

**RETIREMENT BOARD MEETING  
OF THE SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MONDAY, DECEMBER 11, 2017**

**MINUTES**

The Retirement Board of the Shasta-Tehama-Trinity Joint Community College District held their annual meeting on Monday, December 11, 2017, in the Board Room of the Shasta College Administration Building located at 11555 Old Oregon Trail, Redding, California.

**1. CALL TO ORDER**

The meeting was called to order by Dr. Joe Wyse, Board Chairperson, at 11:01 a.m.

**2. ROLL CALL**

Roll call indicated the following:

<b>Board Member</b>	<b>Member Designation</b>	<b>Present</b>	<b>Absent</b>
Dr. Joe Wyse, Superintendent/President	Board Chairperson	X	
Mr. Morris Rodrigue, Assistant Superintendent/ Vice President of Administrative Services	JPA Designated Member	X	
Ms. Jill Ault, Comptroller	JPA Alternate Member	X	
Ms. Rhonda Nehr, Area D Trustee	Board of Trustees Representative	X	
Mrs. Rayola Pratt, Area E Trustee	Board of Trustees Representative	X	

**3. CALL FOR REQUESTS FROM THE AUDIENCE TO SPEAK TO ANY ITEM ON THE AGENDA**

Dr. Wyse asked if there were any requests from the audience to speak to any item on the agenda. There were no requests.

**4. APPROVAL OF MINUTES**

**4.1 Minutes of the Retirement Board's Regular Meeting held December 14, 2016**

Dr. Wyse said that the Board must meet at least once a year, but it can meet more often if necessary.

Mrs. Pratt asked why would additional meetings be necessary?

Dr. Wyse said that if we were going to change investment strategies then we would call additional meetings.

It was moved by Mr. Rodrigue and seconded by Mrs. Pratt TO APPROVE THE MINUTES OF THE RETIREMENT BOARD'S REGULAR MEETING HELD DECEMBER 14, 2016. The matter passed 5-0.

**5. REPORTS**

**5.1 Review of District's Investment Portfolio**

Dr. Wyse said we have a review of the portfolio. We are in the JPA with approximately 20 members where some have not yet invested any money. Ms. Ault will speak to the hand-outs attached hereinto as **Exhibit A**.

Ms. Ault said that the first part is the analysis for all of the combined funds of the colleges. The second part is specific for just Shasta College's investments.

The JPA is through the CCLC, so any member can be part of the JPA. So all members probably have the intent to invest, but they may not have the funds to invest right now.

This year, all of the funds have performed really well. We have gone up by about \$1 million.

The total assets for all members is at \$148 million and last year it was at \$162 million. The investment earnings have gone up but the total assets have gone down because members are pulling funds out to use.

When members are ready to start pulling funds then they transfer the funds into the Liquidity Fund.

Ms. Nehr asked if the strategy is try to sell high and buy low?

Mr. Rodrigue said that we look more at a long-term vision. The portfolio managers make decisions about the investments, we monitor what our needs are and when we will need to use the funds. We will get to a certain amount when we can quit putting money in and just keep collecting interest on what we have.

Our pay as you go cost has been going up, but we should see a peak where it goes down. Our liability was above \$40 million and now it is projected below \$40 million. So, there is a point where our liability will intersect with the investment amount. We need to monitor this so that we don't put too much into this fund because we are not allowed to use these funds for other expenses.

Mrs. Pratt asked how quickly can we respond, how quickly can we liquidate our investments?

Mr. Rodrigue said that it takes a little more time to take assets out of Balanced Fund, so we would need to put them in the Liquidity Fund.

Ms. Ault said that it would take about a quarter to do so. So looking at the hand-outs, if we look at page 2 (page 6 of 46), there are about 96% of the assets in the Balanced Funds, and we see there are some more funds going into the Liquidity Fund compared to the previous year.

Dr. Wyse said that in a few years, maybe in 4-5 years, we may want to seriously think about drawing out some of our assets, so then we will move some funds into the Liquidity Funds.

Ms. Ault said that the one year return was 9.3% -- this is a lot better return than we would get if we put the funds with the County which has a return of less than 1% or with the banks (less than 0.5%).

The County has a lot of money for different entities, much of it is liquid, and they don't have a lot of long term options. Their goal is to keep the money safe not make returns.

If we look at page 4 (page 10 of 46), it shows the current allocation of the investments and then it shows where we are headed to in our investments.

Looking at page 5 (page 12 of 46), it provides a detailed look at the rate of return by invest-

ment type – with the overall yearly rate of return being 9.3%.

On page 6, it shows the specific Shasta College portfolio. We can see our contribution of \$368,900 and that our assets grew by 1.1 million. The stock market has been growing.

Dr. Wyse said that if there is a down year in the stock market then there is the risk to lose some of the investment.

Ms. Ault said that about \$28 million has been pulled out of the JPA. This amount reflects the withdrawals that other members have made.

Dr. Wyse said that schools will need to pull out the funds at different times – their liability is based on when they negotiated away the life time health benefits, the number of employees/retirees, etc

Ms. Ault said that the last Actuarial Report was more positive then we projected.

Mr. Rodrigue said that in about 12 years we should be getting to the intersection point. We asked for a broader period in the Actuarial report. We need to decide what the best option is for us to do with our investments -- the STRS/PERS costs are a big cash demand that we will need to plan for as well. We will never be able to put enough money away to match the escalation of STRS/PERS costs, but we are looking at putting enough away to help soften the highs and lows of state funding.

Mr. Rodrigue said that we know for sure that the STRS/PERS costs are going to keep increasing, but we never know when the next downturn will be.

Dr. Wyse said that it was projected that STRS/PERS would run out of money in 20-30 years, now with the adjustments, they are in a better place.

Dr. Wyse said that it is nice to see our funds hit \$15 million.

Ms. Ault said that the last page is the last quarter.

Dr. Wyse said that you can see that it went up by almost \$800,000 in a quarter. For the next meeting, we should take a look at how much we have invested in the fund compared to how much interest we have earned.

## 6. **DISCUSSION/ACTION AGENDA**

### 6.1 **Recommendation to Maintain Current Format of Investments**

Dr. Wyse said this is when we decide if we are going to change the investment strategy, we are currently in the Balanced Fund which is 50% Fixed Income and 50% Equity. We recommend that we maintain the current format

It was moved by Ms. Nehr and seconded by Ms. Ault TO RECOMMEND TO THE DISTRICT'S BOARD AND THE DESIGNATED MEMBER TO MAINTAIN THE CURRENT FORMAT OF INVESTMENTS. The matter passed 5-0.

## 7. **COMMENTS FROM THE AUDIENCE**

Dr. Wyse asked if there were any comments from the audience. There were no comments.

8. **DATE OF NEXT REGULAR MEETING OF THE RETIREMENT INVESTMENT BOARD**

Dr. Wyse said the date of the next regular meeting of the Retirement Board is December 12, 2018.

9. **ADJOURN**

It was moved by Mrs. Pratt and seconded by Mr. Rodrigue TO ADJOURN THE MEETING. The vote was 5-0 in favor of adjournment.

Dr. Joe Wyse adjourned the meeting at 11:30 a.m.

Respectfully submitted,

*Andree Blanchier*

Andree Blanchier  
Recorder

## Third Quarter Performance

### Aggregate Assets

- The Total Fund's aggregate assets ended the quarter valued at \$148.0 million on September 30, 2017, up from \$144.0 million at the end of the previous quarter. Net inflows totaled \$0.9 million during the quarter.

### Balanced Fund

- The Balanced Fund was valued at \$142.2 million on September 30, 2017, up from \$136.8 million at the end of the previous quarter. Net inflows were \$0.9 million during the quarter. The Fund returned 3.1% for the quarter compared with 3.0% for the Balanced Fund Policy Benchmark.

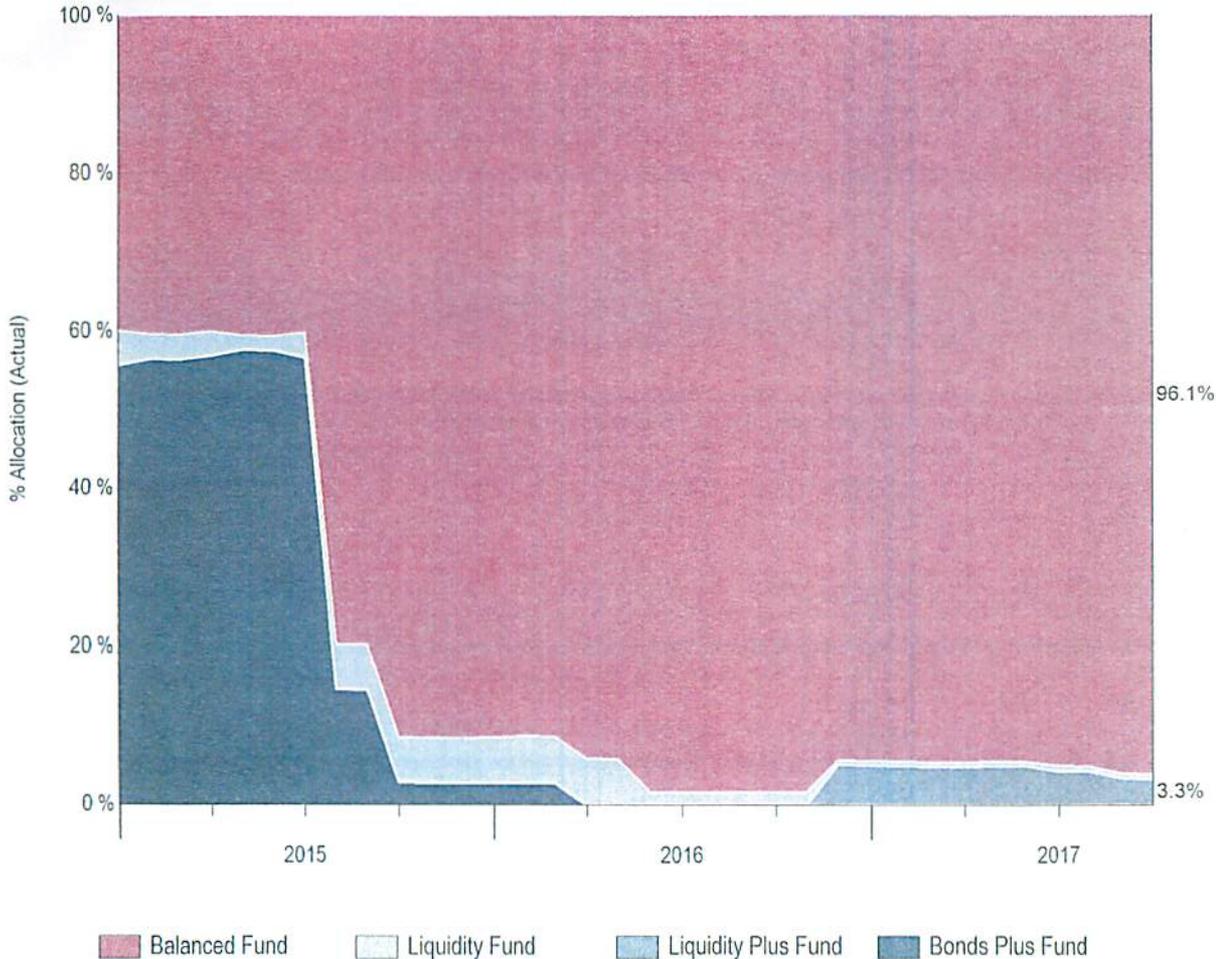
### Liquidity Fund

- The Liquidity Fund was valued at \$1.0 million on September 30, 2017, which was in-line with the end of the June quarter. The Fund returned 0.3% for the quarter and slightly underperformed the 0.4% return of the Liquidity Fund Policy Benchmark.

### Liquidity Plus Fund

- The Liquidity Plus Fund returned 0.3% marginally underperforming the 0.4% return of the Liquidity Plus Fund Policy Benchmark. The Fund was valued at \$4.8 million on September 30, 2017.

**Asset Allocation History**  
2 Years 9 Months Ending September 30, 2017



**Allocation vs. Targets and Policy**

	Current Balance	Current Allocation
Balanced Fund	\$142,209,746	96%
Liquidity Fund	\$1,013,825	1%
Liquidity Plus Fund	\$4,824,719	3%
<b>Total</b>	<b>\$148,048,290</b>	<b>100%</b>

**Total Fund**

As of September 30, 2017

**Trailing Period Returns**

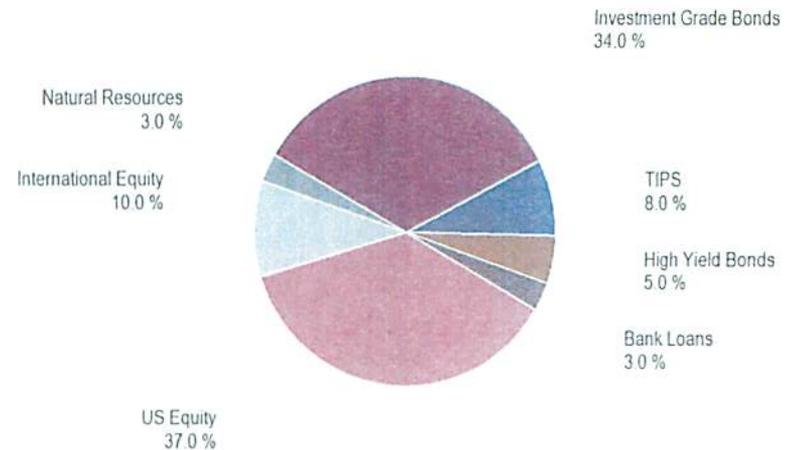
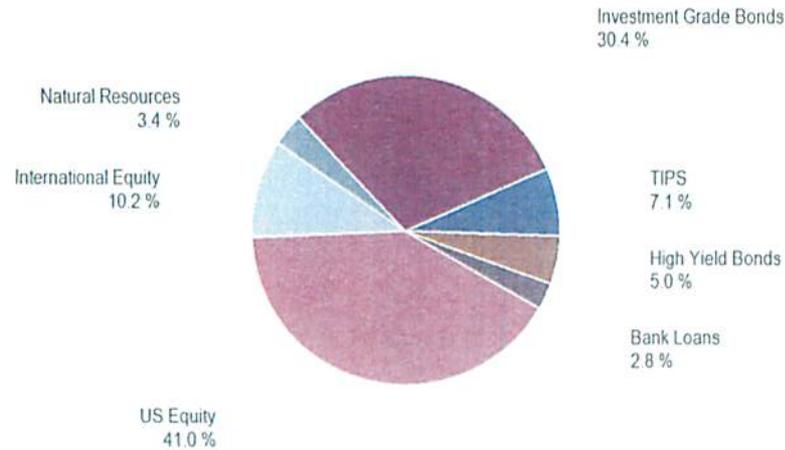
	Market Value (\$)	% of Portfolio	3 Mo Net Cash Flows (\$)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Fund</b>	148,048,290	100.0	920,003							
<b>Balanced Fund</b>	142,209,746	96.1	921,485	3.1	9.3	4.9	6.1	4.4	4.3	Jul-07
<i>Balanced Fund Policy Benchmark</i>				3.0	9.5	--	--	--	--	Jul-07
<i>CPI - Medical Care</i>				0.4	1.6	3.0	2.7	3.0	3.1	Jul-07
<b>Liquidity Fund</b>	1,013,825	0.7	-1,482	0.3	-0.2	0.6	0.7	2.4	2.4	Jul-07
<i>Liquidity Fund Policy Benchmark</i>				0.4	0.5	--	--	--	--	Jul-07
<i>CPI - Medical Care</i>				0.4	1.6	3.0	2.7	3.0	3.1	Jul-07
<b>Liquidity Plus Fund</b>	4,824,719	3.3		0.3	--	--	--	--	1.3	Dec-16
<i>Liquidity Plus Fund Policy Benchmark</i>				0.4	--	--	--	--	1.3	Dec-16
<i>CPI - Medical Care</i>				0.4	1.6	3.0	2.7	3.0	1.5	Dec-16



As of September 30, 2017

Current Allocation

Target Allocation



Asset Allocation on September 30, 2017

	Actual	Actual	Target
US Equity	\$58,276,564	41.0%	37.0%
International Equity	\$14,550,494	10.2%	10.0%
Natural Resources	\$4,904,316	3.4%	3.0%
Cash & Short-Term Bonds	\$66	0.0%	0.0%
Investment Grade Bonds	\$43,284,161	30.4%	34.0%
TIPS	\$10,028,215	7.1%	8.0%
High Yield Bonds	\$7,131,871	5.0%	5.0%
Bank Loans	\$4,034,059	2.8%	3.0%
<b>Total</b>	<b>\$142,209,746</b>	<b>100.0%</b>	<b>100.0%</b>

## Balanced Fund

As of September 30, 2017

## Trailing Net Performance

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Balanced Fund</b>	<b>142,209,746</b>	<b>100.0</b>	<b>--</b>	<b>3.1</b>	<b>9.3</b>	<b>4.9</b>	<b>6.1</b>	<b>4.4</b>	<b>4.3</b>	<b>Jul-07</b>
<i>Balanced Fund Policy Benchmark</i>				3.0	9.5	--	--	--	--	Jul-07
<i>CPI - Medical Care</i>				0.4	1.6	3.0	2.7	3.0	3.1	Jul-07
<b>Equity</b>	<b>77,731,374</b>	<b>54.7</b>	<b>54.7</b>							
<b>Domestic Equity</b>	<b>58,276,564</b>	<b>41.0</b>	<b>75.0</b>							
Vanguard 500 Index	42,333,654	29.8	72.6	4.5	18.6	--	--	--	12.9	Nov-15
<i>S&amp;P 500</i>				4.5	18.6	10.8	14.2	7.4	12.9	Nov-15
Artisan Small Cap Growth	8,498,481	6.0	14.6	3.8	13.8	--	--	--	12.9	Nov-15
<i>Russell 2000 Growth</i>				6.2	21.0	12.2	14.3	8.5	13.9	Nov-15
Diamond Hill Small Cap	7,444,428	5.2	12.8	4.9	15.3	6.7	12.2	7.4	10.7	Jan-01
<i>Russell 2000 Value</i>				5.1	20.5	12.1	13.3	7.1	9.4	Jan-01
<b>International Equity</b>	<b>14,550,494</b>	<b>10.2</b>	<b>18.7</b>							
Causeway International Value Equity	14,550,494	10.2	100.0	6.9	21.5	--	--	--	8.9	Nov-15
<i>MSCI EAFE</i>				5.4	19.1	5.0	8.4	1.3	8.9	Nov-15
<b>Natural Resources</b>	<b>4,904,316</b>	<b>3.4</b>	<b>6.3</b>							
Vanguard Precious Metals & Mining	1,782,371	1.3	36.3	2.2	-7.2	--	--	--	23.3	Nov-15
<i>S&amp;P Global Custom Metals and Mining Index</i>				11.5	11.3	2.3	-6.4	-3.3	29.5	Nov-15
Vanguard Materials Index	1,723,046	1.2	35.1	6.2	22.4	--	--	--	17.2	Nov-15
<i>MSCI US IMI Materials 25-50 NR USD</i>				5.9	21.7	7.3	11.1	5.9	16.5	Nov-15
Vanguard Energy	1,398,899	1.0	28.5	7.7	2.3	--	--	--	8.0	Nov-15
<i>MSCI ACWI Energy</i>				9.4	7.4	-5.7	-0.8	-1.1	7.2	Nov-15

As of September 30, 2017

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Investment Grade Bonds</b>	<b>43,284,161</b>	<b>30.4</b>	<b>30.4</b>							
Western Asset U.S. Core <i>BBgBarc US Aggregate TR</i>	22,055,274	15.5	51.0	1.3 0.8	1.6 0.1	3.9 2.7	3.2 2.1	5.2 4.3	6.0 5.2	May-00 May-00
Vanguard Total Bond Market Index <i>BBgBarc US Aggregate TR</i>	21,228,888	14.9	49.0	0.7 0.8	-0.1 0.1	-- 2.7	-- 2.1	-- 4.3	2.7 2.7	Nov-15 Nov-15
<b>TIPS</b>	<b>10,028,215</b>	<b>7.1</b>	<b>7.1</b>							
Vanguard Inflation-Protected Securities <i>BBgBarc US TIPS TR</i>	10,028,215	7.1	100.0	0.8 0.9	-1.0 -0.7	-- 1.6	-- 0.0	-- 3.9	2.7 2.9	Nov-15 Nov-15
<b>High Yield Bonds</b>	<b>7,131,871</b>	<b>5.0</b>	<b>5.0</b>							
Westcore Flexible Income <i>BBgBarc US High Yield Ba (BB) TR</i>	7,131,871	5.0	100.0	1.5 2.0	6.7 7.4	6.1 6.4	5.6 6.3	5.1 8.3	6.7 8.1	May-95 May-95
<b>Bank Loans</b>	<b>4,034,059</b>	<b>2.8</b>	<b>2.8</b>							
Symphony Bank Loans <i>Credit Suisse Leveraged Loans</i>	4,034,059	2.8	100.0	0.8 1.1	5.2 5.4	-- 4.0	-- 4.4	-- 4.4	5.1 5.7	Nov-15 Nov-15

# Shasta-Tehama-Trinity Community College District

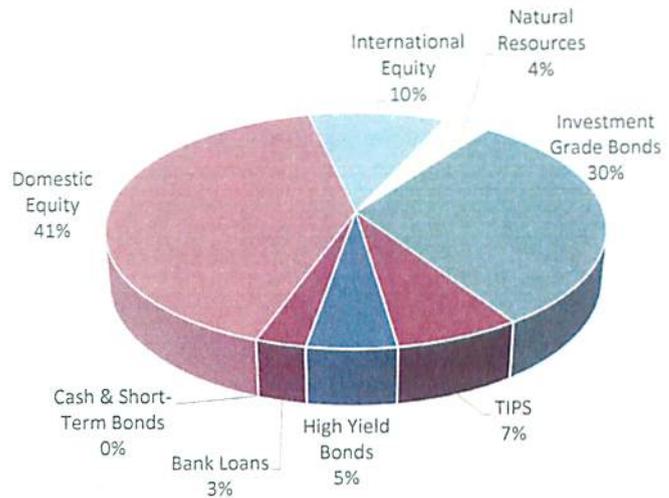
## Balanced (50% Fixed Income, 50% Equity)

9/30/2017

### Change in Portfolio - 1st Quarter of Fiscal Year 2018

Portfolio Value on 6/30/2017	14,281,308
Contributions	368,900
Withdrawals	0
Change in Market Value	373,770
Income Received	71,839
Portfolio Fees	(6,579)
<b>Portfolio Value on 9/30/2017</b>	<b>15,089,238</b>

### Asset Allocation



### Trailing Period Performance

	1Q18 (%)	Fiscal YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Shasta-Tehama-Trinity CC District	3.1	3.1	9.3	4.8	6.1	4.8	10/1/2006	4.9
Policy Benchmark <sup>1</sup>	3.0	3.0	9.5	NA	NA	NA		NA
CPI Medical Care (Inflation)	0.4	0.4	1.6	3.0	2.7	3.0		3.2

### Fiscal Year Performance

	Fiscal Year 2017 (%)	Fiscal Year 2016 (%)	Fiscal Year 2015 (%)	Fiscal Year 2014 (%)	Fiscal Year 2013 (%)	Fiscal Year 2012 (%)	Fiscal Year 2011 (%)	Fiscal Year 2010 (%)	Fiscal Year 2009 (%)	Fiscal Year 2008 (%)
Shasta-Tehama-Trinity CC District	9.3	-2.2	2.0	12.8	8.9	4.7	18.0	16.5	-16.4	-2.4
CPI Medical Care (Inflation)	2.7	3.5	2.5	2.6	2.1	4.0	2.9	3.5	3.2	4.0

<sup>1</sup> Policy Benchmark consists of 37% Russell 3000, 10% MSCI EAFE, 1% S&P Global Custom Metal and Mining, 1% Spliced U.S. IMI Materials 25/50, 1% MSCI ACWI Energy, 34% Bloomberg Barclays Aggregate, 8% Bloomberg Barclays U.S. TIPS, 5% Bloomberg Barclays "BB" High Yield, and 3% CSFB Leveraged Loan



# Shasta-Tehama-Trinity Community College District

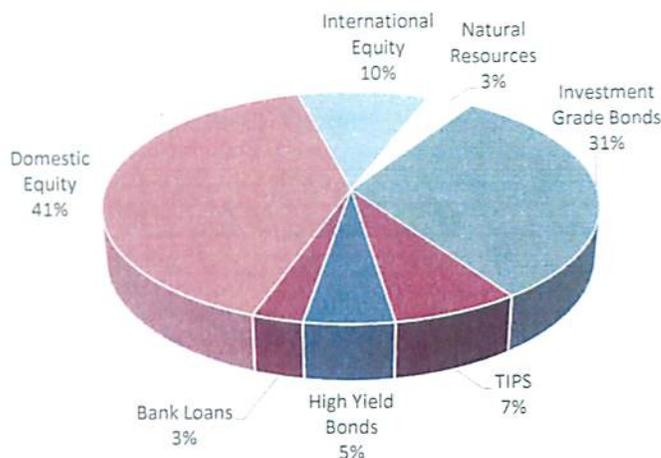
## Balanced (50% Fixed Income, 50% Equity)

6/30/2017

### Change in Portfolio - 4th Quarter of Fiscal Year 2017

### Asset Allocation

Portfolio Value on 3/31/2017	13,948,310
Contributions	0
Withdrawals	0
Change in Market Value	277,992
Income Received	60,586
Portfolio Fees	(5,580)
<b>Portfolio Value on 6/30/2017</b>	<b>14,281,308</b>



### Trailing Period Performance

	Fiscal						Inception Date	Since Inception (%)
	4Q17 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)		
Shasta-Tehama-Trinity CC District	2.4	9.3	9.3	2.9	6.0	4.6	10/1/2006	4.9
Policy Benchmark <sup>1</sup>	2.3	9.5	9.5	NA	NA	NA		NA
CPI Medical Care (Inflation)	0.0	2.7	2.7	2.9	2.7	3.1		3.2

### Fiscal Year Performance

	Fiscal Year 2017 (%)	Fiscal Year 2016 (%)	Fiscal Year 2015 (%)	Fiscal Year 2014 (%)	Fiscal Year 2013 (%)	Fiscal Year 2012 (%)	Fiscal Year 2011 (%)	Fiscal Year 2010 (%)	Fiscal Year 2009 (%)	Fiscal Year 2008 (%)
Shasta-Tehama-Trinity CC District	9.3	-2.2	2.0	12.8	8.9	4.7	18.0	16.5	-16.4	-2.4
CPI Medical Care (Inflation)	2.7	3.5	2.5	2.6	2.1	4.0	2.9	3.5	3.2	4.0

<sup>1</sup> Policy Benchmark consists of 37% Russell 3000, 10% MSCI EAFE, 1% S&P Global Custom Metal and Mining, 1% Spliced U.S. IMI Materials 25/50, 1% MSCI ACWI Energy, 34% Bloomberg Barclays Aggregate, 8% Bloomberg Barclays U.S. TIPS, 5% Bloomberg Barclays "BB" High Yield, and 3% CSFB Leveraged Loan

