

**MEETING MINUTES**

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING  
MARCH 29, 2011  
10:00 AM – 12:00 PM**

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT OFFICE  
CONFERENCE ROOM 2  
114 SOUTH DEL ROSA DRIVE  
SAN BERNARDINO, CA. 92408  
(909) 884-2533**

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**I. CALL TO ORDER**

The meeting was called to order by Interim Vice Chancellor, Fiscal Services, Charlie Ng at 10:07 AM.

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**II. ROLL CALL**

**RETIREMENT BOARD OF AUTHORITY (the "BOARD") MEMBERS**

|  |                |
|--|----------------|
| Interim Vice Chancellor, Fiscal Services | Charlie Ng     |
| Vice Chancellor, Human Resources         | Vacant         |
| Business Manager                         | Steven Sutorus |
| Director, Internal Audits                | Tanya Rogers   |
| Director, Human Resources                | Vacant         |
| Director, Fiscal Services                | Penny Ongoco   |

**PROGRAM COORDINATOR**

|                               |                   |
|-------------------------------|-------------------|
| Senior Vice President         | Gail Beal         |
| Senior Vice President         | Claudia Ross      |
| Senior Service Representative | Sylvia Weathers   |
| Account Manager               | Roslyn Washington |

**CONSULTANTS**

|                             |              |
|-----------------------------|--------------|
| Morgan Stanley Smith Barney | Cary Allison |
| Benefit Trust Company       | Scott Rankin |

**GUESTS**

|                    |             |
|--------------------|-------------|
| Interim Chancellor | Bruce Baron |
|--------------------|-------------|

**OTHER**

None

### III. APPROVAL OF AGENDA

A motion was made by Board member Charlie Ng to approve the Agenda as presented, seconded by Board member Steven Sutorus, and unanimously carried by the Board.

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### IV. APPROVAL OF MINUTES

The Meeting Minutes from June 3, 2010 had not been previously approved by the Board.

A motion was made by Board member Charlie Ng to approve the meeting minutes of June 3, 2010, as presented, seconded by Board member Tanya Rogers, and unanimously carried by the Board.

A motion was made by Board member Charlie Ng to approve the meeting minutes of November 30, 2010, as presented, seconded by Board member Tanya Rogers, and unanimously carried by the Board.

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### V. CORRESPONDENCE

No correspondence was presented.

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### VI. INVESTMENTS

#### PORTFOLIO REVIEW

Cary Allison of Morgan Stanley Smith Barney (MSSB) provided an overview of the District's Investment Trust Change in Portfolio, Asset Allocation, and Time Weighted Return (Gross and Net of Fees) for period ending February 28, 2011. As of February 28, 2011, the District's Investment Trust portfolio had an allocation of 54.6% in fixed income funds and 45.4% in equity funds (equity funds comprised 26.0% in domestic equity and 19.4% in international equity). The value of the Portfolio as of December 31, 2010 was \$1,534,537.66 and as of February 28, 2011, the value is \$1,570,887.68. The February 28, 2011 portfolio value represents an inception to date net rate of return of 1.57% compared to the S&P/Barclays Blend of 3.11%. The investment results for the last 12 months show a net increase of 13.44% compared to the S&P/Barclays Blend of 14.11%

A motion was made by Board member Tanya Rogers to accept the Portfolio Review as presented, seconded by Board member Charlie Ng, and unanimously carried by the Board.

#### MARKET OVERVIEW

Cary Allison of Morgan Stanley Smith Barney (MSSB) provided asset allocation and portfolio updates for the Futuris Public Entity Investment Trust Model Portfolios.

Cary Allison also presented the fourth quarter 2010 “Capital Markets Overview” from Morgan Stanley Smith Barney tracking global economic expansion. Through the fourth quarter of 2010, markets continued to benefit from the intervention by governments and central banks, making a second year of recovery from the financial crisis. Going forward, there is every indication that the recovery could become an expansion with the primary engine for this expansion being the emerging market economies. Growth in excess of 6% is expected in 2011 for emerging market economies, whereas developed-market economies are expected to grow only 2%. In the U.S., recently enacted federal tax-cut extensions seem likely to provide a platform for stronger growth. U.S. corporate profits gained 30% in 2010, while cash reserves were the highest in half a century. The volume of mergers and acquisitions grew in 2010 by 25% and corporations continued to be able to borrow at exceedingly low rates.

Cary provided Board members with MSSB’s “Global Investment Committee Outlook”. This Report reiterated many of the same positive growth indicators reflected in the MSSB “Capital Markets Overview” for 2011 as follows:

- Global GDP recovery has now become expansion.
- Global economy growth near 4% with emerging economies expanding by 6% and developed ones by a much slower 2%.
- U.S. and European policy risk is asymmetric to the upside.
- Developing economy central banks will tighten; developed economy central banks are on hold until 2012
- Low 1% - 2% inflation in developed countries but 5% in developing ones.
- Modest U.S. trade-weighted dollar strength; broad developed country currencies weakness to developing country currencies, especially Asia.
- Longer-term prospects are good for a multiyear business cycle expansion.

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## **VII. EDUCATION**

Cary Allison of Morgan Stanley Smith Barney (MSSB) presented an article entitled “International Bond Fund” prepared by Oppenheimer Funds.

Cary discussed the importance of International Bond Funds relative to a comprehensive portfolio investment strategy as follows:

- Provide potential benefits for overall portfolio diversification.
- May provide attractive long-term returns.
- Yields may be greater than domestic opportunities.
- Foreign currency exposure is provided by International Bond Funds as an inflation hedge.
- Provide low correlation to other financial assets.

## VIII. ADMINISTRATION

### STATUS OF ACTUARIAL STUDY

Pursuant to a discussion at the Retirement Board of Authority (RBOA) Meeting on November 30, 2010, Board members evaluated the Actuarial Valuation Study relative to the District's Trust funding requirements. The District is considering a change to \$550,000.00 in annual Trust funding and has positioned this assumption in their 2011/2012 budget.

### RETIREMENT BOARD OF AUTHORITY (RBOA) BYLAWS

Scott Rankin of Benefit Trust Company advised that going forward the Bylaws should be represented as the Retirement Board of Authority (RBOA) Bylaws. Board members indicated that they wished to defer the discussion of the RBOA Bylaws to a later meeting.

A motion was made by Board member Charlie Ng to defer a review of the RBOA Bylaws to a later meeting, seconded by Board member Penny Ongoco, and unanimously carried by the Board.

### PRIVATE LETTER RULING

Scott Rankin of Benefit Trust Company advised RBOA members that the IRS has not formally responded to their Private Letter Ruling (PLR) application at this time. Scott indicated that Brian Johnston of Polsinelli Shughart PC is working with the IRS and specific language modifications requested by the IRS have been made. Brian Johnson is expecting a favorable IRS ruling soon.

Although the PLR has not been issued by the IRS, Scott advised RBOA members that he has been able to obtain a letter from the IRS agent associated with the Futuris Public Entity Investment Trust PLR application, suggesting that the Investment Trust would pass an IRS audit at this time.

## IX. INFORMATION REPORTS

### RETIREMENT BOARD OF AUTHORITY COMMENTS

Board member Penny Ongoco inquired relative to the frequency of payments to the District's Trust. Scott Rankin of Benefit Trust Company commented that asset transfer schedules to the Trust were at the discretion of the District.

### PROGRAM COORDINATOR/CONSULTANT COMMENTS

There were no Program/Coordinator/Consultant comments.

### VISITORS COMMENTS

There were no Visitor comments.

**X. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING**

The Board decided that a primary Agenda Item for the next RBOA Meeting will be:

- Bond presentation

Next meeting is scheduled as follows:

- Friday, September 9, 2011 from 10:00 AM – 12:00 PM.
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**XI. ADJOURNMENT**

A motion was made to adjourn the meeting at 11:10 AM by Board member Charlie Ng, seconded by Board member Tanya Rodgers and unanimously carried by the Board.

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**Americans with Disabilities Act** The San Bernardino Community College District Retirement Board of Authority conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the San Bernardino Community College District Retirement Board of Authority meeting, shall be made to: Charlie Ng, Vice Chancellor of Fiscal Services, San Bernardino Community College District, 114 South Del Rosa Drive, San Bernardino, CA 92408