



Santa Barbara County Employees' Retirement System

DATE: July 26, 2023

Agenda Item #5

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.

Informational Items

8 new retirees and 7 continuances were put on payroll during June 2023 for the July 1, 2023 payroll.

Staffing:

Lisa Elswick, Financial Office Professional left SBCERS for a promotional opportunity with the Santa Barbara County Auditor – Controller Payroll Division. SBCERS has met with three candidates for the position of Accountant and is in the process of asking two to return for a second interview.

Administration:

The administration team focused on launching the election cycle for the General member position held by Trustee Lee and the Retired member positions held by Cholmondeley and Blair (Alternate). The process for renewing appointed trustee positions has also been initiated. Planning has continued for the Plan Sponsor summit which will be held on September 26, 2023. This will be a day long training event for plan sponsor financial executives with the goal of providing them an overview of SBCERS governance, operations and investments activity.

Robin Hill Road:

The Chiller has been fixed and interior air flow units have been replaced. Staff is working on the development of a rental policy and fee schedule for outside parties wishing to use the Board room.

Investments:

The Investment Team participated in several due diligence calls regarding the acquisition of 75% of Deerpath Capital Management, LP by PGIM, Inc. Deerpath is a general partner managing assets in our private credit portfolio. Investment staff completed fee invoice reviews for the first quarter 2023 and verified compliance with current fee agreements.

Pursuant to Board policy, the Investment Team delivered the Annual Consultant Oversight Due Diligence Questionnaire to our current consultants, RVK, Inc. and Hamilton Lane, in early July. The Due Diligence questionnaire seeks to uncover any changes in the consultant's business on an annual basis. While RVK recently completed a similar Due Diligence Questionnaire for the On-site Due Diligence, that questionnaire was for the period ending December 31, 2022, and was focused on the Research Management Team. This new version of the questionnaire applies broadly to the whole firm and is for the period ending June 30, 2023. The responses will be the basis for the Consultant Oversight Report, which is intended to be presented at the September 27th, 2023, Board Meeting.

Member Services:

Member Services processed 8 retirements and 7 continuances for the July 1, 2023 benefit payment.

The Member Services team is focusing on service purchase calculations due to additional buyback requests received during the SBCERS Open House. Staff cross trained on death and continuance processes, and beneficiary outreach. The team continues working with our pension software administrator to leverage the capabilities of our milestone tracker to generate communications and tasks informing members of important checkpoints in their career or retirement.

Current Member Services projects include:

Extra Help Limited Duration notices: the team, in conjunction with our Legal team, is responding to retirees who have been identified as having worked EXH beyond a limited duration.

Active member education: participating in the New Employee Welcome. Halftime Highlights.

Workday ERP: Member Services Director has been participating in County design sessions as a Subject Matter Expert in both timekeeping and payroll.

Open Enrollment preparations are underway, and the Team is readying to participate in both County and Superior Court Open Enrollment events and has scheduled the SBCERS Open Enrollment Fair for Friday, October 13th, from 9 AM to 12 Noon, our inaugural Open Enrollment event at Robin Hill Road.

Based on feedback from the June Board meeting, staff has added communication regarding audio and visual recording in counseling rooms in appointment confirmation emails and in the member monthly newsletter.

Accounting:

The Accounting division has worked with SBCERS staff, our plan sponsors, and third-party administrators to obtain all 6/30/2023 fiscal year end information and have accounting transactions posted in the proper fiscal year. Interim audit fieldwork for fiscal year end 6/30/2023 begins 7/31/2023 and the SBCERS' Controller is working with the team to more closely involve them in the audit process in order to afford them additional accounting experience and provide a professional growth opportunity. Lastly, Accounting has successfully updated the employee and employer contribution rates across all related benefit calculation related platforms for the fiscal year ending 6/30/2024.

Information Technology:

Information Technology division continues to support the operations of SBCERS, on-boarding and off boarding staff, setting up redundant scan stations and warrant printing capabilities in the Santa Maria office.

The division has been addressing and implementing the recommendations from the formal IT assessment completed by Miller Kaplan. The report from Miller Kaplan was positive and recommended numerous items that are intended to make SBCERS a top-rated IT environment.

The division has also been supporting the annual financial audit being conducted by Brown Armstrong, establishing secure logins to systems and interviews from auditors regarding the IT environment.

Legal:

Post-Retirement Employment Limitations: As reported to the Board in April 2023, staff and counsel created a policy to comply with the statutory limitations of post-retirement employment applicable to SBCERS retirees, specifically the restriction that the post-retirement employment be of limited duration. As part of our efforts to implement this policy, staff:

- Provided a presentation at a County Department Director's meeting to explain the purpose of the policy and the importance of ensuring compliance.
- Identified 89 SBCERS retirees who had been working in a post-retirement capacity for more than 24 months and notified them that they must discontinue their service or request an extension. Of those 89 members notified:
 - 22 separated from employment by the 6/30/23 deadline.
 - 1 granted extension to 9/30/23.
 - 12 granted extensions to 12/31/23.
 - 54 granted extensions to 6/30/24.
- Created and distributed new certification forms to be used for all new retiree hires. The new form explains and provides advance notice of the limitations of post-retirement employment to the retiree and employer and allows SBCERS to more

efficiently monitor and notice members as they approach the end of the limited duration period. The information requested will also assist SBCERS in evaluating special circumstances when considering requests for extensions.

- Distributed policy guidelines to all retirees hired on or after 1/1/2023 and will continue to provide all new retiree hires with a copy of the Guidelines.
- 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.

Domestic Relations Orders (DRO): Responsibility of the DRO caseload has transitioned from the Board’s General Counsel to the Deputy General Counsel with the exception of a couple of cases that are close to resolution. Outside counsel continues to provide assistance on specific matters as needed. Member Services Technician Sandra Casillas will provide clerical support and coordinate member communication related to court filings, and Member Services Representative Barbara Gordon will continue to coordinate member account/benefit division and counsel members regarding the impact of domestic relations orders on their SBCERS account.

Looking forward to the August 23, 2023 Regular Meeting:

The Board will receive quarterly investment reports the annual AB 2833 from its investment consultants.

Quiet Period Notice:

Quiet Period Type	Affected Parties
Watch List	No Firms on Watch

Action Items

No Action Items

Attachments:

- Member Services Statistics for June 2023
- Robin Hill Road Financials