

MINUTES

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

June 14, 2022

10:00 AM – 11:00 AM

Zoom ID: 991 7159 3042

I. CALL TO ORDER

1. The meeting was called to order at 10:07 pm by Roslyn Washington.

II. ROLL CALL

1. **All Retirement Board of Authority (RBOA) members were present except Kristina Hannon and one vacant seat:**

Jose Torres, Vice Chancellor of Business & Fiscal Services,
Steven Sutorus, Business Manager,
Lawrence Strong, Director of Fiscal Services,

Guest: Dan Keenan and Hendel Charles

2. **All Coordinators/Consultants were present:**

Roslyn Washington, Assistant Vice President, Keenan Financial Services,
Cary Allison, 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. Jose Torres moved to approve the agenda as presented; motion was seconded by Lawrence Strong and was unanimously approved by all of the RBOA members present.

V. APPROVAL OF MINUTES

1. Steven Sutorus moved to accept the minutes from the previous RBOA meeting held June 15, 2021 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 May 31, 2022 is **\$9,645,844.61**.

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 Latest 10 Year	Annualized Inception to Date
-6.86	-6.86	-14.51	-11.58	3.47	4.03	4.51	3.65

- a. Balance as of June 13th was \$8,939,135.70.
- b. International stocks outperformed the US stocks.
- c. Lawrence Strong 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

Forecast Summary: More of the Same

We're in the midst of a hotter but shorter cycle in the US. We first made this case in March of last year, arguing that this cycle was likely to progress quicker than the prior four given the velocity of the growth rebound following the Covid recession, the return of inflation after a 4-0-year absence, and a much earlier-than-expected shift to more hawkish monetary policy. Fast forward to today, and that's what appears to be happening. Earnings have accelerated past prior cycle peaks historically quickly and are now starting to decelerate from a growth rate perspective, inflation is at a multi-decade high, and the Fed has hiked twice just two years into the cycle.

We continue to believe that the US equity market is not priced for this slowdown in growth from current levels. In fact, based on our fair value framework, the S&P 500 is still mispriced for the current growth environment. Applying today's 10-year yield to our fair value risk premium indicates a forward multiple of ~16x and an S&P 500 price level of 3,700 -3,800.

On that score, we expect equity volatility to remain elevated over the next 12 months. As we wrote about in our 2022 year ahead outlook, one of the hallmarks of this cycle is likely to be elevated economic and earnings uncertainty. Add in the elevated geopolitical uncertainty that has arisen over the past several months amid the Russia/Ukraine conflict and the table is set for volatility to persist. We expect elevated performance dispersion in this type of environment and favor companies that can deliver on cash flow and operational efficiency.

3. Investment Policy Statement Review

- a. Scott Rankin presented the district's current investment policy statement.
- b. You have been in your current portfolio since 2017.
- c. Stocks are positioned as bonds are. There has been no growth in either.
- d. Jose asked, how do we position ourselves to grow over the next 5-10 years?
- e. Scott said that every bond in your portfolio will mature.
- f. Lawrence Strong moved to reaffirm the IPS. The motion was seconded by Jose Torres and was unanimously carried by all RBOA members present.

VII. ADMINISTRATION

1. Election of Chair for the Retirement Board of Authority

- a. Jose Torres nominated Steven Sutorus, and the nomination was seconded by Lawrence Strong.
- b. The nomination was accepted by Steven Sutorus.

2. Election of Vice-Chair for the Retirement Board of Authority

- a. Jose Torres nominated Lawrence Strong as Vice-Chair; Motion was seconded by Steven Sutorus. The nomination was accepted by Lawrence Strong.

3. 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. This item is for information only.

4. Disbursement Report

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

5. Actuarial Valuation Study Update

- a. The Actuarial Valuation Study dated April 25, 2022 was presented to the RBOA showing the district is in compliance with GASB 74/75.

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

- a. Roslyn Washington presented the RBOA with the signed OPEB questionnaire stipulating changes in medical carriers from Blue Shield to Anthem Blue Cross to Retiree Health Benefits for Fiscal Year 2020-2021.
- b. This is an information item.

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 FOT NEXT MEETING

- a. Dates will be sent to coordinate a 2023 meeting.
- b. This item is information only.

X. ADJOURNMENT

- a. The Meeting was adjourned by Roslyn Washington at 10:59 AM.