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LOS RIOS COMMUNITY COLLEGE DISTRICT  
**RETIREE HEALTH BENEFITS OVERSIGHT COMMITTEE**

February 13, 2017

Business Services Conference Room

10:30 a.m.

*(Approved 5/8/17)*

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Present: LRCCD: Tracy Clark, Rose Ramos, Theresa Matista, Kathleen Kirklin (by teleconference), Katie DeLeon (by teleconference)

WFB: Eric Lee, Todd Noetzelman (both by teleconference)

Absent: None

### **Welcome**

Theresa called the meeting to order at 10:30am and welcomed everyone to the meeting.

### **November 14, 2016 Minutes**

The November 14, 2016 minutes were approved by consensus.

### **Review of 4th Quarter 2016 (calendar year) Results**

Eric reviewed the current market status of the December 31, 2016 investment report. On page 2, he said this was a good year for bonds until the 4<sup>th</sup> quarter when interest rates increased dramatically; this created a rough 4<sup>th</sup> quarter for performance. He also indicated the Federal Reserve is likely to raise rates at least one or two more times this year.

Eric next turned to the portfolio compositions. The portfolio's target allocation for equities remains at 30% and at 70% for fixed income investments. The actual portfolio allocations have been neutral as to the international and small cap equities. While the growth and value equities are equally weighted, the combined allocation exceeds the target for large caps, Eric believes this market is more event driven and not as fundamentally driven as seen in a normal economic cycles. He indicated the portfolio strategy is focused more on large cap equities and less on small caps to reduce volatility. Overall, the portfolio is within the investment policy.

Eric turned to page 10 of the report showing equity investments at 34.4% of the portfolio and fixed income segments at 65.4%. On page 12, Eric noted the positive gains in cash flow for the year to date. The next actuarial valuation will be in June.

Eric next turned to page 13 to discuss the performance of the portfolio. He shared that the 1-year, 3-year, and 5-year return rates were all ahead of the benchmark. Eric noted the fixed income investments did well relative to benchmark as well. On page 14, Eric went over the performance summary for the active manager funds. The active manager's funds provided benefits relative to benchmark.

### **Future Meeting Dates/Agenda Items**

Our next meeting is May 8, 2017.

The meeting ended at 11:30 a.m.