

# SBCERS

Santa Barbara County Employees' Retirement System

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**DATE:** March 20, 2024  
**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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19 new retirees and 4 continuances were placed on payroll during February 2024 for the March 1, 2024 payroll.

### **Staffing:**

Ying Zhang returned as an intern supporting front desk operations and the accounting team.

### **Administration:**

Filing notices have been distributed by Santa Barbara County to mandatory filers for the Annual Form 700. All annual Form 700's are due by April 3.

The 2<sup>nd</sup> Annual SBCERS Open House has been scheduled for Friday, June 7. The Open House is open to all members and their families and will feature organizations from the community and SBCERS for educational and social opportunities.

At the beginning of April, an SBCERS article was featured in the DSA newsletter explaining SBCERS benefits. The Administration team has been preparing for the May SACRS meeting to be held in Santa Barbara. Consistent with County policies on travel and historical practice, SBCERS will be providing hotel rooms to Trustees who live more than 30 minutes away from the event (outside of South County). For the trustees who live in the South County, SBCERS will be arranging transportation via Uber to and from the event. This will obviate the need to pay for parking and provide Trustees with the ability to come and go from the conference and attend evening events if they choose.

### **Robin Hill Road:**

Plans for the approval of two vacant spaces and the build-out for our leased tenant were formally submitted to the City of Goleta on March 7th. The anticipated timeline for the

approval process is 45-60 days. Typically, this process involves responding to inquiries and providing clarifications during the review period and after.

On March 12th, a comprehensive project meeting was conducted on-site with key stakeholders, including the contractor, architect, project manager, and other relevant personnel. This meeting focused on reviewing the plans and assessing the project as a whole. While awaiting feedback from the city, the contractor is preparing to solicit bids from various trades. We expect to receive contractor bids within four weeks.

Significant progress has been made regarding the installation of four electric vehicle (EV) chargers in our parking lot. Last week, we received a second bid for the required electrical work. Additionally, positive discussions were held between the EV charger vendor and SCE regarding potential rebates and subsidies for cost offsets. We anticipate compiling additional bid information and subsidy details to prepare a comprehensive project report for the RPM committee in the near future.

### **Investments:**

The transition from Rice Hall James Small Cap Opportunities (Separate Account) and Dimensional U.S. Small Cap Value (Commingled Fund) into DFA Small Cap Core (DFSTX) was completed. Due to the wide bid/ask spreads and size versus average daily volume of several of the Rice Hall James holdings, transition manager Abel Noser was engaged to coordinate trading. The trading took place over February 27<sup>th</sup> and 28<sup>th</sup>, and the proceeds were used to purchase DFSTX. The post trade analysis report is attached to this memo. Staff completed the transition to Dimensional U.S. Small Cap Value on March 6<sup>th</sup>.

SBCERS Investment and Accounting Teams met with the Custodial RFP Ad Hoc Committee to discuss the responses provided by BNY Mellon, Northern Trust and State Street. Each of the potential custodians provided excellent responses to the Custodial RFP and Staff provided an update to the Ad Hoc Committee on the key take aways and expected next steps. An update on the custodial RFP is included as a separate agenda item for today's meeting.

Rebecca Valdez, Investment Officer, was invited to present at UCSB to the Strategic Investment Program ([Home | UCSB Strategic Investment Program \(ucsbsip.com\)](http://ucsbsip.com)). The Strategic Investment Program is an extension course offered through UCSB comprising of 4 additional investment courses: Introduction to Financial Economics, Financial Statement Analysis, Risk and Ethics and Portfolio Management. Rebecca was invited to engage the students for 45 minutes as part of the Portfolio Management course. Rebekah Bardakos joined the speaking engagement to give the students an introduction to SBCERS and the benefits provided to the members. Below is a photo of the SBCERS Team speaking at UCSB.



### **Member Services:**

Member Services processed 19 retirements and 4 continuances for the March 1, 2024 benefit payment. The team continues to meet with an increased number of members in anticipation of the 2024 Retiree Cost of Living Adjustment.

Current Member Services projects include:

- With our Communications team, planning our first Departmental Payroll Administrators educational series to partner more closely with our Plan Sponsors in supporting our membership in understanding their pension benefits, and keeping their accounts up to date. The team is looking forward to hosting a record high attendance at this training, with over 50 RSVPs to date.
- Death reporting services: the team is utilizing PBI to investigate the deaths of retiree nominated beneficiaries, as well as to audit against our former death reporting service and to launch communications to retirees for whom spousal death records occur to ensure continuance and death benefit nominations are updated.
- Workday ERP: the SBCERS Member Services Director has been participating in County design sessions as a Subject Matter Expert in both timekeeping and payroll, and has hosted County HR at our office for in-depth review of system configuration to date.

### **Accounting:**

Accounting, along with the SBCERS Investment Team and RVK, completed review of the Custodian Request for Proposal documents submitted to SBCERS. The Teams' assessment of the RFP submissions was shared with the Custodian RFP Ad Hoc Committee. Accounting is using its ongoing assessment of the FY 23-24 budget to begin preparing the first reading of the FY 24-25 budget in May and finalizing the budget in June. Accounting reached out to the Auditor's Office WorkDay implementation group and received department specific training in WorkDay in anticipation of the transition from FIN to

WorkDay in 2024. Lastly, Accounting has reconciled and is prepared to transmit federal 1099R tax information to the IRS by the March 31<sup>st</sup> deadline.

**Information Technology:**

The Information Technology division remains committed to strengthening both the staff and the organization by promptly attending to daily inquiries. Over the past month, a surge in cyber-attacks dubbed Storm-1874 has swept across the nation, primarily targeting the healthcare and logistics sectors. SBCERS has vigilantly ensured that recommended safeguards are in place to mitigate these threats.

In addition to fortifying security measures, IT has engaged in collaborative efforts with various divisions to establish SharePoint sites tailored for hosting comprehensive process and procedural documentation.

Furthermore, IT has initiated a formal assessment in partnership with Palo Alto Networks to analyze the network traffic of SBCERS firewalls, assessing both capabilities and complexities. Additionally, IT has successfully transitioned to a new Microsoft licensing provider.

**Quarterly Education Report as of March 2024:**

<b>Trustee</b>	<b>2023 Cost</b>	<b>2023 Hours</b>	<b>2024 Cost</b>	<b>2024 Hours</b>	<b>Total Cost</b>	<b>Total Hours</b>
Frederick Tan	\$0.00	3.5	\$0.00	0.5	\$0.00	4.0
Harry E. Hagen	\$687.12	19.8	\$250.00	17.5	\$937.12	37.3
Zandra Cholmondeley	\$5,379.20	86.3	\$0.00	19.5	\$5,379.20	105.8
Michael Vidal	\$4,954.32	69.5	\$0.00	5.0	\$4,954.32	74.5
Gary Blair	\$2,266.09	42.1	\$0.00	2.5	\$2,266.09	44.6
Steve Lavagnino	\$1,997.54	41.8	\$0.00	1.5	\$1,997.54	43.3
Michael Daly	\$5,097.44	39.1	\$0.00	1.5	\$5,097.44	40.6
Paul Uhl	\$6,519.00	93.1	\$0.00	1.0	\$6,519.00	94.1
Laurie Lee	\$7,297.37	94.3	\$0.00	1.5	\$7,297.37	95.8
Robert Bianchi			\$0.00	10.0	\$0.00	10.0
Dustin Dodgin			\$0.00	9.0	\$0.00	9.0
<b>Grand Total</b>	<b>\$34,198.08</b>	<b>489.48</b>	<b>\$250.00</b>	<b>69.5</b>	<b>\$34,448.08</b>	<b>558.98</b>

*\* SACRS is offering Sexual Harassment Prevention Training For Local Agency Officials on Monday, May 6 from 3:00 – 5:00 p.m.*

*\* Ethics training is available any time online at <https://localethics.fppc.ca.gov/login.aspx>. You will need to pace yourself to fulfill the 2 hour requirement.*

**Looking forward to the April 24, 2024 Regular Meeting:**

At the April 24, 2024 Regular meeting, the Board will hear a presentation on the management salary study from County HR, a market update and capital market expectations presentation from RVK, Inc., an update from SBCERS Investment Staff on tax reclaim, and education from Investments Counsel Russell Terry of Reicker Pfau on investments legal review and negotiation.

**Quiet Period Notice:**

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

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**Action Items**

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No Action Items

**Attachments:**

- Member Services Statistics for February 2024
- Robin Hill Road Financials
- Quarterly Education Report as of March 2024
- 2024-03-11 SBCERS Small Cap Restructure TM Post-Trade Evaluation