

MINUTES

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

March 27, 2019

1:00 PM – 2:00 PM

I. CALL TO ORDER

1. The meeting was called to order at 1:04 PM by Dr. David El Fattal.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present:**
Dr. David El Fattal, Vice Chancellor, Business & Administrative Services,
Michael Shanahan, Vice Chancellor, Human Resources,
Emily Day, Director of Fiscal Services
Laura Barroso, Director of Human Resources Operations
Michael Sheetz, American Federation of Teachers Local 1828/AFL-CIO,
Kirk Norris, Service Employee International Union Local 99.
2. **All Coordinators/Consultants were present:**
Roslyn Washington, Assistant Vice President, Keenan Financial Services
Scott Rankin, Senior Vice President, Benefit Trust Company,
Cary Allison, Senior Vice President, Morgan Stanley.

III. PUBLIC COMMENTS

1. There were no public comments.

IV. APPROVAL OF AGENDA

1. Michael Shanahan Moved to approve the Agenda; Motion was seconded by Kirk Norris, and unanimously approved by all of the other Retirement Board of Authority members present.

V. APPROVAL OF MINUTES

1. Michael Shanahan Moved to accept the Minutes from the previous RBOA meeting **September 26, 2018** as presented; Motion was seconded by Emily Day and unanimously approved by all Retirement Board of Authority members present.

VI. INVESTMENTS

1. Portfolio Performance Review

- a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Trust's accounts as of **February 28, 2019**.
- b. The Portfolio Value as of **February 28, 2019** was **\$21,138,952.89**
- c. The Portfolio Value as of **March 27, 2019** was **\$21,278, 150.00**
- d. That is an \$100,000 increase, which is equivalent to .7%

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
1.50	7.57	7.57	0.67	8.68	4.59	5.33

- e. Cary Allison of Morgan Stanley went over the portfolio summary.
- f. Cary said December 2018 was the worst month since the great depression of 1929.
- g. The last quarter in 2018 was horrible even though the first 9mo of the year were good.
- h. The following January/February 2019 was the best start of the year since 1991.
- i. Your asset Mix was changed in 2014 when you changed the target rate of return, which at that time you had approximately 45% in stock. Now you have a 55/45 equities/bonds split.
- j. We have not changed any of your fund managers
- k. Kirk Norris Moved to accept the report, Motion was seconded by Michael Shanahan with all Retirement Board of Authority in approval.

2. 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. Maybe 1 more time this year at most.
- 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, while many of the concerns around growth and financial conditions that affected markets in 2018 remain, the risks now appear to be much better reflected in prices.
- x. This item is information only.

VII. ADMINISTRATION

1. Disbursement Report

- a. Roslyn Washington presented a Trust Disbursement Report reflecting fees paid to Keenan, BTC & Morgan Stanley for their services for the period September 2018 – March 2019.
- b. Kirk Norris Moved to ratify the fees; Motion was seconded by Michael Sheetz and unanimously approved by all board members present.

2. Actuarial Valuation Study Update

- a. The current report drafted by Total Compensation System Inc. is dated November 25, 2018.
- b. In order to comply with GASB 74/75, the District will update the AVS every two (2) years. They will not be doing an annual update.
- c. This item is information only.

3. Future Transfer of Assets into the Trust

- a. No transfer is currently planned for Fiscal Year 2018/2019
- b. This item is information only.

4. Increasing Pension Liabilities

- a. Roslyn Washington presented the Board of Authority information about a program similar to Futuris that Keenan offers to help combat the rising cost of pension expenses. Pension Stabilization Trust (PST).
- b. Dr. El Fattal advised that the District is not interested at this time.
- c. This is an informational item only.

VIII. INFORMATION

- 1. Retirement Board of Authority Comments**
 - a. No Comments.

- 2. Program Coordinator/Consultant Comments**
 - a. No Comments.

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- a. December 3, 2019 (1:00 PM – 2:00 PM)
- b. This is information only.

X. ADJOURNMENT

- a. Dr. Dave El Fattal adjourned the meeting at 1.43PM