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

Absent Board Members: 0

Absent Advisory Members: Michael Mills, Michael Wirth

Present Advisory Members: Tim Hackett, Jerry Herman,

Present Board Advisors: Cheryl Cannistra, Ed Berman,

Present Board Advisors: Christine Williams, 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 March 28, 2024, meeting agenda.  **Approved.**  AYES: 5  NOES: 0  ABSTAIN: 0  ABSENT: 0 |  |
| 1. **Approval of Meeting Minutes** | Motion to approve the January 25, 2024, minutes.  **Approved.**  AYES: 5  NOES: 0  ABSTAIN: 0  ABSENT: 0 |  |
| 1. **Report from Closed Session** 2. **Guest Speaker Presentation** 3. **Meketa Investment Performance Review** | **Chair Withrow** acknowledged the roll call and called the meeting to order at 4:05pm.  There was nothing to report from Closed Session.  **Retirement Board Chair Bill Withrow** introduced Mr. Dave Olson, with Backstrom McCarley Berry & Co LLC. Mr. Olson started his presentation by disclosing the amount needed for the upcoming OPEB debt service payment of 10.3 million dollars. He continued with an explanation of the only two allowed draws from Trust I (1). Pay benefits to retirees, where insurance cost is reimbursed (2) Debt Service Payment (principal payment on the OPEB bonds). Mr. Olson said there are several times in his presentation where he talks about opportunities or strategies that might result from having a surplus in the OPEB Trust I. **Bond Financial Management and Ratings:** The discussion revolved around the financial management of bonds. Mr. Olson suggested that the funds used to retire bonds should result in a decrease in the actual bonds. Dave noted a complicated effect from convertible auction rate securities which were increasing the value of principal outstanding but assured that payments on the bonds would decrease their value. Dave suggested that when money is put into the fund, it should be reflected in the bonds being terminated. Dave proposed taking action to move in the right direction, which would be well received by the rating agency. The conversation concluded with Board Member Meredith Brown indicating she had a question for Nathaniel Jones. **Retirement Bond Repayment and Fiscal Responsibilities: Board Member Brown** highlighted the importance of a solid and well-documented repayment plan for the OPEB bonds as part of the evaluation of an institution's fiscal health. **Board Member Jones** concurred, noting that it's just one aspect of the district's broader fiscal responsibilities. Mr. Olson discussed the need to manage risk and fulfill obligations to retirees. A key concern was the retirement of bonds worth $57 million in 2031, Dave Olson suggested a combination of strategies to address this, including lowering costs, increasing payments from the district’s general fund, and exploring alternative revenue sources. **Retirement Board Executive Administrator, Christine Willaims** and **Advisory Board Member Jerry Hermann** requested that Mr. Olson provide an explanation of how the district's debt had increased from $150 to $217 million per the request of **Advisory Board Member Mike Wirth**.  **Board Member Brown asked Dr. Nathaniel Jones III (Interim VC of Finance and Retirement Board Member)** about district financial operations. She acknowledged his expertise in this area and recalled the FCMAT indicators for fiscal health and stated thatthe repayment program for the OPEB bonds was part of their evaluation performed. Board Member Brown continued to explain that a well-documented plan such as the process that the Peralta Retirement Board had conducted to document and establish processes to ensure integrity; would be essential to maximize the district’s repayment program for the OPEB bonds. Board Member Brown stated that she wanted to ensure this matter was addressed while currently in discussion. Dr. Jones thanked Board Member Brown for the question. He explained that several different processes exist for the entities like the State Chancellor’s Office to assist districts with fiscal health. He commented that he and Associate Vice Chancellor of Finance Dr, Powell had been working to prepare financial reports for accreditation and focusing on all district financial responsibilities and efforts to manage risk and ensure the district is able to fulfill its obligation to our retirees. Trust I is only one area of focus. **Exploring District Financing Improvements**  Dave Olson and Board Member Dr. Nathaniel Jones III discussed potential improvements to the district's finances, including the possibility of reducing costs and diversifying revenues. Board Member Dr. Nathaniel Jones III clarified that the board of trustees had previously rejected the idea of selling assets, but he noted that circumstances might have changed and it could be worth reconsidering. Dave suggested that monies derived from the sale of properties or capital improvements could be used to address the district's bond obligations. The conversation also touched on the district's need to explore other options for improving operations and building reserves without relying solely on trust funds. **OPEB Trust Surplus and Bond Payments:** Mr. Hermann sought clarification on the term 'surplus' in relation to the OPEB Trust. Dave Olson explained that it refers to the difference between the investment's determined value and the estimated liability. Dave also clarified that the district is entitled to use this surplus to pay down the debt. The discussion continued with the need for better balance in paying off bonds. Dave suggested focusing on bonds due in the next few years.  **Tim Filla** presented the Trust II investment report and acknowledged a positive change in the fund balance. Trust II fund balance as of 2/29/24 is 1,352,872.00 and a prior report on 1/24/24 the balance was 1,330,400.00 indicating an increase. **Global Economy and Financial Markets Update:**  Mr. Filla discussed the performance of the global economy and financial markets in 2023 and the early part of 2024. He highlighted the resilience of the economy in the face of rising interest rates and the positive impact of AI and video development on revenue growth. He also noted a broadening of the market rally, with strength in international and emerging markets. Tim pointed out that while technology stocks still dominate, other sectors such as financials, healthcare, and industrials are also showing positive results. He also addressed potential concerns about rising costs and the impact on consumer confidence. Despite these challenges, he maintained a generally positive outlook for the future. **Major Asset Categories' Performance and Updates:** Tim presented the major asset categories' performance, noting a strong one-year result of 13.9%, outperforming the policy benchmark by 0.7 points. He attributed this success in part to rebalancing activities and the performance of global equity. Mr. Filla also discussed the natural resources portion of the portfolio, which experienced losses but performed well in 2022 due to its diversifying assets and inflation-hedging properties. He also mentioned that the investment-grade bonds performed in line with the index. Towards the end, Christine asked Tim about potential presentations for an upcoming board meeting, to which he responded that the agenda would likely include a regular investment update and a review of the program's landscape. **Market Trends and Portfolio Positioning Discussion:**  Tim discussed market trends, indicating that there was a broadening of the rally, particularly in the small caps and value sectors. He noted an increase in equity market performance and a decrease in the dispersion between growth and value stocks. He highlighted a potential rotation in the market towards sectors that have not performed as well in the previous year and that equity market has been strong, particularly in the first quarter, with many candidates already established for the upcoming election. Tim emphasized the need for caution due to uncertainties around inflation and polling. He suggested a neutral positioning within equities, with an overweight position in fixed income and a constructive outlook on commodities. Tim ended by addressing questions about small and mid-caps.  **Benchmark History** **Total Fund Investments** 3/1/2019 Present 53% MSCI ACWI IMI Net USD / 5% 50% BBg US High Yield TR/50% Credit Suisse Leveraged Loans / 7% Inflation Hedges Custom Index / 35% Bloomberg US Aggregate TR  **Inflation Hedges 3/1/2019** **Present** 23% MSCI US REIT / 46% Bloomberg US TIPS TR / 8% MSCI ACWI Energy NR USD / 8% MSCI US IMI Materials NR USD / 15% FTSE Gold Mines PR USD. |  |
| 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. **Market Trends and Portfolio Positioning Discussion:** Mr. Khan discussed market trends, indicating that there was a broadening of the rally, particularly in the small caps and value sectors. He noted an increase in equity market performance and a decrease in the dispersion between growth and value stocks. Mr. Khan highlighted a potential rotation in the market towards sectors that have not performed as well in the previous year. He mentioned that the equity market has been strong, particularly in the first quarter, with many candidates already established for the upcoming election. Mr. Khan emphasized the need for caution due to uncertainties around inflation and polling. He suggested a neutral positioning within equities, with an overweight position in fixed income and a constructive outlook on commodities. Sultan ended by addressing questions about small and mid-caps. He highlighted strong performance in large cap and the strategy of trimming and repositioning their portfolio monthly. He also added an emerging market equities sleeve and made a manager change. Sultan expressed caution and a quality bias in their investments and discussed the underperformance of their US large cap and value sectors. Sultan also emphasized the importance of downside protection in their portfolio. The Board thanked Sultan, Christine, and others for their valuable contributions. The next meeting was set for April 18th.  **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 April 18, 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 5:27pm |  |

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