

**MINUTES**

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

**May 13, 2008  
1:30 PM**

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT  
114 South Del Rosa Drive  
San Bernardino, CA 92408**

**I. CALL TO ORDER**

The meeting was called to order by Executive Vice President of Keenan Financial Services, Steve Gedestad, at 1:40 PM.

**II. ROLL CALL**

Those in attendance were:

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT:**

Business Manager  
Director of Fiscal Services  
Internal Auditor  
Vice Chancellor of Fiscal Services  
Director of Human Resources

Ronald P. Gerhard  
Crispina R. Ongoco  
Steven Sutorus  
Robert J. Temple  
Dio Shipp

**KEENAN FINANCIAL SERVICES**

Executive Vice President  
Senior Vice President  
Senior Service Representative

Stephen S. Gedestad  
Claudia S. Ross  
Sylvia Weathers

**MORGAN STANLEY**

Senior Vice President

Cary M. Allison

**BENEFIT TRUST COMPANY**

Scott Rankin

**III. APPROVAL OF AGENDA**

A motion was made by Dio Shipp, seconded by Steven Sutorus and unanimously carried to approve the Agenda as presented.

**IV. APPROVAL OF MINUTES**

A motion was made by Dio Shipp, seconded by Steven Sutorus and unanimously carried to approve the Minutes from February 22, 2007 as presented.

**V. CORRESPONDENCE**

A signed Board Resolution will be provided at the next meeting.

**VI. EDUCATION**

Steve Gedestad discussed the OPEB survey presented by Governor Schwarzenegger and indicated Keenan & Associates made a presentation on GASB Liability to the commission. A survey was also conducted and recommendations were made with 54% of Community Colleges responding to the survey. The survey indicated that 49% of the Community Colleges are prefunding. The Statewide Annual Required Contribution (ARC) for all public agencies is nearly \$3.5 Billion with approximately \$.5 billion used for prefunding. Mr. Gedestad said SBCCD is ahead of other colleges and provided an example of South Coast College sheltering two-thirds of the amount needed to fund their liability.

**VII. ADMINISTRATION**

**REVIEW OF THE COMPREHENSIVE COMPLIANCE PLAN**

The Board discussed the substantive plan and indicated an update is needed on Morgan Stanley in the Substantive Plan documents. Steve Gedestad indicated everyone should have received a binder. He indicated we are now preparing a second binder to include Regulatory information. Mr. Gedestad reviewed the process for the new members on the Board. He explained at the last meeting, the Board completed a comprehensive Risk Tolerance Survey to determine with what rate of return the Board was comfortable. Ronald Gerhard pointed out there are references to Wachovia. Steve Gedestad agreed to make these updates.

**ANNUAL REPORTING ON THE STATUS OF THE TRUST**

The Board discussed need to communicate to stakeholders. Two methods of communication were discussed, the website and paper copies to union leadership.

A motion was made by Robert Temple to approve website communications and provision of hard copies to employees with no access to the website, and was seconded by Dio Shipp. Robert Temple indicated language should be included to advise employees with no computer access we will print and provide hard copies. Claudia Ross indicated Keenan has standard language which can be used.

**DISCUSSION ON NEW ACTUARIAL STUDY**

Discussion ensued regarding the need to obtain an updated Actuarial Study. A motion was made by Robert Temple, seconded by Steven Sutorus. Motion was approved. Question was asked by Robert Temple if we needed to do this twice per year. Steve Gedestad indicated the study must be done every two fiscal years.

## **VIII. FINANCIALS**

### **REPORT ON TRUST STATEMENT**

Cary Allison provided an update and reviewed the Trust Statement. Everyone has on-line access except for Dio Shipp at this time. Steve promised to research.

## **IX. INVESTMENTS**

### **MARKET OVERVIEW**

Discussion ensued regarding the Economy. Cary Allison discussed the mortgage crisis in particular and how the crisis unfolded

### **PORTFOLIO REVIEW**

Cary Allison reviewed the Districts various investments and the overall performance of the portfolio to date. Page 34 reflects the different mutual funds in which they are currently investing.

### **RISK TOLERANCE DISCUSSION**

The Board was not interested in retaking the Risk Tolerance questionnaire.

### **DISCUSSION OF INVESTMENT POLICY STATEMENT**

Mr. Allison explained optimizing the portfolio through diversification and risk. Discussion ensued regarding moving from a long term objective of 6% to 7%. A motion was made by Penny (Crispina) Ongoco to move from a long term objective of 6% net rate of return to a 7% long term net return rate, seconded by Robert Temple. The motion was passed.

Discussion ensued and the Board agreed to move another \$250,000 into fund. Ron Gerhard felt this can be done, keeping \$750,000 in reserve in the 2008/2009 fiscal year.

## **X. AGENDA ITEMS FOR NEXT MEETING**

Per Steve Gedestad next agenda will be similar to this meeting. We should hold it in 4<sup>th</sup> quarter, 2008. Volume 2 is being created and Volume 1 will be updated. The Board would like both Volumes updated by June 2008. Volume 2 will outline current plan and benefits. The Actuarial Study will be completed by the next meeting.

Questions related to need for a Form 700 were raised. Steve Gedestad will report.

**XI. INFORMATION REPORTS**

**RETIREMENT BOARD OF AUTHORITY COMMENTS**

Robert Temple thanked Cary Allison for the information.

**PROGRAM CONSULTANTS COMMENTS:** None

**VISITORS COMMENTS:** None

**XII. ADJOURNMENT**

A motion was made by, seconded by and unanimously carried to adjourn the meeting at 3:32 PM.