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

November 13, 2017  
Business Services Conference Room

10:30 a.m.

*(Approved 2/14/18)*

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Present: LRCCD: Kathleen Kirklin (By Teleconference), Tracy Clark, Katie DeLeon, Mario Rodriguez, Theresa Matista  
WFB: Eric Lee, Todd Noetzelman

Absent:

### **Welcome**

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

### **May 8, 2017 and August 14, 2017 Minutes**

The May 8, 2017 and August 14, 2017 minutes were approved by consensus.

### **Review/Update Guidelines**

Eric said the investment guidelines between Wells Fargo and Los Rios need to be updated every five years. Eric believes the current guidelines are working well, but wants to know if we want to change anything. The current guidelines do not expire until March, so Theresa will take them for review and we will sign and send them back to Eric.

### **Review of 3rd Quarter 2017 (calendar year) Results**

Eric reviewed the 3<sup>rd</sup> Quarter 2017 results. He mentioned it has been 10 years since Wells Fargo started working with us on the RHBT. He spoke about the growth in the last 5 years and turned to the Investment policy summary on page 14 to review the ranges we set together. The current portfolio is overweight in equities: currently it is around 34%. We have an equal weighting between growth and value equities but he noted we may weight one more than the other at times.

On page 16 of the report, Eric discussed the comparative performance of the asset categories showing RHBT returns were strong and above benchmark for the last nine months. We are continuing to index the large cap growth and value equities. They performed strong in the quarter and the year. Eric likes our position despite it being a little overweight in equities as the markets have had a very good run.

### **Asset Allocation Analysis**

Eric next turned to the Asset Allocation Analysis report. He reviewed the guidelines, targets and benchmarks. Eric spoke about expanding our asset strategies to potentially include a couple of new asset classes: real estate, infrastructure; high yield bonds, and discussed the correlation of these assets to others used in the current portfolio. Eric reviewed these alternative asset classes, noting the current investment strategy is not broken, but fine tuning maybe worth considering. He thinks the analysis shows the portfolio is more efficient (return for the risk taken) if additional asset classes are introduced. Eric will provide a refined analysis excluding hedge funds and Real Estate, based on the Committee's comments, at the next meeting to further discuss options.

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

Our next meeting is February 12, 2019 from 10:30 a.m. to 11:30 a.m. at the Los Rios Business Services Conference Room.

The meeting ended at 12:09 p.m.