




Santa Barbara County Employees' Retirement System

DATE: May 24, 2023

Agenda Item #6

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

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

Staffing:

No staffing changes this month.

Administration:

In April and May, the Administration team continued to plan the SBCERS Open House event that 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. RESBC, Empower Retirement, Firefighters Benevolent Foundation, United Way, Santa Barbara Hospice, Santa Barbara Alzheimer's Association, Therapy Dogs of Santa Barbara, and other local groups have confirmed their participation.

Project close out activities at Robin Hill Road have continued with final sign off on all systems except for HVAC by the engineering team. Leasing activity has picked up both with existing tenants and potential new tenants. The Real Property Management committee is studying long-term strategies for improving the marketability of the lease space and redevelopment of the industrial space at the rear of the property.

Finally, the management employee review cycle occurs during the month of May, along with budgeting and planning for the next fiscal year.

Elections and Appointments:

The Trustee positions for election this year are General 3rd Member (Lee), Retired 8th Member (Cholmondeley), and Retired Alternate 8th Member (Blair). Election Notices will be distributed on Monday, July 3. MK Elections Services is confirmed to administer the hybrid elections. The draft election calendar is below.

Draft 2023 Elections Calendar:

Monday, July 3, 2023	Election Notice is mailed to the home address of each eligible voting member and Nomination Petitions will be made available.
Tuesday, August 8, 2023, 5:00 p.m.	Deadline to file a nominating petition.
Tuesday, August 15 – 28, 2023	10-Day Public Review Period. If only one member files, no election is held and that person is declared the winner.
Wednesday, September 13, 2023	Eligible voters are sent ballots via USPS and personal (non-work) emails.
Wednesday, September 13, 2023 – Tuesday, October 10, 2023	Eligible voters will be able to cast their votes online or by paper ballot beginning Wednesday, September 13, 2023, through the closing of the election on Tuesday, October 10, 2023.

The Administration team is also working with the County CEO and Clerk of the Board of Supervisors to re-appoint Trustee positions Appointed 4th Member (Benedetti) and Appointed 9th Member (Sten) whose terms expire on December 31, 2023.

Investments:

The Investment Team provided RVK with an On-Site Due Diligence Questionnaire. The key areas of evaluation are Professional Staff, Philosophy and Approach, Asset Allocation, Firm Capabilities and Implementation, and Portfolio Management and Reporting. SBCERS Investment Staff requested that RVK focus their response to the Research Team, since the turnover on that team was the impetus for the on-site due diligence trip. RVK has been instructed to provide responses to the questionnaire via email by Friday May 25th at 5pm. This will allow time for staff and the Ad Hoc Committee to review responses before arriving on-site.

Brian Richard facilitated the Investment Officer Roundtable at SACRS. Brian, in coordination with Rebecca Valdez, created topics of interest for Investment Officers to discuss that were timely and relevant to Investment Officers of CERL systems. The Roundtable discussion was successful.

Member Services:

Member Services processed 98 retirements and 4 continuances for the May 1, 2023 benefit payment.

The team performed exceptional work by onboarding 98 of the 108 retirements attributable to the April 1 COLA. The remaining 10 retirements to be onboarded were awaiting

reciprocal final average salary computations from other systems, including Ventura, who just days before payroll processing implemented their Alameda findings, as well as several retirements that are impacted by pending domestic relations orders which result in the division of accounts. This COLA season saw an SBCERS record high number of retirements, the second highest year being 2022, with 91 retirements attributable to the COLA. Our May payroll run also saw an increased number of tax withholding changes using the new W-4P form, a far more sophisticated withholding process that SBCERS was pleased to assist members navigate using our “Tax Withholding What If” feature in PensionGold.

Current Member Services projects include:

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

Extra Help Limited Duration notices: the team is fielding questions from retirees who have been identified as having worked EXH beyond a limited duration.

Active member education: participating in the New Employee Welcome and preparing for an upcoming in-service to Public Health.

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

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:

The Accounting Team met with the Auditor-Controller, Assistant Auditor-Controller and staff to formally meet in person and discuss cross functional topics. The Auditor-Controller's Office, Internal Audit Team, also completed an internal control assessment related to SBCERS' warrant printing process which produced no observations or findings from internal control deficiencies. Lastly, Accounting is compiling the System's budget for the Board of Retirement for the first read in May and final read in June.

Information Technology:

As reported at the February 2023 Board of Retirement meeting, Information Technology signed a contract with Miller Kaplan for a comprehensive security review to evaluate and assess SBCERS Information Technology's existing environment and provide recommendations to help build a security program based on SBCERS's unique risks.

SBCERS current IT policies and procedures are in review and being aligned with industry standards where appropriate. Miller Kaplan's assessment was conducted over a period of six weeks and included extensive input and assistance from IT staff. The report and

recommendations were reviewed with Miller Kaplan this month, and an action plan has been developed to incorporate their recommendations into our security action plan.

Reports from committees:

Real Property Management Committee

Report from Gary Blair, chair of the Real Property Management Committee. The Real Property Management Committee met on May 15, 2023. The next Real Property Management Committee meeting is scheduled for Wednesday, July 12 at 9:30 a.m.

Looking forward to the June 28, 2023 Regular Meeting:

The Board of Retirement will consider the second reading of the System’s annual budget and complete the CEO’s annual review process.

Quiet Period Notice:

Quiet Period Type	Affected Parties
Watch List	No Firms on Watch

Action Items

No Action Items

Attachments:

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