

MINUTES

EL CAMINO COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

December 7, 2016
9:00 AM–11:00 AM

I. CALL TO ORDER

1. No Quorum.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present except Rocky Bonura, Lynn Lindberg and Linda Beam:**
Jo Ann Higdon, Vice President, Administrative Services & Board Chair
Janice Ely, Business Manager, Fiscal Services

2. **All Coordinators/Consultants were present, except Gail Beal:**
Roslyn Washington, Senior Account Manager, Keenan Financial Services
Sharen Stanek-Lowe, Account Executive
Cary Allison, Senior Vice President, Morgan Stanley Wealth Management
Scott Rankin, Senior Vice President, Benefit Trust Company

III. PUBLIC COMMENTS

1. There were no public comments.
2. This item is information only.

IV. APPROVAL OF AGENDA

1. N/A.

V. APPROVAL OF MINUTES

1. Minutes will be brought back to the next meeting.

VI. INVESTMENTS

1. **Portfolio Performance Review**

- a. Cary Allison of Morgan Stanley Wealth Management (MS) reviewed the performance of the Trust's accounts as of October 31, 2016.
- b. The Portfolio Value as of **October 31, 2016 was \$23,558,790.23.**

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
-0.67	-0.67	4.99	3.65	2.50	-	2.79

- c. October was not a good month, but November was good and December has been good so far.
- d. Cary advised which funds have been replaced in the Portfolio.

- e. Cary addressed the fact that stock prices follow earnings and basically earnings have been flat. We expect earnings to be up about 8% in 2017 and 9% the following year.
- f. No quorum to take action.

2. Market Overview

- a. Cary Allison gave an overview of the Markets since the last RBOA meeting.
- b. We started this year with the worse two weeks in history. Morgan Stanley was not concerned about a recession, just a slow growth.
- c. Risk Markets emerged from June's historic Brexit vote with a vengeance, surging to new highs in the beginning of July and holding those gains through the end of the third quarter. Japanese and emerging market equities were the top performers across asset classes, registering returns more than double that of the S&P 500. The laggards for the quarter included commodities and managed futures. For the one-year period ended September 30, 2016, Global REITs and emerging market debt and equities generated the strongest returns.
- d. With the relatively quiet third quarter, the market was gearing up for the uncertainty that the US Presidential election and the US Federal Reserve meeting may bring. While there may be some short-term market volatility surrounding these events, the GIC does not believe they will derail the gains risk markets have made year to date.
- e. The Dow Jones Industrial Average increased 2.8% in the third quarter. The NASDAQ Composite Index was up 10% for the quarter. The S&P 500 Index increased 3.9% for the quarter.
- f. Seven of the 10 sectors within the S&P 500 generated positive returns in the third quarter of 2016. The top-performing sector was Technology, which was up 12.9%. Financials rose 4.6% and was also among the top-performing sectors. The biggest laggards were Utilities, which decreased 5.9%, and Telecom, which fell 5.6%.
- g. In the third quarter, emerging markets and international developed regions both delivered positive returns.
- h. The bond market registered positive returns during the third quarter.
- i. MS economists expect U.S. real GDP will be 1.7% in 2016 and 1.5% in 2017. They forecast global GDP growth to be 2.9% in 2016 and 3.2% in 2017.
- j. This item is information only.

VII. ADMINISTRATION

1. Annual Reporting on the Status of the Trust

- a. This item will be brought back to the next meeting.

2. Disbursement Report

- a. This item will be brought back to the next meeting.

3. The Comprehensive Compliance Plan including the "Substantive Plan"

- a. The CD's were delivered.

4. Actuarial Valuation Study Update

- a. The RBOA will review the status of the updates to the Actuarial Valuation Study at the next meeting.

VIII. INFORMATION REPORTS

1. Retirement Board of Authority Comments

- a. Money will be withdrawn next fiscal year to pay Retiree Health Premium.
- b. This item is information only.

2. Program Coordinator/Consultant Comments

- a. Withdrawal form will be sent to Janice Ely.
- b. This item is information only.

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- a. TBD.
- b. This item is information only.

X. ADJOURNMENT

- a. No Quorum.