
LOS RIOS COMMUNITY COLLEGE DISTRICT
RETIREE HEALTH BENEFITS OVERSIGHT COMMITTEE

August 21, 2018

Business Services Conference Room

1:00 p.m.

(Approved 11/26/18)

Present: LRCCD: Tracy Clark, Katie DeLeon, Mario Rodriguez, Theresa Matista
WFB: Eric Lee, Todd Noetzelman

Absent:

Welcome

Theresa called the meeting to order at 1:00 p.m. and welcomed everyone to the meeting.

May 7, 2018 Minutes

The May 7, 2018 minutes were approved by consensus with one minor change.

Review of 2nd Quarter 2018 (calendar year) Results

Eric reviewed the quarterly report. He started by examining the current market status for fixed income investments, noting the strong dollar hurt non-US bonds. As far as the US economic overview was concerned, the labor market showed steady improvement in wage growth. Turning to the cash-flow analysis on page 12 of the report, Eric noted that distribution exceeded District contributions year to date. Looking at asset allocation on page 14, equity investments were slightly above the target allocation and the fixed income investments were slightly below. In terms of performance this quarter the portfolio return of .68% was modestly behind the benchmark of .74%. Looking at the 1-year, 3-year, and 5-year marks, the portfolio is still ahead of the benchmark for each period. Small cap and international equities were a bit below their respective benchmarks, as active managers struggled to kept up, but not able to make up the difference in a rough and challenging quarter for the active managers. Looking at page 19, Eric specifically discussed the Wells Fargo Multi-Manager Small Cap investment returns compared to the benchmark index. On the fixed income investments listed on page 20, the active managers were slightly behind the benchmark in the quarter. In terms of costs comparisons, the new fee schedule will drop by nine basis points,-saving roughly \$110k in investment fees annually.

Eric also reviewed the Fixed Income Manager Analysis report. That report demonstrates the cost for the BlackRock managed index strategy is lower and performed better historically than the Vanguard investment currently utilized. We will move assets from Vanguard to the BlackRock strategy to reduce future costs and also expect improved manager execution.

Future Meeting Dates/Agenda Items

Our next meeting is November 26, 2018 from 10:30 a.m. to 11:30 a.m. at the Los Rios Business Services Conference Room.

The meeting ended at 2:00pm.