I. CALL TO ORDER

The Retirement Board of Authority (RBOA) meeting was called to order at 10:25 AM by Board Chair Jo Ann Higdon.

Roll call was taken and all members of the Retirement Board of Authority were present except Janice Ely.

II. ROLL CALL

RETIREMENT BOARD OF AUTHORITY (the “Board”) MEMBERS:

Vice President, Administrative Services & Board Chair \(\) Jo Ann Higdon
Director, Purchasing and Business Services \(\) Rocky Bonura
Director of Human Resources \(\) Lynn Lindberg
Vice President, Human Resources \(\) Linda Beam

PROGRAM COORDINATOR:
Senior Vice President \(\) Gail Beal
Account Manager \(\) Roslyn Washington

CONSULTANTS:
Benefit Trust Company (BTC) \(\) Scott Rankin
Morgan Stanley (MS) \(\) Cary Allison

OTHERS
None

ABSENT
Business Manager, Fiscal Services \(\) Janice Ely
III. APPROVAL OF AGENDA

A motion was made by Board member Linda Beam to approve the Agenda as presented. The motion was seconded by Board member Rocky Bonura and unanimously carried by the Board members present.

IV. APPROVAL OF MINUTES

A motion was made by Board member Rocky Bonura to approve the Minutes from the previous meeting on March 7, 2013 as presented. The motion was seconded by Board member Lynn Lindberg and unanimously carried by the Board members present.

V. INVESTMENTS

PORTFOLIO REVIEW

Cary Allison of Morgan Stanley Wealth Management 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 periods ending December 31, 2012 and January 31, 2013. As of January 31, 2013 the District’s Investment Trust portfolio had an allocation of 85.3% in fixed income funds and 14.7% in equity funds (equity funds comprised 9.5% in domestic equity and 5.2% in international equity). The value of the portfolio as of December 31, 2012 was $15,356,508.25 and the portfolio value as of January 31, 2013 is $15,460,862.37. The January 31, 2013 portfolio value represents an inception to date net rate of return of 2.40% compared to the Barclays Aggregate of -0.48% and the S&P 500 Adj for Divs of 4.78%. Cary noted that the District’s inception to date returns are somewhat low because deposits to the Investment Trust were made in late September and the portfolio missed some of the growth that came earlier in the year. The current dividend yield on the District’s portfolio fixed income investments was 3.9% while the current dividend yield on the aggregated portfolio was 3.6%.

Cary informed Board members that the Barclays Global Aggregate Bond index has been added to the District’s Performance Report. This benchmark provides a broad-based measure of the global investment grade fixed-rate debt markets. Cary also presented asset allocation and portfolio updates for the Public Entity Investment Trust Model Portfolios for period ending December 31, 2012. He advised that there have not been any manager changes or changes to the asset allocation strategies in the portfolio models. Cary went on to inform the Board members that the capital markets had a good year last year as “worst case scenarios” (i.e. U.S. Fiscal Cliff; Eurozone sovereign debt crisis etc.) did not happen because of the accommodative policies of the central banks around the world. He also noted that Quantitative Ease 3 (QE3) allowed the U.S. Federal Reserve to purchase billions in mortgage-backed securities in order to bring down long-term interest rates and thus stimulate housing and other economic sectors dependent on housing. He believes that interest rates will stay low for the next few years as Fed Chair Bernanke seems committed to this course of action in his effort to get the economy back on track.

A motion was made by Board member Rocky Bonura to accept the Portfolio Performance Review as presented. The motion was seconded by Board member Linda Beam and unanimously carried by the Board members present.
MARKET OVERVIEW

Cary Allison of Morgan Stanley Wealth Management provided Morgan Stanley’s “Capital Markets Overview” for the fourth quarter 2012. In the fourth quarter, equities and other risk assets declined, despite loose monetary conditions around the world. The U.S. Federal Reserve, the European Central Bank, the People’s Bank of China, the Bank of Japan (BOJ) all has accommodative monetary policies. Yet, it was not enough for investors to entirely discount the ongoing economic crisis, a slowing China and most significantly, the U.S. “fiscal cliff”. Nevertheless, it was a terrific year for equity markets around the world. For the 12-month period, the Dow Jones Industrial Average rose 10.2%, the NASDAQ Composite rose 15.9% and the S&P 500 was up 16.0%. For the year, the MSCI All-Country World index advanced 16.8%. Relative to the U.S. Bond Market, accommodative central bank policy, bolstered by the continuation of Quantitative Ease 3 (QE3) in December, helped extend a year-long rally in riskier parts of the bond market, including high yield debt and corporate credit. QE3 allows the U.S. Federal Reserve to purchase billions in mortgage-backed securities in order to bring down long-term interest rates and thus stimulate housing and other economic sectors dependent on borrowing. The benchmark 10-year Treasury yield fell (as prices rose) to 1.76% at the end of 2012, which is near its all-time low. The Barclays Capital U.S. Aggregate Bond index, a general measure of the fixed-income market, rose 0.2% for the fourth quarter, and rose 4.2% for the year. In contrast, the Barclays Capital High Yield index, a measure of lower-rated corporate bonds, rose 3.3% for the quarter and was up 15.8% for the year.

VI. ADMINISTRATION

TRANSFER OF ASSETS INTO THE TRUST

Board Chair Jo Ann Higdon advised that the District intends to transfer an additional $900,000.00 to the OPEB Investment Trust before the end of fiscal year 2012/2013.

No action was taken on this Agenda Item.

DIRECTORS’ AND OFFICERS’ INSURANCE UPDATE

Relative to E&O proposal material, Board member Rocky Bonura indicated that he could not recall receiving information from Toni Brady of Keenan & Associates. Rocky requested that the materials be sent to him again and suggested that a copy be sent to each member of the Board.

No action was taken on this Agenda Item.

RETIREMENT BOARD OF AUTHORITY (RBOA) BYLAWS

Board members reviewed the provisions of the RBOA Bylaws template presented and although no changes were suggested, the Board decided to defer action at this time.

No action was taken on this Agenda Item.
DISBURSEMENTS

Roslyn Washington of Keenan Financial Services presented the Board with the Disbursement Report which reflected the expenses associated with the management & operation of the Trust from December 2012 through February 2013.

A motion was made by Board member Rocky Bonura to ratify the expenses associated with the management and operation of the District’s OPEB Investment Trust. This motion was seconded by Board member Linda Beam and unanimously carried by the Board members present.

STATUS OF UPDATES TO THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE SUBSTANTIVE PLAN

Roslyn Washington of Keenan Financial Services (KFS) presented the Board members with the District’s “Substantive Plan” (Volume II) for fiscal year ending June 30, 2012. Roslyn advised the Board members that approximately two months subsequent to the end of the 2012/2013 fiscal year, she will connect with Board member Linda Beam to start the process for the next annual update to the District’s “Substantive Plan”.

PERFORMANCE REPORT SCHEDULE FOR THE BOARD OF TRUSTEES

Board Chair Jo Ann Higdon asked if the Report schedule covers a monthly or quarterly period. Scott Rankin of Benefit Trust Company (BTC) explained that the District’s Investment Trust reporting schedule is quarterly. He noted that the quarterly report presentation includes a cover letter profiling current economic conditions.

VII. 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

There were no Visitor comments.

VIII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

The next Retirement Board of Authority meeting has been scheduled as follows:

- June 19, 2013: 12:30 PM-2:30 PM
ADJOURNMENT

A motion was made by Board member Linda Beam to adjourn the meeting at 10:55 AM. The motion was seconded by Board member Lynn Lindberg and unanimously carried by the Board members present.

Americans with Disabilities Act: The El Camino 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 El Camino Community College District Retirement Board of Authority, shall be made to: Jo Ann Higdon, Vice President, Administrative Services, El Camino Community College District, 16007 Crenshaw Blvd, Torrance CA. 90506.