

# SBCERS

Santa Barbara County Employees' Retirement System

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**DATE:** August 23, 2023

**TO:** SBCERS Board of Retirement

**FROM:** Greg Levin, CEO

**RE:** **Operation Report**

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## **Recommended Action:**

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

## **Informational Items**

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

### **Administration:**

The administration team worked on the 2023 Trustee election. The following people have submitted nomination petitions.

<b>Candidates &amp; Ballot Designations</b>	<b>Position</b>
<b>Zandra Cholmondeley, Incumbent</b>	Retired Member
<b>Gary Blair, Incumbent</b>	Alternate Retired Member
<b>Julius Abanise, Deputy County Counsel</b>	General Member
<b>Laurie Lee, Incumbent</b>	General Member
<b>Joel Flores, Cost Analyst II</b>	General Member

Candidate statements were made available for viewing on Tuesday, August 15, 2023. The 10-day review period concludes on Monday, August 28, 2023. In the Fall, incumbents Cholmondeley and Blair will be declared the winners of the Retired and Alternate Retired Member Elections, respectively. Ballots for the General Third Member election will be distributed electronically and by mail on Tuesday, September 12, 2023. The election period will conclude at 11:59 p.m. on Tuesday, October 10, 2023. Ballots will be counted at the SBCERS Goleta office on Wednesday, October 11, 2023. Results will be provided to the Board of Supervisors for approval in November 2023. The process for renewing appointed trustee positions has also been initiated and is expected to be completed in Winter 2023.

On Tuesday, August 15, SBCERS welcomed Red Cross for an on-site CPR, AED, First Aid, and Opioid Overdose response training. 19 staff participated and completed training. Planning is underway for the SBCERS All Staff Retreat on Wednesday, September 13.

Planning has continued for the Plan Sponsor summit which will be held on September 26, 2023. This will be a day-long training event for plan sponsor financial executives with the goal of providing them an overview of SBCERS governance, operations and investments activity.

**Robin Hill Road:**

HVAC units underwent warranty repairs this month. The lease for SBCERS office space is under consideration as a separate item this month.

The Real Property Management Committee reviewed and provided guidance for the attached Rules and Regulations for the SBCERS Board Room. This document, a staff level policy, outlines priority of use, capacity restrictions, and a fee structure, among other requirements, for organizations that use the room. SBCERS has received a large number of requests for use of the room for its unique audio and visual capabilities and private furnished space, so staff drafted these rules for protection of the space and property.

**Investments:**

The Investment Team continues to file Tax Reclaims on behalf of the trust. During the last few weeks, claims for the following countries were processed: Austria, Belgium, Canada, Finland, Ireland, Norway, Portugal, Switzerland and United Kingdom. These represent Tax Reclaims due through the remainder of 2023 and into First Quarter 2024. Tax Reclaims are an ongoing task and Investment Team will provide updates when available.

The Investment Team rebalanced \$20 million to cash to satisfy ongoing Capital Calls for the Private Equity, Private Real Return and Private Real Estate commitments. The additional cash came from the public U.S. Equity section of the portfolio, specifically the High Efficiency Defense Index (HEDI) managed by BNY Mellon. The Investment Team continues to work with RVK regarding any rebalancing to the portfolio needed to support cash flows.

In support of the Accounting Team's production of the Annual Comprehensive Financial Report (ACFR), Investments sent out the Derivative Questionnaire to all SBCERS' public funds managers and has begun to organize the responses. The Derivative Questionnaire is used to determine which derivatives were held on behalf of SBCERS as of 6/30/2023. Derivatives would be Options, Swap Agreements, Futures Contracts and Forward Contracts. Derivatives use in the SBCERS portfolio tends to be limited, with managers utilizing Derivatives for temporary market exposure when making portfolio adjustments.

**Member Services:**

Member Services processed 8 retirements and 6 continuances for the August 1, 2023 benefit payment.

Staff continued cross training on death and continuance processes, and beneficiary outreach. The team worked with our pension software administrator to leverage automation features to generate communications and tasks informing members of important checkpoints in their career or retirement.

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:**

Last week, Accounting completed interim fieldwork for the Annual Comprehensive Financial Report (ACFR) with the external auditors, Brown Armstrong. The Auditors obtained and reviewed audit samples provided by SBCERS, performed procedural walk throughs, and conducted staff interviews. The Auditors will continue their work on the SBCERS audit at their local worksite and return for final fieldwork at the end of September. Accounting will begin the phase of preparing the ACFR which includes the Management Discussion and Analysis, Financial Statements, and Required Supplemental Information sections.

**Information Technology:**

Information Technology division continues to support the operations of SBCERS setting up redundant scan stations and warrant printing capabilities in the Santa Maria office.

The Division has been addressing and implementing the recommendations from the formal IT assessment completed by Miller Kaplan. The report from Miller Kaplan was positive and recommended numerous items that are intended to make SBCERS a top-rated IT environment. This endeavor is a 2-3 year-long project.

**Looking forward to the September 30, 2023 Regular Meeting:**

Investment staff will provide the Board with the annual Consultant Oversight Report and there will be a panel discussion on investing in China and divestment.

**Quiet Period Notice:**

<b>Quiet Period Type</b>	<b>Affected Parties</b>
<b>Watch List</b>	Rice Hall James, Small Cap Domestic Equity

**Action Items**

No Action Items

**Attachments:**

- Member Services Statistics for July 2023
- SBCERS Board Room Rules and Regulations, and Application for Use
- Robin Hill Road Financials