

MINUTES

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

June 13, 2018
1:00 PM – 3:00 PM

I. CALL TO ORDER

1. The meeting was called to order at 1:10 pm by Roslyn Washington.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present, except Kristina Hannon:**
Jose Torres, Executive Vice Chancellor,
Steven Sutorus, Business Manager,
Lawrence Strong, Director of Fiscal Services,
David James, Director of Internal Audits.
2. **All Coordinators/Consultants were present except Karyn Goodsite of Keenan:**
Roslyn Washington, Senior Account Manager, Keenan Financial Services,
Cary Allison, Senior Vice President, Morgan Stanley (MS),
Scott Rankin, Senior Vice President, Benefit Trust Company (BTC).

III. PUBLIC COMMENTS

1. None
2. This item is information only.

IV. WELCOME NEW RETIREMENT BOARD OF AUTHORITY (RBOA) MEMBER

1. The Retirement Board of Authority has been duly appointed by the San Bernardino CCD Board of Trustee to have oversight of the Futuris OPEB Trust. They welcome David James, Director of Internal Audits, and Kristina Hannon, Vice Chancellor of Human Resources to the RBOA.

V. APPROVAL OF AGENDA

1. Jose Torres moved to approve the agenda as presented; motion was seconded by Steven Sutorus and was unanimously approved by all of the RBOA members present.

VI. APPROVAL OF MINUTES

1. Steven Sutorus moved to accept the minutes from the previous RBOA meeting held June 14, 2017 as presented; motion was seconded by Jose Torres and was unanimously approved by all the RBOA members present.

VII. ADMINISTRACION

- 1. Review of Futuris Program and the roles of the program coordinators & consultants.**
 - a. Roslyn Washington of Keenan gave an overview of the Futuris program.
 - b. The consultants from Keenan, Morgan Stanley, and Benefit Trust (BTC) each gave the RBOA the details of their individual roles on the overseeing of the Trust.

- 2. Election of a Chair for the Retirement Board of Authority**
 - a. Lawrence Strong nominated Steven Sutorus to serve as RBOA Chair for the next consecutive 2 years; motion was seconded by Jose Torres and was unanimously approved by all the RBOA members present.

- 3. Election of Vice-Chair for the Retirement Board of Authority**
 - a. Jose Torres nominated Lawrence Strong to serve as RBOA Vice-Chair for the next consecutive 2 yrs; motion was seconded by Steven Sutorus and was unanimously approved by all the RBOA members present.

- 4. Annual Reporting on the Status of the Trust**
 - a. The Annual Report on the Status of the Trust was presented by Roslyn Washington, Keenan.
 - b. Board member Steve Sutorus noted the correction in the date and the in Jose Torres' title and district office phone number.
 - c. Jose Torres moved to accept the report with corrections; motion was seconded by Lawrence Strong and was unanimously approved by all the RBOA members present.

- 5. Disbursement Report**
 - a. Disbursement Report presented by Roslyn Washington, Keenan showing all fees paid to the consulting firms in the last 12 months.
 - b. Lawrence Strong moved to ratify the fees; motion was seconded by Jose Torres and was unanimously approved by all the RBOA members present.

- 6. Updates to the Comprehensive Compliance Plan, Including the Substantive Plan**
 - a. Roslyn Washington presented the RBOA with the signed OPEB questionnaire stipulating no change to the Retiree Health Benefits for Fiscal Year 2017-2018.
 - b. This is an information item.

- 7. Future Transfer of Assets into the trust.**
 - a. Roslyn Washington asked RBOA if they were still fully funded and if the District would be transferring any additional monies into the Trust?
 - b. Jose Torres indicated the District is still full funded and no transfers will made.

- 8. Actuarial Valuation Study Update**
 - a. The Actuarial Valuation Study dated April 30, 2018 was presented to the RBOA showing the district is in compliance with GASB 74/75.

9. Review of Retirement Board of Authority (RBOA) Bylaws

- a. Roslyn Washington presented updates to the RBOA Bylaw the RBOA that incorporated changes removing reference of GASB 43/45 and replacing them with GASB 74/75.
- b. Jose Torres moved to approve the edited RBOA Bylaws; motion was seconded by Lawrence Strong and was unanimously approved by all the RBOA members present.

VIII. INVESTMENTS

1. Portfolio Performance Review

- a. The Portfolio Value as of June 13, 2018 is **\$8,553,248**.

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
.01	.01	-0.67	6.43	3.88	4.38	3.72

- a. Your asset mix places the district in the Moderate Growth portfolio.
- b. Cary Allison noted that 2 of the alternative funds are actually fixed income.
- c. Your portfolio mix is approximately 51% in fixed income if the 2 alternative funds that are bonds are added.
- d. Jose Torres moved to accept the portfolio review as presented; Motion was seconded by Steven Sutorus and was unanimously approved by all of the RBOA members present.

2. Market Overview

- a. Cary Allison gave an overview of the Markets since the last RBOA meeting.
- b. Fundamentals of the economy are getting better.
- c. Bond market is trying to figure out what is going on with long term rates.
- d. This is an “Earnings” driven recovery period with Morgan Stanley predicting up to 3% growth.
- e. In 2015 the Feds were predicted to raise rates 4 times in 2016. They raised them 1 x in December of 2016. They raised them 2 more times in 2017 and are predicted to raise short term rates a total of 4x in 2018.
- f. These are all weather portfolios we haven’t made any changes to your asset mix.
- g. Bonds did exceptionally well in 2017.
- h. In 2018 we are expecting more inflation but not much more.
- i. The market was up in January 5% then the 1st week of Feb the market corrected down 10%.
- j. The unemployment report came out and within it was wage growth info Wall Street was expecting 2.7% but it was 2.9%.
- k. We don’t think that we will have a scary amount of inflation like in the 80’s, but we think the Feds will raise rates 2 more times this year.
- l. In the long term we should be able to make more money because bonds are higher; not as sure about future of stocks because of interest rates.
- m. As far as the portfolios are concerned, Morgan Stanley feels that just because

we have a correction there is no need to change anything.

- n. Globally, the world is doing better.
- o. This was the 1st time in 6-7 years that Global stocks outperformed Domestic stocks.
- p. Cary Allison said Morgan Stanley feels that tariff threats are being used as a negotiating tool, and they don't believe there will be a trade war.
- q. Mid-term elections are affecting the market, but historically markets have done well 12 months after the mid terms.
- r. This item is information only.

3. Investment Policy Statement Review

- a. Scott Rankin went over the investment policy statement.
- b. He asked the Board if they were still in accumulation mode or if they had any near future plans on paying retiree health premium payments from the Trust?
- c. The Board responded they are long term investors however eventually they would like the Trust to take care of the Paygo. However, for now they will still pay the premiums from the general fund.
- d. David James asked if there were any investment restraints on what we can invest in? Scott Rankin explained they are in compliance with IRS guidelines and as long as we invest in fiduciary grade investments.
- e. Cary Allison further explained the Target Rate of Return and gave an overview of the portfolio models including sharing that there are portfolios in between each model.
- f. Jose Torres moved to reaffirm the IPS with no changes. The motion was seconded by Steve Sutorus and was unanimously carried by all RBOA members present.

IX. EDUCATION

- 1. Capital Market updates were presented by Cary Allison.
- 2. David asked about private equity? Cary said we don't use private equity because of the illiquidity.

X. INFORMATION REPORTS

- 1. **Retirement Board of Authority Comments**
 - a. No comments.
- 2. **Program Coordinator/Consultant Comments**
 - a. No comments.

XI. DATE, TIME AND AGENDA ITEMS FOT NEXT MEETING

- a. June 18, 2019 1:00 PM - 3 PM
- b. This item is information only.

XII. ADJOURNMENT

- a. The Meeting was adjourned by Roslyn Washington at 2:30 PM.