



San Bernardino County Employees'  
Retirement Association

## Chief Executive Officer's Report

**Date:** November 20, 2020

**From:** Debby Cherney  
Chief Executive Officer

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**To:** SBCERA Trustees  
San Bernardino County Employees'  
Retirement Association

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**Subject: CEO Report – December 3, 2020 Board Meeting**

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### Administration (Debby Cherney)

As we head into Thanksgiving next week, and with the holidays approaching, this has been a great time to reflect on the accomplishments on the past year. And, what a year this has been with Covid-19! I am grateful for our dedicated staff and appreciate the Board's support as we push forward with our strategic priorities, and continue to raise the bar in terms of service to our members and employers.

### Human Resources & Risk Management (Stacey Barnier)

An offer is being made to one of the Office Specialist candidates for the Disability Unit. Interviews were completed for the Office Specialist in Member Services and a decision is expected in the coming days. We have received 32 applications to date for the Receptionist position which closes November 20, 2020.

Staff has been working on the setup and implementation of the EthicsPoint hotline reporting system. We look forward to rolling that out in 2021. We have been working closely with the Fiscal Services team and our partners at the County on our transition to a new payroll processing solution utilizing Big Fish Payroll Solutions. Lastly we are excited to announce the publishing of our new policy management system which allows our policies to be viewed on the SBCERA website or by clicking this link:

[www.sbcera.org/boardpolicies](http://www.sbcera.org/boardpolicies).

### Investments (Don Pierce)

November remains a strong recovery month, and the market is awash in vaccination news. There is some expectation that vaccines could start being distributed as early as December, which is unabashedly good news. However, as market participants, we must consider a wide array of outcomes. While it might be tempting to believe life will return to a pre-COVID world, there has been significant damage already to certain industries with defaults and job cut backs. Moreover, we should consider the view central banks express to the market their collective willingness to accept more inflation as a result, we could indeed get inflation (of course in my view there is already massive financial asset inflation, but market participants like that type of inflation).

However, if interest rates won't reflect inflation because of central bank intervention keeping rates low, where does that pressure go? I believe the FX markets; these are the largest and most liquid in the world, and importantly are less tied to central bank intervention. Thus, it has been a long time in coming, but dollar weakness in relation to emerging markets could be the outcome (developed markets currencies would weaken as well). We have seen the growth in emerging market countries to finance their needs in

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their own currencies. As a result, dollar demand could fall, but importantly, emerging countries with growth will not have the luxury to wait for inflation, their banks are likely to tighten which will impact currencies versus the developed markets.

### **Member Services and Communications (Colin Bishop)**

Throughout October and November, Member Services received a steady stream of calls and emails related to the Alameda decision. Most of those were initially from retirees affected by recalculations of their pension benefits. Then, in mid-November, we sent a letter to approximately 6,300 active and deferred members informing them that they made contributions on one or more pay items excluded under the Alameda decision, and would be eligible to receive a refund (in the form of a corrective distribution) for those contributions. The letter also indicated that we would follow-up with more details later in another mailed correspondence, including the amount of the refund and the manner in which the refund would be distributed. We set up a "hotline" email box ([PayItemQuestions@sbcera.org](mailto:PayItemQuestions@sbcera.org)) to receive messages regarding this pay item, and have several staff members assigned to respond to any inquiries we receive. We've also continued to make updates regarding the Alameda decision on the FAQ page of our website at: [www.sbcera.org/Alameda](http://www.sbcera.org/Alameda).

In response to the pandemic, our communications team has transitioned our in-person seminars to online webinars earlier this year. Since July, we've held 10 webinars where we've hosted over 1,000 members. In our post-webinar surveys, the responses from attendees have been overwhelmingly positive.

Finally, on November 12, the Public Relations Society of America – Inland Empire hosted its annual Polaris Awards virtually. SBCERA was given the highest honor, a "Polaris Award," to recognize excellence in our website redesign. Kudos to Communications & Stakeholder Relations Manager Olivia Applegate and Communications Officer Michael Tamony for making that project come to life. We believe the site is a vastly improved resource for members, employers and the public.

### **Fiscal Services (Amy McInerney)**

True to the theme of this time of year, November has been a busy month. Both the CAFR and PAFR were completed and will be submitted for awards from the GFOA. The reports will be presented to the Board at the December meeting. Staff have worked tirelessly on the presentations and all of the data that is contained within. The audited basic financial statements, a component of the CAFR, were presented to the Audit Committee and Brown Armstrong presented the methodology and results of the financial statement audit.

Staff continue to meet with the participating employers to discuss and help with the implementation of Alameda. These meetings have generally been taking place via Zoom and are playing a crucial role in the successful implementation.

The actuarial valuations were completed and finalized in November and will be presented to the Board at the December meeting. The employers have been given a copy of the final reports for use in their planning, budgeting, and reporting. Staff have met with employers to address their questions and discuss the report and its results.

Final selection of the firms to engage for the Agreed Upon Procedure engagements were presented to the Audit Committee, which recommends the Board approve the engagements. After contracts have been approved by the Board and issued, staff will work with the firms to ensure that they have all requested items to perform the attestations. Results from the engagements will be presented at a future Audit Committee meeting.

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### Information Services (Joe Michael)

No report this month.

### Legal & Disabilities (Barbara Hannah)

From October 26, 2020 through November 13, 2020, Legal Services has reviewed and provided advice on 21 Member Services comment sheets; reviewed five (5) Domestic Relations Orders; filed responses for four (4) joinder pleadings; reviewed and provided advice on seven (7) disability retirement applications; and, responded to three (3) public records act requests.

### Important Upcoming Dates & Training Opportunities

November 30, 2020	Industry Ventures Due Diligence	Online
December 2, 2020	NEPC Due Diligence	Online
December 3, 2020	SBCERA Board Meeting	ZOOM/Telephonic
December 8, 2020	SBCERA Investment Committee	ZOOM/Telephonic
December 17, 2020	SBCERA Administrative Committee	ZOOM/Telephonic

*Trustees wishing to attend any of the approved upcoming trainings should contact Christa James for travel and registration, or to make arrangements for meetings that need approval to be included with the upcoming Board agenda.*