

MINUTES

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
MARCH 27, 2012
10:00 AM- 12:00 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 10:04 by Gail Beal, Senior Vice President, Keenan Financial Services.

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

Susan Johnson
Patricia Parham
Mary Anne McNeil
Jay Wysard

PROGRAM COORDINATOR:

Senior Vice President
Account Manager

Gail Beal
Roslyn Washington

CONSULTANTS:

Benefit Trust Company
Morgan Stanley Smith Barney

Scott Rankin (via telephone)
Cary Allison

OTHERS

III. APPROVAL OF AGENDA

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

IV. APPROVAL OF MINUTES

A motion was made by Board member Patricia Parham to approve the minutes of the previous meeting on March 27, 2012 as presented. The motion was seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

V. INVESTMENTS

PORTFOLIO REVIEW

Cary Allison of Morgan Stanley Smith Barney (MSSB) 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 February 29, 2012. As of February 29, 2012, the District's Investment Trust portfolio had an allocation of 50.5% in fixed income funds and 49.5% in equity funds (equity funds comprised 32.5% in domestic equity and 17.0% in international equity). The value of the portfolio as of December 31, 2011 was \$10,151,531.11 and the value as of February 29, 2012 is \$10,833,532.24. The February 29, 2012 portfolio value represents an inception to date net rate of return of 2.86% compared to the Barclays Aggregate of 8.33% and the S&P 500 Adj for Divs of 5.08%. The year-to-date investment results show a net increase of 6.72% versus the Barclays Aggregate of 0.86% and the S&P 500 Adj for Divs of 8.99%.

In the Board materials provided, Cary presented the Asset Allocation and Portfolio Updates for the Futuris Public Entity Investment Trust Model Portfolios for period ending December 31, 2012. Cary advised that there had been no change in the District's portfolio mix since inception.

Board member Patricia Parham wondered where the percent change in the Trust's market value is reflected on the portfolio review. Cary indicated that the "Time Weighted Return – Net of Fees" is the pertinent report. In this connection, Cary noted that the largest accumulations in the District's portfolio have occurred in the past two months.

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

MARKET OVERVIEW

In the Board materials, Cary Allison of Morgan Stanley Smith Barney (MSSB) provided MSSB Consulting Group "Capital Markets Overview" for fourth quarter 2011. In the fourth quarter, equities bounced back, despite concerns over the cumulative effects on the global economy of the European sovereign debt crisis and the legislative standstill in the U.S Congress. The Dow Jones Industrials were up 12.8% for the fourth quarter, and 8.4% for the 12-month period. The NASDAQ Composite was up 7.9% for the quarter, but fell 1.8% for the 12-month period. The S&P 500 rose 11.8% for the quarter, and rose 2.1% for the year. All ten sectors of the S&P 500 Stock Sectors rose in the fourth quarter. Energy fared the best, with an 18.2% uptick. Industrials and Materials rose 16.5% and 15.4%, respectively. Utilities and Telecommunications Services were the laggards, rising 8.3% and 7.9%, respectively. Still, the possibility of a looming recession in Europe weighed on global growth expectations.

Both Morgan Stanley Smith Barney and Citi economists reduced global growth expectations for 2011 to 3.9% and 3.7%, respectively, and 3.5% and 3.0% for 2012. U.S. economic growth is expected by both Morgan Stanley and Citi to be around 1.7% in 2011 and about 2.0% in 2012. Given a growing belief that global growth is slowing, commodity prices declined in the fourth quarter. As risk aversion took hold, mergers and acquisitions activity decreased in the fourth quarter. Global mergers and acquisitions volume for the quarter totaled \$464 billion, down 15% from the third quarter. For 2011, global deal total dollar volume fell to \$2.6 trillion, just below the 2010 total dollar volume figure.

In a brief commentary regarding current market conditions, Cary noted that he does not believe the U.S. will experience a recession this year but will have modest growth of 2%-2.5%. Cary advised that the S&P 500 Index has been tracking close to 1400 and Wall Street is expecting the top 500 companies to earn \$105.00 per share. Corporate earnings per share are higher than ever before and short-term interest rates probably won't rise over the next 12-18 months.

VI. ADMINISTRATION

ACTUARIAL VALUATION STUDY UPDATE

Board members were advised that the District's new Actuarial Valuation Study should be completed by December 2012. Board member Susan Johnson advised that a draft copy will be completed by December 2012 with a final draft completed by March 2013.

FUTURE TRANSFER OF ASSETS INTO THE TRUST

Board member Susan Johnson wondered if it is better for the District to make transfers to the Trust on a quarterly schedule rather than on a semi-annual basis as currently designated. Cary Allison responded by indicating that he personally felt a quarterly schedule would be a better transfer practice. The Board decided to embrace a quarterly transfer schedule in depositing District funds to the Trust going forward. Due to the summer payroll cycle, the initial quarterly transfer will be somewhat less than normally deposited. The District anticipates an annual transfer to the Trust of approximately \$1,500,000.00.

A motion was made by Board member Susan Johnson to ratify the transfer of \$850,000.00 to the Trust on December 22, 2011 and going forward to change transfer schedules from semi-annual to quarterly. The motion was seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

VII. EDUCATION

Cary Allison of Morgan Stanley Smith Barney (MSSB) presented Equity Strategy investment perspectives – “The Raging Bull Strategy” by Tobias Levkovich of Citi Investment Research & Analysis, a division of Citigroup Global Markets, Inc. Mr. Levkovich wrote that the investment community has been distracted by having lost 50%+ in stocks twice since 2000, the plunge in home prices, peak-like margins, employment challenges and a potential European sovereign debt/banking crisis, but there are changes that may provide catalysts for a major shift in equity price direction.

Mr. Levkovich noted six major developments that argue for a new secular bull market beginning within

the next 12-18 months:

- A nascent US housing recovery could emerge after excess homes get absorbed in the middle of 2012.
- An American manufacturing renaissance appears to be taking place.
- Fiscal responsibility could address rising risk premiums and allow for multiple expansions.
- The demographics of the baby boom “echo” should support a new cadre of investors.
- The US is moving towards energy self sufficiency via the development of shale oil and gas fields as well as NGL substitution.
- Technologies innovation and penetration of smart mobile devices is likely to compel major new investment.

VIII. INFORMATION

RETIREMENT BOARD OF AUTHORITY COMMENTS

Board member Susan Parham inquired whether Chuck Thompson of RPM Consulting Group was conducting his “Fiduciary and Conflict of Interest Program” training during the District’s next Retirement Board of Authority (RBOA) meeting.

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 meeting is scheduled as follows:

- August 8, 2012: 3.00 PM-4:00 PM.

X. ADJOURNMENT

There being no further business to discuss, the Retirement Board of Authority meeting was adjourned at 10:50 AM.

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.