

**Peralta Community College District
Retirement Board Meeting Minutes
October 30, 2025**

Present Board Members: William (Bill) Withrow (Chair), William (Bill) Riley, Meredith Brown, Greg Nelson, Jamila Buckner

Absent Board Members:

Absent Advisory Members:

Present Advisory Members: Michael Wirth, Tim Hackett, Michael Mills, Jerry Hermann,

Present Board Advisors: Christine Williams, Lisel Wells, Nixon Peabody LLP; Blake Biscotti; Sultan Khan, Cheryl Cannistra, Sarah Strobe.
Carlos Torres, Neuberger Berman

Guest Speakers: Patrick Kelly, Managing Director/Financial Advisor, Christopher Clarkson, CFA – Director, Wealth Strategies Group, Wrug Ved, CFA- Senior Investment Strategist, AB Bernstein Wealth Management; Will Kane, Foster and Foster Actuaries and Consultants

Agenda Item	Discussion	Follow-Up Action
I. Call to order	Meeting called to order at 4:10p.m.by Chair Withrow.	
II. – VI.	Board Members, Advisory Members, Advisors present and absent – listed above.	
VII. Approval of Agenda	Motion to approve October 30, 2025, meeting agenda. Approved. AYES: 5 NOES: 0 ABSTAIN: 0 ABSENT: 0	
VIII. Approval of Meeting Minutes	Motion to approve September 25, 2025, minutes. Approved. AYES: 5	

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	<p>NOES: 0 ABSTAIN: 0 ABSENT: 0</p>	
<p>IX. Report on Closed Session</p> <p>X. Guest Speaker: AB Bernstein Wealth Management</p>	<p>Chair Withrow acknowledged the roll call and called the meeting to order at 4:05pm. There was no Closed Session: Chair Withrow introduced the first guest speaker, AB Bernstein Wealth Management Group.</p> <p>AB Bernstein Wealth Management presented “Performance with a Purpose”. “When There Is No Alternative /Optimal Allocation”</p> <p>The presentation delivered to the Retirement Board addressed matters related to potential or existing investment advisory relationships. The presentation was not an advertisement nor was it intended for public use or distribution. The presentation included the year founded, the number of wealth advisors, charitable assets under management and the number of social sector clients for San Francisco and Los Angeles. The firm discussed their holistic approach to comprehensive suite of services to strengthen investment strategies. The team talked about their intentional design for client support from the local Bernstein Team, Foundation and Institutional Advisory, Bernstein Private Wealth Management and AB Global. There was a discussion about key economic and market expectations for 2025 and 2026 which also included ten-year capital markets projections by asset classes. The Bernstein Team discussed their time-tested investment advice and private markets diversification and upside potential. The group provides capital markets assumptions and insights over a strategic 10-year horizon. The group closed with questions from the Board and inquiries about the time frame for the upcoming RFP for Trust I.</p>	
<p>XI. Foster and Foster Actuaries and Consultants</p>	<p>Guest Speakers: Will Kane with Foster and Foster Actuaries and Consultants</p> <p>Will Kane’s presentation began with the June 30th, 2025, Full Valuation. GASB 75 operates on a 2-year cycle, a full valuation for one year, and then a roll forward the next year. For full valuations, we collect the census data from the Peralta Staff and build the valuation from this information. This is the most up-to-date information that we will have.</p>	

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You have two tiers of retiree health benefits that we treat as two separate OPEB plans. You have the pre-2004, the pre-July 1-2004 plan, which is a very generous benefit for employees hired before July 1, 2004. The district pays the full medical premium, including dependents. It is a lifetime benefit that extends past age 65. The premiums become smaller, after age 65 for retirees that enroll in a Medicare Supplemental plan. To be eligible you must retire from the district. Employees hired after July 1, 2004, the district only pays up to a specified cap, instead of the full premium. The benefit is only payable until age 65, nothing past the Medicare age and 10 years of service is required. The total OPEB liability represents the amount the district owes due to its promise to provide future benefits. That is the substantial number determined as part of the actuarial valuation. It only includes what is earned due to past service, for new employees coming in under the post-2004 plan, they come in with \$0 of total OPEB liability, and then they earn it over the course of their career. The fiduciary net position is GASB 75's way of saying the assets that are set aside in the irrevocable trust, so that's only Trust II. Trust I does not count for a fiduciary net position because it is not irrevocable.

The net OPEB liability is your funded status, the difference between what you owe and what has been set aside in those trusts. The service cost is the total OPEB liability accrued over the course of an employee's career. The service cost represents how much it is being earned in a single year by active employees. It is not what they are receiving, it's what they are earning during a year, because the whole point of the actuarial valuation is to account for these benefits as they are being earned, instead of waiting for them to be paid. We conduct three actuarial evaluation reports. For the post-2004 plan, we just do a single GASB75 report. Trust II counts as an irrevocable trust and is reflected directly under GASB75. The difference between all three of these is the interest rate. The post-2004 plan, has a blended rate of 5.275% as the valuation interest rate. If Trust II were fully funded, we would use a 5.9% interest rate. The higher the interest rate, the lower the liability, the higher interest rate is a good thing. Because Trust II doesn't have a lot of assets and it isn't really on track to fully fund the plan, we must use what's called a blended rate, which is between the unfunded rate of

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5.2% and the full rate of 5.9%; that would be based on the expected rate of return on investments.

Trust 1 doesn't count for GASB 75. The valuation interest rate is based on a municipal bond index, that GASB 75 requires for unfunded plans. The pre-2004 plan is under GASB 75. That municipal bond index is 5.2% for 2025, and that's one of the two big items that changed this year. That rate was 3.93%, for 2024, and going from 3.93% up to 5.2% is a huge change. About 4 or 5 years ago, there was a similar large change from 2% to 3.5%. Those dramatic changes in the interest rate are not often seen from one year to the next. 5.2% is the highest that this rate has been over a decade. This is decreasing the liability for now. If interest rates start going down, that should put downward pressure on rates, although municipal bond rates do tend to operate differently than other interest rates. If the rates go down, it is going to cause the measured liability to go back up.

The third valuation is a funding valuation for the pre-2004 plan, in which we determine the liability of Trust 1 if it were a qualifying trust. We use the 5.9% expected return on investments as the valuation interest rate. 5.2% could go down in future years, the 5.9% wouldn't, because that is based on an assumption, not an index rate that's subject to change. The funding valuation for the pre-2004 plan is more stable in that regard. The Post-2004 plan did not have a lot of change for this year; the liability is only \$25 million.

The liability decreased by \$300,000 from last year, the assets increased by \$200,000, overall, the net OPEB liability came down by half a million dollars, which is good. The assets in Trust II don't make a dent in the liability, it's \$1.6 million compared to \$25 million. For this reason, we must use that blended interest rate. There is a \$2.4 million decrease due to assumption changes, which goes back to the valuation of interest rate going up from 3.93% to 5.2. The actual blended rate was different from these two, however it still had the same significant increase, which caused a \$2.4 million decrease in liability. The post-2004 plan's valuation interest rate increased, which means that the liability stayed flat instead of increasing by \$2 million.

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The pre-2004 GASB 75 valuation uses the interest rate based on the index, not based on the expected return on assumptions. The total OPEB liability came down by about \$5.6 million. There is no fiduciary net position, because Trust 1 does not qualify, the net OPEB liability is the same as the total OPEB liability. In a normal year where everything goes as expected, which is unlikely, the liability would decrease by about \$1.2 million, remaining flat. The valuation interest rate increased from 3.93% to 5.2%, which caused the liability to go down by about \$16.4 million. The valuation interest rate is important and has a large impact on the valuation. \$12 million offsets the GASB 75 valuation.

A group of 75 new retiree records that were not reported last year showed up as either retirees or active. Peralta staff confirmed these are surviving spouse records that were missing in the query of data reported to Total Compensation Inc. in prior years. They will generate a liability of \$12 million. The total OPEB liability still came down. The funding valuation has the same movement. The funding valuation was 5.9% last year, and it is 5.9% again this year, that is not based on an index, it is based on a long-term assumption. What that means, you do not have a \$16.4 million decrease offsetting the \$12 million increase due to experience losses. For the funding valuation, there is a \$9.5 million increase due to the new valuation caused by losses. On the asset side, there was a \$33 million decrease, due to withdrawals made from that trust. Trust I is still \$48 million overfunded.

This liability is completely independent of any outstanding district debt due to bonds issued to fund Trust 1. This only represents what is owed based on future retiree health benefits reimbursement, and not the debt service payment on the bonds.

Next year, there will be a roll-forward valuation, unless the district request a full valuation. Over time, the pre-2004 liability will shrink by \$1.2 million. This is subject to changes in the market interest rates. There was a positive change this year but there could be a negative change next year if interest rates start coming down. The post-2004 liability should continue to grow by a couple of million each year as the employees continue to earn few additional years of service, and that benefit continues to accrue.

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<p>XII. Meketa Investment Group Investment Performance Review</p>	<p>Meketa Investment Group Trust II Performance Review</p> <p>Ryan Farrell started by giving a brief overview of the Trust II portfolio. In the earlier presentation, a 60-40 portfolio was referenced. The discretionary portfolio for Trust II is more conservative. 52% in equities and 5% in high yields. These are more risk-oriented growth asset classes. The remainder is in either inflation hedges or risk-mitigating strategies, the majority being in investment-grade bonds. Cash flows are consistent with prior periods. Mr. Farrell began discussing trailing periods allocation versus targets. The credit category showed high-yield bonds as 5.7% of the current allocation versus the policy of 3%. The credit category encompasses both high-yield bonds and bank loans. He explained that Brigade High Income Fund manages both high-yield and bank loans, and that one \$95,000 line item encompasses two asset classes, in line with all policy benchmarks across all asset classes. Brigade High Income Fund encompasses both high yield and bank loan allocations overall. All one-year trailing performance showed fantastic returns on a year-to-date basis. Fund net of fees has gained 13.7%, which outperforms the benchmark by about 1.4%. On a trailing one-year basis, the fund has gained 11.2% of net fees, which is beating the benchmark by 70 basis points. On a trailing 3-year period, the fund has annualized 15.4% net-a-fee return, which outperforms a benchmark by about 100 basis points. Over most trailing periods, equity has been the primary driver of returns. The stock market has been going up since the pandemic has ended.</p> <p>The First Eagle Global Fund (gold exposure) is a more value-oriented, fundamental, active manager. First Eagle has exposure to gold, commodities, and the miners. On a year-to-date basis, they are performing very well but a small portion of the overall portfolio. They are outperforming the benchmark by 800 basis points. They are also outperforming the benchmark over the trailing 1-year period. Over a trailing 3-year period, on a relative basis, still performing well on an absolute basis, but less relative to the benchmark, as value has been a little out of favor in a world where we see large tech companies driving the performance in the stock market. By extracting gold from the ground, miners have outperformed gold as a commodity, and we can see the gold mines index on a year-to-date basis has gained 135%. Now, the First Eagle Gold Fund has underperformed that index, but it's gained 100% year-to-date.</p> <p>And that has to do with the depreciation of the dollar and expectations of Fed activity soon. Ms. Williams asked if there would be a need to adjust the Investment Policy Statement and Mr. Farrell confirmed that the IPS is balanced at this time.</p>	
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<p>XIII. Neuberger Berman Investment Performance Review</p>	<p>Benchmark History: Total Plan net of fees: 03/01/2019 PRESENT 35.0% Blmbg. U.S. Aggregate Index, 53.0% MSCI AC World IMI Index (Net), 5.0% 50% BBg US High Yield TR/50% Credit Suisse Leveraged Loans, 7.0% 90 Day U.S. Treasury Bill Inflation hedges: 03/01/2019 Present 23.0% MSCI U.S. REIT Index (Net), 8.0%\$ MSCI AC World Energy Index (Net), 8.0% MSCI U.S. IMI Materials 25/50 Index (Net), 15.0% FTSE Gold Mines Index (Price), 46.0% Blmbg. U.S. TIPS Index</p> <p>Neuberger Berman Trust I Investment Performance Review</p> <p>Sultan Khan delivered the performance review through September 30, 2025, on a year-to-date basis, and had strong returns of close to 9.5%. The recent numbers are closer to 10.5%, 10.75% ballpark. The portfolio has performed well on an absolute basis. The benchmark is higher, by almost 11.5%. It comes from two areas of the portfolio, the small cap sleeve and the international fleece. There's a lot of concentration in the small cap sleeve. We're not invested in the quantum computing stocks, we're not invested in the small cap speculative AI infrastructure names, and those are the names that have driven the market higher on a year-to-date basis. Again, it's a proxy for quote-unquote speculation in terms of the quality of the company. Those are the names that have really boosted the index, and our managers don't have that underlying exposure. That bulk of that underperformance is related to our quality bias, our quality factor, and as you've heard me say in the past meetings, we're not going to chase returns.</p> <p>We take more of a longer-term approach, given our fundamental research. In our view, a 3-year number, 5-year number, a 10-year number and a lot of the underlying research highlights that the quality factor within small caps, the quality factor within international. Large caps keep rallying. We saw a lot of earnings come out the last handful of days as well. Amazon announced earnings up 10%. Facebook Meta announced earnings down 14%. Small caps and international, is prudent and have a diversified exposure. There's a moderate level of correlation between some of those underlying exposures and names, which is why we are seeing the difference between the portfolio and the benchmark. High level we're happy with a 9.5% to 10.5% return on a year-to-date basis. We are well protected, given our asset allocation, given how structure the portfolio from a quality factor perspective to provide a lot of downside protection. We're not going to move in line with the index, and we're generally okay having that bias. The Fed came out and surprised the markets, and we wanted to have more shorter duration exposure, as a hedge. Shorter duration does better when interest rates</p>	
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	<p>rise. We did have some exposure to that already. We hedged more anticipating the Feds' move. We trimmed the margin within the U.S. large cap side because of strong equity markets and repositioning the international markets, from passive to more active. The passive strategy is up almost about 20... 27, 28% on a year-to-date basis, and the active managers have lacked. Rebalancing on the portfolio side, to reposition the portfolio for the month of November. Michael Wirth, Advisory Board Member asked about the percentage of the portfolio fees. Mr. Khan referred to the back of the performance book to the itemized charges. Mr. Khan requested that the Executive Officer provide a sign-off on the rebalancing recommendations. Mr. Khan explained the liquid side of the portfolio excluding private markets, which is bulk of the portfolio and that's around 0.52%, or, roughly about half a percent. In terms of bulk of the portfolio. The private markets allocations are roughly about 1.7% in terms of the underlying strategies there.</p>	
<p>XIV. Schedule Future Board Meetings</p>	<p>The next Retirement Board meeting scheduled for December 11, 2025, via Zoom and in person DGS Conference Room 1 333 East 8th Street Oakland, CA 94606 From: 3 p.m. to 6 p.m.</p>	
<p>XV. Adjournment</p>	<p>After determination that all Retirement Board business had concluded Retirement Board Chair Bill Withrow adjourned the meeting at 6:10pm</p>	

Minutes taken: Ms. Christine Williams

Meeting minutes and agendas are available on the Retirement Board website: <http://web.peralta.edu/retirement-board>.