
LOS RIOS COMMUNITY COLLEGE DISTRICT
RETIREE HEALTH BENEFITS OVERSIGHT COMMITTEE

May 7, 2018

Business Services Conference Room

10:30 a.m.

(Approved 8/21/18)

Present: LRCCD: Tracy Clark, Jamie Matthews, Katie DeLeon, Mario Rodriguez, Theresa Matista
WFB: Eric Lee, Todd Noetzelman

Absent: Kathleen Kirklin

Welcome

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

February 14, 2018 Minutes

The February 14, 2018 minutes were approved by consensus.

Review of 1st Quarter 2018 (calendar year) Results

Eric reviewed the quarterly report. On page 12, he noted the cash flow in and out remain about the same and the plan remains near fully funded. Turning to page 14, he reviewed the minimum and maximum asset allocation ranges and stated the targets of 30% for equities and 70% for fixed income investments remain appropriate based on the objectives of the Trust. On page 16, Eric reviewed the performance of the portfolio. The fixed income portion of the portfolio was down 1.51%. This was a rocky quarter for stocks, but equities did better than the bonds despite the market correction early in the quarter. The active managers outperformed in equities, but not in fixed income. Eric also mentioned the recent fee decrease in the Collective Index Trust Funds of between 1 and 5 basis points that has helped performance results that are reported net of costs. Eric pointed out the "F" class designation of the Collective Trust Funds stands for "fiduciary", which are the lowest cost class available. The emerging markets did well and he noted the American Funds Europacific Growth. The strategy has a high 3-year Sharpe ratio, which is a measure of efficiency. He also mentioned the low standard deviation of the fund is important. Eric said we are contemplating adding another active manager in international equities. This would be intended to be complimentary to the other holdings.

Eric reviewed the fixed income returns on page 20 of the report: Wells Fargo and Vanguard both had a rough quarter. Eric is also looking at a lowering investment costs for discussion at the next meeting.

Asset Allocation Analysis

Currently, the portfolio is overweight in equities by about 3%. A small amount of the overweight is in international equities, while fixed income remained underweight 3.3%. The tactical positioning will remain in place while market conditions still favor stock over bonds.

Future Meeting Dates/Agenda Items

Our next meeting is August 13, 2018 from 10:30 a.m. to 11:30 a.m. at the Los Rios Business Services Conference Room.

The meeting ended at 11:15 a.m.