

**Peralta Community College District
Retirement Board Meeting Minutes
May 19, 2021**

Present Board Members: William (Bill) Withrow (Chair), Meredith Brown, William (Bill) Riley, Chanelle Whittaker,
 Absent Board Members:
 Vacancy; Vice Chancellor of Finance and Administration
 Present Advisory Members: Michael Wirth, Michael Mills, Jerry Herman, Tim Hackett

Present Board Advisors: Christine Williams; Judy Boyette, Liz Masson, Hanson Bridgett LLP; Cheryl Cannistra, Ed Berman, Sultan Khan
 (via telephone), Neuberger Berman; Tim Filla; Meketa

Agenda Item	Discussion	Follow-up Action
I. Call to order	Meeting called to order at 4:05 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 29, 2021 meeting agenda. Approved. AYES: 5 NOES: 0 ABSTAIN: 0 ABSENT: 0	
VIII. Approval of Meeting Minutes	Motion to approve the April 29, 2021, meeting minutes. Approved. AYES: 5 NOES: 0 ABSTAIN: 0	

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	<p>ABSENT: 0</p>	
<p>IX. Report from Closed Session</p>	<p>Chair Withrow Chair Withrow asked Ms. Williams the Retirement Board Independent Contractor for a report out on Closed Session.</p> <p>Ms. Williams reported that one action item from the Closed Session was to execute the approved Private Equity Subscription documents approving Neuberger Berman to increase PCCD’s Private Equity Investments to the 6 % target. Ms. Williams concluded that Neuberger Berman had requested to add Christine Williams as an authorized signer and given authority to direct the Trustee for allocation, rebalancing or reallocations to proprietary strategies 3% or less. This request is pursuant to Section 2 (C)(iv) of the November 1, 2019, Agreement For Discretionary And Directed Trustee/Custodian Services between Neuberger Berman Trust Company National Association and the Other Post-Employment Benefits Trust Retirement Board.</p> <p>Chair Withrow suggested that further discussion take place around the 3% rebalancing or reallocation request before making a discussion to add Christine Williams. Chair Withrow then requested that documents drawn up by Hanson Bridgett LLP proposing process for withdrawal and reimbursement of Trust I hand delivered to Chancellor Stanback Stroud for review and response. The documents detailed processes required by the Retirement Board for distributions from Trust Fund I and included an agreement to reimburse the Trust to ensure that it remains fully funded to cover Retiree Healthcare Benefits.</p> <p>Geoff Kischuk with Total Compensation answered questions for the Board around the discount rate and rationale for lowering the liabilities in Trust I from 196 million to 148 million based on the GASB 44/45. Ms. Kischuk stated that his decision was mostly based on the benchmark of Districts in the state of California there are currently valued at the same rate.</p> <p>Chair Withrow expressed his concerns regarding a market draw back and stated that a down turn in the market could cause a significant drop in fund balance. He</p>	

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also expressed his concerns for taking monies from Trust I due to the rising cost of healthcare expense that could reach as much as 15% based on industry advisors that he had previously met with. Chair Withrow mentioned the 2013 Reform ACT and stated that the Institution should continue contributions until the fund balance reached a funding level of 120%. His request was concerning: (1) Determination of financial impact of amounts transferred from Trust 1 to make principal payments on the OPEB Bonds. (2). The long-term effect on use of Trust 1 assets for payment of retiree health care costs, and (3) Financial impact and long-term effect on Trust 1 of District's repayment, or in the alternative, failure to repay amounts transferred from Trust 1 to make principal payments on the OPEB Bonds.

Board Member Brown asked for short and long-range reports that would reveal a side-by-side study and timeframe of the Trust's sustainability to cover Healthcare cost with the current rate of withdrawals for OPEB debt service payments. Board Member Brown requested that the Retirement Board form a subcommittee to review compliance processes. The Retirement Board is requesting adequate time to include request for payments from Trust I, as a Retirement Board agenda item. Board Member Brown requested that this process take place prior to transferring funds. She concluded that a fiscal policy would add transparency and structure to this process. Board Member Brown asked that a volunteer from the PRO Advisory group consider joining the subcommittee.

Board Member Riley responded to Board Member Brown's request and agreed to serve on the Subcommittee. He also shared his concerns for lack of process around fund withdrawals and accountability. Board Member Riley questioned the changes in the Actuarial numbers and shared concerns that the change in discount rates reflected a better argument for drawdowns of the fund.

Ms. Boyette explained the November 2019 contract inclusions and provisions that the Retirement Board and District would jointly establish written procedures for District payments directions to the Trustee. She reaffirmed Ms. Masson's comments in the November 2019 meeting that additional changes were (1)

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	<p>Requiring two signatures to request payments (2) And revised fee proposal previously approved by the Retirement. Motion was approved Ms. Judy Boyette with Hanson Bridgett LLP presented an updated legal services budget. Motion was approved</p> <p>Ms. Williams in response to questions previously asked from PRO Advisory Members, Ms. Williams handed out a report that confirmed no funds had been withdrawn from Trust 1 to fund Trust 2, and that the funding of Trust 2 came from the District’s General Fund. Williams provided a report that detailed funds relating to healthcare benefits often referred to as (OPEB) payments and withdrawals from Fund 1, Fund 69 and Fund 94. The journal entries were expenditures posted for public records. Ms. Williams answered Advisory Member Herman request for information regarding the number of pre-July 1 2004 employees actively employed by the District. That number was and is currently 233.</p>	
<p>District Personnel</p>	<p>Ms. Williams reminded the Board, that the Vice Chancellor for Finance and Administration and Retirement Board member position was still vacant along with other vacancies in Finance that could slow down response-time for information requests. The appointment of a new Vice Chancellor for Finance and Administration was still pending with ongoing interviews. The Retirement Board also has vacancies for Local 39 and Local 1021 that have been vacant for several months.</p>	
<p>Report on Private Equity Investment Increase</p>	<p>Ms. Cheryl Cannistra, Neuberger Berman reviewed the turns of the Private Equity changes per the new contract agreement with Neuberger Berman. The new agreement authorizes Neuberger Berman to increase PE investments to satisfy the 6 % investment policy targeted amount. Ms. Cannistra explained that AML guidelines required personal information from all authorized signers on the list for Federal Money Laundering guidelines. Ms. Cannistra further explained that this information would be collected as well as signed Subscription Documents authorizing Neuberger Berman to make Private Equity Investments on behalf of the Retirement Board for Trust I.</p>	

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	<p>explained that the intent of the new procedures for requests by the District for a transfer from the Trust are intended to provide the Retirement Board with notice of the request, for example to pay for retiree health care costs.</p>	
<p>Requested Approval of Amendment to Legal Counsel Services Agreement</p>	<p>The Board reviewed the proposed amendment to its contract with Hanson Bridgett to provide legal services for the 2019/2020 fiscal year, with rate increases. The Retirement Board reviewed and discussed the proposed Legal Services Budget. Ms. Boyette was asked to modify the proposed Legal Services Budget to include support for revision of the Retirement Board Bylaws. Ms. Boyette asked the Advisory Board members to review the Legal Services Budget as well and provide any comment. Motion had been previously approved for the contract amendment in the October 3rd Retirement Board Meeting</p>	
<p>X. Neuberger Berman Investment Performance Review</p>	<p>Mr. Sultan Khan Mr. Khan provided a brief update on Trust I’s performance Mr. Khan explained the portfolio changes on page 20 of Neuberger Berman’s presentation reflect the latest views of the firm’s Asset Allocation committee regarding lowering emerging market debt, emerging market equities, and developed international equities to neutral. This includes a new investment in Goldman Sachs Absolute Return Tracker Fund, which has a 4-star Morningstar rating, and replicates hedge fund factors at a relatively inexpensive fee structure.</p> <p>Discussed the updated implementation and outlook: Our portfolio positioning reflects our updated AAC 4Q outlook in which we favor US over other regions Part of our “two-tiered global growth” view In terms of implementation, here are some brief comments by sub-asset classes</p> <ul style="list-style-type: none"> Cash (Added) – reflects our cautious stance Fixed Income, TIPS (Added) – given how low break evens were end of September, around 150 bps Fixed Income, EMD (Reduce) – our AAC outlook downgraded our views on EM assets (went from overweight to neutral) Equities, US Large Cap (Added) – our AAC outlook upgraded our views on US LC equities (went from underweight to neutral) Equities, US Small Cap – our AAC outlook continues to overweight US SC equities given higher exposure to U.S. economy (left at overweight) 	

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	<p>Equities, Developed Non-US equities (Reduced) – our AAC outlook downgraded our views on the region given global growth concerns (went from neutral to underweight)</p> <p>Equities, Emerging Market equities (Reduced) – our AAC outlook downgraded our views on the region given global growth concerns, valuations (went from overweight to neutral)</p> <p>Equities, REITs (Reduced) – our AAC outlook downgraded our views on the sub-asset class given the sizable price appreciation in the REITs space and bottoming of interest rates</p> <p>We also added a new fund, the Goldman Sachs Absolute Return Fund (GJRTX) under the “Hedge Funds” category (Real & Alternatives> Hedge Funds)</p> <p style="padding-left: 40px;">The fund is a HF replication strategy Not a Fund of Funds structure but rather follows a quantitative process to replicate HF exposure 4 star Morningstar Fund, top quartile performance over 3 and 5 year basis Relatively cheap in terms of expense ratio at 73 bps</p>	
<p>XI. Meketa Investment Performance Review</p>	<p>Mr. Filla joined telephonically and reviewed page 3 of the Meketa presentation, reflecting total fund performance for Trust 2 as of December 31, 2019. Mr. Filla explained that the fund is defensively positioned via a slight underweight toward growth assets, and includes an inflation hedge in the form of an exposure to a gold mining equities and commodities fund. During the past quarter fund returned 4.3% and underperformed the policy benchmark by 80 basis points primarily due to the defensive positioning. Over the past year the fund has returned 10.2% and underperformed the policy benchmark by 100 basis points.</p>	
<p>Schedule Future Board Meetings</p>	<p>The next regular meeting of the Retirement Board was canceled due to upcoming Retirement Board workshop scheduled for April 1 and 2nd 2020 at an offsite location.</p>	

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VII. XIII. Adjournment	The meeting was adjourned at 6:20 p.m.	
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Minutes taken: Christine Williams

Meeting Materials are posted on the Retirement Board website: <http://web.peralta.edu/retirement-board/meeting-materials/>.

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