

**Peralta Community College District
Retirement Board Meeting Minutes
May 30, 2024**

Present Board Members: William (Bill) Withrow (Chair), William (Bill) Riley, Meredith Brown, Ron McKinley, Nathaniel Jones III,
 Absent Board Members: 0
 Absent Advisory Members: Jerry Hermann Ed Berman
 Present Advisory Members: Tim Hackett, Michael Wirth,

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

Guest Speakers: Vincent McCarley, BmcB

Agenda Item	Discussion	Follow-Up Action
I. Call to order	Meeting called to order at 4:02 p.m. by Chair Withrow.	
II. – VI.	Board Members, Advisory Members, Advisors present and absent – listed above.	
VII. Approval of Agenda	Motion to approve the April 18, 2024, meeting agenda. Approved. AYES: 5 NOES: 0 ABSTAIN: 0 ABSENT: 0	
VIII. Approval of Meeting Minutes	Motion to approve the March 28, 2024, minutes. Approved. AYES: 5 NOES: 0 ABSTAIN: 0 ABSENT: 0	
	Chair Withrow acknowledged the roll call and called the meeting to order at 4:05pm.	

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<p>IX. Report from Closed Session</p> <p>X. Guest Speakers Backstrom, McCarley & Berry</p>	<p>Ms. Williams presented the report from Closed Session. The report included the acknowledgement of new Board members Greg Nelson, Deputy Chancellor and COO, Andrea Epps, Interim Vice Chancellor of Human Resource. The Board discussed, Ms. Williams providing a Retirement Board orientation and Jade Turner-Bond legal counsel with Nixon Peabody providing an introduction and explanation of legal responsibilities, obligations and California Governing Code guidelines. The Board Members thanked Dr. Ron McKinley and Dr. Nathaniel Jones III, for their service on the board.</p> <p>Action Item for 2023-2024 PCCD OPEB Bond payment request for \$10.3 million. Dave Olson, represented PCCD OPEB bond obligation debt service payment request due August 4th 2024. Mr. Olson made the formal request to the Retirement Board for the August 4, 2024, OPEB Bonds Debt Service Payment of 10.3 million on behalf of the District. Dave stated that the Financial Advisor’s goal for greater transparency and the long-term thinking had been adhered over the last five years. He continued to say that the plan to commit 6.7 million from the general fund and 10.3 million from the Trust to cover the 17 million due in the coming year was on target. Mr. Olson said Trust I’s recent performance had enough surplus to cover the requested the funds for the debt service payment. Mr. Olson affirmed the District commitment to increase their share of the payments over time. Retirement Board Chair Bill Withrow asked for clarification that 10.3 million was to buy down principal and not interest. Mr. Olson confirmed that the monies requested are for principal payments. Vincent McCarley commented that the financial position was better than it had been in years. He attributed the improvements to the health plan changes implemented by Dr. McKinley and the actuarial report, and the prudent performance of the Trust, the annual review with the District and the determination of the Trust surplus. Mr. McCarley stated that the clear and transparent processes that exist now have eliminated some confusion.</p> <p>Ms. Williams confirmed the request was according to the Retirement Board’s written protocol for withdrawal. The request was in writing and signed by Chancellor Gilkerson and Interim Vice Chancellor of Finance, Dr. Nathaniel Jones III.</p>	
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<p>XI. Executive Administrator Report and Meketa Investment Performance Update</p>	<p>Motion to Approve: 10.3 million dollar request for debt service payment due August 5, 2024.</p> <p>Approved. AYES: 5 NOES: 0 ABSTAIN: 0 ABSENT: 0</p> <p>Ms. Williams started the Executive Administrator’s report introducing the nomination of new legal counsel Attorney Jade Turner-Bond a Partner with Nixon Peabody. Ms. Williams explained the Retirement Board’s decision to move forward with Attorney Turner-Bond and the desire for the Board to continue legal review of practices, processes and procedures for prudence, transparency and accuracy. Ms. Turner-Bond a former California State Public Finance Attorney is local in San Francisco with offices in New York, Washington DC and Los Angeles. The firm earned the Chambers USA 2023 Band 1 Ranking Nationwide. Advisory Board Member, Michael Wirth raised the question about the costly process of changing legal counsel and the necessary ramp of time. Ms. Williams assured Mr. Wirth that the decision to move forward with Attorney Turner-Bond is a fiscally sound decision and in the best interest of the stakeholders. Advisory Board Member Timothy Hackett asked for a confirmation of the attorney’s name and if the Board would meet the attorney at the next meeting. Ms. Williams confirmed the attorney’s name and assured the Board that Attorney Jade Turner-Bond would be present at the next meeting. Board Member Attorney Meredith Brown stated the market is forecasting an economic downturn and the importance to safeguard the monies in the Trust set aside for retiree health benefits. Attorney Brown affirmed the promise made to the District retirees’ and the importance to have legal counsel help document and codify records. Ms. Brown commended the Executive Director for leading the effort.</p> <p>Ms. Williams presented the investment updates for the PCCD Trust II Investment performance review as of April 30, 2024, which indicated no significant change for May. Tim Filla, Meketa Investment Group proves the report to the Retirement Board. Beginning market value: 1,344,266.00. The total fund investments remain within the Investment Policy Statement Range yielding positive returns.</p>	
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	<p>Fiduciary Issues and Trust Management- Advisory Board member Mike Wirth asked the question about Trust II remaining under the liability obligation amount and wanted to know the plan to bring Trust II within a fully funded status. Ms. Williams agreed to meet with the new District Deputy Chancellor/COO to discuss the District’s funding plans for Trust II. She stated her goal is to bring an update to the August 29th meeting. Ms. Williams stated that the District has the options to choose other fund options to meet Post-2004 Retiree obligations.</p>	
<p>XII. Neuberger Berman Investment Performance Review</p>	<p>Mr. Sultan Khan presented the performance review for Trust I with a current market value of \$197,844,635 as of May22, 2024. Mr. Khan provided an overview of the market correction in April that started back in October of 2023. Fed repricing led Equities to first down month in six months. .During the month when stocks and bonds were down international equities and commodities offered a good hedge. April was a month where the market reassessed the initial expectations and aligned based on actual data and performance. The month of April the market shifted from being optimistic to bearish. Many numbers reversed positively in May. He stated anticipated start of rate cuts but timing remain uncertain with Japan an obvious outlier. Fixed Income is down about 2% and Equities continue to rally with still a good yield in the market place. Fed Funds rate is at its peak with monetary policy easing firmly in focus. More volatility anticipated during the summer. Election years tend to be volatile but positive with annual average return during election years in the U.S. is ~7.5% compared to ~7.9% in any year since 1928. Though Fed has adopted a data dependent approach due to sticky inflation, resilient labor and elevated consumer spending, Mr. Khan expect next policy action to be rate cut(s). We anticipate two rate cuts this year— September and December—ushering in a gradual normalization of the policy rate, which should ultimately settle at around 3.50% Weakening growth outlook, ongoing inflation normalization and formal guidance by ECB to “reduce the level of monetary restriction” implies that the ECB is close to the start of a rate cutting cycle. We anticipate three rate cuts this year — starting in June after which we expect a quarterly pace of normalization that settles policy rate at around 2.00%. BOE increasing confidence in the evidence” that risks of inflation persistence are abating” and signs of economy “tilted to the downside” drives our expectation that the MPC will start policy rate adjustment this year. We expect three rate cuts for the year—starting in June after which we expect a quarterly pace of normalization that settles policy rate at around 3.00%. With BOJ’s exit from NIRP and policy goal, recently shifting to achieve the "price stability target" as well as acknowledgement that policy rate is below neutral level of rates,</p>	

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we now expect the BOJ to embark on a gradual rate hiking cycle. We expect one rate hike starting in the second half of the year after which BOJ adopts a bi-annual pace of adjustments that brings policy rate to a neutral rate of around 1.25%.

Equities: We maintain an overall neutral view across equities with an overweight view on Small Caps, a laggard that has priced in a hard landing scenario. Given ongoing economic uncertainty, clients should adhere to long-term strategic asset allocations.

Alternatives: Downgraded view on Hedged Strategies to emphasize our stance of maintaining exposure to equity and fixed income markets in the current market environment. Maintain overweight to Commodities, which can hedge against potential inflation and geopolitical shocks. Opportunities exist within private markets for firms that may act as a liquidity and solutions provider to help close the capital supply/demand gap.

Asset Allocation and Implementation: Mr. Khan recommended an implementation rebalance as of May 22, 2024 as following: Total Cash Current Value \$6,864,593 3.5%, **change** 800,000. Updated value \$6,864,593; Total Fixed Income Current Value \$81,682,307 41.3% **change** 1,100,000 Updated Value \$82,782,307 41.8%; Total Equities \$80,533,571 40.7% **change** (600,000) Updated Value \$79,933,571 40.4%; Total Real & Alternative Assets Current Value \$28,764,164 14.5% **change** (500,000) Updated Value \$28,264,164, 14.3% Total Portfolio \$197,844,635.

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,

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	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 August 29, 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 5:40pm	

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

