MINUTES

SAN JOSE / EVERGREEN COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
October 22, 2022
1:00 PM–3:00 PM
Via Zoom Teleconference

I. CALL TO ORDER

a. The meeting was called to order at 1:00 PM by Dan Hawkins, RBOA Chairperson.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present:**
   Jorge Escobar, Vice Chancellor, Administrative Services
   Dr. Beatriz Chaidez, Associate Vice Chancellor, Human Resources
   Joseph Chesmore, Executive Director, Fiscal Services
   Jessica Breheny, Faculty and Member AFT 6157
   Patrick Butler, Retired Faculty and Member, AFT 6157
   David Yancey, Retired Faculty and Member AFT 6157
   Dan Hawkins, Staff and Member, CSEA Chapter 363 (RBOA Chair)
   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
   Kristin Cooper, Sr. Service Analyst, Keenan Financial Services
   Cary Allison, Executive Director, Morgan Stanley
   Scott Rankin, Senior Vice President, Benefit Trust Company

3. **Guests:**
   Veronica Santos, CSEA (RBOA Alternate)
   Jose Pacheco, (SJECCD Retiree)
   Phil Crawford, (SJECCD Retiree)
   Ron LeBec, (SJECCD Retiree)

III. DECLARATION

a. 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.

b. Dr. Beatriz Chaidez Moved to approve the declaration as presented; Motion was seconded by Veronica Santos.
   8 in favor/0 opposed/1 abstention (David). Motion Carries

IV. PUBLIC COMMENTS

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

V. APPROVAL OF AGENDA

a. Jorge Escobar Moved to approve the Agenda as presented; Motion was seconded by Dr. Beatriz Chaidez and was unanimously approved by all of the Retirement Board of Authority members present.
9 in favor/0 opposed/0 abstention. Motion Carries

VI. APPROVAL OF MINUTES

a. Patrick Butler Moved to approve the Minutes from July 18, 2022 with changes. Motion was seconded by Jessica Breheny. Jessica will send Roslyn the changes to be added to the minutes.
b. 6 in favor/ 2 opposed /1 abstention/Motion Carries by majority favor

VII. INVESTMENTS

1. Portfolio Performance Review

a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the accounts as of **September 30, 2022.**
b. The Portfolio Value as of September 30, 2022 was **$35,410,906.43**

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
-7.21	-5.65	-23.78	-22.41	-1.04	1.22	4.47	6.31

c. Jessica Breheny Moved to approve the Portfolio Performance Review as presented; Motion was seconded by David Yancey and was unanimously approved by all of the Retirement Board of Authority members present.
9 in favor/0 opposed/0 abstention. Motion Carries

2. Market Overview

a. Cary Allison of Morgan Stanley presented the current market conditions.
b. In August of 2021, the Federal Reserve advised they would not be raising interest rates until 2024. They also said that the current inflation was transitory.
c. In December of 2021, the Feds did a complete 180 change and now stated that they would be raising interest rates 4 times in 2022 to thwart off rising inflation. They raised interest rates in March of 2022 and 3 more times since then. They will raise short-term rates another 75 basis points in November and an additional 50 basis points in December 2022.
d. The first quarter of 2022, the bond market was at an historical low, being the worst since the great depression.
e. Typically when Stocks are low as they have been all year, the bond market does better. However, it has been a horrible year for both.

f. Morgan Stanley feels that this has been due to various issues like the rising price of gas, inflation and the war in Ukraine amongst many other things.
g. The housing market has taken a huge with the current 30yr fixed interest rate at 7.12% today.
h. Today the 10year treasury rate is at 4.05%
i. Morgan Stanley has not made any changes to our asset mix, but some of your managers have made changes like Alger has by reducing their Tech exposure and moving more into healthcare.
j. We are hoping to see a recovery in Spring of 2023 when the feds are no longer increasing short-term interest rates.
k. This item is information only.

3. Investment Policy Statement Review

a. Cary Allison presented the Risk Tolerance Questionnaire to the RBOA.
b. After the RTQ was reviewed the board was still in the moderate growth portfolio with 45% equities and 55% fixed income.
c. David Yancy moved to approve and reaffirm the IPS. Motion was seconded by Joseph Chesmore and was unanimously approved by all of the RBOA members present.
9 in favor/0 opposed/0 abstention. Motion Carries

VIII. ADMINISTRATION

1. Designation of a New Member to the Retirement Board of Authority

a. The board acknowledged and welcomed Veronica Santos, CSEA Chapter363 (alternate).
b. This item is information only.

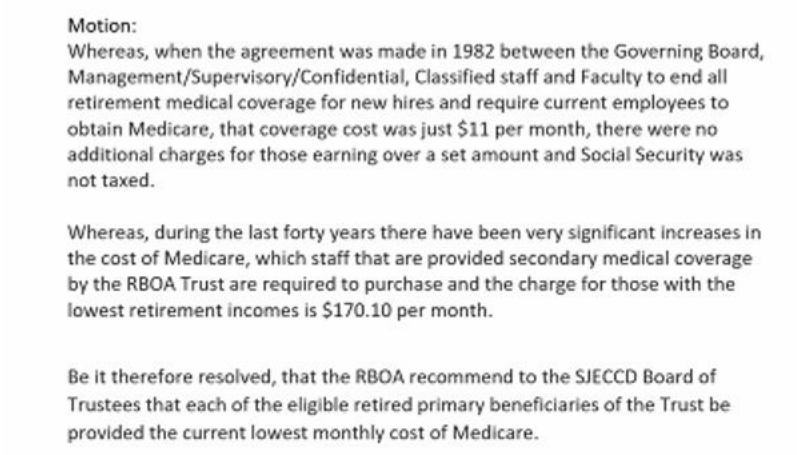
2. Review of the Retiree Health Benefits Trust Fund

a. Jessica Breheny began the conversation by stating SJECCD has 200 beneficiaries receiving retiree medical benefits being paid from monies in the Trust.
b. Dr. Beatriz Chaidez said that this group has no authority to change what was negotiated in the past. This item must be negotiated between the unions and the governing board.
c. David Yancey said this board does have the authority to make the "recommendation" to the Board of Trustees to provide additional benefits to the retirees because the retiree pool has no real representation once they retirees.
d. Phil Crawford said the Collective Bargaining Agreement gives authority to the Board of Trustees and AFT to negotiate additional benefits for retirees.
e. Dr. Beatriz Chiadez said when we bring a recommendation to the governing board, we need to have the necessary data to back up this request. Dr. Chaidez said she will seek outside legal counsel for further information. The district bases their benefit calculations on current health cost and future forecast.
f. Jessica Breheny said the AFT hired an attorney to determine the rights to of the RBOA to bring recommendations to the Board of Trustees regarding additional medical benefits.

g. Jorge Escobar does not agree that this board can suggest making any changes. Jorge recommends that the Board of Trustees amend the roles of the RBOA before we take this journey to ask the governing board to amend the benefits.

h. Patrick Butler provided the background information listed below and moved to make a recommendation to the San Jose/Evergreen Governing Board to use funds from the OPEB Trust to increase the benefit coverage for the faculty retirees by $170 per month to per person. Motion was seconded by Jessica Breheny.

5 in favor/2 opposed /2 abstentions. Motion Carries



Motion:
Whereas, when the agreement was made in 1982 between the Governing Board, Management/Supervisory/Confidential, Classified staff and Faculty to end all retirement medical coverage for new hires and require current employees to obtain Medicare, that coverage cost was just $11 per month, there were no additional charges for those earning over a set amount and Social Security was not taxed.

Whereas, during the last forty years there have been very significant increases in the cost of Medicare, which staff that are provided secondary medical coverage by the RBOA Trust are required to purchase and the charge for those with the lowest retirement incomes is $170.10 per month.

Be it therefore resolved, that the RBOA recommend to the SJECCD Board of Trustees that each of the eligible retired primary beneficiaries of the Trust be provided the current lowest monthly cost of Medicare.

3. Disbursement Report

a. Roslyn Washington of Keenan presented the trust disbursement report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for the period June 2022 – October 2022.

b. David Yancey Motioned to ratify the fees for the period as presented; Motion was seconded by Jorge Escobar and was unanimously approved by all of the Retirement Board of Authority members present.
9 in favor/0 opposed/0 abstention. Motion Carries

4. Update to the Substantive Plan, including the Comprehensive Compliance Plan

a. Roslyn Washington of Keenan presented the OPEB Questionnaire and asked if there were significant changes to the Retiree Health Benefits offered in Fiscal Year 2021/2022 in comparison to Fiscal Year 2021/2021.

b. Once the questionnaire is completed the updated substantive plan electronic library will be sent before the end of the year.

c. This was an Information item only.

5. Actuarial Valuation Study Update

a. Actuarial Valuation Study with an effective date of June 7, 2022 was presented to the Board of Authority.

b. The district is currently in the process of obtaining a roll forward draft for fiscal year ending June 30, 2022. This draft should be available before the April 2023 meeting.

c. The Total OPEB Liability for fiscal year ending 6/30/22 was **$29,317,197**

d. June 3021, the trust had an asset balance of **$49,605,222**, with an excess net liability of **$20,288,025**
e. As of Sept 30, 2022 the trust balance was **$35,410,906** with an excess net liability of **$6,093,709**
f. This item is information only.

6. Independent OPEB Audit Report

a. The Independent OPEB Audit Report with an effective date of June 30, 2022 was presented to the RBOA.
b. This item is for information only.

IX. INFORMATION REPORTS

2. Retirement Board of Authority Comments

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

3. Program Coordinator/Consultant Comments

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

X. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

a. **April 20, 2022 1:00pm – 3:00pm**

XI. ADJOURNMENT

a. Meeting was adjourned at 3:06 pm by Danny Hawkins, RBOA Chair.