



# Retirement Board of Authority (RBOA) Meeting MINUTES

May 16, 2018

10:00 am – 11:30 am

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:** Kim McCord; Davit Khachatryan; JoAnn Higdon; Cindy Vyskocil.

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

**Consultants:** Scott Rankin, 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 Ann-Marie Gabel. All the OPEB Trust's "service entity" representatives indicated their presence, except Gail Beal.

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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 May 16, 2018: (Action)

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

## 02. Approval of Minutes from February 8, 2018 RBOA Meeting: (Action)

A motion was made by RBOA member Cindy Vyskocil to approve the Minutes for the previous RBOA meeting on February 8, 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 February 8, 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 April 30, 2018.
- b. The Portfolio Value of the Trust as of **April 30, 2018 was \$115,818,885.50.**

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
0.17	0.17	-0.35	7.26	4.65	5.28	5.78

- c. Cary explained the reason Alternative Funds were down 74 Bps for the month, 219 Bps for the year.
- d. No changes to the portfolio since we last met.
- e. A motion was made by RBOA member Davit Khachatryan 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. 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. Even strong earnings results haven't been able to boost most stocks into positive territory.
- d. Rising interest rates have reached a point at which they have become a constraint on valuations.
- e. While our more sanguine outlook for US equities was far out of consensus back in January, our views on the peaking rate of change in earnings growth and profit margins combined with tightening financial conditions, are becoming more prevalent within the investment community. That's a good thing because it means the market has already priced in many of these potential risks.
- f. With earnings reports strong and many of the risks mentioned above now being acknowledged rather than ignored, we think global equities are looking much more attractive than they were in end of January.
- g. We have been energy bulls since August. That worked well initially. Then, energy stumbled, made another run in January, and then washed out in February and March. We think this was the final capitulation for energy just as technology stocks were making all-time highs.
- h. Technology stocks outperformed the broad market by an annualized 6.7% between 2014 and 2017.
- i. This item is information only.

**06. Education: (Information)**

- a. Cary briefly discussed the difference between Dollar Weighted Return (DWR) and Time Weighted Return (TWR) and how they relate to the new GASB 74/75 requirements
- b. This item is information only.

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

- a. Roslyn Washington presented the Disbursement Report reflecting fees paid to the District's OPEB Trust service entities for the period July 17, 2017 – January 12, 2018.
- b. A motion was made by RBOA member Dr. Cindy Vyskocil to ratify the District's Disbursement Report as presented. The motion was seconded by JoAnn Higdon and was unanimously carried by a roll-call of the RBOA membership present.

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

- a. The RBOA members presented the District's 2018 Actuarial Valuation Study. This timeframe is in accordance with GASB standards.
- b. The District will continue to provide annual updates to the Actuarial Valuation Study
- c. This item is information only.

**09. Update of RBOA Bylaws: (Action)**

- a. The RBOA members reviewed updates made to the RBOA Bylaws presented by Roslyn Washington of Keenan, made by the Keenan Legal department removing references to GASB 43/45, replacing them with GASB 74/75
- b. Kim McCord moved to approve the changes, the motion was seconded by JoAnn Higdon.

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

- a. Roslyn Washington informed the RBOA that the private letter ruling has been approved by the IRS.
- 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. August 29, 2018: 10:00am-11:30am
- b. November 8, 2018: 1:00pm-2:30pm
- c. February 7, 2019: 10:00am-11:30am
- d. This item is information only

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

1. Approval of Agenda for RBOA Meeting on May 16, 2018.
2. Approval of Minutes from RBOA Meeting on February 8, 2018.
3. RBOA acceptance of the District's Investment Trust Portfolio Performance Review for period ended April 30, 2018.
4. The District's Disbursement Report accepted as presented.

**Action Items (May 16, 2018)**

	Action:	Assigned to:	Deadline:	Status/Comments:
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 11:00 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.