Present Board Members: William (Bill) Withrow (Chair), William (Bill) Riley, Ron McKinley, Nathaniel Jones III,

Absent Board Members: Meredith Brown,

Absent Advisory Members: Jerry Hermann Michael Mills

Present Advisory Members: Tim Hackett, Michael Wirth,

Present Board Advisors: Christine Williams, Cheryl Cannistra, Ed Berman, Sultan Khan, Carlos Torres, Dave Vigo, PCCD Budget Director, Marla Powell, Acting Associate Vice Chancellor of Finance

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| **Agenda Item** | **Discussion** | **Follow-Up Action** |
| 1. **Call to order** | Meeting called to order at 4:05 p.m. by Chair Withrow. |  |
| **II. – VI.** | Board Members, Advisory Members, Advisors present and absent – listed above. |  |
| 1. **Approval of Agenda** | Motion to approve the April 18, 2024, meeting agenda.  **Approved.**  AYES: 4  NOES: 0  ABSTAIN: 0  ABSENT: 1 |  |
| 1. **Approval of Meeting Minutes** | Motion to approve the March 28, 2024, minutes.  **Approved.**  AYES: 4  NOES: 0  ABSTAIN: 0  ABSENT: 1 |  |
| 1. **Report from Closed Session** 2. **Executive Administrator**   **Report and Meketa Investment**  **Performance Update** | **Chair Withrow** acknowledged the roll call and called the meeting to order at 4:05pm.  The report from Closed Session was presented by Ms. Williams. The report included the approval of new legal counsel Nixon Peabody with a 3-year contract and a 3-year contract extension of the Executive Administrator’s contract.  **Agenda Approval and Fiduciary Duties Discussion: Ms. Williams** confirmed changes to the minutes of the Retirement Board meeting held on March 28th, which included moving Ed Berman and Cheryl Cannistra to the absent list.  Mr. Edward Berman provided a brief overview of fiduciary duties for a Trustee of an OPEB plan, emphasizing the importance of acting in the best interest of plan participants, understanding, and adhering to the terms of the Trust agreement, and safeguarding assets. The group also engaged in a conversation about the responsible use of plan funds.  **Fiduciary Issues and Trust Management**  **Mr. Berman** discussed fiduciary issues related to the payment of expenses in Trust I, using a real example where a client requested reimbursement for a real estate appraisal, despite there being no real estate held. He emphasized the importance of a prudent process and the need to understand the specifics of the transaction. Christine then highlighted the rigorous safety checks in place at Neuberger Berman Trust Company to prevent fraud and misuse of funds, noting their meticulous verification processes for wire transfers and payments. Retirement Board Member, Dr. Nathaniel raised questions about how close calls concerning potentially questionable expenses are handled, and Edward explained that his team would consult with compliance and legal if they felt any language was unclear, demonstrating their commitment to understanding and following the guidelines of the Trust agreement. Mr. Berman provided a review of Neuberger Berman’s investment group’s performance since 2019. He covered the impact of recent market volatility, and the current trend of investors shifting their money from banking accounts to money market accounts. Ed discussed the company's current macro positioning and the importance of diversification and downside protection in their portfolio.  **Client Case and Trust Agreement:** Ed shared his experience with a past client case where their fiduciary duties and business needs clashed, emphasizing the importance of standing firm on one's responsibilities. He highlighted the customized nature of their Trust agreement and its detailed instructions for processing payments and handling retiree health benefits and debt service payments. Ed reassured the Board that there have been no issues with payment processes due to clear communication and adherence to the trust agreement. The conversation then moved to a conversation about the use of AI in voice calls, initiated by Retirement Board Chair, Bill Withrow. Mr. Withrow’s comment was about AI technology’s capability to replicate voices. Ed shared his experience with a past client case where their fiduciary duties and business needs clashed, emphasizing the importance of standing firm on one's responsibilities. He highlighted the customized nature of their trust agreement and its detailed instructions for processing payments and handling retiree health benefits and debt service payments. Mr. Berman reassured the Board that there have been no issues with payment processes due to clear communication and adherence to the trust agreement. Ed and Christine discussed the extensive internal protocols that mitigate risk related to AI. Christine discussed various security check points, the annual onsite client visits to verify people and protocols according to safety standards and guidelines for large wire transfers. The conversation was concluded with mutual agreement that the trust management process has been successful.  **Ms. Williams** inquired about the need to provide the Meketa Investment Group Trust II report as of March 28, 2024, with the observation of very little change. The Board agreed there was no need to repeat the report provided by Tim Filla, Meketa Investment Group on March 28, 2024. |  |
| 1. **Neuberger Berman**   **Investment Performance Review** | **Mr.** **Sultan Khan** presented the performance review forTrust I with a current market value of $195,081,431 as of March 22, 2024. Sultan’s discussion was about the Neuberger Berman Trust I investment performance with a focus on market trends. Mr. Khan provided an overview of the first quarter's performance, noting a strong equity market and a weaker fixed income market. He also pointed out a shift in market optimism in April, with equity markets down almost 5%. **Volatility in Markets and Interest Rate Cuts**  Sultan discussed the recent volatility in the stock and bond markets due to concerns about the economy and interest rate cuts. He noted that in March, the market expected about three rate cuts for 2024, a significant drop from the six expected at the end of December. Mr. Kahn emphasized that this shift in expectations caused much of the recent market volatility. He also reiterated that the economy is still healthy, with solid GDP growth and a declining inflation rate. Sultan suggested that any rate cuts would likely occur towards the end of the year, around September or December, if inflation continues to decline. **Investors Shifting Money From Banks to Equities**  Sultan explained the current trend of investors moving their money from banking accounts to money market accounts in search of higher interest rates. This shift has resulted in banks paying more to depositors to prevent a massive deposit outflow. He indicated that this trend, along with a growing preference for equity markets, has led to positive inflows into the equity market from money market funds. He also noted that this shift has been driven by fear and uncertainty about the economy's future, with investors still holding a significant amount of cash in money market accounts due to its low risk and attractive interest rates.  **Company's Macro Positioning Review:**  Mr. Khan reviewed the company's current macro positioning, confirming that there had been no significant changes since the last update. The company remains neutral, with an overweight in small and mid-caps, high-quality investment, and fixed income, and a slight underweight in equities. The biggest change was a shift from neutral to an underweight in the US equity market, due to the more attractive risk-reward potential in fixed income, as yields have risen. Mr. Khan requested Christine's signature to implement these changes. **March Portfolio Performance and Diversification**  Mr. Khan discussed the performance of the portfolio for the month of March and the first quarter, highlighting a strong performance in equities and a weaker performance in fixed income. He noted that private equity returns were still lagging but expected to be included in the next meeting's data. Mr. Khan emphasized the importance of diversification and downside protection, particularly in April, and highlighted the solid performance of their fixed income strategies. Ms. Williams agreed to sign and send back the implementation document regarding the minor changes to the portfolio positioning.  **Investment Policy Benchmark From** 12/31/2021 to current consists of 3% ICE US Treasury 3-Month Bill, 26% Bloomberg U.S. Aggregate, 8% Bloomberg U.S. Corporate High Yield, 8% EMD Blended, 16% S&P 500, 8% Russell 2000, 8% MSCI EAFE, 4% MSCI Emerging Markets, 4% MSCI All Country World, 3% Bloomberg Commodity, 4% HFRX Global Hedge Fund, and 8% Cambridge Associates PE Index. From 6/30/2021 to 12/31/2021 consists of 3% ICE US Treasury 3-Month Bill, 26% Bloomberg U.S. Aggregate, 8% Bloomberg U.S. Corporate High Yield, 8% EMD Blended, 16% S&P 500, 8% Russell 2000, 8% MSCI EAFE, 4% MSCI Emerging Markets, 4% MSCI All Country World, 3% S&P GSCI Commodity, 4% HFRX Global Hedge Fund, and 8% Cambridge Associates PE Index. From 10/31/2013 to 6/30/2021 consists of 30% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. Corporate High Yield, 3% Bloomberg Global Aggregate Ex-USD, 21% Russell 1000, 7% Russell 2500, 10% MSCI EAFE, 5% MSCI Emerging Markets, 4% NAREIT Equity, 3% Bloomberg Commodity, 6% HFRI FoF Composite, and 6% Cambridge Associates U.S. PE Index. From 5/31/2012 to 10/31/2013 consists of 35% Bloomberg U.S. Aggregate, 5% Bloomberg U.S. Corporate High Yield, 23% Russell 1000, 8% Russell 2500, 15% MSCI EAFE, 7% MSCI Emerging Markets, 4% NAREIT Equity, and 3.0% Bloomberg Commodity Index. From 1/31/2006 to 5/31/2012 consists of 35% Bloomberg U.S. Aggregate, 30% S&P 500, 10% Russell 2000, 20% MSCI EAFE, and 5% NAREIT Equity Index. |  |
| **Schedule Future Board Meetings** | The next Retirement Board meeting is scheduled for May 30, 2024, via Zoom from  3 p.m. to 6 p.m. |  |
| **XIII. Adjournment** | After determination that all Retirement Board business had concluded Chair Withrow adjourned the meeting at 5:30pm |  |

Minutes taken: Christine Williams

Meeting Materials are posted on the Retirement Board website: <http://web.peralta.edu/retirement-board.>

Agenda Posted: 333 E. 8th Street, Oakland, CA 94606