



San Bernardino County Employees'
Retirement Association

Chief Executive Officer's Report

Date: March 5, 2026

From: Debby Cherney
Chief Executive Officer

Office Phone: (909) 885-7980
Email: dcherney@sbcera.org

To: SBCERA Trustees

Subject: CEO Report – March 5, 2026 Board Meeting

Administration (Debby Cherney)

This week, we conducted interviews for the newly created Deputy Chief Investment Officer position, and look forward to announcing a selection in the next week.

Travel in 2026 picks up next week, when I will be heading to San Diego to moderate a panel on "*From Zoomer to Boomer: Member Engagement Across Generations*" at the NCPERS Communications and Member Services Summit alongside Scott Vanhorne, followed by another trip to San Diego to moderate a panel on "*Scale and Strategy: Insights from a Large and Small Pension System*" at the CALAPRS General Assembly.

Human Resources & Risk Management (Stacey Barnier)

We have completed the phone interviews for all 38 Associate Investment Officer candidates identified and are narrowing down the list of candidates who will be invited to participate in a Zoom interview with the Senior Investment Officers in March. Interviews have been conducted for the Deputy Chief Investment Officer recruitment and a formal announcement will be made in the coming days regarding the selected candidate. We have received 12 applications for the Enterprise Systems Engineer and are continuing to actively reach out to passive job seekers through LinkedIn to find more candidates. The Office Specialist and Executive Secretary recruitments for Member Services are progressing to the in-person interview stage with top candidates being invited to participate.

The Human Resources team hosted our annual Black History Month celebration to honor the incredible contributions of the Black community with a tasting menu from Black-owned businesses across San Bernardino, while exploring Black history and historical icons. This gives our staff an opportunity to learn about the diversity of the communities we serve while connecting with each other. We also held our PEACE (*People, Engagement, Activities, Culture, and Education*) team meeting with members from all departments to talk about employee recognition, upcoming leadership training for all staff, idea generation for this year's employee appreciation event, and more.

We are continuing to complete insurance applications for our risk management insurance coverages as they come in through our brokers. Renewal rates will be brought to a future board meeting for the Board's consideration.

Exhibit A: Page 2

Chief Executive Officer's Report
March 5, 2026
Page 2 of 7

Investments (Don Pierce)

Investment performance for January 2026 was positive on an absolute basis, though the portfolio trailed its policy benchmark due to our underweight to equities. Net of fees, the plan returned 1.34% for the month, compared to 2.03% for the benchmark. Fiscal year-to-date performance now stands at 6.20%, bringing the plan closer to the 7.25% annual assumed rate of return.

The portfolio remains deliberately positioned to withstand market volatility and potential stress in credit markets. Our managers have continued to upgrade portfolio quality, and at the total fund level we have implemented credit hedges to mitigate downside risk. While trailing the benchmark in strong equity markets is never our objective, our positioning reflects a disciplined risk management approach designed to protect capital during periods of market stress.

Our income-focused philosophy is grounded in the principle that avoiding significant drawdowns enhances long-term compounding and reduces the burden of recovery. For example, a 20% loss requires a subsequent 25% gain to return to breakeven, while a 50% loss requires a 100% gain. By limiting downside participation, the portfolio is better positioned to recover more quickly and potentially outperform on a relative basis during periods of market turbulence. Although short-term relative results may fluctuate, we remain confident that our emphasis on quality, downside protection, and disciplined risk management will support strong long-term outcomes.

Member Services (Christina Cintron)

February reflected the expected seasonal increase in member activity, with elevated call volumes, service retirement applications, and consultation requests. This trend is consistent with prior years, as the first four months of the calendar year historically bring higher demand for retirement counseling and application processing. Activity levels this February are tracking in line with previous years, indicating predictable seasonal patterns rather than abnormal growth.

During the month of February, the Member Services team received a record number of specific compliments from members recognizing the professionalism, clarity, patience, and care demonstrated throughout their interactions. Receiving this level of positive feedback during a peak service period reflects the team's consistent focus on providing our members with a superior service experience – the standard we strive to deliver to every member, every day.

As previously reported, Theresa's last day with SBCERA was February 5, 2026. The team adjusted quickly to ensure continued coverage and operational continuity during this high-demand period, thoughtfully redistributing workloads to maintain service levels without disruption to members. We wish her well in her new employment at San Bernardino County.

We are pleased to welcome our new Document Management Supervisor, Christy Rodriguez, to the Member Services team. Christy holds a Master of Public Administration from California State University, San Bernardino, and a Bachelor's Degree in Human Services from California State University, Fullerton. She brings a strong background in quality assurance, document imaging, records retention, compliance oversight, and Public Records Act (PRA) response. As we continue formalizing and strengthening our Document Imaging operations, her experience and leadership position us well to enhance internal controls, refine processes, and ensure compliant and sustainable records management practices that support both our members and internal operations.

Exhibit A: Page 3

Chief Executive Officer's Report
March 5, 2026
Page 3 of 7

Recruitment efforts are also progressing, and we are getting closer to scheduling interviews for the open Office Specialist and Executive Secretary positions. Filling these roles remains a priority as we continue to strengthen team capacity and support operational efficiency across Member Services.

As we move into March, elevated activity is expected to continue. The team remains focused on maintaining responsiveness, accuracy, and professionalism during this high-volume period.

Communications & Stakeholder Relations (Olivia Applegate)

Data-Driven Enhancements Drive Record Attendance

In January, we began promoting the 2026 Retirement Seminar series using a more intentional release strategy – announcing two seminars at a time and timing outreach strategically. This incremental approach, which we will continue moving forward, contributed to record-breaking attendance for our first seminar of the year.

The February webinar drew 257 attendees, compared to 50 attendees at the February 2025 webinar – marking the highest attendance for a first seminar in recent years. Post-event survey results show that 100% of respondents learned about the seminar through the targeted email, confirming the effectiveness of our outreach. Participants also indicated the seminar length was appropriate.

Interest remains strong, with 69 registrations and a waitlist for the March in-person seminar and 115 registrations already for April's webinar.

These results reflect program refinements informed by member feedback and an internal review. Transitioning to SBCERA-only presentations has created a more focused educational experience, while partner agencies will continue to provide resources and host informational tables at in-person events. Together, these strategic adjustments are increasing participation and strengthening the overall member experience.

Fiscal Services (Amy McInerney)

February was a productive and forward-focused month for Fiscal Services, with significant progress made in tax reporting, employer engagement, audit support, and team development. In alignment with our strategic pillars of Operational Excellence & Efficiency and Superior Service Experience, the team successfully printed and mailed more than 19,000 Form 1099-R information returns to members and beneficiaries, while also ensuring returns were accessible through members' mySBCERA accounts.

Under the Prudent Fiscal Management pillar, Brown Armstrong continued its Agreed-Upon Procedures as part of the Internal Audit Workplan, including reviews of the Investment Program and Benefit Payments. Fiscal Services is also participating in the review of benefit setup and payment processes to strengthen internal controls and enhance long-term reliability.

Significant progress was made on the Employer Reporting Initiative, advancing both Operational Excellence & Efficiency and Effective Communications. Staff delivered a kick-off webinar with more to 50 representatives from our employers in attendance. The Employer Guide—providing detailed instructions for using Pension Gold to remit payroll records and outlining SBCERA procedures—was distributed to employers and made available on Employer Direct. A testing "sandbox" environment has been launched, allowing employers to safely practice and validate reporting changes. Both in-person and online training opportunities are being developed to support compliance. Employers are expected to be fully compliant with the new reporting requirements by February 18, 2027, providing a full year to implement.

Exhibit A: Page 4

Chief Executive Officer's Report
March 5, 2026
Page 4 of 7

Overall, February reflected strong execution of key operational priorities while advancing longer-term strategic initiatives that strengthen service delivery, employer partnerships, and internal controls.

Information Services (Joe Michael)

During the month of February, the Information Services and Facilities teams continued advancing key operational and infrastructure initiatives aligned with previously approved Board actions. Tenant improvements began in Suite 106 in preparation for the future relocation of Member Services staff. Demolition has been completed, and construction activities are progressing according to schedule. The majority of work within the suite is anticipated to conclude in the near term, with additional tenant improvements continuing through the spring. The project remains on track, and coordination efforts are focused on minimizing operational disruption.

In addition, the Information Services Department prepared for the transition to a new Helpdesk and Facilities service management platforms. These modernized solutions enhance workflow management, request routing, escalation capabilities, and project tracking. The updated systems are designed to maintain a familiar user experience while improving internal efficiency, reporting capabilities, and long-term scalability.

February also included the continued advancement of the secure browser project. This initiative builds upon the foundational cybersecurity enhancements implemented in recent years, including SBCERA's transition to Secure Access Service Edge (SASE) and Zero Trust Network Access (ZTNA). The secure browser effort further strengthens web-based security controls and enhances protection when accessing external and cloud-based services. Together, these initiatives reflect a deliberate, phased approach to modernizing SBCERA's cybersecurity posture and reinforcing responsible data stewardship.

Overall, February's efforts focused on operational improvements, infrastructure advancement, and continued execution of the organization's long-term modernization and security strategy.

Legal, Disabilities & Survivor Benefits (Barbara Hannah)

Case Summary: Felony Forfeiture

In *Rolf Bishop v. San Diego County Employees Retirement Association* (2026 WL 4553789) (*Bishop*), the Court of Appeal addressed how the term "conviction" operates in Government Code section 7522.74, under California Public Employees' Pension Reform Act ("PEPRA"), specifically, whether a member stands "convicted" of a felony upon an adjudication of guilt or only upon the entry of a judgment at sentencing.

Applicable Law:

Government Code section 7522.74, subdivision (b)(1), provides in pertinent part that: "If a public employee is convicted by a state or federal trial court of any felony under state or federal law for conduct arising out of or in the performance of his or her official duties... he or she shall forfeit all accrued rights and benefits ... effective on the date of the conviction." (Underlines added.)

Section 7522.74, subdivision (c) identifies the pension benefits that are subject to forfeiture and clarifies that such pension benefits remains forfeited notwithstanding any reduction in the employee's sentence or expungement of the conviction.

Section 7522.74, subdivision (h), provides that the employee is entitled to reinstate his or her forfeited rights and benefits only "[i]f a public employee's conviction is reversed and that decision is final."

Exhibit A: Page 5

Chief Executive Officer's Report
March 5, 2026
Page 5 of 7

Case Facts:

In *Bishop*, a former County of San Diego employee, Rolf Bishop ("Bishop"), pleaded guilty to a felony charge of violating a state conflict-of-interest law. After entry of his plea, but before sentencing, the San Diego Employees Retirement Association ("SDCERA") notified Bishop that a portion of his accrued pension benefit was subject to forfeiture pursuant to Government Code section 7522.74. Thereafter, the court overseeing Bishop's criminal case reduced his offense to a misdemeanor; however, the SDCERA denied Bishop's reinstatement request.

Court's Analysis:

The Court of Appeal follows the ruling in *Estrada v. Public Employees' Retirement System* (2023) 95 Cal.App.5th 870 (*Estrada*), affirming that an adjudication of guilt constitutes a "conviction" for purpose of felony forfeiture provision under section 7522.74. The *Estrada* court observed that PEPR's felony-forfeiture provision does not define the statutory terms "convicted" or "conviction," but "the general rule in California is that '[a] plea of guilty constitute a conviction.'" 'A guilty plea admits every element of the crime charged' and 'is the 'legal equivalent' of a 'verdict' and is 'tantamount' to a 'finding'" (*Estrada*, *supra*, at pp. 882-883 [internal citations omitted.]

The *Bishop* Court reasoned that PEPR's "general purpose of protecting the public employee pension system and curbing abusive practices" supports a construction of "convicted" and "conviction" with their the primary and ordinary definition. Furthermore, the Court found the legislative documents supporting the legislative history of section 7522.76 to be "revealing," as "[e]ach legislative report or analysis describes the felony-forfeiture provisions and how they operate, and then states, "The conviction date is the date in which a plea of guilty is entered, or when the judge or jury makes a decision on the case."

As such, the Court found that SDCERA properly determined that Bishop's pension benefits were subject to partial forfeiture under section 7522.74. The Court further concluded that Bishop's subsequent reduction of his conviction had no retroactive effect on the forfeiture pursuant to Section 7522.74, subdivision (c).

Practical Implication:

The *Bishop* decision provides important guidance to retirement systems concerning the timing and finality of pension forfeitures. It clarifies that the "date of conviction" must be recognized as the adjudication of guilt rather than the date of sentencing. Moreover, once a forfeiture is triggered by a felony plea, it is permanent even if the crime is later reduced to a misdemeanor at sentencing.

Important Upcoming Dates – Training Opportunities

Date	Description	Location	Comments
Mar 8-11, 2026	With Intelligence (formerly Pension Bridge) Women's Private Equity summit	Phoenix, AZ	Pre-Authorized (up to 2 per year)
Mar 8-11, 2026	CALAPRS General Assembly	Carlsbad, CA	Pre-Authorized
Mar 9-11, 2026	CII Spring Conference	Washington, DC	Requires advance Board approval
Mar 13, 2026	SBCERA Board off-site	Rancho Cucamonga, CA	N/A
Mar 19, 2026	SBCERA Administrative Committee	SBCERA	N/A
Mar 19, 2026	SBCERA Investment Committee	SBCERA	N/A
Mar 23-25, 2026	Markets Group – ALTSLA 2026	Los Angeles, CA	Requires advance Board approval

Exhibit A: Page 6

Chief Executive Officer's Report
 March 5, 2026
 Page 6 of 7

Date	Description	Location	Comments
Apr 2, 2026	SBCERA Board Meeting	SBCERA	N/A
Apr 20-22, 2026	With Intelligence (formerly Pension Bridge) The Annual	Los Angeles, CA	Pre-Authorized (up to 2 per year)
Apr 22-23, 2026	IFEBP Investment Institute	Austin, TX	Pre-Authorized (up to 2 per year)
Apr 27-29, 2026	II Public Funds Roundtable	Chicago, IL	Pre-Authorized (up to 2 per year)
May 1-2, 2026	IFEBP Retirement Plan Basics	Scottsdale, AZ	Pre-Authorized (up to 2 per year)
May 12-15, 2026	SACRS Spring Conference	Olympic Valley, CA	Pre-Authorized
May 13-14, 2026	II AlphaEdge North America	Fort Lauderdale, FL	Pre-Authorized (up to 2 per year)
May 16-17, 2026	NCPERS Accredited Fiduciary Program (NAF)	Las Vegas, NV	Pre-Authorized
May 16-17, 2026	NCPERS Trustee Educational Seminar (TEDS)	Las Vegas, NV	Pre-Authorized
May 17-20, 2026	NCPERS Annual Conference (ACE)	Las Vegas, NV	Pre-Authorized
May 28, 2026	Portfolio Summit – Southeast LP Summit	Atlanta, GA	Requires advance Board approval
June 1-3, 2026	II Endowments & Foundation Roundtable East	Boston, MA	Pre-Authorized (up to 2 per year)
Jun 13-14, 2026	IFEBP Trustees Institute: Level II – Concepts in Practice	San Diego, CA	Pre-Authorized (up to 2 per year)
Jun 15-17, 2026	IFEBP Advanced Trustees & Administrators Institute	San Diego, CA	Pre-Authorized (up to 2 per year)
Jun 15-17, 2026	IFEBP New Trustees Institute: Level I – Core Concepts	San Diego, CA	Pre-Authorized (up to 2 per year)
Jun 27-30, 2026	GFOA Annual Conference	Chicago, IL	Requires advance Board approval
Jul 13-15, 2026	With Intelligence (formally Pension Bridge) Private Equity Exclusive	Chicago, IL	Pre-Authorized (up to 2 per year)
Aug 16-18, 2026	NCPERS Public Pension Funding Forum	Chicago, IL	Pre-Authorized
Sep 22-25, 2026	IDAC Global Summit	Newport Beach, CA	Requires advance Board approval
Sep 23-25, 2026	NCPERS Public Pension HR Summit	TBD	Pre-Authorized
Sep 29-Oct 2, 2026	CII Fall Conference	Boston, MA	Requires advance Board approval (up to 2 per year)
Oct 24-25, 2026	NCPERS Accredited Fiduciary (NAF) Program	Nashville, TN	Pre-Authorized
Oct 24-25, 2026	NCPERS Program for Advanced Trustee Studies (PATS)	Nashville, TN	Pre-Authorized

Exhibit A: Page 7

Chief Executive Officer's Report
March 5, 2026
Page 7 of 7

Date	Description	Location	Comments
Oct 25-28, 2026	NCPERS Public Safety Conference	Nashville, TN	Pre-Authorized
Nov 10-13, 2026	SACRS Fall Conference	Rancho Mirage, CA	Pre-Authorized

Trustees wishing to attend any of the 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.