



BOARD OF RETIREMENT

Staff Report

File #: 24-259

Agenda Date: 7/11/2024

Agenda #: 25.

FROM: Debby Cherney, Chief Executive Officer

SUBJECT: Annual Review of SBCERA Retiree Medical Trust

RECOMMENDATION:

Annual Plan Compliance Report for SBCERA Retiree Medical Trust.

BACKGROUND:

In April 2019, the SBCERA Board approved a new Investment Policy Statement (“IPS”) for the Section 115 Retiree Medical Trust (“Plan”). The IPS incorporated the concept of an oversight committee (“Oversight Committee”) to ensure fiduciary compliance, including oversight of the available investment fund line-up and fees. The Oversight Committee consists of myself, Chief Financial Officer Amy McInerney, and Trustee Marc Bracco. The fund line-up for the Plan was substantially overhauled at the time the IPS was adopted by the Board.

In April 2024, staff engaged the Hyas Group to review the fund line-up and fees and provide an overall report on the Trust. That report is attached as Exhibit A. The Oversight Committee met with Hyas Group via video conference on July 1, 2024 and reviewed the report.

Overall, the Plan’s investment line-up is meeting the quantitative and qualitative factors established under the IPS. The TIAA-CREF High Yield fund has bounced in and out of compliance, and for this period, is failing the performance factors. It has not met the standards under our IPS to remove and replace the fund at this point. The Oversight Committee voted to place the fund back on watch, and continue to monitor it.

The Oversight Committee also reviewed the IPS, and adopted a few changes, which are included in the redlined IPS attached as Exhibit B.

BUDGET IMPACT:

None.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Prudent Fiscal Management

COMMITTEE REVIEW:

This item was reviewed by the RMT Oversight Committee. No Board action is required, other than to receive and file this annual report.

STAFF CONTACT:

Debby Cherney

Amy McInerney

ATTACHMENTS:

Exhibit A: Hyas Group Report (Confidential)

Exhibit B: Investment Policy Statement, updated July 1, 2024