

MINUTES

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

November 16, 2022

4:00 PM– 5:00 PM

Join Zoom Meeting

<https://zoom.us/j/98406998908?pwd=MEEzREo5YzFKUjBxVVprUkxIMDNYQT09>

Meeting ID: 984 0699 8908

Passcode: 434069

I. CALL TO ORDER

1. Meeting was called to order at 4:02 PM by RBOA Chair, Fred Williams.

II. ROLL CALL

1. **All Retirement Board members were present except** Fola “Mary” Odebunmi, Gail Smead and Joe Boyle:
Fred Williams, Vice Chancellor, Finance & Facilities
Irma Ramos, Vice Chancellor, Human Resources
Markus Burger, Full-time Faculty Representative
Monica Hagmaier, Classified Representative
Jacqueline Rodarte, Board of Trustee Representative
Jim Phillips, Retiree Representative
2. **All Program Coordinators/Consultants were present:**
Roslyn Washington, Assistant Vice President, Keenan Financial Services
Scott Rankin, Senior Vice President, Benefit Trust Company (BTC)
Cary Allison, Executive Director, Morgan Stanley (MS)
3. **Guests:**
Megan Moscol, Fullerton College

III. DECLARATION

1. Due to the current state of emergency pertaining to Covid-19, the Retirement Board of Authority (RBOA) oversight committee has concluded, by a majority vote, that meeting in person presents imminent risks to the health or safety of attendees. Therefore, it is desired and approved by the RBOA to conduct this “Brown Act” meeting via teleconference. This declaration will remain in force until further notice and alternate action taken by the RBOA.
2. A motion was made by Monica Hagmaier and seconded by Jim Boyle to accept the declaration to conduct this Brown Act meeting via teleconference; motion unanimously carried.

IV. PUBLIC COMMENTS

1. There were no public comments.

V. APPROVAL OF AGENDA

1. A motion was made by Jim Boyle and seconded by Jacqueline Rodarte to approve the agenda as presented; motion unanimously carried.

VI. APPROVAL OF MINUTES

1. A motion was made by Jacqueline Rodarte and seconded by Jim Boyle to approve the minutes with a correction to the equity split to read 61% equities and 39% bond split” to item 3C in the IPS Review section; motion carried.

VII. INVESTMENTS

1. **Portfolio Performance Review**

- a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Investment Trust’s portfolio account as of **October 31, 2022**.
- b. The portfolio value as of October 31, 2022, was **\$112,635,736.24**

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
3.22	3.22	-23.28	-23.90	0.39	1.98	4.04

- c. The Portfolio Value as close of November 15, 2022, was **\$116,403,519**.
- d. Historically the worst year for bonds was 1994 when bonds were down 3%. This year they are down 15%.
- e. We made a few changes to the asset mix since we last met, adding more into Real Estate Investments (REITS) and increasing our investments to the mutual funds that provide dividends.
- e. Markus Burger motioned, and Jim Phillips seconded the motion to accept the Performance Review as presented; motion unanimously approved.

2. **Market Overview**

- a. Cary Allison shared the market update report.
- b. There have now been 3 negative quarters of returns in 2022. This includes both bonds and stocks. This has never happened in history. It is unprecedented.
- c. The 10-year treasury is now at 3.5%. At the beginning of the year, the 10-year treasury was yielding at 2.25%
- d. Gross Domestic Product (GDP) was at 7%, but the estimates for 2023 are now more like 4%.
- e. Remember stocks typically follow earnings and earnings have not been very good this year.
- f. Morgan Stanley feels that the 2023 earnings are already priced into the market.
- g. Inflation is at an all-time high of about 8%. We are hoping it will lower to around 3% by end of 2023.

- h. Morgan Stanley is very bullish on our forecast now, but hopefully we can start to see earnings go up.
- i. Alger Small Cap & Mid Cap focused funds that are managed by Amy Zang have never been cheaper.
- j. Morgan Stanley predicts the Feds will raise short-term interest rates 2 more times this year before December and probably 1 more time in Jan 2023 to counterattack the rising inflation.
- k. Morgan Stanley also believes the current long-term interest rates are about as high as they are going to get.
- l. Gas consumption is down 6% from where it was 1 year ago.
- m. This is an information item only.

3. Investment Policy Statement Review

- a. Scott Rankin presented the Investment Policy Statement to the Board of Authority. Benefit Trust Company does not have any recommended changes at this time.
- b. The Board of Authority would like language changes to the district's Investment Policy Statement discussed 11/22. This will include the irrevocable trust because it has its own investment policy.
- c. Fred Williams stated that he has received a legal opinion from an attorney regarding investment in fossil fuels.
- d. No motion was made. This item will be placed on the April 2023 agenda to take action at that time.

VII. ADMINISTRATION

1. Annual Report on the Status of the Trust

- a. Roslyn Washington of Keenan advised that the annual statement is presented with a cover letter that is posted on the District website to provide information about the Trust to the plan participants and their beneficiaries.
- b. This item is information only.

1. 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 March 2022 thru October 2022.
- b. Two audit fees will be discussed.
- c. Jacqueline Rodarte motioned, and Irma Ramos seconded the motion to ratify the Disbursement Report for the period as presented; motion unanimously approved.

3. Updates to the Comprehensive Compliance Plan including the Substantive Plan

- a. Roslyn Washington presented the 2021/2022 OPEB Questionnaire to the Board of Authority. These are the changes that were made this fiscal year in comparison to the previous fiscal year 2020/2021.
- b. There were no changes reported and an updated E-Library was sent to the

district.

- c. This item is information only.

4. Actuarial Valuation Study

- a. The most current roll forward report dated October 10, 2022, was reviewed.
- b. Fred Williams said we will recover in the next few years.
- c. This item is information only.

5. Retirement Board of Authority (RBOA) Bylaws.

- a. Roslyn Washington presented the board of authority with redline edits to the RBOA Bylaws
- b. Roslyn will work with Fred on sample language to change section 4.2 so we can touch principal.
- c. Changes will be made to section 4.2 and an action will not be taken
- d. This item is tabled and will be brought back to the next meeting.

6. Status of District's OPEB Plan Independent Auditors Report

- a. The district's independent auditors report for the OPEB Trust account was completed by the auditing firm Nigro & Nigro
- b. There are no negative factors to report. This is a clean audit.
- c. Nigro & Nigro will bill for two years this year.
- d. This item is information only.

VIII. INFORMATION

1. NOCCCD Retirement Board Comments

- a. There were no NOCCCD Retirement Board comments.
- b. This item is information only.

2. Program Coordinator/Consultant Comments

- a. There were no Program Coordinator/Consultant comments.
- b. This item is information only.

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- a. Bring the IPS back only when it is consistent with fiduciary duties.
- b. Bylaws with changes will be brought back.
- c. Bring back the Independent Audit so that a decision can be made weather or not to continue with Nigro & Nigro. Currently the district only has a two-year agreement.
- d. This item is information only.

X. ADJOURNMENT

- 1. The meeting was by Fred Williams at 5:20 p.m.