

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

Audit, Budget, Foundation Relations Committee

Committee Members: Trustee Heitmann (Chair) and Trustee Hernández

Monday, October 18, 2010
12:00 P.M.

Meeting Notes

CALL TO ORDER

The Meeting was called to order at 12:17 p.m. by Trustee Heitmann.

PRESENT

Members: Trustee Heitmann and Trustee Blum (substitute for Trustee Hernandez)

Staff: Sue Johnson and Mary Anne McNeil

Guest: Chuck Thompson, RPM Consultant Group

PUBLIC COMMENT REGARDING AGENDA ITEMS

There were no public comments.

GASB 43 & 45 Compliance Process

The District issued a Request for Proposals for the GASB 43 & 45 Compliance Process. Six comprehensive proposals were received. After two previous Committee meetings where the proposals were thoroughly reviewed, the committee invited two firms to participate in an interview.

The firms were: Keenan Financial Services and Wells Fargo.

Keenan Financial Services (Futuris)

Keenan Financial Services, along with Benefit Trust Company and Morgan Stanley/Smith Barney, presented their team structure and an overview of services to be offered. Keenan Financial Services would serve as the Futuris Plan Coordinator, while independently contracting with Benefit Trust Company and Morgan Stanley/Smith Barney. Benefit Trust Company, a Discretionary Trustee, would provide trust, custody and fiduciary services for the plan including trust accounting, safekeeping of securities, collecting and crediting of dividends and interest, payment of benefits, etc. Morgan Stanley/Smith Barney would serve as the Registered Investment Advisor (RIA) and would work with the District to determine risk tolerance and maintain investment policy directives.

This type of plan structure incorporates three independent service vendor firms not associated by ownership of one vendor. This results in minimizing vendor “conflict of interest” exposure to the District since each firm acts independently of the other. Additionally, if one of the vendors needs to be removed because of bad performance this could be accomplished without total disruption of the plan. This is a multi-employer trust structure.

Wells Fargo

Wells Fargo has over 150 years of experience in the financial market and approximately 50 years dealing with financial trusts. They are, fairly new, to the GASB 43/45 Compliance Process, but have been working with a large community college district on their irrevocable trust services.

All three components of the plan, Compliance/Administration, Custody/Asset Management, and Investment Management are functions of Wells Fargo. They offer a single employer trust structure. Wells Fargo would act as a Discretionary Trustee providing trust custody and fiduciary services for the plan including trust accounting and financial reporting, benefit reimbursement/ payment processing, GASB required trust reporting, etc. Wells Fargo would assess the district’s risk tolerance by using a survey-like assessment to create an investment portfolio.

Wells Fargo would lead the process of having a consultant to assist the District in the development of a Substantive Plan.

After a lengthy discussion and a comprehensive review of the presentations and materials provided including fees, targeted return, historical investment returns, and organizational materials to be used by the District, the Committee recommended that Keenan Financial Services be recommended to the Board as the plan sponsor for Futuris for the GASB 43/45 compliance/irrevocable trust vendor. The contract is contingent upon successful contract negotiations.

Public Comment

Because the presentations offered a significant amount of information, the Chair asked if there were now public comments. Two comments were made – both in support of the selection of the Futuris plan.

The committee then authorized our consultant RPM Consultant Group to proceed with negotiations with Keenan Financial Services pending approval by the Board of the committee’s recommendation.

OTHER BUSINESS

None

Meeting adjourned at 3:35 p.m.