the following seven categories based on the goals stated in the OCERS Strategic Plan:
 - a. Fund Sustainability
 - b. Excellent Service and Support
 - c. Risk Management
 - d. Talent Management
 - e. Effective Governance



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

- f. Communications
- g. Other criteria that the Board determines is appropriate.

The Board will attempt to ensure that the criteria:

- a. Are objective and measurable; and
 - b. Pertain only to outcomes over which the Chief Executive Officer has a reasonable degree of control.
8. The Chair will distribute the CEO Evaluation Package to each member of the Board in September of each year. The Evaluation Package will include copies of the Evaluation Form to be completed by each Board member, Business Plan, and the CEO's self-evaluation. The Chief Executive Officer's self-evaluation report is designed to assist the Board in the evaluation process. It should describe the extent to which the CEO believes the evaluation criteria were met over the past year, as well as all relevant supporting data. Supporting data may be confirmed by internal audit material where appropriate. The report may also describe any additional accomplishments during the year.
 9. The Board shall treat this material as confidential. Completed individual Evaluation Forms will be returned to the Chair or the designated third party with a copy to the Vice Chair within the time frame specified. The Chair will ensure that all data is tabulated and summarized in a Master CEO Evaluation Form and treated as confidential until released to the Board.
 10. Evaluation of the Chief Executive Officer will be completed by November each year. The evaluation process itself will be conducted in executive session. The Chair will distribute a copy of the Master CEO Evaluation Form and invite discussion by the Board. At the conclusion of discussion, the Chief Executive Officer will join the Board for review and discussion of his/her performance along with any suggestions for improvement. The Board may have preliminary discussions in October, but will complete the process by November.
 11. Upon completion of the Master CEO Evaluation Form, the Chair and the Chief Executive Officer will sign the Master CEO Evaluation Form and cause it to be placed in the Chief Executive Officer's personnel file.

Documentation

12. The Individual and Master CEO Evaluation Form(s) may take any format the Board deems appropriate, but must allow Board members an opportunity to provide general comments.

Compensation

13. The Board of Retirement will consider the Chief Executive Officer's compensation during the months of October and November.
14. In establishing the Chief Executive Officer's salary, the Board will appoint a designated representative under Government Code section 54957.6(a) to assist the Board in negotiating for



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

these purposes. As directed by the Board, the designated representative will negotiate with the Chief Executive Officer the salary, salary schedule and/or compensation paid in the form of fringe benefits that will be paid to the Chief Executive Officer subject to final action by the Board.

Policy Review

15. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate.

Policy History

16. This policy will be implemented in February 19, 2002. This policy was revised May 16, 2005, May 19, 2008, March 22, 2010, January 21, 2014 , November 14, 2016, August 19, 2019 and August 21, 2023.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

8/21/2023

Steve Delaney
Secretary of the Board

Date



OCERS Board Charter

CEO Charter

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of OCERS and is not subject to county civil service and merit system rules. This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Implement Board-approved governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (California Government Code §§54950, *et seq.*);
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board;
 - d. Sign subpoenas; and
 - e. Serve as OCERS' filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.



OCERS Board Charter CEO Charter

Investments

7. The CEO will:
 - a. Employ a Chief Investment Officer (CIO) with appropriate education and experience in institutional investing;
 - b. Carry out the duties described in this section through the CIO and other professional investment staff;
 - c. Recommend to the Investment Committee an Investment Policy Statement which will include investment objectives;
 - d. Recommend to the Investment Committee strategies for achieving OCERS' investment objectives;
 - e. Ensure the implementation of the strategies approved by the Board by establishing manager structures for each asset class, which includes among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
 - f. Ensure execution of portfolio rebalancing and portfolio transitions;
 - g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program;
 - h. Ensure all necessary investment manager due diligence is performed in accordance with the Investment Policy Statement of the Board; and
 - i. Oversee the CIO's hiring and termination of investment managers.

Benefits Administration

8. The CEO will:
 - a. Recommend to the Board, as necessary, policies to ensure effective and efficient administration of member benefits;
 - b. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
 - c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their consideration;
 - d. Maintain accurate records of member accounts;
 - e. Ensure delivery of high standards of service to members including calculations and counseling; and
 - f. Develop staff policies and procedures to ensure effective and efficient administration of member benefits.



OCERS Board Charter CEO Charter

Operations

9. The CEO will:
 - a. Recommend to the Board, as appropriate, Board policies designed to help ensure effective operations;
 - b. Develop and recommend to the Board a business plan and updates to the plan as necessary;
 - c. Recommend the annual Operating Budget to the Board;
 - d. Transfer funds within a category of expenditures (i.e., Salaries and Benefits; Services and Supplies; Capital Projects) within the approved Operating Budget;
 - e. Execute contractual agreements in accordance with the Procurement and Contracting Policy and authorize payments related to the administration of OCERS, consistent with the Operating Budget and OCERS' internal controls;
 - f. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 - g. Implement internal operational control policies;
 - h. Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer OCERS;
 - i. Maintain the records of OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
 - j. Assist the Audit Committee in coordinating operational audits; and
 - k. Maintain an effective working relationship with the County, other participating employers and key stakeholders such as REAOC and member labor unions.

Finance, Actuarial and Accounting

10. The CEO will:
 - a. Recommend to the Audit Committee as appropriate, financial and accounting policies;
 - b. Implement appropriate internal financial controls to safeguard the assets of the OCERS;
 - c. Assist the Audit Committee in coordinating the annual financial audit;
 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits;
 - e. Cause to be prepared an annual comprehensive financial report on the operations of OCERS for Board approval; and
 - f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code §31597.



OCERS Board Charter CEO Charter

Human Resources

11. The CEO will:
 - a. Recommend human resources and compensation policies to the Board;
 - b. Assess the human resources needs of OCERS and its employees and establish and implement appropriate human resources programs, procedures and employee benefits, consistent with the human resources and compensation policies of the Board;
 - c. Hire, manage and terminate senior management, and approve all personnel decisions concerning OCERS staff; and
 - d. Implement and lead agency training, talent development and succession planning.

Legislation and Litigation

12. The CEO will:
 - a. Recommend legislative proposals for approval by the Board;
 - b. Conduct and oversee the assigning, directing, and handling of litigation, claims, demands, disputes or legal proceedings involving OCERS and report material developments in these matters to the Board on a timely basis;
 - c. In consultation with legal counsel, provide recommendations to the Board concerning the initiation and settlement of litigation, including administrative appeals, involving OCERS; and
 - d. Oversee the development and implementation of plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:
 - a. Ensure effective and timely communications with stakeholders on matters relating to the administration of OCERS. Such communications may include press releases, newsletters, presentations, and internet communications; and
 - b. In situations that call for an official spokesperson to speak on behalf of OCERS, jointly determine with the Chair, on an issue-by-issue basis, who will act in such capacity.

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Named Service Providers, as listed in the Board Procurement and Contracting Policy, and will provide the Board with appropriate recommendations, in accordance with the Procurement and Contracting Policy and the Investment Policy Statement of the Board.
15. The CEO may hire other service providers, consistent with the Operating Budget and the Procurement and Contracting Policy and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.



OCERS Board Charter CEO Charter

Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to OCERS and provide recommended courses of action as appropriate.
17. The CEO will:
 - a. Oversee the regular review of all policies of OCERS to ensure they are being followed and continue to meet OCERS' needs;
 - b. Oversee the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
 - c. Oversee the funded status of OCERS and all issues that may reasonably have a significant impact on such status;
 - d. Oversee the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund;
 - e. Oversee management's response to the findings of the annual financial audit, and of any internal audits that may be performed;
 - f. Oversee employees and service providers of OCERS to ensure compliance with the OCERS policies;
 - g. Oversee the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
 - h. Oversee the activities and performance of senior management;
 - i. Oversee the collection of all payments due to OCERS and the payment of all amounts due by OCERS to ensure accuracy and timeliness;
 - j. Oversee OCERS' compliance with applicable laws and regulations; and
 - k. In conjunction with legal counsel, oversee the status of all claims, demands, disputes and legal proceedings involving OCERS and report to the Board as appropriate.

Emergency Authority

18. In emergency situations, the CEO, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on matters not expressly stated within this charter provided that:
 - a. The action is, in the CEO's judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and



OCERS Board Charter CEO Charter

- b. The CEO promptly reports to the Board the emergency action taken, and the reasons why the CEO determined action was immediately necessary.

Charter Review

- 19. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
- 20. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015, April 18, 2018, March 18, 2019, and April 17, 2023.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney

APRIL 17, 2023

Steve Delaney
Secretary of the Board

Date



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Molly Murphy, Chief Investment Officer; Manuel D. Serpa, General Counsel
SUBJECT: **"OCERS PROMISE" AGENCY CULTURE AND VALUES STATEMENT**

Recommendation

Approve the attached "OCERS PROMISE" statement for use in OCERS communications to both internal and external audiences.

Background/Discussion

OCERS has a compelling list of values that we use to help guide strategic decisions and direct agency culture:

- Open and Transparent
- Committed to Superior Service
- Engaged and Dedicated Workforce
- Reliable and Accurate
- Secure and Sustainable

Although vivid, these terms are also broad and brief, making it difficult for new employees to interpret and relate to them readily. In an effort to expand on this list of values and create a more detailed description of those cultural attributes we desire, the executive team has drafted the attached values statement, which we have entitled, "OCERS' Promise."

The OCERS' Promise statement would supplement and expand on our existing list of values and be used similarly. An organization's statement of cultural values is vital for shaping its culture, guiding decision-making, and fostering alignment among employees and stakeholders. A well-utilized statement can become a cornerstone for consistent and authentic operations.

Here are several areas where we can utilize such a statement effectively:

Inform Recruitment and Onboarding

Hiring Fit: Embed sections of the OCERS' Promise into job descriptions and interview criteria to identify candidates who naturally resonate with the defined culture. This alignment fosters smoother integration and longer retention.

Onboarding: Use OCERS' Promise to introduce new employees to the organization's identity, expectations, and purpose as a central theme in onboarding programs. This approach helps establish a solid cultural foundation from the start.

Strategic Decision-Making

Alignment: Integrate the OCERS' Promise as a foundational standard when making organizational decisions. Apply relevant portions of the statement to evaluate strategies, initiatives, and projects to ensure they reflect and uphold the agency's values.

Priority Setting: Structure resource allocation and goal prioritization on the principles outlined in the values. This ensures that resources are invested in initiatives that align with the agency's ethos and long-term vision.

Shape Employee Behavior

Performance Management: Utilize the cultural values statement to design performance evaluations to measure how well employees embody the organization's values in their day-to-day actions.

Training: Develop targeted training programs to teach employees how to display these values in their specific roles, enhancing their understanding and application of these principles.

Enhance Internal and External Communications

Messaging: Consistently reference these values in leadership communications, team meetings, and internal publications to reinforce their relevance and importance.

Conflict Resolution: Use the expanded values statement as an impartial framework for addressing disagreements or dilemmas, ensuring resolutions are fair and culturally consistent.

Stakeholder Relationships: Clearly communicate the agency's values to members and stakeholders, fostering trust and a collaborative mindset.

Public Identity: Showcase the organization's values in newsletters, social media, and other branding and public relations efforts to build credibility and trust with stakeholders and the wider community.

Foster a Unified Organizational Culture

Shared Vision: Promote the OCERS' Promise and our list of values as a unifying framework that connects employees across departments and hierarchical levels. This shared foundation fosters collaboration and mutual understanding.

Recognition Programs: Establish awards or recognition initiatives that celebrate employees who exemplify the more detailed description of OCERS' cultural values, reinforcing the importance of living up to these principles.

Conclusion

Our objective is to cultivate a more deliberate approach to transmitting the OCERS culture throughout the agency. We strive to acknowledge and promote our culture as an essential factor. The culture encapsulates what the organization embodies in its services, the management of its personnel, and how it conducts business operations. It is established through the organization's values, beliefs, and behavioral norms. Furthermore, culture can significantly influence the level of employee commitment and affect external perceptions of our

agency. It has the potential to profoundly impact our overall success. The OCERS' Promise statement will be another tool we can utilize to shape OCERS' culture.

Submitted by:



MDS-Approved

Manuel D. Serpa
General Counsel

Attachment

OCERS' Promise

We are your retirement experts.

We emphasize the importance of long-term financial security and stability in retirement. Our approach is centered around helping members prepare for and transition into retirement, providing ongoing support to adapt to their needs as their lives change.

We are dedicated to continuously enhancing our knowledge and expertise in retirement planning, investment strategies, and financial management. Our team consists of knowledgeable professionals who stay abreast of industry trends and regulations to provide the best possible advice and solutions to our members.

We are a member first organization.

Our members' needs and goals are at the forefront of everything we do. We strive to deeply understand their unique circumstances and empower our members by providing them with the knowledge, tools, and resources they need to make informed financial decisions. We believe in fostering financial literacy and independence, enabling individuals to take control of their retirement journey.

We are your trusted partner.

We recognize that trust is the foundation of any successful retirement services relationship. We are committed to building and maintaining trust by delivering on our promises and acting in our members' best interests at all times.

We uphold the highest standards of honesty, transparency, and ethical conduct in all our interactions with members, employers, and partners.

We are invested in your future.

We are prudent investors. We focus on creating return, managing risk and securing your income. We believe that long-term investment horizons and patient risk-taking is a profitable and safe formula for a successful retirement portfolio. We act in a fiduciary capacity, protecting assets, to ensure that members receive their earned benefits in retirement.

Our Values

Open and Transparent

Committed to Superior Service

Engaged and Dedicated

Reliable and Accurate

Secure and Sustainable

We are focused on excellence.

We pursue excellence in all aspects of our business, from the quality of our services to the efficiency of our operations. We are committed to delivering exceptional value and results to our members, consistently exceeding their expectations.

We embrace a culture of continuous learning and improvement. We actively seek feedback, monitor industry developments, and adapt our practices to stay at the forefront of retirement services, ensuring our members benefit from the latest advancements.

We are an inclusive workplace.

We foster a collaborative and inclusive environment that encourages teamwork, open communication, and the sharing of ideas. We believe that collective intelligence and diverse perspectives lead to innovative solutions and superior outcomes for our members.

We are dedicated to serving the Orange County community.

We are committed to making a positive impact on society and the communities we serve. We support initiatives that promote financial literacy, retirement education, and social welfare, contributing to the overall well-being of individuals and society.



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **RETIRED EMPLOYEES ASSOCIATION OF ORANGE COUNTY – ISSUES UPDATE**

Background/Discussion

At the OCERS Board’s continued invitation, Buffy O’Neal, Executive Director, and Dot Ronan, Vice President of the Retired Employees Association of Orange County (REAOC) will be at the December 9th meeting.

They will share thoughts and comments on what challenges our retired members have faced through 2024 as well as comments regarding the services OCERS as an organization provides to those same members.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: William Tsao, Director of EPMO
SUBJECT: **NEW PENSION ADMINISTRATION SYSTEM (PAS) UPDATE AND CONSIDERATIONS**

Background/Discussion

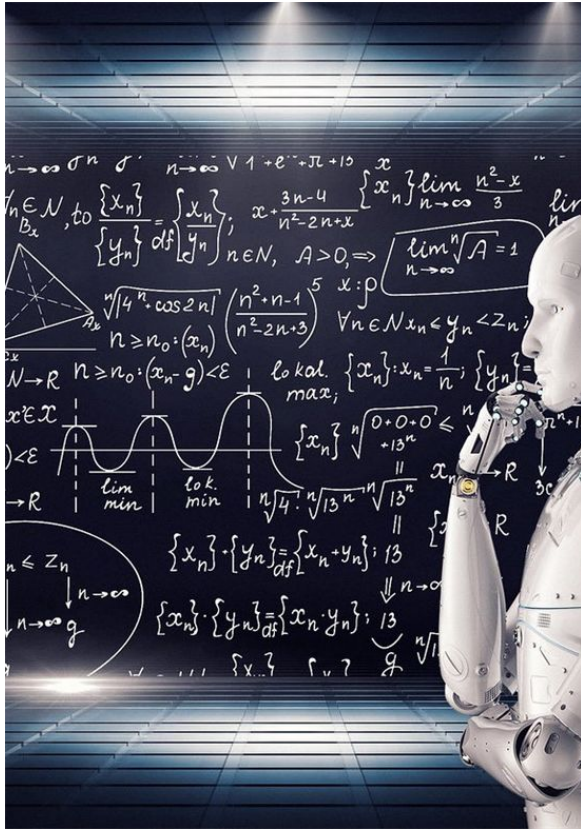
This presentation will be an update on the status of our New PAS project. On December 9th, we will also have our Provaliant Team present their Phase 1 findings along with the way forward.

Submitted by:



WT - Approved

Will Tsao
Director, EPMO



New Pension Administration System

Project Update – Dec 2024

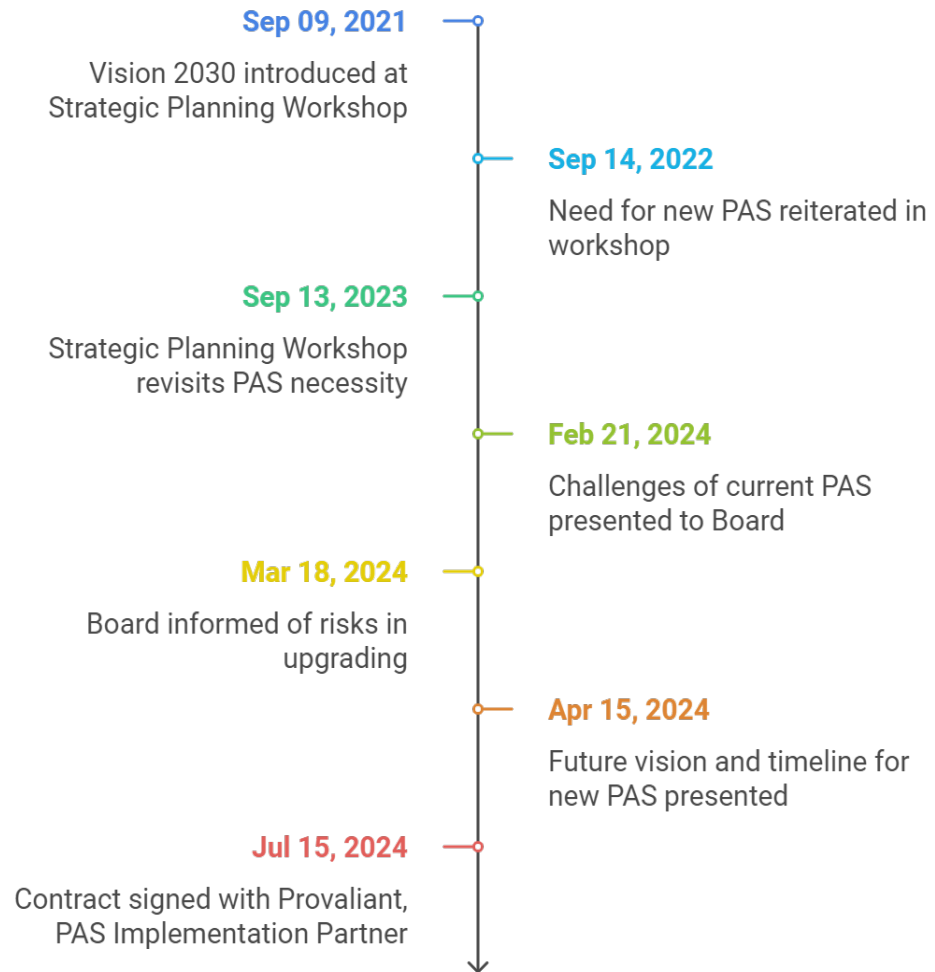
Mr. Will Tsao

Director of EPMO



The Journey So Far

Journey to a New Pension Administration System



Achievements





**OCERS Vision and
Provaliant Phase 1 Update**
December 9, 2024





About Us

Provaliant Retirement is the trusted leader in project oversight and project management consulting services in the public pension and benefit industry. We assist our clients through all phases of large-scale technology projects from RFP development and vendor selection to overseeing the project implementation ensuring they are successful.



OCERS Vision: A Digital Transformation

OCERS envisions to provide superior member service through high automation and digitization, enhancing efficiency, accuracy, and user experience for all stakeholders (member, employer, partner and staff) while adapting to evolving needs.

Key Components:

- Customer Service and Support
- Modern Self-Service
- Comprehensive Staff Portal
- Data Analytics and Reporting
- Cybersecurity and Fraud Prevention
- Composable Architecture
- Continuous Innovation and Improvement





Modernizing Member and Employer Experience

Member Portal and Mobile App

- Automated onboarding
- Rich Self-service features (benefit calculations, document management, messaging)

Employer Portal

- Automated data validation and correction
- Streamlined exception handling

AI-Powered Virtual Assistants

- Personalized support and information
- 24/7 accessibility



Empowering Staff and Improving Efficiency

360-Degree Member View

- Centralized access to member data

Intelligent Workflow Automation

- Automated benefit calculations, application reviews, and status updates

Data Analytics and Reporting

- Actionable insights for decision-making
- Compliance and audit reporting

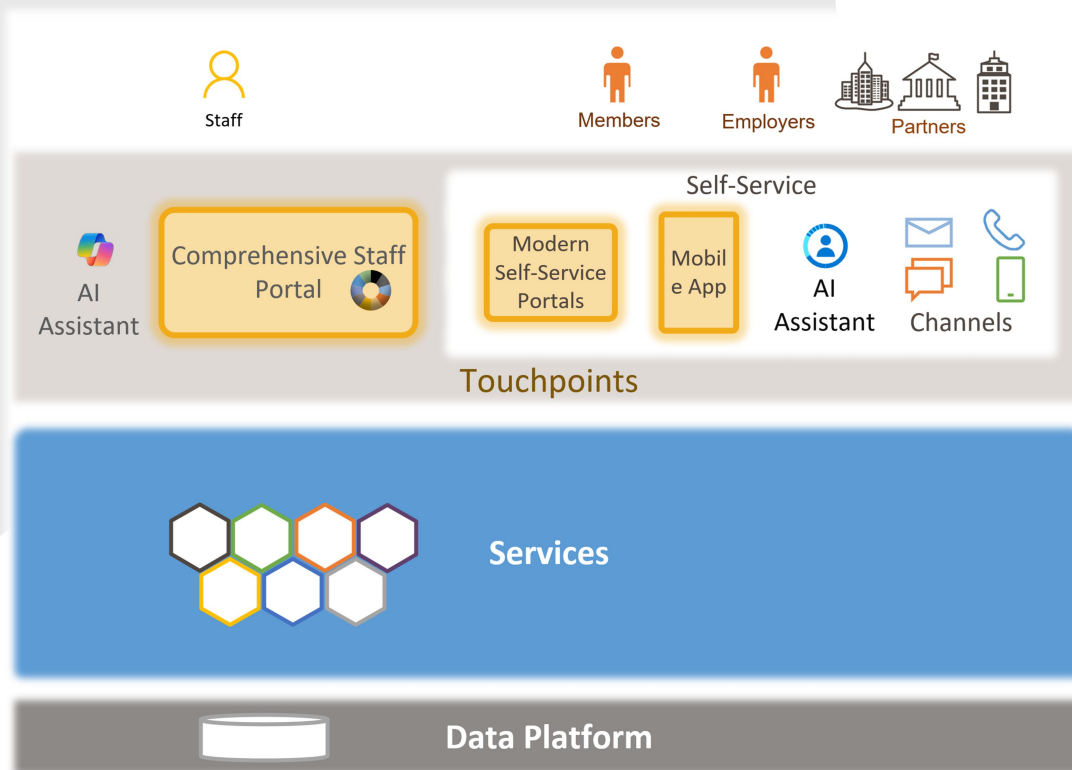
Cybersecurity and Fraud Prevention

- Robust security measures to protect sensitive data



Technical Foundation

To become a highly automated and innovative agency, OCERS undertakes a digital transformation journey by adopting composable architecture.



Architecture Principles

Discoverability

- Design to be easily discoverable, enabling users and developers to find and access quickly

Modularity

- Components are partitioned into cohesive, independent units

Orchestration

- Ability to assemble process flows through APIs and Events

Autonomous

- Self-sufficient with minimal external dependencies

API-First

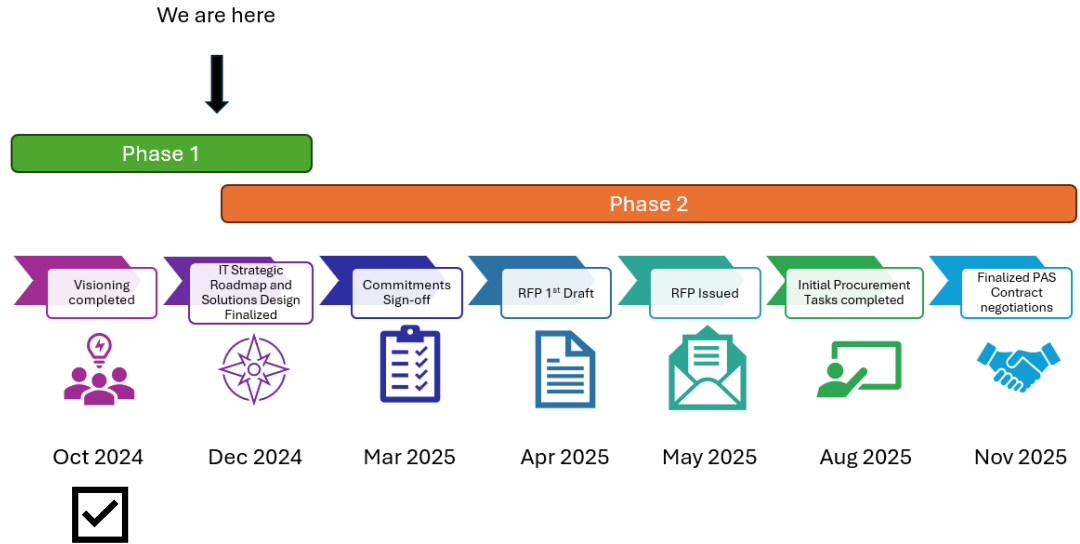
- APIs are the preferred method of accessing and all functionalities are exposed in APIs.

Cloud-Native and Cloud Agnostic

- Design for cloud deployment using cloud-agnostic technology.



Phase 1 Update



- OCERS Vision deliverable completed
- Sessions for the needs assessment completed
- Final IT Strategic Roadmap document is in progress and on target for completion



Challenges

- Employer data
- Resource constraints
- Business process complexity





Next Steps...

Questions??





Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: ALAMEDA IMPLEMENTATION REPORT

Background/Discussion

Over the past three years, the Orange County Employees Retirement System (OCERS) has diligently worked to implement the California Supreme Court's *Alameda* decision, which clarified how pension benefits should be calculated in cases where employees had performed work outside of normal working hours. This landmark ruling addressed whether the time spent during such periods should be included in the calculation of pensionable compensation. It was also during this time that the County of Orange Board of Supervisors passed a Resolution, which altered the outcome of the Alameda decision for certain safety members. This impacted our calculation processes, as safety members had to be recalculated and notified of the Resolution's impact. OCERS has focused on aligning its practices with these decisions, ensuring that the pension benefits of impacted members are accurately adjusted in accordance with the ruling.

To facilitate the implementation, OCERS conducted an extensive review of its existing policies, processes, and systems. The team worked closely with legal advisors, member services, and other stakeholders to ensure that all aspects of the Alameda decision were fully integrated into the retirement system's operations. This involved recalculating pensionable compensation for affected members and adjusting past benefit calculations where necessary. The implementation required significant updates to OCERS' data systems to accommodate the new criteria based on the Alameda decision and compensation calculations.

The OCERS team also prioritized transparent communication with its members throughout this process, providing them with clear information regarding the impacts of the Alameda decision on their retirement benefits. This included hosting informational sessions, updating the OCERS website, and offering personalized support for those with specific questions. Through these efforts, OCERS ensured that affected members understood the changes and were able to adjust their retirement planning accordingly. The team's commitment to efficient implementation of the Alameda decision has reinforced the integrity of the pension system and helped maintain trust with the retirement system's members.

On Monday, December 9, 2024, Ms. Sally Choi, MCS Consulting (and former CEO of Los Angeles City Employees' Retirement System), will provide a summary of OCERS' multi-year efforts in the ALAMEDA Implementation Project.

Ms. Choi's materials are detailed, at my request. This presentation will not only serve to remind us all of the incredible work down through the past years by both the OCERS Board and staff, it will serve as a historical record of those efforts for researchers in later years who may need to be reminded of what occurred.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Alameda Implementation Report



Board of Retirement Meeting
December 9, 2024

Overall Status Summary

Alameda Decision Implementation resulted in three projects. Here is a status of each project:

- **Alameda 1 is COMPLETE** - Staff have completed implementation of the July 30, 2020, California Supreme decision, Alameda County Deputy Sheriff's Assoc. et al., v. Alameda County Employees' Retirement Assn., et al, (Alameda), based on directions received from the Board. This project is referred to as Alameda 1.
- **Alameda 2 is IN PROGRESS.** Staff are continuing to work on retracting the actions taken previously in Alameda 1, due to the December 20, 2022, Orange County Board of Supervisors Resolution (Resolution) related to the Memorandum of Understanding with the Association of Orange County Deputy Sheriffs (AOCDS). This project is referred to as Alameda 2.
- **Alameda 3 is COMPLETE.** Staff also completed benefit recalculations to restore pensionable on-call pay for three employees of the Orange County Fire Authority (OCFA). Also reviewed classifications in the Health Care Authority (HCA) but determined they did not qualify for pensionable on-call. This project is referred to as Alameda 3.

A large dark blue rectangular graphic with a lighter blue circular shape in the center. The text "Project Team" is written in white, bold, sans-serif font across the middle of the circle.

Project Team

Project Leadership

Suzanne Jenike / David Kim
Project Executive Sponsor

Sally Choi (Consultant)
Project Manager

William Tsao
Enterprise Project Management

Jeff Lamberson
Member Services Director

Silviu Ardeleanu
Member Services Director

Benefit Recalculations Team:
Jigsaw

Member Services:

Jonathea Tallase
Irene Warkentine
Rafael Lopez
Teresa Panameno

Quality Assurance (QA):

Gabriel Pel
Zaida Miramontes
Marius Ugarcovici
Rick Serrano
Barbara Fields

IT:

Jenny Sadoski
Noemi Zajzon

Finance:

Jennifer Reyes
Vincent Duragon

Alameda 1

Immediate and Preparation Steps Taken by Board and Staff after the *Alameda* Decision

- Staff and Fiduciary Counsel made a presentation to the Board on the Alameda Decision on August 17, 2020, provided subsequent Board updates and held discussions with stakeholders.
- Staff completed an analysis to identify pay items impacted by the *Alameda* decision.
- Staff coordinated with employers to stop accepting contributions on *Alameda* pay items effective September 10, 2020.
- Staff implemented a process to exclude affected pay items from all new benefit calculations beginning on October 1, 2020.
- The Board adopted the test and definition of “normal working hours” for purposes of determining whether certain items of pay can be included in compensation earnable under the terms of the OCERS plan.
- The Board designated pay items as non-pensionable using the test and definition of normal working hours.
- The Board approved revisions to applicable policies, administrative procedures and other OCERS documents.
- Staff developed recommendations to implement *Alameda* based on Board direction.
- Staff notified members of the *Alameda* decision and potential impact.

Board Directions to Staff on June 21, 2021, to Implement the *Alameda* Decision

1. **Recalculate** retirement allowances prospectively excluding on-call pay, stand by pay, Attorney special duty pay and Sheriffs canine pay from compensation earnable for any retiree with a benefit effective date of January 1, 2013 through October 1, 2020¹;
2. **Recover** overpayments made to such retirees between January 1, 2013 and October 1, 2020 by offsetting overpaid retirement allowances against any over-collected employee contributions during that period. Any remaining overpayments made between January 1, 2013 and October 1, 2020 will be recovered via the actuarial valuation process;
3. **Credit/refund** overpaid employee contributions that are remaining after being offset against the benefit overpayments to the retirees, if applicable;
4. **Credit/refund** any overpaid employee contributions made between January 1, 2013 and September 10, 2020 to active and deferred members as of October 1, 2020; and
5. **Collect** overpayments made between October 1, 2020 and the date of the benefit recalculation from the retiree in accordance with the Overpayment/Underpayment of Plan Benefits Policy. As directed by the Board on December 22, 2022, for payees with a monthly benefit impact of \$100 per month or less, the overpayments will be recovered from the employer through the UAAL valuation process and not from the payee.

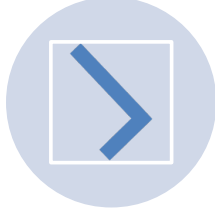
6

¹ These pay items were excluded from compensation earnable for payees with benefit effective dates beginning October 1, 2020, pursuant to the Board's discussion on August 17, 2020.

Alameda 1 Milestones Achieved



IDENTIFIED IMPACTED MEMBERS
AND CORRECTED MEMBER
ACCOUNTS TO EXCLUDE PAY ITEMS



COMPLETED AND VERIFIED
CONTRIBUTION REFUND PLUS
INTEREST CALCULATIONS



PROCESSED CONTRIBUTION &
INTEREST REFUND
PAYMENTS/ROLLOVERS



COMPLETED RECALCULATION OF
BENEFITS, OVERPAYMENTS AND
CONTRIBUTION OFFSETS

Alameda 1

Contribution and Interest Refunds Processed



OCERS staff reviewed individual member pay history and approximately **222,666 records** to identify **80,248 Alameda** pay transactions subject to contribution refunds and **10,106** pay transactions included in retiree measuring periods.



OCERS staff processed member contributions and interest refund payments/rollovers for **2,798** active/deferred members and **231** retired members, who did not require benefit recalculations as Alameda- pay items had already been excluded.

Alameda 1 Process and Timeline

Alameda I		
Month / Year	Task	Status
January 2021 - March 2022	Data analysis and corrections to identify and remove excluded pay items from individual member accounts	Complete
March 2022 – June 2022	Develop a tool and calculate contributions refunds and interest	Complete
July 2022	Send Notifications and Refund Election Forms to Impacted Members (Members were given 45 days to elect check payment or rollover)	Complete
September 2022 – June 2024	Recalculate Benefits, Overpayments and Contribution Offsets	Complete
November 2022	OCERS Process Contributions & Interest Refund Payments/Rollovers – Actives (over \$75) & Deferred	Complete
November 2022 – December 2022	Employer Process Contributions & Interest Refund Payments Under \$75 Processed by Employers – Actives	Complete
December 2022	Process Contributions & Interest Refund Payments/Rollovers – Retired (no benefit recalculations)	Complete
August 2021 - 2024	Member Communications – Update Letters	Complete

Alameda 1 Benefit Recalculations

Original Breakdown of Retiree Benefit Recalculations to remove Alameda Pay Items

Monthly Reduction Estimate	Main Retiree	Attorney Retiree	High Dollar Impact	DRO/Surv	Totals
\$0.01 to \$1.00	91				91
\$1.01 to \$10.00	201	3		43	247
\$10.01 to \$50.00	82	14		7	103
\$50.01 to \$100.00	35	11		4	50
\$100.01 to \$500.00	73	21		6	100
\$500.01 to \$1,000.00	42			2	42
\$1,000.01 to \$2,000.00			24	2	26
\$2,000.01 to \$3,000.00			5		5
\$4,500.01 to \$5,500.00			2		2
Totals	524	49	31	62	666

Final Status

Total To Be Recalc	Completed Recalcs	Reversed Recalc	Net Total Completed	Alameda 1 Cancelled	OCDA Resolution Cancelled	OCSD Resolution Cancelled
666	455	18	437	130	19	62

- Started with 666 estimated for recalculations
- 455 individual manual recalculations and QA were completed
 - Of those, 18 were **reversed** due Alameda 2 & Alameda 3
- 211 (130+19+62) were **cancelled** as they did not require a recalculation
- Final count of recalculations completed for Alameda 1 is **437** (after reversals)

Alameda 1 Challenges Overcome

Through proper planning, coordination and dedicated effort from staff and partners, the project team overcame challenges to complete Alameda 1.

Challenges included:

- High volume of regular retirements which consumed the bandwidth of the team. That was mitigated by hiring contractors to assist with Alameda.
- Competing priorities and new initiatives. Using Agile methodology and project oversight helped maintain focus on Alameda.
- Introduction of the Board of Supervisors Resolution, which had a positive impact for our members but created a new project midstream of Alameda implementation.
- Individual manual calculations requirement due to the OCERS process and system.

Alameda 2

Alameda 2 - Board of Supervisors Resolution

Background

- On December 20, 2022, the County Board of Supervisors passed a Resolution (Resolution) related to the Memorandum of Understanding with the Association of Orange County Deputy Sheriffs (AOCDS) that would impact the retirement benefit calculations for several specialized units of the Orange County Sheriff's Department (OCSD) and Orange County District Attorney's Office (OCDA) and require OCERS to reverse corrections made due to Alameda.
- **The Resolution established that ten enumerated specialized assignments were considered unique job grades**, each of which requires all the employees serving in those assignments to provide on-call or canine handler maintenance service as part of their normal working hours.
- On January 17, 2023, the OCERS Board provided staff direction regarding the County Resolution affecting members' retirement allowances subject to OCERS' Compensation Earnable Policy.
- On July 15, 2024, the OCERS Board approved no interest on repayment of underpaid contributions from members and lifetime repayment option.

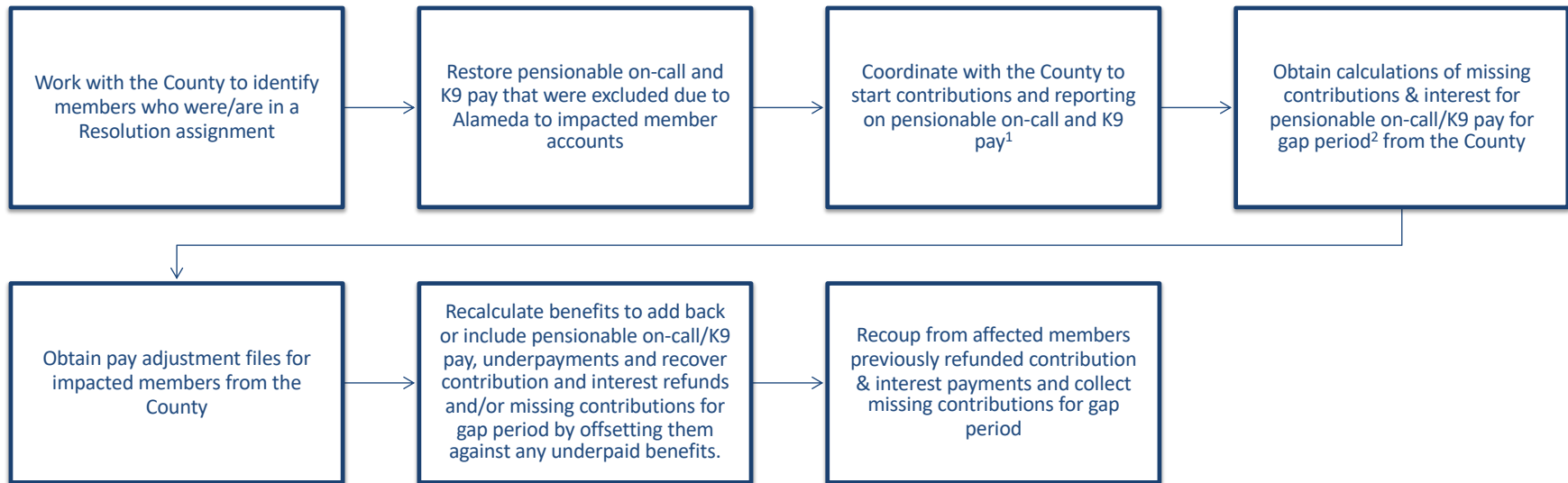
Alameda 2 – Board of Supervisors Resolution Job Grades

The December 20, 2022, Resolution applies to members of the OCDA and OCSD who served/serve in one of the following job grades included in the Resolution:

1. Homicide Detail
2. Hazardous Devices Squad – Explosive Detection Squad
3. Statewide Transportation
4. Special Victims Detail
5. Special Weapons and Tactics (SWAT)
6. Tactical Support Team - Crisis Negotiator
7. Major Accident Reconstruction Team
8. DA Special Assignment Unit
9. DA Homicide Unit
10. Canine Handler

As directed by the Board, staff examined extensive County documentation and payroll data and determined that affected members may now qualify for the inclusion of their on-call and K9 pay as part of their benefit calculations.

Alameda 2 Process – A rework of Alameda 1



¹ County stopped contributions on Alameda excluded pay on 9/10/20.

² The gap period is 9/11/20 to the date the the County starts reporting pensionable on-call and K9 pay.

Alameda 2 Process and Timeline

Month/Year	Task	OCDA	OCS D
January 2023 – April 2024	Complete on-call analysis for Resolution assignments and determine whether on-call and canine hours served may be considered pensionable.	Complete 5/12/23 & 7/14/23	Complete 4/8/24
April 2023 – April 2024	Identify members who were/are in a BOS Resolution assignment	Complete	Complete
	a. OCS D Retired Members (retired 1/1/13 – 7/31/20) Job Assignment Self-Certification	N/A	June/July 2023
	b. OCS D payroll data FY 13-14 to FY 22-23	N/A	4/8/24
December 2023 July 2024	Restore pensionable on-call and K9 pay exclusions in V3 for on-call and K9 pay reported before 9/11/20	Complete 12/6/23	Complete 7/26/24
September 2023 July 2024	Implement new pay code for pensionable on-call and K9 pay and the County starts contributions and reporting pensionable on-call and K9 pay (gap period)	Complete Reporting started 9/22/23	Complete Reporting started 7/12/24
2024	Obtain and verify calculations of missing contributions & interest for gap period from the County	Complete	Complete
2023 – December 2024	Obtain pensionable on-call/K9 pay adjustment files from the Auditor-Controller for impacted members for gap period	Complete	In Progress
December 2023 – November 2024	Reverse Alameda recalculations for Resolution members (retired before 7/31/20) who were recalculated due to Alameda	Complete Dec 2023	Complete Nov 2024
June 2024 – March 2025	Complete recalculation of benefits to include pensionable on-call/K9 pay for retired members who did not have pensionable on-call/K9 pay included in their benefit	Complete Processed for 9/1/24	In Progress
August 2024 – January 2025	Send notifications and start to recover contributions & interest refunds and gap period contributions from members	In Progress	Not Started Pending repayment letter and County data

Alameda 2 – Challenges and Dependencies

Data was not readily available

- Relied on the Sheriff's Department and District Attorney's Office to provide assignment details/data for impacted members in the specialized assignments specified in the Resolution.
- Dependent on the Auditor-Controller's Office to prepare and provide gap period contribution interest calculations and pay adjustment files to include pensionable on-call and K9 pay items retroactively in both OCERS and County systems.

Alameda 2 Impact and Status - OCDA

DA's Office Members in Resolution Assignment	Count	Status
Active		
Recoup Refunds/Gap Contributions	24	In Progress
Retired		
Reverse Alameda Recalc to add back on-call	1	Complete
Cancel Alameda recalculation (keep on-call), no refund/gap contributions	19	Complete
Recalculate benefit to include on-call & offset refund/gap contributions with benefit underpayment	6	Complete
No benefit recalculation, recoup refund/gap	6	In Progress
Total Retired	32	
Total Active & Retired Impacted	56	

Alameda 2 Impact and Status - OCSD

OCSD Members in Resolution Assignment	Count	Status
Active/Deferred		
Recoup Refunds/Gap Contributions	287	Not Started
No refund and/or Gap Contributions	5	
Total Active/Deferred	292	
Retired		
Reverse Alameda recalculation to add back on-call/ K9	12	Complete
Cancel Alamed recalculation (keep on-call/K9), no refund/gap contributions	56	Complete
No benefit recalculation, recoup refund/gap	2	Not Started
Review to determine if recalculation needed to include on-call/K9 & offset any refund/gap contributions owed with benefit underpayment	74	7-Complete 67-In Progress
Total Retired	144	
Total Active/Deferred & Retired Impacted	436	

Alameda 2 – Recoupment of Contribution Refunds and Gap Contributions

Refund & Gap Contributions Repayment Letters – OCDA

- Letters sent to active and retired members with three repayment options on 8/29/24
 1. Lump Sum Payment
 2. Standard Repayment (Default)
 - Actives – bi-weekly payroll deductions for 130 pay-periods (5yrs) until full amount is paid.
 - Retired – monthly retirement benefit deductions for 60 months until full amount is paid.
 3. Lifetime Repayment – Deductions for remainder of member’s life
- To send another letter to extend member’s repayment election response deadline and provide additional clarification that rollovers may be used to repay contribution and interest refunds but may not be used for gap contributions.

Refund & Gap Contributions Repayment Letters – OCSD

- Letters for active, deferred and retired members – pending on-call and K9 pay adjustment transmittal file for gap period.
- Additional details to be included in letter
 - Contribution & interest refund calculation detail summary
 - Gap contribution & interest calculations prepared by the County

Alameda 3

Alameda 3 – Orange County Fire Authority and Health Care Authority

- In December 2023, after review of the data in our files from discussions and communications with OCFA leadership, OCERS determined that the four positions with OCFA under question did not qualify for pensionable on-call.
- On April 8, 2024, OCERS received official documentation from OCFA regarding their past practice related to mandatory on-call pay applicable to Fire Mechanics and Senior Fire Apparatus Technicians. After reviewing all the details of this pay, we determined that it met the Alameda test and should be considered pensionable.
- Benefits were recalculated for the three affected members to restore their on-call pay and increase their monthly benefit effective June 1, 2024.
- OCERS also reviewed the data provided by HCA on 12/1/2023 and determined that six classifications under question did not qualify based either on the non-mandatory nature of the scheduling within the class for on-call or the number of members in the classes that did not have on-call worked for the programs they were assigned to within the classes.

Summary - Alameda by the Numbers

518

MEMBER MANUAL
RECALCULATIONS

18

MEMBER CALCULATIONS
TO REVERSE
RECALCULATIONS

3,113

CONTRIBUTION &
INTEREST REFUNDS
PROCESSED

222,666

RECORDS REVIEWED

90,354 TRANSACTIONS
REVIEWED

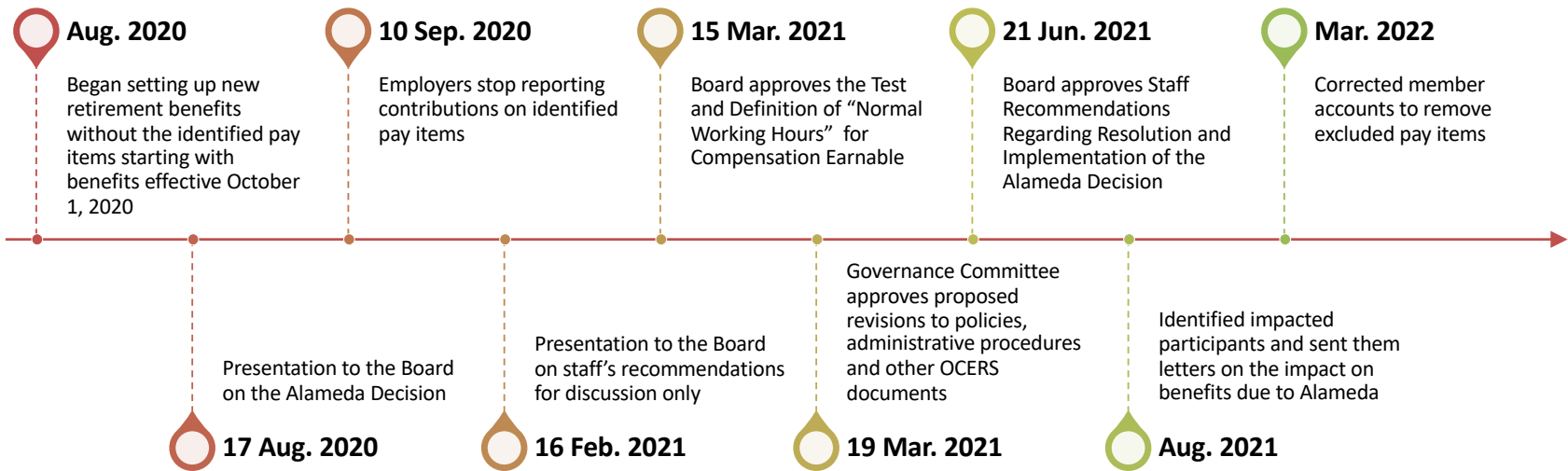
OVER **35**
UPDATE LETTER
TEMPLATES

OVER **12,000** HOURS
WORKED

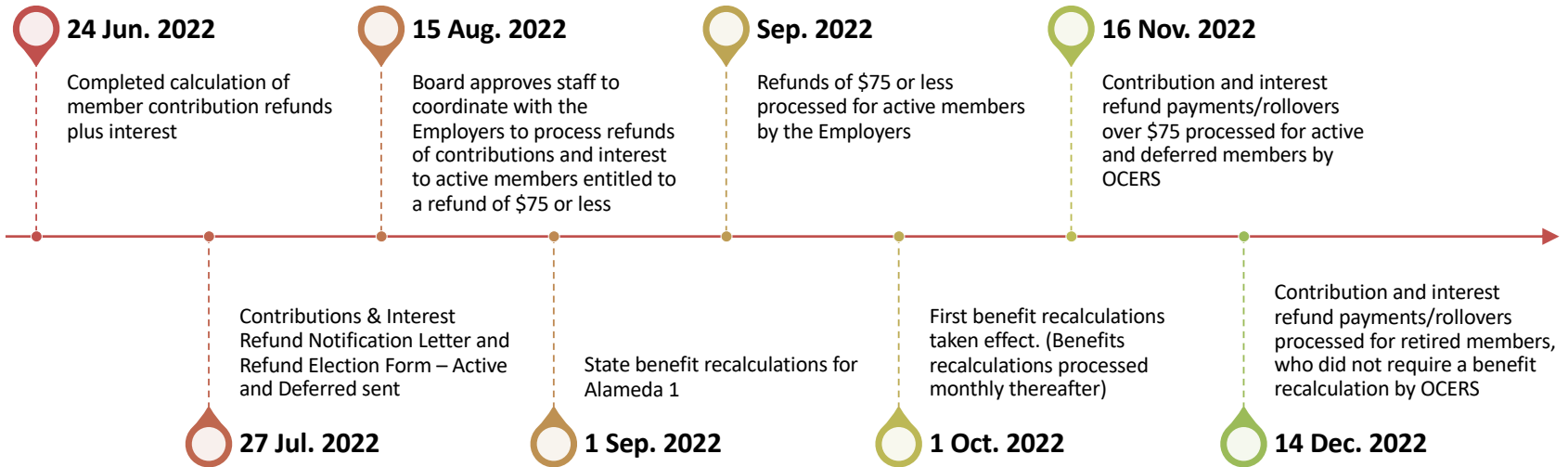


APPENDIX

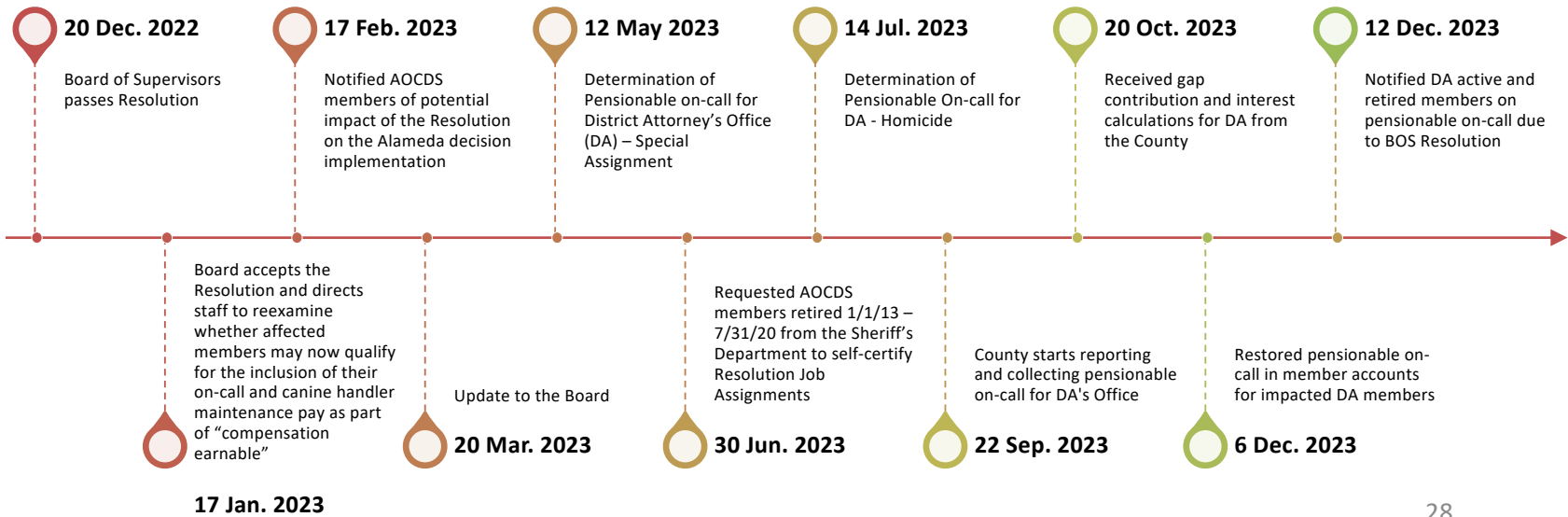
Overall Timeline



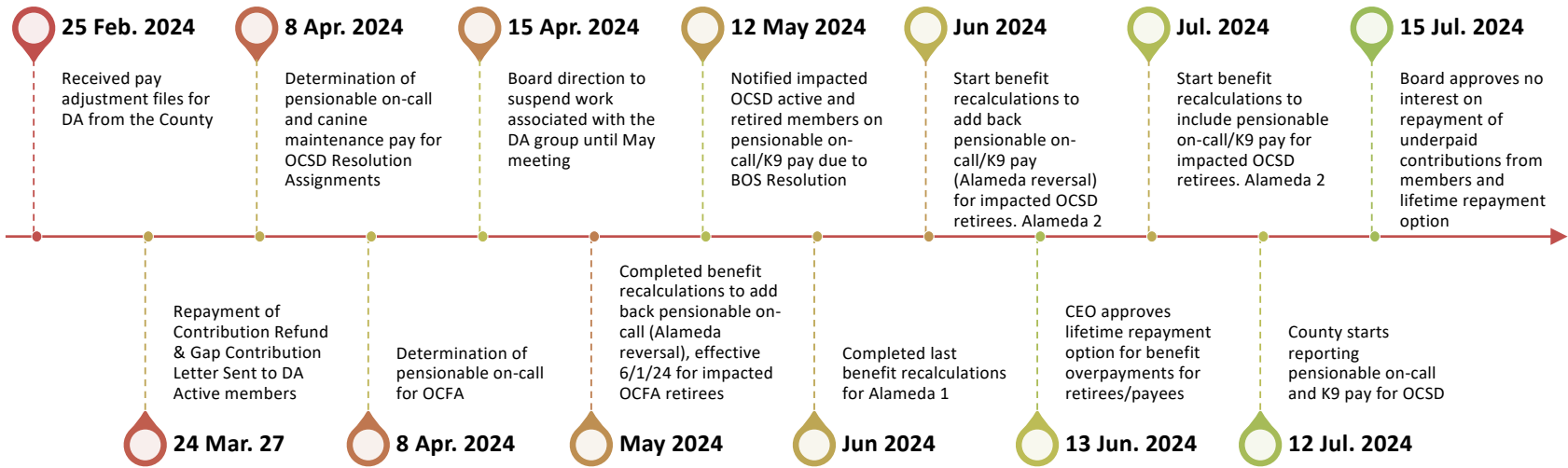
Overall Timeline



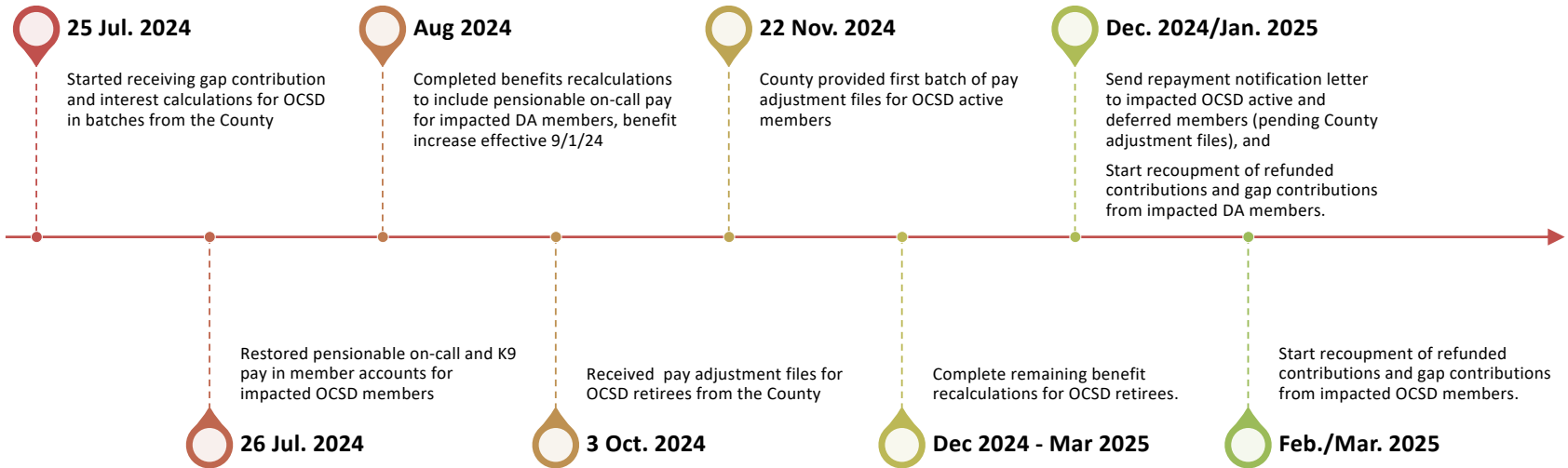
Overall Timeline



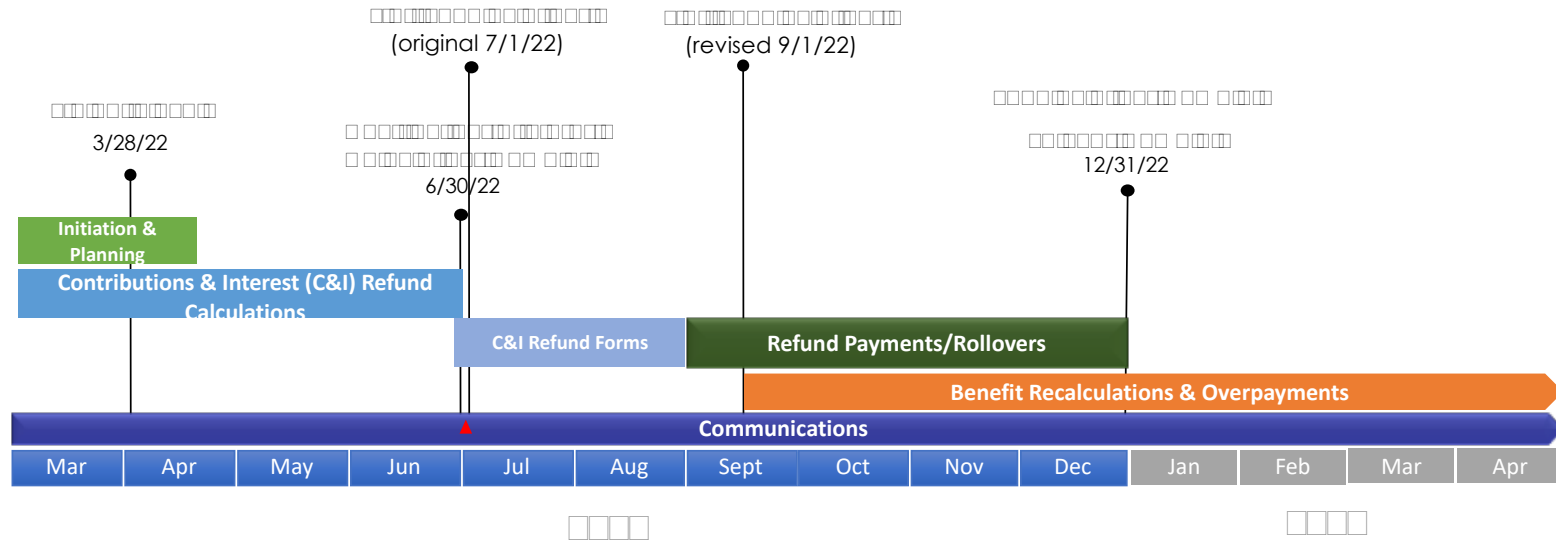
Overall Timeline



Overall Timeline



Original Project Timeline





Retirement Board Meeting
December 9, 2024
Application Notices

MEMBER NAME	AGENCY/EMPLOYER	RETIREMENT DATE
ARMENTA, CHERI	Assessor	10/18/2024
CANTU, ROSA	Social Services Agency	10/4/2024
CONCEPCION, JASMINE	Superior Court	10/4/2024
CUNNINGHAM, APRIL	Social Services Agency	10/4/2024
DAGGETT SHORT, MICHELLE	City of San Juan Capistrano	10/19/2024
DANG, MAGGIE	Social Services Agency	9/26/2024
EVERLY, GINA	Social Services Agency	10/4/2024
FERNANDEZ, DAVID	OC Public Works	10/4/2024
FINNERTY, PETER	District Attorney	10/4/2024
GALVEZ, SOFIA	Superior Court	10/18/2024
HARGAN, JEANNETTE	Superior Court	10/3/2024
HAMBLIN, MARIA	Transportation Corridor Agency (TCA)	8/24/2024
HOOPINGARNER, COURTNEY	Sheriff's Dept	9/29/2024
KNAPP, PAMELA	Superior Court	10/17/2024
LEE, LINDA	Superior Court	9/24/2024
MENDIBLES, ALBERT	Social Services Agency	10/18/2024
NGUYEN, MAXWELL	OCTA	10/3/2024
PADAYAO, NATHANIEL	Probation	10/4/2024
RAMIREZ, CESAR	Superior Court	10/4/2024
RATHERT, KURT	Sanitation District	10/4/2024
STOEWER, STEPHEN	OC Public Works	9/26/2024
TA, KENNETH CUONG	OC Public Works	10/18/2024
TRAN, LAN	Child Support Services	10/18/2024
TUCKER, DAMON	District Attorney	9/24/2024
YATES, JENNIFER	Health Care Agency	10/1/2024
YOUNG, MARCUS	Sheriff's Dept	10/4/2024
ZABALA, ANDREW	Sheriff's Dept	10/18/2024



Retirement Board Meeting
December 9, 2024
Death Notices

ACTIVE DEATHS	AGENCY/EMPLOYER
RETIRED MEMBERS	
BERRY, JOHN	OCTA
CARACENA, BRUCE	OCTA
COLEMAN, NORMA	Social Services Agency
DUCOING, CATHLEEN	Social Services Agency
GATES, BRADLEY	Sheriff's Dept
HEARST, MICHAEL	OC Vector Control District
MAPLES, RALPH	OC Public Works
MARTINEZ, DANIEL	District Attorney
MEADOWS, MARY	Social Services Agency
MUNOZ, FRANCES	Superior Court
NELSON, CARL	OC Public Works
OLSON, FREDERICK	OC Public Works
PILCHER, CONNIE	Superior Court
REDE, LINDA	Treasurer - Tax Collector
RONQUILLO, AMELIA	Registrar of Voters
TAYLOR, YVONNE	OC Community Resources
VELICK, DEBRA	OCERS
WAGGONER, JAY	UCI
WILKINSON, MARY	Superior Court
SURVIVING SPOUSES	
BRAGASSA, BEVERLY	
STARRETT, LOUISE	



Memorandum

DATE: December 9, 2024
 TO: Members of the Board of Retirement
 FROM: Steve Delaney, Chief Executive Officer
 SUBJECT: **CEO FUTURE AGENDAS (2025)**

Written Report

AGENDA TOPICS FOR THE OCERS BOARD OF RETIREMENT

JANUARY 2025

- Annual Disability Statistics
- Annual OCERS Innovations
- Annual Preview of "Year in Review" Communication Plan
- Board Education Report
- Communication Policy Fact Sheet
- Form 700 Filing Requirements
- Annual Information Security Summary (Closed Session)
- Quarterly 2025-2027 Strategic Plan Review
- CIO Comments

FEBRUARY 2025

- Annual Cost of Living Adjustment
- Initial STAR COLA Posting
- Annual Overpaid and Underpaid Plan Benefits Report
- Annual Policy Compliance Report
- Report Outcome of Prior Year Business Plan
- Annual Report of Contacts > \$100,000
- CIO Comments

MARCH 2025

- STAR COLA Final Approval
- GFOA Awards
- Semi Annual Business Continuity Disaster Recovery Updates
- Quarterly Unaudited Financial Statements
- Quarterly Budget vs Actual Report
- Quarterly Travel and Training Expense Report

Submitted by:



SD - Approved

Steve Delaney
 Chief Executive Officer



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Jim Doezie, Contracts, Risk and Performance Administrator
SUBJECT: QUIET PERIOD – NON-INVESTMENT CONTRACTS

Written Report
Background/Discussion

1. **Quiet Period Policy Guidelines**

The following guidelines established by the Quiet Period Policy, section 3.c, will govern a search process for any contract to be awarded by OCERS:

“...Board Members and OCERS staff shall not knowingly communicate with any party financially interested in any prospective contract with OCERS regarding the contract, the services to be provided under the contract or the selection process;”

2. **Quiet Period Guidelines**

In addition, the following language is included in all distributed Requests for Proposals (RFP):

“From the date of issuance of this RFP until the selection of one or more respondents is completed and announced, respondents are not permitted to communicate with any OCERS staff member or Board Members regarding this procurement, except through the Point of Contact named herein. Respondents violating the communications prohibition may be disqualified at OCERS’ discretion. Respondents having current business with OCERS must limit their communications to the subject of such business.”

Distributed RFP’s

The RFP and RFQ’s noted below are subject to the quiet period until such time as a contract is finalized.

- An RFP for Independent Medical Evaluation Services was distributed in July. This RFP is to select at least one vendor that can coordinate medical examinations for the OCERS Disability department. Four Proposals were received September 13th. Two vendors were selected for which we are currently developing the contract(s).
- An RFP for Information Technology Audit & Consulting Services was distributed late October. This is to bid-out services currently performed by RSM whose 6-year maximum contract expires June of 2025. Seven (7) Proposals were received November 22nd that are currently being evaluated.

Submitted by:



JD - Approved

 Jim Doezie
 Contracts, Risk and Performance Administrator



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: BOARD COMMUNICATIONS

Written Report

Background/Discussion

To ensure that the public has free and open access to those items that could have bearing on the decisions of the Trustees of the Board of Retirement, the OCERS Board has directed that all written communications to the entire Board during the interim between regular Board meetings be included in a monthly communications summary.

News Links

The following news and informational item was provided by the CEO for distribution to the entire Board:

From Mary-Joy Coburn, Director of Communications:

- NASRA News Clips

Other Items: (See Attached)

- Monthly summary of OCERS staff activities and updates, starting with an overview of key customer service metrics, for the month of OCTOBER 2024.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



MONTHLY ACTIVITIES AND UPDATE REPORT



October 2024

ocers.org



OCERS Activities and Update Report

OCTOBER 2024

To the members of the OCERS Board of Retirement,

The following is my regular monthly summary of OCERS’ team activity, starting with an overview of key customer service statistics as well as activity highlights followed by updates for October 2024.

MEMBER SERVICES MONTHLY METRICS										
Retirement Applications Received				Customer Service Statistics						
Month	2022	2023	2024	Month	Unplanned Recalculations	Member Satisfaction Approval Rate	Calls Received via Call Center	Calls Direct to Extension	Calls Received by Operator	Total Calls (monthly)
January	346	244	278	January	0	98%	2,528	3,143	857	6,528
February	151	152	151	February	0	98%	2,877	3,262	916	7,055
March	120	135	68	March	0	98%	2,300	3,647	611	6,558
April	47	54	82	April	2	98%	2,070	2,526	572	5,168
May	65	60	63	May	1	98%	1,818	3,007	511	5,336
June	73	45	43	June	0	98%	1,325	2,102	461	3,888
July	54	28	52	July	0	98%	1,457	2,019	548	4,024
August	58	45	45	August	0	98%	1,496	2,582	562	4,640
September	42	46	49	September	2	98%	1,329	2,184	416	3,929
October	70	54	53	October	5	98%	1,617	2,887	679	5,183
November	78	50		November						
December	86	39		December						
Grand Total	1190	952	884	Grand Total	10	98%	18,817	27,359	6,133	52,309

MEMBER SURVEY RESPONSES
<i>“The RPS answered each of my questions thoroughly and in a practical way.” – October 2024</i>
<i>“The RPS I met with today was very helpful and informative. He had great knowledge in reference to the questions that I had.” – September 2024</i>
<i>“I met with the RPS today and he is terrific. Professional, friendly and informative. He was able to answer my questions clearly. I feel more comfortable about this exciting but daunting process! I spoke with a different RPS earlier today on the phone, as I'm with HCA, and he has also provided me with great information and support. Notably, both gentlemen acknowledged the anxiety and apprehension felt by many members as we embark on this process. This human touch is very much appreciated!” – August 2024</i>



OCERS Activities and Update Report OCTOBER 2024

ACTIVITIES

OCERS Townhall Meeting at the County- October 24

The OCERS Team presented our first annual OCERS Informational Meeting for general members post-COVID. Turnout was lighter than we had hoped, but the team learned of improved communication options for 2025. The members who did attend were engaged, leading to a very informative lunch hour. Our special thanks to Chair Lopez Tagaloa who attended and provided the opening introduction.



OCERS Spooktacular Halloween Extravaganza- October 30

The OCERS Team gathered for a potluck luncheon to bond and showcase their costume skills.





OCERS Activities and Update Report

OCTOBER 2024

UPDATES- DEPARTMENTS

INVESTMENTS

Ms. Walander-Sarkin reports:

As of September 30, 2024, the portfolio year-to-date is up 10.9% net of fees, while the one-year return is up 17.7%. The fund value now stands at \$24.5 billion. OCERS' Investments Team closed on one new private equity fund, one re-up real estate fund, and one new real assets fund in October. The month of October was an active month of travel for the Investments Team conducting manager due diligence, attending investment managers' annual general meetings, and attending conferences including the Institutional Investor Roundtable for Consultants and Institutional Investors in Chicago. The Team also held first and second round interviews for its open Investment Officer position during October. Finally, OCERS posted a new search for an Investment Analyst position in October.

OPERATIONS SUPPORT SERVICES

Mr. Tse reports:

Facilities and Operations Support

- Replaced malfunctioned HQ rooftop boiler pump.
- De-rusted and refinished certain HQ parking lot light poles.
- Responded to HQ building water leak causing building damage.
- Responded to after-hour OCFA alarm call.
- Cut and capped Tustin Building cracked ceiling grey cast iron pipe to stop gray water leakage onto occupied spaces below.
- Handled Tustin Building tenant move-out.
- Performed parking lot in-house pavement repairs.
- Coordinated with furniture vendors and contractors on office moves.
- Processed 16 contracts in October.

HUMAN RESOURCES

Ms. Hockless reports:

In October, the HR Department welcomed a new Director of Internal Audit and promoted one employee to the role of Member Services Manager. Additionally, one employee received a temporary promotion to serve as Interim Disability Retirement Investigator.

Throughout the month, the HR Department diligently screened 258 applications, facilitated an exam for 22 candidates, coordinated 11 Zoom interviews, and conducted 11 onsite interviews.

YEAR-TO-DATE OVERVIEW:



OCERS Activities and Update Report

OCTOBER 2024

As of October 31, 2024, OCERS had a budgeted workforce of 133 positions. At that time, there were 122 employees on payroll, leaving 12 vacancies and resulting in a **vacancy rate** of **9.02%**. October experienced one new separation, bringing the year-to-date total to 11 and yielding a **turnover rate** of **9.02%**.

UPCOMING STAFFING INITIATIVES:

In the upcoming months, our HR Department will continue to advance several key initiatives:

- Facilitating the recruitment of a new Investment Officer (Private Markets), Investment Analyst, Project Assistant, and Communications Intern.
- Delivering Self Leadership Workshops.
- Promoting onsite Health & Wellness initiatives.
- Developing OCERS Talent Development and Succession program.

COMMUNICATIONS

Ms. Coburn reports:

October was a busy month for the Communications Team as we launched a new 30-second video for National Retirement Security Week. Guided by insights from our focus groups, the video aimed to remind members that "It's never too early to plan for a lifetime of retirement security." The short video was directed, produced, and featured our own internal staff, showcasing the talent within our organization. Throughout the week, we also encouraged members to log into their myOCERS portal to update their personal information and beneficiaries.



OCERS Activities and Update Report

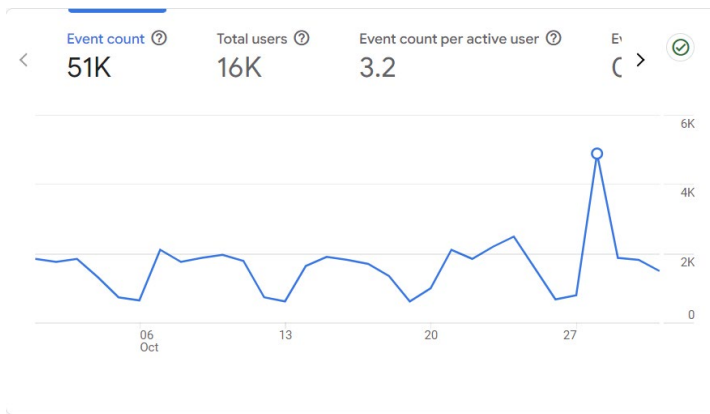
OCTOBER 2024

DIGITAL OUTREACH

Platform	Number of Subscribers
LinkedIn	1,047 (+44 since October 2024)
Twitter (X)	621 (+2 since October 2024)
Instagram	182 (+5 since October 2024)
Facebook	223 (+4 since October 2024)

For the latest updates, visit our official OCERS accounts on LinkedIn, Twitter, Instagram, and Facebook @myOCERS.

OCERS WEBSITE



Top Pages Visited	Views
Homepage	18,823
About OCERS	2,768
Benefits Calculator	2,312
Board Committee Meetings	1,495
Active Member Information	1n173

For the period between October 1st through October 31st, the agency website had 50,739 views.



OCERS Activities and Update Report

OCTOBER 2024

MEMBER SERVICES

MEMBER SERVICES OUTREACH/SEMINARS

Mr. Ardeleanu reports:

The Customer Service team participated in a number of events during the month of October 2024. The events were well attended, with members engaged and asking relevant retirement questions.

- 10.01.2024, 10.03.2024, 10.08.2024 – OCTA Health and Wellness Expo – Aileen Daag and Erika Gonzalez
- 10.02.2024 – AOCDS Health Fair – David Viramontes and Kamron Nahavandi
- 10.09.2024 – OCERS In-Person Pre-Retirement Seminar – Aileen Daag
- 10.15.2024, 10.17.2024 – AOCDS Pre-Retirement Seminar – David Viramontes and Kamron Nahavandi
- 10.23.2024 – OCFA Retiree Workshop – Aileen Daag
- 10.23.2024 – OCERS Virtual Pre-Retirement Seminar – Steven Ismael

EMPLOYER DATA

Mr. Ardeleanu reports:

This item is to provide an update on OCERS task of obtaining complete Transmittal data from Employers. Since the last update, the OCERS team met on October 15, 2024 with all Employers to further discuss and obtain feedback regarding the Employer Data Policy.

The OCERS team, on its quest to meet individually with all Employer, met with representatives from the County of Orange on October 30, 2024 to further the discussion regarding incomplete data.

A status update was provided by Silviu Ardeleanu, Member & Employer Relations Director at the October 23, 2024, Employer Informational Update Meeting.

SERVICE CREDIT PURCHASE UPDATE

Mr. Lamberson Reports:

At the end of October 2024, we had 40 members that had 49 requests in our queues. We were still within our 45 business day turnaround times for transactions with everything submitted to complete the purchase as of October 31, 2024.



OCERS Activities and Update Report

OCTOBER 2024

OCERS SCP PROJECT REPORT											
Status	2023	2024									
	As of 12/31/23	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
New	0	88	46	62	51	11	54	15	57	71	40
In Queue	218	218	240	226	221	256	210	176	41	40	66
Processed	0	-66	-60	-67	-16	-57	-88	-150	-58	-45	-57
Ending	218	240	226	221	256	210	176	41	40	66	49

AGING	Transactions Remaining	Members Impacted
2023	0	0
2024	49	40
Total	49	40



OCERS Activities and Update Report

OCTOBER 2024

UPDATES- PROJECTS

VISION 2030

In October development was wrapped up on the Affidavit Audit bot for the Internal Audit department, designed to extract data from handwritten forms. Now this bot is in User Acceptance Testing (UAT) phase. Besides this bot helping with Audit, it also serves as research opportunity for how to implement automation to handle handwritten documents.

The SharePoint migration from on-premises to the cloud is moving forward at full steam. The new OCERS Intranet site is in place, and custom applications are being developed to address OCERS' unique needs. As part of our migration, we are also preparing for an essential update to the production bots to ensure it works with our new cloud-based SharePoint setup. These initiatives mark substantial progress in OCERS' Vision 2030 goals, enabling a more efficient, automated approach to pension management.

ALAMEDA PROJECT

Alameda I

All our milestones associated with Alameda I are completed. In preparation for project close-out activities, the team created a new Lifetime deduction code for lifetime payments within the V3 pension system. This accomplishment will ensure an accurate member accounts and consistency with member elections. The remaining action items will be completed at the conclusion of the project.

Alameda II – Members subject to the Orange County Board of Supervisors Resolution

In October, we were able to complete all remaining appropriate and applicable Holiday Compensation Adjustment Recalculations. Additionally, we processed the benefit recalculations to reverse previous Alameda exclusions and restore on-call and/or K9 pay in benefits for OSCD Resolution members who retired before 8/1/2020. We are continuing to work in collaboration with the County by verifying the County transmittal adjustments that we are receiving. These adjustments are coming from the County in batches, so we continue to monitor and resolve any discrepancies to ensure accuracy. Lastly, we created a bot to automate the preparation of refund calculation worksheets for members to receive in future Alameda letters, which roughly cost \$1,200 that directly saved \$24,000 in personnel costs.

MASTER REPOSITORY PROJECT (MRP)

Mr. Tsao reports:

In October, the writing team finalized 50 documents and advanced work on 26 procedural documents, breaking last month's record as the highest monthly output to date! This progress brings the overall project to 62% completion as of the end of October. This drastic improvement has been the result of the team's laser-focus on accomplishing Phase 1 of this project.



OCERS Activities and Update Report OCTOBER 2024

In addition, OCERS determined the responsible department for the lifecycle management of the completed procedural documents will reside within the Compliance Department. This assignment will ensure our approved documents are maintained and any requested changes are made in a standardized manner.

The team remains committed to sustaining our momentum as we approach the year-end deadline. As we look forward to the next batch of milestones, the upcoming holidays in November and December will potentially slow our progress. We will continue to make adjustments to mitigate this risk as much as possible.



As a reminder, you will see this memo included with the BOARD COMMUNICATIONS document as part of the informational agenda for the December 9, 2024 meeting of the OCERS Board of Retirement.



Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS TRAVEL POLICY APPROVED CONFERENCES LIST**

Written Report

Background/Discussion

At the Board's request, OCERS' executive staff produced a calendar and running list of upcoming OCERS Travel Policy approved conferences and Board education opportunities.

Attachment:

1. Annual Calendar with Travel Policy Section 10 conferences (dates boxed in red) and scheduled Board and Committee meeting dates
2. Legend and details for Travel Policy Section 10 conferences
3. Appendix of additional pre-approved conferences and Board education opportunities.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

2025 Calendar

January							February							March							April						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4						1							1			1	2	3	4	5	
5	6	7	8	9	10	11	2	3	4	5	6	7	8	2	3	4	5	6	7	8	6	7	8	9	10	11	12
12	13	14	15	16	17	18	9	10	11	12	13	14	15	9	10	11	12	13	14	15	13	14	15	16	17	18	19
19	20	21	22	23	24	25	16	17	18	19	20	21	22	16	17	18	19	20	21	22	20	21	22	23	24	25	26
26	27	28	29	30	31		23	24	25	26	27	28		23	24	25	26	27	28	29	27	28	29	30			
														30	31												
May							June							July							August						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3	1	2	3	4	5	6	7			1	2	3	4	5						1	2
4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9
11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16
18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23
25	26	27	28	29	30	31	29	30						27	28	29	30	31			24	25	26	27	28	29	30
																					31						
September							October							November							December						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6				1	2	3	4							1		1	2	3	4	5	6
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27
28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31			
														30													

Federal Holidays 2025

Jan 1	New Year's Day	May 26	Memorial Day	Sep 1	Labor Day	Nov 27	Thanksgiving Day
Jan 20	Martin Luther King Day			Sep 26	Native American Day	Dec 25	Christmas Day
Feb 17	Presidents' Day	Jul 4	Independence Day	Nov 11	Veterans Day		

Federal Holidays
Regular Board Meeting
Disability Committee Meeting
Strategic Planning Workshop
Investment Committee Meeting

Audit Committee Meeting
Building Committee Meeting
Governance Committee Meeting
Personnel Committee Meeting
Informational Update Meeting

Updated: 10/11/2024

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
1/26/2025	1/27/2025	NCPERS	Pension Comm Summit	Washington DC	
1/27/2025	1/29/2025	NCPERS	Legislative Conference	Washington DC	
2/2/2025	2/4/2025	NAPO	Annual Pension and Benefits Seminar	Las Vegas, NV	
3/1/2025	3/3/2025	NASRA	Winter Meeting	Washington DC	
3/3/2025	3/4/2025	NIRS	Annual Conference	Washington DC	*Estimated
3/2/2025	3/5/2025	CALAPRS	General Assembly	Napa, CA	
5/13/2025	5/16/2025	SACRS	Spring Conference	Rancho Mirage, CA	
5/18/2025	5/21/2025	NCPERS	Annual Conference & Exhibition (ACE)	Denver, CO	
6/16/2025	6/18/2025	NCPERS	Chief Officers Summit	New York	
July 2025		NAPO	ANNUAL CONVENTION		
8/9/2025	8/13/2025	NASRA	Annual Conference	Seattle WA	
Aug 2025		NCPERS	Public Pension Funding Forum	Chicago, IL	
Sep 2025		NCPERS	Public Pension HR Summit		
Oct 2025		NCPERS	FALL Conference		
Nov 2025		CRCEA	Contra Costa (CCREA)		
11/11/2025	11/14/2025	SACRS	Fall Conference	Huntington Beach, CA	
Oct 2026		NCPERS	Public Safety Conference		none for 2025

The following are upcoming conferences and Board education opportunities, pre-approved under the Travel Policy section 12 (highlighted in yellow) and section 14. Note that conferences pre-approved under section 14 AND require overnight accommodations are subject to the limit of three events per year.

January 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
9-Jan	10-Jan	Opal	Public Funds Summit	Scottsdale, AZ	Section 14
26-Jan	27-Jan	NCPERS	Pension Comm Summit	Washington DC	Section 10
28-Jan	29-Jan	IFEBP	Health Benefits Conference & Expo	St. Pete Beach, FL	Section 14
28-Jan	29-Jan	NCPERS	Legislative Conference	Washington DC	Section 10

February 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
2-Feb	4-Feb	NAPO	Annual Pension and Benefits Seminar	Las Vegas, NV	Section 10
8-Feb	9-Feb	IFEBP	Trustee Institute: Level 2	Orlando, FL	Section 14
10-Feb	12-Feb	IFEBP	Advanced Trustees and Administrators Institute	Orlando, FL	Section 14
10-Feb	12-Feb	IFEBP	Trustee Institute: Level 1 (New Trustees)	Orlando, FL	Section 14
24-Feb	25-Feb	Gartner	CIO Leadership Forum	Phoenix, AZ	Section 10

March 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
March 2025		CALAPRS	Advanced Principals of Pension Governance for Trustees at UCLA	UCLA	Section 12
1-Mar	3-Mar	NASRA	Winter Meeting	Washington, DC	Section 10
2-Mar	5-Mar	CALAPRS	General Assembly	Napa, CA	Section 10
3-Mar	4-Mar	NIRS	Annual Conference	Washington DC	Section 10
24-Mar	26-Mar	WithIntelligence	Pension Bridge The Annual 2025	San Francisco, CA	Section 14
30-Mar	2-Apr	Investment and Wealth Institute	Experience 2025	Austin, TX	Section 14

April 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
13-Apr	16-Apr	PRISM	PRISM 2025 Conference	Memphis, Tennessee	Section 10
14-Apr	18-Apr	Wharton	Investment Strategies and Portfolio Management	Philadelphia, PA	Section 12
30-Apr	1-May	IFEBP	Investments Institute	Fort Myers, FL	Section 14

May 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
13-May	16-May	SACRS	Spring Conference	Rancho Mirage, CA	Section 10

17-May	18-May	NCPERS	Trustee Educational Seminar (TEDS)	Denver, CO	Section 12
17-May	18-May	NCPERS	NCPERS Accredited Fiduciary Program (NAF) Modules 1&2	Denver, CO	Section 12
17-May	18-May	NCPERS	NCPERS Accredited Fiduciary Program (NAF) Modules 3&4	Denver, CO	Section 12
18-May	21-May	NCPERS	Annual Conference & Exhibition (ACE)	Denver, CO	Section 10
20-May	21-May	Gartner	CFO & Finance Executive Conference	National Harbor, MD	Section 10

June 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
1-Jun		Global Financial Markets Association	Annual Global ABS Conference		Section 12
12-Jun	12-Jun	Markets Group	4th Annual Southern California Institutional Forum	Los Angeles, CA	Section 14
16-Jun	18-Jun	NCPERS	Chief Officers Summit	New York, NY	Section 10

July 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
1-Jul		NAPO	Annual Convention		Section 10
13-Jul	16-Jul	SACRS	SACRS/UC Berkeley	Berkeley, CA	Section 12

August 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
1-Aug		CALAPRS	Principles of Pension Governance for Trustees	SoCal	Section 12
9-Aug	13-Aug	NASRA	Annual Conference	Seattle, Washington	Section 10
17-Aug	19-Aug	NCPERS	Public Pension Funding Forum	Chicago, IL	Section 10

September 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
8-Sep	10-Sep	Counsel of Institutional Investors	Fall 2025 Conference	San Francisco, CA	Section 14
14-Sep	17-Sep	IFEFP	Public Employees Benefits Institute	Minneapolis, MN	Section 14
15-Sep	17-Sep	SuperReturn	The West Coast's LP/GP Networking Hub	Los Angeles, CA	Section 14
24-Sep	26-Sep	CALAPRS	Administrators Institute	Carmel, CA	Section 10
24-Sep	26-Sep	NCPERS	Public Pension HR Summit	Philadelphia, PA	Section 10

October 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
1-Oct		Gartner	Gartner IT Symposium/Xpo		Section 10
20-Oct	22-Oct	Global ARC	22nd Annual Global ARC	Boston, MA	Section 14
20-Oct	24-Oct	Wharton	Investment Strategies and Portfolio Management	Philadelphia, PA	Section 12
22-Oct	24-Oct	PREA	35th Annual Institutional Investor Conference	Boston, MA	Section 14
25-Oct	26-Oct	NCPERS	NAF	Tampa, FL	Section 12
25-Oct	26-Oct	NCPERS	Program for Advanced Trustee Studies (PATS)	Tampa, FL	Section 12
26-Oct	29-Oct	NCPERS	FALL Conference	Tampa, FL	Section 10

November 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
Nov 2025		CRCEA	Contra Costa (CCREA)		Section 10
Nov 2025		Institutional Limited Partners Association	ILPA Summit 2025		Section 14
9-Nov	12-Nov	IFEBCP	71st Annual Employee Benefits Conference	Honolulu, HI	Section 14
11-Nov	14-Nov	SACRS	Fall Conference	Huntington Beach, CA	Section 10

December 2025

Date Start	Date Ends	Conference Org	Conference Name	Location	Notes
1-Dec		Institutional Shareholder Services Media Solutions	Influential Investors Forum		Section 14

Ad Hoc/No schedule available yet

NCPERS	Public Safety Conference – October 2026	Section 10
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Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: David Kim, Assistant Chief Executive Officer, External Operations
SUBJECT: **2024 ANNUAL EMPLOYER REPORT**

Presentation

OCERS Staff has been preparing this employer report annually since May 2014. The purpose of the report is to provide the Board with information regarding the Employer's financial position to ascertain their capacity to meet their ongoing financial obligations to OCERS. The report captures financial information from publicly posted financial information as of the prior fiscal year, in this case, FY22/23, as well as OCERS most recent approved actuarial valuation, December 31, 2023.

- All the audited financial statements obtained from the Employers contained an external auditor’s unmodified (“clean”) opinion. In addition, no external auditor disclosed any “Going Concern” issues regarding the Employer’s ability to continue as a governmental entity.
- All OCERS’ Employers have made their required OCERS contribution payments since the prior year’s report.
- In addition, OCFA continued to make additional payments toward their unfunded actuarial accrued liability (UAAL).

Upon review of the reported financial information from the Employers, no further action is planned from OCERS’ Executive Management.

Submitted by:



DK – APPROVED

David Kim
Assistant CEO, External Operations



2024

Edition of OCERS Annual Employer Report

(As of December 31, 2023)

David Kim, Assistant CEO, External Operations

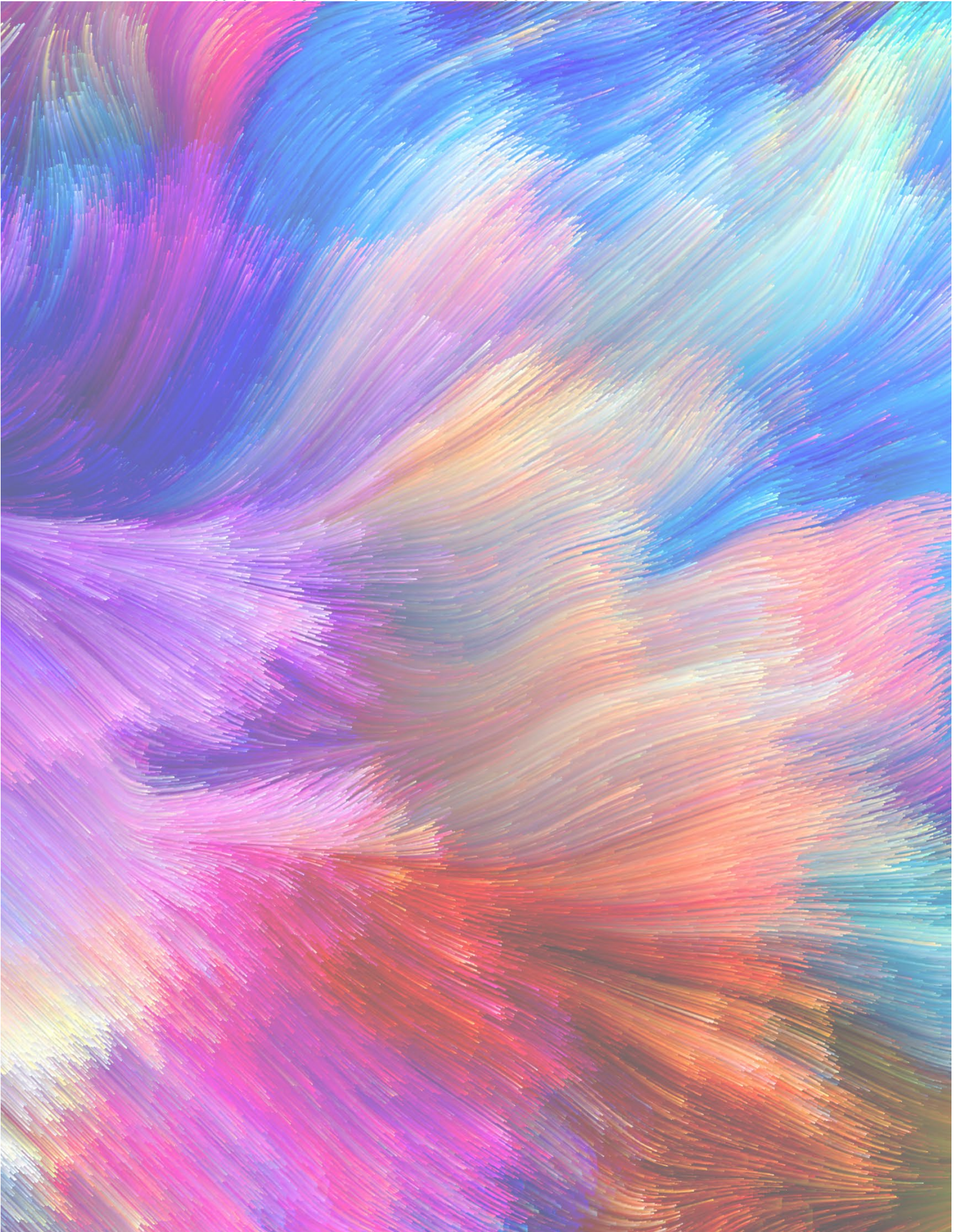


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Executive Summary

The Orange County Employees Retirement System (OCERS) is a public pension plan that partners with 13 active Employers to provide a defined benefit lifetime pension to many of Orange County's public servants. As of December 31, 2023, OCERS manages a \$22.4 billion fund from which members received pension benefit payments totaling \$1.2 billion for the year ending December 31, 2023. The pension benefits our members receive are funded from three main sources: employer contributions, member contributions, and earnings on investments.

The OCERS 2024 Annual Employer Report (Employer Report) provides the OCERS Board of Retirement with a summary of key financial information on OCERS' Employers based upon information provided by their 2023 audited financial statements and 2023 budget and forecast documents.

- All the audited financial statements obtained from the Employers contained an external auditor's unmodified ("clean") opinion. In addition, no external auditor disclosed any "Going Concern" issues regarding the Employer's ability to continue as a governmental entity.
- All OCERS' Employers have made their required OCERS contribution payments since the prior year's report.
- In addition, OCFA continued to make additional payments toward their unfunded actuarial accrued liability (UAAL).
- Upon review of the reported financial information from the Employers, no further action is planned from OCERS' Executive Management.

Although this report includes financial information on OCFA and the Orange County Sheriff's Department, it does not include financial information from the cities that contract with OCFA and/or the Orange County Sheriff's Department. A financial summary of the 19 contract cities that contract with OCFA and/or the Orange County Sheriff's Department would require a separate report.

OCERS Annual Employer Report

Introduction

At its May 19, 2014, Regular Meeting, the OCERS Board of Retirement (Board) directed the OCERS Team to start creating this report of key financial information such as revenue sources and net position of OCERS' Employers.

Scope

This report includes financial information on OCERS' Employers for the fiscal year ending June 30, 2023, if publicly available. There were 22,782 active members within OCERS' 13 active Employers as of December 31, 2023, and 8,579 deferred members.

Background

Count of Active Members by Employers as of December 31, 2023:					
Employer	2019	2020	2021	2022	2023
County of Orange	17,154	16,474	16,899	16,905	17,581
Superior Court	1,418	1,397	1,384	1,435	1,459
OCTA	1,350	1,319	1,315	1,252	1,264
OCFA	1,417	1,457	1,508	1,528	1,560
Sanitation District	608	618	620	605	608
OCERS	87	87	90	103	113
San Juan Capistrano	76	67	51	55	55
The Toll Roads	61	54	61	55	59
In-Home Support Services	25	24	25	24	26
Cemetery District	24	25	25	25	24
Public Law Library	14	14	14	14	14
Children & Family Commission (First 5)	12	14	14	17	14
LAFCO	5	4	5	4	5
Total:	22,251	21,554	22,011	22,022	22,782

Annual revenues for OCERS' five largest Employers: \$8.5 billion

Revenues as of Year Ending June 30 (000's):					
Employer	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Orange County	\$ 4,503,000	\$ 4,802,000	\$ 5,597,000	\$ 5,600,000	\$ 6,042,000
OCTA	\$ 954,000	\$ 913,000	\$ 994,000	\$ 1,150,000	\$ 1,182,000
OCFA	\$ 414,000	\$ 473,000	\$ 495,000	\$ 515,000	\$ 583,000
Sanitation District	\$ 477,000	\$ 492,000	\$ 476,000	\$ 420,000	\$ 490,400
Superior Court	\$ 202,000	\$ 204,000	\$ 219,000	\$ 218,800	\$ 254,000
Total:	\$ 6,550,000	\$ 6,884,000	\$ 7,781,000	\$ 7,903,800	\$ 8,551,400

OCERS Annual Employer Report

Primary Revenue Sources for OCERS' Five Largest Employers - Year Ending June 30, 2023:

Revenue Category	Orange County	OCFA	Superior Court	OCTA	OCSD
Monies from CA/Federal	57%	12%	100%	23%	3%
Property Tax/Other Tax	20%	56%	0%	63%	25%
Sales Tax	5%	0%	0%	0%	0%
Service Charges	18%	31%	0%	10%	69%
Investments	0%	1%	0%	4%	3%
% of Total Revenues	100%	100%	100%	100%	100%
Total Revenues:	\$6 billion	\$583 million	\$254 million	\$1.18 billion	\$490 million

Net Position - Total assets less total liabilities for OCERS' five largest Employers – Year Ending June 30, 2023:

Net Position, as of Year Ending June 30 (000's):					
Employer	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Orange County*	\$ 2,464,735	\$ 2,527,108	\$ 2,844,388	\$ 3,663,267	\$ 5,000,000
OCTA	\$ 1,611,223	\$ 1,751,910	\$ 1,793,191	\$ 1,858,000	\$ 2,100,000
OCFA	\$ (299,453)	\$ (298,070)	\$ (274,665)	\$ (207,511)	\$ (47,000)
Sanitation District	\$ 2,194,789	\$ 2,360,502	\$ 2,539,010	\$ 2,710,382	\$ 2,800,000
Superior Court**	-	-	-	-	-

*The Unrestricted portion of County's Net Position actually has a deficit of \$1 billion.

**Superior Court's financial statements are blended within those of the State of California.

Employers' Bond Ratings, Purpose of Debt, and Form of Security (where applicable):

Orange County	OCTA	Sanitation District	Toll Roads	City of SJC
AA+/AA for \$442 MM of Revenue Bonds. AA+ for \$0.5 MM of Pension Obligation Bonds. County's Default Rating is AAA.	AA+ for \$618 MM of M2 Tax Revenue Bonds. A1 for \$85 MM of Toll Road Revenue Bonds.	AAA for \$0.9 BB of Certificate of Participation Notes and Revenue Bonds.	A/A- for \$5.0 BB of Toll Road Revenue bonds.	AAA for \$25 MM in General Obligation Bonds. \$20 MM in Water Refunding Bonds.
Debt issued to make pension prepayments, construction of facilities, and to finance the Teeter plan.	Debt issued to pay for Measure M2 projects and acquisition of 91 Express Toll Roads.	Debt issued to pay for treatment plant upgrades and water recycling facilities.	Debt issued to construct the 73, 241, & 261 toll roads.	Debts issued to acquire, preserve, and improve land; and to construct a ground water recovery plant.
Secured by lease payments from the County, general purpose revenues, airport revenues, and waste management revenues.	Secured by M2 sales tax revenues and 91 Express Lanes toll fees.	Secured by sewer usage fees.	Secured by toll road revenues.	Secured by property tax revenues and water usage fees.

Pension Debt - Net Pension Liability (NPL) is the accounting-based equivalent of UAAL that Employers must report on their financial statements (GASB 68). The results of this valuation reflect an experience study of the actuarial assumptions based on the experience during the period January 1, 2020 through December 31, 2022. Based on that study and the recommendations provided in our report dated August 11, 2023, the Board adopted updated actuarial assumptions for use in this valuation. The NPL decreased from \$5,391.0 million as of December 31, 2022, to \$4,846.7 million as of December 31, 2023, primarily due to a return on

OCERS Annual Employer Report

the market value of assets of 11.4%* during calendar year 2023, which was more than the assumption of 7.00% used in the December 31, 2023 valuation (a gain of about \$954.8 million).

GASB 68 Net Pension Liability (in '000s), per Segal Consulting:					
Employer	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Orange County	4,124,212	3,547,545	2,047,576	4,469,282	4,061,810
OCFA	354,395	181,122	(104,907)	279,061	168,457
Superior Court	336,766	299,663	186,751	360,928	344,886
OCTA	224,285	186,024	73,424	207,133	207,825
Sanitation District	(49,447)	(68,643)	(178,731)	(10,605)	(18,531)
City of San Juan Capistrano	26,192	20,116	11,742	18,650	17,443
OCERS	26,824	24,954	16,376	31,526	34,539
TCA	(1,753)	(3,881)	(10,882)	(660)	(1,889)
LAFCO	1,490	1,248	913	1,588	1,704
In-Home Supportive Services	719	304	(233)	667	462
Cemetery District	(228)	(145)	(1,395)	1,031	993
Children & Families Commission	(646)	(612)	(812)	(22)	189
Public Law Library	(75)	(949)	(2,630)	(322)	(1,034)
UCI *	30,214	25,337	17,134	29,315	26,555
Dept of Education *	3,099	2,661	1,523	3,323	3,189
Vector Control *	(626)	(1,681)	(5,502)	48	752
Cypress Recreation and Parks*	262	185	(103)	61	(641)
City of Rancho Santa Margarita *	(2)	(3)	(6)	2	0
Net Pension Liability	\$5,075,682	\$4,213,245	\$2,050,238	\$5,391,006	\$ 4,846,709

Gray-shaded employers represent 98% of the total pension liability.

* Denotes an Inactive Employer

Contributions - OCERS' five largest Employers paid 98% of employer and employee contributions received by OCERS for the year ending December 31, 2023. The County is OCERS' largest Employer and paid 75% of employer and employee contributions received by OCERS for the year ending December 31, 2023.

OCERS Employers have paid all actuarially required contribution payments.

OCERS Annual Employer Report

County of Orange

A five-member Board of Supervisors, who each serve four-year terms, and annually elect a Chair and Vice-Chair, governs the County of Orange (the County). A County Executive Officer, who reports to the Board of Supervisors, oversees 15 County departments, and elected department heads oversee six County departments.

The County is OCERS’ largest Employer, with 17,581 active members or 77% of OCERS’ total active members. The County and its employees contributed \$777 million to OCERS for the year ending December 31, 2023 (representing 76% of total contributions received by OCERS in that period).

Although the County’s Net Position is a positive \$5.9 billion entity-wide, the unrestricted portion of the Net Position has a deficit of \$638 million primarily due to the recognition of the net pension liability on its Balance Sheet and OPEB liability on the financial statements.

County of Orange As of Fiscal Year Ending:

	6/30/19	06/30/20	06/30/21	6/30/22	6/30/23
Total Assets	\$10.4 billion	\$10.6 billion	\$11.4 billion	\$12.8 billion	\$13.6 billion
Total Liabilities	\$7.8 billion	\$7.8 billion	\$7.7 billion	\$7.7 billion	\$7.7 billion
Net Position	\$2.5 billion	\$2.8 billion	\$3.7 billion	\$5.0 billion	\$5.9 billion
Cash & Cash Equivalents	\$3.2 billion	\$3.9 billion	\$4.2 billion	\$4.8 billion	\$4.6 billion
Net Pension Liability	\$4.9 billion	\$4.1 billion	\$ 3.5 billion	\$2.0 billion	\$4.5 billion

Pension Contribution Rates, per Segal’s actuarial valuation dated:

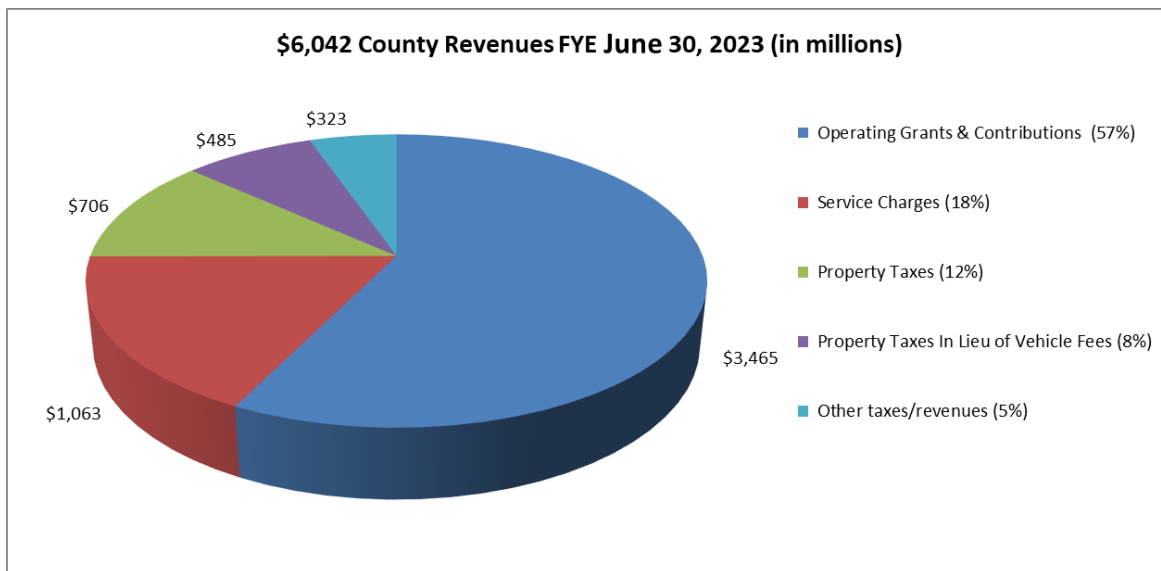
	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Employer Contribution Rate - Safety	59%/67%*	56%/63%*	53%/59%*	58%/60%*	60%/ 58%*
Avg. Employee Contribution Rate - Safety	17%	17%	17%	18%	16%
Employer Contribution Rate - General	39%	40%	38%	38%	38%
Avg. Employee Contribution Rate - General	11%	11%	11%	11%	12%

*OC Probation Department / OC Sheriff’s Department

OCERS Annual Employer Report

County of Orange’s Revenues

The County’s total governmental and business-type activities revenues (excluding draws from reserves and intra-governmental fund transfers) were \$6 billion for the year ending June 30, 2023.



The County’s governmental activities rely on several sources of revenue to finance ongoing operations. Operating/capital grants and contributions comprised the largest revenue source for the County at \$3.4 billion, followed by charges for services at \$1 billion, property taxes at \$706 million, property taxes (in lieu of motor vehicle license fees) at \$485 million, and \$323 million in other taxes/general revenue sources.

Operating Grants and Contributions (\$3.4 billion) are monies received from parties outside the County and are generally restricted to one or more specific programs such as State and Federal revenues for public assistance programs and for health care programs. Often referred to as intergovernmental revenues, the major funding sources in this category include Realignment, Public Safety Sales Tax (Proposition 172), and the Mental Health Services Act.

- Realignment revenue is a major and important revenue source for multiple County departments such as the Health Care Agency, Social Services Agency, Sheriff-Coroner Department, District Attorney – Public Administrator, Probation and Public Defender. There have been three legislative acts whereby programs and services were realigned to the County level with funding provided and limited to those realigned services.
 - 1991 Realignment – In FY 1991-92, the State approved the Health & Welfare Realignment Program which involved a shift of fiscal and programmatic responsibilities

OCERS Annual Employer Report

for many health and human services from the State to the counties. This shift was funded through a corresponding change to new dedicated Sales Tax and Vehicle License Fee revenues.

- 2011 Realignment – Part of the FY 2011-12 Budget plan, the State enacted another major shift of fiscal and programmatic responsibilities for various criminal justice, mental health, and social services programs from the State to the counties. This shift was funded through a corresponding change to existing state and local tax revenues.
- Juvenile Justice Realignment – On September 30, 2020, Senate Bill (SB) 823, Juvenile Justice Realignment: Office of Youth and Community Restoration, was chaptered. This legislation realigned the responsibility of the youth formally eligible to serve commitments at the Department of Juvenile Justice to the counties’ juvenile corrections systems to serve their custodial commitments within their home counties and undergo in-custody program/treatment and receive transitional/reentry services as ordered by the Juvenile Court.

Realignment revenue is purpose-restricted to support and sustain state-mandated programs. For FY 2022-23, the County received a total of \$766 million in realignment revenue.

- Public Safety Sales Tax (Proposition 172) is a half-cent sales tax revenue and a significant revenue source for the OC District Attorney (OCDA) and Sheriff-Coroner Department (OCSD). The County’s Public Safety Sales Tax revenue is distributed to OCDA (20%) and OCSD (80%) separately and is restricted for public safety uses. Revenue received for FY 2022-23 was approximately \$418 million.
- Mental Health Services Act (MHSA) is a one percent tax on personal income above \$1 million and was enacted in 2005 based on voter approval of Proposition 63. This funding is restricted to county mental health programs for all populations: children, transitional-age youth, adults, older adults, families, and, most especially, the unserved and under-served. In addition, this funding is also designed to provide a wide range of prevention, early intervention, and treatment services, including the necessary infrastructure, technology, and enhancement of the mental health workforce to support it. In FY 2022-23, a total of \$172 million was received by the County. In March 2024, voters passed Proposition 1, Behavior Health Services Act, which will replace MHSA and provide a different funding structure with implementation in FY 2026-27.

Charges for services (\$1 billion) are revenues that arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided.

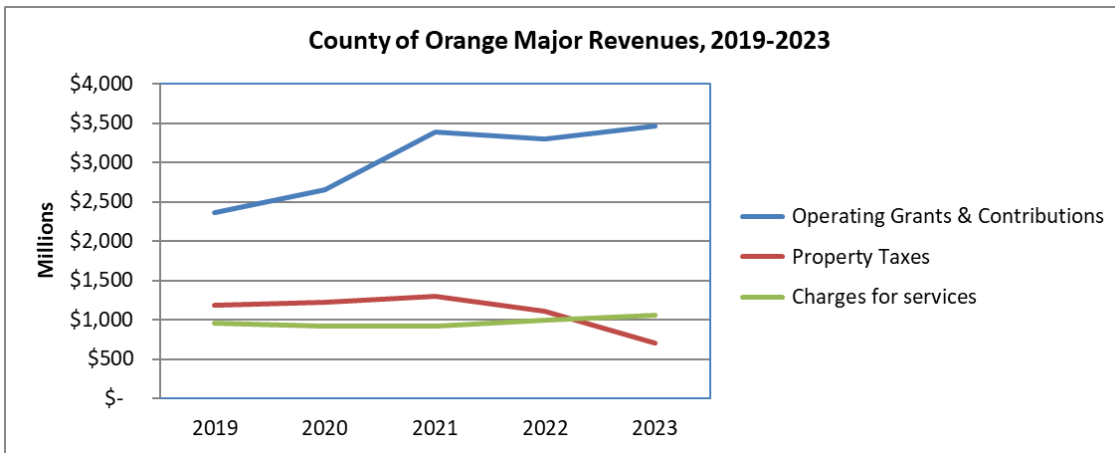
OCERS Annual Employer Report

Examples of the type of services generating this revenue include contract law enforcement services and County-provided services, such as mental health, institutional care, health, road and street, and sanitation. Fees and charges recover the cost of services provided and ensure services continue in the future.

Property taxes are levied by the County. The 1% tax rate is the general levy for property tax based on assessed property values within the County.

The County receives property taxes “In-Lieu of Motor Vehicle License Fees” as part of the California State Budget Act of 2004. The Legislature reduced the backfill to cities and counties for reductions in the Vehicle License Fee and in return gave cities and counties additional property tax revenue.

County Revenue Trends



County’s Long-Term Debt and Bond Ratings (Non-UAAL liability), as stated in its 2023 Annual Comprehensive Financial Report:

The County has \$603 million in long-term debt as of June 30, 2023. Most of this debt was lease revenue bonds of \$520 million. On December 11, 2023, Moody’s Investors Service withdrew the County’s Issuer Credit Rating.

On July 15, 2024, S&P Global Ratings raised its issuer credit rating for the County from AA+ to AAA. At the same time, S&P Global Ratings raised its long-term rating from AA to AA+ on the County’s outstanding appropriations obligations, including those issued by the South Orange County Public Financing Authority. The County maintained its Issuer Credit Rating of AAA from Fitch Ratings.

OCERS Annual Employer Report

Below are the long-term debt ratings as of June 30, 2023.

LONG-TERM DEBT RATINGS			
June 30, 2023			
	S&P	Moody's	Fitch
2016 Lease Revenue Bonds	AA	NR	NR
2017 Lease Revenue Bonds	AA	NR	AA+
2018 Lease Revenue Bonds	AA	NR	AA+
2022 Lease Revenue Bonds	AA	NR	AA+
Teeter Plan Notes	NR	NR	NR

Net Position as of June 30, 2023

The total assets of the County exceeded total liabilities on June 30, 2023, by \$5.9 billion. The County’s Net Position was comprised of the following:

- **Net Investments in capital assets** of \$4.5 billion include buildings, equipment, and land, construction in progress, structures, equipment, software, and infrastructure.
- **Restricted** was \$2 billion, which combined amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation and was primarily for social services/welfare grants, pension obligation bonds, future capital projects, and the County’s debt service.
- **Unrestricted** has a deficit of \$638 million. The unrestricted fund balance is to be made available for any purpose approved by the Board of Supervisors but is negative due to the recognition of the net pension liability (GASB 68).

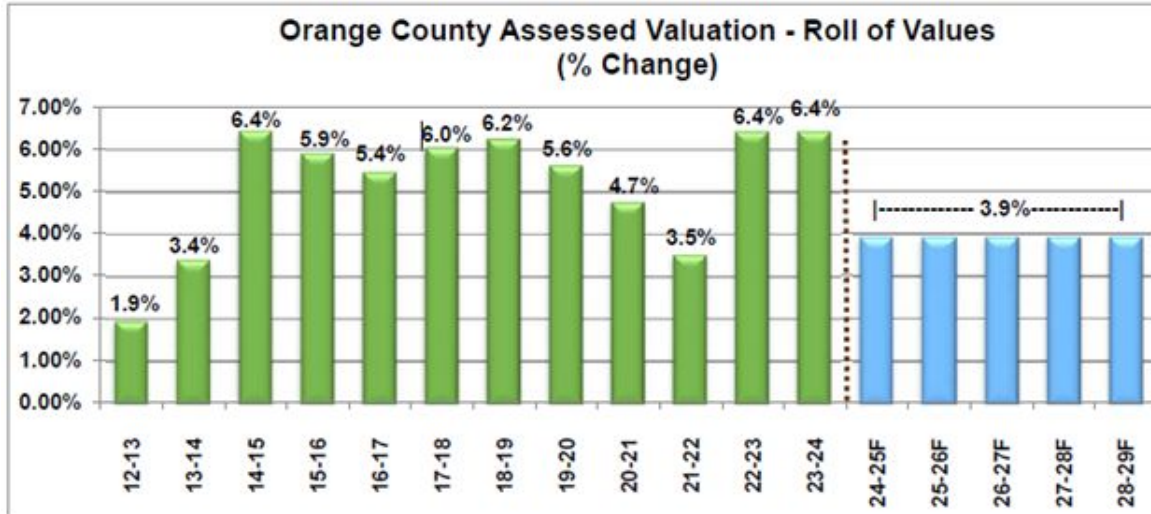
Budgeting and Forecasting by the County

On June 28, 2022, the budget for the fiscal year ending June 30, 2023, was adopted by the Board of Supervisors. On December 19, 2023, the Board of Supervisors adopted the County’s 2023 Strategic Financial Plan, which included a five-year forecast for revenues and expenditures, updated strategic priorities, capital and information technology improvement plans, as well as key assumptions, economic indicators, and other key factors. The Strategic Financial Plan is influenced by several economic factors, measuring the County against the nation and other counties and against its own past performance.

According to the Orange County Assessor’s Office, the County’s FY 2023-24 total net taxable value on the Roll (listing of all taxable county property) is \$767.5 billion. The Roll of Value was up 6.41% or \$46.3 billion more than the previous fiscal year. Each of the County’s 34 cities and the unincorporated areas had a year-to-year increase in net taxable value. Within the County’s 2023 Strategic Financial Plan, the following chart illustrates the history of the percent change in

OCERS Annual Employer Report

Orange County’s Secured Assessment Roll of Value and the County’s forecast for upcoming years:



OCERS Annual Employer Report

Orange County Fire Authority (OCFA)

OCFA was formed on March 1, 1995, transitioning from the Orange County Fire Department to a Joint Powers Authority (JPA). The OCFA is an independent special district that services twenty-three member cities and the unincorporated areas of Orange County. The OCFA Board of Directors consists of elected officials appointed by the member cities. This Board also includes two representatives from the County Board of Supervisors. An appointed Fire Chief who reports to the Board of Directors manages the OCFA. Emergency response services are provided to nearly 2 million residents in a 586-square-mile area of Orange County.

OCFA is one of OCERS’ five largest Employers. OCFA has 1,560 active employees or 7% of OCERS’ active membership. OCFA and its employees contributed \$114 million to OCERS for the year ended December 31, 2023 (representing 11% of total contributions received by OCERS in that period).

OCFA’s Net Position is \$62 million entity-wide; the unrestricted portion of the Net Position has a deficit of \$189 million primarily due to the implementation of GASB 68 and 75 during FY 2014/15 and FY 2017/18 respectively, which required OCFA to begin reporting its net pension liabilities and OPEB liabilities.

OCFA As of Fiscal Year Ending:

	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Total Assets and Deferred Outflows of Resources	\$578 million	\$640 million	\$711 million	\$865 million
Total Liabilities and Deferred Inflows of Resources	\$853 million	\$847 million	\$758 million	\$802 million
Net Position	(\$275 million)	(\$207 million)	(\$47 million)	\$62 million
Cash and Investments	\$189 million	\$201 million	\$201 million	\$272 million
Net Pension Liability (Asset)	\$354 million	\$181 million	\$(105) million	\$279 million

Pension Contribution Rates, per Segal’s actuarial valuation dated:

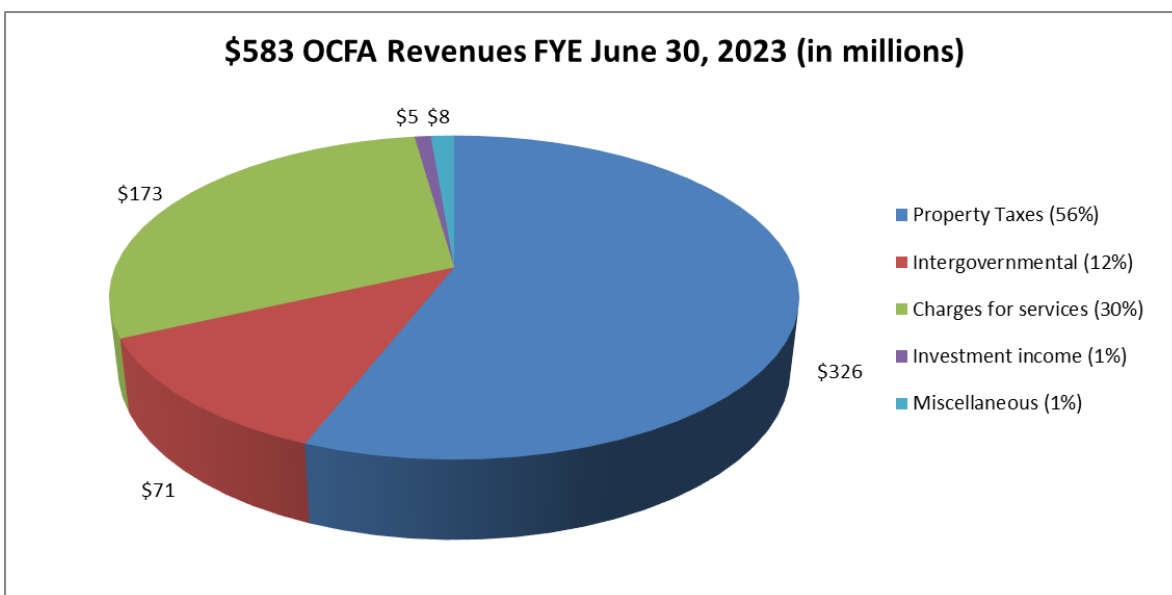
	12/31/20	12/31/21	12/31/22	12/31/23
Employer Contribution Rate - Safety	41%	36%	35%	34%
Avg. Member Contribution Rate - Safety	16%	16%	16%	16%
Employer Contribution Rate - General	24%	22%	23%	23%
Avg. Member Contribution Rate - General	11%	11%	11%	11%

OCERS Annual Employer Report

OCFA’s Revenues

OCFA’s total revenues were \$583 million for the year ending June 30, 2023.

Two primary sources of OCFA revenue are the Structural Fire Fund (SFF) and contract cities as outlined in the Joint Powers Agreement for the OCFA. Most revenues came from \$326 million in property taxes and \$173 million in service charges. OCFA also received \$71 million in both operating grants and capital grants from other governmental agencies. There were \$8 million in miscellaneous revenues and \$5 million in investment income.



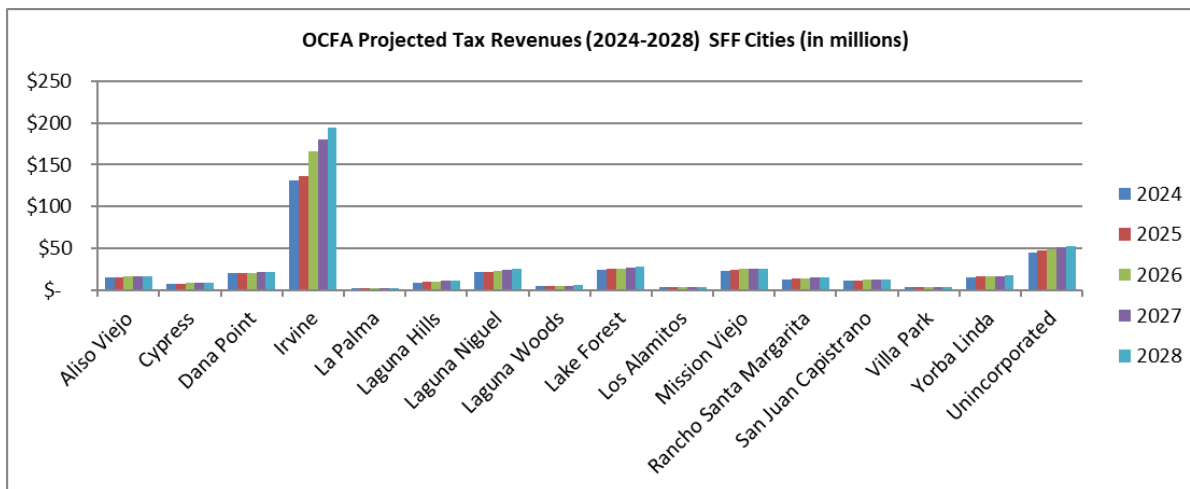
Structural Fire Fund (SFF)

The County of Orange remits a portion of property taxes collected from SFF cities to OCFA in accordance with the County’s tax apportionment procedures and schedules. In the fiscal year ending June 30, 2023, the effective weighted rate of 11.58% of the county’s 1% general levy tax was remitted to OCFA from SFF cities. Rates by SFF city ranged from a low of 9.27% in the City of Yorba Linda to 12.53% in the City of Irvine (Irvine alone provides 37% of total property tax revenue).

SFF members currently include Aliso Viejo, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Rancho Santa Margarita, San Juan Capistrano, Villa Park, Yorba Linda, and unincorporated areas of the County.

OCERS Annual Employer Report

OCFA’s consultant for property tax forecasting, Harris & Associates, expects an average increase of between 5.33% and 5.80% in property tax revenues through 2023. Below is OCFA’s multi-year projection of forecasted property tax revenues for each of the SFF cities, also per Harris & Associates.



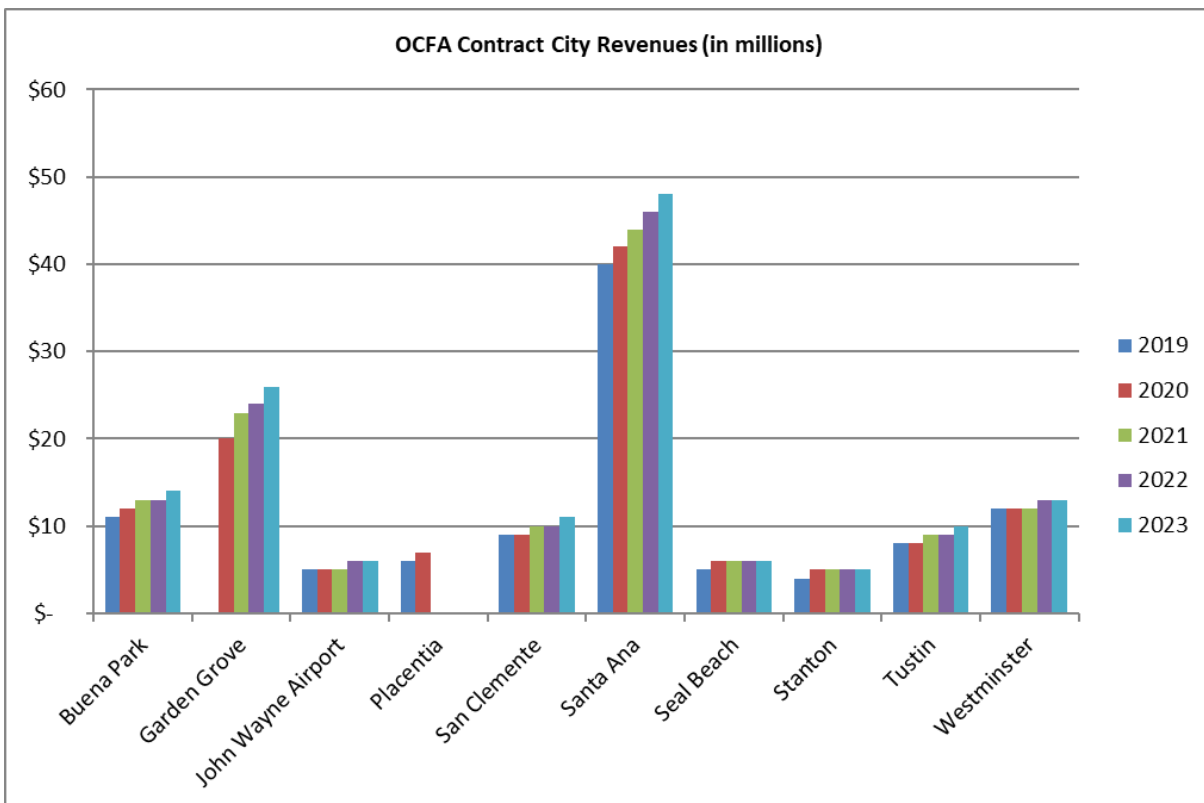
Contract Cities

Contract cities pay the OCFA for fire services out of their general funds. Contract cities currently include Buena Park, Garden Grove, San Clemente, Santa Ana, Seal Beach, Stanton, Tustin, and Westminster. There is also a contract with the State Department of Forestry (CAL FIRE) that renews every three years and a contract with John Wayne Airport that has renewed in varying intervals ranging from one-year intervals to five-year intervals.

Annually, OCFA calculates the total fire service charges for each contract city. The charge includes a base service charge, vehicle replacement costs, and station maintenance costs. The base service charge is the sum of the prior year's total service charge plus cost increases capped at no more than 4.5%. Generally, salary and benefits historically account for more than 90% of the base service charge. Thus, increases in salary and benefits have been the general drivers of the annual increase in base service charges.

Periodically, OCFA compares actual operational costs for the fiscal year against the annual service charge of each contract city. Depending on the size of the variance, the contract city may potentially end up paying OCFA the entire difference in the current year or amortizing payment over a specified length of time.

OCERS Annual Employer Report



OCFA’s Long-Term Liabilities

OCFA’s long-term liabilities as of June 30, 2023, increased 143% to \$620 million composed of the following: \$279.1 million in net pension liability, \$111.6 million in other post-employment benefits (OPEB), \$139.9 million in workers' compensation claims, \$57.9 in master equipment lease/purchase agreement, and \$31.5 in other long term liabilities.

OCFA’s Fund Balances

At FYE June 30, 2023, OCFA’s governmental funds reported combined ending fund balances of \$310 million. Approximately \$27 million or 9% constitutes an unassigned fund balance, which is available for spending for any purpose. The remaining \$282 million or 91% of the fund balance has already been restricted, committed, or assigned for specific purposes, or it is in a non-spendable form.

OCFA’s “Expedited Pension UAAL Payment Plan”

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In September 2013, the OCFA Board of Directors approved an “Expedited Pension UAAL Payment Plan” with an expected payment of the entire UAAL balance over 13 years by 2026-2027.

OCFA has made the following additional payments toward its UAAL:

- FY 13/14 \$5.5 million
- FY 14/15 \$21.3 million
- FY 15/16 \$15.4 million
- FY 16/17 \$13.5 million
- FY 17/18 \$19.9 million
- FY 18/19 \$19.2 million
- FY 19/20 \$13.7 million
- FY 20/21 \$15.8 million
- FY 21/22 **
- FY 22/23 **

Total: \$124.3 million

****In FY 21/22 the accelerated pension payment plan achieved its 85% funding target and redirected expedited payment dollars to the retiree medical liability.**

Segal Consulting reports that OCFA has saved \$76.7 million in interest by making the above additional payments towards its UAAL and OCFA is expected to achieve 100% funding by December 31, 2031. Last year's forecast indicated that OCFA would attain a 100% funded status by December 31, 2023. However, due to OCERS experiencing a loss of 14.84% (-7.84% actual rate of return compared to the assumed rate of return of 7%) in 2022, the timeline for achieving 100% funded status has been updated.

Net Position as of June 30, 2023

The total liabilities and deferred inflows of resources of OCFA exceeded its total assets and deferred outflows of resources on June 30, 2023, by \$62 million.

The Unrestricted portion of the Net Position has a deficit of \$189 million.

Contract Cities Agreements and UAAL

Neither the original March 1995 OCFA Joint Powers Authority Agreement, nor the March 2000 amendment, nor the July 2010 amendment renewing the OCFA membership of contract cities, structural fire fund cities (SFFs), and the County, explicitly mentions any requirement for a

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member city to pay a portion of OCFA's unfunded actuarial accrued liability to OCERS upon the member city's withdrawal from OCFA. However, the March 2012 "Fire Services and Medical Services Agreement" between the City of Santa Ana and OCFA (executed when the City of Santa Ana initially joined OCFA) states:

Upon termination or expiration of this Agreement or other cessation of city's membership in OCFA, city agrees to pay OCFA the amount of the unfunded pension liability that had accrued during the term of this Agreement for the number of OCFA employees serving the city. In the event of any dispute regarding the amount of the unfunded pension liability at that time, the parties agree that the amount shall be determined by an independent actuary selected either by mutual agreement of the parties, or failing that, by the actuary used by the Orange County Employees Retirement System (OCERS).

This same language was included in the Fire and Emergency Medical Services Agreement between the City of Garden Grove and OCFA.

Withdrawing from the JPA

Under the OCFA joint powers agreement, both SFF and contract cities are members of OCFA for a twenty-year term commencing July 1, 2010. Twenty-year membership terms automatically renew in 2030. However, a city may give written notice of withdrawal prior to July 1 of the second to last year of every ten-year interval of a twenty-year term. So, for the current ten-year interval, notice must be given by June 30, 2028, to withdraw by July 1, 2030.

Impact on OCERS from Withdrawal or Termination of Members from or Dissolution of the OCFA JPA

Under joint powers authority law, the "debts, liabilities, and obligations of the agency shall be debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise." Govt. Code sec. 6508.1. Although the OCFA joint powers agreement expressly disclaims members' liability for debts incurred by OCFA, Government Code section 6508.1 was amended effective January 1, 2019, to state that the JPA agreement cannot "specify otherwise" with respect to the retirement liabilities of the JPA. As a result of the amendment, JPA agreements can no longer relieve the members of the JPA entirely from the retirement liabilities of the JPA. The apportionment of the retirement liability of the JPA among the member agencies in the event of JPA termination is subject to the provisions set forth in Government Code section 6508.2 (described in detail below).

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As stated above, SFF cities, contract cities, and the County all have a contractual right to withdraw from OCFA on July 1, 2030. Additionally, each participating city may be terminated by OCFA for non-payment of its annual obligations to OCFA. In the event of a member withdrawal or termination, OCFA remains liable to OCERS for the full amount of OCFA's UAAL. In the event of JPA termination, the then-current and former member agencies are subject to potential apportionment of the retirement liability of the JPA under provisions set forth in Government Code section 6508.2 (see below). Cities that joined the JPA within the last ten years (Santa Ana and Garden Grove) remain liable to OCFA for their share of those liabilities generated during the period of their membership in OCFA.

The withdrawal or termination by OCFA of a SFF city would not alter the County's obligation to pay into OCFA that city's share of annual property taxes collected by the County, subject to applicable law such as SB 302, which was passed in 2017. Senate Bill 302 (2017-2018) amended the California Revenue and Taxation Code to provide additional protections for SFF property tax revenues by conditioning transfers of SFF property tax revenues on approval of the County Board of Supervisors, the city councils of a majority of member cities, and the agency currently receiving those funds for fire protection services (i.e., OCFA). In this manner, these approving parties could condition any approval of a transfer of SFF property tax revenues upon (at a minimum) retaining a continuous flow of ongoing property tax revenue with OCFA sufficient to meet OCFA's anticipated UAAL payments to OCERS into the future. Further, OCFA has the authority to impose new special taxes or assessments in order to make up any funding shortage. Finally, under the County Employees Retirement Law (CERL), the California Constitution and OCERS' policies, OCERS has the right to accelerate the amortization of OCFA's UAAL so that it could become immediately due and payable in the event of a threatened dissolution of OCFA.

Assembly Bill 1912 (2017-2018) amended the Joint Exercise of Powers Act to add a provision (Government Code section 6508.2) to require, prior to a decision by the governing body of a JPA to dissolve or to cease operations, the member agencies of the JPA to mutually agree to the apportionment of the JPA's retirement obligations, provided that the agreement equals 100 percent of retirement liability of the JPA. If the member agencies are unable to mutually agree, the board of the retirement system shall apportion the retirement liability of the JPA to each member agency based on the share of service received from the JPA or the population of each member agency, such that the apportionment equals 100 percent of the retirement liability of the JPA. Section 6508.2 (a)(2) sets forth a process by which member agencies may appeal the board's determination to apportion the retirement liability. Such an appeal would be referred to an arbitrator for apportionment at the arbitrator's discretion. The mutual agreement among the member agencies or the determination by the board of the retirement system as to the

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apportionment of the JPA's retirement liability may include apportionment of the liability to a former member of the JPA. The decision of the JPA to dissolve or cease to operate does not become effective until the determination as to apportionment of the retirement liability is final.

Accordingly, if OCFA were to cease operations, new section 6508.2 of the Government Code provides OCERS with the authority to force an apportionment of the UAAL (\$158 million as of December 31, 2022) among the current and former members of OCFA before OCFA could cease operations. OCERS would then be entitled to proceed directly against any SFF or contract city for its apportioned share of the pension obligations.

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Orange County Superior Court

The State of California has 58 superior courts—one in each of the state’s 58 counties. Based on the number of authorized judicial officers, the Superior Court of Orange County is the third largest of the 58 courts (with 144 authorized judicial positions). The County of Orange mostly funded the Orange County Superior Court until January 1998 when it transitioned to being funded by the State of California. In 2004, the Court became an Employer in OCERS.

Orange County Superior Court is one of OCERS’ five largest Employers. Orange County Superior Court has 1,459 active employees, or 6% of OCERS’ active membership. The Court and its employees contributed \$61 million to OCERS for the year ended December 31, 2023 (representing 6% of total contributions received by OCERS in that period).

Orange County Superior Court does not issue stand-alone audited financial statements. Instead, OCERS used information provided by the Court’s adopted budget for FYE June 30, 2023.

As Noted for Superior Court Year Ending:

	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Net Pension Liability	\$337 million	\$300 million	\$187 million	\$361 million	\$344 million

Pension Contribution Rates, per Segal’s actuarial valuation dated:

	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Employer Contribution Rate	39%	40%	38%	38%	38%
Avg. Member Contribution Rate	12%	11%	11%	10%	10%

Trial courts in California are predominantly state-funded entities, whose funding appropriations are included in the State of California Budget under the Judicial Branch State Trial Court Funding. Consequently, the trial courts are subject to the level of funding that is negotiated between the Governor and the state Legislature.

OC Superior Court’s Revenue Allocation from the State

In 2012, the Governor and Legislature tasked the Judicial Branch with developing a new funding methodology to distribute funding more equitably to the 58 trial courts. In 2013, the new methodology named the Workload-Based Allocation and Funding Methodology (WAFM) established a baseline calculated funding need for each court using data such as total court filings, filing-driven costs, and U.S. Bureau of Labor Statistics labor cost data.

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The funding need is updated annually and can change depending on actual filing trends, workload costs, and other various adjustments. WAFM also established a method for allocating new ongoing funding and reallocating pre-WAFM historical funding from less underfunded courts like Orange County Superior Court to more severely underfunded courts.

During the five years when WAFM was in effect, Orange County Superior Court lost about \$13 million or 7% of its ongoing base funding. In FY 2018-19, WAFM ended and was replaced by the Workload Formula. While the Workload Formula keeps the funding need calculation established by WAFM, it eliminates the drastic reallocation of pre-WAFM historical funding that affected the Court greatly. The Workload Formula will instead use the Court's actual funding level as a percentage of its funding need. This percentage will then be compared to the statewide average funding percentage to determine each court's funding share given various funding scenarios. For FYE June 30, 2023, the Orange County Superior Court received 89.6% of its calculated funding need. The statewide average funding ratio was 94.8%.

Due to these funding limitations and a 3% cap on unrestricted ending fund balance Orange County Superior Court does not participate in OCERS' prepayment plan for discounted employer contributions.

OC Superior Court's Revenues

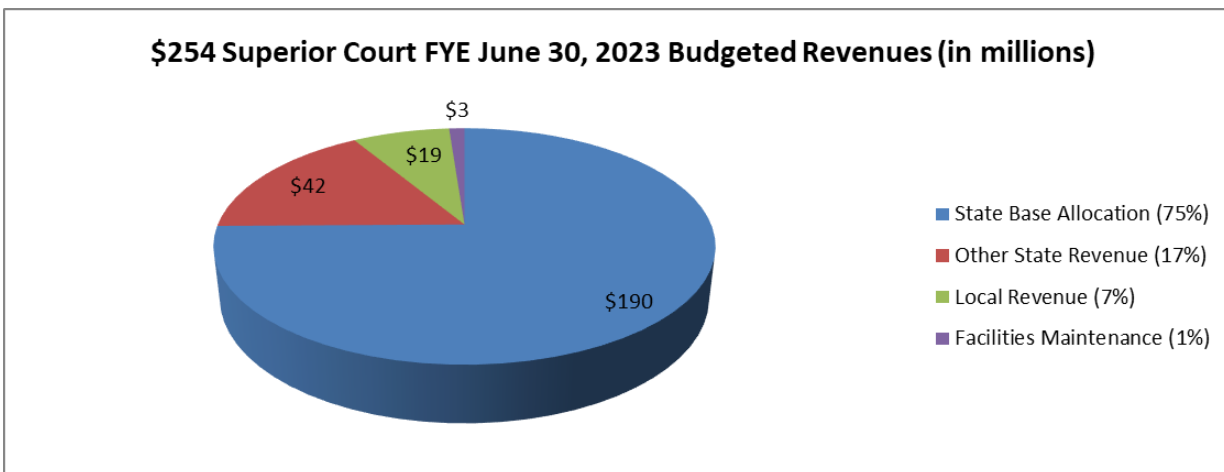
Orange County Superior Court's total financing sources were budgeted for \$254 million for the fiscal year ending June 30, 2023. \$190 million of the total budget (75%) was from California's state base allocation of revenues to the Court.

"Other State Revenue" was budgeted at \$42 million. This includes state grants and dollar-for-dollar reimbursements of expenditures for language interpreters, jury pay expenditures, and self-help programs.

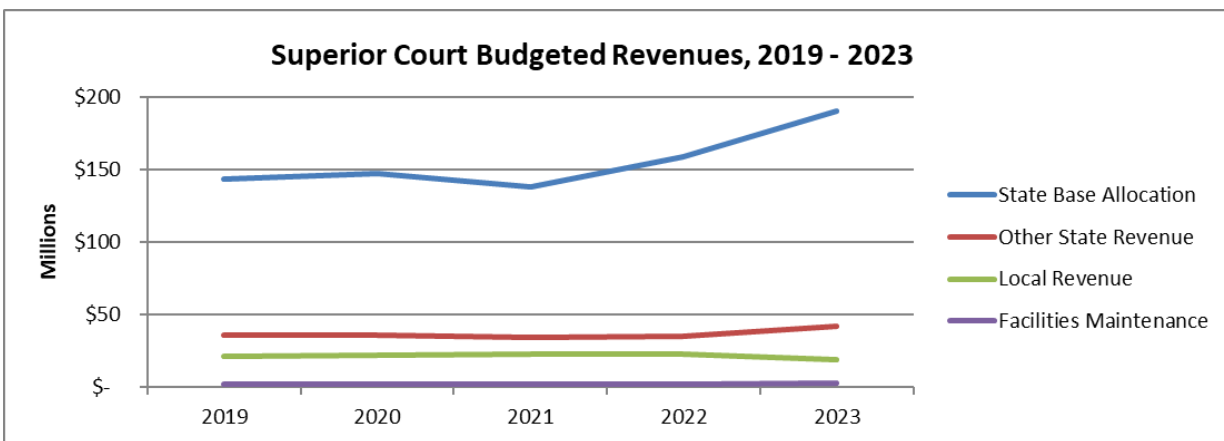
Local Revenues were budgeted for \$19 million and include donations, reimbursements for services provided to the County; cost recovery for the Enhanced Collections program, and local fees, such as for copies of documents. Typically, local revenues remain consistent and fluctuate little from year to year. These are dollar in – dollar out reimbursements of expenses.

Facilities Maintenance revenues were budgeted at \$3 million; this is a program in which the Court is reimbursed for facility maintenance and modifications, also a dollar in – dollar out reimbursement.

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Superior Court’s Past Revenue Trend



OCERS Annual Employer Report**Orange County Transportation Authority (OCTA)**

State law established OCTA on June 20, 1991. OCTA is governed by an 18-member Board of Directors that includes of five members of the Orange County Board of Supervisors, ten city representatives, two public members selected by the OCTA Board, and a non-voting representative appointed by the Governor of California. A Chief Executive Officer manages OCTA and acts in accordance with the directions, goals, and policies approved by the OCTA Board of Directors. OCTA serves County residents and commuters by providing countywide bus and paratransit service, Metrolink commuter rail service, freeway improvements, street and road improvements, the 91 Express Lanes, motorist aid services, and taxi program regulation.

OCTA is one of OCERS' five largest Employers. OCTA has 1,264 active employees or 6% of OCERS' active membership. OCTA and its employees contributed \$43.4 million to OCERS for the year ended December 31, 2023 (representing 4% of total contributions received by OCERS in that period).

OCTA As of Fiscal Year Ending:

	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
Total Assets	\$3.3 billion	\$3.3 billion	\$3.5 billion	\$4.0 billion	\$4.2 billion
Total Liabilities	\$1.6 billion	\$1.5 billion	\$1.6 billion	\$1.9 billion	\$1.9 billion
Net Position	\$1.87 billion	\$1.8 billion	\$1.9 billion	\$2.0 billion	\$2.3 billion
Cash and Investments	\$2.1 billion	\$2 billion	\$2.0 billion	\$2.4 billion	\$2.4 billion
Net Pension Liability	\$272 million	\$226 million	\$186 million	\$73 million	\$207 million

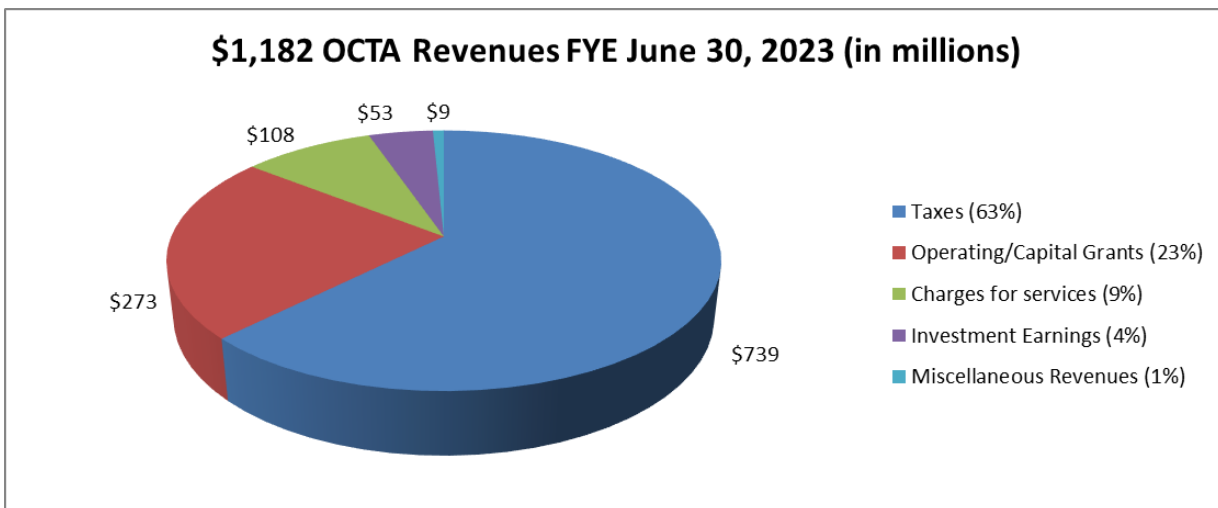
Pension Contribution Rates, per Segal's actuarial valuation dated:

	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Employer Contribution Rate	31%	31%	29%	30%	31%
Avg. Member Contribution Rate	10%	10%	11%	11%	11%

OCTA's Revenues

OCTA's total revenues increased by 2% to \$1,182 million. Most revenues received were tax revenues, totaling \$739 million for the year ended June 30, 2023. Other revenues included \$273 million in operating and capital grants from the State of California and the Federal Government and \$108 million in service charges. Finally, OCTA had a \$53 million return on investment earnings and \$9 million in miscellaneous revenues.

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Tax revenues noted above were comprised of Orange County’s Measure M2, California’s Transportation Development Act, and State Transit Assistance programs:

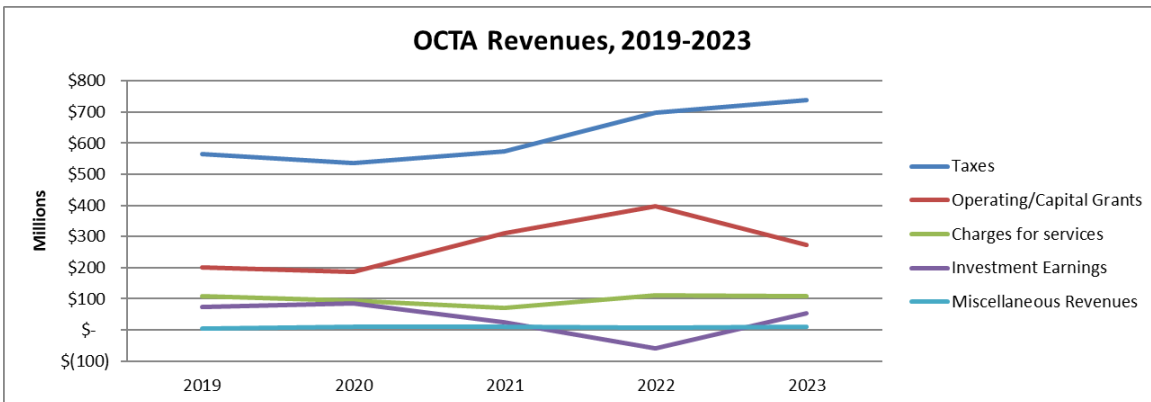
- Measure M ½-cent local sales tax - In 2006, Orange County voters renewed the M2 ½-cent sales tax for an additional 30 years (2011-2041). Allocation of M2 funds remains the same as the original M1 program with 43% slated for freeway improvements, 32% for streets and roads, and 25% for transit projects and programs.
- California’s Transportation Development Act (TDA) ¼-cent state sales tax - TDA provides funding for public transportation via the Local Transportation Fund (LTF). This fund exists for the development and support of public transportation needs that exist in California and are allocated to areas of each county based on population, taxable sales, and transit performance.
- State Transit Assistance (STA) revenue is generated by the state sales tax on diesel fuel as specified under the gas tax swap enacted in March 2010. STA revenues are then distributed based on several demographic factors.

Operating and capital grants noted above include Federal Operating Assistance Grants, Federal Capital Assistance Grants, and other federal or state grants. These funds are available for para-transit operating assistance, preventive maintenance, the capital cost of contracting, demonstration projects, transportation planning, and acquisition and construction of facilities, transit vehicles, and related support equipment. Federal grant funds are allocated on a formula and competitive basis for capital projects. The increase in operating grants and contributions is due to the American Rescue Plan Act received in the current year for public transportation planning associated with the restoration of transit service reduced due to the COVID-19 pandemic.

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Charges for services noted above include toll revenues from the 91 Freeway Express Lanes and revenues from operating bus routes and Metrolink railway routes.

OCTA’S Past Revenue Trends



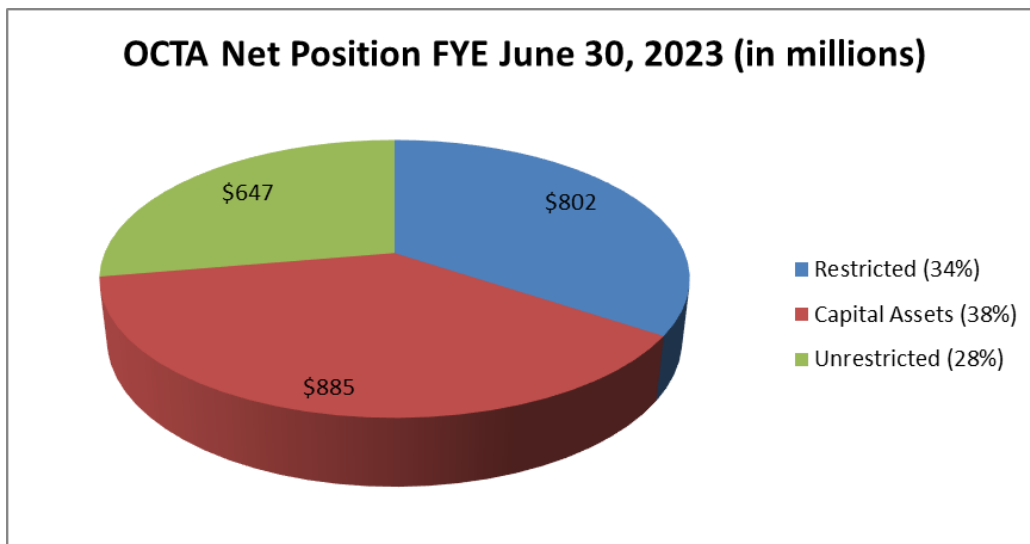
Net Position as of June 30, 2023

The total assets of OCTA exceeded its total liabilities on June 30, 2023, by \$2.3 billion. Of this amount, \$647 million is unrestricted and may be used to meet OCTA’s ongoing obligations to citizens and creditors.

The OCTA’s Net Position was assigned or restricted to the funds listed below:

- **Net Investments in capital assets** of \$885 million include buildings and improvements, machinery, equipment, furniture, transit vehicles, and transponders.
- **Restricted** was \$802 million, representing a net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties. This is mostly comprised of \$423 million of net assets restricted by the Transportation program and \$307 million of net assets restricted by Measure M2 legislation.
- **Unrestricted** was \$647 million. These are available for any purpose approved by the Board of Directors.

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Budgeting and Forecasting by OCTA

As per OCTA’s June 30, 2023, annual comprehensive financial report: OCTA anticipates growth for both local and state sales taxes in the coming year. In fiscal year 2023-24, the growth rate for the Measure M2 (M2) sales tax is forecasted to be 2.6 percent. The growth rate for the Transportation Development Act sales tax, which supports bus operations, is forecasted to be 1.9 percent.

Under the voter-approved M2 Program, improvements to freeways, streets and roads, and transit programs will continue. Included in the M2 Program budget is \$367 million to fund freeway improvement projects and \$185 million is budgeted to improve streets and roads. The budget also includes \$120 million for M2 Transit programs with \$49 million for ongoing construction of the OC Streetcar and \$45 million to support regional rail.

In fiscal year 2023-24, the budget to support the Bus Program is \$625 million. The budget can support bus service levels of up to 1.47 million service hours and includes a capital budget of \$212 million. A portion of the capital budget includes the purchase of 60 zero-emission vehicles which furthers OCTA’s efforts to test zero-emission technology. The budget includes continued support for regional rail service and provides the funding necessary to return to 90 percent of pre-pandemic levels of Metrolink service. Usage of the 91 Express Lanes is expected to dip slightly in fiscal year 2023-24 because of an anticipated decrease in trips due to a softening in the economy, high inflation, and high gas prices.

Construction will advance on the OC Streetcar project in the coming year, and the budget also anticipates completion of the I-405 Express Lanes Improvement Project and operations

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beginning on the 405 Express Lanes in December 2023. The fiscal year 2023-24 budget delivers on the Board's Strategic Initiatives and demonstrates OCTA's responsibility to the community in providing a balanced and sustainable multimodal transportation network, that keeps the residents of Orange County moving safely.

Long-Term Obligations and Bond Ratings (Non-Pension Related)

As of June 30, 2023, OCTA had \$1,282 million in long-term debt outstanding compared to \$1,352 million on June 30, 2022. The decrease of \$69,661 is primarily attributable to the defeasance of 2021 BANs of \$663 million as a short-term financing vehicle during the construction of the I-405 Express Lanes Improvement Project, offset by net TIFIA Loan drawdown and principal payment for \$620 million in the current fiscal year.

As of FYE June 30, 2023, OCTA has \$590 million in outstanding sales tax revenue bonds. M2 sales tax revenue is the revenue source assigned to pay down this debt. OCTA maintains Aa2, AA+, and AA+ ratings from the major credit rating agencies: Moody's, Standard & Poor, and Fitch, respectively.

As of FYE June 30, 2023, OCTA has \$71 million in outstanding Toll road revenue refunding bonds. The 91 Express Lane toll revenue is the revenue source assigned to pay down this debt. OCTA maintains Aa3, AA-, and AA- ratings from the major credit rating agencies: Moody's, Standard & Poor, and Fitch, respectively.

As of FYE June 30, 2023, OCTA has \$620 million in outstanding TIFIA Loan. OCTA received a rating of Baa2 from Moody's.

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Orange County Sanitation District

The Orange County Sanitation District (OC San) is a special district established by the California Legislature and governed by a 25-member Board of Directors. The directors are appointed from 20 cities, two sanitary districts, two water districts, and one representative from the Orange County Board of Supervisors.

OC San owns and operates certain wastewater facilities to provide regional wastewater collection, treatment, and disposal services to approximately 2.6 million people living in a 479-square-mile area of central and northwest Orange County – 185 million gallons of daily wastewater.

OC San is one of OCERS' five largest Employers. OC San has 608 active employees, or 3% of OCERS' active membership. OC San and its employees contributed \$17 million to OCERS for the year ended December 31, 2023 (representing 2% of total contributions received by OCERS in that period).

OC San as of Fiscal Year Ending:

	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
Total Assets	\$3.6 billion	\$3.7 billion	\$3.8 billion	\$4.0 billion	\$4.0 billion
Total Liabilities	\$1.2 billion	\$1.2 billion	\$1.1 billion	\$1.2 billion	\$1.0 billion
Net Position	\$2.4 billion	\$2.5 billion	\$2.7 billion	\$2.8 billion	\$3.0 billion
Cash and Cash Equivalents	\$76 million	\$107 million	\$97 million	\$86 million	\$143 million
Net Pension Liability (Asset)	\$29 million	(\$49) million	(\$69) million	(\$10.6) million	(\$10.6) million

Pension Contribution Rates, per Segal's actuarial valuation dated:

	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Employer Contribution Rate - General	12%	12%	12%	12%	12%
Avg. Member Cont. Rate - General	12%	11%	11%	11%	11%

OC San's Revenues

OC San's revenues were \$490.9 million for the year ending June 30, 2023. Net Capital assets increased \$92.2 million, or 3%, due mostly to the ongoing capital improvement program construction in progress additions of \$215.0 million, capital equipment of \$2.2 million, and land of \$0.5 million, offset by depreciation of \$123.6 million and \$1.9 million of prior capital project expenses that were written off as expense.

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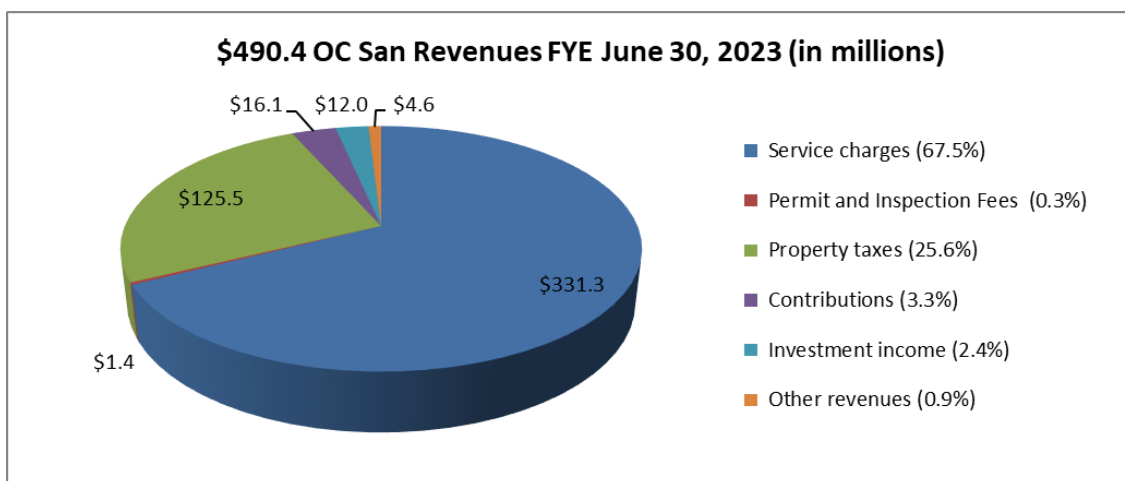
Service charges were \$331.3 million. Service charges are ongoing fees for service paid by customers connected to the sewer system. A property owner, or user, does not pay user fees until connected to the sewer system. Once connected, a user is responsible for his or her share of the system’s costs in proportion to demand on the system. These fees are for both single-family residences and multiple-family residences. The 2022-23 single-family residential rate, the underlying basis for all sewer rates, is \$347, and trends toward increasing yearly rates. Rates for commercial and residential use are modified upward for the additional water flow that comes from these types of structures.

Property taxes were \$125.4 million. The County is permitted by State law (Proposition 13) to levy taxes at one percent of full market value and can increase the assessed value no more than two percent per year. OC San receives a share of the basic levy proportionate to what was received from 1976 to 1978. OC San’s share of this revenue is dedicated for the payment of debt service.

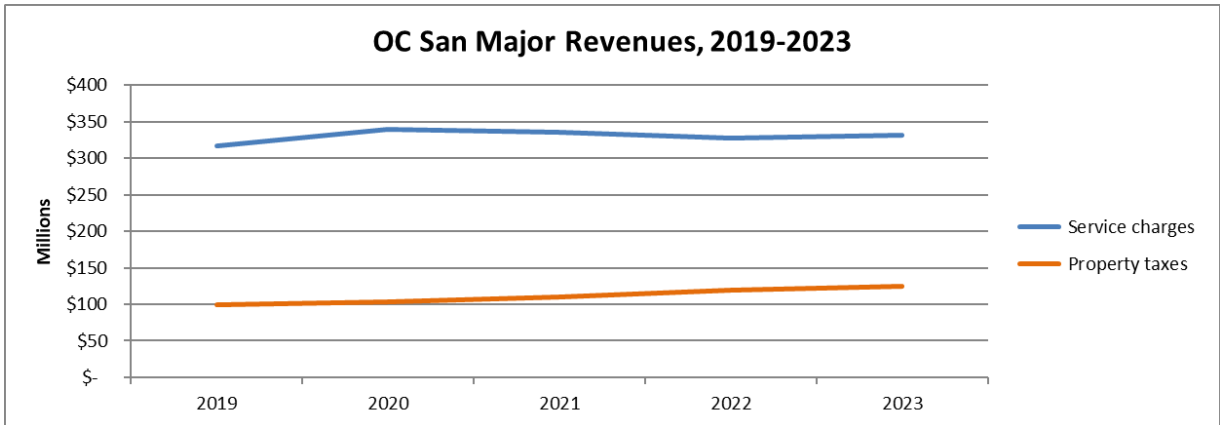
Contributions from other governments were \$16.1 million. This represents service charges to the Irvine Ranch Water District for its use of OC San’s collection, treatment, and disposal system.

Permit and inspection fees were \$1.4 million. Large industrial and commercial properties that discharge high volumes or high-strength wastewater are required to obtain a discharge permit and pay extra fees. These fees are for the owner’s share of the system’s costs, both fixed and variable, in proportion to the demand placed on the system.

Revenue from other income was \$4.6 million and investment income of \$12.0 million increased in 2023.



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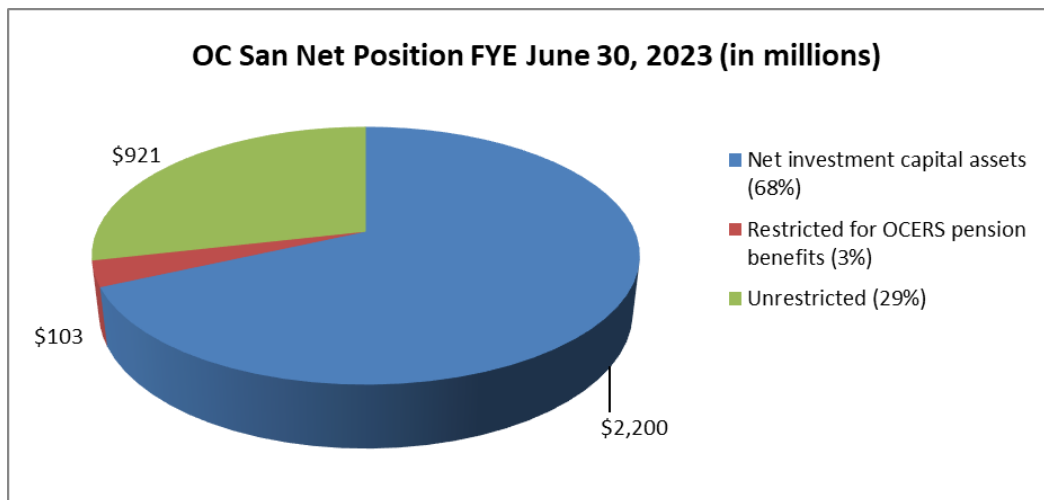


Net Position as of June 30, 2023

The total assets of OC San exceeded its total liabilities on June 30, 2023, by \$3.0 billion. Of this amount, \$921 million is unrestricted and may be used to meet OC San’s ongoing obligations to citizens and creditors.

OC San’s Net Position was assigned or restricted to the funds listed below:

- Net investment in capital assets: \$2.2 billion:
 - Collection system/land: \$589 million
 - Treatment and disposal system/land: \$2.3 billion
 - (Less: debt of \$789 million)
- Restricted for OCERS pension benefits: \$103 million
- Unrestricted: \$921 million: These are available for any purpose approved by the Board of Directors.



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Long-Term Obligations and Bond Ratings (Excluding Net Pension Liability)

All the outstanding debt of OC San (\$789 million as of June 30, 2023) has rate covenants that require a minimum coverage ratio of 1.25. The minimum coverage ratio is the ratio of net annual revenues available for debt service requirements to total annual debt service requirements. As of June 30, 2023, the coverage ratio for senior lien debt was 4.18.

Moody's, Standard and Poor's Corporation and Fitch Ratings reaffirmed their AAA rating of the OC San in the past fiscal year.

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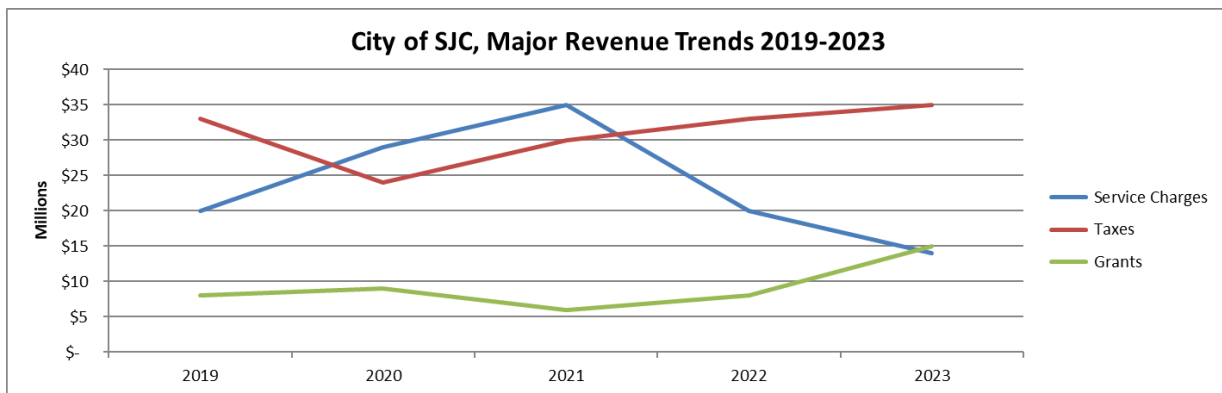
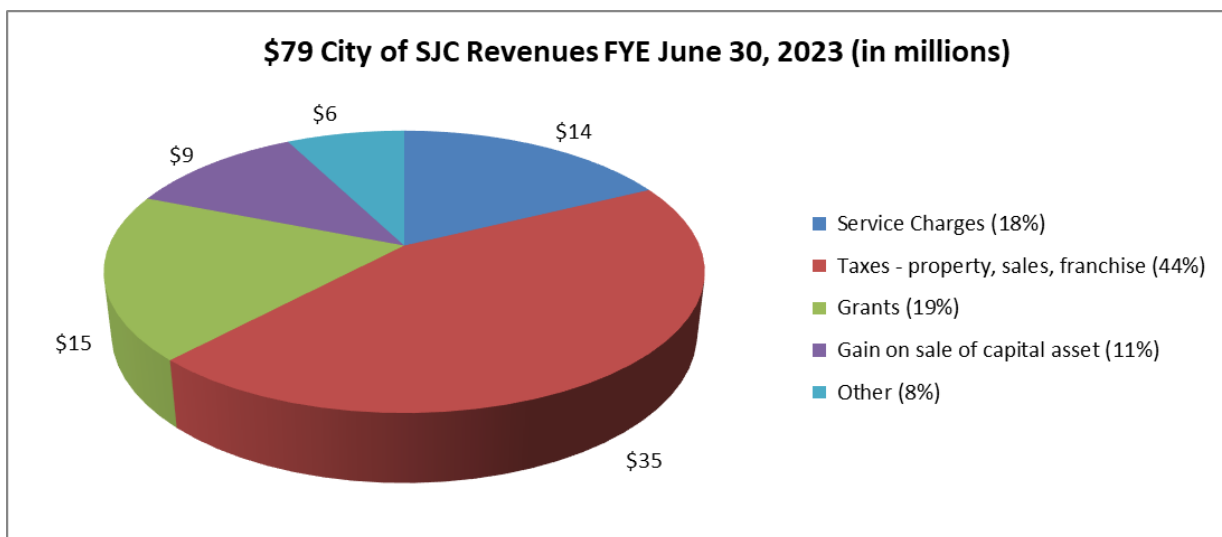
City of San Juan Capistrano

The City of San Juan Capistrano (City) and its employees contributed \$3 million to OCERS for the year ended December 31, 2023. The City has 55 active members. The City’s net pension liability was \$17 million as of June 30, 2023.

The City has grown from a community of 10,000 persons in 1974 to a developed city of 35,000 in 2023. The City is governed by a City Council of five members elected to four-year overlapping terms.

The City’s Revenues

The City’s total revenues were \$79 million for the year ending June 30, 2023, and are broken down as follows:

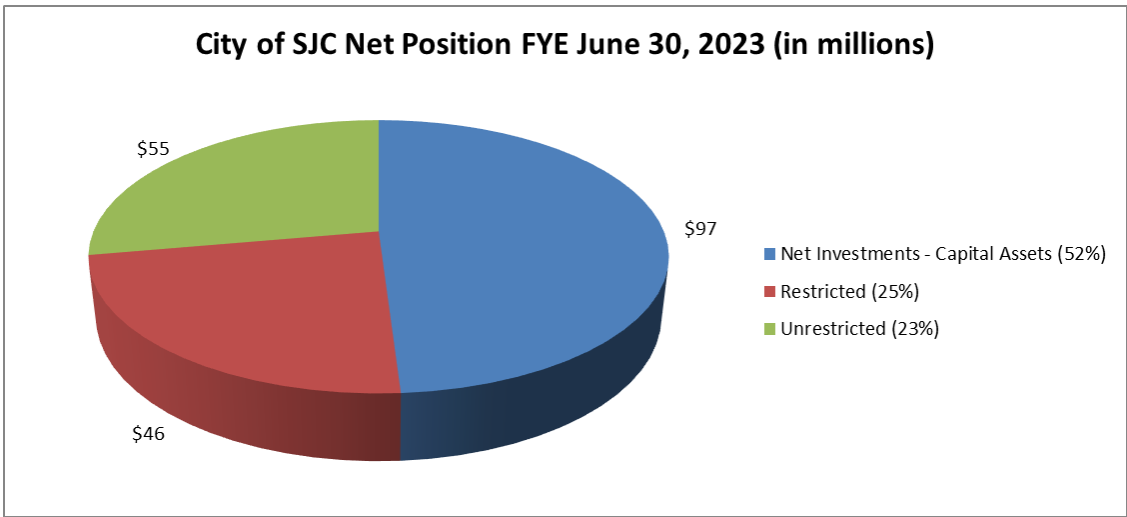


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Net Position as of June 30, 2023

The City's total assets exceeded its total liabilities on June 30, 2023, by \$198 million. Of this amount, \$55 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. The City's Net Position was assigned or restricted to the funds listed below:

- **Net Investments in capital assets** of \$97 million includes buildings, equipment, and land and include construction-in-progress, structures, equipment, software, and infrastructure.
- **Restricted** was \$46 million, which combined amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. These funds are restricted to various public and development works projects and for the water rate stabilization project.
- **Unrestricted** was \$55 million. These are available for any purpose approved by the City Council.



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Orange County Employees Retirement System (OCERS)

OCERS is an Employer and its employees contributed \$5.8 million to the OCERS pension fund for the year ended December 31, 2023. OCERS has 113 active members. Its net pension liability as an Employer was \$34 million as of December 2023.

As permitted by Government Code section 31580.2, administrative expenses, which include contributions to the OCERS retirement plan, are charged directly against the earnings of the OCERS pension trust fund.

According to OCERS' 2023 Annual Comprehensive Financial Report, administrative expenses of \$27.4 million were approximately 0.10% less than the allowable limit under the CERL (Gov. Code §31580.2.).

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Transportation Corridor Agencies

The Transportation Corridor Agencies (TCA), or the Toll Roads, and its employees contributed approximately \$1.7 million to OCERS for the year ended December 31, 2023. It has 59 active members. TCA's net pension liability (asset) was (\$2) million as of June 30, 2023.

TCA is comprised of the two joint powers agencies - the San Joaquin Hills Transportation Corridor Agency (SJHTCA) and the Foothill/Eastern Transportation Corridor Agency (FETCA) - formed in 1986 to manage the planning, financing, construction, and operation of State Routes 73, 133, 241 and 261. TCA's Board of Directors is composed of elected officials from 17 member cities and the County of Orange.

The San Joaquin Hills Transportation Corridor, commonly known as the 73 Toll Road, opened to traffic in 1996. For the year ending June 30, 2023, approximately 25.7 million transactions were recorded on the 73 Toll Road.

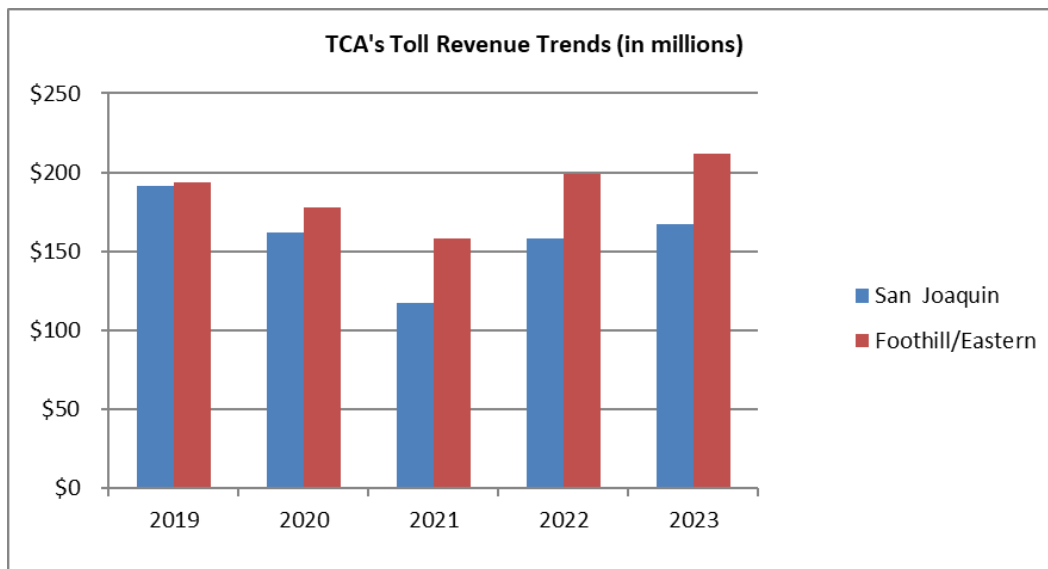
The Foothill/Eastern Transportation Corridor consists of the 241, 261, and 133 Toll Roads and first opened to traffic in 1993. For the year ending June 30, 2023, approximately 63.4 million transactions were recorded.

TCA's Revenues

TCA's total operating revenues (SJHTCA and FETCA combined) were \$397 million for the year ending June 30, 2023.

SJHTCA earned \$167.6 million in tolls, fees, and fines during the year ended June 30, 2023. FETCA earned \$212.3 million in tolls, fees, and fines during the year ended June 30, 2023. Traffic has steadily recovered from the COVID-19 pandemic, resulting in an increase in transactions according to TCA.

OCERS Annual Employer Report

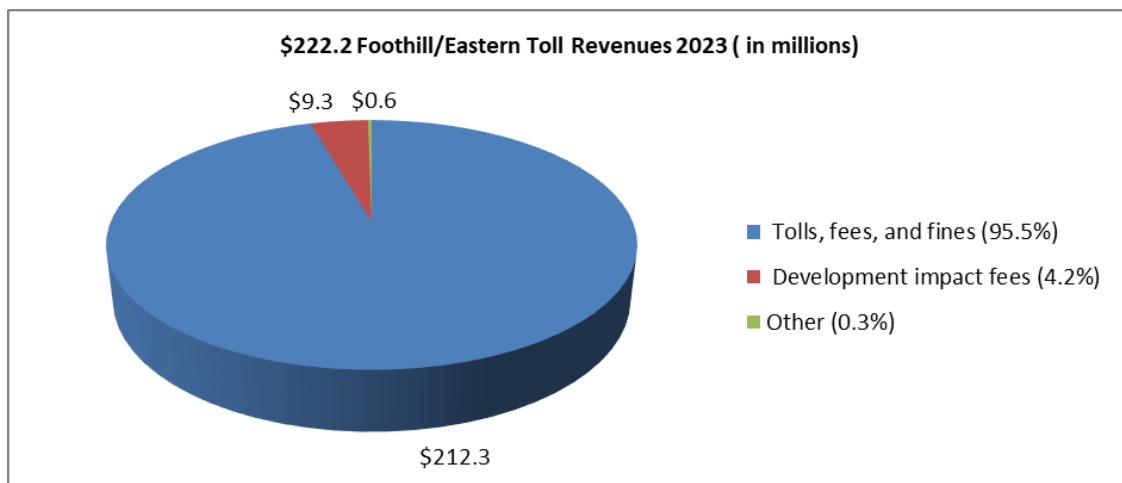
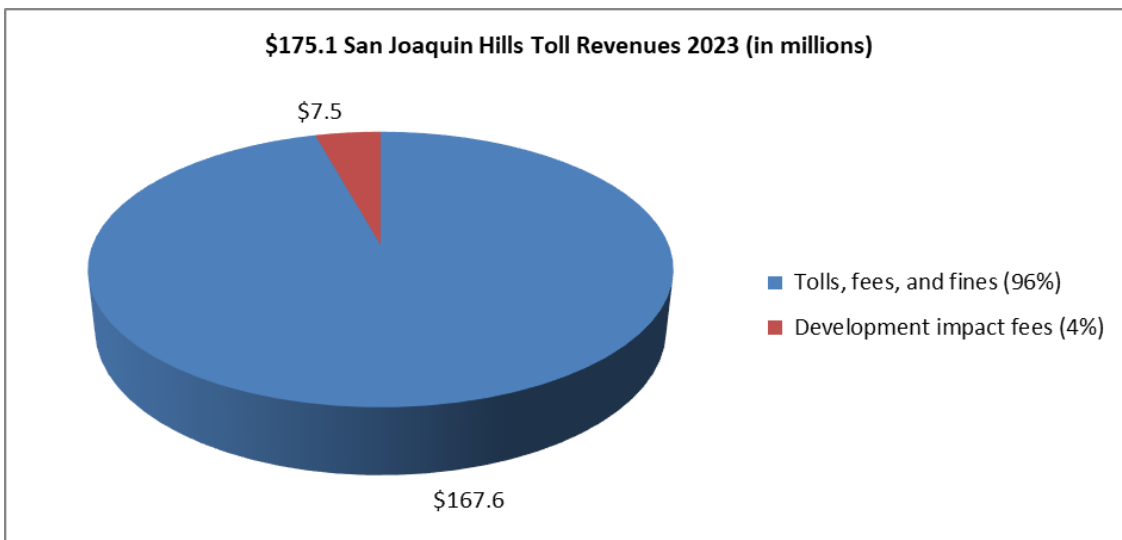


Development impact fees during the year ended June 30, 2023:

- SJHTCA earned \$7.5 million in development impact fees during the year ended June 30, 2023.
- FETCA earned \$9.3 million in development impact fees during the year ended June 30, 2023.

Development impact fees are fees charged for new residential units and new commercial square footage developed in certain cities that surround and benefit from the Toll Roads. The cities collect these fees from property developers and remit them directly to the Toll Roads. Of the \$16.8 million development impact fees noted above, the City of Irvine was the city with the largest amount of fees remitted, or \$7.7 million during the year ending June 30, 2023.

OCERS Annual Employer Report



Long-Term Debt

SJHTCA’s long-term debt of \$2.4 billion as of June 30, 2023, has maturities extending up to 2050. FETCA’s \$2.5 billion in long-term debt as of June 30, 2023, has maturities extending up to 2053.

The Foothill Eastern Transportation Corridor Agency (F/ETCA) continues to strengthen its economic position in the bond market with Moody’s Investors Service upgrading the Agency’s bonds from Baa2 to Baa1.

OCERS Annual Employer Report

Net Position as of June 30, 2023

- **Restricted** – \$458 million and \$323 million, respectively, for SJHTCA and FETCA. This portion of Net Position is subject to externally imposed conditions that can be fulfilled by the actions of the agency or by the passage of time and is related primarily to restricted bond proceeds and certain revenues collected.
- **Unrestricted** – \$197 million and \$487 million, respectively, for SJHTCA and FETCA. These amounts are available for any purpose approved by the Board of Directors.
- **Net Investment in Capital Assets** – Negative \$2.3 billion and negative \$2.2 billion, respectively, for SJHTCA and FETCA. The portion of Net Position related to investment in capital assets is a negative balance because ownership of the toll roads and related rights-of-way had been transferred to the State of California’s Department of Transportation, and these assets are not presented within each agency’s financial statements. Thus, the balances presented include only certain other capital assets, offset by the debt that financed the construction of the toll roads.

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Orange County Public Law Library

The Orange County Public Law Library (Public Law Library) and its employees contributed approximately \$0.3 million to OCERS for the year ended December 31, 2023. It has 14 active members. The Public Law Library’s net pension liability (asset) was (\$2) million as of December 31, 2023.

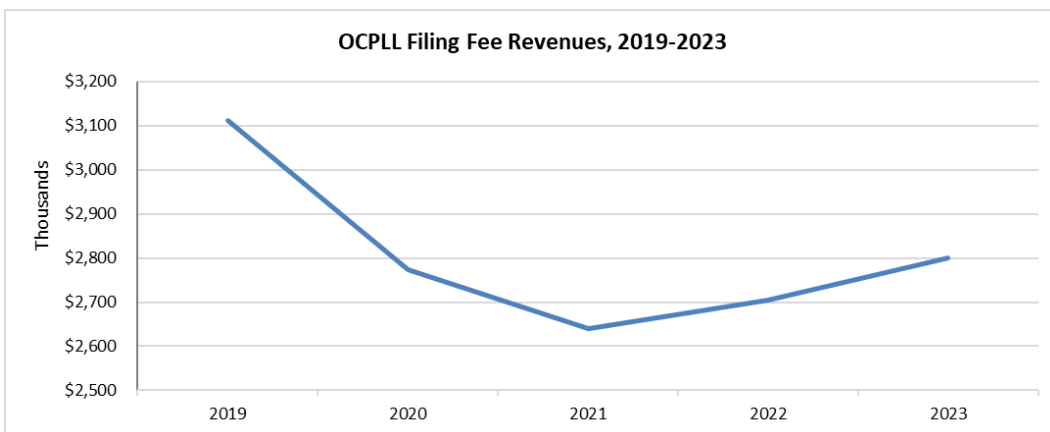
The Public Law Library’s Board of Trustees is composed of five judges chosen by the Orange County Superior Court and two attorneys chosen by the County Board of Supervisors.

Public Law Library’s Revenues

The Public Law Library’s total revenues were \$3 million for the year ending June 30, 2023.

Filing Fees received by the Public Law Library accounted for 95% of total revenues for the FY 2022-2023. The Public Law Library’s court filing fees are derived from a filing fee paid for every civil action filed in Orange County Superior Court. The filing fee is set statutorily by the State of California and this rate has been stable for several years. The number of civil cases filed in court had previously declined 31% since FY 2009-2010. Fee waivers granted by the Court for civil cases also have a negative impact on revenues. However, in-person library usage increased 18% over the last fiscal year, bringing attendance well above pre-pandemic levels.

The Public Law Library has no control over the number of civil filings, nor the filing fee rate set by the State of California. The state of California legislature contributed \$1.4 million to the Law Library in supplemental funding for the FY 2022-2023 as part of an ongoing effort to correct substantial revenue shortfalls experienced over the past decade.



As per the FYE June 30, 2023 financial statements, the Public Law Library’s assets exceed its liabilities by \$1.9 million.

Children and Families Commission (First 5 of Orange County)

The Children and Families Commission of Orange County (CFCOC), also known as First 5 of Orange County, and its employees contributed approximately \$0.4 million to OCERS for the year ended December 31, 2023. The CFCOC has 14 active members. Its net pension liability \$189 thousand as of June 30, 2023.

CFCOC was created because of Proposition 10, the California Children and Families Act of 1998. The proposition added a 50-cent sales tax on tobacco products sold in California and requires that funds raised be used to support education, health, and child development programs for children from the prenatal stage through age five. The State Commission, or First 5 California, receives 20 percent of Proposition 10 funds for statewide programs and public outreach. The remaining 80 percent of funds are allocated to commissions in each of California's 58 counties by birth rate. Only Los Angeles and San Diego counties surpass Orange County in terms of birth rate totals within the state of California.

CFCOC is governed by a nine-member board consisting of the County's Health Care Agency director, the County's Social Services Agency Director, one member of the County's Board of Supervisors, and six members from the public appointed by the Board of Supervisors.

CFCOC's Revenues

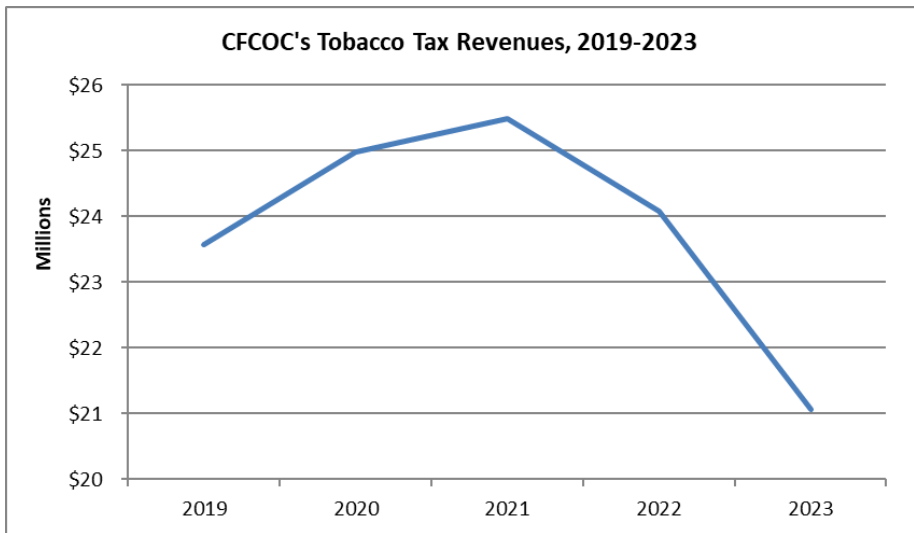
The CFCOC's total revenues were \$27 million for the year ending June 30, 2023.

Tobacco Tax revenues received by the commission in 2023 amounted to \$21 million (79% of total revenues). The CFCOC continues to anticipate annual decreases in tobacco tax revenues (i.e., Proposition 10). Since its peak in 2000 (with \$50 million in tobacco tax revenues), the CFCOC has had an overall reduction of over 50% in tobacco tax revenue, and projects that tobacco tax revenue will continue declining at an annual rate of 3% to 4% annually. On November 8, 2022, Proposition 31 passed which upheld a statewide ban on the sale of flavored tobacco products. As a result, projections for future tobacco tax revenues will decline below previous estimates. The flavor ban began impacting revenue receipts and projections beginning in Fiscal Year 2022-2023.

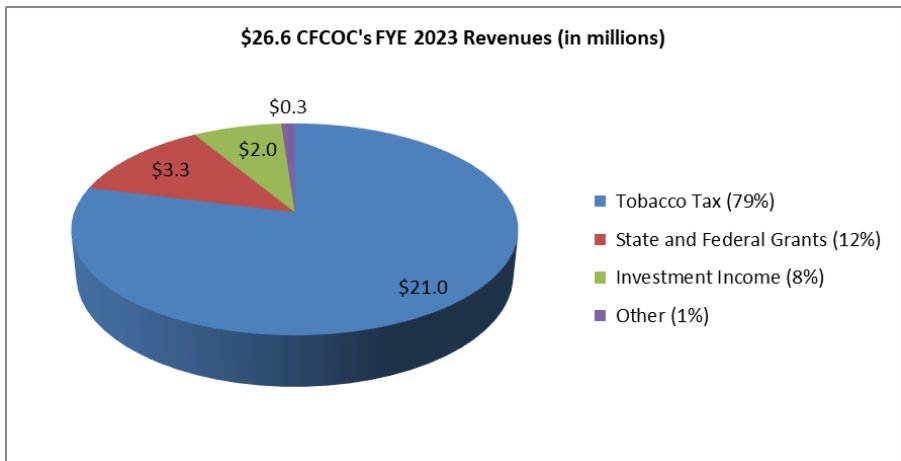
To address the above inherent decrease in revenues, the CFCOC's long-term financial plan includes planned reductions in annual program funding to account for declining revenues. The plan also assumes the usage of fund balance in future years to account for the difference between needed services and projected revenue.

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Other revenues of \$3.3 million were from various local and state grants for children’s programs such as the statewide First 5 IMPACT program, and the CalWORKS Home Visiting Program. Miscellaneous revenues increased slightly due to partnering with new community organizations to fund events and projects. Investment income increased significantly due to the fair higher investment returns and the reversal of the prior year's fair value adjustment.



CFCOC forecasts that Tobacco Tax revenues will have dropped to less than \$16 million by the 2025/2026 fiscal year.



Net Position as of June 30, 2023

The total assets of the CFCOC exceeded its total liabilities on June 30, 2023, by \$67 million. The entire amount is unrestricted and may be used to meet the CFCOC’s ongoing obligations to citizens and creditors as directed by its Board of Commissioners.

Orange County Cemetery District

The Orange County Cemetery District (OCCD) and its employees contributed approximately \$0.5 million to OCERS for the year ended December 31, 2023. OCCD has 24 active members. OCCD's net pension liability was \$1 million as of June 30, 2023.

The OCCD is an independent special district governed by an appointed five-member Board of Trustees who serve staggered four-year terms. Although privately owned in the beginning, the cemeteries were formed into separate independent districts in 1926. In 1985, the districts were consolidated under one governing board to create the OCCD. OCCD has three active cemeteries located in Anaheim, Lake Forest, and Santa Ana. OCCD was given 283.3 acres of land by the County of Orange in December 2018 to develop a fourth public cemetery on half of the property and set aside the other half of the property for a State Veterans Cemetery. The additional land will help address inventory shortages experienced at all three of the OCCD's cemeteries. OCCD typically averages 1,130 interment space sales per year, for the fiscal year ended June 30, 2023, the OCCD had 1,442 space sales. For interment services, OCCD conducted 1,213 for the fiscal year ended June 30, 2023.

Restricted funds have been set aside to fund the perpetual maintenance and care of cemeteries following the provisions of the Health and Safety Code, which will require continued staffing. The OCCD had committed funds of \$15.1 million for future land development on June 30, 2023.

OCCD's Revenues

OCCD's total revenues were \$10.1 million for the year ending June 30, 2023.

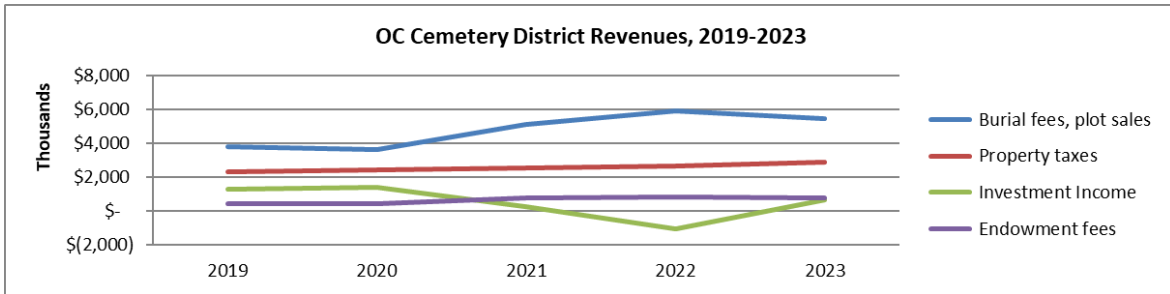
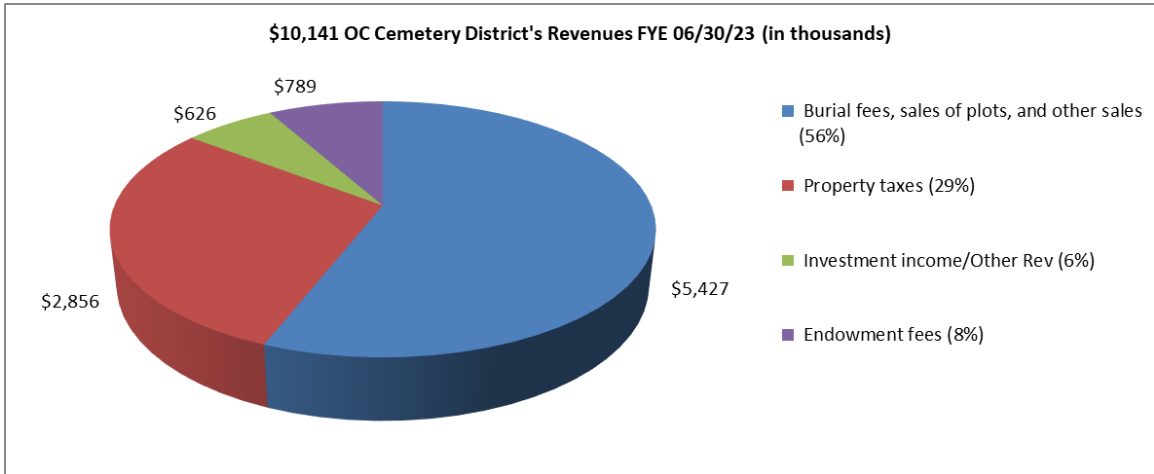
Interment fees, interment space sales, and other sales were \$5.4 million, which represents 56% of revenues received by OCCD in 2023. Since OCCD is a government agency, general interment fees are meant to help recover costs, keeping in line with inflation and OCCD's expected share of property tax revenues.

Property taxes were \$2.8 million, or 29% of revenues, and were allocated to OCCD in 2023 from their share of County property tax revenues.

Investment Income, Lease Revenues, Other Revenues, and a net increase in fair value of investments of \$0.6 million.

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Endowment fees were \$0.8 million. Endowment fees of \$625-650 per regular burial/cremation were collected and placed into an endowment principal fund during the fiscal year ended June 30, 2023, established to provide for the maintenance and care of all three cemeteries in accordance with the provisions of the County’s Health and Safety Code. The Orange County Cemetery District Board of Trustees approved changes to the Master Fee schedule, which went into effect in July 2023.



Net Position as of June 30, 2023

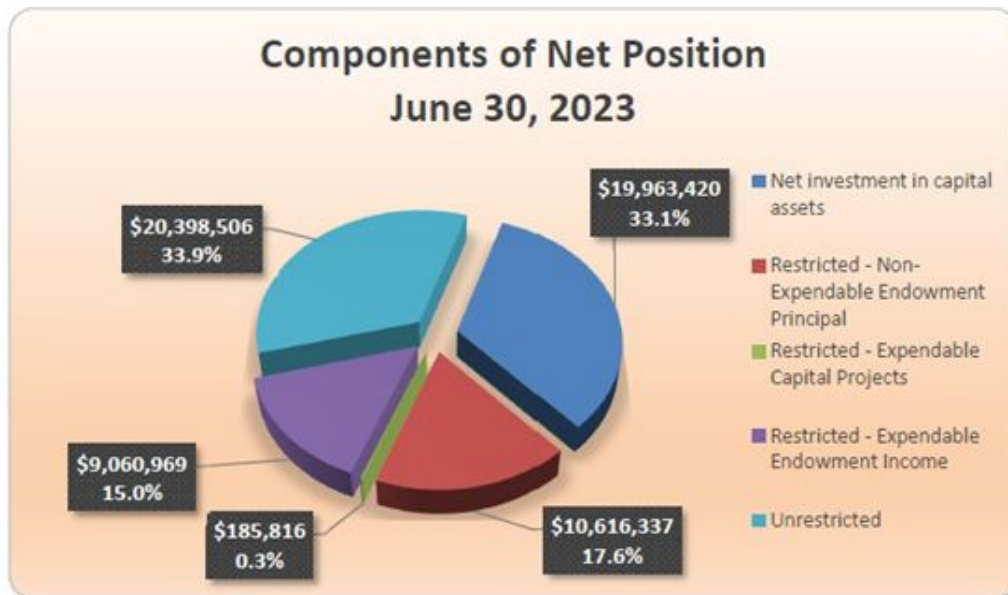
The total assets of OCCD exceeded its total liabilities on June 30, 2023, by \$60 million. Of this amount, \$20.3 million is unrestricted and may be used to meet the OCCD’s ongoing obligations to citizens and creditors.

OCCD’s Net Position was assigned or restricted to the funds listed below:

- **Net Investments in capital assets** was \$20 million, invested in capital assets (e.g., land, structures and improvements, and furniture and equipment) that are used to provide services to citizens.

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- **Restricted** was \$19.8 million, restricted for the perpetual care of the cemetery grounds. These funds are invested to earn interest income that will eventually be used for the future maintenance and operation of OCCD’s cemeteries.
- **Unrestricted** was \$20.3 million. These are available for any purpose approved by the Board of Trustees.



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OC In-Home Supportive Services Public Authority

The Orange County (IHSS) Public Authority and its employees contributed approximately \$0.4 million to OCERS for the year ended December 31, 2023, and there were 26 active members. The IHSS Public Authority's net pension liability was \$.5 million as of December 31, 2023.

The financial statements of the IHSS Public Authority are blended with other government fund units in the County of Orange's 2023 Annual Comprehensive Financial Report.

Orange County Local Agency Formation Commission (LAFCO)

The Orange County Local Agency Formation Commission (LAFCO) and its employees contributed approximately \$0.3 million to OCERS for the year ended December 31, 2023. LAFCO has five active members. LAFCO's net pension liability was \$1.7 million as of June 30, 2023.

In 1963, the California state legislature formed a Local Agency Formation Commission for each of the 58 counties in the state. These commissions are primarily responsible for making decisions on proposals for new cities and special districts, spheres of influence, consolidations, and annexations. The process involves ensuring the efficient and effective delivery of municipal services.

The Commission's governing board consists of seven appointed members. Two county members are appointed by the Orange County Board of Supervisors, two city members are appointed by the City Selection Committee, two special district members are appointed by the Special District Selection Committee, and one member is appointed by other members of the Commission to represent the general public. There are also four alternates appointed by the respective appointing authority.

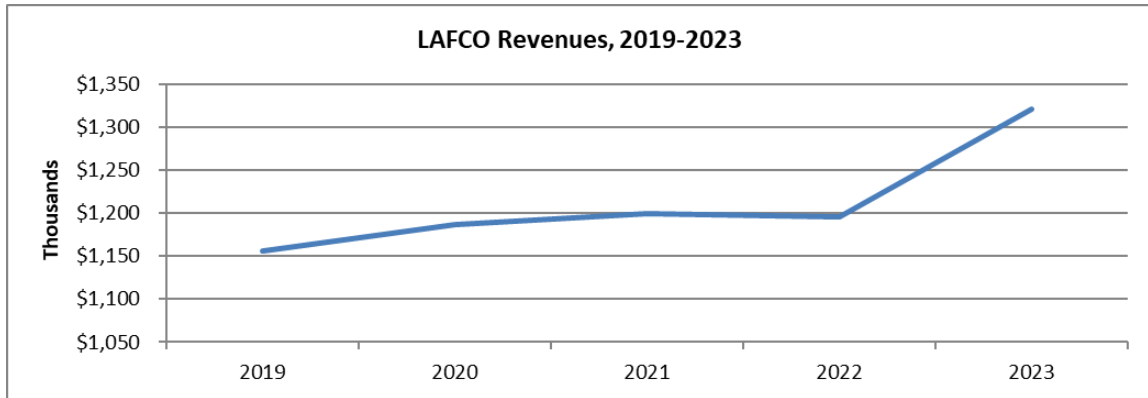
LAFCO's Revenues

LAFCO's total revenues were \$1.3 million for the year ending June 30, 2023.

Total apportionments and service charges received by LAFCO in 2023 amounted to 97% of total revenues for the year.

LAFCO's revenue is mostly comprised of an apportionment allocated among the commission's funding agencies. One-third of the apportionment is allocated to the County. Another one-third is allocated to the 34 cities in accordance with a formula approved by the City Selection Committee. The final one-third is allocated to the independent special districts in accordance with a formula adopted by the Special District Selection Committee. The agency budget is adopted annually by the Commission to support LAFCO's operating costs.

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Net Position as of June 30, 2023

The total assets and deferred outflows of resources of LAFCO exceeded its total liabilities and deferred inflows of resources by (\$0.08 million).

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UC Irvine – Medical Center & Campus (Inactive Employer)

The UC Irvine Medical Center & Campus (UCI) has no active participants. UCI's net pension liability was \$27 million as of December 31, 2023, for its remaining retirees. UCI contributed \$3 million to OCERS for the year ended December 31, 2023.

UCI Irvine – Medical Center & Campus is reported within the University of California's audited 2023 financial statements:

- \$50.2 billion in total 2023 revenues (variety of revenue sources, mainly tuition, federal and state support, medical center revenues, and investment income).
- (\$29) million Net Position (\$13.8 billion in Net Investment in Capital Assets, (\$26.8) billion deficit is unrestricted, and \$12.9 billion is restricted).

Orange County Department of Education (Inactive Employer)

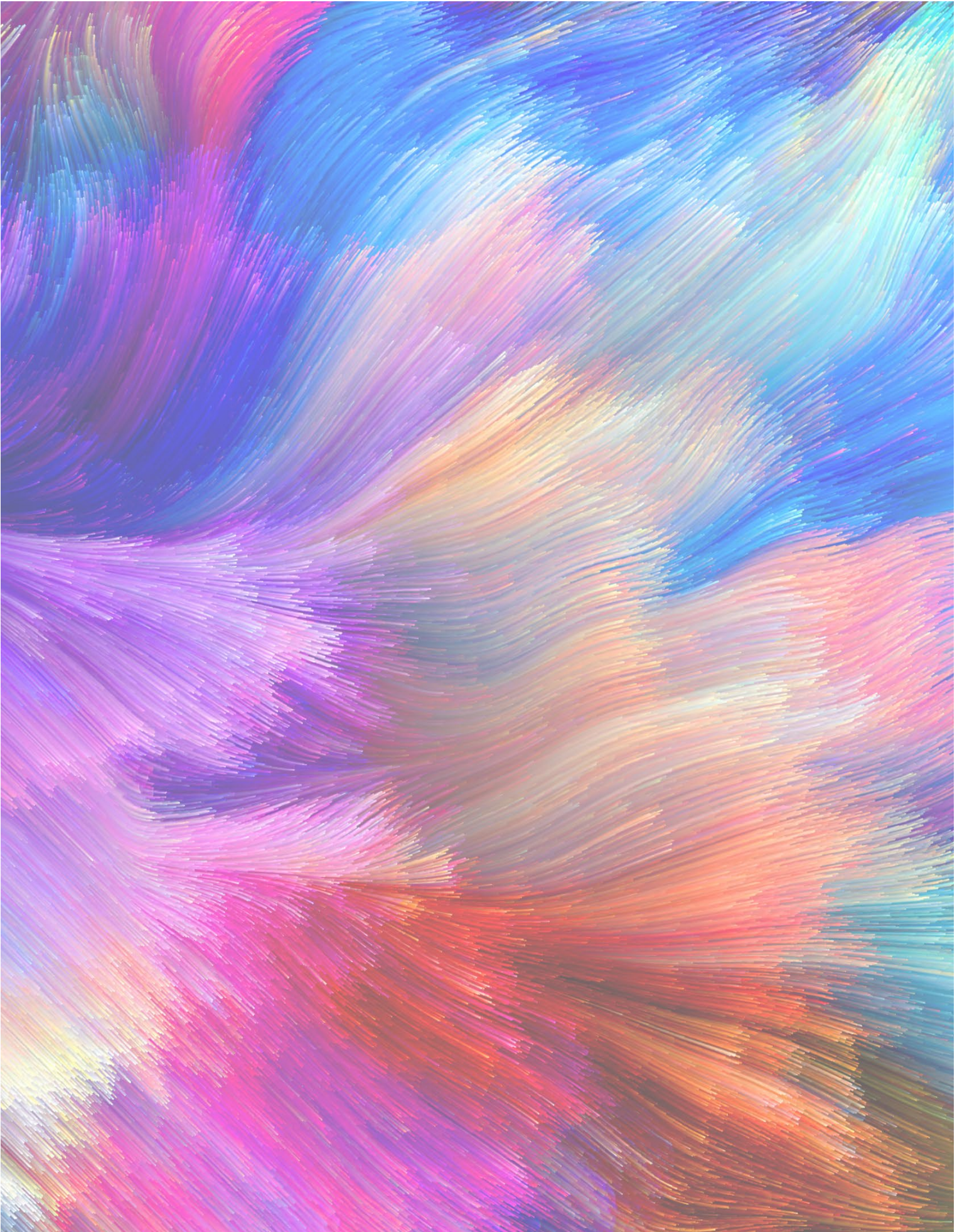
The Orange County Department of Education has no active participants. The Department of Education contributed \$0.3 million to OCERS for the year ended December 31, 2023. The Department of Education's net pension liability was \$3.2 million as of June 30, 2023, for its remaining retirees. From its 2023 annual comprehensive financial report:

- \$468 million in total 2023 revenues (30% - revenues from property taxes, 33% - operating/capital grants, 7% - Federal/State aid, 21% - other revenues, 10% - service charges).
- \$396 million Net Position (\$167 million is Unrestricted).

The City of Rancho Santa Margarita (Inactive Employer)

The City of Rancho Santa Margarita has no active participants. Rancho Santa Margarita's net pension liability was \$119 as of December 31, 2023, for its remaining retirees. From its June 30, 2023, annual comprehensive financial report:

- \$27 million in total 2023 revenues (64% - property/sales tax, 22% - grants, 11% - fees/permits/services charges, and 2% - investment income and other).
- \$138 million Net Position (\$28 million is Unrestricted).





Memorandum

DATE: December 9, 2024
TO: Members of the Board of Retirement
FROM: Chuck Packard, Vice Chair
SUBJECT: **2025 OCERS BOARD COMMITTEE APPOINTMENTS**

To the members of the OCERS Board of Retirement,

I am happy to share my OCERS Board trustee committee appointments for calendar year 2025.

As I indicated in my earlier memo, my goal was to honor your individual requests. Thankfully you made it possible for me in large part to fulfill that commitment as the majority of you asked to continue serving on the same committees you had been appointed to in 2024.

- Met my goal to appoint every Trustee to at least one committee.
- Continued the practice of having each committee composed of an equal number of appointed and elected Trustees in almost every case.
- Continued the practice of appointing a Vice Chair for each committee (should the Chair be absent).

While I also tried to continue the practice of rotating committee chair appointments between appointed and elected Trustees, there were two exceptions:

1. Building Committee - I appointed Trustee Lindholm as Chair once again, in recognition of his unique experience in the construction industry and all the value that brings to us as a Board.
2. Disability Committee - I appointed Trustee Hilton as Chair, recognizing the limited number of appointed members that are available in any given period to serve on that committee.

My sincere gratitude to each of you for your kind words when forwarding your preferences regarding committee appointments, nearly every one of you added the reassurance that you would be happy to serve on whatever committee I ultimately determined was best for this Board and our mission.

Here's to a successful 2025 for our Board of Retirement.

Submitted by:



CP-Approved

Chuck Packard
Vice Chair

2025					
Audit	Building	Disability	Governance	Personnel	Investment
Ms. Lopez Tagalao, Chair	Mr. Lindholm, Chair	Mr. Hilton, Chair	Mr. Hidalgo, Chair	Mr. Dewane, Chair	Mr. Oates, Chair
Ms. Freidenrich, Vice	Mr. Vallone, Vice	Mr. Packard, Vice	Mr. Hilton, Vice	Mr. Hilton, Vice	Mr. Hidalgo, Vice
Ms. Barriga	Mr. Hidalgo	Ms. Barriga	Ms. Freidenrich	Mr. Oates	
Mr. Packard	Ms. Lopez Tagalao	Mr. Vallone	Mr. Oates	Mr. Packard	
2024					
Audit	Building	Disability	Governance	Personnel	Investment
Mr. Packard, Chair	Mr. Lindholm, Chair	Mr. Oates, Chair	Mr. Prevatt, Chair	Mr. Hilton, Chair	Mr. Packard, Chair
Ms. Tagalao, Vice	Mr. Prevatt, Vice	Mr. Packard, Vice	Mr. Hidalgo, Vice	Mr. Dewane, Vice	Mr. Oates, Vice
Ms. Freidenrich	Mr. Hidalgo	Mr. Hilton	Mr. Hilton	Mr. Packard	
Mr. Prevatt	Mr. Vallone	Mr. Vallone	Mr. Oates	Mr. Oates	