

MINUTES

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

April 12, 2023
4:00 PM–5:00 PM

This meeting was held using a Hybrid Format.

Zoom Meeting ID: 964 7253

Passcode: 1864517

Addresses:

5753 E. Santa Ana Canyon Rd. Anaheim, CA 92807

9200 Valley View St. Cypress, CA 90630

5861 Padua Dr., Huntington Beach, CA 92649

3818 Sandune Lane, Corona Del Mar, CA 92625

I. CALL TO ORDER

The meeting was called to order at 4:02 PM by Fred Williams.

II. ROLL CALL

All Retirement Board of Authority (RBOA) members were present: **Except Irma Ramos, Vice Chancellor, Human Resources**

Fred Williams, Vice Chancellor, Finance & Facilities

Full-Time Faculty Representative, Fola (Mary) Odebunmi

Full-Time Faculty Representative, Jeremy Peters

Full-Time Classified Representative Monica Hagmaier

Full-Time Classified Representative, Gail Smead

Retiree Representative, Joe Boyle

Retiree Representative, Jim Phillips

All Coordinators/Consultants were present:

Roslyn Washington, Assistant Vice President, Keenan Financial Services,

Scott Rankin, Senior Vice President, Benefit Trust Company, Cary Allison,

Executive Director, Morgan Stanley/Graystone, Investment Advisor to BTC.

III. PUBLIC COMMENTS

- i. There were no public comments.
- ii. This item is information only.

IV. DECLARATION

- i. Due to the current state of emergency pertaining to Covid-19, the Retirement Board of Authority (RBOA) oversight committee has concluded, by a majority vote, that meeting in person presents imminent risks to the health or safety of attendees. Therefore, it is desired and approved by the RBOA to conduct this “Brown Act” meeting via teleconference. This declaration will remain in force until further notice and alternate action will

- be taken by the RBOA.
- ii. A motion was made by Jackie Rodarte and seconded by Gail Smead to accept the declaration to conduct this Brown Act meeting via teleconference; motion unanimously carried.

V. APPROVAL OF AGENDA

Gail Smead moved to approve the agenda; motion was seconded by Jackie Rodarte and unanimously carried by the board.

VI. ACKNOWLEDGEMENT

An acknowledgement was presented by Scott Rankin of Benefit Trust. This disclaimer confirms the role of Morgan Stanley as an advisor only to BTC. Gail Smead moved to accept; motion seconded by Jim Phillips and unanimously carried by the board.

VII. APPROVAL OF MINUTES

Jackie Rodarte moved to approve the Minutes with noted corrections; motion seconded by Monica Hagmaier, Jeremy Peters abstained, all other board members approved.

VIII. INVESTMENTS

1. Portfolio Performance Review

- i. Cary Allison of Morgan Stanley reviewed the performance of the District’s Investment Trust portfolio account as of March 31, 2023.
- ii. The Portfolio Value of the Trust as of March 31, 2023, was \$122,969,548.

Time weighted return net of fees:

Month to Date	Quarter to Date	Year to Date	Last 1 Year	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Inception to Date
1.73	5.65	5.65	-9.81	7.14	3.19	4.93

- iii. Cary advised the board that their current year-to-date return net of fees was 7.1%. and the value as of today (4/12/23) was slightly above \$123 million.
- iv. Jeremy moved to accept the performance report; motion seconded by Jackie Rodarte and unanimously approved by all board members present.

2. Market Overview: (Information)

- i. Cary Allison of Morgan Stanley gave an update on current market conditions.
- ii. 2022 was the worst year in bond history ever. Bonds were down 13% from Jan 2022 thru Dec 2022. The second worse year was in 1994 when bonds were down 3%.
- iii. The portfolio this district is in has a 60/40 asset mix. In most instances when stocks are down, bonds tend to do well to offset any losses you may obtain with equities.
- iv. Last year grown stocks were down between 30-40%, while blue chip stocks

- were down 4-5%.
- v. The driver of everything last year was inflation. At the beginning of 2022 the market was predicting that inflation was just transitory. This turned out not to be the case.
 - vi. As inflation grew, the Federal Reserve began to slowly increase interest short-term rates in hopes to thwart off inflation and the increase in consumer spending that was causing it.
 - vii. The Feds increased short-term interest rates 7 times in 2022 until it went from zero to the mid 4% range by end of year.
 - viii. They are on board to increase rates 2 more times in the first quarter of 2023 before they stop.
 - ix. By the end of 2022, inflation began to decline aggregately, and Morgan Stanley believes it will hopefully reach the mid 3% range by end of 2023.
 - x. The 10-year treasury is now at 1. 2%. Comparing it to 4.3% in the beginning of 2022.
 - xi. Morgan Stanley feels with all this past us there is a great opportunity for bonds this year because of the low share cost.
 - xii. Stocks on average follow earnings. Morgan Stanley believes earnings are rated too high now and they don't anticipate growth for this year to be more than 0.5%.
 - xiii. This is an information item only.

3. Investment Policy Statement Review

- i. Scott Rankin presented the Investment Policy Statement to the Board of Authority. Benefit Trust Company does not have any recommended changes currently.
- ii. The district is currently in a 60/40 asset mix.
- iii. Fred Williams inquired if the district's governing Board of Trustees could require the Retirement Board to assure restriction from certain investments such as Fossil Fuels?
- iv. Scott Rankin responded that BTC's responsibility was to maximize earnings to be financially responsible while minimizing risk. He also advised that they use mutual funds and not individual stocks in the portfolio choices.
- v. Jackie Rodarte advised that this discussion from the Board was about sustainability.
- vi. Gail Smead advised that she understands BTC is the prudent expert.
- vii. A motion was made by Fred Williams and seconded by Jackie Rodarte to reaffirm the Investment Policy Statement; motion unanimously carried.

IX. ADMINISTRATION

1. Election of Chair for the Retirement Board

Fola Odebunmi motioned, and Jackie Rodarte seconded the motion to nominate Fred Williams as RB Chair; motion unanimously approved.

2. Election of Vice-Chair of the Retirement Board

Joe Boyle motioned, and Jim Phillips seconded to nominate Fola Odebunmi

as the RB Vice-Chair.

3. Disbursement Report

- i. Roslyn Washington presented a Trust Disbursement Report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for their services for the period September 2022 to March 2023.
- ii. Gail Smead motioned, and Jim Phillips seconded the motion to ratify the Disbursement Report for the period as presented; motion unanimously approved.

4. Reimbursement to the District

- i. Fred Williams advised the board that no money was withdrawn from the trust last year to cover OPEB reimbursements due to the losses taken in 2022.
- ii. However, when the district does decide to withdraw, the reimbursement may be \$5-6 million.
- iii. Recommendation was made to not reimburse the District for 2023-24 expenses and instead focus on asset accumulation for another year while the District continues to receive hold harmless funds.

5. Status of OPEB Independent Audit

- i. The independent Audit was completed by Nigro & Nigro and reviewed with the Retirement Board.
- ii. Fola recommended to continue completing an OPEB Independent Audit each year.
- iii. This item is information only.

X. INFORMATION REPORTS

1. Retirement Board of Authority Comments

- i. No comments.
- ii. This is information only.

2. Program Coordinator/Consultant Comments

- i. No comments.
- ii. This is information only.

XI. DATE, TIME, AND AGENDA ITEMS FOR NEXT MEETING

- i. The next board meeting will be held on **Sept 14, 2023 (4-6pm)** Roslyn will coordinate with the district Admin Staff.
- ii. Please bring back the review of the Investment Policy Statement and the Risk Tolerance Questionnaire.
- iii. This is information only.

XII. ADJOURNMENT

Meeting was adjourned at 5:33PM by Fred Williams.