

MINUTES

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

January 10, 2017
10:00 AM–12:00 PM

I. CALL TO ORDER

1. Meeting was called to order at 10:08 AM by Gail Beal.

II. ROLL CALL

1. **All RB members were present except Dale Craig, Bea Bates and Carol Brown**
Fred Williams, Vice Chancellor, Finance & Facilities
Irma Ramos, Vice Chancellor, Human Resources
Tina Johannsen, Full-time Faculty Representative
Jacqueline Rodarte, Board of Trustee Representative
Joe Boyle, Retiree Representative
Jim Phillips, Retiree Representative
2. **All Program Coordinators/Consultants/Guests were present**
Gail Beal, Senior Vice President, Keenan Financial Services
Dan Keenan, Senior Vice President, Keenan Financial Services (Guest)
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 (MS)

III. PUBLIC COMMENTS

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

IV. APPROVAL OF AGENDA

1. Board member Tina Johannsen Motioned to accept 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 Motioned to accept the Minutes from the previous RB meeting as presented; Motion was seconded by board member Jacqueline Rodarte and was unanimously carried by all members present, except Tina Johannsen who abstained.

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 November 30, 2016.
- b. The Portfolio Value as of November 30, 2016 was **\$39,835,759.53**.

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
0.13	-0.76	-	-	-	-	4.55

- c. The Portfolio Value as of December 31, 2016 was **\$46,127,836.00**. The Portfolio Value to date in January is **\$46,775,224.00**, up 1.4% so far.
- d. Cary explained the indexes and delivered their performance in the past quarter and month to date.
- e. Fred Williams asked if they were doing what they targeted to do in terms of long term. Cary said yes, he will bring in the December 31, 2016 numbers to the next meeting so he can show how each portfolio model has done. Cary said he was very pleased.
- f. Board member Joe Boyle Motioned to approve the Portfolio Performance Review as presented; Motion was seconded by board member Tina Johannsen and was unanimously carried by all members present

2. Market Overview

- a. Cary Allison presented an overview of the current market.
- b. MS has upgraded their economic outlook. Stocks are reflective of earnings. MS thinks earnings will go up this year and next.
- c. Joe Boyle asked about the unpredictability of our president.
- d. The election of Donald Trump as the next U.S. President sent markets surging to new highs during the 4th quarter of 2016. Trump's pro-growth agenda focusing on infrastructure spending, tax reform, and deregulation fueled markets into the so-called "Trump Rally."
- e. Since Donald Trump won the election, 10 Year Treasury went from 1.8% to 2.5% and has maintained a steady flow since the beginning of the year.
- f. Along with the election, all eyes were on the Federal Open Market Committee as the US reported improving inflation expectations and employment numbers, giving the Fed a green light to hike rates in December. With expectations fully priced in, markets reacted calmly when the Fed raised their target rate by 25 basis points and signaled three further hikes in 2017. Morgan Stanley does not feel there will be more than one more rate hike in 2017.
- g. For the quarter, US equities posted strong performance, especially the Financials sector of the S&P 500, which returned 21.1%. REITs and long-term US Treasuries lagged on the back of increasing inflation expectations and rising real interest rates. For the one-year period ending December 31, 2016, MLPs, US high yield corporate bonds, US equities and emerging market equities led the pack with double-digit returns.
- h. The bond market registered negative returns during the fourth quarter. Interest rates increased during the fourth quarter, as the yield on the 10-year US Treasury rose to a quarter end 2.44% from 1.59% at the end of the third quarter 2016.
- i. This item is information only.

VII. ADMINISTRATION

1. 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 October 12, 2016 – December 15, 2016.
- b. Board member Joe Boyle Motioned to ratify the Disbursement Report as presented; Motion was seconded by board member Tina Johannsen and was unanimously carried by all RB members present.

2. 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.

3. Actuarial Valuation Study Update

- a. Total Compensation Systems, Inc. is working on it and it should be done within a week.
- b. This item is information only.

4. Future Transfer of Assets into the Trust

- a. Fred Williams shared the schedule of Future Transfer of Assets into the Trust.
- b. \$5,888,339.71 is being transferred monthly until the end of the fiscal year. The interest received on funds will be added to the final transfer to clear out all remaining funds by fiscal year end. There will also be a June contribution made from the general fund.
- c. This item is information only.

5. Updating the “Substantive Plan” Annually as an Essential Component of the Comprehensive Compliance Plan

- a. Roslyn Washington addressed the RB regarding the Substantive Plan.
- b. The E-Library was delivered.
- c. This is information only.

VIII. INFORMATION

1. NOCCCD Retirement Board Comments

- a. Jim Phillips suggested more Small Cap Funds in 2017.
- 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. June 15, 2017: 10:00 AM-12:00 PM.
2. This item is information only.

X. ADJOURNMENT

1. Meeting was adjourned at 11:06 AM by Gail Beal.