



# Retirement Board of Authority (RBOA) Meeting MINUTES

October 5, 2023

9:30 am – 10:30 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; Mark Payne, Morgan Stanley (the registered investment advisor to Benefit Trust Company. Brian Sharpes & Dan Tichenor, Morgan Stanley, Graystone SFO.

**Roll Call:** The RBOA meeting was called to order at 9:31 am by Connie Cavanaugh.

Roll-call was conducted with all RBOA members reporting their presence except Cory Wathen. 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 October 5, 2023: (Action)

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

**03. Approval of Minutes from February 9, 2023 RBOA Meeting: (Action)**

Cindy Vyskocil moved to approve the Minutes. Motion was seconded by Ann-Marie Gabel and unanimously carried by all RBOA members present.

**04. Review of Action Items from Previous Meeting on February 9, 2023:**

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

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

- a. Mark Payne, Brian Sharpes, and Dan Tichenor of Morgan Stanley gave an update on current market conditions.
- b. 2023 has seen a big uptick in the market after 2022 was the worst year in bond history ever since the great depression.
- c. Gross Domestic Product (GDP) is up 2% with consumer spending still strong and driving demand.
- d. Inflation has lowered from the height it was in 2022 but it is still high.
- e. Short-term rates are controlled by the Federal Reserve and are currently at 5 ¼%. MS believes there will be one more rate hike by the end of the year, but that it wont make a difference because rates are already so high.
- f. The one thing we would like to point out is the bond yield to maturity. That current rate is strong at between 6-7%. Meaning if you just hold your bonds til the maturity date you can capture that rate overall.
- g. Brian Sharpes gave an equity update stating that we have returned to pandemic times. The Magnificent 7 (Alphabet, Apple, Microsoft, Amazon, Meta, Nvidia, Tesla) are up over 60%, while all other stocks in the S&P 500 are basically flat. The Market is driven by these, which is price appreciation. It is not sustainable for these securities to last this long.
- h. International securities are trading at a huge discount so there is a tremendous opportunity there.
- i. We have an election coming up next year and MS believes that will have some impact on the market at that time.
- j. There was a change made with your portfolio mix in February 2023. We reduced some your growth exposure and added a new fund called Thornberg Macro Opportunity.
- k. Cindy Vyskocil asked about Environmental investments because the district has begun to invest on things like solar power. Mark Payne responded that Economic Social Governance (ESG) stocks were down significantly in 2022, but since the start of this year have come up slightly,
- l. This is an information item only.

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

- a. Investment Trust. The Portfolio Value of the Trust as of **August 31, 2023, was \$139,428,979.89**. He also indicated that as of yesterday's close of business the value of the trust was **\$145,079,393.15**. This includes the recent deposit of \$12 million dollars.

- b. Cindy Vyskocil 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
-1.69	0.23	8.70	5.44	0.18	2.78	4.58	4.84

**07. Investment Policy Statement Review: (Action)**

- a. Scott Rankin of Benefit Trust Company (BTC) presented the Investment Policy Statement.
- b. There are no suggested language changes to the report from BTC.
- c. The district currently has a 50/50 asset allocation.
- d. The RBOA discussed slightly increasing their bond exposure.
- e. Cindy Vyskocil motioned to approve a 55% Bond/45% Equities asset allocation going forward. Motion was seconded by Davit Khachatryan and unanimously approved by all RBOA members present.
- f. Scott Rankin advised that will be sending the new IPS for signature via DocuSign.

**08. Annual Reporting on the Status of the Trust: (Information)**

- a. Roslyn Washington presented the cover letter of the annual report and confirmed it was attached to the annual statement and posted onto the district's website.
- b. This is an information item only.

**09. Proposed Fee Changes (Action)**

- a. Roslyn Washington presented the Retirement Board of Authority with a new fee schedule for Keenan (6.5 basis points), BTC (10 basis points), and Morgan Stanley (10 basis points) lowering the overall fees with an effective date of Sept 1, 2023.
- b. Cindy Vyskocil moved to approve the new fees; motion was seconded by David Khachatryan and unanimously approved by all board members present.

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

- a. Roslyn Washington presented the Disbursement Report reflecting fees paid to the District's OPEB Trust service entities for the period of Fiscal year end July 1, 2022 thru June 30, 2023, and also the fees paid from July 1, 2023 thru Sept 30, 2023.
- b. Cindy Vyskocil moved to approve the disbursement report; motion was seconded by Davit Khachatryan and unanimously approved by all board members present,

**11. Annual Actuarial Valuation Study Update Report (Information)**

- a. In the meeting packet was the December 31, 2022 Actuarial Valuation Study.

- b. The total liability was calculated to be \$140,574,020, with an asset value in trust at \$128,271,756. This now gives the district a net OPEB Liability of \$12, 306,264, which was deposited into the trust in September 2023.

**12. Updates to the Comprehensive Compliance/Substantive Plan (Information)**

- a. Roslyn Washington presented the RBOA with the OPEB Questionnaire for fiscal year ending June 30, 2023.
- b. There were no changes to the Retiree Health Benefits offered during fiscal year 2023 that were different than the previous fiscal year ending 2022.
- c. The updated Substantive Plan will be sent to the district before December 31, 2023
- d. This is an information item only.

**13. Education (Information)**

- a. Roslyn Washington gave an educational overview of the Futuris program and the roles of the Retirement Board of Authority & the Consultants.
- b. This is an information item only.

**14. Information Report: RBOA Comments**

- a. Cindy Vyskocil stated how much she appreciated the information received in today's report and that it was the most informative that she could recall.
- b. Ann-Marie Gabel asked if the Morgan Stanley office would consider providing a tour of their facilities to see the inner workings of the investment team?

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

- a. Brian Sharpes of Morgan Stanley Graystone SFO said he would be happy to host a tour of the San Francisco office or the New York office.
- b. Roslyn Washington of Keenan will work with Ann-Marie & Connie Cavanaugh to coordinate the date & time of the tour, which will likely take place in Spring of 2024.

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

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

- a. February 15, 2024 10:30 a.m. – 11:30 a.m.

<p><b>Summary of Recommendations/Decisions Made Today (Action Items):</b></p> <ul style="list-style-type: none"><li>1. Approval of Agenda for RBOA Meeting on October 5, 2023.</li><li>2. Approval of Minutes from RBOA Meeting on February 9, 2023.</li><li>3. RBOA acceptance of the District's Investment Trust Portfolio Performance Review for period ended August 31, 2023.</li><li>4. Investment Policy Statement Review</li><li>5. Proposed Fee Changes</li><li>6. The District's Disbursement Report ratified as presented.</li></ul>
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**Action Items (October 5, 2023)**

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

**17. Adjournment:**

There being no further business to conduct, motion to adjourn the Retirement Board of Authority meeting at 10:28 a.m. was made by Connie Cavanaugh and seconded by Cindy Vyskocil; motion unanimously carried by all RBOA members present.