

# SBCERS

Santa Barbara County Employees' Retirement System

---

**DATE:** September 27, 2023  
**TO:** SBCERS Board of Retirement  
**FROM:** Greg Levin, CEO  
**RE:** **Operation Report**

---

## **Recommended Action:**

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

## **Informational Items**

---

10 new retirees and 6 continuances were put on payroll during August 2023 for the September 1, 2023 payroll.

### **Staffing:**

Ying Zhang began an internship with Member Services and Accounting on September 5, 2023.

### **Administration:**

Ballots for the General 3<sup>rd</sup> Member of the Board of Retirement were distributed on September 13, 2023. Members should be receiving ballots in the mail and via email the week of September 18, 2023. An email campaign will remind members of the vote as well. The election period will conclude on October 10, 2023.

An SBCERS Staff Retreat was held on Wednesday, September 13, 2023 and featured organizational updates, team-building exercises, and small group discussions. The retreat focused on setting organizational goals for the next year, creating collaboration opportunities for north and south county staff who don't see each other every day and also responding to employee input.

The Plan Sponsor Summit will be held on Tuesday, September 26, 2023 (after the publishing of this Board letter) for plan sponsor financial executives, with the goal of providing them an overview of SBCERS governance, operations and investments activity.

Finally, the County Human Resources department will be performing a salary study for SBCERS management positions at the request of the SBCERS CEO. The positions being studied are CEO, Assistant CEO, General Counsel (and Deputy), Director of Member Services, Chief Investment Officer (and Investment Officer) and Controller. The study is being performed by Ralph Anderson and Associates at the direction of the County Human

Resources department. The study is expected to take 2 months to complete and is planned for presentation to the Board of Retirement at its February meeting.

**Robin Hill Road:**

With approval of the Real Property Management Committee, the CEO has hired Paul Poirier Architects to prepare construction plans for the vacant spaces in the Robin Hill Road building. Staff has also been briefing the committee on the status of ongoing lease negotiations for portions of the first and second floor. Finally, external security cameras have been installed on the premises that allow the property management company to monitor the parking areas.

**Investments:**

The Investment Team received and reviewed the Due Diligence Questionnaire from RVK and Hamilton Lane as part of the preparation for the Consultant Oversight report. In regards to RVK's the response was in alignment with expectations, given that RVK has just finished a similar questionnaire for SBCERS' on-site due diligence trip. The on-site due diligence trip questionnaire requested data through December 31<sup>st</sup>, 2022 and the Consultant Oversight report requested data through June 30<sup>th</sup>, 2023. There were no significant changes for RVK as a firm between those two end points. In regards to Hamilton Lane no significant findings came out of the response to the Due Diligence Questionnaire. After the completion of the questionnaire Hamilton Lane announced that Mario Giannini is stepping away from Chief Executive Officer and joining Hartley Rogers as Executive Co-Chairman of Hamilton Lane. The position of Chief Executive Officer will be jointly filled by Juan Delgado-Moreira and Erik Hirsch. This transition will be effective January 1<sup>st</sup> 2024. The Investment Team is confident that Hamilton Lane can seamlessly navigate this transaction and continue to support SBCERS' portfolio needs.

The Investment Team worked with RVK's Private Credit Team to review the recommendations for SBCERS' Private Credit portion of the portfolio. RVK's Private Credit Team is keen to add Marathon Dislocation Credit Fund II to the SBCERS' portfolio and the Investment Team has been working to bring Marathon's presentation to the September 27<sup>th</sup> Board Meeting. Additionally, RVK is recommending the addition of KKR U.S. Direct Lending Evergreen Fund. The Investment Team is currently working with KKR on the presentation which will come to the Board of Retirement for the October 25<sup>th</sup>, 2024 meeting. If both recommendations are approved, SBCERS's will have satisfied the target investment of approximately \$55 million per year for 2023.

**Member Services:**

Member Services processed 10 retirements and 6 continuances for the September 1, 2023 benefit payment.

Staff continued cross training on death and continuance processes, and our Member Services Tech team is now assisting with lump sum death benefit processing.

The team continued working with our pension software administrator to leverage automation features to generate communications and tasks informing members of important checkpoints

in their career or retirement. The team also performed research and fieldwork for the Brown Armstrong audit, reviewing pension records and calculations.

Current Member Services projects include:

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.

Active member education: participating in the New Employee Welcome, Halftime Highlights, and in-servicing to the Public Health Department.

Workday ERP: Member Services Director has been participating in County design sessions as a Subject Matter Expert in both timekeeping and payroll.

Open Enrollment preparations are underway, and member services is readying to participate in both County and Superior Court Open Enrollment events and has scheduled the SBCERS Open Enrollment Fair for Friday, October 13<sup>th</sup>, from 9 AM to 12 Noon, our inaugural Open Enrollment event at Robin Hill Road.

**Accounting:**

Accounting is still on track with the providing deliverables to meet the due dates for the accelerated schedule of the financial audit. The auditors are, therefore, also on track to begin the final phase of fieldwork the week beginning Monday, September 25, 2023. This has been a collaborative and coordinated effort between Accounting, Investments, and Member Services staff. Accounting has also been involved in discussions with Member Services and the Legal Team regarding the handling of complex member cases with regard to payouts, repayments, and taxes. Lastly, SBCERS has welcomed an intern, Ying Zhang, who will be learning and taking part of some of our accounting processes. Finally, Staff recently received the GFOA financial reporting award for the 2022 ACFR.

**Information Technology:**

SBCERS IT supports the operations by providing ongoing assistance to SBCERS staff, new hires, and 3rd-party consultants. Staffing changes over the summer has kept IT quite busy. IT has embarked on developing and deploying divisionally a SharePoint Wiki solution to manage policy, process/procedure documentation, and knowledge bases.

SBCERS IT continues to address and implement security recommendations from the formal IT assessment completed by Miller Kaplan. We are finalizing the deployment of the CIS Security Baselines. Over 500 security controls have been deployed to the organization in the last six months, effectively improving our overall security stance.

**Trustee Education Hours as of September 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			\$120.00	29.0
Zandra Cholmondeley	\$5,384.16	93.0	\$2,948.32	59.0	\$8,332.48	152.0
Michael Vidal	\$2,583.20	31.0	\$4,073.64	47.0	\$6,656.84	78.0
Trent Benedetti	\$2,805.39	20.0	\$4,094.09	39.0	\$6,899.48	59.0
Gary Blair	\$1,177.90	19.0	\$1,385.41	19.0	\$2,563.31	38.0

Ted Sten	\$1,203.52	19.0	\$1,412.27	19.0	\$2,615.79	38.0
Steve Lavagnino	\$2,400.33	33.0	\$1,116.86	19.0	\$3,517.19	52.0
Michael Daly	\$4,156.19	49.0	\$5,097.44	35.0	\$9,253.63	84.0
Paul Uhl			\$5,638.32	69.0	\$5,638.32	69.0
Laurie Lee			\$6,640.25	69.0	\$6,640.25	69.0
<b>Grand Total</b>	<b>\$20,818.71</b>	<b>311</b>	<b>\$32,406.60</b>	<b>377</b>	<b>\$53,225.31</b>	<b>688</b>

**Looking forward to the October 25, 2023 Regular Meeting:**

The Board of Retirement will consider the draft results of its June 30, 2023 Actuarial Valuation, a training from Institutional Shareholder Services on proxy voting and will also consider a private credit investment fund.

**Quiet Period Notice:**

Quiet Period Type	Affected Parties
Watch List	Rice Hall James

**Action Items**

No Action Items

**Attachments:**

- Member Services Statistics for August 2023
- Trustee Education Report
- Robin Hill Road Financials