

MINUTES

EL CAMINO COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

September 19, 2018

9:00 AM–10:30 AM

I. CALL TO ORDER

1. The meeting was called to order at 9:07 AM by Brian Fahnestock.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present:**
Brian Fahnestock, Vice President, Administrative Services & Board Chair
Michael Pascual, Director, Purchasing and Business Services
Jane Myashiro, Vice President, Human Resources
Maria Smith, Director of Human Resources
Jeffrey Hinshaw, Business Manager, Fiscal Services
2. **All Coordinators/Consultants were present, except Gail Beal:**
Roslyn Washington, Senior Account Manager, Keenan Financial Services
Cary Allison, Senior Vice President, Morgan Stanley
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. Jeffrey Hinshaw Moved to approve the Agenda as presented; Motion was seconded by Michael Pascual and was unanimously approved by all of the RBOA members present.

V. APPROVAL OF MINUTES

1. Jeffrey Hinshaw Moved to approve the Agenda as presented; Motion was seconded by Michael Pascual and was approved by the RBOA members.

VI. INVESTMENTS

1. **Portfolio Performance Review**
 - a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Trust's accounts as of August 31, 2018.
 - b. The Portfolio Value as of **August 31, 2018** was **\$23,024,881**.

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
0.22	0.79	-0.35	0.97	3.59	3.54	3.00

- c. Brian said he was reading that emerging markets is a problem. Cary responded it all depends on which country you are dealing with, but it's also all about currency as well.
- d. Jeffrey Hinshaw Moved to approve the Portfolio Performance Review as presented; Motion was seconded by Michael Pascual and was unanimously carried by all RBOA members present.

2. Market Overview

- 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. Rising interest rates have reached a point at which they have become a constraint on valuations.
- d. Gross domestic product is up to 4.2%. Morgan Stanley feels the GDP will hit 3% and we are not too concerned about inflation
- e. The Federal Reserve has been the largest buyer of treasuries. You would think the cost of treasuries would go down, but it hasn't yet.
- f. Cary also advised that short term rates are controlled by the Federal Reserve. Last year they raised interest rates 1x. This year rates have been raised 2x's and we expect them to raise another two more times this year and 2-4 more times next year.
- g. Cary also advised that the mid-term elections will have a slight effect on the Market until the elections are over. This is primarily due to uncertainty. However, history has proven that we typically have a 12-month upswing after every mid-term election. This has been the case since World War II.
- i. This item is information only.

3. Investment Policy Statement Review

- a. Cary Allison of Morgan Stanley conducted a new Risk Tolerance Questionnaire analysis.
- b. The Retirement Board of Authority (RBOA) answered a series of questions related to risk capacity.
- c. A new Investment Policy Statement was approved.
- d. The new Target Rate of Return is 7+0.5% fees,
- e. The District has decided to add more equities and move into a "moderate growth plus" portfolio.
- f. Jeffrey Hinshaw Moved to approve the new Investment Policy Statement; Motion was seconded by Michael Pascual and was unanimously carried by all RBOA members present.

VII. ADMINISTRATION

1. Designation of New Retirement Board of Authority Member

- a. The RBOA acknowledged and welcomed Business Manager, Fiscal Services, Jeffrey Hinshaw, and Director of Purchasing & Risk Management, Michael Pascual and Director of Human Resources, Maria Smith as new members of the Retirement Board of Authority.
- b. This item is information only.

2. Election of Vice-Chair of the Retirement Board of Authority

- a. Jane Myashiro nominated Michael Pascual to be the new Vice-Chair of the Retirement Board of Authority, seconded by Jeffrey Hinshaw and was unanimously approved by all of the RBOA members.

3. Annual Reporting on the Status of the Trust

- a. Roslyn Washington of Keenan presented the Annual Trust report including the annual Statement.
- b. Roslyn also confirmed that the Notice is posted on the District website.
- c. Jeffrey Hinshaw Moved to accept the Annual Report as presented; Motion was seconded by Michael Pascual and was unanimously approved by all of the RBOA members present.

4. Disbursement Report

- a. Roslyn Washington presented a Trust Disbursement Report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for their services for the period October 1, 2017 – September 5, 2018.
- b. Jeffrey Hinshaw Moved to ratify the Disbursement Report as presented; Motion was seconded by Michael Pascual and was unanimously approved by all RBOA members present.

5. Updating the “Substantive Plan” Annually is a Key Component of the Comprehensive Compliance Plan

- a. Roslyn Washington addressed the RBOA and worked with the District to gather information to update the Substantive Plan for the fiscal year ended June 30, 2018.
- b. There were no significant changes to the benefits offered to the retirees for fiscal year 2017/2018 in comparison to fiscal year 2016/2017.
- c. This is information only.

6. Actuarial Valuation Study Update

- a. There is currently no annual update for the Actuarial Study.
- b. A new valuation will be conducted by Total Compensations Systems, Inc. next year.
- c. This item is information only.

7. Update of Retirement Board of Authority (RBOA) Bylaws

- a. The bylaws were presented to the RBOA by Roslyn Washington.
- b. Jeffrey Hinshaw moved to accept the Bylaws as presented; Motion was

seconded by Michael Pascual and was unanimously approved by all of the RBOA members present.

c. A clean copy will be sent to the RBOA.

VIII. INFORMATION REPORTS

1. Retirement Board of Authority Comments

- a. No comments.
- b. This item is information only.

2. Program Coordinator/Consultant Comments

- a. No comments.
- b. This item is information only.

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- a. March 13, 2019 9:00AM-10:30AM.
- b. This item is information only.

X. ADJOURNMENT

- a. Brian Fahnestock adjourned the meeting at 10:16 AM.