

MEETING MINUTES

**UNIVERSITY COLLEGE DISTRICT
RETIREMENT BOARD OF AHOI MEETING
AGUSTO, 2011
10:00 AM- 12:00 PM**

**UNIVERSITY COLLEGE
DISTRICT BOARD ROOM
255 EAST ANLEY AVE, SUITE 150
UNIVERSITY, 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 10:00

II. ROLL CALL

RETIREMENT BOARD OF AHOI (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 Wyszard

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 :

RPM Consulting Group

Chuck Thompson

III. APPROVAL OF AGENDA

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

IV APPROVAL OF MINUTES

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

V CORRESPONDENCE

There was no correspondence presented.

VI INVESTMENTS

PORTFOLIO REVIEW

Cary Allison of Morgan Stanley Smith Barney (MSSB) presented an overview of the District's Public Entity Investment Trust Change in Portfolio, Asset Allocation, Time Weighted Return (Gross and Net of Fees) for period ending July 31, 2011. As of July 31, 2011, the District's Investment Trust portfolio had an allocation of 54.4% in fixed income funds and 45.6% in equity funds (equity funds comprised 29.0% in domestic equity and 16.6% in international equity). The value of the portfolio as of July 31, 2011 was \$3,727,434.61. The July 31, 2011 portfolio value represents an inception to date rate of return of 0.83% compared to the S&P/Barclay Blend of 0.98%.

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

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Cary continued by providing Board members MSSB's "Global Investment Committee Outlook". The Investment Committee outlook reflects positive long-term growth indicators as follows:

- Global GDP recovery has now become business cycle expansion.
- Global economy growth of 4% with emerging economies expanding by 7% and developed ones by 2%.
- Low 2%-3% inflation in developed countries but 6% in developing ones.
- Developing economy central banks and European Central Bank tighten; Fed on hold until 2012.
- Modest U.S. trade-weighted dollar strength; broadened country currencies weakness to developing country currencies, especially Asia.
- Longer-term prospects good for a near global business cycle expansion.

M. EDUCATION

Cary Allison of Morgan Stanley Smith Barney (MSSB) presented Board members with an article entitled "States Begin to Address Long-Term Pension Obligations in Era of Fiscal Austerity", prepared by BlackRock, Inc.

This article presented a view that public pensions are a challenge to governments' long-term fiscal integrity, but maintains that the greatest risk to municipal marketplace today is in the volatility sparked by headlines and not, as some project, in the likelihood of defaults.

This article provides multiple key perspectives as follows:

- While pension liabilities are cause for concern, they do not themselves generate a rash of municipal defaults.
- Each state is unique in its funding status, as well as political climate, fiscal condition and legal framework.
- Many states have already begun the process of addressing pension liabilities.
- Local governments have multiple tools available to address pension funding issues, although those few municipalities with extremely underfunded liabilities may be put under state supervision or seek bankruptcy protection.
- Initiatives to establish consistent methodology to calculate liabilities and to improve transparency will likely lead to additional corrective actions.

Cary briefly discussed the municipal bond market and pointed out that after a high-profile default prediction in late 2010, the market suffered a spike in rates that resulted in price weakness and a pronounced steepening of the municipal yield curve. This market volatility was exacerbated by the uncertain future of the Build America Bond (BAB) program, which had been entering market technical's since its introduction in

Cary also noted that governmental pensions ~~came~~ ^{gained} attention when the Governmental Accounting Standards Board (GASB) proposed changes to the ~~plans~~ ^{plans} and methodology for calculating municipal pension funding status. In particular, GASB proposed ~~that~~ ^{that} municipalities be required to both lower the

OPEB Plan participants by posting on the District's website.

RETIREMENT BOARD OF AUTHORITY (RBOA) BYLAWS

Gail Beal of Keenan Financial Services (KFS) provided members with a brief overview relative to the function of RBOA Bylaws. Gail noted that many Boards have found RBOA Bylaws to be helpful regarding the operation and management of their OPEB Trust. Chuck Thompson of RPM Consultant Group advised that auditors often like to have a set of Bylaws when doing an audit of the OPEB Plan and Trust.

A motion was made by Board member Susan Johnson and moved forward with the RBOA Bylaws process as presented. The motion was seconded by Board member Patricia Parham and unanimously carried by the Board.

THE TRANSFER OF ASSETS INTO THE TRUST

Relative to ongoing Fiduciary funding schedule, Board member Susan Johnson anticipates the District transferring assets to the OPEB Trust Fund on a semi-annual basis.

STAFF ON-LINE ACCESS TO OPEB TRUST ACCOUNT

Board members indicated that Laura Galvan, Executive Director-Business Services is an additional staff member who will require access to the Benefit Company (BTC) website. Roslyn Washington of Keenan Financial Services (KFS) advised that she needs to frequently converse with Laura Galvan.

A motion was made to grant Laura Galvan, Executive Director-Business Services access to the BTC website by Board member Susan Johnson. The motion was seconded by Board member Mary Anne McNeil and unanimously carried by the Board.

IX INFORMATION

RETIREMENT BOARD OF AUTHORITY COMMENTS

There were no Retirement Board of Authority (RBOA) comments.

PROGRAM COORDINATOR/CONSULTANT COMMENTS

There were no Program Coordinator/Consultant comments.

MEMBER COMMENTS

Chuck Thompson of RPM Consultant Group introduced himself to Board members he had not previously met. Board member Susan Johnson noted that Chuck assisted the District with their Request for Proposal (RFP) processes and analysis.

X DAE, TIME AND AGENDA ITEMS FOR NEXT MEETING

Relative to OPEB Plan governance, Chuck Thompson of RPM Consultant Group advised that he was sending Roslyn Washington materials regarding Fiduciary Processes and Conflict of Interest protocols to be agendaized at the next Retirement Board of Authority (RBOA) meeting. Board members should review these materials individually and get back to Roslyn Washington with questions and inquiries. Roslyn will provide a redline copy for discussion at the next RBOA meeting.

The next RBOA meeting is scheduled as follows:

- December 6, 2011 from 10:00 AM – 12:00 PM.

K ADJORNMENT

The Ventura County Community College District Board of Authority Meeting was adjourned at 10:55 AM.

Aid/At

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 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 Stanley Avenue, Suite 150, Ventura, CA. 93001.