

## MEETING MINUTES

### VENTURA COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

MARCH 9, 2011  
1:00 PM-5:00 PM

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

#### I. CALL TO ORDER

The meeting was called to order by Keenan Financial Services, Senior Vice-President Gail Beal at 1:06 PM.

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#### II. ROLL CALL

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

Vice Chancellor, Business and Administrative Services  
Vice Chancellor, Human Resources  
Director of Fiscal Services  
Director of Human Resources Operations

Sue Johnson  
Patricia Parham  
Mary Anne McNeil  
Jay Wysard

##### PROGRAM COORDINATOR:

Senior Vice President  
Account Manager  
Senior Service Representative

Gail Beal  
Roslyn Washington  
Yvette Jenkins

##### CONSULTANTS:

Benefit Trust Company  
Morgan Stanley Smith Barney

Scott Rankin  
Cary Allison

##### OTHERS

President, American Federation of Teachers  
Assistant to Vice Chancellor, Business and Admin Services  
District Budget Officer

Steve Hall  
Laura Galvan  
Debra LaTeer

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#### III. APPROVAL OF AGENDA

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

#### **IV. CORRESPONDENCE**

As no correspondence was presented, Gail Beal of Keenan Financial Services suggested that Service Agreements and Administrative Documentation be signed and executed at this point in the meeting.

Scott Rankin of Benefit Trust Company provided Board members with an overview of the Service Agreements with the following entity and providers:

- Ventura County Community College District as Futuris Public Entity Investment Trust Program Sponsor.
- Keenan Financial Services as Futuris Public Entity Investment Trust Program Coordinator.
- Benefit Trust Company as Discretionary Trustee and Futuris Public Entity Investment Trust Custodian.

Scott also delineated the processes surrounding certain Administrative Documentation for the District's Futuris Public Entity Investment Trust as follows:

- Signature Authorization Form.
- Internet Account Access Agreement.

Relative to Board members executing the above named Service Agreements and Administrative Documentation, Board member Sue Johnson advised that all Service Agreements and Administrative Documentation had been reviewed by Counsel. She also advised that Director and Officer Liability Insurance had been purchased by the District for the protection of Board members.

There were no inquiries from Board members and all Service Agreements and Administrative Documentation was signed and executed.

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#### **V. ADMINISTRATION**

##### **REVIEW OF THE FUTURIS PROGRAM AND THE ROLES OF THE PROGRAM COORDINATOR AND CONSULTANTS**

Gail Beal of Keenan Financial Services acquainted the Board with many aspects of the role and responsibilities of the Program Coordinator including the following:

- Preparation of the Retirement Board of Authority (RBOA) Meeting Agendas, Cover Pages and Board Packages.
- Preparation of the RBOA Meeting Minutes and assisting with the District's OPEB responsibilities as necessary.
- Facilitating Action Items resulting from RBOA Meetings.
- Assist the Board with oversight of the District's OPEB Trust Program.
- Creation of the Comprehensive Compliance Plan, including the Substantive Plan.
- Maintenance of the District's OPEB Program documentation.

The primary role and responsibilities of Benefit Trust Company (BTC) as Discretionary Trustee and Program Custodian were outlined by Scott Rankin of BTC as follows:

- Selection of the District's OPEB Trust investments pursuant to advice received from the Registered Investment Advisor, Morgan Stanley Smith Barney (MSSB) as Discretionary Trustee.
- Safekeeping of the District's Public Entity Investment Trust securities as Program Custodian.
- As custodian of the District's Public Entity Investment Trust assets, BTC will maintain accurate records of all financial transactions.
- As custodian for the District's Public Entity Investment Trust assets, BTC will provide periodic reports showing all deposits or receipts, disbursements, purchases, sales and income transactions, current asset holdings and market value of the Investment Trust's portfolio.

The primary role and responsibilities of Morgan Stanley Smith Barney (MSSB) as Registered Investment Advisor were profiled by Cary Allison of MSSB as follows:

- Recommending Asset Allocation models to Benefit Trust Company as Discretionary Trustee for the Target Portfolios
- Recommending specific investments to Benefit Trust Company as Discretionary Trustee for the Target Portfolios.
- Perform due diligence on all potential and recommended investments for the District's Public Entity Investment Trust.
- Provide a quarterly report to Benefit Trust Company as Discretionary Trustee on the status of all current investments in the District's Public Entity Investment Trust.

## **REVIEW OF RETIREMENT BOARD OF AUTHORITY (RBOA) RESPONSIBILITIES**

Gail Beal of Keenan Financial Services (KFS) provided an overview of the RBOA responsibilities as follows:

- Execute and adopt the terms of the OPEB Trust, through signing of the Adoption Agreement, as well as adopt the Investment Policy Statement (IPS) and provide copies of the documents to Benefit Trust Company and Morgan Stanley Smith Barney as Registered Investment Advisor.
- Facilitate the processes necessary to ensure the Plan Administrator executes applicable written agreements.
- Determine the amount of any annual contribution and deliver contributions and allocation instructions to Benefit Trust Company in a timely manner.
- Hold periodic meetings of the Retirement Board of Authority, for the purpose of reviewing investment performance and compliance with Investment Policy Statement (IPS) provisions.
- Engage in an annual review and analysis of any applicable modifications to the Investment Policy Statement (IPS) through meetings and discussions with the Discretionary Trustee and Registered Investment Advisor.
- Provide on a timely basis any necessary OPEB Plan participant information to Benefit Trust Company to include personal identification information (including Social Security numbers).
- Provide names of individuals authorized to act on behalf of the District's OPEB Trust in writing.
- Benefit Trust Company and any delegated Investment Advisor shall be entitled to rely upon the accuracy and completeness of all information furnished to them by the Retirement Board of Authority (RBOA) or any person designated to act on behalf of the RBOA.

Scott Rankin of Benefit Trust Company (BTC) provided a review of the Board's fiduciary mandate in the context of the provisions of the State of California Constitution as follows:

- Determine the anticipated liability for future benefits.
- Prudently invest the funds in order to safeguard principal, meet liquidity needs and achieve an appropriate investment return.
- Administer the program for the exclusive purpose of providing benefits to participants and their beneficiaries; and
- Engage in a prudent process for making all decisions related to the operation of the plan, including (1) the selection of investments and services for the program, (2) monitoring of the decisions periodically to ensure that they remain prudent and (3) documenting the process used to make the decisions.

Board member Patricia Parham made inquiries relative to the two signatures required for the Internet Account Access Agreement and the actions needed to change the Investment Policy Statement (IPS) should the Board wish to make changes. Scott Rankin of Benefit Trust Company advised that changes to the provisions of the IPS would require Board action.

### **DESIGNATION OF RETIREMENT BOARD OF AUTHORITY MEMBERS AND ELECTION OF CHAIRPERSON**

A motion was made by Board member Patricia Parham to nominate Sue Johnson as Chairperson of the Board, seconded by Board member Jay Wysard and unanimously carried by the Board.

### **REVIEW OF THE FUTURIS IMPLEMENTATION TIMELINE**

Gail Beal of Keenan Financial Services (KFS) provided the Board with a review of the District's Futuris Public Entity Investment Trust implementation timeline and advised that the timeline should be viewed as a guideline rather than being set in stone.

Board member Sue Johnson advised that the District has a \$147,000,000.00 OPEB liability as of December 2010. Recently, the District's OPEB liability exposure has grown significantly. Sue noted the District has about \$9,000,000.00 to \$10,000,000.00 to transfer to the OPEB Investment Trust.

Sue provided a brief overview of the District's intent relative to funding the OPEB Investment Trust. The intent of the District is to make transfers to the OPEB Investment Trust approximately twice a year and they do not anticipate withdrawals from the Investment Trust except for the reasonable costs of managing the funds.

In this connection, Roslyn Washington of Keenan Financial Services provided a brief review of the OPEB Investment Trust's Remittance Form.

### **THE FUTURIS INVESTMENT PROCESS**

Cary Allison of Morgan Stanley Smith Barney (MSSB) provided the Board with an overview regarding the process of portfolio selection for the Futuris Public Entity Investment Trust. Cary also reviewed the Futuris portfolio models.

### **COMPLETION OF RISK TOLERANCE QUESTIONNAIRE**

Cary Allison continued by acquainting the Board with the Risk Tolerance Questionnaire. He indicated that Board members should view the Risk Tolerance Questionnaire as a tool to gauge the risk attitude and risk capacity of the Board members. Risk Tolerance Questionnaire protocols require Board members respond to each question independent of each other.

Upon completion of the Risk Tolerance Questionnaire, the Board was determined to have a Moderate risk attitude and risk capacity.

A motion was made by Board member Sue Johnson to accept the Board's Moderate risk attitude and risk capacity, seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

### **ESTABLISHMENT OF INVESTMENT POLICY STATEMENT**

Scott Rankin of Benefit Trust Company provided the Board with an overview of the objectives of an Investment Policy Statement (IPS) focusing the Board's attention on pertinent provisions of the IPS. When Scott Hall president of the American Federation of Teachers made an inquiry relative to leveraged ETF's, Scott Rankin advised that these investments are prohibited by Benefit Trust Company.

Board member Sue Johnson noted that the current Actuarial Valuation Study reflects a 7% discount rate. Sue led Board members in a brief discussion as to what they thought the discount rate should be.

A motion was made by Board member Sue Johnson that the District's Public Entity Investment Trust shall be invested with the objective of achieving a target net rate of return of 7% to meet the Plan's Actuarial Valuation assumption (as determined by the RBOA Actuarial Consultant) as well as an additional .5% to offset the costs of the Trust's administration and GASB 43 and GASB 45 compliance. The motion was seconded by Board member Pat Parham and unanimously carried by the Board.

### **REVIEW SAMPLE REPORTS THE BOARD WILL RECEIVE TO MONITOR THE PROGRAM**

Scott Rankin of Benefit Trust Company provided the Board with sample Trust Reports. Scott also provided a timeline as to when Trust Reports will be sent to the Board. Scott talked about the Trust Account Statement which is the official report of Benefit Trust Company's Trust accounting process. Scott continued by advising the Board that statements will be available online in PDF format. A notification email will be sent to Board members when the Trust Account Statement is available for their review.

### **APPROVAL OF ANNUAL REPORTING PROCEDURE**

Gail Beal of Keenan Financial Services provided the sample Cover Letter for the Annual Report on the Status of the Trust. Gail advised the Board that most Districts post this Annual Report on their website.

A motion was made by Board member Sue Johnson to post the Annual Report regarding the Status of the Trust on the District's website in the section about the district & employee portal. Board member Pat Parham suggested modifying the motion to position this Annual Report on the District's health benefits page of the website in order to accommodate retirees. Sue noted the suggested modification to her original motion and the motion was seconded by Board member Patricia Parham and unanimously by the Board.

### **PRIVATE LETTER RULING**

Scott Rankin of Benefit Trust Company delineated the validity of the District's Code section 115 Public Entity Trust and reviewed the Private Letter Ruling (PLR) process. Board member Sue Johnson led a brief discussion relative to the need for PLR validation of the Trust. Based on the review from Scott Rankin, Sue felt that she questions the validity of the assurance provided by obtained a Private Letter Ruling.

A motion was made by Board member Sue Johnson recommending the District foregoes an application for a Private Letter Ruling at this time, seconded by Board member Patricia Parham and unanimously carried by the Board.

### **REVIEW OF THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE SUBSTANTIVE PLAN**

There was a brief discussion regarding the development of the Comprehensive Compliance Plan, including the Substantive Plan. An outline encompassing all aspects of the District's OPEB Program was disseminated to Board members by Roslyn Washington of Keenan Financial Services.

### **DESIGNATED OFFICIAL POSTING & MAILING ADDRESS (ES)**

A motion was made by Board member Sue Johnson indicating that the official posting and mailing address will be the District Office. The motion was seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

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## **VI. 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**

Scott Hall, President of the American Federation of Teachers reflected that he enjoyed the meeting

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## **VII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING**

The schedule for the District's next RBOA Meeting:

- August 10, 2011 from 10:00 AM-12:00 PM @ the same location.

Gail Beal of Keenan Financial Services advised the Board that the RBOA Meeting Minutes will be made available in a few weeks along with the next agenda. The Meeting Minutes will be sent for review.

## VIII. ADJOURNMENT

This Ventura County Community College District Retirement Board of Authority Meeting was adjourned at 4:20 PM by Gail Beal.

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**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: Sue Johnson, Vice Chancellor, Business and Administrative Services, Ventura County Community College District, 255 West Stanley Avenue, Suite 150, Ventura, CA. 93001.