



San Bernardino County Employees'
Retirement Association

Chief Executive Officer's Report

Date: October 28, 2021

From: Debby Cherney
Chief Executive Officer

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To: SBCERA Trustees
San Bernardino County Employees'
Retirement Association

Subject: CEO Report – November 4, 2021 Board Meeting

Administration (Debby Cherney)

This week, I was able to attend the Kayne Anderson Capital investors meetings in Los Angeles. Featured speakers on leadership included Sallie Krawcheck, currently the CEO and co-Founder of Ellevest, Peyton Manning, and General Jim Mattis. In addition, Kayne featured sessions on real estate, energy, private equity and credit. Also attending were Trustee Rutherford and Investment Officer Jake Abbott.

Human Resources & Risk Management (Stacey Barnier)

Recruitment efforts continue for vacancies in the Member Services Department and the Disability Retirement Unit. Interviews have taken place and we look forward to extending job offers in the coming weeks once hiring decisions have been made for each vacancy. A job offer was extended and accepted for the Information Systems Technician position and the candidate is currently in the pre-employment background check process and an internal promotion filled the Retirement Specialist vacancy.

Labor negotiations meetings continue between SEIU and SBCERA.

A Voluntary Employee Benefits Survey was sent out to staff to gauge which voluntary plans our staff may be interested in seeing as part of our benefits array going forward. So far, about half of all employees have completed the survey which is due on Wednesday, November 3, 2021. We look forward to reviewing the survey results.

Investments (Don Pierce)

As we close in on the 2021 calendar year end, I thought it would be helpful to give the Board a preview of some of investment items that will come before the Board over the next few months and well into the fiscal year end:

- Emerging Market Debt manager search
- Emerging Market Equity manager search
- Private Equity and Real Estate pacing plans
- Due diligence schedule for 2022
- Portfolio structure review
- SBCERA fee report
- Mid-year retreat investment education
- Asset Allocation review

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While many of these items for the Board's review are part of an annual process (and in the case of Asset Allocation this is a multiple meeting endeavor), we will also have periodic investment policy reviews not to mention potential new managers to evaluate. Overall, the coming months will provide the Board a substantive agenda for investments.

Member Services and Communications (Colin Bishop)

Just in time for the coming busy season, we're starting to offer members the option of live video counseling via Zoom. This week, we're starting to offer a limited number of time slots to members who would like a "virtual visit" with one of our Retirement Specialists. We'll be expanding our video counseling services once staff is fully trained and comfortable operating the technology.

Sticking with the theme of online services, since the year began we've held 8 webinars where we've hosted over 1,000 total members. We recently transitioned our webinar software to Zoom Webinar and it's allowed for a better user experience all around. In our post-webinar surveys, the responses from attendees continues to be positive. Additionally, our team has participated in 16 online New Employee Orientations, reaching almost 1,000 new members.

These expanded online services will help us reach members more efficiently as we continue to see a steady rise in retirements. With just two more months remaining in 2021, we continue to outpace last year's record numbers. This past month appears to be our busiest October in the last two decades, with 86 new payees added to payroll. From January through October, we've now added 899 new payees to payroll. Last year, we were at 862 at this same point, on the way to a record 1,001 total for the year. (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.)

Fiscal Services (Amy McInerney)

Last month, the valuation reports were completed with Segal Consulting and will be presented at the November board meeting. This is one month earlier than traditionally completed and presented. The Comprehensive Annual Financial Report was also completed and will be presented at the November Audit Committee meeting and an abbreviated presentation will take place at the December board meeting. Traditionally, only the Basic Financial Statements are presented and the Comprehensive Annual Report is completed later in December. Additionally, SBCERA received recognition from the Government Finance Officer's Association for its annual report for the fiscal year ended June 30, 2020. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report.

Staff attended the Public Pension Financial Forum (P2F2) conference virtually. The conference always proves to be a great collection of useful topics and networking. This year, several sessions focused on employer relations and new accounting standards. We look forward to implementing all we've learned into the work we do daily in Fiscal Services.

We have begun receiving payments from CERTNA and ILS for their respective termination obligations after withdrawal from SBCERA. CERTNA is expected to complete payment early in November. ILS has more members and is working to collect payment from each member agency. Once all payments have been received, I will provide that update to the Board.

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Information Services (Joe Michael)

Over the past month SBCERA has made changes to its systems to increase performance and security which at times have required public access to one or more of our sites to be disrupted. The planned outages are normally posted in advanced and scheduled for off-peak hours. At rare times we also experience unplanned outages or disruptions. Over the last month two such events occurred.

The first was an accident trigger of our Fire/Life/Safety system during a routine inspection that caused our primary data center to go offline. This resulted in roughly a two our outage of our public services while our systems were brought back online. Going forward such inspections will now be performed off-peak hours, however one good take away from the event was that the fire/life/safety system performed exactly as expected.

The second outage was of our public website which lasted for a day. Though the site remained online it was not easily accessible due to errors the site was generating when first browsing to it. After working with the host and making changes in multiple systems and areas the site was brought back online. As we always attempt to take these opportunities to learn and mitigate future issues, we have made adjustments to lessen the possibility of the same problem happening in the future, and if so, we have added additional checks to provide a faster identification of the issue by limiting possible causes.

Legal & Disabilities (Barbara Hannah)

The Disability Retirement Unit is reviewing its disability retirement process and determining ways that could potentially shorten timeframes resulting in an improved experience for the members. Staff intends to bring the proposed changes to the Administrative Committee in November.

With staff and trustees starting to travel again to conferences, Dawn DuRocher, Paralegal, will hold a refresher course with staff regarding reportable payments for travel, which may include payments for lodging and food connected with the travel made by third parties in connection with official agency business and directly related to an official's public duties. Such payments would otherwise be considered a gift or income to the benefitting official, but instead accepted on behalf of the agency.

The SACRS conference is scheduled to begin on November 9, 2021. Barbara Hannah will moderate the Attorneys' Roundtable at SACRS on November 10, 2021. The agenda has yet to be finalized, but since systems are still dealing with the aftermath of *AlamedaStaff* there is likely to be an update from all the systems regarding their implementation, as well as issues that may have arisen because of such implementation.

Important Upcoming Dates & Training Opportunities

Nov 7-10, 2021	CRCEA Fall Conference	Long Beach, CA
Nov 9-12, 2021	SACRS Fall Conference	Hollywood, CA
Nov 16, 2021	SBCERA Investment Committee	Hybrid
Nov 16, 2021	P&I Fixed Income and Credit	New York, NY
Nov 17-18, 2021	II Systematic Investment Strategy Symposium	New York, NY
Nov 18, 2021	SBCERA Administrative Committee	Hybrid
Nov 18, 2021	SBCERA Audit Committee	Hybrid
Dec 2, 2021	SBCERA Board Meeting	Hybrid
Dec 6-7, 2021	Nossaman's Fiduciaries' Forum	Los Angeles, CA

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Dec 14, 2021	SBCERA Investment Committee	Hybrid
Dec 16, 2021	SBCERA Administrative Committee	Hybrid

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.