



Retirement Board of Authority (RBOA) Meeting MINUTES

November 8, 2018

1:00 pm – 2:30 pm

District Office

Chancellor's Conference Room #324

28000 Marguerite Parkway

Mission Viejo, CA 92692-3635

(949) 582-4999

The Retirement Board of Authority (the "Board") members: Ann-Marie Gabel; Cindy Vyskocil; Kim McCord; JoAnn Higdon; Davit Khachatryan.

Program Coordinator: Keenan Financial Services: Roslyn Washington.

Consultants: Scott Rankin, Benefit Trust Company; Cary Allison, Morgan Stanley.

Roll Call: The RBOA meeting was called to order at 1:08 pm by Kim McCord.

Roll-call was conducted with all RBOA members reporting their presence. All the OPEB Trust's "service entity" representatives indicated their presence, except Gail Beal.

Retirement Board of Authority (RBOA) Charge: The Retirement Board of Authority is charged with ongoing Governance of the District's OPEB Trust. Effective Governance for the District's OPEB Trust requires the delineation of plan-related roles and responsibilities; the capture of key delegations and appointments in writing; the creation of reporting protocols across all plan-related parties; the use of applicable metrics to monitor and measure investment performance; the management of administration and compliance milestones; the maintenance of robust documentation to support, guide and demonstrate prudence ; while RBOA members keep fiduciary skills sharp and investment knowledge current.

01. Approval of Agenda for RBOA meeting on November 8, 2018: (Action)

A motion was made by RBOA member Ann-Marie Gabel to approve the Agenda as presented. Motion was seconded by Davit Khachatryan and was unanimously carried by a roll-call of the RBOA membership present.

02. Approval of Minutes from May 16, 2018 RBOA Meeting: (Action)

A motion was made by RBOA member JoAnn Higdon to approve the Minutes for the previous RBOA meeting on May 16, 2018 as presented. Motion was seconded by Davit Khachatryan and was carried by a roll-call of the RBOA membership present. JoAnn Higdon abstained.

03. Review of Action Items from Previous Meeting on May 16, 2018:

	Actions:	Assigned to:	Deadline:	Status/Comments:
A.	No items were reviewed			

04. Portfolio Performance Review: (Action)

- a. Cary Allison of Morgan Stanley reviewed the performance of the District's Investment Trust portfolio account as for September 30, 2018.
- b. The Portfolio Value of the Trust as of **September 30, 2018 was \$119,738,876.96.**

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
-0.24	1.86	2.08	4.73	7.73	5.68	5.79

- c. JoAnn asked what "alternate" funds are. Cary explained that the fixed income in that category is referred to as "alternate" because they have the option to use derivatives.
- d. Ann-Marie asked if they are forecasting that international stocks will continue to tank? Cary explained that Morgan Stanley is rather bullish on international stocks as well as emerging markets. However, the district's stock allocation is mostly US stocks at approximately 30%.
- e. We haven't made any changes to your asset mix as the US dollar is strong. When the US dollar is strong international stocks don't tend to do as well because of the cost of converting their foreign currency.
- f. JoAnn asked if anyone was nervous about Blackrock? JoAnn also commented the S&P 500 list is very different today than it was 10 years ago. Is this a trend? Cary said we have never seen this trend before. For example, we now see Amazon and Google. The market can be very tech heavy.
- f. A motion was made by RBOA member Cindy Vyskocil to accept the Portfolio Performance Review as presented. The motion was seconded by RBOA member Ann-Marie Gabel and was unanimously carried by a roll-call of the RBOA membership present.

05. Market Overview: (Information)

- a. Cary Allison gave an overview of the Markets since the last RBOA meeting.
- b. With the 10-year US Treasury yield rising more rapidly and piercing 3% for the first time since 2011, stocks have started to struggle in a way investors haven't had to face in a long time.
- c. Rising interest rates have reached a point at which they have become a constraint on valuations.
- d. Gross domestic product is up to 4.2%. Morgan Stanley feels the GDP will hit 3% and we are not too concerned about inflation
- e. The Federal Reserve has been the largest buyer of treasuries. You would think the cost of treasuries would go down, but it hasn't yet.
- f. Cary also advised that short term rates are controlled by the Federal Reserve. Last year they raised interest rates 1x. This year rates have been raised 2x's and we expect them to raise another two more times this year and 2-4 more times next year.
- g. Cary also advised that the mid-term elections will have a slight effect on the Market until the elections are over. This is primarily due to uncertainty. However, history has proven that we typically have a 12-month upswing after every mid-term election. This has been the case since World War II.
- i. This item is information only.

06. Investment Policy Statement Review: (Action)

- a. Scott Rankin reviewed the Investment Policy Statement.
- b. A motion was made by RBOA member Cindy Vyskocil to accept the Investment Policy Statement Review as presented. The motion was seconded by RBOA member Davit Khachatryan and was unanimously carried by a roll-call of the RBOA membership present.

07. Annual Reporting on the Status of the Trust: (Action)

- a. Roslyn Washington presented the Report.
- b. A motion was made by RBOA member Ann-Marie Gabel to ratify the District's Annual Report as presented. The motion was seconded by Cindy Vyskocil and was unanimously carried by all of the RBOA membership present.

08. Disbursement Report: (Action)

- a. Roslyn Washington presented the Disbursement Report reflecting fees paid to the District's OPEB Trust service entities for the period May 2018 – October 2018.
- b. A motion was made by RBOA member Dr. Kim McCord to ratify the District's Disbursement Report as presented. The motion was seconded by Ann-Marie Gabel and was unanimously carried by all of the RBOA membership present.

9. Updates to the Comprehensive Compliance Plan including the "Substantive Plan": (Information)

- a. Roslyn Washington delivered the district's Substantive Plan for fiscal year 2017-2018.
- b. This item is information only.

10. Information Report: RBOA Comments

- a. Kim McCord recommended meeting twice a year instead of quarterly.
- b. This item is information only

11. Information Report: Program Coordinator/Consultant Comments

- a. No Program Coordinator/Consultant Comments were made.
- b. This item is information only

12. Information Report: Public Comments

- a. No public comments were made.
- b. This item is information only

13. Date, Time and Agenda Items for Next Meeting

Future Retirement Board of Authority (RBOA) Meetings are scheduled as follows:

- a. March 12, 2019: 1:00pm-2:30pm
- b. September 25, 2019: 11:00am-12:30pm
- c. This item is information only

Summary of Recommendations/Decisions Made Today (Action Items):

1. Approval of Agenda for RBOA Meeting on November 8, 2018.
2. Approval of Minutes from RBOA Meeting on May 16, 2018.
3. RBOA acceptance of the District's Investment Trust Portfolio Performance Review for period ended September 30, 2018.
4. The district accepted the Investment Policy Statement as presented.
5. The RBOA acknowledged and approves the annual report promulgation to the OPEB plan participants for fiscal year ended June 2018
6. The District's Disbursement Report accepted as presented.

Action Items (November 8, 2018)

	Action:	Assigned to:	Deadline:	Status/Comments:
1.	None Assigned			

14. Adjournment:

There being no further business to conduct, the Retirement Board of Authority meeting was adjourned by Kim McCord at 1:44 pm.

Americans with Disabilities Act: The South Orange County Community College District Retirement Board of Authority conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the South Orange County Community College District Retirement Board of Authority meeting, shall be made to: Kim McCord, District Director, Fiscal Services, South Orange County Community College District, 28000 Marguerite Parkway, Mission Viejo, CA. 92692-4999.