

MINUTES

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

September 21, 2016

1:00 PM–3:00 PM

I. CALL TO ORDER

1. Meeting was called to order at 1:12 PM by Gail Beal.

II. ROLL CALL

1. **All RB members were present except Dale Craig and Jim Phillips**

Fred Williams, Vice Chancellor, Finance & Facilities

Irma Ramos, Vice Chancellor, Human Resources

Tina Johannsen, Full-time Faculty Representative

Bea Bates, Classified Representative

Carol Brown, Classified Representative

Jacqueline Rodarte, Board of Trustee Representative

Joe Boyle, Retiree Representative

2. **All Program Coordinators/Consultants were present**

Gail Beal, Senior Vice President, Keenan Financial Services

Roslyn Washington, Senior Account Manager, Keenan Financial Services

Sharen Stanek-Lowe, Account Executive, Keenan & Associates

Scott Rankin, Senior Vice President, Benefit Trust Company (BTC)

Cary Allison, Senior Vice President, Morgan Stanley Wealth Management (MS)

III. PUBLIC COMMENTS

1. There were no public comments.
2. This is information only.

IV. APPROVAL OF AGENDA

1. Board Chair Fred Williams Motioned to accept the Agenda as presented; Motion was seconded by board member Jacqueline Rodarte and was unanimously carried by all members present.

V. APPROVAL OF MINUTES

1. Board Chair Fred Williams Motioned to accept the Minutes from the previous RB meeting as presented; Motion was seconded by board member Irma Ramos and was unanimously carried by all members present.

VI. INVESTMENTS

1. **Portfolio Performance Review**

- a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Investment Trust's portfolio account as of August 31, 2016.
- b. The Portfolio Value as of August 31, 2016 was **\$10,390,837.62**.

Time weighted return net of fees:

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized Inception to Date
0.56	3.34	-	-	-	-	4.95

- c. Cary Allison said if you had been with us all year, you'd be up approximately 6.5-7% like our other clients.
- d. Cary discussed what is going on in the market and reported that APPLE is the number 1 stock in the United States.
- e. 50% ACWI (every Stock in the world) / 50% Barclays Agg (US Bonds only)
- f. We made a few changes to the Portfolio Mix. Guggenheim Fund replaced Delaware Fund. Also, changed Mid Cap Funds to Alger Small Cap Funds.
- g. Current yield is approximately 2.2%. These are the dividends.
- h. Carol Brown Motioned to approve the Portfolio Performance Review as presented; Motion was seconded by Joe Boyle and was unanimously carried by all members present

2. Market Overview

- a. Cary Allison of Morgan Stanley stated that we are in a slow growth economy.
- b. The first couple of weeks of the year China downgraded currency. The Market thought there would be a recession. However, once all companies started reflecting on their quarterly earnings, they saw that earnings were up and the Stocks tend to follow earnings.
- c. If you add up all the earnings for 2015/2016 and compare to growth/stocks, you will see they are about the same.
- d. Cary discussed the Brexit vote, how it affected the Market, and how the Market rallied back a week later. Brexit resulted in interest rates going down again.
- e. Germany's 10 year Treasury is at 0%; France is at .23%; Japan is at -.25%; US is at 1.65%. Because of this, we believe the current yield will go down again.
- f. Guggenheim believes the 10 year treasury rate will drop to 1%.
- g. The two things that drive growth are current inflation and earnings growth.
- h. Morgan Stanley thinks the Feds will raise rates slowly at .25% per year.
- i. Fred Williams asked if there were any reservations in their mix. Cary answered no.
- j. Regardless of who wins the election, we don't expect to see much change out of Washington.
- k. This item is information only.

VII. ADMINISTRATION

1. Designation of New Retirement Board (RB) Member & RB Chair

Acknowledgement

- a. Gail Beal acknowledged Fred Williams as Retirement Board (RB) member and Chair.
- b. This item is information only.

2. Disbursement Report

- a. Roslyn Washington presented a Trust Disbursement Report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for their services for the period January 1, 2016-August 16, 2016.
- b. Board Chair Fred Williams Motioned to ratify the Disbursement Report as presented; Motion was seconded by board member Joe Boyle and was unanimously carried by all RB members present.

3. Annual Reporting on the Status of the Trust

- a. Roslyn Washington presented the Annual Report on the Status of the Trust. She asked the RB who should be listed as the district's contact person on the letter?
- b. The Board unanimously agreed to add Fred Williams' name and number as contact on the letter.
- c. This item is information only.

4. Actuarial Valuation Study Update

- a. Fred Williams has a draft proposal and is in talks with Total Compensation Systems, Inc. now. The report should be finalized within the next two months.
- b. Gail Beal said half of our clients are using for one year GASB 43/45 and the others are already using GASB 74/75.
- c. Gail also added to let Keenan know if there are any additional information items that the District needs.
- d. This item is information only.

5. Future Transfer of Assets into the Trust

- a. Cary Allison commented that he liked that the District broke up the deposits.
- b. Tina Johannsen asked if they could change the funding schedule. Cary added they could also dollar cost monthly at approximately \$6M per month.
- c. \$21M will be transferred into the Trust by the end of September 2016. Thereafter, \$7M per month will be transferred into the Trust until a total of \$70M has been deposited by the end of the fiscal year.
- d. Joe Boyle likes monthly. He believes it gives more flexibility.
- e. Cary said 70% of monthly returns are positive. People are more scared of negative returns than they are excited about positive returns.
- f. Cary discussed the psychology of investing. He said the District has a very well balanced portfolio of 50% Bonds and 50% Stocks. Keep in mind the timeframe.
- g. Irma Ramos Motioned to ratify the Future Transfer of Assets into the Trust; Motion was seconded by Joe Boyle and was unanimously carried by all RB members present.

6. **The Comprehensive Compliance Plan Including the “Substantive Plan”**
 - a. Roslyn Washington addressed the RB and advised that the Service Rep will be working with the District to gather information to update the Substantive Plan.
 - b. This is information only.

VIII. INFORMATION

1. NOCCCD Retirement Board Comments

- a. There were no RBOA comments.
- b. This item is information only.

2. Program Coordinator/Consultant Comments

- a. There were no Program Coordinator/Consultant comments.
- b. This item is information only.

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

1. January 10, 2017: 10:00 AM-12:00 PM.
2. This item is information only.

X. ADJOURNMENT

1. Meeting was adjourned at 2:10 PM by Gail Beal.