



RETIREMENT BOARD OF AUTHORITY

**Meeting Minutes
Coast Community College District
Chancellors Conference Room
February 9, 2023
1:00 PM**

1. Call to Order

Vice Chancellor, Marlene Drinkwine called the meeting to order at 1:05 p.m.

2. Roll Call

Coast Community College District Retirement Board of Authority (RBOA)

Present

Mary Hornbuckle, Board of Trustees

Jim Moreno, Board of Trustees

Marlene Drinkwine, Vice Chancellor, Finance & Administrative Services

Daniela Thompson, Executive Director, Fiscal Services

Rachel Snell, Director, Internal Audit Service

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

Absent

Maryann Watson, Coast Federation of Educators (CFE) Representative

Others in Attendance

Coast Community College District

Whitney Yamamura, Chancellor

Maira De La Torre, Internal Audit

Burke, Williams & Sorensen, LLP

Dr. Jack Lipton, Coast Community College District General Counsel

Keenan Financial Services, Futuris Program Coordinator & Plan Advisor

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

Tim Filla, Managing Principal Consultant, Meketa Investment Group

3. Opportunity for Public Comment

There were no requests to address the committee.

4. Approval of Meeting Minutes

On a motion from M. Hornbuckle, seconded by R. Snell, the meeting minutes from August 11, 2022, were unanimously approved.

The motion carried with the following vote:

Ayes: M. Drinkwine, M. Hornbuckle, J. Moreno, Q. Powell, R. Snell, D. Thompson

Noes: None

Abstain: None

Absent: M. Watson

5. Comments from the Vice Chancellor (M. Drinkwine)

Vice Chancellor Drinkwine welcomed the committee members along with the Community College League and Keenan for their dedication and work to secure the future of Coast.

6. Community College League of California (CCLC)

a. Portfolio Performance Report (T. Filla, Meketa)

Performance Report

As of 12/31/2022 (end of second quarter), Coasts' portfolio was valued at \$42,959,700. The portfolio value increased to \$45,790,301 which reflects a market value change of \$2,351,240. Included in the portfolio value are management fees of \$15,064, and income received of \$494,425.

Trailing Period Performance as of 12/31/2022 (net of fees)

Fiscal YTD	Last 12 Months	Annualized from Inception (7/1/2006) to Date
0.3%	-14.3%	5.1%

Comments on the Portfolio Performance

- This has been an extremely challenging 12-month period. There are significant declines on returns due to rising interest rates and high inflation levels.
- Coasts' Balance Fund Portfolio returned 6.6% for the quarter, outperforming the Policy Benchmark's return of 6.2% for the same period.
 - Top performers were the Natural Resources and Global Equity Composites.
 - High Yield Bond composite provided a strong quarter, returning 4.5% and outperforming Bloomberg US High Yield Bond Index.
- Fiscal Year to Date, the portfolio has returned 0.4% and underperformed by the Policy Benchmark by 20 basis points.

Quintin Powell moved to accept the CCLC Portfolio Performance Report, seconded by Trustee Hornbuckle.

The motion carried with the following vote:

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

b. Market Overview (T. Filla, Meketa)

- 2022 was one of the worst return periods in the US Bond Market due to historic inflation levels and the rapid rise in interest rates.
- Broad bond market rates declined 13% in 2022, while short-term bond rates declined 3.7%.
- Market volatility is predicted to remain high given the impact of record high inflation and the anticipation of the Feds raising interest rates to battle inflation.
- Price to earning ratios are in line with historical averages; forward looking return prospects are hopeful.
- Global growth is expected to slow due to recessions, inflation, and monetary policy.
- The war in Ukraine is affecting the world economy by damaging global trade through financial sanctions, commodities prices, and supply-chain disruptions.
- Valuations have declined significantly in the US driven by price declines.

c. Disbursement Report (T. Filla, Meketa)

The Disbursement Report for fiscal year-to-date (Q1 and Q2) was presented to the committee with management fees totaling \$30,696.10. A breakdown of expenses shows fees for JPA of \$8,953, \$15,202 for Meketa, and \$6,540 for U.S. Bank.

Trustee Hornbuckle moved to ratify the CCLC Disbursement Report, seconded by Q. Powell.

The motion carried with the following vote:

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

7. Keenan Financial Services (KFS)

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

In the performance period YTD (7/1/22 – 12/31/22), Coasts' beginning account value of \$50,156,202 decreased to an ending value of \$39,747,185. This reflects a market value change of (\$11,861,661). Included in the ending value are management fees of \$180,992 and dividends of \$1,633,636.

Total Account (Net of Fees)

Calendar Year to Date	Last 12 Months	Annualized Inception (6/30/2017) to Date
-20.75%	-20.75%	2.29%

Comments on the Portfolio Performance

- The magnitude of decline was unprecedented.
- The 5-year Treasury is down between 8 to 10%
- Opportunities in fixed incomes rate of return; 5-year fund returns of 6%
- Fixed incomes are outperforming Barclays; realignment of world partnerships.
- Predicting long-term rates will be heading downwards over the next 2 years.

Trustee Hornbuckle moved to accept Keenan's Portfolio Performance Report, seconded by R. Snell.

The motion carried with the following vote:

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

b. Disbursement Report (R. Washington, Keenan)

The Disbursement Report for the fiscal year-to-date (Q1 and Q2) was presented with management fees totaling \$85,797. A breakdown of expenses shows the fees for BTC of \$28,493; \$29,678 for Keenan, and \$27,623 for Morgan Stanley.

Trustee Hornbuckle moved to ratify Keenan's Disbursement Report, seconded by Q. Powell.

The motion carried with the following vote:

Ayes: M. Drinkwine, R. Snell, D. Thompson, J. Moreno, M. Hornbuckle, Q.
Powell.

Noes: None

Abstain: None

Absent: M. Watson

8. Next Meeting Date and Time

August 10, 2023

9. Adjournment

The meeting was adjourned at 2:05 p.m.