

MINUTES

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

APRIL 13, 2016
1:00 PM–3:00 PM

I. CALL TO ORDER

1. The meeting was called to order at 1:03 by Roslyn Washington of Keenan Financial Services.

II. ROLL CALL

1. All Retirement Board of Authority (RBOA) members were present, except Dr. Lisa Norman and Erika Almaraz.
Vice Chancellor of Business Services, Jose Torres
Business Manager, Steve Sutorus
Director of Fiscal Services, Lawrence Strong
2. All Coordinators/Consultants were present except Gail Beal of Keenan Financial Services.

III. PUBLIC COMMENTS

1. There were no public comments. This item is information only.

IV. APPROVAL OF AGENDA

1. Steven Sutorus Motioned to accept the Agenda as presented; Motion was seconded by Lawrence Strong. The remaining RBOA member voted “Yes” to accept the Agenda.

V. APPROVAL OF MINUTES

1. Lawrence Strong Motioned to accept the Minutes from **May 14, 2015** as presented; Motion was seconded by Steven Sutorus. The remaining RBOA member voted “Yes” to accept the Minutes.

VI. ADMINISTRATION

1. **Designation of a New Member to the Retirement Board of Authority**
 - a. Board member Jose Torres Motioned to acknowledge Erika Almaraz, Director of Internal Audits as a new member of the RBOA; Motioned was seconded by Lawrence Strong. The remaining RBOA member voted “Yes” to acknowledge the new member of the RBOA.
2. **Annual Reporting on the Status of the Trust**
 - a. The Annual Report was presented by Roslyn Washington.
 - b. Board member Steven Sutorus Motioned to acknowledge the District’s annual report and the current reporting process used to notify plan participants and their beneficiaries; Motion was seconded by Lawrence Strong. The remaining RBOA member voted “Yes” to ratify the fiduciary expenses for the period.

3. Disbursement Report

- a. A Trust disbursement report reflecting reasonable expenses paid to Keenan, BTC & Morgan Stanley for the period of 07/01/2015 to 03/11/2016 was presented.
- b. Board member Lawrence Strong Motioned to ratify the fees for the period; Motion was seconded by Jose Torres. The remaining RBOA member voted “Yes” to ratify the fiduciary expenses for the period.

4. Actuarial Valuation Study Update

- a. The current Actuarial Valuation report has an effective date of February 1, 2016. The District is required to update his report every 2years. According to figures in the Study, the District is short approximately \$500K. of being fully funded towards their OPEB Liability. Board member Jose Torres asked if the District should add more money to the Trust? Cary Allison of Morgan Stanley advised that once the Market turns around they will no longer be underfunded. The District is going to ride it out. Hopefully the earnings will help with the buffering of the shortfall.
- b. This item is information only.

5. Updates to the Comprehensive Compliance Plan, Including the Substantive Plan

- a. Roslyn Washington of Keenan presented the Comprehensive Compliance Questionnaire to the RBOA. She advised that the Substantive Plan E-Library has been updated and new CD’s were sent to the District in December 2015.
- b. This item is information only.

6. Future Transfer of Assets into the Trust

- a. The District is currently fully funded and they have no intentions on making any future deposits.
- b. This item is information only.

VII. INVESTMENTS

1. Portfolio Performance Review

- a. Cary Allison of Morgan Stanley Wealth Management (MS) reviewed the performance of the Trust’s portfolio account as of March 31, 2016.
- b. The Portfolio Value as of March 31, 2016 was **\$7,251,497.61**.

Time weighted return - net of fees

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized Inception to Date
4.48	1.29	1.29	-2.37	2.98	3.72	2.85

- c. Steven Sutorus Motioned to accept the portfolio review as presented; Motion was seconded by Lawrence Strong. The remaining RBOA member voted “Yes” to accept the portfolio review.

2. Market Overview

- a. Risk assets generated positive returns during the fourth quarter of 2015, despite disappointing performance among broad asset classes over the year in

its entirety.

- b. Currency volatility, oil turbulence, emerging market woes, and the much-anticipated Fed rate hike in December dominated headlines throughout the quarter.
- c. All sectors within the S&P 500 generated positive returns in the fourth quarter of 2015. The top-performing sector was Materials, which was up 9.7%. Health Care and Technology both rose 9.2% and were also among the top-performing sectors. The biggest laggards were Energy, which had a modest increase of 0.2%, and Utilities, which rose 1.1%.
- d. Morgan Stanley & Co. economists forecast U.S. Real GDP will be 2.4% in 2015, 1.9% in 2016 and 1.8% in 2017.
- e. Inflation remains low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index increased 0.2% in October and was flat in November.
- f. The bond market struggled in the fourth quarter of 2015. The Barclays U.S. Aggregate Bond Index, a general measure of the bond market, fell 0.6% for the quarter.
- g. Interest rates increased during the fourth quarter, as the yield on the 10-Year U.S. Treasury note rose to a quarter-end 2.27% from 2.04% at the end of the third quarter of 2015.
- h. This item is information only.

3. Investment Policy Statement Review

- a. Scott Rankin went over the investment policy statement.
- b. Lawrence Strong Motioned to reaffirm the investment policy statement as presented; Motion was seconded by Jose Torres. The remaining RBOA member voted “Yes” to accept the investment policy statement.

VIII. EDUCATION

1. GASB Issues Final OPEB Statements

- a. Roslyn Washington of Keenan discussed the 2 new GASB Statements 74 & 75 and noted the effective date for each.
- b. This item is information only

IX. INFORMATION REPORTS

1. Retirement Board of Authority Comments

- a. No comments
- b. This is information only

2. Program Coordinator/Consultant Comments

- a. No comments
- b. This is information only

X. DATE, TIME AND AGENDA ITEMS FOT NEXT MEETING

- a. April 13, 2017: 1:00 PM-3 PM

XI. ADJOURNMENT

- a. The Meeting was adjourned by Roslyn Washington, KFS at 2:17 PM.