

# MINUTES

## NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

March 12, 2019

3:30 PM–4:30 PM

### I. CALL TO ORDER

1. Meeting was called to order at 3:33 PM by Fred Williams.

### II. ROLL CALL

1. **All RB members were present except Dale Craig, Summer Marquardt, and Dana Clahane:**

Fred Williams, Vice Chancellor, Finance & Facilities

Irma Ramos, Vice Chancellor, Human Resources

Gail Smead, Classified Representative

Jacqueline Rodarte, Board of Trustee Representative

Joe Boyle, Retiree Representative

Jim Phillips, Retiree Representative

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

Roslyn Washington, Assistant Vice President, 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.

### IV. APPROVAL OF AGENDA

1. Board member Jim Phillips moved to approve the Agenda as presented; Motion was seconded by board member Joe Boyle and was unanimously carried by all members present.

### V. APPROVAL OF MINUTES

1. Board member Joe Boyle moved to approve the Minutes from the **August 7, 2018** meeting as presented; Motion was seconded by board member Gail Smead and was unanimously carried by all members present.
2. Board member Joe Boyle moved to accept the Minutes from the **February 7, 2018** meeting as presented; Motion was seconded by board member Jacqueline Rodarte 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 **January 31, 2019**.

- b. The portfolio value as of 1/31/19 was **\$94,736,581.97**.

**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
5.97	5.97	5.97	-3.71	-	-	6.67

- c. The Portfolio Value as close of 3/11/19 was **\$95,975,698**.
- d. Early consensus was that earnings would be 2% higher in 2019 compared to 2018. Morgan Stanley thinks more like 1% over 2018.
- e. Board member Jacqueline Rodarte moved to approve the Portfolio Performance Review as presented; Motion was seconded by board member Irma Ramos and was unanimously carried by all members present.

**2. Market Overview**

- c. Cary Allison gave an overview of the Markets since the last RBOA meeting.
- d. December 2018 was the worst December since the Great Depression.
- e. However, January 2019 was the best January in the last 30 years.
- f. Ultimately, it's about earnings. 2014-2016 earnings were flat. Earnings were up 20% in 2017. In 2018, earnings were up 22% primarily due to the tax cut.
- g. The forecast for 2019 is earnings will increase by 1% above 2018.
- h. Interest rates are the main thing that improved earnings.
- i. We have a new Federal Chair. The Feds were supposedly going to raise Short Term Interest Rates 2-4 times in 2019, but then things began correcting. We think Federal Reserve is finished raising short term rates. Maybe 1 more time this year at most.
- j. We have made no changes to the portfolio mix.
- k. Economy is quite good now. Can't recall when the economy has been so good, but the rhetoric is the opposite.
- l. We don't see a recession anywhere in the horizon.
- m. Long term rates are about where they are. We are at 2.6%
- n. We don't see a lot of movement for either anytime now.
- o. Long term rates may go down slightly.
- p. Global equities railed to end the first week of 2019, as several positive news items helped stabilize markets following a turbulent December 2018.
- q. There were several catalysts to explain January's rally.
- r. December U.S jobs report number came in above even the most bullish forecast.
- s. The jump in payrolls came alongside an uptick in labor force participation, while wages also accelerated at their fastest pace since the financial crisis in 2008.
- t. The solid job report appeared to buoy sentiment, which was particularly welcomed following a weak ISM (Institute for Supply Management) report that had markets questioning the health of the U.S economy.
- u. Markets also applauded comments from Federal Reserve Chairman Jerome Powell, as the Fed Chair appeared to walk back some of his hawkish remarks last month that had spooked markets in the final weeks of 2018.

- v. Chairman Powell said that the central bank would be “patient” in considering future rate hikes, easing market participants’ concerns that the Fed was resolute in maintaining its course of tightening financial conditions.
- w. The market environment in 2018 was one of the most challenging years for equity investors since the financial crisis in 2008, with every region and most stocks delivering negative returns.
- x. Bonds and alternative investments also fared poorly at the same time, which meant asset allocation failed to balance out the losses with some gains.
- y. Looking ahead to 2019, while many of the concerns around growth and financial conditions that affected markets in 2018 remain, the risks now appear to be much better reflected in prices.
- z. This item is information only.

### **3. Investment Policy Statement Review**

- a. Scott Rankin discussed the Investment Policy Statement.
- b. Fred Williams said we are in asset gathering mode. December opened our eyes to what the potentials are. Fred asked the Retirement Board if they want to make any changes to the investment strategy?
- c. Scott Rankin asked how much the District was considering withdrawing and when? Fred responded that the Board of Authority will determine that after the end of the Fiscal year or later.
- d. Jacqueline Rodarte moved to reaffirm the Investment Policy Statement as presented; Motion was seconded by Irma Ramos and was unanimously approved by all members present.

## **VIII. ADMINISTRATION**

### **1. Designation of New Retirement Board of Authority (RBOA) Member**

- a. Board Member Jaqueline Rodarte moved to designate Faculty President Dana Clahane as the new member of the Retirement Board replacing Tina Johannsen. Motion was second by board member Joe Boyle and was unanimously carried by all RB members present.

### **2. Annual Reporting on the Status of the Trust**

- a. Roslyn Washington presented the annual notice letter that is posted on the District website with the annual statement
- b. Jaqueline Rodarte moved to accept the Notice as presented; Motion was seconded by Irma Ramos and was unanimously carried by all members present.

### **3. 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 August 1, 2018 – February 15, 2019.
- b. Board member Jaqueline Rodarte moved to ratify the Disbursement Report as presented; Motion was second by board member Joe Boyle and was unanimously carried by all RB members present

**4. Actuarial Valuation Study Update**

- a. The date of the current Actuarial Valuation Study is November 26, 2018.
- b. The Districts liability is going down.
- c. This is an information item only.

**5. Future Transfer of Assets into the Trust**

- a. The amount of money to be transferred into the Trust has not been determined.
- b. This item is information only.

**6. Authorization to Pay Retiree Health Benefit Premiums**

- a. Bring this Agenda Item back to the next meeting.
- b. The district would like to change from 4 members (1 from each constituency) to only 3 members regardless of affiliation.
- c. This is an information item only.

**7. Alternate Retire Medical Benefit Provider**

- a. This is an information item only.

**IX. 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.

**X. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING**

- a. September 25, 2019 3:00pm – 4:30pm.
- b. Bring back authorization to pay retiree benefit premiums.
- c. This is an information item only.

**XI. ADJOURNMENT**

- 1. The meeting was 4:41 P.M