

District Retirement Board

2009 Meeting Minutes

Click title or page number to view
Press Home key to return to table of contents

December 8, 2009 Meeting Minutes	2
October 1, 2009 Meeting Minutes	6
April 23, 2009 Meeting Minutes	11

MEETING MINUTES

SAN JOSE / EVERGREEN COMMUNITY COLLEGE DISTRICT FUTURIS RETIREMENT BOARD OF AUTHORITY MEETING

December 8, 2009
10:30 AM – 12:30 AM

San Jose City College
Technology Center
Room T-112
2100 Moorpark Avenue
San Jose, CA 95128
408-288-3708

I. CALL TO ORDER

The meeting was called to order by Steve Gedestad at 10:42 AM.

II. ROLL CALL

Those in attendance were:

MEMBERS:

Vice Chancellor, Administrative Services	Jeanine Hawk
Director of Fiscal Services	Serena Muindi
Faculty and President, Faculty Association, AFT 6157	David Yancey
Faculty and Member of AFT 6157	(absent) Mark Newton
Staff and Member of CSEA, Chapter 363	Evelyn Rojas
Staff and Member of CSEA, Chapter 363	Danny Hawkins

PROGRAM COORDINATORS:

Executive Vice President	Steve Gedestad
Senior Vice President	Bob Schoenherr
Senior Service Representative	Ken Threeths

CONSULTANTS:

Morgan Stanley	Cary Allison
Benefit Trust Company	Scott Rankin
RPM Consultant Group	Chuck Thompson

GUESTS

Retired-Faculty	Phil Crawford
Retired-Faculty	Herb Ford
AFT 6157	Barbara Hanfling

OTHER:

Vavrinek, Trine, Day & Company, LLP	Terri Montgomery
-------------------------------------	------------------

III. APPROVAL OF AGENDA

Steve Gedestad requested to go to Portfolio Review under Agenda Item VI. Investments before discussing Correspondence due to timing issue of Cary Allison's. Also a request was made by Jeanine Hawk to provide time for a presentation from Chuck Thompson and a review of the VTD audit report during Agenda Item VII. Administration. The Board of Authority allowed the requests of both Steve and Jeanine. A motion was made by Danny Hawkins, seconded by Evelyn Rojas and unanimously carried to approve the Agenda.

IV. APPROVAL of MINUTES

A motion was made by Danny Hawkins, seconded by Jeanine Hawk and carried with one abstention, to approve the minutes.

V. CORRESPONDENCE

Steve Gedestad presented and reviewed an article on Morgan Stanley's Third Quarter Results.

VI. INVESTMENTS

PORTFOLIO REVIEW:

The agenda packet included Performance Reports that provided information as of 10/31/09. Cary Allison provided the Board with reports that were as of 11/30/09. Cary walked through and reviewed the Performance Reports for the Short Term, Long Term and Money Market accounts. Cary pointed out that the Portfolio Appraisals listed the yield for both the Long and Short Term and the yields were 3.2% and 4.7% respectively.

Jeanine requested that on the Portfolio Appraisals to have heading at the top of each column. Scott noted that normally they do have headings and he will make sure that future Portfolio Appraisals do include headings. Cary went over what the heading titles should have been. From left to right the headings should read; Number of Shares, Fund Name, Ticker Symbol, Cost Basis Per Share, Total Cost Basis, Value Per Share, Total Value, Percentage of Portfolio, and Yield.

MARKET OVERVIEW:

Scott Rankin discussed the current market conditions and noted that when there is a large decline in the market that this is not a "normal" recovery. A total recovery of the market may take longer than what has been the average. A number of articles from the Morgan Stanley Smith Barney investment outlook newsletter "On the Markets". The articles that were included in the agenda were:

- Let's Get Real
- The Global Search for Yield
- Higher Prices, Lower Volatility
- No Time for Treasuries
- Municipals Meet Resistance
- Feeding the Global Expansion
- What Would Make Us Bullish on the Dollar?
- Weighing the Hard-to-Quantify Risks

RISK TOLERANCE DISCUSSION

Steve Gedestad went over the Risk Tolerance Questionnaire that was completed at the first Retirement Board of Authority meeting in order to reaffirm the Board's risk tolerance and confirm that it is not necessary to complete a new Risk Tolerance Questionnaire. Scott noted that the group had this discussion just a few months ago and decided to not go through the questionnaire again. Jeanine suggested that she did not believe it was necessary to go through it again and that it would be a good practice to only have this discussion on a regular scheduled basis rather than ask the question for every meeting and also suggested to not ask this question again until the RBOA meeting in July.

A motion was made by Danny Hawkins, seconded by David Yancey and unanimously carried to defer the discussion on retaking the Risk Tolerance Questionnaire until the July meeting.

DISCUSSION OF INVESTMENT POLICY STATEMENT

Steve Gedestad reviewed the Investment Policy Statement in order to confirm the Board's desire to either make revisions to it or affirm the current Investment Policy Statement.

A motion was made by Danny Hawkins, seconded by David Yancey and unanimously carried to defer the discussion on the Investment Policy Statement until the July meeting.

VII. ADMINISTRATION

REVIEW OF THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE SUBSTANTIVE PLAN

Steve Gedestad asked if members of the Board had the opportunity to review the Comprehensive Compliance Plan or the Substantive Plans. Not all members of the Board have reviewed the document.

Chuck Thompson of RPM Consultant Group presented a proposal to the Board for Phase II for GASB 43 & 45 Compliance Consulting. The services being offered are for RPM Consulting to continue to provide GASB compliance services. The Board had a number of questions in regard to the presentation and did not feel comfortable with making a decision during the meeting. Some of the specific questions were; is there any overlap of duties between contracted Futuris services and proposed RPM Consultant Group services, which services are they legally obligated to do, which items are strongly recommended to be completed and which items are not necessary but would be considered good practice. The Board members asked to have an opportunity to review the proposal and also asked Keenan to review the proposal. Steve agreed to review the proposal and provide feedback.

A motion was made by Jeanine Hawk, seconded by Serena Muindi and unanimously carried to defer any decisions until the Board and Keenan has had the opportunity to review and provide feedback on the proposal by RPM Consultant Group.

STATUS OF ACTUARIAL STUDY

Serena reported that the actuarial study is the final stages and the draft will be part of the RBOA Meeting in February. Barbara Hanfling and David Yancey asked if the actuary was using the same assumptions as were discussed in their initial meeting. Jeanine Hawk suggested that they schedule a meeting with the actuary and the benefit committee the following week in order to get confirmation. Barbara and David agreed that a meeting would be advantageous to all groups involved.

Terry Montgomery of VTD went through a portion of the audit report. However, since the report was not originally on the agenda the Board did not make any motions toward accepting the audit report. The audit report will be an action item on the next agenda.

VIII. INFORMATION REPORTS

RETIREMENT BOARD OF AUTHORITY COMMENTS

None.

PROGRAM COORDINATOR/CONSULTANT COMMENTS

Steve Gedestad informed the Board that Keenan was planning an Investment Workshop. The workshop is tentatively scheduled for March 23rd pending confirmation of dates with other participants. It is tentatively scheduled from 10 AM to 2 PM. Members stated that the time of the workshop would be better for their schedule if it started in the afternoon.

VISITOR COMMENTS

Phil Crawford requested to have copies of previous meeting minutes available in order to have a history of what the Board has worked on. Serena stated that they would provide a binder for the public at the next meeting.

IX. AGENDA ITEMS FOR NEXT MEETING

Agenda items for the next meeting will be the same as for this meeting however members and visitor can suggest additional items for consideration. Suggested additional items for the next meeting are:

- RPM Consultant Group Proposal
- Portfolio Review
- Market Overview
- Comprehensive Compliance Plan

X. ADJOURNMENT

There being no more business to discuss a motion was made by David Yancey, and seconded by Danny Hawkins unanimously carried to adjourn the meeting at 12:30 PM.

MEETING MINUTES

**SAN JOSE / EVERGREEN COMMUNITY COLLEGE DISTRICT
FUTURIS RETIREMENT BOARD OF AUTHORITY MEETING**

**October 1, 2009
3:00 PM – 5:00 PM**

**San Jose City College
Technology Center
Room T-120
2100 Moorpark Avenue
San Jose, CA 95128
408-288-3708**

I. CALL TO ORDER

The meeting was called to order by Steve Gedestad at 3:39 PM.

II. ROLL CALL

Those in attendance were:

MEMBERS:

Vice Chancellor, Administrative Services
Director of Fiscal Services
Faculty and President, Faculty Association, AFT 6157
Faculty and Member of AFT 6157
Staff and Member of CSEA, Chapter 363

Jeanine Hawk
Serena Muindi
David Yancey
Mark Newton
Danny Hawkins

PROGRAM COORDINATORS:

Executive Vice President
Senior Service Representative

Steve Gedestad
Ken Threeths

CONSULTANTS:

Morgan Stanley
Benefit Trust Company
RPM Consultant Group

Cary Allison
Scott Rankin
Chuck Thompson

GUESTS

Retired Emeritus-Faculty

Phil Crawford

OTHER:

None

III. APPROVAL OF AGENDA

A motion was made by Danny Hawkins, seconded by Mark Newton and unanimously carried to approve the Agenda.

IV. APPROVAL of MINUTES

Steve Gedestad noted that in Section VI. INVESTMENTS, under the heading DISCUSSION OF INVESTMENT POLICY STATEMENT the last sentence currently states, "...\$8.7 million invested in a target rate of 5% after less withdrawn to reimburse..." The sentence needs to be corrected to state, "... \$8.7 million invested in a target rate of 5% **to be** withdrawn to reimburse..." A motion was made by David Yancey, seconded by Danny Hawkins and carried with member Jeanine Hawk abstaining to vote due to not being a member at the previous meeting, to approve the minutes with the noted amendment.

V. CORRESPONDENCE

The following articles were presented to the board and reviewed by Cary Allison

- Morgan Stanley Announces Pricing of \$3.5 Billion Common Stock Offering and \$4 Billion Senior Notes Offering
- Morgan Stanley Statement On Paying Back TARP Funds
- Market Insights (JP Morgan Market Bulletin)

VI. ELECTION OF CHAIRPERSON

With the retirement of the previously elected Chairperson, Ron Root, a new Chairperson needs to be elected by the Board. A motion was made by Danny Hawkins, seconded by David Yancey and unanimously carried to elect Jeanine Hawk as the new Chairperson.

VII. INVESTMENTS

MARKET OVERVIEW:

Cary Allison provided an overview of current market conditions by reviewing the Morgan Stanley Smith Barney document, Daily Market Barometer as well as the Futuris Asset Allocation and Investment Strategy. David Yancey asked if this document was specific to SJECCD or if it was for general information. Cary informed David and the Board that their information is within the board packet and is also available online.

Scott Rankin reviewed the following sections of the agenda:

Short Term Performance Report, Pages 75-78 of 151. Scott noted that on page 76 there was an updated Portfolio Value as of 9/30/09. The updated value was \$5,220,220.

Long Term Performance Report, Pages 79-82 of 151. Scott noted that on page 80 there was an updated Portfolio Value as of 9/30/09. The updated value was \$39,969,717.

Money Market Performance Report, Pages 83-85 of 151.

Scott and Cary advised the Board that the current rate of return is not indicative of future rates of return.

RISK TOLERANCE DISCUSSION

Steve Gedestad went over the Risk Tolerance Questionnaire that was completed at the first Retirement Board of Authority meeting in order to reaffirm the Board's risk tolerance and confirm that it is not necessary to complete a new Risk Tolerance Questionnaire.

A motion was made by David Yancey, seconded by Serena Muindi and unanimously carried to continue to use the original risk tolerance questionnaire scoring.

DISCUSSION OF INVESTMENT POLICY STATEMENT

Scott reviewed the Investment Policy Statement in order to confirm the Board's desire to either make revisions to it or affirm the current Investment Policy Statement.

Jeanine Hawk asked if the Board had requested to have Benefit Trust exclude any specific type of investments. David Yancey responded that during the first RBOA meeting that Board discussed not investing in anything that was socially irresponsible, however no action was taken.

A motion was made by Mark Newton, seconded by Serena Muindi and unanimously carried to affirm the use of the current Investment Policy Statement.

VIII. EDUCATION

In order to provide the Board with continuing education and information Steve presented the following document; Fiduciary Assistance for Investment of OPEB Funds: The Futuris Program, A White Paper by Bruce Ashton of Reish, Luftman, Reicher & Cohen.

Steve and Scott discussed in greater detail pages 103, 109 & 110 and explained the "Prudent Person" standard.

IX. ADMINISTRATION

REVIEW OF THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE SUBSTANTIVE PLAN

Steve suggested that Keenan will provide updates to the delivered Volumes I & II of the Comprehensive Compliance Plan on an as needed basis.

A motion was made by David Yancey, seconded by Danny Hawkins and unanimously carried to have Keenan update the Comprehensive Compliance Plan when changes occur.

ANNUAL REPORTING ON THE STATUS OF THE TRUST

The Annual Notification to the beneficiaries has been provided to the district and was included in the agenda packet. The district will post the Annual Notification to the SJECCD web page. The Annual Notification that was sent to the district was accompanied by a cover letter however the Annual Notification in the agenda packet did not have a cover letter. A request was made by the board to have the cover letter provided in the agenda packet when the next Annual Notification is provided.

STATUS OF ACTUARIAL STUDY

Jeanine reported that actuary is currently working on the study and it should be completed by the end of October.

X. INFORMATION REPORTS

RETIREMENT BOARD OF AUTHORITY COMMENTS

David Yancey requested to have future agendas available prior to the meeting. Steve responded that future agendas will be provided prior to the meeting for the Board's review.

Jeanine Hawk reported that the district has a meeting with the Dolinka Group on October 14th in regard to whether or not the bridge benefit was taken into account for funding the GASB liability.

PROGRAM COORDINATOR/CONSULTANT COMMENTS

None

VISITOR COMMENTS

Phil Crawford asked if the Trust was a defined benefit plan. Scott informed Phil that the Trust is not a defined benefit plan it is a funding mechanism to pay for the benefits of the retired employee population.

XI. AGENDA ITEMS FOR NEXT MEETING

Agenda items for the next meeting will be the same as for this meeting however members and visitor can suggest additional items for consideration. The next meeting will include an agenda item on Socially Responsible Investments.

The date and times for the next four meetings are:
December 8, 2009 from 10:30 AM to 12:30 PM. Location is TBD
February 23, 2010 from 2:00 PM to 4:00 PM. Location is TBD
May 13, 2010 from 1:00 PM to 3:00 PM. Location is TBD
July 14, 2010 from 3:00 PM to 5:00 PM. Location is TBD

XII. ADJOURNMENT

There being no more business to discuss a motion was made by Danny Hawkins, seconded by Serena Muindi and unanimously carried to adjourn the meeting at 5:20 PM.

MEETING MINUTES

**SAN JOSE / EVERGREEN COMMUNITY COLLEGE DISTRICT
FUTURIS RETIREMENT BOARD OF AUTHORITY MEETING
APRIL 23, 2009
1:00 PM – 3:00 PM**

**DISTRICT OFFICE BOARD ROOM
4750 SAN FELIPE ROAD
SAN JOSE, CA 95135-1599
(408) 274-6700**

I. CALL TO ORDER

The meeting was called to order by Retirement Board of Authority Member, Ron Root, at 1:06 PM.

II. ROLL CALL

Those in attendance were:

MEMBERS:

Vice Chancellor, Administrative
Director of Fiscal Services
Faculty and President, Faculty Association, AFT 6157
Faculty and Member of AFT 6157
Staff and Member of CSEA, Chapter 363
Staff and Member of CSEA, Chapter 363

Ron Root
Serena Muindi, ABSENT
David Yancey
Mark Newton
Danny Hawkins
Evelyn Rojas, ABSENT

PROGRAM COORDINATORS:

Senior Vice President
Vice President
Service Assistant

Gail Beal
Bob Schoenherr
Michelle Piche-Carlson

CONSULTANTS:

Morgan Stanley
Benefit Trust Company
RPM Consultant Group

Cary Allison
Scott Rankin
Chuck Thompson

GUESTS

Faculty AFT 6157

Barbara Hanfley

OTHER:

III. APPROVAL OF AGENDA

A motion was made by Mark Newton, seconded by Danny Hawkins and unanimously carried to approve the Agenda.

IV. APPROVAL OF MINUTES

A motion was made by David Yancey, seconded by Mark Newton and unanimously carried to approve the minutes as presented.

V. CORRESPONDENCES:

The following Correspondences were presented and reviewed by the Retirement Board:

- An article from Investment News The Leading News Source for Financial Advisors titled “Meet Morgan Stanley Smith Barney”, dated January 13, 2009 was presented and reviewed.

VI. INVESTMENTS:

OPEB BOND UPDATE:

The validation process to issue the district’s OPEB Bond has been completed. The Board discussed the Actuarial Valuation. The Actuarial Valuation determines the total Present Value of Future Benefits (PVFB). A component of the PVFB is the Actuarial Account Liability (AAL) that represents the value of all vested retiree benefits. The funding of this liability can be accomplished in a number of different methods including one lump sum payment. The OPEB Bond proceeds will be used as the lump sum payment to fund the AAL. The Retirement Board of Authority took no action.

MARKET OVERVIEW:

Cary Allison, Scott Rankin, and Chuck Thompson discussed the overview of the actions of the market since the last Retirement Board of Authority Meeting. As Board Members of the Retirement Board of Authority, each Individual has a fiduciary responsibility to understand the impact of market conditions on the assets in the trust. Morgan Stanley provided an overview of current market conditions. The Retirement Board of Authority took no action.

RISK TOLERANCE DISCUSSION:

Morgan Stanley reviewed the previous Risk Tolerance Questionnaire. The Retirement Board discussed its current risk tolerance and the need for the completion of a new Risk Tolerance Questionnaire to gauge the Board’s attitude toward and capacity for risk. The Retirement Board of Authority reviewed the Questionnaire and reaffirmed the prior scores.

DISCUSSION OF INVESTMENT POLICY STATEMENT

A motion was made by was made by Ron Root, seconded by Danny Hawkins, and unanimously carried to deposit in trust all proceeds from sale at target rate of 8% except for \$8.7 million invested in a target rate of 5% to be withdrawn to reimburse district for health care benefits for 2008/2009 policy year.

VII. INFORMATION REPORTS

RETIREMENT BOARD OF AUTHORITY COMMENTS –

It was discussed that today would be Ron Root's last meeting. The Retirement Board of Authority thanked him for a job well done and stated that he would be missed. The next meeting date will be scheduled at a later time.

PROGRAM COORDINATOR / CONSULTANT COMMENTS:

No discussion or action was taken on this item.

VISITORS COMMENTS:

No comments.

VIII. AGENDA ITEMS FOR NEXT MEETING :

No future agenda items were discussed for the next meeting. The next meeting will be scheduled at a later date.

VIII. ADJOURNMENT

A motion was made by Ron Root, seconded by David Yancey, and unanimously carried to adjourn the meeting at 2:34 PM.