

# MINUTES

## NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

September 19, 2024

4:00 PM–5:30 PM

### I. CALL TO ORDER

The meeting was called to order at 4:04 PM by Fred Williams.

### II. ROLL CALL

All Retirement Board of Authority (RBOA) members were present: **Except Jacqueline Rodarte.**

Fred Williams, Vice Chancellor, Finance & Facilities

Irma Ramos, Vice Chancellor, Human Resources

Full-Time Faculty Representative, Archie Delshad

Full-Time Faculty Representative, Jeremy Peters

Full-Time Classified Representative Gloria Ortega

Full-Time Classified Representative, Gail Smead

Retiree Representative, Joe Boyle

Retiree Representative, Jim Phillips

NOCCCD Board of Trustee Representative, Jacqueline Rodarte

All Coordinators/Consultants were present:

Roslyn Washington, AVP, Keenan Financial Services,

Scott Rankin, Senior Vice President, Benefit Trust Company (BTC),

Mark Payne, Morgan Stanley, Investment Consultant to BTC,

Dan Tichenor, Morgan Stanley, Investment Consultant to BTC

#### Guest:

Erika Almaraz, Executive Director of Fiscal Affairs, NOCCCD

Gail Beal, SVP, Keenan Financial Services,

Alden Yi, AVP, Keenan Financial Services,

### III. PUBLIC COMMENTS

- i. There were no public comments.
- ii. This item is information only.

### IV. APPROVAL OF AGENDA

- i. Fred Williams noted item #11 on the agenda should be changed from an information item to “Action”.
- ii. Archie Delshad moved to approve the agenda, with changes; motion was seconded by Jim Phillips and unanimously carried by the board.

**V. APPROVAL OF MINUTES**

- i. Fred Williams requested to make a notation that the Actuarial Valuation Study last presented was a “Roll Forward” version.
- ii. Archie Delshad moved to approve the Minutes from April 10, 2024; Motion seconded by Joe Boyle and approved by all other board members present.

**VI. INVESTMENTS**

**1. Portfolio Performance Review**

- i. Scott Rankin, BTC reviewed the performance of the District’s Investment Trust portfolio account as of August 31, 2024.
- ii. The Portfolio Value of the Long-Term Trust as of August 31, 2024, was **\$130,567,055.16**.
- iii. Effective August 31, 2024, the Short-Term account was established by transferring \$18,015,696.13 from the Long-Term Trust account.
- iv. The current balance of the Short-Term account is \$18,625,691.83.

**Time weighted return net of fees in the Long-Term account:**

Month to Date	Quarter to Date	Year to Date	Last 1 Year	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Inception to Date
2.074	4.61	11.05	17.61	0.18	6.35	6.63

- v. Fred Williams, suggest we review the Investment Policy Statement on a regular basis now that withdrawals from the trust are being made to cover the OPEB expenses.
- vi. This is an information item only.

**2. Market Overview**

- a. Mark Payne & Dan Tichenor, Morgan Stanley, Investment Consultant to BTC gave a market commentary update for the 2nd quarter of 2024.

**Economy:**

- b. Inflation maintains its trend downward however the consumer remains stressed as interest rates are held higher.
- c. US bank credit card loans reached all-time highs at ~\$1.1 trillion with interest rates on those cards over 20%. We think this ultimately leads to a slower economy.
- d. Markets are expecting the Federal Reserve to reach 3.0% by December 2025 (from its peak of 5.5%).
- e. The Fed will continue to weigh its dual mandate of keeping inflation low and maintaining strength in the job market while being sure to not overheat the economy by cutting rates too quickly.

**Capital Markets:**

- f. The third quarter is continuing to see positive returns for US Equities
- g. After seeing the “Magnificent 7” peak in the summer, US Equity breadth is expanding, which is a very welcome sign.

- h. With rate cuts on the horizon, US Small Caps are in favor and the Russell 2000 (US Small Cap benchmark) is seeing outperformance vs. US Large Cap in Q3 so far.
- i. Yields are pushing lower resulting in a strong quarter for the Bloomberg US Aggregate Fixed Income Index.
- j. The yield curve disinverted as the 10-year returned to higher than that of the 2-year, the first time since 2Q 2022.
- k. This is an information item only.

## **VII. ADMINISTRATION**

### **1. Annual Reporting on the Status of the Trust**

- i. Roslyn Washington of Keenan presented cover letter for the 2024 Annual report and confirmed it has been posted to the district's website.
- ii. This is an information item only.

### **2. Disbursement Report**

- i. Roslyn Washington of Keenan presented the fees paid to BTC & Keenan since we last met in April 2024.
- ii. This is an information item only.

### **3. Actuarial Valuation Study**

- i. The district has a new Actuarial Valuation report with an effective date of August 19, 2024.
- ii. The Total OPEB Liability (TOL) was calculated at \$130,481,944; Fiduciary Net Position (FNP) was listed as \$142,533,436; and Net OPEB Liability (NOL) is now (\$12,062,492). This is the surplus amount of Net OPEB Assets. The estimated annual PAYGO is \$5,749,825, putting the district in a great position.
- iii. The district is in compliance with GASB 74/75 regulations.
- iv. This is an information item only.

### **4. Updating the Substantive Plan**

- i. Roslyn Washington presented a copy of the OPEB Questionnaire. There were no significant changes to the retiree health benefits offered for fiscal year 2023/2024 that were different than the prior year.
- ii. The new library will be delivered to the district on a flash drive by end of calendar year 2024.
- iii. This is an information item only.

### **5. Update Signature Authorization Form**

- i. The Retirement Board was presented with the Signature Authorization on file with Keenan. The original form dated April 2016 required a total of 4 signatures (1 from each entity) in order to initiate a withdrawal from the OPEB Trust.
- ii. In 2019, the Signature Authorization form was updated to reflect a 3-signature requirement (from any board member)
- iii. Now that the district will be initiating future withdrawals from the trust to

cover expenses, Fred Williams suggested we allow a minimum of 2 signatures (from any board member) to complete a transaction.

- iv. The majority of the Retirement Board agreed, but only if there was board approval by vote prior to initiating a withdrawal.
- v. Gail Smead motion to approve this action; Motion was seconded by Gloria Ortega. Motion was denied by Archie Delshad and Jeremy Peters, but approved by all other presiding retirement board members present.

#### **6. Reconciliation of Funds Reimbursed to the District**

- v. At the April 2024 Special Board Meeting, the Retirement Board voted to transfer \$18 million from the Long-Term Trust account to the newly created Short-Term Trust account.
- vi. The transfer request was delayed and not initiated until July 18, 2024.
- vii. Due to the delay and a correction in the market prior to the transaction, the Long-Term Trust account had a net loss.
- viii. Morgan Stanley calculated the amount of \$309,600. This was paid to the district by Keenan along with \$2,530 in Legal Fees.
- ix. This is an information item only.

### **VIII. INFORMATION REPORTS**

#### **1. Retirement Board of Authority Comments**

- i. No comments from the Retirement Board members
- ii. This is information only.

#### **2. Program Coordinator/BTC Consultant Comments**

- i. Keenan & BTC thanked the board for allowing them to continue servicing the OPEB Trust.
- ii. This is information only.

### **IX. DATE, TIME, AND AGENDA ITEMS FOR NEXT MEETING**

- i. The next regular board meeting will be held in **Feb 20, 2025 and Sept 18, 2025, (4:00-6:00pm)**. Roslyn Washington of Keenan will coordinate with the district Admin Staff to send out all meeting notices.
- ii. This is information only.

### **X. ADJOURNMENT**

Meeting was adjourned at 5:03 PM by Fred Williams. Motion was approved by Archie Delshad; Motion seconded by Jim Phillips and approved by all retirement board members present.