



San Bernardino County Employees'
Retirement Association

Chief Executive Officer's Report

Date: October 26, 2023

From: Debby Cherney
Chief Executive Officer

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To: SBCERA Trustees

Subject: CEO Report – November 2, 2023 Board Meeting

Administration (Debby Cherney)

The Election Ad Hoc Committee met this month to review policy considerations, as we prepare to bring election services in-house and contract with an independent election provider. Once approved by the Ad Hoc Committee, the new policy is expected to go to the full Board for consideration.

Human Resources & Risk Management (Stacey Barnier)

This month the SBCERA bargaining team participated in the Fact-Finding process related to the last two years of bargaining with SEIU Local 721. Both sides presented their case to a panel including SBCERA's chosen representative, SEIU's chosen representative, and the Chair of the panel is a neutral third party from the State Mediation and Conciliation Service (SMCS) agreed upon by SBCERA and SEIU. After case presentations, the neutral attempted to mediate with the parties in the hopes of reaching an agreement. Unfortunately, no agreement was reached. The panel will now prepare a report for the SBCERA Board to consider. The neutral has provided a draft report to the panel members who will draft their concurring or dissenting statements related to the report and once finalized, that report will be shared in advance of a public hearing on it in accordance with state law.

Stacey attended the Inland Empire Society for Human Resources Management's (IESHRM) annual conference in Ontario on October 19, 2023. SHRM is the world's largest HR association, with nearly 325,000 members with IESHRM serving approximately 525 members. You may recall that Stacey is serving her first year of a two-year term as the IESHRM chapter President. Many of the sessions focused on the various changes in employment law that are on the horizon along with additional topics such as risk mitigation, leading others, business financial intelligence for the HR professional, breaking down barriers, and creating an intentional culture. Networking with the 195 local Human Resources professionals in attendance provided an opportunity to learn from colleagues and make new and lasting connections.

Human Resources staff reviewed and provided feedback on the County's Request for Proposals (RFP) for Medical Insurance Carriers for the plan year beginning July 27, 2024. We are excited host SBCERA's annual Halloween Potluck and Costume Contest. This year, we're adding an exciting new twist to the celebration! In the spirit of global mindfulness and community, we're incorporating *World Food Day* into our celebration. So, in addition to all the Halloween-themed treats, we invited staff to bring a dish inspired by international cuisine. This could be a favorite family recipe, a dish from a country they recently visited, or a new recipe they've been wanting to try. Although World Food Day was recognized on October 16th, incorporating this celebration into our Halloween festivities allows us to not only enjoy each other's company, but also

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celebrate the diverse cultures that make our team so special. We will share pictures with the Board in the next weekly CEO report.

Investments (Don Pierce)

September performance for SBCERA's portfolio was down -0.41%. On a relative basis, this was a strong result versus our policy benchmark at -3.16%. September was another month where both stocks and bonds had negative results. The US Stock market was down -4.76% and the US Bond market was down -2.54%. SBCERA had strong performance in its credit portfolios globally. We remain constructive on our credit portfolio, but have reached out to our managers to ascertain if there are any trouble spots brewing. For now, the feedback we receive is cautiously optimistic.

Member Services (Colin Bishop)

October marked an important milestone for SBCERA as we officially launched our online service retirement application. Developing this online application has been an incredible demonstration of teamwork from our Member Services staff, almost all of whom have had a hand in getting us to where we are now. (Not to mention all the collaboration with other SBCERA departments, and our partners at Linea and LRS who all worked extensively on this project.) And where we are now is the realization of a vision that we've shared with the Board for several years. That vision is to give our members the ability to retire "online, in their pajamas, in the middle of the night from the comfort of their home." This new online application makes that vision a reality.

We're currently testing functionality which will allow for members to enroll in SBCERA online, and also apply for a refund through an easy and secure online process. These online services are all slated for release by the end of the year, and will allow our members to conduct most of their major SBCERA milestones online through mySBCERA. This means that there's a lot more members can do on their own at any time, day or night. We'll share more with the Board once these services become available.

Communications and Stakeholder Relations (Olivia Applegate)

This month, SBCERA joined the nation in celebrating *National Retirement Security Month (NRSM)*, a time dedicated to raising awareness and helping our members take concrete steps toward their retirement goals.

In recognition of NRSM, we put together some key information and resources our members can consider as they plan for their retirement. You can read more in our Latest News post [here](#).

As part of this educational effort, we will be sending a short video later today with the information above to our members, reminding them to consider many factors, including contributing to voluntary retirement savings plans. Keep an eye out for that video, as it features our very own Debby Cherney!

Fiscal Services (Amy McInerney)

October was an especially busy month for Fiscal Services. Staff attended two different conferences, presenting at one of them. Staff traveled to Springfield, Illinois to attend Pension Gold's Teaming Conference. Topics there were helpful to us in the area of using the base functionality to achieve our goals instead of customizations, new enhancements, and offered a collaborative opportunity to discuss future roadmap items. Staff also attended the P2F2 conference in Denver, Colorado. P2F2 is an organization of financial leaders in public pension plans across the country. The CFO presented at the conference on Employer Transmittal Issues. Topics included leadership, updates from the Governmental Accounting Standards Board, technical accounting subjects, and personal development. The opportunity to attend

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these conferences is important in both supporting the skillset of our talented staff and creating and maintaining network opportunities with our peers.

In addition to traveling, the team also completed the Annual Comprehensive Financial Report. Of course, this completion is a team effort! Many thanks to the Communication team for their constant support and help in producing an award-winning document year over year. As part of this project, we have also reached out to our employers to discuss the Actuarial Valuation in advance of the November board meeting. Other employer outreach included transmittal assistance, salary reporting questions, and termination date help.

Information Services (Joe Michael)

The tenant improvements being performed on the second floor of the SBCERA building are nearing completion. SBCERA's Facilities team, the property management, and the general contractor will conduct a punch walk on October 30th, and then the space can be released for furniture installation. It is expected that by the end of November the renovated space will be occupied, and the HVAC replacement project will begin. The Facilities team also supported the annual Great Shakeout in October. This was the first since COVID-19 and all staff did a tremendous job. SBCERA successfully utilized its emergency notification system, and staff provided constructive feedback on the event.

The Cybersecurity team promoted cybersecurity awareness month in October by running weekly themed training sessions, and increased phishing testing. By the end of the month, staff on time completion was near 100%. In addition to helping support cybersecurity awareness, the Information Services Department has been focused on the next set of self-service options to be released within our member portal. We have completed our testing and now await final internal user acceptance testing. With the expectation of releasing these options by the end of the year, our Projects team is working with staff to identify the next series of updates that will add additional value and offerings to our membership.

Legal & Disabilities (Barbara Hannah)

On October 3, 2023, SBCERA received a Public Records Act (PRA) request from Joshua Rauh of the Hoover Institution at Stanford University. The request is for "all asset holdings (e.g., equity and bond positions at a security level) and derivatives position data of your pension fund on a quarterly level over the period from 2000-to 2023 (or starting at the earliest available quarter)." SBCERA researched an appropriate response to the request. *Regents of the University of California v. Superior Court* (2013) 222 Cal.App.4th 383 discussed a request from Reuters to obtain holdings in two investment funds managed by private managers. The court reversed the trial court's decision to order the Regents to use "objectively reasonable efforts" to obtain the requested information. (*Id.* at 387.) In addition to finding that the requested information was specifically excluded from disclosure by Government Code section 6254.26 (c) (renumbered to Government Code section 7928.710), the court found that the information was not disclosable because it was not prepared, owned, used, or retained by a public entity. SBCERA does not prepare, own, use, or retain an aggregated list of securities. SBCERA could possibly have the custodian bank compile reports responsive to the request, but the project would require an expenditure of significant time and resources. In *California First Amendment Coalition v. Superior Court* (1998) 67 Cal.App.4th 159, 166, "A clearly framed request which requires an agency to search an enormous volume of data for a 'needle in the haystack' or, conversely, a request which compels the production of a huge volume of material may be objectionable as unduly burdensome." Based on the relevant case law, SBCERA declined to prepare the requested reports.

On October 10, 2023, SBCERA received a PRA request from Fact Set, a private business, for alternative investment performance as of December 31, 2022. The requested information is contained in the Quarterly

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Investment Reports that are posted on the SBCERA website. The June 2023 report needed to be updated due to a delay in the alternative performance results. Staff updated the report, and the requesting party was referred to the posted report.

On October 18, 2023, SBCERA received a PRA request from Freedom Foundation for SBCERA employee data. The request sought employee names, gender, birth year of employee, public office address, public office zip code, job title, hire date, agency/department, work email address, work telephone number, bargaining unit, bargaining unit local number, and employee ID number. Staff researched an appropriate response to the request concentrating on whether birth year, gender, and employee ID numbers are public information. SBCERA provided a spreadsheet containing all the requested information except the birth year and employee ID number. The California Public Records Act and the California Information Practices Act specifically exclude public employee birthdates from disclosures. Employee IDs are used for benefits and account linkage, including SBCERA accounts, and the disclosure of employee ID numbers raises security concerns.

Important Upcoming Dates & Training Opportunities

Nov 7-10, 2023	SACRS FALL Conference	Rancho Mirage, CA
Nov 16, 2023	SBCERA Administrative Committee	SBCERA
Nov 16, 2023	SBCERA Audit Committee	SBCERA
Nov 16, 2023	SBCERA Investment Committee	SBCERA
Nov 20, 2023	State Street Global Advisors Due Diligence	Virtual
Dec 7, 2023	SBCERA Board Meeting	SBCERA
Dec 14, 2023	SBCERA Investment Committee	SBCERA
Dec 21, 2023	SBCERA Administrative Committee	SBCERA
Jan 4, 2024	SBCERA Board Meeting	SBCERA
Jan 11, 2024	SBCERA Investment Committee	SBCERA
Jan 18, 2024	SBCERA Administrative Committee	SBCERA

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.