

# SBCERS

Santa Barbara County Employees' Retirement System

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**DATE:** January 22, 2025  
**TO:** SBCERS Board of Retirement  
**FROM:** Greg Levin, CEO  
**RE: Operations Report**

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## **Recommended Action:**

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

## **Informational Items**

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- 10 new retirees and 6 continuances were placed on payroll in December 2024 for the January 1, 2025 payroll.

## **Staffing:**

- Kaleigh Ganske joined SBCERS as the Compliance Officer.
- Agnes Asztalos was hired from Extra Help to Regular status in the Legal Office Professional II position assigned to the Disability Division.

## **Administration:**

In December, the Administrative team partnered with County HR to facilitate recruitments for a Financial Office Professional, Business Department Specialist, and Compliance Officer.

The team has also been working on a digital transformation initiative for key Member Services processes. The primary objective is to streamline processes to reduce potential points of failure and create measurable data to help ensure accuracy and efficiency. This initiative includes custom built applications using technology already included with Microsoft Office licenses, such as PowerApps and PowerAutomate.

Finally, the team completed the Annual Report as of June 30, 2024 (also known as the Popular Annual Financial Report, or "PAFR") that will be distributed to all membership in the end of January. Active and deferred members will receive the PAFR with their Membership Statements.

## **Robin Hill Road:**

### Construction Progress

Bardex has been responsive in addressing critical design questions, and the mechanical design, along with Smith Engineering's work, is expected to be completed by January 24. On that day, we plan to submit the changes to the City of Goleta as a revision to the original permit.

In the meantime, the electrician has begun contract electrical work in areas of the Bardex space that are not affected by design changes. Schipper Construction is currently soliciting pricing for the framing changes, and we anticipate starting that work soon. Mechanical and final electrical work will commence once the plans have been submitted and contractor pricing has been approved. Our goal is to achieve completion by May 31, 2025, aligning with Bardex's timeline to vacate their current lease.

The Cornerstone suite has progressed independently of the Bardex suite changes and has made significant headway. Plumbing and electrical work are substantially complete, and the drywall phase has been finished, which will allow doors and frames, painting, cabinets, and acoustical ceilings to be installed. This marks a transition from infrastructure work to the finishing stages of the suite. The completion date for the Cornerstone suite is scheduled for March 17, 2025.

### Budget and Cost Implications

The original scope of work has been adjusted to accommodate Bardex's tenant-requested changes. These changes will slightly modify the original contract cost.

To date, change orders and additional project costs have been managed using available credits. Once the revised estimates for the Bardex changes are finalized, we will provide an updated budget impact.

## **Investments:**

The Investment Team worked with investment counsel to finalize negotiations with Victory Park Capital Asset Backed Opportunistic Credit Fund II (VPC ABOC), which closed on December 13, 2024. The Board of Retirement approved the investment of \$25 million into VPC ABOC at the September 25, 2024 meeting. After the closing of VPC ABOC in early December, the fund called \$23 million to put to work immediately.

Interviews for the Invitation to Bid on the Futures Overlay manager mandate occurred during the week of December 16 – 20 and were conducted jointly by RVK and SBCERS Investment Staff. The responding firms were provided with a case study using SBCERS' current target portfolio under duress to demonstrate their capabilities.

Investment Staff began preparations for in-kind transfer of assets from Bank of New York Mellon to SEI under the management of PanAgora. The Board of Retirement previously approved the transition of the assets under PanAgora's management into a Commingled Fund from a Separately Managed Account for more efficient operational structure. The transfer of assets requires coordination of SBCERS Staff, PanAgora, Bank of New York

Mellon, SEI and Brown Brothers Harriman & Co. Discussions on the process to transfer began in early December and the project is expected to conclude in late January.

### **Member Services:**

Member Services processed 10 new retirees and 6 continuances for the January 1, 2025 Payroll.

The team processed all the Open Enrollment changes effective January 1, 2025, and activated all new rate tables for the insurance year.

Current Member Services projects include:

- Reciprocity workflows: All members of the team are participating in the workload during the recruitment for the Departmental Business Specialist.
- New employee welcome to 24 County Fire Academy recruits.
- Planning sessions for the next season of Departmental Payroll Administrator trainings and 2025 financial literacy sessions.
- Communications to retirees with large Health Reimbursement Arrangement account balances are being prepared to assist members in expending their balances.

### **Accounting:**

After Board approval of the final Annual Comprehensive Financial Report (ACFR), the Accounting Division posted the ACFR to the SBCERS website and disseminated the report to the County and other agencies such as the State Controller's Office and U.S. Census Bureau. The Accounting Division is also in the process of reconciling and producing annual 1099Rs for all retirees for tax year 2024. Member Statements for calendar 2024 are being produced and expected to be mailed by the end of January. Lastly, as part of its semi-annual process, the Accounting Division posted interest (4.38%) to active, deferred, and inactive member account balances as of 6/30/2024 on 12/31/2024.

### **Information Technology:**

The Information Technology (IT) division has successfully launched Ninjio, a cybersecurity awareness training program designed to educate individuals and organizations on how to recognize and avoid cyber threats through engaging and diverse content.

IT is also in the final stages our Network Refresh project, a significant project that involves replacing firewalls, reconfiguring network environments, and establishing a redundant internet service provider (ISP) to enhance network reliability and security.

In collaboration with the Auditor-Controller's Office and County ITD, the division established a secure method ensure payroll data is securely transmitted to SBCERS. Additionally, IT is nearing completion of the rollout of the Data Loss Prevention (DLP) program, a security solution that identifies and mitigates risks associated with the unsafe or inappropriate sharing, transfer, or use of sensitive data.

As part of the DLP initiative, SBCERS has introduced ShareFile, a secure file-sharing and storage service that facilitates team collaboration while ensuring the protection of sensitive content. These efforts collectively strengthen the organization’s cybersecurity posture and enhance operational efficiency.

**Legal:**

Post Retirement Employment Policy Update

As previously reported to the Board, in April 2023, SBCERS implemented a Working after Retirement policy to comply with the statutory limitations of post-retirement employment applicable to retirees, specifically the restriction that any post-retirement employment be of limited duration. Initial implementation efforts included presentations to County Department Directors, notice to retirees, and development of new certification forms for all new retiree hires. SBCERS initially identified 91 SBCERS retirees that had been working in a post-retirement capacity for more than 24 months and notified them and their departments that they were required to discontinue their service or request and receive an extension. Of those 91 members, 56 members have separated from their extra help employment; 24 of those separated by the initial 6/30/23 deadline and the remainder received extensions of varying duration over the last 18 months. The 35 retirees who remain active and have not separated are all employed by the Sheriff’s Department. The average length of post-retirement employment for this group of retirees is 9.25 years.

Since the initial implementation, SBCERS continues to monitor and notice recent retirees approaching the 24-month limit. Staff considers and makes determinations on requests for extensions, which are generally limited to 12 additional months.

Beginning in March 2024, Participating Employers submit a list of their extra help employees and contractors on an annual basis. The use of SBCERS retirees in post-retirement employment is not as prevalent within the Participating Employers, but staff is applying the same standards applied to the County to these extra help retirees and is working with employers to transition into full compliance.

**Looking forward to the February 26, 2025 Regular Meeting:**

At the February 26, 2025 Board of Retirement meeting, the Board Chair will appoint the members of the Operations Committee and Real Property Management Committee. If the Board approves staff’s recommendation to approve an RFP for Private Equity and Private Real Return portfolio management services at the January meeting, the Board Chair will also appoint members to the ad hoc committee next month. In addition, the Board will receive quarterly reports from RVK, Inc. and Hamilton Lane, and strategic plans for the private equity and private real return assets classes from Hamilton Lane.

**Quiet Period Notice:**

<b>Quiet Period Type</b>	<b>Affected Parties</b>
<b>Watch List</b>	Artisan

## **Action Items**

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No action.

### **Attachments:**

- Member Services Statistics for December 2024
- Robin Hill Road Financials
- Operations Committee Proposed 2025 Work Plan