



Santa Barbara County Employees' Retirement System

---

**DATE:** April 26, 2023

**Agenda Item # 9**

**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, appoint a voting proxy and an alternate for the SACRS business meeting to be held May 12, 2023, and direct the voting proxy to vote “yes” on the following items at the SACRS Board Meeting on May 12, 2023:

- A. Nomination Committee – Board of Director Elections 2023-2024 Final Ballot
- B. Audit Committee –2021-2022 Annual Financial Audit

**Informational Items**

---

19 new retirees and 4 continuances were put on payroll during March 2023 for the April 1, 2023 payroll.

**Staffing:**

- James Hu joined SBCERS as Investment Associate on April 3.
- Miranda Nillo joined SBCERS as an Administrative Professional on April 17.

**Administration:**

In March / April, the Administration team worked on Robin Hill Road close out activities and planning for a member event to be held in June. The SBCERS Open House event will be held on Friday, June 9 from 11:00 a.m. – 2:00 p.m. The Open House will give members the opportunity to tour the new office space and learn about their benefits and SBCERS administration. County Benefits, Empower Retirement, Firefighters Benevolent Foundation, RESBC, United Way, CareCounsel, Santa Barbara Hospice, Santa Barbara Alzheimer’s Association, Hearts Therapeutic, Santa Barbara Humane Society, and other local groups have been invited to participate.

The team also recently onboarded Miranda Nillo to fill the vacant administrative professional position. She will be working supporting the CEO, Board Clerk and Member Services.

The Administration team has also finalized the location of the July 2023 Board of Retirement meeting in Santa Maria. The meeting will be held in the Allan Hancock College Board Room.

**Investments:**

The Investment Team gained a new team member. James Hu joined SBCERS on April 3<sup>rd</sup>. James spent over 10 years working in with boutique Registered Investment Advisors. In addition to investment knowledge, James has experience as a tax professional and has already begun to apply his specialty tax skills in initiating tax reclaims.

Rebecca M. Valdez co-hosted the California Associations of Public Retirement System (CALAPRS) Investment Roundtable with Anirudh Chowdry of FCERA. The topics presented to the Roundtable for education included Private Valuations: Is it Just Beauty in the Eye of the GP and Operational Due Diligence: Don't Get Behind the 8-Ball.

The Investment Team finalized the RVK Research Team On-site Due Diligence Ad Hoc Committee. Trustees Zandra Chomondeley, Fred Tan, and Laurie Lee are the members of the Ad Hoc Committee. The visit will be conducted June 1<sup>st</sup> and 2<sup>nd</sup> in Portland, OR. The Ad Hoc Committee will meet prior to the trip to establish an agenda to be shared with RVK prior to arrival. This due diligence visit is coordinated by the Investment Team, however auxiliary resources will be utilized from Legal and Accounting, with Cristal Rodriguez and Rico Pardo joining the Investment Team to support the Committee.

**Member Services:**

Member Services processed 19 retirements and 4 continuances for the April 1, 2023 benefit payment.

The team completed retirement counseling sessions for a record number of retirees in anticipation of the April 1 COLA, and anticipates that approximately 100 retirees will be onboarded in the May and June benefit payments, attributable to March 31 and April 1 retirements. In order to manage the workload, the team has harnessed pre-onboarding "initiate benefit" tasks available in our pension software to smooth the process and timeline once Final Average Salaries are reported.

Current Member Services projects include:

Alameda Active Member Refunds: continued follow up on uncashed checks.

Active member education: participating in both New Employee Welcome and the County HalfTime Highlights Employee Training.

COLA onboarding preparations: team scheduled staff work sessions after April 1 to initiate benefits in our pension software in order to complete setup quickly once Final Average Salaries are reported.

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 posted the Cost-of-Living Adjustment (COLA) as of April 1, 2023. The Board of Retirement adopted the rate (3%) and COLA bank increases (4.5% and 5.5%, depending on plan) set forth in Cheiron’s COLA report at the February 22, 2023 Board meeting. The COLA rate increase will appear on Retirees’ monthly benefit beginning with the May 1, 2023 disbursement.

Accounting staff is establishing momentum in collaborating with Member Services staff to review department processes and review retirement system member records. This collaboration time has allowed both teams to gain a better overall understanding of their respective functions, the mechanics of various processes, and how their functions overlap.

**Information Technology:**

Information technology (IT) has provisioned and trained two new employees in SBCERS’s IT environment.. IT has installed and upgraded SBCERS’s Microsoft Office 365 licenses with enhanced security features. They are also in final stages of negotiations with the County on an MOU to federate SBCERS into the County network, which would allow SBCERS staff to directly access emails and calendars of County staff and well as the County intranet.

IT is working with Member Services division in implementing the services of the Berwyn Group that will give Member Services a more robust and expanded searches of our members demographics. These searches include death, address, beneficiary, SSN verifications, legal proceedings, etcetera. Security hardening of SBCERS’s IT network and infrastructure continues.

**Legal:**

As reported to the Board at the February 2023 meeting, the team has been working on guidelines and procedures for SBCERS retirees who return to work for an SBCERS employer. Post retirement work for the County or another SBCERS employer while retired from SBCERS is subject to rules and restrictions. One of those restrictions includes limiting post-retirement work to one of “limited duration.” Consistent with the interpretation of other California public retirement systems, including CalPERS, SBCERS created the enclosed Guidelines for Working After Retirement that generally defines limited duration as a period of 24 months. The team has worked collaboratively with County HR and County Counsel to create a policy that is compliant with the statutory requirements, while also taking into consideration staffing challenges faced by the County. As part of our efforts to implement these guidelines, SBCERS is scheduled to provide a presentation at the County Department

Director’s monthly meeting on April 28<sup>th</sup> to explain the purpose of the policy and the importance of ensuring compliance.

Additionally, approximately 96 retirees identified as working extra help positions with the County for a period that exceeds 24 months will receive notice that they must discontinue their service, or if they and their department believe there are special circumstances that they wish SBCERS to consider in determining whether they are eligible for a temporary extension, the process by which they may submit such a request. The County CEO and members of the Board of Supervisors have recently been briefed on the matter and the County CEO has notified the department directors. The next steps in implementation include identifying SBCERS retirees working for other SBCERS plan sponsors and retirees working for the County in a non-extra help capacity, for example as a contractor, and the process to monitor compliance prospectively.

**Reports from committees:**

Operations Committee

Report from Steve Lavagnino, chair of the Operations Committee. Operations Committee met on April 5, 2023.

Real Property Management Committee

Report from Gary Blair, chair of the Real Property Management Committee. Real Property Management Committee met on April 25, 2023.

**Looking forward to the May 24, 2023 Regular Meeting:**

At the May 24, 2023 Board meeting the Board of Retirement will consider quarterly investment reports, the first reading of the System’s annual budget and begin the CEO’s annual review process.

**Quiet Period Notice:**

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

**Action Items**

---

The recommended action is that the Board of Retirement appoint a voting proxy and an alternate for the SACRS Business Meeting to be held May 12, 2023, and provide direction the voting proxy to vote in the manner approved by the Board on the following items:

- Item 2: Recommend approving the minutes of the November 2022 SACRS Business Meeting.
- Item 3: Recommend approving the Treasurer’s report for July 2022 – February 2023 Financials.
- Item 6: Nominating Committee Ballot which will result in the following candidates being appointed to the SACRS Board of Directors:
  - President – David MacDonald, Contra Costa CERA
  - Vice President – Adele Tagaloa, Orange CERS

- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open
- Item 7: The Audit Report for the 2021 – 22 Financial Audit concluded, and the financial statements were given an unqualified opinion. A letter from the audit committee to the SACRS Board of Directors explains the significant findings of the Committee and can be found on page 50 of the attached PDF.

**Attachments:**

- Member Services Statistics for March 2023
- Working After Retirement Guidelines
- Robin Hill Road Financials
- SACRS Spring 2023 Business Meeting Packet
- SACRS Voting Proxy Form