

MINUTES

SAN JOSE / EVERGREEN COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

April 25, 2019
1:30 PM–3:00 PM

I. CALL TO ORDER

- a. The meeting was called to order at 1:30 PM by Dan Hawkins.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present except Chris Frazier:**

Jorge Escobar, Interim Vice Chancellor, Administrative Services
Dr. Beatriz Chaidez, Associate Vice Chancellor, Human Resources
Linda Wilczewski, Interim Director, Fiscal Services
Bill Jacobs, Faculty President, AFT 6157
Phil Crawford, Retired Faculty and Member AFT 6157
Dan Hawkins, Staff and Member, CSEA Chapter 363
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, Senior Account Manager, Keenan Financial Services
Cary Allison, Senior Vice President, Morgan Stanley
Scott Rankin, Senior Vice President, Benefit Trust Company

3. **Guests:**

Elaine Chapman, Staff and Member, CSEA, Chapter 363 (Alternate)
Paul Fong, Faculty and Member, AFT 6157 (Alternate)

III. PUBLIC COMMENTS

- a. There were no public comments.

IV. APPROVAL OF AGENDA

- a. Bill Jacobs Moved to approve the Agenda as presented; Motion was seconded by Elaine Chapman and was unanimously approved by all of the Retirement Board of Authority members present.

V. APPROVAL OF MINUTES

- a. Chris Frazier Moved to approve the Minutes as presented; Motion was seconded by Arlene Amelia and was unanimously approved by all of the Retirement Board of Authority members present. Phil Crawford and Jorge Escobar Abstained.

VI. WELCOME NEW MEMBERS

- a. The Retirement Board of Authority welcomed new member Paul Fong, Faculty and Member AFT 6157 as an alternate member of the board.
- b. This is an information item only.

VII. INVESTMENTS

4. Portfolio Performance Review

- a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the accounts as of **March 31, 2019**.
- b. The Portfolio Value as of March 31, 2019 was **\$44,413,608.95**

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
1.09	6.81	6.81	2.87	7.82	5.16	8.57

- c. Phil Crawford Moved to approve the Portfolio Performance Review as presented; Motion was seconded by Jorge Escobar and was unanimously approved by all of the Retirement Board of Authority members present.

5. Market Overview

- a. Cary Allison gave an overview of the Markets since the last RBOA meeting.
- b. December 2018 was the worst December since the Great Depression
- c. However, January 2019 was the best January in the last 30 years.
- d. Ultimately, it's about earnings. 2014-2016 earnings were flat. Earnings were up in 20% in 2017. In 2018, earnings were up 22% primarily due to the tax cut.
- e. The forecast for 2019 is earnings will increase by 1% above 2018.
- f. Interest rates are the main thing that improved earnings.
- g. We have a new Federal Chair. The Feds were supposedly going to raise Short Term Interest Rates 2-4 times in 2019, but then things began correcting. We think Federal Reserve is finished raising short term rates. They may even cut Short Term rates 1 time this year.
- h. We have made no changes to the portfolio mix.
- i. Economy is quite good now. Can't recall when the economy has been so good, but the rhetoric is the opposite.
- j. We don't see a recession anywhere in the horizon.
- k. Long term rates are about where they are. We are at 2.6%
- l. We don't see a lot of movement for either anytime now.
- m. Long term rates may go down slightly.
- n. Global equities rallied to end the first week of 2019, as several positive news items helped stabilize markets following a turbulent December 2018.
- o. There were several catalysts to explain January's rally.
- p. December US jobs report number came in above even the most bullish forecast.
- q. The jump in payrolls came alongside an uptick in labor force participation, while wages also accelerated at their fastest pace since the Financial Crisis.

- r. The solid job report appeared to buoy sentiment, which was particularly welcomed following a weak ISM (Institute for Supply Management) report that had markets questioning the health of the US economy.
- s. Markets also applauded comments from Federal Reserve Chairman Jerome Powell, as the Fed Chair appeared to walk back some of his hawkish remarks last month that had spooked markets in the final weeks of 2018.
- t. Chairman Powell said that the central bank would be “patient” in considering future rate hikes, easing market participants’ concerns that the Fed was resolute in maintaining its course of tightening financial conditions.
- u. The market environment in 2018 was one of the most challenging years for equity investors since the Financial Crisis in 2008, with every region and most stocks delivering negative returns.
- v. Bonds and alternative investments also fared poorly at the same time, which meant asset allocation failed to balance out the losses with some gains.
- w. Looking ahead to 2019, we are off to a good start. January & February were the best “start of the year” numbers since 1991.
- x. This item is information only.

6. Investment Policy Statement

- a. The Retirement Board of Authority (RBOA) was presented with a final copy of the IPS.
- b. Phil Crawford Moved to approve the Investment Policy Statement with changes; Motion was seconded by Jorge Escobar and was unanimously approved by all of the Retirement Board of Authority members present.

VIII. EDUCATION

- a. Cary Allison provided the Retirement Board of Authority with additional information on the annual update of the Morgan Stanley Capital Market assumptions.
- b. Cary highlighted pages 40 and 54. These numbers are all factored into your models.
- c. This is an informational item only.

IX. ADMINISTRATION

7. Disbursement Report

- a. Trust disbursement report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for the period October 1, 2018 - April 5, 2019.
- b. Phil Crawford Motioned to ratify the fees for the period as presented; Motion was seconded by Arlene Amelia and was unanimously approved by all of the Retirement Board of Authority members present.

8. The District’s OPEB Plan Independent Auditor’s Report

- a. RBOA discussed the most recent independent auditor’s report.
- b. No inconsistencies were found.
- c. As of June 2018 we are 134% funded.
- d. This is an information item only.

9. Retiree Health Benefits Reimbursement Expenses

- a. the RBOA reviews a list of itemized expenditures associated with retiree health benefits.
- b. There was a new form signed for April 2018
- c. This is an information item only.

10. Annual Report to the Governing Board of Trustees

- a. Dan Hawkins, Linda Wilczewski and Roslyn Washington advised the RBOA that he and Roslyn Washington of Keenan presented the Board of Trustees with a report on the status of the Trust and the Board acknowledged.

X. INFORMATION REPORTS

Retirement Board of Authority Comments

- a. Jorge Escobar said thank you and asked for additional performance information on 3, 5 and 10 years
- b. Scott Rankin advised that we don't have that information.
- c. Phil Crawford asked, do we have Directors and officer's liability Insurance?
- d. Roslyn Washington of Keenan said if you are in SWACC then yes you do. But she will provide information on additional D&O insurance if you are interested.
- e. This is an information item only.

Program Coordinator/Consultant Comments

- a. No comments.

XI. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- a. **October 24, 2019 1:00pm – 3:00pm**

XII. ADJOURNMENT

- a. Meeting was adjourned at 3:02 pm by Danny Hawkins, Chair.