



Santa Barbara County Employees' Retirement System

DATE: June 28, 2023

Agenda Item #10

TO: SBCERS BOARD OF RETIREMENT

FROM: Gregory Levin, CPA 

RE: **Operations Report**

Recommended Action:

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

Informational Items

4 new retirees and 1 continuance were put on payroll during May 2023 for the June 1, 2023 payroll.

Staffing:

No staffing changes this month.

Administration:

During the months of May and June, the administrative team executed on the first Open House event in the history of SBCERS. The event was a big success with almost 200 attendees. We received positive feedback and will look to turn this into an annual member event. In addition to the Open House, the administrative team hosted Operations and Real Property Management Committee meetings. The Administrative team also met with the executives of several plan sponsors regarding the phased implementation of policies designed to ensure that SBCERS retirees only perform extra help work of a limited duration.

A Plan Sponsor summit is being planned for the summer. Finally, the Board Clerk team will be mailing the election notice for the 2023 Trustee Election during the month of July.

Robin Hill Road:

The HVAC manufacturer recently indicated that the necessary parts to fix the chiller have been shipped.

Cost estimates for the design and planning phase of the vacant leased space have been obtained and will be presented to the Real Property Management Committee at its July 12, 2023 meeting.

Investments:

In February 2023, Investment Staff requested the formation of an Ad Hoc Committee to complete an on-site due diligence trip at RVK’s Portland, OR office. The Committee comprised Trustees Zandra Chomondeley, Fred Tan and Laurie Lee. The Committee departed California for Oregon on June 1st and returned June 2nd.

After the on-site due diligence trip, Investment Staff organized an Ad Hoc Committee debrief which included additional insights gained since the trip. This debrief meeting served as the foundation for the formal recommendation presented to the Board of Trustees at this month’s meeting.

The Investment Team coordinated with RVK and the Accounting Team to request a portfolio distribution to fund upcoming cash needs principally for benefit payments. The distribution includes slight reductions in Small Cap and Emerging Markets and works to rebalance the portfolio to target weights. Cash came from:

- Dimensional U.S. Small Cap Value – Sell \$17.5M
- RHJ Small Cap Opportunities – Sell \$7.5M
- DFA Emerging Markets Value – Sell \$10M

The development of the Investment Team’s platform of education continues with 3 presentations on the short-term horizon. For June, James Hu of the Investment Team will give a brief overview of Tax: Relief at Source and Reclaim. James’s presentation will give insight into the ongoing tax reclaims project being conducted by the Investment Team.

July will see the return of Environmental, Social and Governance (ESG) for SBCERS public market exposure, this will be a joint presentation given by Matthias Bauer of RVK and Rebecca M. Valdez of SBCERS Staff. The September meeting will have a panel regarding SBCERS investments in China. Staff has invited DFA and RBC, SBCERS public equity Emerging Market managers utilized in the SBCERS portfolio, to participate on the panel. The panel will be moderated by Wellington, the public debt Emerging Market manager utilized in the SBCERS portfolio.

Member Services:

Member Services processed 4 retirements and 1 continuance for the June 1, 2023 benefit payment.

The post-COLA, pre-Open Enrollment season has begun, and the Member Services team is focusing on service purchase calculations, cross training of death and continuance processes, and beneficiary outreach. The team is also working with our pension software administrator to leverage the capabilities of our Milestone tracker to generate communications and tasks informing members of important checkpoints in their career or retirement. Several team

members also participated in the Abuse Prevention Council's Annual Elder Abuse Prevention Conference.

Current Member Services projects include:

Extra Help Limited Duration notices: the team is fielding questions from retirees who have been identified as having worked EXH beyond a limited duration.

Active member education: participating in the New Employee Welcome. Halftime Highlights, a very well received in-person in-service to Public Health, and a Zoom in-service to County Fire.

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

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.

Accounting:

Accounting has provided the final fiscal year 2023-24 budget to the Board of Retirement as of this Board meeting. Accounting has screened the applicants for the Accountant I/II position and is in the process of scheduling interviews. If a candidate is selected from the applicants, the intent is to fill the position by the end of July. Finally, Accounting has already began providing audit data for fiscal year 2022-23 to the external auditors, Brown Armstrong. Brown Armstrong will begin interim fieldwork the first week of August.

Information Technology:

Information Technology division continues to support the operations of SBCERS, onboarding and off boarding staff, setting up redundant scan stations and warrant printing capabilities in the Santa Maria office. It has also collaboratively worked with the County to allow SBCERS as a trusted agency thus allowing each shared access to address books, calendaring, and intranet. This will enable more efficient staff access to County staff and resources.

Information Technology has been on heightened alert due to the recent cyberattacks on government agencies. In response to these recent cyberattacks staff have verified SBCERS security controls and configurations, deployed Microsoft security updates, and have been in coordinating with County IT to ensure an integrated approach to security.

The division has been addressing and implementing the recommendation 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.

Trustee Education Hours as of June 2023:

Trustee	2022		2023		Total Cost	Total Hours
	Cost	Hours	Cost	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	43.0	\$8,332.48	136.0
Michael Vidal	\$2,583.20	31.0	\$4,073.64	47.0	\$6,656.84	78.0
Trent Benedetti	\$2,805.39	20.0	\$0.00	15.0	\$2,805.39	35.0
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	-	-	\$2,638.32	45.0	\$2,638.32	45.0
Laurie Lee	-	-	\$3,352.48	45.0	\$3,352.48	45.0
Grand Total	\$20,818.71	311	\$22,024.74	289	\$42,843.45	600

Looking forward to the July 26, 2023 Regular Meeting:

The July 26, 2023 Board of Retirement meeting will be held in the Boardroom at Allan Hancock College, 800 S College Drive, Building B, Santa Maria, CA 93454.

The Board of Retirement will receive education on Environmental, Social and Governance (ESG) Policies being implemented by SBCERS portfolio managers and education on Low Default Risk Obligation Measures from Cheiron.

Quiet Period Notice:

Quiet Period Type	Affected Parties
Watch List	No Firms on Watch

Action Items

No Action Items

Attachments:

- Member Services Statistics for May 2023
- Trustee Education Report as of June 2023
- Robin Hill Road Financials