

**Peralta Community College District
Retirement Board Meeting Minutes
June 20, 2013**

Present: Trustee Bill Withrow, Trustee Riley, Vice Chancellor Ron Gerhard, Vice Chancellor Trudy Largent, Ava Lee-Pang, Michael Wirth, Tae-Soon Park, Jerry Herman, and Ed Berman (Neuberger Berman), Joanna Bowes (Keygent LLC)

Absent: Trustee Cy Gulassa, Odell Johnson and Bill Wallace (Neuberger Berman)

Guests:

Agenda Item	Discussion	Follow-up Action
Meeting Called to Order	4:36 P.M.	
III. Approval of Agenda	Motion (Withrow, Largent) to approve the June 20, 2013 agenda. APPROVED	
IV. Approval of Minutes	Motion (Withrow, Largent) to approve the March 14, 2013 meeting minutes as amended. APPROVED	
V. Correspondence VC Gerhard	None	
VI. Election of Chair and Co-Chair	Motion (Riley, Largent) to nominate Ron Gerhard to be the Chair. APPROVED Motion (Riley Largent) to nominate Trustee Withrow to be the Vice Chair. APPROVED	
VII. Expansion of Membership	A resolution was adopted at the March 15, 2011 Board of Trustees meeting. A revised resolution is presented here in light of the Board's request to appoint an alternate. The alternate Board member will be at the Retirement Board meetings as an observer and be able to vote as a quorum. Recommended changes: <ol style="list-style-type: none"> 1. Page 2: Under the first WHEREAS, include the 2012 actuarial study. 2. Page 2: Under the second WHEREAS, replace "Deutsche Bank" and "Union Bank" with "Neuberger Berman Trust Company NA" as the 	

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	<p>fiduciary trustee and custodian.</p> <p>3. Page 2: Under the fourth WHEREAS, replace “Neuberger Berman LLC of New York” with “Neuberger Berman Trust Company NA” and delete “an asset management firm”.</p> <p>4. Page 2: Update projected cash flows.</p> <p>5. Page 3: Under section 2, replace “alternative” with “alternate”.</p>	
<p>VIII. Investment Portfolio Review</p> <p>Ed Berman Neuberger Berman</p>	<p>Highlights:</p> <p>Page 1: Executive Summary as of May 31, 2013. Year-to-date (YTD) return of 7.01 vs. investment policy benchmark of 5.68. These are strong performance numbers.</p> <p>Page 2: Asset allocation by investment manager as of May 31, 2013. Total Fixed Income of 32.7% and Total Equity of 67.2%.</p> <p>Page 3: Asset summary by asset class. Total Fixed Income YTD is down by 25 basis points. The benchmark is down by 91 basis points. Total Equity YTD is 10.96 vs. benchmark of 9.54.</p> <p>Page 5: Added a manager in the emerging market equity space.</p> <p>Page 6: Since inception in April 16, 2012, the market value went from \$171.4 million to \$194.3 million.</p> <p>Page 7: Funded status analysis. The market value of \$176.9 million (as of Oct. 31, 2012) is higher than the unfunded actuarial accrued liability of \$174.7 million (from the actuarial study conducted by Total Compensation Systems). The objective of the asset and liabilities study is listed in the second through fourth bullets.</p> <p>Page 9: The chart is from Total Compensation Systems. We should focus on the 50% Outcome column for the most likely and more reasonable figures.</p>	

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	<p>Page 10: 6.76 % is the actuarial target rate. Under the current Investment Policy Statement (IPS), the gray band is 80-89% funded, the orange band is 90-99% funded, and the blue band is above 100% funded status. The median outcome (orange) band is a reasonable view of the future.</p> <p>There are two options:</p> <ul style="list-style-type: none"> • Option 1: Current strategic asset allocation as displayed on page 8. Long-term annualized return estimate of 6.76% with annualized standard deviation (risk) of 10.34%. • Option 2: Proposed asset allocation using alternatives. Long-term annualized return estimate of 6.89% (higher returns) and long-term annualized standard deviation of 9.91% (lower risks). <p>Revised IPS</p> <p>Page 2: Replace “investment” with “investments”.</p> <p>Page 5: Removed macro hedge funds as an allowable asset class because it is more volatile (risky).</p> <p>Page 6: New grid. Changes to include two additional asset classes: Hedge Funds and Private Equity.</p> <p>Page 12: Updated the IPS to reflect current indexes used.</p> <p>Page 13: Deleted one of the accepted lines.</p> <p>Motion (Withdraw, Riley) to approve the revised Investment Policy Statement. APPROVED</p>	
IX. Information Reports	none	
VC Gerhard		
Adjournment:	5:54 PM	
Next meeting:	September 12, 2013 from 4:00 to 6:00 PM	

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Minutes taken: Sui Song

Attachments: All handouts for this meeting can be found at

<http://web.peralta.edu/trustees/board-committees/retirement-board/>