



San Bernardino County Employees'  
Retirement Association

## Chief Executive Officer's Report

**Date:** August 29, 2024

**From:** Debby Cherney  
Chief Executive Officer

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**To:** SBCERA Trustees

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**Subject: CEO Report – September 5, 2024 Board Meeting**

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### Administration (Debby Cherney)

The candidacy filing window is currently open at [www.SBCERA.org/Elections](http://www.SBCERA.org/Elections). As candidates file, the website will update with their name and the seat for which they have filed to run. The last day and hour to file the required candidacy form and pay the filing fee of \$350 is *5:00 p.m. on September 6, 2024*. In person filing will not be accepted at SBCERA offices.

This week, six members of our staff attended the CalPERS Pathways for Women event in Anaheim. There were over 500 attendees from across the state of California (including other CERL systems) as well as investment professionals and NCPERS staff. The speakers were excellent and some of our favorites were CalPERS CEO Marci Frost, State Controller Malia Cohen, former Yuba City Mayor Preet Dibal (the first Sikh American woman to hold the highest elected position in an American city), The Investment Diversity Exchange (TIDE) CEO Grace Reyes, Bestselling Author Kimberly Brown, and Out Leadership Managing Director of Programs & Research Jane Barry-Moran. Some of the session topics included Next Move, Best Move: A Strategic Approach to Lasting Career Decisions, The Firsts: Women Who Pioneered New Pathways, Summoning Confidence: How to Navigate Career Uncertainty, and How to Promote Your Work and Develop Your Personal Brand. Attending these sessions helped spark ideas for a new program that the Human Resources team is developing for career development for SBCERA staff.



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

The Human Resources Department conducted a series of phone interviews for the Survivor Benefits Manager recruitment and seven (7) candidates have been invited to participate in onsite interviews during the first week of September. Interviews have been scheduled for the Chief of Member Services candidates on September 9, 2024, with a total of seven (7) candidates being invited. We received one candidate withdrawal shortly after invitations were sent out. We now have 11 applicants for the Cloud Infrastructure Architect recruitment and are in the process of reviewing candidates with the Information Services Management team to determine if we have a viable group of candidates to invite to participate in phone interviews.

We are excited to share that Shania Guido officially joined the SBCERA team on Monday, August 12, 2024, as our new Executive Secretary for the Information Services Department. Ms. Guido joins us after serving as the Administrative Assistant to the Director of Facilities at Cal State San Bernardino (CSUSB). She previously held roles in customer service and was also an Avid Tutor. She holds a Bachelor's degree in English from CSUSB.

This month, the HR team met with Keenan and Associates to begin planning for open enrollment for our 2025 calendar plan year. We are kicking off open enrollment with our first SBCERA Health Fair. We will have our various benefits carriers and wellness providers onsite to help staff with benefits questions and wellness activities. Additionally, Stacey participated in the PACE Executive Committee and PACE Board Meetings last week. A new wellness platform will be offered through PACE in the next calendar year that will have more coaching and counseling options for individuals with chronic health conditions along with better incentives for participation.

As of July 27, 2024, we officially transitioned our flexible spending accounts (FSA) from the County to iGoe and to date, we have received positive feedback from participants regarding their experience using their cards and submitting for reimbursements. Once the runout period expires, the County will transfer any identified rollover funds to SBCERA so that we can apply those funds to the applicable participant's new FSA accounts with iGoe. This places all SBCERA benefits on a calendar plan year and will match up with the tax year and IRS changes related to the FSA and dependent care deferral maximums year over year.

We had Voya onsite this month for staff to sign up for and/or adjust their 401k and 457b accounts. We also had another onsite enrollment session with our ScholarShare representative. The Human Resources team is continuing the work to transition our Retirement Medical Trust administration from TASC over to Voya (similar to the process that San Bernardino County just went through). More to come as the process is completed. The team is also working on updates to the list of designated positions for the SBCERA Conflict of Interest Code which will be submitted for SBCERA Board approval.

Stacey participated in an NCPERS HR Summit Program Directors conference call. We have finalized most of the speakers and are pending formal approval from SHRM for the event to qualify for SHRM recertification credit. This event will be the first time NCPERS has formally sponsored a conference for the Human Resources staff that provide support to public pensions across the country. This conference will be held in Denver in September and will likely sell-out based on the current headcount.

### **Investments (Don Pierce)**

SBCERA's July 2024 investment performance shows a gain of 0.99% net of fees. While positive, this result trailed our benchmark results of 1.9%. July witnessed the "great rotation" in U.S. equities. Small-cap stocks led the way, with gains of 10%. During this time, the S&P 500 also gained 1.2% but towards

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the end of July the prices of technology-oriented companies buckled under the strain of sky-high earnings expectations. Outside the U.S., the MSCI EAFE Index, supported by a stronger Yen and Euro, generated a 2.9% return for the month. The MSCI Emerging Markets Index gained a modest 0.3% in July, with large index exposures linked to Nvidia moving lower.

Meanwhile, 2-year and 10-year Treasury yields fell 46 and 32 basis points, respectively, with the yield curve becoming less inverted over the course of the month. Government bond yields across the world moved lower, reacting to softer inflationary prints and mixed economic data. In addition, the Federal Reserve left rates unchanged in July, but the market is pricing in a rate cut in September. Long-duration fixed income measured by the 30-year Treasury yield fell 20 basis points in July. During this period, credit markets were relatively quiet, benefiting from lower interest rates while credit spreads were largely unchanged.

In July WTI crude oil prices fell 10% amid concerns around global economic weakness while gold rose 3.6%, responding to geopolitical tensions and political uncertainty in the U.S.

Overall, while the SBCERA investment strategy continues to meet the absolute return goals for the plan, in a period of elevated stock values, we can expect our strategy to lag in the short-run.

## **Member Services (Christina Cintron)**

While the call centers have received about the same amount of phone calls as last month, our service level increased to approximately 96%, indicating that the team has been working hard to answer all member phone calls as they come in without delay. Our service level has steadily been growing over the last few months. I'm proud to relay that on multiple days during the month the team was able to reach a 100% service level!

The Retirement Specialist group has experienced an increase in service retirement appointment requests that may be due to the County Board of Supervisors approving the SEBA Medical Trust, effective July 13, 2024. In an effort to reduce the 13% rate of last-minute cancellations and appointment no-shows, we have begun to explore ideas for sending out appointment reminders.

Also this month, I held my first department-wide meeting with the team where we discussed key takeaways from our 1-on-1 meetings, passed along helpful information regarding where the team can find compensation limits and additional clarification on naming adult children as beneficiaries on our SBCERA website, and discussed the importance of completing IS security trainings timely. The team has provided me with valuable insights on how we can enhance our service levels to our members and support our team's growth.

## **Communications and Stakeholder Relations (Olivia Applegate)**

[AB 2284](#) and [AB 3025](#) have both moved to engrossing and enrolling, which means they are being proofread and finalized before heading to the governor's desk, where he has until September 30 to determine if he will veto or allow the bills to become law.

### *About the Bills*

- **AB 2284** would allow County Employee Retirement Law (CERL) systems to define grade for purposes of compensation and retirement. SBCERA and four other CERL systems as well as SACRS have officially opposed the bill on the premise that retirement systems are not—and should not be—parties to labor negotiations between member agencies and their employees. CERL systems who adopt the proposed legislation could “reclassify” members

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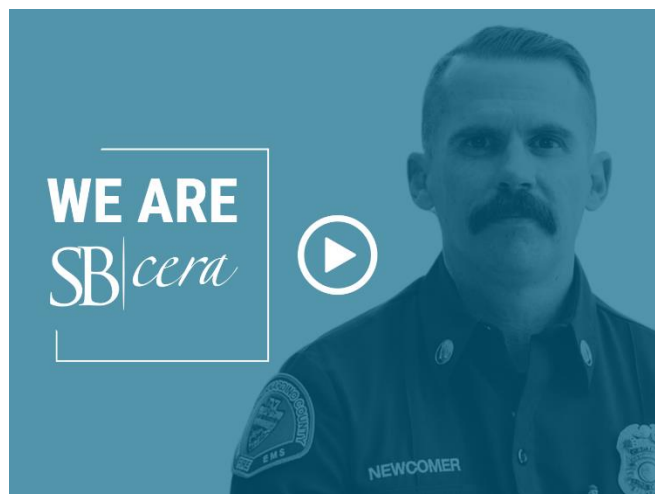
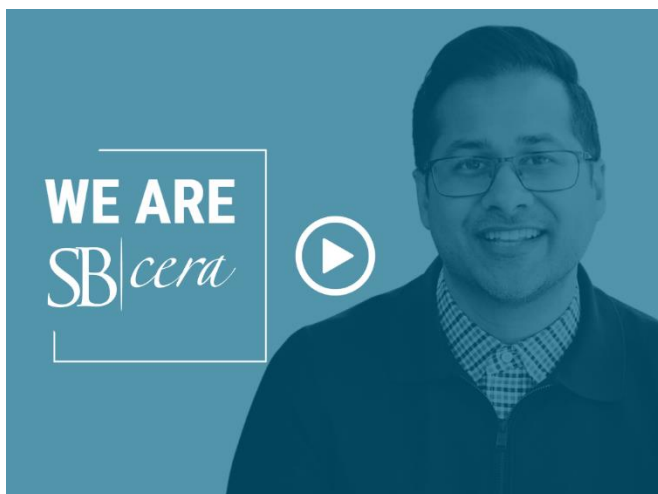
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without an employer's consent so certain members could—despite the bill's assurances—claim compensation items that would otherwise be excluded by PEPR and/or the California Supreme Court's Alameda decision. We understand SACRS intends to send a letter to the Governor requesting that he veto AB 2284.

- **AB 3025** would establish an Alameda correction process for CERL systems that do not already have one in place. SBCERA has a well-established corrections process, so it would not be required to follow the process established by AB 3025. We are still watching this bill because of its nature.

This month, we released two features as part of our [We Are SBCERA video series](#), featuring Trustee Jared Newcomer and Dr. Rishi Parikh, the Associate Medical Director for Children's Services of San Bernardino County.

These videos have been shared on our website, YouTube, and social media (follow us @SBCERA). We hope these stories and many others to come will continue to inspire you and serve as a reminder of why we're here and who we are together.



Lastly, we added a [Retiree Resources page](#) to our website. The direct URL is [www.SBCERA.org/Retiree-Resources](http://www.SBCERA.org/Retiree-Resources) and it also lives under the Retirees and Beneficiaries section. This page provides links to a range of resources such as RESBC, the County Department of Aging and Adult Services, California Senior Gateway, and Medicare. Retirees can find links to senior programs and senior centers offered by various cities in San Bernardino County, as well as links to local organizations seeking volunteers to support their work in our communities.

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

August is traditionally a busy month for the Fiscal Services team. We have been working on reconciling all the investments as most of the reporting comes in during the second half of August. We have closed the books and are finalizing items for our financial statement audit. The fieldwork for the audit will take place at the beginning of September and the actuaries are working on our valuation for funding measurement and rate setting. The valuation will be presented at the November Board meeting and the financial statements will be presented at the November Audit Committee meeting and the December Board meeting.

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We continue to improve the newly implemented retiree payment process. This new process shifted the work from Member Services to Fiscal Services. With updated procedures, workflows, and calendars, we have reduced the time in which new retirees have to wait for their first check. Since implementation, we have paid 300 refund and initial retirement benefits up to six weeks earlier than would have happened under the old process.

## **Information Services (Joe Michael)**

The Information Services Department advanced three initiatives this month. With the approval of Palo Alto Networks for ZTNA and SASE services, multiple strategic meetings have taken place with the provider to plan out deployment and best practices. We expect the majority of the project to be completed within the next six months but have a project timeline that allows for adjustments if needed.

As part of our migration to a more robust and collaboration-focused environment, Microsoft and our partners have successfully validated and populated our new environment with the appropriate licensing. With this major milestone complete, we are now transitioning to a more in-depth discovery phase of our current environment so that we can ensure the migration is as least disruptive to staff and our membership as possible. We anticipate the migration to our new environment to be complete by first quarter of 2025.

In our continued effort to combine tools where appropriate, we have made significant progress on our new ITSM solution. Phase one will include a new helpdesk portal for staff with a robust routing and approval system, while additional phases will include asset management, project management, and a knowledgebase center. The first portion of the helpdesk is in final design and coding now, with User Acceptance Testing to begin in September.

## **Legal & Disabilities (Barbara Hannah)**

Please see Chief Counsel report.

## **Important Upcoming Dates & Training Opportunities**

Sep 11 - 13, 2024	SBCERA Investment Forum	Lake Arrowhead, CA
Sep 12, 2024	II 7 <sup>th</sup> Annual Allocators' Choice Awards	New York, NY
Sep 12, 2024	P&I Influential Women in Institutional Investing	Chicago, IL
Sep 18, 2024	SB State of the County	Ontario, CA
Sep 19, 2024	SBCERA Administrative Committee	SBCERA
Sep 24-26, 2024	IDAC Annual Summit*	Broomfield, CO
Sep 24, 2024	P&I Fixed Income & Credit	Chicago, IL
Sep 26, 2024	P&I Fixed Income & Credit	New York, NY
Oct 2, 2024	Women in Institutional Investments Network (WIIIN) 10 <sup>th</sup> Anniversary Celebration*	Los Angeles, CA
Oct 3, 2024	SBCERA Board Meeting	SBCERA
Oct 8 - 9, 2024	P&I Pension Derisking	Atlanta, GA
Oct 10, 2024	SBCERA Investment Committee	SBCERA
Oct 11, 2024	CALAPRS Trustees' Roundtable	San Jose, CA
Oct 16 - 17, 2024	Pension Bridge Alternatives Conference	New York, NY
Oct 17 - 18, 2024	Nossaman's Pensions, Benefits & Investments Fiduciaries' Forum	Berkeley, CA
Oct 17, 2024	SBCERA Administrative Committee	SBCERA
Oct 20 - 22, 2024	P&I Defined Contribution West	Pasadena, CA

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Oct 26 – 27, 2024	NCPERS Accredited Fiduciary Program (NAF)	Palm Springs, CA
Oct 26 – 27, 2024	NCPERS Program for Advanced Trustee Training (PATs)	Palm Springs, CA
Oct 27 – 30, 2024	Apollo, PGIM Gramercy and GoldenTree Due Diligence	New York & Connecticut
Oct 27 – 30, 2024	NCPERS Public Safety Conference	Palm Springs, CA
Nov 4, 2024	Irradiant Partners Due Diligence	Santa Monica, CA
Nov 7, 2024	SBCERA Board Meeting	SBCERA
Nov 9 - 11, 2024	IFEBP New Trustee Institute: Level I – Core Concepts	San Diego, CA
Nov 9 – 10, 2024	IFEBP Trustees Institute: Level II – Concepts in Practice	San Diego, CA
Nov 9 – 10, 2024	IFEBP Trustee Masters Program	San Diego, CA
Nov 10 – 13, 2024	IFEBP 70 <sup>th</sup> Annual Conference	San Diego, CA
Nov 13 – 14, 2024	P&I Public Funds	Sacramento, CA
Nov 13, 2024	CNBC Delivering Alpha*	New York, NY
Nov 12 - 15, 2024	SACRS Fall Conference	San Jose, CA
Nov 13 – 14, 2024	P&I Public Funds Conference	Sacramento, CA
Nov 14 – 15, 2024	Pension Bridge Women's Private Capital Summit	New York, NY
Nov 21, 2024	SBCERA Administrative Committee	SBCERA
Nov 21, 2024	SBCERA Audit Committee	SBCERA
Nov 21, 2024	SBCERA Investment Committee	SBCERA
Dec 5, 2024	SBCERA Board Meeting	SBCERA
Dec 12, 2024	SBCERA Investment Committee	SBCERA
Dec 17, 2024	SBCERA Special Board Meeting	SBCERA
Dec 19, 2024	SBCERA Administrative Committee	SBCERA
Jan 2, 2025	SBCERA Board Meeting	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. (Events with an asterisk (\*) require separate Board approval.)*