



San Bernardino County Employees'
Retirement Association

Chief Executive Officer's Report

Date: March 30, 2023

From: Debby Cherney
Chief Executive Officer

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To: SBCERA Trustees
San Bernardino County Employees'
Retirement Association

Subject: CEO Report – April 6, 2023 Board Meeting

Administration (Debby Cherney)

In early March, I was able to attend the CALAPRS General Assembly in Monterey, California along with Trustees Fiorino, Stafford and Williams. In addition to several excellent educational sessions, the CALAPRS Board of Directors met during the conference.

Later in April, the Retired Employees of San Bernardino County (RESBC) will host the California Retired County Employees Association (CRCEA) conference in Ontario, California. As part of that conference, SBCERA staff will provide audio/visual support, and I have the opportunity to host a conversation with Emily Brock, Director of the Federal Liaison Center of the Government Finance Officers Association (GFOA).

On March 15, we held our first in-person labor negotiations meeting with SEIU Local 721. All prior negotiations from September 2021 had been held via Zoom. We continue to be hopeful we can reach an agreement soon.

The deadline to file your annual Statement of Economic Interests (Form 700) is quickly approaching. If you haven't yet done so, Statements must be filed with SBCERA no later than *April 3, 2023*. Information concerning the Form 700 can be found on the Fair Political Practices Commission (FPPC) website at www.fppc.ca.gov. As a reminder, Form 700 filings are done electronically through eDisclosure. Should you have any questions or require assistance, please contact Christa James.

Human Resources & Risk Management (Stacey Barnier)

The Communications Specialist recruitment closed to internal applicants. We are reviewing the applications to determine if the internal applicants meet minimum qualifications. Those who do will be invited to participate in the written exercise and panel interview for the position. The Fiscal Services Office Specialist recruitment has closed to external candidates. We received 27 applications overall and 23 of those applicants met the minimum qualifications for the position. We have invited those meeting the qualifications to participate in the written examination for the position and those highest scoring candidates will be invited to participate in the panel interview process in early April.

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Investments (Don Pierce)

SBCERA investment performance for February 2023 was -0.08% which is a strong result given both stocks and bonds fell (S&P 500 -2.6% and US Aggregate -2.2%). SBCERA is purposefully positioned pursuant to our Informed Rebalancing program with a lower than target equity allocation, and higher bond allocation in this period of rising rates. On a fiscal year basis we are up 2.65% and while our portfolio yield has definitely improved with the Fed's recent rate hikes we remain cautious about market rallies that seemingly rely on a Federal Reserve easing from current levels.

As we contemplate the last few months before the close of the fiscal year, it is clear that barring a strong rally in risk assets, the overall investment performance will lag the actuarial rate for the year. However, I am buoyed by the notion that with SOFR at 4.8% we have a meaningful tail-wind to our portfolio performance over the medium term.

Internally we often discuss pay-off profiles when one is right and wrong, along with whether the view under consideration is in or out of consensus. We believe trying to maximize results betting on a future Federal Reserve rate cut is not the right approach. Overall, we believe preparing for a more protracted escalated SOFR rate is more prudent. The pay-off profile for being wrong means the SBCERA portfolio will strongly participate, but others will do better. However, should a higher SOFR regime remain protracted, our existing assets with significant yields will accrue to our favor over time.

Member Services (Colin Bishop)

We're continuing with a very busy "March Madness" retirement season. Through the first three months of 2023, we've now added 269 new payees to payroll. (This measure of "total persons added to payroll" is a good overall indicator of retirement activity, and includes service retirements, disability retirements, continuance and survivor benefits initiated, and several other categories.) This is the second busiest start to a year that we've had over the last 20 years—trailing only last year's blistering pace. Staff are doing a great job helping our members with all their retirement questions.

Staff have also dedicated time in March to working with our software support from LRS to build additional self-service functionality into mySBCERA. Some of the new features we're testing include the ability for terminating members to apply for refunds online, and a new online onboarding for new-hires to register as members of SBCERA. Testing wrapped up at the end of March, and we expect to be implementing these new features in the coming months.

Communications and Stakeholder Relations (Olivia Applegate)

On Friday, March 17, Senior Staff Counsel, David Lantzer and Government Affairs Manager, Scott Vanhorne attended the SACRS Legislative Committee at the SCERS office in Sacramento. The group discussed pending legislation that, if adopted, would impact SBCERA and other retirement systems in California.

We are also closely following [Assembly Bill 1020](#), proposed legislation that was introduced by Assemblymember Grayson (D-Concord) in the 2023 legislative session. This bill would expand the presumptive conditions safety members could claim when seeking a disability retirement. The bill has been referred to the Assembly Public Employment and Retirement Committee. We'll continue monitoring any proposed legislation that could have an impact on SBCERA and the members we serve.

We sent out our latest periodic electronic newsletter campaigns at the end of March. They include bite-sized information on our latest news, highlights, and educational resources to help support our active

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members in retirement planning, and our retirees in retirement. You can find links to both campaigns below.

[Journey to Retirement](#) – Designed for Active and Deferred Members

[Life After Retirement](#) – Designed for Retirees and Beneficiaries

Fiscal Services (Amy McInerney)

This month was marked with extensive Pension Gold testing and Business Central (accounting system) implementation projects. We look forward to the new functionality that will be available after Business Central is implemented. One such function is the integration between Pension Gold and Business Central. The integration will allow daily accounting transactions to be recorded automatically in Business Central. This will bolster the internal controls related to financial reporting. Additionally, the functionality will ensure that all changes made in Pension Gold are accounted for in Business Central.

We were honored to be recognized as part of Women's History Month on SBCERA's social media accounts. We truly do have an amazing, collaborative team in Fiscal Services, and I love the opportunity to recognize them and publicly say thank you for the tireless efforts.

Information Services (Joe Michael)

We have updated our Pension Administration software with the last major deliverable of the current refresh project. Once live we will have new self-service tools to verify member enrollment through our online portal. In addition, this deliverable included various enhancements. Going forward we will have one final cleanup deliverable which will include the ability to pass data between our Pension Administration System and Accounting System prior to the close of the project.

The Information Services Department has also recently concluded its annual security audit. Preliminary findings are within expectations and the IS Dept is currently working to mitigate identified findings in order to have a retest performed. Once complete, a final report will be delivered to the Audit Committee.

Legal & Disabilities (Barbara Hannah)

CALAPRS Legal Support Roundtable

On March 24, 2023, Yolanda, Dawn D, and Casey attended inaugural CALAPRS Legal Support Roundtable. Topics discussed included Public Records Act, processing and reviewing Powers of Attorney, and Westlaw Practical Law training. Overall, staff found the roundtable beneficial and looking forward to the next Legal Support roundtable that the SBCERA team will chair.

Legal Services Metrics

Below are metrics for the Legal Services Department for the reporting period of February 23, 2023 through March 28, 2023:

Comment Sheets	60
Domestic Relations Orders	5
Joinders	4
Public Records Requests	3
Disability Applications Accepted	7
Disability Applications Rejected as Untimely or Incomplete	5

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Comment sheets are utilized by staff to present an issue for Legal Services to provide advice or to review court orders. The comment sheet process ensures compliance and that staff can quickly receive an opinion from Legal Services. During this reporting period, Dawn DuRocher, paralegal, reviewed 60 comment sheets along with the accompanying documents or court orders. The number of comment sheets during this reporting period represents a 25% increase from the last reporting period. The increase in volume of comment sheets is likely due to members retiring before April 1st and having to submit either a dissolution judgment that addresses the court's disposition of their retirement or Power of Attorney to have on file.

Important Upcoming Dates & Training Opportunities

April 13, 2023	SBCERA Investment Committee	Cancelled
April 14, 2023	SBCERA Mid-Year Board Offsite	Rancho Cucamonga, CA
April 17-19, 2023	Pension Bridge Annual	San Francisco, CA
April 20, 2023	SBCERA Administrative Committee	SBCERA
April 24-25, 2023	IFEBP Investments Institute	New Orleans, LA
April 25, 2023	SBCERA Audit Committee	SBCERA
April 24-26, 2023	Institutional Investors 2023 Public Funds Roundtable	Los Angeles, CA
April 23-26, 2023	CRCEA Spring Conference	Ontario, CA
April 29, 2023	CALAPRS Trustees Roundtable	Online
May 4, 2023	SBCERA Board Meeting	SBCERA
May 9-12, 2023	SACRS Spring Conference	San Diego, CA
May 16, 2023	NEPC & Manulife Due Diligence	Boston, MA
May 18, 2023	SBCERA Administrative Committee	SBCERA
May 18, 2023	SBCERA Investment Committee	SBCERA
May 20-24, 2023	NCPERS Annual Conference, TEDs, and NAF	New Orleans, LA
May 21-24, 2023	GFOA Annual Conference	Portland, OR
May 23-24, 2023	II Redefining Fixed Income Forum	Chicago, IL
May 24, 2023	II Private Credit Forum	Chicago, IL
June 1, 2023	SBCERA Board Meeting	SBCERA
June 5, 2023	II Endowments & Foundation Roundtable	Boston, MA
June 8, 2023	SBCERA Investment Committee	SBCERA
June 15, 2023	SBCERA Administrative Committee	SBCERA
June 15, 2023	SBCERA Audit Committee	SBCERA
June 17-18, 2023	IFEBP Trustees Institute: Level II - Concepts in Practice	San Diego, CA
June 19-21, 2023	IFEBP Advanced Trustee & Administrators Institute	San Diego, CA
June 19-21, 2023	IFEBP New Trustees Institute: Level I – Core Concepts	San Diego, CA
July 16-19, 2023	SACRS UC Berkeley Program	Berkeley, CA

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.