MINUTES

SAN JOSE / EVERGREEN COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
April 17, 2024
1:30 PM–3:00 PM

I. CALL TO ORDER

a. The meeting was called to order at 1:32 PM by Jessica Breheny, RBOA Vice-Chairperson.

II. ROLL CALL

1. All Retirement Board of Authority (RBOA) members were present: except Victoria Simmons, Interim Vice Chancellor, Administrative Services and Dan Hawkins, Staff and Member, CSEA Chapter 363 (RBOA Chair).
Edwin Chandrasekar, Vice Chancellor, Human Resources
Joseph Chesmore, Executive Director, Fiscal Services
Jessica Breheny, Faculty & Member of AFT 6157
Patrick Butler, Retired Faculty & Member of AFT 6157R
David Yancey, Retired Faculty & Member of AFT 6157R
Maria Holguin, Staff and Member CSEA, Chapter 363
Arlene Amelia, Retired Staff and Former Member CSEA, Chapter 363

2. All Coordinators/Consultants were present:
Roslyn Washington, Assistant Vice President, Keenan Financial Services
Scott Rankin, Senior Vice President, Benefit Trust Company
Brian Sharpes, Consultant, Morgan Stanley, Investment Advisor to BTC

3. Guests:
Sandy Dekalb, Nyhart Actuarial Consulting

III. PUBLIC COMMENTS

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

IV. APPROVAL OF AGENDA

a. Patrick Butler Moved to approve the agenda with changes to the order of the discussion items; Motion was seconded by Joseph Chesmore and was unanimously approved by all the Retirement Board of Authority members present.
b. Item #12, Contract Review, was moved up to be discussed after item #6.
c. 7 in favor/0 opposed. Motion Carries.

V. APPROVAL OF MINUTES

a. Patrick Butler stated that the RBOA members were receiving the Minutes from the previous meeting and agendas just before the Brown Act deadline of 72 hours

before the scheduled meeting and that there were significant changes that needed to be made.

b. David Yancey requested that the minutes to be sent out within 45 days of the meeting for edits and approval from all board members.
c. Patrick Butler Moved to approve the Minutes **from October 18, 2023,** with suggested changes, correcting the attendance of Joseph Chesmore, Executive Director of Fiscal Services; Motion was seconded by David Yancey.
d. 7 in favor/0 opposed. Motion Caries.

VIII. INVESTMENTS

4. Portfolio Performance Review

a. Scott Rankin of BTC reviewed the performance of the accounts as of **March 31, 2024.**
b. The Portfolio Value as of March 31, 2024, was **$39,284,551.75.**

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 latest 10 year	Annualized Inception to Date
2.02	3.35	3.35	11.97	-0.01	4.30	4.75	7.13

c. This item is for information only.

5. Market Overview

Economy:

- There was a shift in expectations on Fed rate cuts for 2024 on the back of stickier than expected inflation and strong employment.
    - Anticipate the Fed to hold interest rates at 5.25%-5.50% for long.
    - In January, markets expected six rate cuts in 2024 but are now pricing in three cuts for the year.
- March CPI came in above expectations at 3.5%, with shelter and gasoline prices accounting for more than half of the increase.

Equities & Fixed Income:

- U.S. Equities saw positive returns through Q1 with both the S&P 500 and Dow Jones setting new all-time highs.
    - Large Cap Growth, primarily the Magnificent 7, continued to lead the upward rally.
- Fixed Income saw another volatile quarter with yields on the 10-year increasing to above 4.20% (up from 3.88% at the end of the fourth quarter of 2023)

IX. ADMINISTRATION

1. Welcome New Retirement Board of Authority Member

a. Victoria Simmons, Interim Vice Chancellor, Human Resources (absent); was acknowledged and welcomed by the RBOA.
b. This item is for information only.

2. Futuris Consultant's Contract Review

a. Scott Rankin, BTC & Roslyn Washington presented the RBOA with Futuris contracts for Keenan and Benefit Trust Company.
b. Morgan Stanley, the investment consultant, is only contracted with Benefit Trust Company (BTC).
c. Patrick Butler asked to see the Morgan Stanley Contract. Scott Rankin of BTC declined to share with the board because Morgan Stanley is a subcontractor and only contract with BTC. Not with Keenan, nor the district.
d. Patrick Butler pointed out that it looked like BTC's contract provided that RBOA members determine the amount paid to Trust beneficiaries. On page 121 of 146 of the agenda, item D. Responsibilities of the Retirement Board #3. [The RBOA shall] "Determine the amount of any annual contributions and allocation instructions to the BTC in a timely manner..." It was stated by Scott Rankin that was "a mistake" in the contract that needed to be corrected. The contract has been in force for over 15 years.
e. Patrick Butler stated that same BTC contract on agenda page 120 of 146, 6. Customer Service b) "Telephone Response Team. BTC shall be available between the hours of 8 a.m. and 5 p.m. (C.S.T.), Monday through Friday, and shall further provide and maintain adequate staff, to receive telephone inquiries and respond to questions from the Retirement Board or any authorized representative of the employer." Patrick Butler mentioned that he was not previously aware of this requirement and wondered what the contact information for this BTC team was? Scott Rankin responded that he was the team, and he gave out his cell number to the Board members.
f. This item is for information only.

3. Disbursement Report

a. Roslyn Washington of Keenan presented the trust disbursement report reflecting fiduciary withdrawals reimbursed back to the district for retiree health benefit expenses, and fees paid to Keenan and BTC for the period November 2023 thru March 2024.
b. The fees are based on a contractual obligation the district has with the consultants (Keenan & BTC) Morgan Stanley is contracted directly with Benefit Trust and not the district. MS fees are paid by Benefit Trust Company.
c. Pat Butler asked why Morgan Stanley (MS) fees were not listed? He stated that up until this meeting the MS fees were shown itemized on the disbursement report.
d. Roslyn Washington of Keenan stated that effective January 2024, the Morgan

Stanley Compliance team no longer wanted their fees shown separately on the report and the website because their fees are paid by BTC and not the district.

e. Pat Butler asked, "why was this information not given to the board in advance of this policy change?" And "Why was this change not added to the agenda?"
f. Keenan did not respond.
g. Scott Rankin, of BTC stated this was an internal decision between BTC & Morgan Stanley, but the MS fees are inclusive and exactly half of the fees shown under BTC on the disbursement report.
h. Pat Butler asked about the monthly report that is signed by 3 RBOA members requesting withdrawal to pay the consultants.
i. Jessica Breheny stated those withdrawal requests are for funds to cover retiree health benefits only. Fees are deducted automatically from the trust at the end of each month and based on end of month asset values.
j. Pat Butler then asked about additional service fees paid by the district for the consultants.
k. The consultants let the board know they are not charged for any travel fees, that each of their respective companies pay for their travel completely outside of the trust.
g. Patrick Butler raised a question about who pays for travel expenses including parking fees for the consultants. The parking garage across the street from the district charges $2.00 for every 15 minutes and in the past, he has seen district management provide the consultants with parking validation vouchers to cover parking for the 1-hour RBOA meetings.
h. Scott Rankin of BTC stated he pays for his own parking and will continue to do so going forward.
i. This item is information only.

4. Retiree Health Benefit Reimbursement Expenses

a. The Retirement Board of Authority was provided a list of withdrawal request the district submitted to Benefit Trust Company to cover OPEB expenses from November 2023 – March 2024.
b. These requests require 3 signatures. (1 Management, 1 Faculty, & 1 Classified)
c. This is an information item only.

5. Actuarial Valuation Study Update

a. Actuarial Valuation Study with an effective date of June 30, 2023, was presented to the Board of Authority by Sandy Dekalb with Nyhart Actuarial Consulting.
b. The district has a Total OPEB Liability of $30,215,054. Total assets under management are $38, 216,648. Net OPEB Liability of $8,001,595. A fund ratio of 126.5%. The discount rate currently being used is 5%.
c. This is an information item only.

6. Independent OPEB Audit Report

a. The Independent OPEB Audit Report with an effective date of June 30, 2023, was presented to the Board of Authority by Joseph Chesmore. There were no significant findings.
b. This is an information item only.

7. **Retiree Benefit Cost Data for Fiscal Year 2023-2024**
    a. A financial cost report generated by Alliant Insurance Services was provided by the district's benefit specialist Michelle McKay. This report contained health and dental cost information from each carrier for fiscal year 2023-2024. The rates for fiscal year 2024-2025 are not available yet.
    b. This is an information item only.

X. INFORMATION REPORTS

1. **Retirement Board of Authority Comments**
    a. David Yancey suggested we change the language under the "recommendation" section of this cover page.
    b. This item is information only.

2. **Program Coordinator/Consultant Comments**
    a. No comments.
    b. This item is information only.

XI. DATE, TIME, AND AGENDA ITEMS FOR NEXT MEETING

a. The RBOA asked if they could meet after the 2024 Presidential Election.
b. The next meeting will be held on **November 20, 2024, 2:00pm – 3:30pm**

XII. ADJOURNMENT

a. Meeting was adjourned at 3:38 pm by Jessica Breheny, RBOA Vice-Chair.