

# MINUTES

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

June 14, 2017  
1:00 PM–3:00 PM

### I. CALL TO ORDER

1. The meeting was called to order at 1:07 by Amalia Perez, Director of Human Resources

### II. ROLL CALL

1. All Retirement Board of Authority (RBOA) members were present, except Lawrence Strong  
Vice Chancellor of Business and Fiscal Services, Jose Torres  
Vice Chancellor of Human Resources, Amelia Torres  
Business Manager, Steve Sutorus  
Director of Internal Audits Erika Almaraz
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 Jose Torres. The remaining RBOA member voted “Yes” to accept the Agenda.

### V. APPROVAL OF MINUTES

1. Jose Torres Motioned to accept the Minutes from **April 3, 2016** as presented; Motion was seconded by Steven Sutorus. The remaining RBOA member voted “Yes” to accept the Minutes.

### VI. 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 May 31, 2017 was **\$7,986,983.06**

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
1.18	2.17	5.9	9.14	3.19	6.18	3.54

- c. Cary Allison discussed the May report. He explained this is the 1<sup>st</sup> time international markets out performed domestic in 7 years
- d. A few changes were made. Geggenheim was added and Templeton was

- eliminated. Bond funds that we have had since inception.
- e. Reallocation of a higher percent into the Legg Mason funds. We also have new share classed with lower fees like Brandes and Rakemark which is lower by 12 BPS.
  - f. Jose Torres asked if the status post was a good comparison, Cary Allison responded responded no, that S&P were 100% equities.
  - g. Steven Sutorus Motioned to accept the portfolio review as presented; Motion was seconded by Jose Torres. The remaining RBOA member voted "Yes" to accept the portfolio review.

## **2. Market Overview**

- a.
- b. Cary discussed how interest rates moved up at the beginning of the year but then they went down. Stock on the other hand is doing well also. Typically when one is doing well the other is not. The US 10 year treasury is at 2.1% . Highest quality government bonds in the world.
- c. We think corporate tax reform will happen within the next year. Earning are up first time in four years which is the reason for stocks being up.
- d. The asset mix has not been changed and we haven't increased our international allocation nor do we plan to. It was stated that the mix is pretty balanced now.
- e. A 10% correction is anticipated but that is to be expected and nothing can change it.
- f. It was noted by Cary that many things are going on in the World that could possibly trigger a correction. If that were to happen we would just rebalance. We think we are also close to getting 2% money market.
- g. This item is information only.

## **3. Investment Policy Statement Review**

- a. Jose Torres went over the investment policy statement.
- b. Jose Torres said he does not see a need to withdraw any funds. Keenan is still long term. Jose expressed a concern that at their TRR will not reach the 7%.
- c. Scott Rankin responded to this comment with long term MS feels that you can achieve this target but short term, NO. He also added that we are not going to choose a number to achieve a certain return.
- d. Cary showed the Board the moderate growth results on page 19
- e. Scott Rankin said if we raise the TRR by .5% it would put the San Bernardino CCD at a 50/50 split.
- f. Jose Torres motioned to discuss moving to a higher portfolio model. Motion to increase net to 6.5%+1% fees. Motion to reaffirm the investment policy statement as presented; Motion was seconded by Steven Sutorus. The remaining RBOA member voted "Yes" to accept the investment policy statement.

## **VII. ADMINISTRATION**

### **1. 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 Jose Torres. The remaining RBOA member voted "Yes" to ratify the fiduciary expenses for the period.

**2. Disbursement Report**

- a. A Trust disbursement report reflecting reasonable expenses paid to Keenan, BTC & Morgan Stanley for the period May 2016- May 31, 2017 was presented.
- b. Board member Jose Torres 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.

**3. 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.

**4. 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.

**5. Private Letter Ruling Application Update**

- a. The RBOA will be given on the Private Letter Ruling fro the IRS regarding the Section 115 Trust arrangement including correspondence dated June 22, 2016.
- b. This item is information only

**VIII. 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

**IX. DATE, TIME AND AGENDA ITEMS FOT NEXT MEETING**

- a. June 13 2018 1-3 PM

**X. ADJOURNMENT**

- a. The Meeting was adjourned by Roslyn Washington, KFS at 2:04PM.