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LOS RIOS COMMUNITY COLLEGE DISTRICT  
**RETIREE HEALTH BENEFITS OVERSIGHT COMMITTEE**

May 9, 2016

Business Services Conference Room

10:30 a.m.

*(Approved 8/8/16)*

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Present: LRCCD: Kathleen Kirklin, Tracy Clark, Theresa Matista, Rose Ramos  
WFB: Eric Lee, Todd Noetzelman

Absent: Katie DeLeon

### **Welcome**

Theresa called the meeting to order at 10:30am and welcomed everyone to the meeting.

### **February 8, 2016 Minutes**

The February 8, 2016 minutes were approved by consensus.

### **Review of 1st Quarter 2016 (calendar year) Results**

Eric went over the first three pages of the 1st Quarter report, noting the return of volatility, the positive bond performance and increasing consumer confidence.

He then discussed the variances in the asset class weightings. He noted the portfolio continues to tilt a bit more toward equities. The overage is evenly weighted between growth and value in the large cap equity asset classes. The small cap and international equity assets are closer to targets, due to a more cautious outlook until the market calms down.

Eric turned to page ten of the report and noted the market values of the funds that are in the portfolio. On January 12, we added the Vanguard Emerging Markets Stock Index fund, which is a low cost, efficient index fund. The goal is to bring the emerging markets portion of the international assets to 18%, but the allocation is not there yet. We continue to utilize active managers in asset classes of fixed income, small cap, and international.

Eric shared the cash flow information from page eleven where contributions continue to exceed distributions from the trust.

Next, he turned to the performance of the overall portfolio. The quarter was a challenging, with the portfolio slightly under-performing the benchmark. What hurt the overall performance was the strong returns of the emerging markets, which the portfolio was underweight relative to the benchmark. That fund remains only .5% of the total portfolio.

If the economy continues on a sustainable track, Eric projects the investments will do better. This is why there are several active managers in the portfolio. These funds are intended to be complimentary. The passive and active small cap mix of managers was down 7.02% over the last 12-months, while the passive benchmark (Russell 2000 index) alone experienced a loss of 9.76%. Thus, it has been beneficial to add the active manager in this asset class. The Vanguard emerging market fund helped the overall

portfolio performance, but there was not enough of it in the portfolio to offset the other issues. For the large cap equities, we are using index funds and not active manager. Eric has no recommendations to change any managers at this time. While the economy is acting in fits and starts, Eric likes our current position.

### **Future Meeting Dates/Agenda Items**

Our next meeting is August 8, 2016 at 3:00 p.m. by teleconference. The following meeting should be on November 14 at the District Office at 10:30. We will provide the 2017 schedule at the next meeting for everyone to review.

The meeting ended at 11:30 a.m.