

MINUTES

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

October 18, 2023
1:30 PM–3:00 PM

I. CALL TO ORDER

- a. The meeting was called to order at 1:36 PM by Dan Hawkins, RBOA Chairperson.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present:**
Edwin Chandrasekar, Vice Chancellor, Administrative Services
Joseph Chesmore, Executive Director of Fiscal Services
Shairon Zingsheim, Interim Vice Chancellor, Human Resources
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
Jessica Breheny, Faculty & Member of AFT 6157 (RBOA Vice-Chairperson)
David Yancey, Retired Faculty & Member of AFT 6157R
Patrick Butler, Retired Faculty & Member of AFT 6157R
2. **All Coordinators/Consultants were present:**
Roslyn Washington, Assistant Vice President, Keenan Financial Services
Gail Beal, Sr. Vice President Analyst, Keenan Financial Services
Mark Payne, Consultant, Morgan Stanley, Investment Consultant to BTC
Scott Rankin, Senior Vice President, Benefit Trust Company
3. **Guests:** None

III. PUBLIC COMMENTS

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

IV. DECLARATION

- a. **Assembly Bill 2449** amends the Ralph M. Brown Act that requires with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The Retirement Board of Authority (RBOA) oversight committee has concluded, by a majority vote, that meeting in a hybrid fashion with both in-person and virtual attendees would be in the best interest of the board. This bill would revise and recast those teleconferencing provisions and, until January 1, 2024, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the

notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participate in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. This declaration will remain in force until January 1, 2024, until further notice and alternate action is taken by the RBOA.

- b. Pat Butler moved to approve; motion seconded by Jessica Breheny 9 in favor/0 opposed. Motion Carries.

V. ACKNOWLEDGEMENT

- a. This action item was removed from the agenda because is no longer a recommendation from the Morgan Stanley compliance unit.

VI. APPROVAL OF AGENDA

- a. Jessica Breheny Moved to approve the agenda as presented; Motion was seconded by Patrick Butler and was unanimously approved by all the Retirement Board of Authority members present. 9 in favor/0 opposed. Motion Carries.

VII. APPROVAL OF MINUTES

- a. Patrick Butler Moved to approve the Minutes **from May 3, 2023**, with suggested changes; Motion was seconded by Jessica Breheny.
- b. Patrick further requested to have the Minutes sent to ALL RBOA members in advance (within 45 days) for review and editing.
- c. 9 in favor/0 opposed. Motion Caries.

VIII. INVESTMENTS

1. Portfolio Performance Review

- a. Scott Rankin, BTC reviewed the performance of the accounts as of **September 30, 2023**.
- b. The Portfolio Value as of September 30, 2023, was **\$36,094,011.85**.
- c. **This is an information item only.**

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
-3.71	-3.59	3.93	8.65	-1.50	1.74	4.14	6.47

2. Market Overview

Economy:

- The Federal Reserve have paused their interest rate hikes holding the Fed rate at 5.25%-5.50% primarily because of soft inflation and tighter financial conditions.
- October CPI came in below expectations at 3.2%.
- The consumer remains strained as credit card balances, delinquencies, and unemployment increased.

Equities

- Equities saw a technical 10% correction by the end of October but have continued to outperform Bonds.
- US Equity breadth remains narrow as the “Magnificent 7” have led equity performance and outperformed S&P 500 by 45%+
- YTD (as of Nov. 8) US Equities are up ~12% while the NASDAQ is up ~28%

Fixed Income

- Treasury market volatility has been extreme with 10-year yields fluctuating between 5.0% (October) - 4.45% (November)
- A more benign Treasury borrowing schedule and signs of economic slowing and extreme short covering caused the decrease in yields from October to November.

This is an information only item.

3. Investment Policy Statement Review

- a. Scott Rankin presented the Investment Policy Statement.
- b. There are no additional language changes recommended by BTC at this time.
- c. Edwin Chandrasekar asked who selects the funds. Scott Rankin replied the trust is comprised of mutual funds. We follow Article 16, Section 17 of the California Constitution. The mutual funds are selected at the recommendation of the investment consultant with a Trust Committee at BTC.
- d. Patrick Butler moved to reaffirm the IPS; Motion was seconded by Jessica Breheny and unanimously approved by all board members present.
9 in favor/0 opposed, motion carries.

IX. ADMINISTRATION

1. Annual Reporting on the Status of the Trust

- a. Roslyn Washington, Keenan presented the cover page of the annual notice advising the RBOA that the report was posted to the district’s website July 2023.
- b. This item is information only.

2. Updating the Comprehensive Compliance/Substantive Plan

- a. Roslyn Washington of Keenan presented the signed OPEB Questionnaire. There were no changes to the retiree health benefits that were different than the prior year.
- b. This item is information only.

3. Disbursement Report

- a. Roslyn Washington of Keenan presented the disbursement report highlighting all fees paid to Keenan & Benefit Trust Company. Morgan Stanley fees are paid by BTC.
- b. Pat Butler asked how the BTC & Keenan fees are paid and whether the payment depends upon the amount in the Trust? Scott Rankin replied “BTC has a base fee of \$750 per year, Keenan has a base fee of \$1,200 per year. These fees are paid in monthly increments and included in the additional

monthly fee that is based on the fee schedule of each vendor calculated based on end of month asset values.

- c. This item is information only.

4. Actuarial Valuation Study

- a. Joseph Chesmore presented the Actuarial Study. The total liability for fiscal year end June 2023 was \$30,215,054. The assets under management were \$38,216,648. This leaves a “Net OPEB Liability” of slightly over \$8 million.
- b. The discount rate used was lowered from 7% in 2022 to 5% in 2023.
- c. The Trust is now funded at a ratio of 126%.

5. Independent Audit Report

- a. Joseph Chesmore advised the board that the June 30, 2023, audit report will not be available until approximately Dec 31, 2023.
- b. We can present the report at the next Board of Authority meeting in April 2024.
- c. This item is information only.

6. 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 **April 2023 – October 2023**
- b. Roslyn Washington of Keenan advised the Board of Authority that the reimbursement request require 3 signatures (1 Mgmt, 1 AFT, & 1 CSEA member) before BTC will process the request sending funds back to the district. BTC does not require an itemized listing of the actual expenses from the district.
- c. Pat Butler asked if the RBOA could receive a detailed account of expenses outside of the Reimbursements.
- d. Pat Butler motioned to approve the Reimbursement Expenses; motion was seconded by Joseph Chesmore and unanimously approved by all board members present.
9 in favor/0 opposed. Motion Carries

7. Retiree Benefit Cost Data for Fiscal Year 2022-2023

- a. A report health care cost for active employees & retirees was provided by the district’s benefit specialist Michelle McKay. This report contained health and dental cost information from each carrier for fiscal year 2022-2023.
- b. The district is currently enrolled in Self Insured Schools of California (SISC).
- c. David Yancey stated the current policy pays for Medicare cost, but the coverage is minimal. He asked if the district could do a survey of retirees.
- d. Shairon Zingsheim suggested to the board members that it would probably be best to have this conversation with the SJECDD Benefits Committee and not the RBOA.
- e. This is an information item only.

X. EDUCATION

- a. Roslyn Washington, Keenan & Scott Rankin of BTC provided the RBOA with an historical overview of the Futuris program and the roles of the Board of Authority members and the Consultants.
- b. This item is information only.

XI. INFORMATION REPORTS

1. Retirement Board of Authority Comments

- a. No comments.

2. Program Coordinator/Consultant Comments

- a. No comments.

XII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- a. April 17, 2024, 1:30pm – 3:00pm

XIII. ADJOURNMENT

- a. Meeting was adjourned at 2:54 pm by Danny Hawkins, RBOA Chair.