

MINUTES

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
FEBRUARY 5, 2013
3:00 PM- 5:00 PM

VENTURA COUNTY COMMUNITY COLLEGE
DISTRICT BOARD ROOM
255 WEST STANLEY AVENUE, SUITE 150
VENTURA, CA. 93001
(805) 652-5500

I. CALL TO ORDER

The Retirement Board of Authority (RBOA) meeting was called to order at 2:55 PM by Roslyn Washington, of Keenan Financial Services

II. ROLL CALL

RETIREMENT BOARD OF AUTHORITY (the "Board") MEMBERS:

Vice Chancellor, Business and Administrative Services

Susan Johnson

Vice Chancellor, Human Resources

Vacant

Director of Fiscal Services

Mary Anne McNeil

Director of Human Resources Operations

Jay Wysard

PROGRAM COORDINATOR:

Account Manager

Roslyn Washington

Service Coordinator

Kristin Cooper

CONSULTANTS:

Benefit Trust Company

Scott Rankin

ABSENT

Morgan Stanley

Cary Allison

OTHERS

None

III. APPROVAL OF AGENDA

A motion was made by Board member Susan Johnson to approve the Agenda as presented, seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

IV. APPROVAL OF MINUTES

A motion was made by Board member Jay Wysard to approve the Minutes of the previous meeting on August 8, 2012 as presented. The motion was seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

V. INVESTMENTS

PORTFOLIO REVIEW

Scott Rankin of Benefit Trust Company (BTC) provided an overview of the District's Public Entity Investment Trust Change in Portfolio, Asset Allocation, and Time Weighted Return (Gross and Net of Fees) for period ending December 31, 2012. As of December 31, 2012, the District's Investment Trust portfolio had an allocation of 52.4% in fixed income funds and 47.6% in equity funds (equity funds comprised 30.2% in domestic equity, 17.4% in international equity). The value of the portfolio as of September 30, 2012 was \$11,795,768.83 and with a contribution of \$500,000.00, the value as of December 31, 2012 is \$12,575,454.90. The December 31, 2012 portfolio value represents an annualized inception to date net rate of return of 4.29% compared to the Barclays Aggregate of 6.66% and the S&P 500 Adj for Divs of 6.58%. The investment results for the latest one year period shows a net increase of 11.66% versus the Barclays Aggregate of 4.23% and the S&P 500 Adj. for Divs of 15.98%. The current dividend yield on the District's portfolio fixed income investments was 3.9% while the current dividend yield on the aggregated portfolio was 3.1%.

In the Board materials provided, Cary Allison of Morgan Stanley Wealth Management presented the Asset Allocation and Portfolio Updates for the Public Entity Investment Trust Model Portfolios for period ending December 31, 2012. Board member Susan Johnson inquired as to the current Target Rate of Return for the District's Portfolio. Scott advised that it is 7.5% or 7.00% net of fees. Scott noted that on the model portfolio chart, the District's portfolio falls between Portfolio 7 and Portfolio 8. Scott continued by advising that the asset allocation in the District's portfolio is a balanced approach between fixed income and domestic/international equity. He noted that the District's portfolio had a good year in the market with a net annual return of 11.66%.

Scott observed that significant drivers of market returns in 2012 were the following:

- Calming of Eurozone Crisis– the accommodative monetary policies of the European Central Bank (ECB) did not permit “worst case scenarios” to occur and sovereign debt issues were calmed.
- Fiscal Cliff Avoidance--by increasing the top marginal income tax rate from 35% to 39.6% for individuals with higher incomes and also increasing the tax rate on long-term capital gains for those higher income earners, the fiscal cliff was avoided.
- Fed Low Interest Rate Policy--the Fed's commitment to keeping interest rates low stimulated consumer spending and boosted a stock market recovery.

A motion was made by Board member Susan Johnson to accept the Portfolio Review as presented. The motion was seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

MARKET OVERVIEW

In the Board materials, Scott Rankin of Benefit Trust Company presented the Board with Morgan Stanley's "Capital Markets Overview" for the fourth quarter 2012. In the fourth quarter, equities and other risk assets declined, despite loose monetary conditions around the world. The U.S. Federal Reserve, the European Central Bank, the People's Bank of China, the Bank of Japan (BOJ) all has accommodative monetary policies. Yet, it was not enough for investors to entirely discount the ongoing economic crisis, a slowing China and most significantly, the U.S. "fiscal cliff". Nevertheless, it was a terrific year for equity markets around the world. For the 12-month period, the Dow Jones Industrial Average rose 10.2%, the NASDAQ Composite rose 15.9% and the S&P 500 was up 16.0%. For the year, the MSCI All-Country World index advanced 16.8%. Relative to the U.S. Bond Market, accommodative central bank policy, bolstered by the continuation of Quantitative Ease 3 (QE3) in December, helped extend a year-long rally in riskier parts of the bond market, including high yield debt and corporate credit. QE3 allows the U.S. Federal Reserve to purchase billions in mortgage-backed securities in order to bring down long-term interest rates and thus stimulate housing and other economic sectors dependent on borrowing. The benchmark 10-year Treasury yield fell (as prices rose) to 1.76% at the end of 2012, which is near its all-time low. The Barclays Capital U.S. Aggregate Bond index, a general measure of the fixed-income market, rose 0.2% for the fourth quarter, and rose 4.2% for the year. In contrast, the Barclays Capital High Yield index, a measure of lower-rated corporate bonds, rose 3.3% for the quarter and was up 15.8% for the year.

INVESTMENT POLICY STATEMENT REVIEW

Scott Rankin of Benefit Trust Company advised Board members that he is not recommending any changes to the provisions of the District's Investment Policy Statement (IPS) at this time.

A motion was made by Board member Susan Johnson to reaffirm the current provisions of the District's Investment Policy Statement (IPS). The motion was seconded by Board member Jay Wysard and unanimously carried by the Board.

VII. ADMINISTRATION

ACTUARIAL VALUATION STUDY UPDATE

Board member Susan Johnson advised that the District's new Actuarial Valuation Study is almost completed. It has been sent back to the District's actuarial service provider, Total Compensation Systems, Inc. for a fourth draft and the anticipated completion date is within the next few weeks.

STATUS OF UPDATES TO THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE SUBSTANTIVE PLAN

Roslyn Washington of Keenan Financial Services (KFS) advised Board members that Keenan Financial Services had updated the District's "Substantive Plan" through our information gathering platform entitled "Ongoing OPEB Questionnaire & Due Diligence". This process provides Keenan Financial Services with the information required to complete the District's "Substantive Plan" updates (Volume III). Roslyn advised that their Electronic Library Data Discs updates reflect "Substantive Plan" compliance as well as compliance with regulatory protocols for fiscal year ending June 30, 2012.

VIII. INFORMATION

RETIREMENT BOARD OF AUTHORITY COMMENTS

There were no Retirement Board of Authority comments.

PROGRAM COORDINATOR/CONSULTANT COMMENTS

There were no Program Coordinator/Consultant comments.

VISITOR COMMENTS

There were no Visitor comments.

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

The next Retirement Board of Authority (RBOA) meeting is scheduled as follows:

- July 25, 2013: 10:00 AM-12:00 PM.

X. ADJOURNMENT

A motion was made by Board member Susan Johnson to adjourn the meeting at 3:31 PM. The motion was seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

Americans with Disabilities Act: The Ventura County Community College District Retirement Board of Authority conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Ventura County Community College District Retirement Board of Authority, shall be made to: Susan Johnson, Vice Chancellor, Business and Administrative Services, Ventura County Community College District, 255 West Stanley Avenue, Suite 150, Ventura, CA. 93001.