



RETIREMENT BOARD OF AUTHORITY

RETIREMENT BOARD OF AUTHORITY MEETING MINUTES

COAST COMMUNITY COLLEGE DISTRICT

February 11, 2021

Zoom Meeting: <https://zoom.us/j/96048148102>

Meeting ID: 960 4814 8102

Passcode: 993850

1. Call to Order

Vice Chancellor, Dr. Andy Dunn called the meeting to order at 10:02 a.m.

2. Roll Call

All Retirement Board Members were present.

Coast Community College District Retirement Board of Authority

Members: Mary Hornbuckle, Board of Trustees

Jim Moreno, Board of Trustees

Dr. Andy Dunn, Vice Chancellor, Finance & Administrative Services

Daniela Thompson, Administrative Director, Fiscal Services

Rachel Snell, Director, Internal Audit

Maryann Watson, Coast Federation of Educators Representative

Quintin Powell, CFCE Representative

3. Others in Attendance:

Burke, Williams & Sorensen, LLP

Dr. Jack P. Lipton, Coast Community College District General (Legal) Counsel

4. Keenan Financial Services, Futuris Program Coordinator & Plan Advisor

Gail Beal, Senior Vice President

Roslyn Washington, Assistant Vice President

Kristin Cooper, Service Representative

5. Futuris Program Consultants

Scott Rankin, Discretionary Trustee, Benefit Trust Company (BTC) Cary Allison,

Registered Investment Advisor, Morgan Stanley

Community College League of Californian (CCLC)

Lisa Mealoy, Chief Operations Officer

Tim Filla, Principle Consultant, Meketa Investment Group

Pam Uyhara, Vice President, Relationship Manager, US Bank

3. Opportunity for Public Comment

There were no requests to address the Board.

4. Approval of Meeting Minutes

On a motion from Trustee Mary Hornbuckle, seconded by Trustee Jim Moreno, the meeting minutes from August 18, 2020, were unanimously approved without comments or questions.

Motion carried with the following vote:

Ayes: Trustees Moreno and Hornbuckle, committee members Snell, Thompson, Watson, and Dunn
Noes: None
Abstain: Quintin Powell
Absent: None

5. Comments from the Vice Chancellor

Dr. Dunn reviewed the membership constituency for the current year, confirming that Mary Ann Watson will remain on the committee to represent the Coast Federation of Educators (CFE) and Quintin Powell is joining the committee to represent the Coast Federation of Classified Employees (CFCE).

6. Community College League of California (CCLC) Retiree Health Benefit Plan(RHBP)

a. Executive Summary (Tim Filla, Meketa Investment Group)

- Following the election results we have moved into an environment with a divided congress, more political stability, and no impending threats of tax increases. Interest rates are low with additional fiscal stimulus projected for the future, and we are looking for reduced trade tensions with China. The big question remains on how long this environment will last?
- There is strong market rally. For the year global risk assets recovered meaningfully from their declines to finish in strong positive territory. The future is looking better/brighter and one year results are incredible given the environment (COVID-19 pandemic). The S&P 500 is at 18.4% and the 30-year US Treasury is performing particularly well, up nearly 20%. Fixed income returns were also quite strong during this period.
- We are closely monitoring the level of the yield; if interest rates should move up we will begin to question the economic recovery we are experiencing. Currently the yield curve is (modestly) steepening, although we don't believe that the level is a threat to markets. However, should it rise to 2% on the long end, we could see some damaged equity markets (similar to 2015). The bond markets are being watched closely.
- The Market is surpassing its prior peak. The world is in a recovery scenario and although we are not back to the tech bubble days, valuations based on both forward and backward earnings rose to levels not seen since 2001.
- Sector returns are being seen in Information Technology, FAANG plus Microsoft is leading the rally. Industrials and metals, and energy are also rallying. The market recovery has been driven by a select few technology companies that have benefited from the stay at home environment related to the pandemic.
- We are seeing some volatility between the bond market and stock market. This is due to Feds intervening directly in the bond markets.

- The US dollar has shown some minor weakening. Investors are seeking higher growth in non-US assets in emerging markets. This could be due to interest rates in other countries being zero or close to zero.
- Oil prices are showing a strong recovery with the price per barrel hovering in the mid-50's which is an interesting phenomenon given the energy sector is down 33% overall due to the impact that the virus has had on supply and demand (very little travel/commuting occurring).
- Break even inflation has bounced back to pre-crisis levels. The Feds have stated they are willing to let inflation run "hot"; however, we think this runs contrary to other economic indicators and is a perception issue. When you look at the unemployment levels you see a decline from a high of 14.7% in April 2020 to 6.7% in December. Although levels are lower, they still remain well above the pre-COVID levels. There is a slack in the labor force and further pressures on inflation are relatively unlikely until the US unemployment levels are approaching full employment.

b. Performance Report (Tim Filla, Meketa Investment Group)

In the performance period from September 30, 2020 (2nd Quarter of Fiscal Year 2021) the portfolio value increased from \$45,485,953 to \$49,079,602 as of December 31, 2020. Indicating an 8% return for the 2nd quarter. The change in market value over the quarter was \$3,279,210 with portfolio fees of \$15,283.

Asset allocation remains in Global Equities (48.8%), Natural Resources (3.1%), Investment Grade Bonds (32.6%), TIPS (7.5%), High Yield Bonds (5.0%), Bank Loans (2.7%) and Cash & Short-Term Bonds (0.2%). The portfolio is considered balanced to target (annually) as of December 31, 2020.

Performance of the League's portfolio YTD 12/31/2020 is \$49,079,602.

Trailing Performance as of 9/30/2020 (net of fees)		
Calendar Year to Date	Last 12 months	Annualized Inception to Date (7/1/2006)
7.9%	13.5%	6.3%

Trailing period performance is 7.9% over the course of the 2nd quarter. Annual return, fiscal YTD is 13.5 % which is two points below the policy benchmark of 13.7%. Fiscal year performance for 2020 is 4.4%.

c. Disbursement (Expense) Report (Tim Filla, Meketa Investment Group)

The Disbursement Report for fiscal year 2020-21 was presented with total management fees YTD of \$30,140.45. A breakdown of the fees YTD shows \$8,769.98 for JPA, \$14,788.35 for Meketa and \$6,582.12 for U.S. Bank.

7. Keenan Financial Services Benefit Trust Account

a. Executive Summary (Cary Allison, Morgan Stanley)

- Growth and technology will not lead the market this year. With unprecedented government stimulus and record high consumer spending retail sales are higher than pre-COVID.
- Unemployment pre-COVID was at 3%, currently it is hovering at 6%.
- There is a strong demand for US Treasuries overseas.
- We are in a Bull Market with GDP at 6%.
- Within the Benefit Trust Account Guggenheim FDS' productivity is up 14% and the TR MACRO OPPTY R6 is an opportunist fund with excellent cash flow for bond purchases.
- Legg Mason was added as Mid Cap Fund which is a great performer in small cap funds.
- Goldman Sachs is solid and well represented in the portfolio.

b. Performance Report (Cary Allison, Morgan Stanley)

In the performance period through December 31, 2020 (4th Quarter of Fiscal Year 2020) the account beginning value of \$40,525,934.10 increased to \$46,533,649.71. The change in market value shows an increase of \$4,555,330.66, with portfolio fees of \$157,798.28 and dividends of \$1,625,812.44.

Performance of the Trust's portfolio YTD 12/30/2020 is \$46,533,649.71.

Total Account (Net of Fees)

Month to Date	Quarter to Date	Year to Date	Last 12 Months	Annualized Inception to Date (6/30/2017)
3.20	9.58	14.86%	14.86%	8.40%

c. Investment Policy Statement Review (Scott Rankin, Benefit Trust Company)

Scott Rankin presented suggested "red-line" language changes to the Investment Policy Statement. Mr. Rankin feels it is more appropriate to remove the "Target Rate of Return" reference and replace it with the term "Target Asset Allocation". Dr. Andy Dunn advised that it would be best to have the agreement reviewed by the district's General Counsel before the Board of Authority votes to take action on these changes. We will bring this "Action" item back to the next meeting to be voted on.

d. Disbursement Report (Roslyn Washington, Keenan Financial Services)

The Disbursement (Expenses) Report for fiscal year 2020-21 was presented with total management fees YTD of \$105,575.20. A breakdown of expenses shows \$35,265.78 for BTC, \$35,974.40 for Keenan and \$34,335.02 for Morgan Stanley.

e. Annual Trust Notice (Roslyn Washington, Keenan Financial Services)

An Annual Notice is provided by Keenan at the beginning of each fiscal year for the District's Annual Trust Statement. A copy of the Annual Trust Notice has been posted on the District website. Committee members or constituents can contact Dr. Dunn's office for additional details.

f. Comprehensive Compliance/Substantive Plan Update (Roslyn Washington, Keenan Financial Services)

The Comprehensive Compliance/Substantive Plan will be updated and presented at the August 2021 meeting.

8. Closing Items of Business

Trustee Moreno acknowledged the good work of both the League and Keenan. Thanking them for their work and efforts on behalf of the Coast District.

Trustee Hornbuckle thanked the team for their insights and optimism.

Dr. Dunn recapped that the committee that we will be meeting twice a year. Once in the February timeframe and another meeting will take place in late August or early September. As we move through COVID we will determine when we will be able to meet face-to-face again rather than on Zoom. Quarterly reports will be provided to Coast by the League and Keenan during the interim time periods.

9. Date and Time of Next Meeting

August 12, 2021, location TBD

10. Adjournment

The meeting was adjourned 11:11 a.m.