
LOS RIOS COMMUNITY COLLEGE DISTRICT
RETIREE HEALTH BENEFITS OVERSIGHT COMMITTEE

November 12, 2013
Business Services Conference Room
12:30 p.m.
(Approved 2/10/14)

Present: LRCCD: Katie DeLeon, Kathleen Kirklin, Tracy Clark, Theresa Matista
WFB: Eric Lee, Tom Thurston

Absent: Jon Sharpe

Welcome

Theresa called the meeting to order at 12:39 p.m. and welcomed everyone to the meeting.

August 12, 2013 Minutes

The August 12, 2013 minutes were approved by consensus.

Review of 3rd Quarter 2013 (Calendar Year) Results

Eric Lee reviewed the investment report prepared by Wells Fargo Bank for the third quarter of the calendar year 2013 noting that there was a nice rebound for the quarter.

Asset Allocation

Eric briefly reviewed the investment guidelines contained in pages 4-6. Beginning April 1, 2013, the minimum percentage for Equity was changed from 15% to 25% and the targets for Equity and Fixed Income changed to 30% and 70%, respectively from 25% and 75%.

Page 8 highlights the quarterly market values and flows for the last four quarters. Since a distribution was made last year in the fourth quarter, Eric asked if any are expected in the next three to four months. Theresa said there will be about \$800,000 on an on-going quarterly basis in distributions and we could also make contributions quarterly as well. We prefer to make our contributions and request reimbursement for the benefits paid as it is a good audit trail.

The market value was \$92.45M as of 9/30/2013 and Tom said that \$100 million is a threshold in terms of fees. Eric said the trust will most likely not exceed \$100 million until next year. If that happens and we stay at that level, the fees will drop. Page 11 shows that that the assets were allocated within the policy ranges. There was a bit more invested in international stocks this quarter, 6.8% versus 5.5% in June. The cash and bond portions are still at the minimum of 65%, and we are continuing to favor stocks over bonds. Tom noted that the cash amount is about the same as the benefit payment about. Eric said receiving the contribution before the distribution request will be helpful in terms of managing cash flow for the fund.

Performance Review

Eric reviewed page 13 of the investment report and noted that the last quarter was quite solid. The trust return was 3.03% and the policy composite benchmark was 2.65%. The last twelve months the return is 5.71% vs 4.43% for the policy composite benchmark.

Eric reviewed the results by fund category and name on page 14. On page 17, Eric discussed the international fund characteristics.

Theresa inquired about what the impact would be for Fed Tapering. Eric said the good news is that the markets are aware of the Fed plans to start tapering and to some extent have already “priced” that in. It is murky as to when the tapering might start. The indicators they provided have not been reached. Eric believes they may want to see more inflation and fuller employment. The Fed may not do anything until next year.

Actuarial Results

Theresa said the actuarial study included a new scenario using a 5% discount rate and improving the benefit every other year. So rather than an assumption of a 4.5% increase every year, the increase would be 9% every two years. She should be able to update the Committee at the next meeting.

Future Meeting Dates/Agenda Items

It was decided to hold the next three meetings at 11:30 on February 10, May 12, and August 11, 2014.

The meeting ended at 1:35 pm.