



Santa Barbara County Employees' Retirement System

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**DATE:** February 22, 2023

**Agenda Item # 10**

**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 and approve Resolution 2023-01 Regarding Signature Authority for Rebecca Valdez.

**Information Items**

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27 new retirees and 2 continuances were put on payroll during January 2023 for the February 1, 2023 payroll.

**Staffing:**

No staffing changes this month.

**Administration:**

During the months of January and February, the administration team focused on the completion of construction on the Robin Hill Road building. Warranty work continues on the HVAC system. Other projects that were a focus for the administration team include the Popular Annual Financial Report, development of member educational materials on the cost of living adjustment and retirement options.

Conflict of Interest Form 700 filing is due by April 3<sup>rd</sup>.

**Investments:**

The Investment Team worked with RVK to implement the transition of First Eagle assets to PanAgora and Artisan. The Team participated in interviews with Russell, State Street and BlackRock to determine which bid would secure the position to conduct the transition. Each of the three firms concluded that there were several positions that would take extra care in liquidating specifically international sovereign bonds and a closely-held stock (mostly

family owned). After review BlackRock was chosen as the most appropriate firm to assist in the transition. The Investment Team continues to coordination between RVK, BlackRock and BNY Mellon through the duration of the transition.

The Consultant Oversight Review was another project seen through to completion by the Investment Team during this period. Report is a summary of the information contained in the documents provided by the consultants RVK, Hamilton Lane and ORG. The review considered hundreds of pages of information. All consultants provided thorough data in a timely manner, which greatly benefited the Investment Team.

After the departure of Hendrik Struik in September of 2022, the Investment Team has been lightly staffed. Brian Richard, Assistant CEO, has been assisting the Investment Team in searching for candidates to fill the vacant position. As of this writing the Investment Team has selected a pool of candidates for interviews.

**Member Services:**

Member Services completed processing 27 retirements and 2 continuances for the February 1, 2023 benefit payment.

The Member Services team has been using our dedicated counseling rooms in both Santa Barbara and Santa Maria to good effect. Each week, more retirement counseling sessions are being conducted as interest in retiring to receive the COLA on April 1 has increased considerably. In response to the increased interest, the team is deploying educational videos focused on retirement readiness and the retirement process to our website.

Current Member Services projects include:

Alameda Active Member Refunds: continued follow up on uncashed 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:**

Accounting generated a total of 6,219 Member Statements for the reporting period of 1/1/2022 to 12/31/2022. Member Statements were generated for all active, deferred, deferred non-vested, inactive, and reciprocal members. 6,034 statements will be mailed while 185 members opted for email only.

Accounting also generated 5,716 1099-Rs with a total gross distribution of \$225M for tax year 2022. All documents were printed and mailed before the standard 1/31/2023 IRS imposed deadline.

Management concluded interviews for the Retirement Financial Accounting Analyst (FAA) position available in the Accounting Division. There were four applicants and all four were interviewed. A conditional offer of employment has been sent to the top candidate, as of the writing of this memo. Upon acceptance, the candidate's start date will be Monday, 2/20/2023.

**Information Technology:**

The Information Technology team has successfully moved the ad-hoc reporting server to the Azure Cloud and decommission the local hardware, and in doing so hardening the security of this environment. The team is in the process of rolling out Keeper password vault to the organization thus continuing to strengthen IT security with best practices. The team is working with our pension system administrators, LRS to implement 2-factor authentication for staff internally to access our pension administration software – PensionGold.

We have also entered a contract with Miller Kaplan for a security review to evaluate and assess the status of our IT security environment and provided findings and recommendations. Lastly successfully moved off the County Auditor-Controller's warrant printing application and is printing warrants directly out of our pension administration system. Finally, we have implemented an IT user awareness program, consisting of staff training and Phishing campaigns internally and externally.

**Legal:** The legal team developed Legal Separation and Dissolution of Marriage guidelines and policies to assist members undergoing dissolution of a marriage or domestic partnership. These recently published guidelines can be found on the SBCERS website.

The team is working on guidelines for retirees working for SBCERS employers. 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 is considering a policy that generally defines limited duration as a period of 24 months. The team is working with the County to create a policy that is compliant with the statutory requirements, while also taking into consideration current staffing challenges faced by the County.

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

At the March 22, 2023 Board meeting the Board of Retirement will consider revised capital market expectations from RVK Inc and a strategic plan for private real estate from Hamilton Lane, Inc. Other items include any policy recommendations made by the Board of Retirement Operations Committee at the conclusion of its March meeting.

**Quiet Period Notice:**

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

**Action Items**

SBCERS maintains Board resolutions pertaining to the authorized signatories for SBCERS. Attached is a proposed resolution appointing Rebecca Valdez as an authorized signatory. Approval of this resolution will authorize Ms. Valdez to sign investment agreements on behalf of the CEO.

**Attachments:**

- Member Services Statistics for January 2023
- Board Resolution 2023-01