

MINUTES

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

June 18, 2019
9:00 AM – 11:00 AM

I. CALL TO ORDER

1. The meeting was called to order at 9:05 pm by Roslyn Washington.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present, except Kristina Hannon:**

Jose Torres, Vice Chancellor of Business & Fiscal Services,
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, Assistant Vice President, Keenan Financial Services,
Mark Payne, Morgan Stanley (MS),
Scott Rankin, Benefit Trust Company (BTC).

III. PUBLIC COMMENTS

1. None
2. This item is information only.

IV. APPROVAL OF AGENDA

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

V. APPROVAL OF MINUTES

1. Lawrence Strong moved to accept the minutes from the previous RBOA meeting held June 13, 2018 as presented; motion was seconded by Jose Torres and was unanimously approved by all the RBOA members present.

VI. INVESTMENTS

1. **Portfolio Performance Review**

- a. The Portfolio Value as of April 30, 2019 is **\$8,695,078**.

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
1.86	1.86	9.19	3.25	5.82	3.93	3.68

- a. Your asset mix places the district in the Moderate Growth portfolio.

- b. Your target rate of return is at 6.5%, so far this year you've made 9%.
- c. Your inception date was 12/31/2007
- d. The DOW is up 400 points today.
- e. You have derivatives to reduce risk which makes it an alternate fun, but it's actually a bond.
- f. Jose Torres moved to accept the portfolio review as presented; Motion was seconded by Lawrence Strong and was unanimously approved by all of the RBOA members present.

2. Market Overview

- a. Mark Payne gave an overview of the Markets since the last RBOA meeting.
- b. December 2018 was the worst December since the Great Depression
- c. However, January 2019 was the best January in the last 30 years.
- d. Ultimately, it's about earnings. 2014-2016 earnings were flat. Earnings were up 20% in 2017. In 2018, earnings were up 22% primarily due to the tax cut.
- e. The forecast for 2019 is earnings will increase by 1% above 2018.
- f. Interest rates are the main thing that improved earnings.
- g. We have a new Federal Chair. The Feds were supposedly going to raise Short Term Interest Rates 2-4 times in 2019, but then things began correcting. We think Federal Reserve is finished raising short term rates. They may even cut Short Term rates 1 time this year.
- h. We have made no changes to the portfolio mix.
- i. Economy is quite good now. Can't recall when the economy has been so good, but the rhetoric is the opposite.
- j. We don't see a recession anywhere in the horizon.
- k. Long term rates are about where they are. We are at 2.6%
- l. We don't see a lot of movement for either anytime now.
- m. Long term rates may go down slightly.
- n. Global equities rallied to end the first week of 2019, as several positive news items helped stabilize markets following a turbulent December 2018.
- o. There were several catalysts to explain January's rally.
- p. December US jobs report number came in above even the most bullish forecast.
- q. The jump in payrolls came alongside an uptick in labor force participation, while wages also accelerated at their fastest pace since the Financial Crisis.
- r. The solid job report appeared to buoy sentiment, which was particularly welcomed following a weak ISM (Institute for Supply Management) report that had markets questioning the health of the US economy.
- s. Markets also applauded comments from Federal Reserve Chairman Jerome Powell, as the Fed Chair appeared to walk back some of his hawkish remarks last month that had spooked markets in the final weeks of 2018.
- t. Chairman Powell said that the central bank would be "patient" in considering future rate hikes, easing market participants' concerns that the Fed was resolute in maintaining its course of tightening financial conditions.
- u. The market environment in 2018 was one of the most challenging years for equity investors since the Financial Crisis in 2008, with every region and most stocks delivering negative returns.

- v. Bonds and alternative investments also fared poorly at the same time, which meant asset allocation failed to balance out the losses with some gains.
- w. Looking ahead to 2019, we are off to a good start. January & February were the best “start of the year” numbers since 1991.
- x. This item is information only.

3. Investment Policy Statement Review

- a. Scott Rankin went over the investment policy statement detail for David James.
- b. We use mutual funds to have exposure to thousands of different securities instead of just one or two securities.
- c. 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.

VII. ADMINISTRATION

1. 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. Jose Torres moved to accept the report; motion was seconded by Steve Sutorus and was unanimously approved by all the RBOA members present.

2. Disbursement Report

- a. Disbursement Report presented by Roslyn Washington, Keenan showing all fees paid to the consulting firms in the last 12 months.
- b. Scott Ranking explained the reversal.
- c. Steve Sutorus moved to ratify the fees; motion was seconded by Jose Torres and was unanimously approved by all the RBOA members present.

3. 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 2018-2019.
- b. This is an information item.

4. 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.

5. Actuarial Valuation Study Update

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

VIII. INFORMATION REPORTS

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

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- a. June 16, 2020 9:00 AM – 10:00 AM
- b. This item is information only.

X. ADJOURNMENT

- a. The Meeting was adjourned by Roslyn Washington at 9:58 AM.