



## Chief Executive Officer's Report

**DATE** October 31, 2019

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**TO** **BOARD OF TRUSTEES**  
San Bernardino County Employees'  
Retirement Association

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**SUBJECT** **CEO Report – November 7, 2019 Board Meeting**

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### Administration Updates:

This week, I attended the Pension Bridge Alternatives Conference in Los Angeles, along with Trustees Bracco, Fiorino and Williams. Amit Thanki was a featured speaker on the panel on "Distressed Investing: Opportunistic and Special Situations" and did an excellent job.

I am sad to report that Senior Investment Officer Laura Vossman will be leaving SBCERA at the end of the year; she will be very much missed!

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

We have opened the internal recruitments for Office Specialist (Investments) as a result of Jacky Cordero's promotion and Investment Officer (to replace Laura Vossman). These internal recruitments will close on November 1, 2019.

We finalized the implementation of the candidate text messaging capabilities so any applicants to these positions will be able to opt-in to receive communication via text. Interviews are scheduled for November 6, 2019 for external candidates for the Human Resources Specialist position. Staff presented and discussed the SBCERA dress code at the SBCERA Assistant's Forum and enjoyed getting to know a little bit more about the awesome administrative support staff in the process.

### Other Departmental Updates:

#### Investments (Don Pierce, Chief Investment Officer):

Performance for the month was a respectable positive 75 basis points, meanwhile the Fiscal Year to Date performance is positive 83 basis points net of fees. The fiscal year to date results are very comparable to peers and modestly ahead of our policy returns of 73 basis points. Markets were choppy over the quarter with July starting positive for the stock market, and August giving the gains back, and finally September was positive again. Dispersion was most pronounced between large cap and small cap stocks (The large cap equity bell weather S&P 500 was positive 1.7% while the small cap R2000 index was - 2.4%). Emerging market equity continued to struggle, while developed market equity benefited from additional financial easing from the European Central Bank. Overall, the

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portfolio held up in line with our policy and peers. We expect some residual value to come through as our higher yielding assets come to fruition and mature later in the year.

### Fiscal Services (Amy McInerny, Chief Financial Officer):

Last week, Amy McInerny, Erik Tigard and Christina Cintron attended the Public Pension Financial Forum (P2F2) conference in Salt Lake City, Utah. The conference featured a comprehensive array of topics including communications, ethics, high quality audits, securities lending, employer reporting, ILPA, alternative investments, employer reporting errors and exceptions, GASB updates, actuarial issues and tax issues.

Staff is working to finalize the annual financial statements and the actuarial valuation, which will be presented to the Board in November and December.

### Member Services and Communications (Colin Bishop, Chief of Member Services):

We added four new members to our team in October. Earlier in the month, Theresa Fisher joined us as Executive Secretary, and Jessica Morgan started working as SBCERA's new Receptionist. Later in the month, Jacky Cordero was promoted from the Investments unit to Retirement Benefits Technician, and Cara Larsen joined us as our new Office Specialist. We're very excited to have all these friendly new faces in the office.

Additionally, SBCERA released a Request for Proposal (RFP) for Pension Administration Software Consulting and Business Process Redesign on October 25. This RFP is part of our plan to improve PensionGold, our Pension Administration Software System, and streamline our current business practices. We have sometimes referred to this project as the "PensionGold Refresh," and we expect it to feed into three of our five strategic pillars: "Operational Excellence and Efficiency," "Superior Service Experience," and "Effective Communications," as outlined in SBCERA's Triennial Strategic Plan. Responses to the RFP are due on November 25, and we anticipate a project start date in early 2020. Member Services, Information Services, and Fiscal Services will work closely together on this project.

### Legal Services (Barbara Hannah, Chief Counsel):

From September 24, 2019 through October 28, 2019, Legal Services has reviewed and provided advice on 46 Member Services comment sheets; processed five (5) joinder responses; reviewed 18 Domestic Relations Orders; reviewed and provided advice on 12 disability retirement applications; and, responded to one (1) public records act request. As to the PRA response, in addition to providing the audio recording the Board meeting held on January 10, 2019, SBCERA also provided all travel receipts and itineraries for SBCERA Board members travel from January 1, 2015 to the present. All personally identifiable information as well as bank accounts and credit card numbers were redacted prior to release of the responsive documents.

### Disability Retirement Unit (Barbara Hannah, Chief Counsel):

In the last year, the DR Unit staff have been able to reduce the processing of Disability Retirement Applications from the date of the filing of the application to the date of the

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presentation to the board from approximately 16 months to an average of 12 months - which calculates to a reduction of time by 25%. Many of the processes have been streamlined, therefore DR applications are processed in a more efficient and timely manner. The DR Unit's goals will be to continue to analyze the processing of DR Applications to determine what methods can be adjusted to further reduce the amount of time it takes a DR application to be presented for the Board's review, while continuing to maintain the accuracy and quality of each application presented.

### Information Services (Joe Michael, Chief Information Officer):

The Information Services Department updated our Pension Administration software to the latest version, providing additional functionality for staff, and ensuring the system is prepared for end of the year processing. The department is also in the process of scheduling our annual system audit which will have a greater penetration and external security focus as we look to certify our new internet setup and failover configurations prior to migrating to the new connection.

Staff is also working with the various vendors involved with the tenant improvements, ensuring we are able to adhere to a reasonable timeline and complete the phases successfully and with no downtime in between. Minimizing impact to Staff, our Members, and other Tenants is a top priority for us.

### **Upcoming Meetings and Educational Training Opportunities:**

November 8, 2019	Apollo Management meeting, Los Angeles, CA ( <i>If approved</i> )
November 12-15, 2019	SACRS Fall Conference, Monterey, CA
November 19, 2019	SBCERA Investment Committee
November 21, 2019	SBCERA Administrative Committee (9:00 AM) SBCERA Audit Committee (11:00 AM)
December 5, 2019	SBCERA Board Meeting
December 10, 2019	SBCERA Investment Committee
December 19, 2019	SBCERA Administrative Committee

***Trustees wishing to attend any of the approved upcoming trainings should contact Christa James for travel and registration.***