



Santa Barbara County Employees' Retirement System

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**DATE:** January 25, 2023

**Agenda Item # 6**

**TO:** SBCERS BOARD OF RETIREMENT

**FROM:** Gregory Levin, CPA 

**RE:** **Operations Report**

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**Recommended Action:**

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

**Information Items**

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15 new retirees and 5 continuances were put on payroll during December 2022 for the January 1, 2023 payroll.

**Staffing:**

No staffing changes this month.

**Administration:**

During the months of December and January, the administration team focused on the completion of construction on the Robin Hill Road building. Warranty work continues on the HVAC system and Audio/Visual work is ongoing in office and board spaces. Other projects that were a focus for the administration team include the supporting the accounting team to complete the Annual Comprehensive Financial Report, finalizing the Board elections process and beginning the annual member statement and Popular Annual Financial Report distribution process. Trustee orientation also occurred during the month of January.

Attached this report is the SACRS Election Notice and application for the SACRS Board of Directors and the January Legislative Update from SACRS.

**Investments:**

The Investment Team met with RVK and their transition specialist team to begin the initial stages of the transition away from First Eagle. First Eagle funds are custodied in a Separately Managed Account (SMA), meaning each holding is wholly owned by SBCERS. Initially conversations with RVK established that the First Eagle transition would occur in February

of 2023. At this time RVK is requesting proposals from SBCERS bench of transition specialist and will work with staff to select which of the firm that conduct the transition.

The Investment Team worked with Hamilton Lane to transition the Private Real Estate portfolio. ORG as the previous discretionary manager provided fund and transaction data to Hamilton Lane in late 2023. This data is being reviewed by Hamilton Lane for incorporation to their stored data for the SBCERS relationship. Hamilton Lane will use this data provided by ORG to establish a Strategic Plan for the SBCERS portfolio for 2023. This strategic plan will be presented to the Board of Trustees in early 2023.

Lastly, the Investment Team coordinated the New Trustee Orientation for Trustees Lee and Uhl. Previously, before the COVID pandemic the New Trust Orientation was a full 2 day training in-person which covered such topics as bylaws, staff mandates and introduction to consultants. Mid-Pandemic New Trustee Orientation was moved to web conference in a format similar to a college course, 2 hours twice a week for 3 weeks. Moving now into Post-Pandemic landscape, the New Trustee Orientation is hybrid this year having at least one training in person.

**Member Services:**

Member Services completed processing 15 retirements and 5 continuances for the January 1, 2023 benefit payment.

The Member Services team prepared for the opening of our lobbies and dedicated counseling rooms in the beginning of January, populating an on-line calendaring feature so that members may access representatives and technicians to book appointments. The team also conducted an in-service education to Probation staff at their Santa Maria location. The topics focused on matters important to active members including basic education on pension benefits and best practices for retirement planning.

Member services implemented the new IRS Forms W-4P and W-4R. The process involved considerable restructuring of templates and systems, as well as the drafting of an informational article for an upcoming Retired Employees of Santa Barbara County newsletter. Finally, the team also participated in a CALAPRS Benefits Roundtable.

Current Member Services projects include:

Alameda Active Member Refunds: continued follow up on uncashed checks. To follow is an update of the status of the refunds, as of January 17, 2023:

Number of refunds issued on October 17, 2022: 386

- 372 Checks
- 14 Rollovers to 457(b) Deferred Compensation

Total amount of refunds issued:       \$108,492.13

Number of checks and rollovers cashed/deposited: 292

Amount of refunds cashed/rolled over: \$106,802.20

Number of uncashed checks: 94

Amount of uncashed checks: \$1,689.97

Average amount of outstanding uncashed check: \$17.98

Member Services has encouraged members to deposit their checks and reminded them that Form 1099-R will be issued by January 31, 2023, as follows:

- Phone campaign: the team called all members with uncashed refunds in excess of \$100.
- Mail campaign: the team sent a reminder letter to 122 members who had not yet cashed checks.

Beneficiary designations:

- Partnering with Departmental Payroll Administrators and deploying a membership communication to update beneficiaries.
- Using death reporting services to identify deceased nominated beneficiaries, and communicating with impacted members to update beneficiaries.

HRA balance reconciliation and assistance to members: using the results of our recent account review to send targeted mailing to retirees with large available balances, offering reimbursement claim processing assistance, either via a call or Zoom, or at an in-office HRA clinic.

**Accounting:**

Compilation of the Annual Comprehensive Annual Financial Report (ACFR) concluded in December prior to the December 31<sup>st</sup> deadline. This was a coordinated effort between staff, the external auditor, Brown Armstrong, and the system's actuary, Cheiron. The accounting team appreciates the support of all SBCERS divisions involved to help finalize the ACFR.

Accounting is preparing to issue 1099R's and Member Statements. 1099R's are required to be issued on January 31<sup>st</sup> of the year following the tax year while Member Statements are generally issued in February.

**Information Technology:**

Information Technology staff have been busy configuring the Robin Hill office for the various audio visual and security systems. This configuration entails, for security reasons, establishing separate networks for the various devices such as the tv's, monitor, security cameras, boardroom cameras, etc.

Another team initiative is developing a foundation required to comply with information security management standards and regulations. This is not a small task and will set the standards, policy, and training for the organization.

We are currently evaluating and testing a password locker for the organization. IT has also completed a staff training phishing campaign, which the staff performed very well. The hardening our IT environment and monitoring it continues to happen on a daily basis.

**Legal:**

Policy reviews and preparation for the 2023 Operations Committee work plan. The policies scheduled to be reviewed this year:

1. Budget Approval Process
2. Communications
3. Code of Conduct
4. Board Policy Development
5. Charters (Board, Chair, Vice Chair, Secretary, CEO, and Operations Committee)
6. Securities Litigation
7. Record Retention

**Disability:**

Ongoing case management and hearing oversight.

**Looking forward to the February 22, 2022 Regular Meeting:**

At the February 22, 2022 meeting the Chair will appoint the Operations Committee. The Board will hear quarterly reports from its investment consultants and strategic plans for the private equity and private real return assets classes from Hamilton Lane.

**Education Report as of January 19, 2023:**

<b>Name</b>	<b>2022 Cost</b>	<b>2022 Hours</b>	<b>2023 Cost</b>	<b>2023 Hours</b>	<b>2-Year Cost</b>	<b>2-Year Hours</b>
Frederick Tan	\$988.02	18.0			\$988.02	18.0
Harry E. Hagen	\$120.00	29.0			\$120.00	29.0
Zandra Cholmondeley	\$5,384.16	93.0			\$5,384.16	93.0
Michael Vidal	\$2,583.20	31.0			\$2,583.20	31.0
Trent Benedetti	\$2,805.39	20.0			\$2,805.39	20.0
Gary Blair	\$1,177.90	19.0			\$1,177.90	19.0
Ted Sten	\$1,203.52	19.0			\$1,203.52	19.0
Steve Lavagnino	\$2,400.33	33.0			\$2,400.33	33.0
Michael Daly	\$4,156.19	49.0			\$4,156.19	49.0
Paul Uhl			\$0.00	10.0	\$0.00	10.0
Laurie Lee			\$0.00	10.0	\$0.00	10.0
<b>Grand Total</b>	<b>\$20,818.71</b>	<b>311</b>	<b>\$0.00</b>	<b>20</b>	<b>\$20,818.71</b>	<b>331</b>

**Quiet Period Notice:**

<b>Quiet Period Type</b>	<b>Affected Parties</b>
<b>Watch List</b>	DFA
<b>Watch List</b>	Panagora

**Action Items**

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None.

**Attachments:**

- SACRS Election Notice, Application for the SACRS Board of Directors, and SACRS January Legislative Update
- Member Services Statistics for December 2022
- Trustee Education Report as of 1/19/2023