

# SBCERS

Santa Barbara County Employees' Retirement System

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**DATE:** April 23, 2025

**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 and,

- A) Appoint a voting proxy and an alternate for the SACRS business meeting to be held May 16, 2025, and
- B) Direct the voting proxy to vote “yes” on the following items at the SACRS Board Meeting on May 16, 2025:
  - 1. Secretary’s Report – Receive and file Minutes from November 2024
  - 2. Treasurer’s Report – Receive and file July 2024 – January 2025 Financials
  - 3. Nomination Committee – Board of Director Elections 2025-2026 Final Ballot
  - 4. Audit Committee – Annual 2023-2024 Audit Report

## **Informational Items**

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- 17 new retirees and 8 continuances were placed on payroll in March 2025 for the April 1, 2025 payroll.

## **Staffing:**

- On April 28, Dillon Brown and Helen Rudin will join the Member Services team as Retirement Payroll Analysts and Crystal Cruz will join the Member Services team as Financial Office Professional Sr.

## **Administration:**

The Operations Committee held its first meeting on April 9, where the Committee reviewed the annual work plan, Trustee Elections Policy, Felony Forfeiture Policy, and CEO Charter. Proposed revisions to the Trustee Elections Policy and Felony Forfeiture Policy have been recommended to the Board of Retirement in this month’s agenda. The remaining approved work plan is below.

<b><i>Policy</i></b>	<b><i>Meeting</i></b>	<b><i>Recommended Revisions</i></b>
Employer Audit	May 21, 2025	Scheduled periodic review
Errors, Corrections, and Collections	May 21, 2025	Scheduled periodic review
Pension Enhancement Review	May 21, 2025	Scheduled periodic review
Charter – Compliance Officer	May 21, 2025	New policy
Charter – Chief Executive Officer	May 21, 2025	Add performance review section
Investment Policy Statement	June 11, 2025	Scheduled periodic review
Referee Panel Review	June 11, 2025	Scheduled periodic review
Performance Evaluation – CEO	June 11, 2025	Scheduled periodic review
Risk Assessment / Compliance Program Work Plan	August 13, 2025	New
Funding Policy	August 13, 2025	New policy
Interest Crediting	August 13, 2025	Unscheduled review

Trustees employed by the County of Santa Barbara were likely assigned “Harassment Prevention for CA Managers” as part of HR requirements. This training also satisfies SBCERS’ requirement for harassment prevention training. Appointed and Retired trustees can attend the SACRS-sponsored training at the upcoming Spring Conference or complete the 2-hour requirement through the System’s insurance education portal, Gallagher STEP, that was emailed on April 17.

In addition to onboarding the new hires mentioned in the staffing section above, the Administration team has also been supporting the recruitment process for an IT Administrator.

The annual insurance renewal process has commenced, with assistance from the Legal, Accounting, and IT divisions.

#### **Robin Hill Road:**

The Cornerstone lease improvements were completed and the Cornerstone lease commenced on April 4, 2025. Construction of the Bardex improvements continues with estimated completion currently planned for the end of May, beginning of June timeframe. Marketing activity for the vacant space on the second floor has continued. Approvals for electric charging stations in the parking lot are in progress and pending approval from Southern California Edison.

#### **Investments:**

SBCERS received a competitive response pool for the Private Equity and Private Real Return Discretionary Consultant Services Request for Proposal (RFP). Prior to the deadline, the Investment Team worked with intended respondents to provide access to an electronic depository. Developed in collaboration with the IT Team, the depository enables encrypted data transmission between SBCERS and external organizations.

The Investment Team updated the PE & PRR RFP Ad Hoc Committee on the response pool. By the April 4 deadline, SBCERS received five responses for Private Equity and four for Private Real Return Discretionary Consultant Services, along with two declinations. The

team also presented the ad hoc committee with a tentative timeline for evaluating responses and selecting potential finalists.

On April 14, 2025, the Artisan Transfer-in-Kind (TIK) was completed successfully. SBCERS transferred assets managed by Artisan from a separately managed account at Bank of New York to a commingled fund with the same strategy custodied by BBH. The process proceeded smoothly, and the Investment Team is now finalizing the closure of PanAgora and Artisan separately managed accounts, pending final transactions such as dividends.

### **Member Services:**

Member Services processed 17 new retirees and 8 continuances for the April 1, 2025 Payroll.

The team counseled an increased number of members interested in retiring on or before April 1, 2025 in order to receive the 2025 Cost of Living Adjustment. This year, 81 members retired for COLA, 66 of whom are scheduled to be onboarded for the May 1, 2025 benefit payment.

Pre-Retirement workshops and virtual event held last month have continued to generate appointments, service purchase calculation requests, beneficiary changes, and MySBCERS login credentials as members engage more with the system.

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.
- Preparing for the onboarding and training of our new team members.

### **Accounting:**

Accounting is currently reviewing the administrative budget for the prior year, 2024-25, to begin projecting the budget for the 2025-26 fiscal year. This process requires identifying completed projects, determining which projects will be carried over into the new budget year, and assessing potential new projects. The review also includes evaluating changes in revenue, staffing needs, contracts, trainings, and regular operational expenses.

As part of the banking project, Accounting, in conjunction with IT, is in the final phase of vetting and rating banking institutions for their services to accommodate SBCERS' operational transaction processing. As a byproduct of this project, Accounting is working with its general ledger software vendor, Bartlett, Pringle & Wolf, LLC, to implement new general ledger models for the additional operational transactions.

Lastly, various Accounting staff participated in Department Business Specialist interviews and assisted Member Services with review of member buy back calculations, and provided ad hoc query data as requested.

## Information Technology:

The Information Technology (IT) division has been actively engaged in the security reviews of banking candidates, ensuring that appropriate internal controls are in place. In addition, IT has been researching, configuring, and deploying Power BI to support the development of new management tools. The division is also working toward acquiring Microsoft Co-Pilot AI licenses and is in the process of drafting AI usage policies.

IT recently completed the network upgrade of the Santa Maria office, which included the installation of new firewalls, switches, and VPN portals. As part of broader security initiatives, the division has deployed Palo Alto GlobalProtect VPN to staff, further enhancing the security of remote connections.

In addition, the IT division is actively recruiting to fill a vacant position to support ongoing operations and future initiatives.

## Looking forward to the May 28, 2025 Regular Meeting:

At the May 28, 2025 Board of Retirement meeting, the Board will receive a fixed income education by guest presenter Mark Romano of TWC, review quarterly investment reports from RVK and Hamilton Lane, consider the first reading of the System's annual administrative budget, and initiate the CEO's annual review process.

## Quiet Period Notice:

Quiet Period Type	Affected Parties
Watch List	Artisan

## Action Items

The Board of Retirement is recommended to appoint a voting proxy and an alternate for the SACRS Business Meeting to be held May 16, 2025, and provide direction the voting proxy to vote in the manner approved by the Board on the following items:

- Item 2: Recommend receive and filing the minutes of the November 2024 SACRS Business Meeting.
- Item 3: Recommend receive and filing the Treasurer's report for July 2024 – February 2025 Financials.
- Item 6: Nominating Committee Ballot which will result in the following candidates being appointed to the SACRS Board of Directors:
  - President – Adele Lopez Tagaloa, Orange CERS
  - Vice President – Jordan Kaufman, Kern CERA
  - Treasurer – Zandra Cholmondeley, Santa Barbara CERS
  - Secretary – Rhonda Biesemeier, Stanislaus CERA
  - Regular Member – Riley Talford, Fresno CERA
  - Regular Member – Chris Giboney, Sacramento CERS
- Item 7: The 2023 – 2024 Financial Audit concluded with an unmodified 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 55 of the attached PDF.

**Attachments:**

- Member Services Statistics for March 2025
- Robin Hill Road Financials
- SACRS Spring 2025 Business Meeting Packet
- SACRS Voting Proxy Form