
LOS RIOS COMMUNITY COLLEGE DISTRICT
RETIREE HEALTH BENEFITS OVERSIGHT COMMITTEE

February 10, 2014
Business Services Conference Room
11:30 p.m.
(Approved 5/12/14)

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

Welcome

Theresa called the meeting to order at 11:35am and welcomed everyone to the meeting.

November 12, 2013 Minutes

The November 12, 2013 minutes were approved by consensus.

Review of 4th Quarter 2014 (calendar year) Results

Eric Lee presented the 4th quarter Investment Report for 2013. Eric stated that the target of 30% equity and 70% fixed income is continuing to serve the account well. At the next meeting in May, Eric said he would like to discuss and pinpoint the expectations of the District as to what our strategy is with the Retiree Health Benefit Trust (RHBT). He would like to examine this from an education standpoint and a due diligence standpoint to make sure Los Rios is aware of what options are available for the trust.

Asset Allocation

Eric reviewed page 8 of the investment report highlighting the last four quarters market values outflows and inflows. The large contribution in the third and fourth quarter and the distribution in the fourth quarter offset each other. Eric stated from a performance standpoint, it has been a great year. The position of portfolio worked well and he recommends no changes from a strategy standpoint.

Performance Review

Eric reviewed page 13 of the investment report and explained the benchmark policy was achieved. The combining of active managers and indexing has worked very well for the portfolio. Eric went over our investments and gave a detailed report on how each market was doing. Eric also discussed the returns and benchmark for each account. Eric discussed each fund's performance on page 14, and where he believed each were going now, explaining that each large cap manager did very well. Eric likes the position of the RHBT portfolio. Eric advised the District to stay the course and to be strategic when we rebalance between assets classes. The portfolio is very sophisticated but not complex.

Theresa mentioned receiving information on different investment opportunities and asked Eric if we should we be looking at other options. Eric explained that the strategy of these 'super nationals' is a number of entities coming together to offer a bond offering. These investments have less liquidity and less flexibility. These also tend to have higher risk. That is why we rely on active fund managers who

have experience in these markets. This ensures we have a handle on these investments but no individual stock or bonds. These investments are not inappropriate but have more aggressive managers. Eric said this is why we provided active managers for these types of investments.

Eric told the group that next time he might cover more in depth what our managers do.

OPEB Board Presentation/Agenda Item

Theresa explained that, in January 2014, we presented the Other Post-Employment Benefits [OPEB] (Retiree Health) Update to the Board of Trustees. In accordance with GASB 43 and 45, all public agencies are required to obtain periodic actuarial valuation for their OPEB plans and disclose the annual required contribution whether it is funded or not. The District implemented GASB 43 and 45 in fiscal year 2007-08. GASB 43 and 45 require the District to conduct an actuarial study (valuation) for the plan every two years. As reported to the Board, the District is fully funded for its OPEB obligations as of July 1, 2013. The current monthly contribution is \$225.

Theresa passed out a power point presentation that she gave to the Board of Trustees that compared the actuarial results over the last ten years. The presentation also covered the GASB 45 Requirements/Impacts and the change in assumptions effective for the 7/1/13 report. Theresa stated that the goal is to maintain a reasonable level of overfunding to have a reserve against market fluctuations and provide a fairly constant annual contribution. We were slightly overfunded for 2013.

In order to align Board action and the actuarial reports, we asked the actuarial to provide a scenario that:

- Improves the benefit every two years rather than every year, aligning the actuarial report and Board Action.
- Forecast benefit improvements for the duration of the actuarial projections and project for five years
- Continue to make annual contributions regardless of actuarial forecasted requirement. (PERS issue from late '90s)
- Move actuarial date to June 1st to allow more review time prior to budget adoption and recommendation to the Board (effective with the next report).

Future Meeting Dates/Agenda Items

The next meeting will be held on May 12, 2014 at 11:30am.

The meeting ended at 12:35pm.