



RETIREMENT BOARD OF AUTHORITY

Retirement Board of Authority Meeting Minutes Coast Community College District February 10, 2022

**Zoom Meeting: <https://cccd-edu.zoom.us/j/96600309849>
Meeting ID: 966 0030 9849**

1. Call to Order

Vice Chancellor, Dr. Andy Dunn called the meeting to order at 1:02 p.m.

2. Roll Call

Coast Community College District Retirement Board of Authority (RBOA)

Present

Mary Hornbuckle, Board of Trustees

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

Absent

Jim Moreno, Board of Trustees

Quintin Powell, Coast Federation of Classified Employees (CFCE) Representative

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

Kristen Cooper, Senior Service Analyst

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
Tim Filla, Managing Principal Consultant, Meketa Investment Group
Pam Uyehara, Vice President, US Bank

3. Opportunity for Public Comment

There were no requests to address the committee.

4. Authorization under Brown Act Government Code § 54953(e), to Conduct a Remote Meeting

On a motion from Mary Hornbuckle, seconded by Rachel Snell, the committee voted to find that, for the next month, the state of emergency continues to directly impact the ability of the committee to meet safely in person, and state or local officials continued to impose or recommend measures to promote social distancing.

Motion carried with the following vote:

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

5. Approval of Meeting Minutes

On a motion from Rachel Snell, seconded by Daniela Thompson, the meeting minutes from August 12, 2022, were unanimously approved with a noted correction to page 3, the first paragraph, last line: the 68% return should read 6 to 8%.

Motion carried with the following vote:

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

6. Comments from the Vice Chancellor (Dr. A. Dunn)

In 2006 Coast was a founding member of the Leagues Joint Powers Authority (JPA) retiree health benefits program. In 2016, the district made a deliberate decision to bring in a new partner and split the proceeds between the League and the Keenan group (the split of funds was calculated to approximately 50/50 split to each vendor, however market returns during the approval process resulted in a not exact split). During the timeframe of 2006-2016, Coast contributed approximately \$47 million, and that coupled with returns of \$54.4 million, brings the irrevocable trust balance to \$101.4 million as of June 2021. With Coast's total OPEB liability at \$118.5 million, we are now 86% funded. Thank you to our partners; we are moving in the right direction, especially as our obligations continue to increase.

7. Community College League of California (CCLC)

a. Market Overview, Portfolio Review, and Performance Report (T. Filla, Meketa)

Continued corporate strength contributed to global equity markets posting positive returns for December 2021. International equities (MSCI EAFE) outpaced US equities (S&P 500) by little more than half a basis point. US equities had the best overall results given the relative success in reopening the economy. The US bond market saw a slight decline due to rising inflation and expectations for less accommodative policy.

- Energy leads the sector returns (a reversal of the 2020 trend); Technology also produced strong results building on the 40%+ returns in the prior year.
- During the first half of 2021, the Treasury yield curve steepened on both higher growth and inflation expectations.
- Inflation finished the year higher (2.9%) than the Fed's 2% target.
- The market is anticipating that inflation will moderate over the long term; however, we are seeing wage inflation and that tends to be a more persistent type of inflation than just goods inflation which has been the primary driver of inflation expectations.
- The US labor market continues to recover, and the unemployment rate fell from 4.2% to 3.9% in December.
- Notable is that interest rates have risen; there are losses in both equities and fixed income assets.
- The GDP is showing a healthy recovery; however, the high rates of growth are expected to decline slightly with projections showing continuing supply chain disruptions, reopening trends moderating, and a continued struggle with the virus.
- China is projected to grow at 8% in 2021 and 5.6% in 2022, both above the expected US growth rate. However, the property market is highly leveraged and there is an increase in government regulations.

Portfolio Review

- Coast's portfolio as of December 31, 2021, is valued at \$53.4 million with an increase of \$1.6 million since the end of the prior quarter.
- The portfolio produced positive performance in all trailing periods as of December 31, 2021. The 4th quarter showed returns of 3.1%, 2.7% for the fiscal year-to-date, and 8.8% for the calendar year.
- The portfolio underperformed the Policy Benchmark between 30 to 50 basis points for the periods noted above.
- Global Equity composite, which accounted for approximately 50.9% of the total portfolio was the largest underperformer to the portfolio's relative performance with High Yield Bonds being a top performer for the 2021 calendar year which outperformed the index by approximately 2% for the year.
- The current allocation is considered a balanced portfolio with 50% in stocks and bonds and the remainder is further diversified in Liquidity Plus Funds.

- Rebalancing ranges are marginally overweight on global equities. CCLC instituted an automatic rebalancing program, consequently, in January, this will likely be mitigated.

Performance Report

In the 2nd quarter of fiscal year 2022, the account beginning value (as of 9/30/21) was valued at \$51,816,692. The portfolio value as of 12/31/2021 increased to **\$53,419,240**. This reflects a change in the market value of \$1,124,610, with portfolio fees of \$16,257 and income of \$494,195.

Trailing Performance as of 12/31/2021 (net of fees)

Fiscal YTD	Last 12 Months	Annualized from Inception (7/1/2006) to Date
2.7%	8.8%	6.5%

b. Disbursement Report

The Disbursement (expenses) Report fiscal year-to-date was presented with management fees totaling \$33,232. A breakdown of expenses shows the fees for JPA were \$9,994; \$15,963 for Meketa and \$7,275 for U.S. Bank.

8. Keenan Financial Services (KFS)

a. Performance Report (C. Allison, Morgan Stanley)

In the performance period YTD (12/31/2021), the account beginning value of \$46,533,649 increased to an ending value of **\$50,156,202**. This reflects a change in the market value of \$1,041,287, with portfolio management fees of \$198,780 and dividends of \$2,780,045.

Total Account (Net of Fees)

Calendar Year to Date	Last 12 Months	Annualized Inception (6/30/2017) to Date
7.78%	7.78%	8.26%

Comments on the Market Overview

- The most hotly contested topic in the investment industry is inflation.
- The bond managers are of the mindset that by next our GDP we are going to see a two to three percent trend growth. Consequently, we will have a couple of months with high CPI (which is measured over a 12-month period).
- The Feds will be raising rates (predicting several times in the upcoming year) which has the effect of slowing the economy and inflation.

b. Investment Policy Statement (S. Rankin, Benefit Trust Company)

The investment policy statement was presented as an informational item. There was a slight revision to GASB 74/75 and for compliance purposes new, signatures from the RBOA were required.

c. Disbursement Report (K. Cooper, Keenan)

The Disbursement (expenses) Report for fiscal year-to-date was presented with management fees totaling \$118,467. A breakdown of expenses shows the fees for BTC were \$40,025; \$39,147 for Keenan and \$39,293 for Morgan Stanley.

Trustee Hornbuckle moved to receive and file both League's Disbursement Report and Keenan's Disbursement Report, seconded by R. Snell.

Motion carried with the following vote:

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

9. Next Meeting Date and Time

August 11, 2022, at 1:00 p.m.

10. Adjournment

The meeting was adjourned at 1:49 p.m. by a motion from R. Snell, seconded by M. Hornbuckle.