



# Retirement Board of Authority (RBOA) Meeting MINUTES

February 9, 2023

10:00 am – 11:30 am

**The Retirement Board of Authority (the “Board”) members:** Ann-Marie Gabel; Cindy Vyskocil; Connie Cavanaugh, Davit Khachatryan, and Cory Wathen.

**Program Coordinator: Keenan Financial Services:** Roslyn Washington.

**Consultants:** Scott Rankin, Benefit Trust Company; Cary Allison, Morgan Stanley (the registered investment advisor to Benefit Trust Company).

**Roll Call:** The RBOA meeting was called to order at 10:05 am by Ann-Marie Gabel.

Roll-call was conducted with all RBOA members reporting their presence except Cindy Vyskocil. All the OPEB Trust’s “service entity” representatives indicated their presence.

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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. Public Comments:

No public comments were made.

## 02. Approval of Agenda for RBOA meeting on February 9, 2023: (Action)

Davit Khachatryan moved to approve the agenda. Motion was seconded by Connie Cavanaugh and unanimously carried by all RBOA members present.

**03. Approval of Minutes from September 15, 2022 RBOA Meeting: (Action)**

Connie Cavanaugh moved to approve the Minutes. Motion was seconded by Cory Wathen and unanimously carried by all RBOA members present.

**04. Review of Action Items from Previous Meeting on September 15, 2022:**

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

**05. Portfolio Performance Review: (Action)**

- a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the District's Investment Trust. The Portfolio Value of the Trust as of **December 31, 2022 was \$128,271,755.70.**
- b. Cory Wathen moved to approve the report. Motion was seconded by Davit Khachatryan and unanimously approved by all RBOA members present.

**Time weighted return net of fees:**

Month to Date	Quarter to Date	Year to Date	Last 12 Months	Annualized Latest 3 Year	Annualized Latest 5 Year	Annualized Latest 10 Year	Annualized Inception to Date
-2.58	4.80	-20.67	-20.67	-0.60	1.55	4.03	4.46

**06. Market Overview: (Information)**

- a. Cary Allison of Morgan Stanley gave an update on current market conditions.
- b. 2022 was the worst year in bond history ever. Bonds were down 13% from Jan 2022 thru Dec 2022. The second worst year was in 1994 when bonds were down 3%.
- c. The portfolio this district is in has a 50/50 asset mix. In most instances when stocks are down, bonds tend to do well to offset any losses you may obtain with equities.
- d. Last year grown stocks were down between 30-40%, while blue chip stocks were down 4-5%.
- e. The driver of everything last year was inflation. At the beginning of 2022 the market was predicting that inflation was just transitory. This turned out not to be the case.
- f. As inflation grew, the Federal Reserve began to slowly increase interest short-term rates in hopes to thwart off inflation and the increase in consumer spending that was causing it.
- g. The Feds increased short-term interest rates 7 times in 2022 until it went from zero to the mid 4% range by end of year.
- h. They are on board to increase rates 2 more times in the first quarter of 2023 before they stop.
- i. By the end of 2022, inflation began to decline aggregately and Morgan Stanley believes it will hopefully reach the mid 3% range by end of 2023.
- j. The 10-year treasury is now at 1. 2%. Comparing it to 4.3% in the beginning of 2022.
- k. Morgan Stanley feels with all this past us there is a great opportunity for bonds this year because of the low share cost.
- l. Stocks on average follow earnings. Morgan Stanley believes earnings are rated too high now and they don't anticipate growth for this year to be more than 0.5%.
- m. This is an information item only.

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

Roslyn Washington presented the Disbursement Report reflecting fees paid to the District's OPEB Trust service entities for the period of September 2022 thru January 2023.

Davit Khachatryan moved to approve the report. Motion was seconded by Connie Cavanaugh and unanimously carried by all RBOA members present.

**08. Annual Actuarial Valuation Study 2022 Update Report (Information)**

Connie Cavanaugh advised the RBOA that the updated report is still pending. However, she also told the board that the overall liability has increased while the asset value has decreased and both will be shown in the new report.

**09. Independent OPEB Audit Report Fiscal Year 2021/2022 (Information)**

The annual Independent Audit Report provides an objective review of the District's OPEB Investment Trust. The report dated June 3, 2022, has been presented to the RBOA. There were no significant findings. The report will be included in the year-end Substantive Plan.

**10. Transfer of Assets Into the Futuris OPEB Trust (Information)**

Roslyn Washington, Keenan, asked the Board of Authority if there were any plans to transfer funds into the trust this fiscal year 2022/2023? Connie Cavanaugh advised that the District may possibly make a contribution in July in an amount that will equal the normal service cost. This decision is still pending the information received in the new Actuarial Valuation Study.

**11. Information Report: RBOA Comments**

No RBOA comments were made.

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

The Consultants said they were very happy to be back meeting in person at the District.

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

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

- a. September 14, 2023: 10:00 a.m. – 11:30 a.m.

<p><b>Summary of Recommendations/Decisions Made Today (Action Items):</b></p> <ol style="list-style-type: none"> <li>1. Approval of Agenda for RBOA Meeting on February 9, 2023.</li> <li>2. Approval of Minutes from RBOA Meeting on September 15, 2022.</li> <li>3. RBOA acceptance of the District's Investment Trust Portfolio Performance Review for period ended December 31, 2022.</li> <li>4. The District's Disbursement Report ratified as presented.</li> </ol>
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**Action Items (September 14, 2023)**

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

**16. Adjournment:**

There being no further business to conduct, motion to adjourn the Retirement Board of Authority meeting at 10:40 a.m. was made by Ann-Marie Gabel and seconded by Connie Cavanaugh; motion unanimously carried by all RBOA members present.