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## October 25, 2023 Board of Retirement Regular Meeting

SBCERS Board Room, 130 Robin Hill Road, Goleta, CA 93117

*The Santa Barbara County Employees' Retirement System is committed to:*

- *fulfilling its fiduciary responsibility by providing the highest quality of service to all members and plan sponsors; and*
  - *protecting promised benefits through prudent investing; and*
  - *ensuring reasonable expenses of administration.*

## Minutes

### Roll call at 9:03 a.m.

Members Present: Cholmondeley, Daly, Hagen, Lavagnino, Lee, Sten, Uhl, Vidal

Members Absent: Benedetti

Alternates Absent: Blair, Tan

Clerk: Couture

Counsel: Blakeboro, Rodriguez, Leiderman, ChinAlternate Trustee Blair arrived at 9:10 a.m. Alternate Trustee Tan arrived at 9:45 a.m. and departed at 1:45 p.m. Trustees Vidal and Lavagnino departed at 2:44 p.m. Trustee Daly served as Chair for item 4.7.

### Public Comment

No public comment.

### Minutes

Approve Minutes of the September 27, 2023 Regular Board meeting.

**MOTION:** Approve Minutes of the September 27, 2023 Regular Board meeting.

Motion moved by Daly and motion seconded by Lee. Approved by voice vote.

Yes: Cholmondeley, Daly, Hagen, Lee, Sten, Uhl, Vidal.

Abstain: Lavagnino.

Absent: Benedetti.

## 1. Consent

### 1.1. Adopt Retirement Report

Approve Retirement Report.

### 1.2. Trustee Training Opportunities

Authorize the attendance of interested trustees at upcoming training events requiring Board pre-approval, as requested.

### 1.3. Quarterly Cash Flow Report

Cash Flow Report for the quarter ending September 30, 2023.

### 1.4. Market Update and September 30, 2023 Performance Analysis

Report on World Market Activities and September 30, 2023 performance.

**MOTION:** Approve items 1.1 through 1.4.

Motion moved by Lavagnino and motion seconded by Sten.

**DISCUSSION:** With regards to item 1.2, Trustee Hagen requested attendance at the 2024 CALAPRS General Assembly.

Approved by voice vote.

Yes: Cholmondeley, Daly, Hagen, Lavagnino, Lee, Sten, Uhl, Vidal.

Absent: Benedetti.

## 2. Disability Retirement – Closed Hearing

### 2.1. Elizabeth Wilson, Applicant for Service-connected Disability Retirement.

**DISCUSSION:** Disability Retirement Analyst Katrina Gutierrez presented the item. Deputy General Counsel Rodriguez responded to questions from the Board.

**MOTION:** Deny the application of Elizabeth Wilson for service-connected disability retirement, subject to timely requested hearing by an interested party.

Motion moved by Cholmondeley and motion seconded by Sten. Approved by voice vote.

Yes: Cholmondeley, Daly, Hagen, Lavagnino, Sten, Uhl, Vidal.

Abstain: Lee

Absent: Benedetti.

**2.2. Tanya Martinez, Applicant for Service-connected Disability Retirement.**

**DISCUSSION:** Disability Retirement Analyst Danielle Azoury presented the item and responded to questions from the Board. Deputy General Counsel Rodriguez also responded to questions from the Board.

**MOTION:** Adopt the proposed Findings of Fact, Conclusions of Law, and Decision denying Tanya Martinez a service-connected disability retirement.

Motion moved by Daly and motion seconded by Uhl. Approved by voice vote.  
Yes: Cholmondeley, Daly, Hagen, Lavagnino, Lee, Sten, Uhl, Vidal.  
Absent: Benedetti.

**2.3. Receive and file the Monthly Disability Retirement Status Report.**

**DISCUSSION:** Disability Retirement Analyst Danielle Azoury presented the item.

The Board took no action.

**3. Closed Session**

**3.1. CONFERENCE WITH REAL PROPERTY NEGOTIATOR**

*Pursuant to Government Code Section 54956.8*

**Property:** Assessor's Parcel Number 073-050-015, 130 Robin Hill Road. Goleta, CA

**Agency Negotiators:** Gregory Levin, SBCERS CEO; Miles Waters, Radius Commercial; Steve Brown, Radius Commercial

**Negotiating Parties:** Cornerstone Medical Associates

**Under Negotiation:** Price, Tenant Improvements, and Terms of Lease Agreement

**3.2. KKR Private Credit**

*(Government Code Section 54956.81).*

*(KKR US Direct Lending Evergreen Unlevered).*

**4. Open Session**

Deputy General Counsel Rodriguez reported the Board met in Closed Session to discuss items 2.1 through 2.3 and 3.1 through 3.2. With regard to items 2.1 and 2.2, the Board voted consistent with staff recommendations. The Board took no action on item 2.3. With regard to item 3.1, the Board took action to authorize the CEO to execute the written Lease Agreement between 130 Robin Hill Road, LLC and Cornerstone Medical Associates, Inc., for the property located at 130 Robin Hill Road, Suite 250 in Goleta, as recommended by the Real Property Management Committee. With regard to item 3.2, the Board took action to approve the investment of \$25 million to KKR US Direct Lending

Evergreen Unlevered and authorize the CEO to negotiate and execute a written agreement with KKR.

#### **4.1. Transaction Cost Analysis**

Presentation by Rebecca M. Valdez, SBCERS Investment Officer, and Abel Noser (US and International Equity) on the Transaction Cost Analysis reports from Klarity FX regarding foreign currency. .

**DISCUSSION:** Rebecca Valdez and Abel Noser presented the item and responded to questions from the Board.

The Board took no action.

#### **4.2. RFP for Custodian Services**

Presentation by SBCERS Controller Rico Pardo and Investment Officer Rebecca M. Valdez on custodian services.

**DISCUSSION:** Rico Pardo and Rebecca Valdez presented the item and along with CEO Gregory Levin and Counsel Blakeboro responded to questions from the Board. Marcia Beard and Matthias Bauer of RVK, Inc. were also present and responded to questions from the Board.

**MOTION:** Authorize the issuance of a Request for Proposal (“RFP”) for Custodian Services and engage RVK Inc to assist with the search, and establish the Custodian Services RFP Ad-hoc Committee pursuant to SBCERS Bylaw 706.

Motion moved by Sten and motion seconded by Uhl. Approved by voice vote.

Yes: Cholmondeley, Daly, Lavagnino, Lee, Sten, Uhl, Vidal.

Abstain: Hagen.

Absent: Benedetti.

Pursuant to SBCERS Bylaw 701, Chair Vidal appointed Trustees Uhl, Lee, and Cholmondeley to the Custodian Services RFP Ad Hoc Committee.

#### **4.3. ISS - Proxy Voting**

Presentation by SBCERS Investment Analyst James Hu and Richard Clark, Vice President of ISS, on Shareholder Proxy Voting.

**DISCUSSION:** James Hu and Richard Clark presented the item and responded to questions from the Board.

The Board took no action.

#### **4.4. China Equity Discussion with Insights on Divestment**

Presentation by RVK, Inc. Principals and Co-Lead Consultants Marcia Beard and Matthias Bauer on China Equity and insights on divestment.

**DISCUSSION:** Marcia Beard and Matthias Bauer presented the item and along with CEO Greg Levin, General Counsel Alan Blakeboro, and Fiduciary Counsel Harvey Leiderman, responded to questions from the Board.

**MOTION:** Direct staff and consultants to continue to monitor SBCERS investment activities in China and to report periodically to the Board on how investments in China performed relative to other emerging markets as well as keeping the Board apprised of current economic, regulatory or geopolitical conditions that affect those investments.

Motion moved by Daly and motion seconded by Lavagnino. Approved by voice vote.

Yes: Cholmondeley, Daly, Hagen, Lavagnino, Lee, Uhl, Vidal.

No: Sten.

Absent: Benedetti.

## **Board**

### **4.5. Preliminary Results of Actuarial Valuation**

Presentation by Anne Harper and Heather Fantz of Cheiron, Inc. on the preliminary results of the SBCERS June 30, 2023 Actuarial Valuation.

**DISCUSSION:** Anne Harper and Heather Fantz presented the item and responded to questions from the Board.

The Board took no action.

### **4.6. Funding Policy Education**

Presentation by Anne Harper and Heather Fantz of Cheiron, Inc. on Funding Policy Education as provide by Cheiron, Inc.

**DISCUSSION:** Anne Harper and Heather Fantz presented the item and along with CEO Greg Levin responded to questions from the Board.

The Board took no action.

### **4.7. CEO Operations Report**

Presentation by Gregory Levin, SBCERS CEO, on significant operational activities of SBCERS.

**DISCUSSION:** Gregory Levin presented the item and responded to questions from the Board.

**MOTION:** Appoint Trustee Zandra Cholmondeley as voting proxy and Brian Richard as alternate for the SACRS business meeting to be held November 10, 2023.

Motion moved by Hagen and motion seconded by Sten. Approved by voice vote.

Yes: Cholmondeley, Daly, Hagen, Lee, Sten, Uhl.

Absent: Benedetti, Lavagnino, Vidal.

**MOTION:** Direct the voting proxy to vote yes on the following items at the SACRS Board Meeting on November 10, 2023:

- A. Secretary's Report – Spring 2023 SACRS Business Meeting Minutes and,
- B. Treasurer's Report – July - August 2023 Financials and,
- C. SACRS Legislative Committee Update - 2024 Legislative Proposals.

Motion moved by Hagen and motion seconded by Daly. Approved by voice vote.

Yes: Cholmondeley, Daly, Hagen, Lee, Sten, Uhl.

Absent: Benedetti, Lavagnino, Vidal.

Meeting adjourned at 2:57 p.m.

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Clerk

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Chair

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Secretary