

SBCERS

Santa Barbara County Employees' Retirement System

DATE: December 13, 2023

TO: SBCERS Board of Retirement

FROM: Greg Levin, CEO

RE: **Operations Report**

Recommended Action:

That the Board of Retirement receive and file the Operations Report.

Informational Items

8 new retirees and 3 continuances were placed on payroll during October 2023 for the November 1, 2023 payroll. 5 new retirees and 1 continuance were placed on payroll during November 2023 for the December 1, 2023 payroll.

Staffing:

There were no staffing changes this month.

Administration:

The results of the 2023 General 3rd Member, Retired 8th Member, and Alternate Retired 8th Member elections were certified by the Board of Supervisors on November 28, 2023. The Board of Supervisors also appointed Supervisors Lavagnino and Hartmann to an ad hoc subcommittee to review applicants for the Appointed 4th Member and Appointed 9th Member positions and return to the Board of Supervisors with recommendations. These appointments would end December 31, 2026.

Robin Hill Road:

Staff has been working with the Committee and local architects to complete planning for the vacant spaces on the first and second floor, as well as the build out for the newly leased space on the second floor. It is currently anticipated that we will file for permits in early 2024 and proceed to pricing the construction shortly thereafter. Once pricing is completed and a go forward approach is approved by the Real Property Management committee, the construction contract will return to the full board for approval.

Investments:

The Investment Team worked with Russell Terry of Reicker, Pfau, Pile and McRoy, LLP, SBCERS investment legal counsel, to begin negotiations for the MDCF II and KKR US Direct Lending investments approved by the Board this fall. MDCF II is near completion and SBCERS expects to have the final executed documents in place before the December Board Meeting. KKR has been provided with SBCERS’ initial response to the proposed terms and staff is awaiting response to those documents.

The Investment and Accounting teams began work with RVK and ReedSmith to develop the Custodial Bank Request for Proposal (“RFP”) scheduled to be posted in January 2024. RVK is assisting staff in drafting the operational mandates to be included in the RFP. ReedSmith is advising staff regarding standard legal terms and conditions to be included in the draft custody agreements to be submitted by custodial bank candidates.

As part of the Board education program, the Investment team invited PGIM, who manages SBCERS Core Fixed Income sleeve of the portfolio to present to the Board of Retirement. The presentation from their Chief U.S. Economist Tom Porcelli will consist of two parts. The first part of the presentation will cover recent economic trends and how the data has shaped forward looking expectations. The second part of the presentation will be a debrief of the Fed Announcement that is concurrent with the December Board meeting.

The Investment team attended SACRS Fall Conference. SACRS introduced the CIO-Track for the educational sessions. The CIO-Track sessions are curated by selected investment staff and is a topic that is timely and relevant to Investment Staff. SBCERS Investment Officer Rebecca Valdez was selected to moderate one of two inaugural sessions at SACRS Fall Conference, which focused on Black Swan events and how pension systems can calibrate for dramatic down swings in the market.

Member Services:

Member Services processed 8 retirements and 3 continuances for the November 1, 2023 benefit payment, and 5 retirements and 1 continuance for the December 1, 2023 benefit payment. The team has focused on member outreach and education, with the following meetings and in-services performed or scheduled for the coming months:

County of SB active employee Open Enrollment Health Fair: Lompoc	October 10, 2023
County of SB active employee Open Enrollment Health Fair: Santa Maria	October 11, 2023
County of SB active employee Open Enrollment Health Fair: Santa Barbara	October 12, 2023
SBCERS Retiree Open Enrollment Health Fair	October 13, 2023
Firefighter’s Active and Retiree Open Enrollment Health Fair	October 19, 2023
Santa Barbara County Fire Inservice (SM)	October 23, 2023
Santa Barbara County Transportation Division Inservice	October 25, 2023
Santa Barbara County Halftime Highlights	October 27, 2023
Santa Barbara County New Employee Welcome	November 1, 2023

Santa Barbara County Fire Zoom Inservice (2 sessions: AM and PM)	November 9, 2023
Ambulance Transport Professional Online Career Fair (2 sessions: AM and PM)	November 21, 2023
Mosquito Vector Management District Inservice	November 29, 2023
Santa Barbara County Counsel Inservice	November 30, 2023
<i>Santa Barbara Superior Court</i>	<i>Pending – January</i>
<i>Carpinteria Summerland Fire Protection District</i>	<i>Pending – February</i>
<i>Santa Barbara County Administration</i>	<i>Pending – February</i>
<i>Santa Barbara Public Works</i>	<i>Pending – February</i>

Current Member Services projects include:

- Open Enrollment change processing: the team is entering all changes and rate tables for 2024 insurance coverage.
- Extra Help Limited Duration notices: the team, in conjunction with our Legal team, is responding to retirees who have been identified as having worked EXH beyond a limited duration, and working to streamline reporting and retiree communication processes.
- Workday ERP: the SBCERS Member Services Director has been participating in County design sessions as a Subject Matter Expert in both timekeeping and payroll.

Accounting:

Accounting has completed the Annual Comprehensive Financial Report (ACFR) within its goal completion date of December 1 in collaboration with the independent auditor, Brown Armstrong, and SBCERS’ staff. The early completion goal provided time to review and streamline existing processes, identify and eliminate inefficiencies, and mitigate any potential delays that would hinder the timely completion of the ACFR. Accounting has also been attending County led trainings in preparation for a 12/1 go-live date for Workday, the County’s new Enterprise Resource Planning (ERP) system. In late November, the Workday go-live date was moved to 2/1 and Accounting is preparing to meet any cutover requirements for the new timeframe. Accounting is working with the SBCERS Investments Team in the early stages of the Request for Proposal (RFP) for Custodial Services, including ensuring that the RFP document meets legal requirements. Lastly, Accounting is preparing for closing the 2023 tax year and opening the 2024 tax year. This process includes various internal audits, tax filings, preparation of 1099-Rs, and federal and state tax rate updates.

Information Technology:

The Information Technology Division provided ongoing assistance to SBCERS staff, new hires, and 3rd-party consultants to support SBCERS operations. SBCERS staff completed the annual Cyber Security Training required by the County of Santa Barbara. SBCERS IT addressed and implemented security recommendations from the formal IT assessment completed by Miller Kaplan.

The division has implemented the PBI decedent search service with the Member Services team. This is a new service has expanded capabilities to yield timely notifications of member

deaths. Additionally, IT has been working with the County, and Microsoft on cross tenant abilities so that SBCERS and the County are in a trusted IT environment relationship. IT has also is in the process of testing warrant capabilities with the bank.

Education Hours as of December 2023:

Trustee	2022 Cost	2022 Hours	2023 Cost	2023 Hours	Total Cost	Total Hours
Frederick Tan	\$988.02	18.0	\$0.00	2.0	\$988.02	20.0
Harry E. Hagen	\$120.00	29.0	\$687.12	16.0	\$807.12	45.0
Zandra Cholmondeley	\$5,384.16	93.0	\$3,902.00	81.0	\$9,286.16	174.0
Michael Vidal	\$2,583.20	31.0	\$4,954.32	67.0	\$7,537.52	98.0
Trent Benedetti	\$2,805.39	20.0	\$4,094.09	45.0	\$6,899.48	65.0
Gary Blair	\$1,177.90	19.0	\$2,266.09	39.0	\$3,443.99	58.0
Ted Sten	\$1,203.52	19.0	\$2,292.95	39.0	\$3,496.47	58.0
Steve Lavagnino	\$2,400.33	33.0	\$1,997.54	39.0	\$4,397.87	72.0
Michael Daly	\$4,156.19	49.0	\$5,097.44	35.0	\$9,253.63	84.0
Paul Uhl			\$6,519.00	89.0	\$6,519.00	89.0
Laurie Lee			\$7,297.37	89.0	\$7,297.37	89.0
Grand Total	\$20,818.71	311	\$39,107.92	541	\$59,926.63	852

Looking forward to the January 24, 2024 Regular Meeting:

At the January 24, 2024 Regular Meeting, the Board will receive the Other Post-Employment Benefit Plan (“OPEB”) Actuarial Valuation as of June 30, 2023 and the mid-year budget review for the fiscal year June 30, 2024.

Quiet Period Notice:

Quiet Period Type	Affected Parties
Watch List	No Firms on Watch

Action Items

No Action Items

Attachments:

- Member Services Statistics for October 2023
- Member Services Statistics for November 2023
- Robin Hill Road Financials
- Education Training Report as of December 2023