



# Retirement Board of Authority (RBOA) Meeting MINUTES

February 8, 2018

10:00 am – 11:00 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:** Dr. Jim Buysse; Kim McCord; Gregory Anderson, Davit Khachatryan; Cindy Vyskocil.

**Program Coordinator: Keenan Financial Services:** Gail Beal; Roslyn Washington; Karyn Goodsite.

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

**Roll Call:** The RBOA meeting was called to order at 10:02 am by RBOA Chair Kim McCord.

Roll-call was conducted with all RBOA members reporting their presence, except Dr. Jim Buysse. All the OPEB Trust's "service entity" representatives indicated their presence, except Roslyn Washington and Karyn Goodsite.

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**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.

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## 01. Approval of Agenda for RBOA meeting on August 23, 2017: (Action)

A motion was made by RBOA member Cindy Vyskocil 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 17, 2017 RBOA Meeting: (Action)**

A motion was made by RBOA member Cindy Vyskocil to approve the Minutes for the previous RBOA meeting on November 9, 2017 as presented. Motion was seconded by Davit Khachatryan and was unanimously carried by a roll-call of the RBOA membership present.

**03. Review of Action Items from Previous Meeting on November 9, 2017:**

	<b>Actions:</b>	<b>Assigned to:</b>	<b>Deadline:</b>	<b>Status/Comments:</b>
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 December 31, 2017.
- b. The Portfolio Value of the Trust as of **December 31, 2017 was \$116,227,288.56.**

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
0.92	2.60	12.97	12.97	5.92	6.57	6.03

- c. Cary explained what's going on in the markets.
- d. A motion was made by RBOA member Gregory Anderson to accept the Portfolio Performance Review as presented. The motion was seconded by RBOA member Cindy Vyskocil 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. Fundamentals of the economy are getting better.
- c. This is an earnings driven recovery period with Morgan Stanley predicting up to 3% growth
- d. In 2015 the Feds were predicted to raise rates 4 times in 2016. They only raised them 1 x in December of 2016.
- e. S&P 500 Earnings in 2014/15/16 were at \$117-118. In 2017 they jumped to ~\$132, and in 2018 are expected to be ~\$150.
- f. Our Futuris Portfolio Models are all weather portfolios. Meaning our fund managers look for funds that do better in a good economy and will not do as poorly as other mutual funds in down economy.
- g. Bonds did exceptionally well in 2017.
- h. In 2018 we are expecting more inflation but not much more.
- i. The market was up in January 5% then the 1<sup>st</sup> week of Feb the market corrected down 10%.
- j. The unemployment report came out and within it was wage growth info which Wall Street was expecting 2.7% but it was 2.9%
- k. As far as our portfolios are concerned, Morgan Stanley feels that just because we have a correction there is no need to change anything.
- l. Globally, the world is doing better.
- m. This was the 1<sup>st</sup> time in 6-7 years that Global stocks outperformed Domestic stocks.
- n. This item is information only.

**06. Education: (Information)**

- a. Cary briefly discussed Time Weighted Return vs. Dollar Weighted Return. The only way there is a significant difference in TWR and DWR is if there is a significant amount of volatility during the time when you make deposits. Benefit Trust Company (BTC) chooses to calculate the returns on their portfolio models using Time Weighted Returns. We will always show you your returns both gross of fees and net of fees.
- b. This item is information only.

**07. Disbursement Report: (Action)**

- a. Gail Beal presented the Disbursement Report reflecting fees paid to the District's OPEB Trust service entities for the period July 17, 2017 – January 1, 2018.
- b. A motion was made by RBOA member Davit Khachatryan to ratify the District's Disbursement Report as presented. The motion was seconded by Cindy Vyskocil and was unanimously carried by a roll-call of the RBOA membership present.

**08. Update of RBOA Bylaws: (Information)**

- a. Bring the Bylaws to the next meeting with new language.
- b. This item is information only.

**09. Annual Actuarial Valuation Study/2018 Update Report: (Information)**

- a. The RBOA members discussed the timeframe of the District's 2018 Actuarial Valuation Study. The final draft should be ready before your next meeting in May 2018.
- c. This item is information only.

**10. Private Letter Ruling Update: (Information)**

- a. Gail Beal gave an update on the Private Letter Ruling. The IRS has processed the application and we should be receiving the final PLR before the end of the quarter.
- b. This item is information only

**11. Information Report: RBOA Comments**

- a. No RBOA Comments were made.
- b. This item is information only

**12. Information Report: Program Coordinator/Consultant Comments**

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

**13. Information Report: Public Comments**

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

**14. Date, Time and Agenda Items for Next Meeting**

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

- a. May 16, 2018: 10:00am-11:30am
- b. This item is information only

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

1. Approval of Agenda for RBOA Meeting on February 8, 2018.
2. Approval of Minutes from RBOA Meeting on November 9, 2017.
3. RBOA acceptance of the District's Investment Trust Portfolio Performance Review for period ended December 31, 2017.
4. The District's Disbursement Report accepted as presented.

**Action Items (November 9, 2017)**

	<b>Action:</b>	<b>Assigned to:</b>	<b>Deadline:</b>	<b>Status/Comments:</b>
1.	None Assigned			

**15. Adjournment:**

There being no further business to conduct, the Retirement Board of Authority meeting was adjourned by RBOA Chair Kim McCord at 10:42 am.

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.