

SBCERS

Santa Barbara County Employees' Retirement System

DATE: April 24, 2024
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, appoint a voting proxy and an alternate for the SACRS business meeting to be held May 10, 2024, and direct the voting proxy to vote “yes” on the following items at the SACRS Board Meeting on May 10, 2024:

- A. Secretary’s Report – Minutes from November 2023
- B. Treasurer’s Report – July 2023 – January 2024 Financials
- C. Nomination Committee – Board of Director Elections 2024-2025 Final Ballot
- D. Audit Committee – Annual 2022-2023 Audit Report

Informational Items

19 new retirees and 5 continuances were placed on payroll during March 2024 for the April 1, 2024 payroll.

Staffing:

There were no staffing changes this month.

Administration:

All trustees are registered to attend the SACRS Spring Conference from Tuesday, May 7 through Friday, May 10. Appointed and Elected Retired trustees are strongly encouraged to attend the Sexual Harassment Prevention Training for Local Agency Officials on Tuesday afternoon from 3:00 pm to 5:00 pm due to the limited availability of trainings elsewhere. Elected General trustees typically receive this training from the County of Santa Barbara.

Trustees living outside of South County have received hotel arrangements. For local trustees, please consider the following information:

- The Clerk of the Board will provide a personal Uber Voucher code. Instructions on how to use the code are provided as an attachment.
- Self-Parking at the hotel costs \$35 + tax per vehicle, per day. Valet Parking costs \$45 + tax per vehicle, per day.

- Please keep all receipts for SBCERS credit card reconciliation and travel reimbursement claims.

Robin Hill Road:

The RPM committee met earlier this month to consider the status of the tenant improvement project and ongoing negotiations over a tenant lease renewal and a sub-lease agreement. Permits have been filed for the remaining tenant improvements we are currently waiting for plan revision requests. Progress has been made on securing an electric car charging facility and we are in the process of applying for grant funding from Southern California Edison.

Investments:

The Investment Team continued to co-lead with the Accounting Team on Custodial Banking RFP. The Investment, Accounting and Technology Teams performed due diligence calls regarding the finalist's, BNYM (incumbent) and Northern Trust, cyber-security procedures and capabilities. Aaron Skinner of the Technology Team ran the due diligence calls on behalf of SBCERS and was supported by the Investment and Accounting teams.

The Investment and Accounting Teams, along with the Board ad hoc committee visited the finalists, BNYM and Northern Trust for the on-site due diligence visits. The Ad Hoc Committee is made up of Trustees Cholmondeley, Lee and Uhl. Lindsey Longwell of RVK is also supporting the project. The group visited Northern Trust at their Chicago office on Tuesday, April 16 and BNYM at their Pittsburgh office on Wednesday April 17. The on-site due diligence visits were productive and useful. The team will conduct reference checks for the finalist as the ad hoc committee considers its final recommendations to the full board.

Member Services:

Member Services processed 19 retirements and 5 continuances for the April 1, 2024 benefit payment. The team met with an increased number of members in anticipation of the 2024 Retiree Cost of Living Adjustment, though the number of COLA retirements this year is less than originally anticipated, with a total of 90 members onboarding for April, May, and June benefit payments.

Current Member Services projects include:

- Conducted our first Departmental Payroll Administrators (DPA) Ambassador educational series to partner more closely with our Plan Sponsor and Participating Employers in supporting our membership in understanding their pension benefits, and keeping their accounts up to date. The team hosted 47 HR professionals and provided a dynamic training regarding account changes and maintenance, reciprocity, service purchases, dissolution of marriage, disability retirement, limited duration, and MySBCERS functionality. The Member Services team is especially grateful to collaborate with the Communications, Disability, and Accounting divisions for this training. Feedback was overwhelmingly positive, and we look forward to our next training in this series: simulated retirement counseling with a variety of scenarios and their impacts explained.
- Death reporting services: the team is utilizing PBI to investigate the deaths of retiree nominated beneficiaries, as well as to audit against our former death reporting service

and to launch communications to retirees for whom spousal death records occur to ensure continuance and death benefit nominations are updated.

- 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 posted the Cost-of-Living Adjustment (COLA) which was adopted at the February 28, 2024 Board of Retirement meeting. COLA is posted in April and is reflected on the May 1 retiree payroll disbursement. COLA was set at 3.5% which means that plans subject to a 3.0% limit will receive a 3.0% COLA and bank 0.5%. Plans subject to a 2.0% limit will receive a 2.0% COLA and bank 1.5%. General Plan 2 does not receive a COLA.

Accounting also provided a projection to the Investments Team of future cash transfers needed to help fund future retiree payrolls through fiscal year 2024-25. These projections will help the Accounting and Investment Teams better facilitate the overall timing of investment liquidations, booking of accounting transactions, and processing of cash transfers. Two Accounting staff, Rico Pardo, Controller, and Daylin Weston, Accountant, attended the on-site due diligence visits of the two finalists of the Request for Proposal (RFP) for Custodian Banking Services. Lastly, Accounting has begun preparing the Annual Administrative Budget for fiscal year 2024-25 and will provide the first reading in May followed by the final reading in June.

Information Technology:

The team is in the final stages of a comprehensive network assessment, undertaken in collaboration with Palo Alto Networks. This analysis focuses on the network traffic through SBCERS's firewalls, evaluating both their capabilities and complexities. The insights gained from this assessment will serve as a foundation for an upcoming network redesign.

Furthermore, the IT team has successfully coordinated with our pension administration system vendor, LRS, to transition SBCERS's hosted services to a new, state-of-the-art facility located in North Carolina. This move underscores our commitment to leveraging cutting-edge infrastructure to enhance service efficiency and reliability.

In addition, the IT division continues to enhance the security posture of SBCERS by implementing various recommendations from our security assessment. These efforts are pivotal in strengthening our defenses and ensuring the integrity and safety of our operational environment.

Looking forward to the May 22, 2024 Regular Meeting:

At the May 22, 2024 meeting, the Board of Retirement will consider quarterly investment reports from RVK and Hamilton Lane, and RVK will give a presentation on Private Credit Pacing. Staff will provide presentations on the Custodial Services RFP, the first reading of the System's annual administrative budget, and begin the CEO's annual review process.

Quiet Period Notice:

Quiet Period Type	Affected Parties
Watch List	Artisan Non-US Growth

Action Items

The recommended action is that the Board of Retirement appoint a voting proxy and an alternate for the SACRS Business Meeting to be held May 10, 2024, and provide direction the voting proxy to vote in the manner approved by the Board on the following items:

- Item 2: Recommend approving the minutes of the November 2023 SACRS Business Meeting.
- Item 3: Recommend approving the Treasurer's report for July 2023 – January 2024 Financials.
- Item 6: Nominating Committee Ballot which will result in the following candidates being appointed to the SACRS Board of Directors:
 - President – David MacDonald, Contra Costa CERA
 - Vice President – Adele Tagaloa, Orange CERS
 - Treasurer – Jordan Kaufman, Kern CERA
 - Secretary – Zandra Cholmondeley, Santa Barbara CERS
 - Regular Member – David Gilmore, San Diego CERA
 - Regular Member – Rhonda Biesemeier, Stanislaus CERA
- Item 7: The 2022 – 2023 Financial Audit concluded with an unmodified opinion. A letter from the audit committee to the SACRS Board of Directors explains the significant findings of the Committee and can be found on page 51 of the attached PDF.

Attachments:

- Member Services Statistics for March 2024
- Robin Hill Road Financials
- SACRS Spring 2024 Business Meeting Packet
- SACRS Voting Proxy Form
- Uber Voucher Instructions