

MINUTES

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

October 17, 2017

9:00 AM–11:00 AM

I. CALL TO ORDER

1. Meeting was called to order at 9:10 AM by Fred Williams.

II. ROLL CALL

1. **All RB members were present except Dale Craig, Carol Brown, and Joe Boyle:**
Fred Williams, Vice Chancellor, Finance & Facilities
Irma Ramos, Vice Chancellor, Human Resources
Tina Johannsen, Full-time Faculty Representative
Jacqueline Rodarte, Board of Trustee Representative
Jim Phillips, Retiree Representative
2. **All Program Coordinators/Consultants/Guests were present except Kimberly Gleason:**
Gail Beal, Senior Vice President, Keenan Financial Services
Roslyn Washington, Senior Account Manager, Keenan Financial Services
Scott Rankin, Senior Vice President, Benefit Trust Company (BTC)
Cary Allison, Senior Vice President, Morgan Stanley (MS)

III. PUBLIC COMMENTS

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

IV. APPROVAL OF AGENDA

1. Jim Phillips Motioned to accept the Agenda as presented; Motion was seconded by Tina Johannsen and was unanimously carried by all members present.

V. APPROVAL OF MINUTES

1. Jacqueline Rodarte Motioned to accept the Minutes from the previous RB meeting as presented; Motion was seconded by 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 September 30, 2017.
 - b. The Portfolio Value as of September 30, 2017 was **\$89,387,799.66**.

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
1.27	3.24	11.13	11.73	-	-	11.47

- c. The Portfolio Value as of October 16, 2017 was **\$90,083,961.00**.
- d. This is the first time in seven years that International Bonds outperformed US Bonds.
- e. No changes are being made to asset allocation.
- f. Fred Williams asked what are the specific numbers. Cary said the account line which shows the account net of fees.
- g. Fred asked if \$6.8M could be withdrawn. Scott Rankin said you can withdraw at any time, but it has to be specifically for retiree health expenses. There are no additional fees.
- h. Jacqueline Rodarte Motioned to approve the Portfolio Performance Review as presented; Motion was seconded by Irma Ramos and was unanimously carried by all members present.

2. Market Overview

- a. Cary Allison presented an overview of the current market.
- b. Tina Johannsen said she heard on the news the Bond market is going to get stronger. Cary said your Bonds are doing great. Your domestic Bonds are up 5-6% and your global Bonds are up 7-14%. Your Bonds are outperforming the fixed income portfolio.
- c. Global equity markets have continued to simply work their way higher this year with no more than a 2% to 3% correction. Economic data remain solid, with the second quarter recording the fastest global GDP growth in more than five years.
- d. We have an initial tax plan from the Republicans that our folks in Washington believe has an 80% chance of getting signed into law in some form.
- e. Equity prices are making all-time highs, with procyclical tilts leading the way – bank, small/mid caps, energy and technology stocks.
- f. Earnings are still up and is the primary reason the market is doing well.
- g. Following a rate hike in December we now see the Federal Reserve raising rates three times in 2018, versus four previously stated.
- h. We see technology as a longer-term disinflationary force. The rise of online retail for a host of goods and services has kicked off price wars and lowered sellers’ pricing power. Services line Uber, Amazon and Airbnb have allowed consumers to purchase goods and services at a lower cost but similar quality.
- i. Measures of inflation expectations have fallen in recent years – which we estimate may be weighing on year-over-year growth in core consumer inflation to the tune of about 0.1 percentage points per year.
- j. Japan is where Morgan Stanley & Co.’s economic and strategy forecasts most differ from market consensus – and it is the region where global investor focus and interest appear the lowest.
- k. This item is information only.

3. Investment Policy Statement Review

- a. Scott Rankin discussed the Investment Policy Statement.
- b. Fred Williams said there will be no changes and asked for a motion to reaffirm.
- c. Jacqueline Rodarte Motioned to reaffirm the Investment Policy Statement as presented; Motion was seconded by Tina Johannsen and was unanimously approved by all members present.

VII. ADMINISTRATION

1. Retirement Board - Election of Chair

- a. Irma Ramos nominated Fred Williams as Chair; Motion was seconded by Jacqueline Rodarte and was unanimously carried by all members present.

2. Retirement Board - Election of Vice-Chair

- a. Fred Williams nominated Irma Ramos as Vice-Chair; Motion was seconded by Jim Phillips and was unanimously approved by all members present.

3. Annual Reporting on the Status of the Trust

- a. Roslyn Washington presented the Annual Report on the Status of the Trust and confirmed the Report has been posted to the NOCCCD website.
- b. This item is information only.

4. Disbursement Report

- a. Roslyn Washington presented the Trust Disbursement Report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for their services for the period January 5, 2017 – October 5, 2017.
- b. Irma Ramos Motioned to ratify the Disbursement Report as presented; Motion was seconded by Tina Johannsen and was unanimously carried by all members present.

5. Actuarial Valuation Study Update

- a. Fred Williams requested that Total Compensation Systems, Inc. follow the old process to be consistent. But this year, 2017/2018, they will get a new standard to incorporate GASB 74/75.
- b. The total liability decreased from approximately \$150M to about \$125M.
- c. Tina Johannsen asked if SERP money will come out of here. Fred said no, it's completely separate.
- d. This item is information only.

6. Future Transfer of Assets into the Trust

- a. Fred Williams shared the schedule of Future Transfer of Assets into the Trust. \$3M was transferred into the Trust this year.
- b. Fred said there are residual monies in the retiree benefit fund that will be moved into the Trust.
- c. This item is information only.

7. Updating the “Substantive Plan” Annually, an Essential Component of the Comprehensive Compliance Plan

- a. Roslyn Washington addressed the RB regarding the Substantive Plan.
- b. The E-Library will be delivered by December 31, 2017.
- c. This is information only.

VIII. INFORMATION

1. NOCCCD Retirement Board Comments

- a. There were no NOCCCD Retirement Board 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. February 7, 2018: 1:00 PM-3:00 PM.
2. This item is information only.

X. ADJOURNMENT

1. Meeting was adjourned at 9:47 AM by Fred Williams.