

SBCERS

Santa Barbara County Employees' Retirement System

DATE: March 19, 2025

TO: SBCERS Board of Retirement

FROM: Greg Levin, CEO

RE: **Operations Report**

Recommended Action:

- A) That the Board of Retirement receive and file the Operations Report and,
- B) Adopt resolution 2025-02 calling for a special election for the General 3rd Member of the Board of Retirement.

Informational Items

- 9 new retirees and no continuances were placed on payroll in February 2025 for the March 1, 2025 payroll.
- Annual Form 700 is due by April 1, 2025.

Staffing:

- No staffing changes.

Administration:

During the month of March, the administrative team supported the Member Services team to host pre-retirement seminars. The SBCERS CEO participated in a panel discussion at the CALAPRS General Assembly on current litigation before the CA Supreme Court.

General Trustee Laurie Lee has resigned her position at the County of Santa Barbara effective March 14, 2025 in order to start employment in the private sector. As a result of her separation from County employment, Ms. Lee can no longer serve as a General Trustee in the No. 3 position on the Board of Retirement. Ms. Lee was a productive trustee and assisted with many Board projects and will be missed.

The Board elections policy calls for a special election to be initiated at the earliest possible date when the remainder of the term is greater than one year. Ms. Lee had approximately 21 months remaining in her term. The System is scheduled to notice a regular election on July 7, 2025 for the General Trustee No. 2 position held by Trustee Daly and Safety Trustee positions No. 7 and No. 7a held by Trustees Uhl and Tan, respectively. To avoid overlapping elections that are run on differing schedules, staff recommends that the Board hold a special election simultaneously with the regularly scheduled election. The special election would

follow the same schedule as the regular election, concluding in November 2025. Staff believes that holding the election simultaneously would result in cost savings to the System and reduced confusion for electors.

If the General member elections are run at the same time, potential nominees must choose which seat they are running for and may not run for both seats simultaneously.

The candidate who wins the Special Election will begin their term on the first of the month following certification of the election results by the Santa Barbara County Board of Supervisors and would serve for the remainder of the term until December 31, 2026. The candidates winning the regular elections will be seated on January 1, 2026.

Robin Hill Road:

The Robin Hill Road project has been proceeding largely on schedule with construction of the Cornerstone suite scheduled for completion and occupancy on March 24, 2025. The Bardex suite is currently under construction and scheduled for completion in May 2025. The RPM Committee met on March 17, 2025 and considered revised project financials and a budget increase request necessary for completion of the construction changes that resulted from the Bardex lease negotiation. The total project cost for the tenant improvements is now estimated to be \$2,975,000. The report provided to the RPM Committee is attached to this report for review by the full Board of Retirement.

The System has also received a letter of intent for the space vacated upstairs by FTI Systems. Negotiations with the prospective tenant are ongoing. Other outstanding activities include completing the process to remove the building from the County Property Tax Roll and installing electric car charging stations at the rear of the parking lot.

Investments:

The Private Equity and Private Real Return Request for Proposal was issued March 3, 2025 as scheduled. Final responses are due by April 4, 2025.

The Investment Team has begun the initial coordination for the Artisan Transfer-In-Kind (TIK). During the August 2024 Board of Retirement meeting, the Board approved the transition of assets from a separately managed account into a commingled investment trust, aiming to increase the System's operational efficiencies. The Artisan TIK is almost identical to the recent PanAgora TIK. SBCERS assets managed by Artisan will move from a separately managed account at Bank of New York into a commingled fund of the same strategy custodied by BBH.

Member Services:

Member Services processed 9 new retirees and no continuances for the March 1, 2025 Payroll.

The team has counseled an increasing number of members interested in retiring on or before April 1, 2025 in order to receive the 2025 Cost of Living Adjustment. As of docket deadline

there were approximately 65 pending retirees for COLA onboarding, with many counseling sessions scheduled for the remainder of the month.

Pre-Retirement workshops were conducted in Santa Maria on March 3rd (100 attendees), Santa Barbara on March 6th (55 attendees) and a virtual event on March 12th (208 attendees). The virtual event conducted on Teams was recorded for posting to our website, along with a Q&A of questions submitted during the three events. A post-workshop survey revealed that the majority of attendees are considering retirement in the next 1 to 3 years.

The Member Services Director joined the Investments team to present to the UCSB Strategic Investments Program on February 13, providing context regarding the services and benefits provided by SBCERS.

Current projects include:

- Coordination with County HR to participate in the County Mental Health Symposium to discuss retirement, and active member death processing protocols.
- Planning of Departmental Payroll Administrator training and Financial Literacy education program.

Accounting:

Accounting been researching improvements to its revenue, accounts payable and general ledger accounting processes and in turn, the operational banking history with the County and the options available to the Board. A comprehensive update and policy considerations will be presented to the Board as a separate item. The team has started analyzing future budgetary needs in anticipation of coming to the Board in May for the first reading of the FY 25-26 Administrative Budget.

Information Technology:

The IT team is continuing to fine-tune the newly implemented network, which includes adding a second internet service provider, deploying Palo Alto GlobalProtect VPN, integrating geo-fencing protection, and restricting internet access for high-risk devices. Additionally, IT has blocked access to certain AI applications identified as malicious and is actively developing policies, configurations, and licensing guidelines related to AI.

Furthermore, IT has been collaborating closely with the County IT Department on Data Loss Prevention (DLP) initiatives and the integration of Microsoft Cloud applications with AI capabilities.

Lastly, IT is in the process of recruiting for the position that will be vacated by Lesley Torgeson, who will be retiring on March 31.

Trustee Education Report as of March 2025:

Trustee	2024 Cost	2024 Hours	2025 Cost	2025 Hours	Total Cost	Total Hours
Frederick Tan	\$1,196.86	20.0			\$1,196.86	20.0
Harry E. Hagen	\$1,653.06	56.0	\$1,488.41	14.0	\$3,141.47	70.0
Zandra Cholmondeley	\$4,369.39	76.0			\$4,369.39	76.0
Michael Vidal	\$3,297.72	61.5			\$3,297.72	61.5
Gary Blair	\$162.81	23.0	\$1,913.73	14.0	\$2,076.54	37.0
Steve Lavagnino	\$120.00	22.0			\$120.00	22.0
Michael Daly	\$6,873.74	66.0	\$1,918.08	14.0	\$8,791.82	80.0
Paul Uhl	\$2,081.32	40.8			\$2,081.32	40.8
Robert Bianchi	\$120.00	30.5			\$120.00	30.5
Dustin Dodgin	\$120.00	28.8			\$120.00	28.8
Grand Total	\$19,994.90	424.5	\$5,320.22	42	\$25,315.12	466.5

Looking forward to the April 23, 2025 Regular Meeting:

At the April 23, 2025 Board of Retirement meeting, the Board will review policies recommended by the Operations Committee, receive monthly investment performance update from RVK, Inc., and appoint a voting proxy for the SACRS Spring 2025 Business Meeting.

Quiet Period Notice:

Quiet Period Type	Affected Parties
Watch List	Artisan

Action Items

Adopt a resolution calling for a special election for the 3rd General Member of the Board of Retirement.

Attachments:

- Member Services Statistics for February 2025
- SBCERS Retirement Statistics: 2025 Pending Retirees
- Robin Hill Road Financials
- Trustee Education Report as of March 2025
- Resolution 2025-02 for Special Election of General 3rd Member of the Board of Retirement