



MiraCosta Community College District

MiraCosta Community College District Irrevocable Trust Board Meeting 11 a.m. - Tuesday, August 14, 2018 Conference Room 1023 – Oceanside Campus 1 Barnard Drive – Oceanside




Agenda

- I. Call to Order
- II. Public Comment On and Not on the Agenda

ITEMS ON THE AGENDA: Members of the audience may address the Committee on any item listed on the agenda when that agenda item comes up for discussion and/or action. Comments will be limited to three (3) minutes per agenda item and a total of fifteen (15) minutes of public comment on an item, unless waived by the committee.

ITEMS NOT ON THE AGENDA: Members of the audience may address the Committee on any topic not on the agenda so long as the topic is within the jurisdiction of the committee. Under the Brown Act, the committee is not permitted to engage in public discussion or take any action on an agenda item not on the agenda, except that members of the board may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Government Code §54954.3. In addition, on their own initiative, or in response to questions posed by the public, a member of the committee may ask a question for clarification. A member of the committee or the committee itself may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda. Comments from visitors shall not exceed three (3) minutes unless the committee waives the time limit. The board may also limit the total amount of time for speakers on a particular topic to fifteen (15) minutes.

- III. Changes in Agenda Order
- IV. Approve Investment Strategy for the MiraCosta Community College District Irrevocable Trust
- V. Adjournment

Subject: Approve Investment Strategy for the MiraCosta Community College District Irrevocable Trust	Attachment: FY2017/18 OPEB Retiree Health Benefit Trust Fund Portfolio
Category: Action Items	Type of Board Consideration: Information Consent  Action
Recommended:  <hr/> Charlie Ng, Vice President Business and Administrative Services	Approved for Consideration:  <hr/> Sunita V. Cooke, Ph.D. Superintendent/President

BACKGROUND

Each year, the MiraCosta Community College District (MCCCD) Irrevocable Trust Investment Board meets to review and discuss the portfolio and fund performance for the past fiscal year. The board then reports their recommendation to the MiraCosta Community College District Board of Trustees.

STATUS

The investment board report is ready for review to discuss the investment strategy of the portfolio and fund.

RECOMMENDATION

Approve investment strategy for the MiraCosta Community College District Irrevocable Trust, as stated above.

FY 2017-18 OPEB Retiree Health Benefit Trust Fund Balanced Fund Portfolio 50% Equity-50% Fixed Income

\$ Million



■ Balanced Fund Portfolio
— Funded Liability

	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018
Balanced Fund Portfolio	\$21,837,794	\$22,508,502	\$23,274,196	\$23,045,479	\$25,267,059
Funded Liability	87.5%	90.2%	93.3%	92.3%	101.2%

OPEB - Other Post-Employment Benefits

Mira Costa Community College District

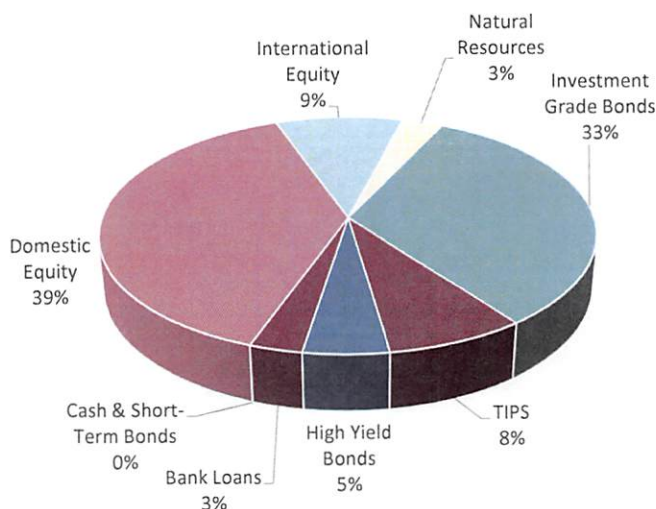
Balanced (50% Fixed Income, 50% Equity)

6/30/2018

Change in Portfolio - Fiscal Year 2018

Portfolio Value on 6/30/2017	21,837,794
Contributions	1,900,000
Withdrawals	0
Change in Market Value	1,046,744
Income Received	520,101
Portfolio Fees	(37,580)
Portfolio Value on 6/30/2018	25,267,059

Asset Allocation



Trailing Period Performance

	Fiscal 2018 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Inception Date	Since Inception (%)
Mira Costa Community College District	7.0	7.0	5.0	5.9	NA	7/1/2009	6.2
Policy Benchmark ¹	6.8	6.8	NA	NA	NA		NA
CPI Medical Care (Inflation)	2.5	2.5	2.9	2.8	2.9		2.9

Fiscal Year Performance

	Fiscal Year 2018 (%)	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 (%)
Mira Costa Community College District	7.0	9.2	-0.9	2.6	11.9	8.0	4.9	17.0	17.1	NA
CPI Medical Care (Inflation)	2.5	2.7	3.5	2.5	2.6	2.1	4.0	2.9	3.5	3.2

¹ 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

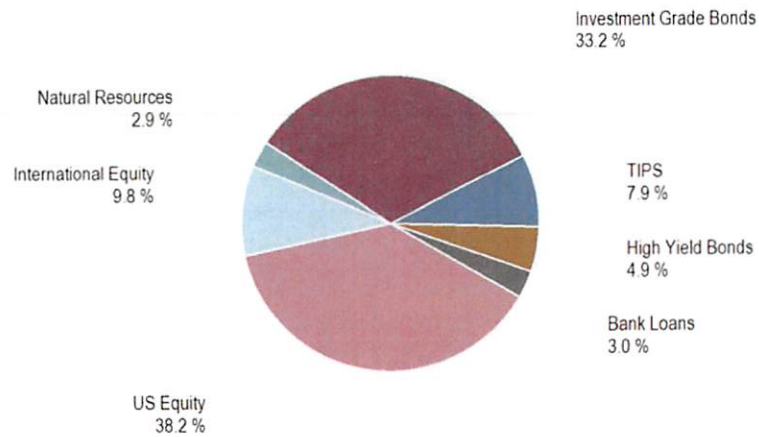


Impact on Investment Options

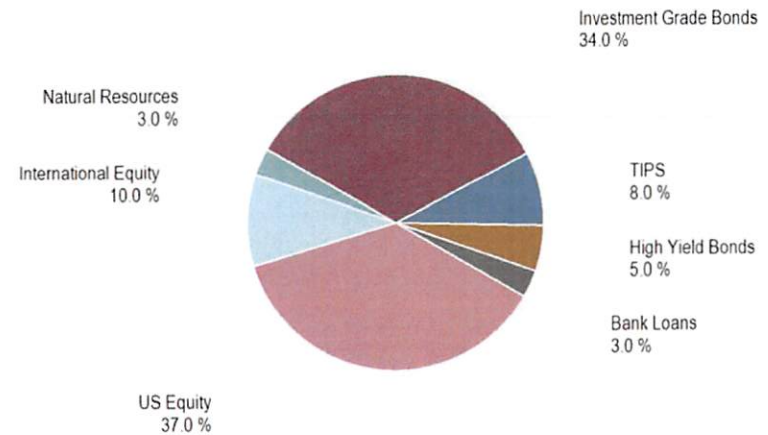
Asset Class	Liquidity (%)	Liquidity Plus (%)	Core Bonds (%)	Enhanced Bonds (%)	Bonds Plus (%)	Balanced (%)	Equity Plus (%)	Predominantly Equity
Total Equity	0	0	0	25	40	50	60	75
U.S. Equity	0	0	0	20	32	37	41	53
Large Cap Equity	0	0	0	12	19	22	25	32
Mid Cap Equity	0	0	0	5	9	11	12	16
Small Cap Equity	0	0	0	3	4	4	4	5
Micro Cap Equity	0	0	0	0	0	0	0	0
Developed Foreign Equity	0	0	0	5	8	10	11	12
Emerging Market Equities	0	0	0	0	0	0	5	5
Natural Resources	0	0	0	0	0	3	3	5
Total Fixed Income	100	100	100	75	60	50	40	25
High Yield Bonds	3	3	8	10	5	5	3	2
Bank Loans	2	2	5	5	4	3	2	1
Investment Grade Bonds	10	10	80	50	41	34	26	14
TIPS	5	5	7	10	10	8	9	8
Short-term Gov't Bonds	80	80	0	0	0	0	0	0
<i>Expected Return 2017 / 2018</i>	3.3 / 3.3	3.2 / 3.3	3.9 / 3.9	5.3 / 5.2	5.8 / 5.7	6.3 / 6.1	6.8 / 6.6	7.3 / 7.1
<i>Standard Deviation 2017 / 2018</i>	2.3 / 2.0	2.2 / 1.8	4.1 / 4.1	6.7 / 6.7	8.6 / 8.6	10.3 / 10.2	12.0 / 11.9	14.5 / 14.4

Balanced Fund

Current Allocation



Target Allocation

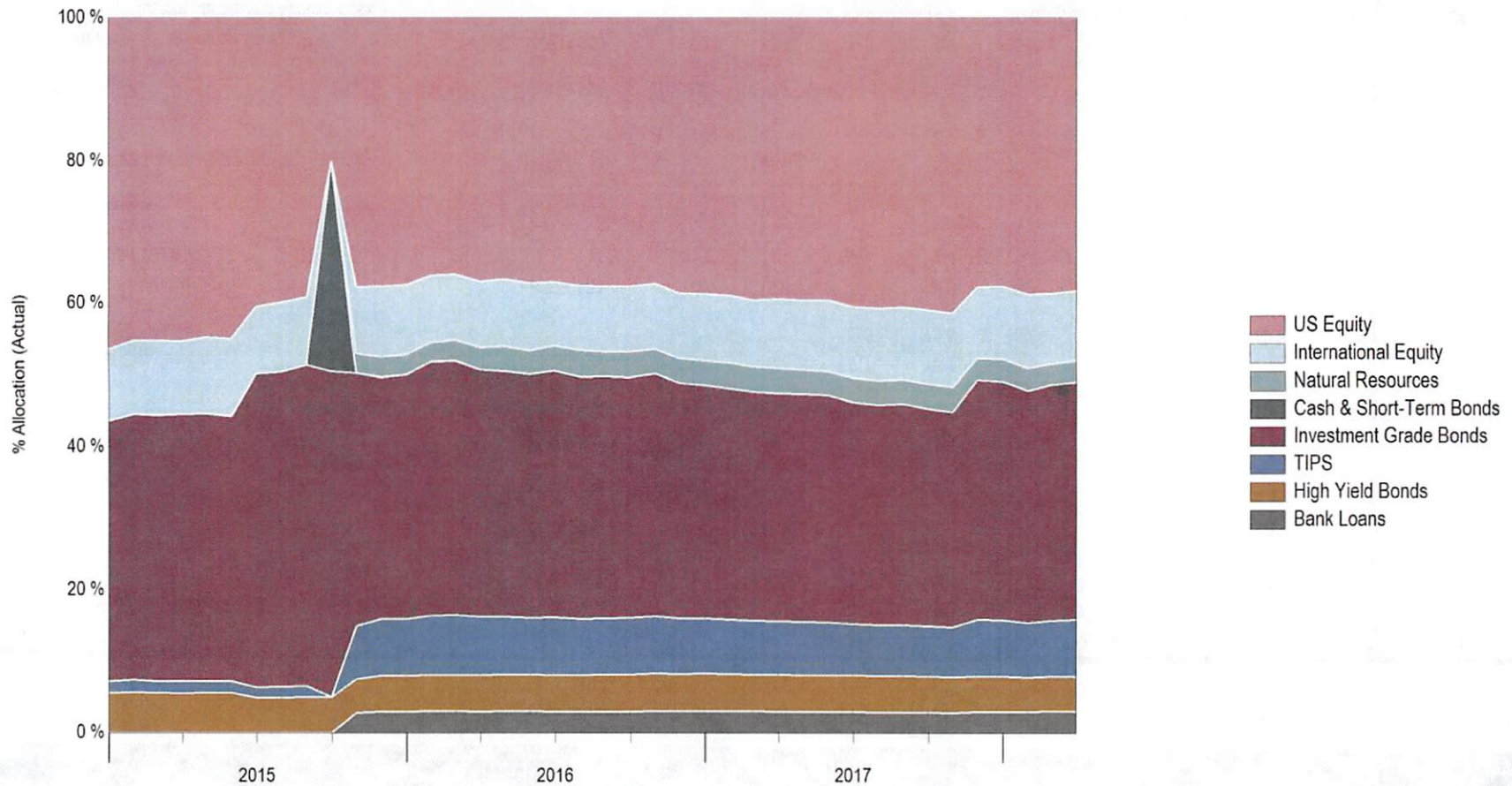


Asset Allocation on March 31, 2018

	Actual	Actual	Target
US Equity	\$56,301,579	38.2%	37.0%
International Equity	\$14,492,048	9.8%	10.0%
Natural Resources	\$4,318,506	2.9%	3.0%
Cash & Short-Term Bonds	\$5,883	0.0%	0.0%
Investment Grade Bonds	\$48,999,006	33.2%	34.0%
TIPS	\$11,649,454	7.9%	8.0%
High Yield Bonds	\$7,203,329	4.9%	5.0%
Bank Loans	\$4,436,671	3.0%	3.0%
Total	\$147,406,477	100.0%	100.0%



Asset Allocation History
3 Years 3 Months Ending March 31, 2018



As of March 31, 2018

Trailing Net Performance

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Balanced Fund	147,406,477	100.0	--	-1.0	5.5	8.0	8.9	3.9	5.4	5.3	4.3	Jul-07
<i>Balanced Fund Policy Benchmark</i>				-1.1	5.2	7.6	8.6	--	--	--	--	Jul-07
<i>CPI - Medical Care</i>				1.3	2.0	2.0	2.7	2.9	2.7	2.9	3.1	Jul-07
Equity	75,112,133	51.0	51.0									
Domestic Equity	56,301,579	38.2	75.0									
Vanguard 500 Index <i>S&P 500</i>	38,044,622	25.8	67.6	-0.8	10.6	14.0	15.5	--	--	--	12.7	Nov-15
				-0.8	10.6	14.0	15.6	10.8	13.3	9.5	12.7	Nov-15
Artisan Small Cap Growth <i>Russell 2000 Growth</i>	9,482,426	6.4	16.8	7.7	18.1	24.8	24.2	--	--	--	16.2	Nov-15
				2.3	13.6	18.6	20.8	8.8	12.9	11.0	14.0	Nov-15
Diamond Hill Small Cap <i>Russell 2000 Value</i>	8,774,531	6.0	15.6	-0.9	8.0	9.1	11.9	5.8	8.8	8.3	10.6	Jan-01
				-2.6	4.4	5.1	16.6	7.9	10.0	8.6	9.1	Jan-01
International Equity	14,492,048	9.8	19.3									
Causeway International Value Equity <i>MSCI EAFE</i>	14,492,048	9.8	100.0	-3.8	8.1	13.5	13.5	--	--	--	7.5	Nov-15
				-1.5	8.2	14.8	13.2	5.6	6.5	2.7	8.1	Nov-15
Natural Resources	4,318,506	2.9	5.7									
Vanguard Precious Metals & Mining <i>S&P Global Custom Metals and Mining Index</i>	1,401,350	1.0	32.4	-9.3	-4.9	-6.7	8.6	--	--	--	14.6	Nov-15
				-5.4	14.4	10.6	22.4	9.6	-2.9	-3.0	24.0	Nov-15
Vanguard Materials Index <i>MSCI US IMI Materials 25-50 NR USD</i>	1,418,399	1.0	32.8	-5.4	7.2	10.1	16.5	--	--	--	13.8	Nov-15
				-5.5	6.7	9.5	16.0	7.6	9.4	6.2	13.2	Nov-15
Vanguard Energy <i>MSCI ACWI Energy</i>	1,498,757	1.0	34.7	-2.4	11.8	5.0	11.6	--	--	--	8.0	Nov-15
				-3.8	12.5	6.9	11.1	1.8	-0.7	-0.6	6.9	Nov-15

As of March 31, 2018

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	Fiscal YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Investment Grade Bonds	48,999,006	33.2	33.2									
Western Asset U.S. Core <i>BBgBarc US Aggregate TR</i>	24,536,902	16.6	50.1	-1.5	0.5	2.3	2.4	2.3	2.9	5.3	5.7	May-00
				-1.5	-0.2	1.2	0.8	1.2	1.8	3.6	4.9	May-00
Vanguard Total Bond Market Index <i>BBgBarc US Aggregate TR</i>	24,462,104	16.6	49.9	-1.5	-0.3	1.1	0.8	--	--	--	1.7	Nov-15
				-1.5	-0.2	1.2	0.8	1.2	1.8	3.6	1.7	Nov-15
TIPS	11,649,454	7.9	7.9									
Vanguard Inflation-Protected Securities <i>BBgBarc US TIPS TR</i>	11,649,454	7.9	100.0	-0.9	1.1	0.6	1.0	--	--	--	2.3	Nov-15
				-0.8	1.3	0.9	1.2	1.3	0.0	2.9	2.5	Nov-15
High Yield Bonds	7,203,329	4.9	4.9									
Westcore Flexible Income <i>BBgBarc US High Yield Ba (BB) TR</i>	7,203,329	4.9	100.0	-1.1	0.9	3.1	7.0	4.5	4.8	5.9	6.5	May-95
				-1.6	0.8	3.5	7.1	4.7	5.1	8.4	7.9	May-95
Bank Loans	4,436,671	3.0	3.0									
Symphony Bank Loans <i>Credit Suisse Leveraged Loans</i>	4,436,671	3.0	100.0	1.3	2.8	3.2	6.6	--	--	--	4.9	Nov-15
				1.6	3.9	4.6	7.2	4.3	4.2	5.4	5.7	Nov-15

Benchmark History
As of March 31, 2018

Balanced Fund

1/1/2016

Present

37% Russell 3000 / 34% BBgBarc US Aggregate TR / 10% MSCI EAFE / 8% BBgBarc US TIPS TR / 5% BBgBarc US High Yield Ba (BB) TR / 3% Credit Suisse Leveraged Loans / 1% S&P Global Custom Metals and Mining Index / 1% MSCI US IMI Materials 25-50 NR USD / 1% MSCI ACWI Energy

