

**Peralta Community College District
Retirement Board Meeting Minutes
November 09, 2023**

Present Board Members: William (Bill) Withrow (Chair), William (Bill) Riley, Nathaniel Jones III,

Absent Board Members: Meredith Brown, Ron McKinley

Absent Advisory Members: Sultan Khan,

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

Present Board Advisors: Christine Williams, Cheryl Cannistra, Ed Berman, Carlos Torres, Dave Vigo, PCCD Budget Director

Agenda Item	Discussion	Follow-Up Action
I. Call to order	Meeting called to order at 4:04 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 November 09, 2023, meeting agenda. Approved. AYES: 3 NOES: 0 ABSTAIN: 0 ABSENT: 2	
VIII. Approval of Meeting Minutes	Motion to approve the July 27, 2023, minutes. Approved. AYES: 3 NOES: 0 ABSTAIN: 0 ABSENT: 2	
	Chair Withrow acknowledged the roll call and called the meeting to order at 4:04pm.	

<p>VII. Report from Closed Session</p>	<p>There was no report from Closed Session. Chair Withrow asked Ms. Williams to present the Executive Administrator’s report. Ms. Williams started the report by providing a review of the request by the Meketa Group to amend their investment advisory agreement between PCCD Retirement Board and Meketa Fiduciary Management, LLC to debit payments for service from Trust II’s US Bank account. Motion to approve:</p> <p>Approved.</p> <p>AYES: (3) NOES (0) ABSTAIN (0) ABSENT (2)</p> <p>Ms. Williams provided the conclusion of the September 6, 2023, Neuberger Berman site visit. The PERALTA COMMUNITY COLLEGE DISTRICT Retirement Board agreed unanimously in a closed session of the Retirement Board meeting on April 25, 2019, that Neuberger Berman Investment and Trust Company had emerged as the strongest candidate of the three finalists for the Custodian and Discretionary Trustee Services RFP, No. 2017-18/19. On September 06, 2023, starting at 12:30Pm, EST, Ms. Christine Williams conducted a site visit of the Neuberger Berman headquarters to affirm the company’s physical location, security systems, and organizational support structure on behalf of the PERALTA COMMUNITY COLLEGE DISTRICT Retirement Board.</p>	
<p>XI. Executive Administrator Report and Meketa Investment Performance Update</p>	<p>Ms. Williams’ observations and interviews during the site visit confirmed the maintained authenticity of the information presented by Neuberger Berman in its response to RFP 2017-18/19. This also validates the integrity of the firm's presentation in October 2019, to the PERALTA COMMUNITY COLLEGE DISTRICT Retirement Board, pertaining to the firm's physical location, data security, and organizational support structure. The firm continues to provide outstanding customer service by engaging in client activities that provide transparency to day to-day operations. On March 13, 2023, the Neuberger Berman team hosted an onsite visit with Retirement Board Member, Meredith Brown attached as “Appendix B” of the complete report.</p> <p>Ms. Williams provided an update on the restoration of the board's website that had been disrupted due to updates and reconstruction. The incident resulted in the loss of two years of content, though it was later restored with help from the District's Chief Information Officer, Mark Johnson. The Board discussed the need for better controls over the site to prevent future incidents, with Ms. Williams taking the lead in restoring and validating the information. Mr. Jerry Hermann suggested inviting Mark Johnson to a Retirement Board meeting to provide</p>	

clarity about the Retirement Board's status and independence. The group also discussed the Brown Act, which governs the Board's obligations to provide public notice of meetings and agendas. Christine agreed to get a legal opinion on whether the Retirement Board is required to conform to the Brown Act.

A summation of the actuarial reports for Trust I and II retiree health benefits, OPEB liability with a surplus of over 40 million dollars for Trust I due to a decrease in liabilities.

Actuarial Report **Pre-2004** current year total OPEB liability \$137,314,369

Prior year total OPEB liability \$180,743,457

Actuarial Report **Post-2004** current year total OPEB liability \$22,703,214

Prior year total OPEB liability \$22,468,231

Some Board Members and Advisory Board Members asked that the Executive Administrator to refrain from using the term surplus when referring to the unencumbered 40 million dollars in Trust I due to a decrease in liabilities. Ms. Williams clarified that surplus did not suggest that monies were available for use but was the amount available after liabilities were covered. After much opposition to the term “surplus” Ms. Williams agreed to choose another term for monies referred to after liabilities covered. Ms. Williams shared that Will Kane, with Total Compensation Inc., would be attending the December 14, 2023, meeting and would provide more clarity on the basis for the calculation of liabilities. **Advisory Board Member Hermann** said he was interested to hear what Total Compensation Inc. had to say at the December 14th meeting but asked if the term 40-million-dollar surplus would allow the District to raid monies from the Trust to pay debt service payments. **Board Member Dr. Nathaniel Jones III** stated that the 40-million-dollar difference was considered net change year over year and not surplus. **Chair Withrow** discussed a projection of 210 million that cannot be used for non-government expenditure or debt service. There were concerns raised about the validity of the new lower level of liability and the potential misuse of committed funds. Legal advice was requested for the funds' protection and distribution over time. The meeting also discussed the change from self-insured and its potential affect assets and liabilities. The group acknowledged the need for a better understanding of the savings achieved. **Ms. Williams** led a discussion on the Trust II investment report and acknowledged a change in the fund balance. Trust II prior fund balance on 6/30/23 was 1,258,267.00 and most recent report on 9/30/23 was 1,215, 602.00 a decrease of \$42,665.00. **Benchmark History Total Fund Investments 3/1/2019 Present 53% MSCI ACWI IMI Net USD / 5% 50% BBg US**

	<p style="text-align: center;">Peralta Community College District Retirement Board Meeting Minutes November 09, 2023</p> <p>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. Ms. Williams shared with the Board the accomplishment of Tim Filia, a Managing Principal at Meketa who was named Chief Investment Officer Magazine’s 2023 Knowledge Broker. The information was published at: https://www.businesswire.com/news/home/20230920563913/en https://www.ai-cio.com/lists/2023-knowledge-brokers/?pid=84096</p>	
<p>XII. Neuberger Berman Investment Performance Review</p>	<p>Mr. Carlos Torres provided an update on Trust I’s performance in the absence of Mr. Sultan Khan. Trust I with a current market value of \$173,986,801 as of October 31, 2023. Mr. Torres discussed the performance of the broader market for the year. Despite a volatile third quarter, Equities were still up double digits, with the S&P 500 delivering a 15% return. However, the gains largely driven by the top 10 stocks in the index. The growth style has outpaced the value style, again, largely due to these top 10 tech sector stocks. In the fixed income market, rates have risen significantly, causing the Bloomberg Barclays US aggregate index to be slightly down for the year. Carlos highlighted that the economy may not necessarily be performing the same way as the financial markets.</p> <p>Carlos discussed the Fed's efforts to bring down inflation by raising interest rates. Despite these efforts, the US economy has remained resilient, with growth in the third quarter reaching almost 5%. Carlos also highlighted the contribution of the services sector to this growth. However, he expressed uncertainty about what would happen in the next 12 to 24 months, with the economy predicted to grow by 2% this year but slowing to 0.9% next year. Carlos also noted the strength of the labor market, with unemployment at multi-decade lows and companies hiring to meet demand. The slowdown in the labor market and decrease in the quits rate could affect consumer confidence. Inflation has come down from 9% to 3-4%, but core inflation, which excludes volatile items, has not decreased as much. The Fed is likely to continue its restrictive measures until the target 2% inflation achieved, which could involve the economy slowing down further. Carlos discussed the uncertainty facing the markets heading</p>	

into 2024, the volatility in the last three months, and the impact of rising interest rates on asset prices, particularly fixed income assets. He emphasized the need for the portfolio to be positioned more defensively, given the earnings growth expectations for next year. He also addressed a question about the impact of the US government's increasing debt on the economy and markets. Towards the end, there was a discussion on the timing and board approval needed for subscribing to two private equity funds, with a focus on getting an early closing discount. The discussion centered around the portfolio's average age of debt, which was determined to be around 6.5 years. Mr. Torres delved into the portfolio's performance, noting that it was slightly lagging its policy benchmark due to the team's defensive stance throughout the year. He highlighted that the fixed income portion of the portfolio has been outperforming its benchmark, delivering positive returns amidst volatile rates. In Equities the value has led to underperformance in the large cap value fund. However, Mr. Torres expressed confidence in their managers' abilities to outperform over the long term and adjusted implementation to mitigate these headwinds. Carlos discussed the performance of emerging markets and specifically China, highlighting that the Matthew Specific Tiger Fund has been underperforming due to China's disappointing economy. Despite this, Carlos noted that the strategy continues to be a good manager with strong stock picking. Carlos also touched on the alternatives portion of the portfolio, mentioning that it's still young and they're continuing to deploy capital as opportunities arise. The discussion ended with a question from Bill about the impact of unions on the overall economy, which Carlos explained could potentially keep inflation higher than the Fed wants. The meeting considered the opportunity for students to view a briefing of Mr. Torres' briefing Edward Berman and Cheryl Cannistra showed their approval. Mr. Withrow complimented Mr. Torres on a good briefing. **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 December 14, 2023, at the Sequoyah Country Club and 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 5:45pm	

Minutes taken: Christine Williams

Meeting Materials are posted on the Retirement Board website: <https://www.peralta.edu/retirement-board>

Agenda Posted: 333 E. 8th Street, Oakland, CA 94606