
LOS RIOS COMMUNITY COLLEGE DISTRICT
RETIREE HEALTH BENEFITS OVERSIGHT COMMITTEE

February 4, 2013
Business Services Conference Room
1:00 p.m.
(Approved 5/6/13)

Present: LRCCD: Kathleen Kirklin, Larry Pannier, Katie DeLeon, Theresa Matista, Jon Sharpe, Katie DeLeon
WFB: Eric Lee, Tom Thurston

Absent:

Guests:

Welcome:

Theresa called the meeting to order at 1:02 p.m.

Public Comments

There were no public comments.

November 5, 2012 Minutes

The November 5, 2012 minutes were considered for approval. A motion was made by Kathleen Kirklin for approval of the February minutes, and Theresa Matista seconded.

Motion carried, 5:0

Review of 4th Quarter (Calendar Year) Results

Eric Lee reviewed the investment report prepared by Wells Fargo Bank for the fourth quarter of the calendar year 2012. As of December 31, 2012, the portfolio was valued at \$85,656,231. Eric reminded the Committee about the District's overall asset allocation policy and that the target allocations remain the same as the last meeting: 25% in stocks; 75% in fixed income investments (bonds). There is a 10% tolerance in either direction for these targets. Eric recommended the District move its targets to invest 30% in stocks and 70% in Bonds. Eric also reviewed the Quarterly Market Values and Portfolio Flow charts.

Asset Allocation

Eric stated we are at similar position as we were last quarter, with a preference continuing for large cap growth. He explained we had a good 4th quarter with both stock and bonds doing well. Eric noted that if the economy continues to recover, stocks should do well and the portfolio will benefit.

Total Portfolio

Eric reviewed the total portfolio performance, focusing on the period ending December 31, 2012.

Changes to Investment Policy

Theresa explained that the District had gone back to look at the District's Investment Policy and Regulation set forth in P-8252 and R-8252 in light of the changes required allowing the Trust to invest its assets in Collective Investment Trusts. Theresa explained that staff believed it was appropriate that this Committee no longer be considered a Brown Act Committee as its role is more operational than policy oriented in nature. As a result, staff will recommend to the District Board of Trustees that the Investment Policy charge the Chancellor with the duties of this Committee and delete those references that this Committee is appointed by the Board. At the same time, staff has recrafted Regulation 8252 to reconstitute this Committee as one appointed by the Chancellor. The members of the committee will remain unchanged and include the Deputy Chancellor, the Associate Vice Chancellor of Finance, either the Confidential Senior Financial Analyst or the Confidential Financial Analyst, and two members of the Los Rios Community College District Insurance Review Committee selected by this Committee. Theresa handed out copies of the new Investment Policy and Regulation. She explained that the Regulation will be presented with the changes at the February 13, 2013 meeting for First Reading. The Policy will have to undergo a second reading at the Board of Trustees' March 13, 2013 meeting before it goes into effect.

Amendments to Plan and Trust Documents

Collective Investment Trusts

Change to Committee

As the Committee has been discussing, the Trust and Plan documents need to be amended to authorize the Trust to invest in Collective Investment Trusts. Theresa handed out draft copies of the revised Retiree Health Benefits Trust Agreement and Retirees Health Benefit Plan and went over the proposed changes. In the Plan document, Paragraph 2.01 is revised to indicate the Plan shall make monthly contributions to the employees. In section 3.03, the Retiree Health Benefits Oversight Committee is removed as the entity in charge of the management of the Plan Investments. Further, the Plan directs the Chancellor to reappoint this Committee to continue its work. Section 4.01 is amended to delete the reference to the Committee as the Chancellor is now charged with the obligation to provide the Board with the information about projected future benefits. Theresa also discussed the edits to the Trust Agreement. She noted that references to the Committee have been replaced with references to the Chancellor throughout the document. The major change in the document is the addition of paragraph 3.4, which authorizes the Trustee to invest the Trust's assets in Collective Investment Trusts.

Theresa noted that staff will be asking the Board of Trustees to amend the Plan and Trust Document at its February 13, 2013 meeting. Those changes will not take effect until the Board adopts the new Investment Policy at its March meeting. Once those Board actions are complete, the District will circulate final drafts of the Trust and the Plan for final signatures.

Future Meeting Dates/Agenda Items

The next meeting will be May 6, 2013.