



## ***RETIREMENT BOARD OF AUTHORITY***

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### **Retirement Board of Authority Meeting Minutes Coast Community College District August 12, 2021**

**Zoom Meeting: <https://cccd-edu.zoom.us/j/99489739773>  
Meeting ID: 994 8973 9773**

#### **1. Call to Order**

Vice Chancellor, Dr. Andy Dunn called the meeting to order at 1:04 a.m.

#### **2. Roll Call**

##### **Coast Community College District retirement Board of Authority Members**

##### **Present**

Mary Hornbuckle, Board of Trustees (joined the meeting at 1:30 p.m.)  
Dr. Andy Dunn, Vice Chancellor, Finance & Administrative Services  
Daniela Thompson, Executive Director, Fiscal Services  
Rachel Snell, Director, Internal Audit Service  
Maryann Watson, Coast Federation of Educators (CFE) Representative  
Quintin Powell, Coast Federation of Classified Employees (CFCE) Representative

##### **Absent**

Jim Moreno, Board of Trustees

##### **Others in Attendance**

##### **Coast Community College District**

John Weispfenning, Chancellor

##### **Burke, Williams & Sorensen, LLP**

Dr. Jack Lipton, Coast Community College District General Counsel

##### **Keenan Financial Services, Futuris Program Coordinator & Plan Advisor**

Gail Beal, Senior Vice President

Roslyn Washington, Assistant Vice President

### **Futuris Program Consultants**

Scott Rankin, Discretionary Trustee, Benefit Trust Company  
Cary Allison, Registered Investment Advisor, Morgan Stanley

### **Community College League of California**

Lisa Mealoy, Chief Operating Officer  
Jonas Noack, VP, Senior Investment Analyst, Meketa Investment Group  
Pam Uyehara, Vice President, US Bank

### **3. Opportunity for Public Comment**

There were no requests to address the committee.

### **4. Approval of Meeting Minutes**

On a motion from Rachel Snell, seconded by Daniela Thompson, the meeting minutes from February 11, 2021, were unanimously approved without comments or questions.

Motion carried with the following vote:

Ayes:	A. Dunn, R. Snell, D. Thompson, Q. Powell, M. Watson
Noes:	None
Abstain:	None
Absent:	J. Moreno

### **5. Comments from the Vice Chancellor**

Going forward there will be a slight change in the meeting format. Out of respect for our committee members and in the interest of their time, Keenan and the League are going to begin alternating the Market Overview presentation given at each meeting. The League will present at the February 2022 meeting and Keenan will present at the August 2022 meeting.

Dr. Dunn raised the question of whether it is time to complete an updated Risk Tolerance Analysis. He also noted that one of our members pointed out previously that we might want to wait until we have achieved a certain milestone before undertaking that process again. S. Rankin advised the committee that the last time we undertook the analysis was in April 2017 or four years ago. C. Allison explained the analysis is an important tool in that it becomes a springboard to discuss risk.

It was determined that the committee will revisit this discussion at the February 2022 meeting. At that time, we will have the revised Actuarial Study that should tell us how closely we are tracking to our long-term retirement liability obligation. Once we have the actuarial data, it will help to inform our future investment strategy.

### **6. Keenan Financial Services**

#### **a. Market Overview (C. Allison)**

- Through the Futuris program, Coast is showing a moderate growth rate, which is not what we thought would happen a year ago as we entered into the pandemic.

Earnings are very, very strong right now; as earnings increase, stock markets go up (generally speaking). In the past 12 months, we've seen a growth rate in earnings that we see rarely in the history of the stock market. Corporate America is becoming exceptionally profitable right now. We are predicting 68% returns in the markets for the next few years.

- Inflation rates are significantly higher over the past year and it shows to the American consumer in the price for gas, lumber, or groceries. Looking at the Consumer Price Index (CPI), there is a 6% uptick in three major areas: car prices, hotels, and related travel. Our economy started back much quicker than anticipated and we're supply-constrained. However, based on the most recent CPI, there is evidence that car and lumber prices are moving down (slightly) and we believe that the vast majority of this inflation is transitory.
- Long-term interest rates are predicted to stay low for the long term (2023 to 2025). The 10-year Treasury, which is a good predictor for long-term interest rates, is at 1.3%. Morgan Stanly is calling for 1.8% by year-end.
- The Federal Reserve is on track to start raising short-term interest rates sometime in 2023.
- The downside to this means that we should anticipate lower returns on our bond portfolios – probably in the 2.5% to 3% range.
- Overall, the economy is extremely strong right now and 6.5% to 7% GDP growth is expected for this year, and 4.5% for next year. Historically there has been 2% growth and it is expected to return to that model in the future with our aging demographics which tend to have slower growth rates.

**b. Performance Report (C. Allison)**

In the performance period YTD: 12/31/2020 - 6/30/2021, the account beginning value of \$46,533,649 increased to an ending value of **\$49,424,238**. This reflects a change in the market value of \$2,609,629, with portfolio fees of \$97,309 and dividends of \$378,268.

**Total Account (Net of Fees)**

Month to Date	Quarter to Date	Year to Date	Last 12 Months	Annualized Inception (6/30/2017) to Date
1.84%	5.63%	6.21%	22.24%	8.94%

**c. Investment Policy Statement (S. Rankin)**

The Investment Policy Statement was presented to the committee with noted changes and updates that are being recommended in keeping with GASB compliance. The original policy statement spoke in terms of a target rate of return which was the industry standard when the program began in 2006. Then a few years ago it switched to using actual performance portfolios during the transition from GASB 43/45 to GASB 74/75. Following that transition, the actuarial community came up with their own expected rate of future returns. The recommend changes to the Investment Policy Statement are to return to compliance and are characterized as technical changes.

A motion to accept the changes was made by R. Snell, seconded by D. Thompson.

The motion carried with the following vote:

Ayes:	A. Dunn, R. Snell, D. Thompson, Q. Powell, M. Watson, M. Hornbuckle
Noes:	None
Abstain:	None
Absent:	J. Moreno

**d. Disbursement Report FY 2020-21 (R. Washington)**

The Disbursement (expenses) Report for the fiscal year-to-date was presented with management fees totaling \$186,869. A breakdown of expenses shows the fees for BTC were \$62,627; \$63,118 for Keenan and \$61,122 for Morgan Stanley.

A second report for the first quarter of fiscal year 2021-22 was also presented. Fiscal year to date (July 1-30, 2021) management fees total \$16,798. A breakdown of expenses shows BTC fees of \$5,671, Keenan fees of \$5,561, and Morgan Stanley fees of \$5,565.

A motion to receive and file both reports was made by Q. Powell, seconded by D. Thompson.

The motion carried with the following vote:

Ayes:	A. Dunn, R. Snell, D. Thompson, Q. Powell, M. Watson, M. Hornbuckle
Noes:	None
Abstain:	None
Absent:	J. Moreno

**e. OPEB Questionnaire for Substantive Plan Update (R. Washington)**

The purpose of the questionnaire is to determine if there have been changes to the retiree health benefits and/or if there have been new bargaining agreements that have changed any of the employee benefits from last year to the current year. It was explained that at this time CCCD is in their open enrollment period. The questionnaire will be updated by Monica Marin at the close of the enrollment period. R. Triggs is tasked with the return to Keenan in October 2021. A new substantive plan will be provided before to the end of the calendar year with the updated data.

**7. Community College League of California**

It was noted that markets and the economic backdrop remain strong with some earlier year inflation concerns tempered a bit in the second quarter. The performance that we have had to date, versus what we were anticipating a year ago, is very surprising and could not have been anticipated.

So far this year, global risk assets continue to appreciate, leading to significant gains over the trailing year. This has largely been driven by record fiscal and monetary policy stimulus and

positive developments with the COVID-19 vaccine. In June, Treasuries continued to recover, particularly longer dated issues, as inflation concerns declined. Equity markets had mixed results in June with the US leading the way. A stronger US dollar and continued vaccine rollout struggles weighed on international equity markets.

**a. Performance Report (J. Noack)**

In the performance period 3/31/2021 - 6/30/2021 (Q4), the account beginning value of \$46,629,565 increased to an ending value of **\$51,992,491**. This reflects a change in market value of \$2,131,397, with portfolio fees of \$16,154 and income of \$247,683.

**Trailing Performance as of 6/30/2021 (net of fees)**

Calendar YTD	Last 12 Months	Annualized from Inception (7/1/2006) to Date
4.8%	20.2%	6.5%

It was noted that from the IPS or the policy that there is new rebalancing language, where, if any target deviated from policy by more than 2% it will trigger an automatic rebalancing.

**b. Disbursement Report**

The Disbursement (expenses) Report for fiscal year to date was presented with management fees totaling \$61,793. A breakdown of expenses shows the fees for JPA were \$17,977; \$30,198 for Meketa and \$13,617 for U.S. Bank.

A motion to receive and file the report was made by M. Hornbuckle, seconded by R. Snell.

The motion carried with the following vote:

Ayes:	A. Dunn, R. Snell, D. Thompson, Q. Powell, M. Watson, M. Hornbuckle
Noes:	None
Abstain:	None
Absent:	J. Moreno

**8. Next Meeting Date and Time**

February 10, 2022 at 1:00 p.m.

**9. Adjournment**

Dr. Dunn adjourned the meeting at 1:49 p.m.