

**MINUTES**

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING  
JUNE 19, 2013  
12:30 PM – 2:30 PM**

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
ADMINISTRATION BUILDING, ROOM ADM131  
16007 CRENSHAW BLVD  
TORRANCE, CA. 90506  
PHONE (310) 532-3670**

**I. CALL TO ORDER**

The Retirement Board of Authority (RBOA) meeting was called to order at 12:40 PM by Board Chair Jo Ann Higdon.

Roll call indicated all Retirement Board of Authority members present and a complete roster of representatives from supporting service organizations was recorded.

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**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
Business Manager, Fiscal Services	Janice Ely

**PROGRAM COORDINATOR:**

Senior Vice President	Gail Beal
Account Manager	Roslyn Washington

**CONSULTANTS:**

Benefit Trust Company (BTC)	Scott Rankin
Morgan Stanley Wealth Management (MS)	Cary Allison

**OTHERS**

None

**ABSENT**

Linda Beam

### III. APPROVAL OF AGENDA

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

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### 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 and unanimously carried by the Board members present at the meeting of March 7, 2013. Board member Janice Ely abstained as she was absent from the meeting.

In a brief discussion regarding the posting of Meeting Minutes & Agendas, Board members advised that they are setting-up a District website structure to specifically display these items.

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### V. INVESTMENTS

#### PORTFOLIO REVIEW

Cary Allison of Morgan Stanley Wealth Management (MS), provided an overview of the District's Public Entity Investment Trust Account Change in Portfolio, Asset Allocation, and Time Weighted Return (Gross and Net of Fees) for period ending May 31, 2013. As of May 31, 2013, the District's Investment Trust portfolio had an allocation of 84.6% in fixed income funds and 15.4% in equity funds (equity funds comprised 10.2% 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 May 31, 2013 is \$15,561,344.24. The May 31, 2013 portfolio value represents an inception to date net rate of return of 3.07% compared to the Barclays Aggregate of -0.69% and the S&P 500 Adj for Divs of 14.94%. The year-to-date investment results show a net increase of 1.29% versus the Barclays Aggregate of -0.91% and the S&P 500 Adj for Divs of 15.38%. The current dividend yield on the District's Investment Trust portfolio fixed income investments was 4.0% while the current dividend yield on the aggregated portfolio was 3.7%.

Cary presented asset allocation and portfolio updates for the Public Entity Investment Trust Model Portfolios for period ending March 31, 2013. He advised that there have not been any manager changes or changes to the asset allocation mix in the District's Investment Trust portfolio. Cary continued by advising that three years ago, in an effort to stimulate economic activity, the Federal Reserve began purchasing long-dated government bonds and mortgage-related bonds, thereby forcing down long-term interest rates—a program known as Quantitative Easing (QE). He noted that recently the Fed Chair Bernanke has hinted at a gradual scaling back or “tapering” of asset purchases and as a result there has been a broad-based rise in yields and a decline in bond prices. Cary did point towards some good news by noting that the projected earnings this year on the S&P 500 will be approximately \$110 per share. He explained that because of the suggestion of “tapering” from the Fed the benchmark 10-year U.S. Treasury note rose to a quarter-end 2.49% from a 1.63% low in mid-April. He also advised that the Barclays Capital U.S. Aggregate Bond Index, a general measure of the fixed-income market, declined 2.3% for the second quarter.

A motion was made by Board member Lynn Lindberg to accept the Portfolio Performance Review as presented. The motion was seconded by Board member Janice Ely and unanimously carried by the Board members present.

## **MARKET OVERVIEW**

In the Board materials provided, Cary presented Morgan Stanley's Consulting Group "Capital Markets Overview" for first quarter 2013. This capital markets overview noted that in the first quarter of 2013, equities and other risk assets made gains, in part due to gradually improving global economic conditions and continued loose monetary policy in the U.S., Europe and Japan. In the U.S., both the Dow Jones Industrial Average and the S&P 500 hit record highs. The Dow Jones Industrial Average rose 11.9% in the first quarter; the S&P 500 climbed 10.6% while the NASDAQ Composite advanced 8.5%. Concerns about the Cypriot banking crisis caused the CBOE Volatility Index (VIX), the so-called "fear index" to briefly spike in March. However, investors looked past Eurozone uncertainty, allowing the index to end the quarter at a relatively calm 12.7, which is a distinct contrast from its August 8, 2011 high of 48. For 2013, the index is down 30%, reaching its lowest level since February 2007. For the quarter, the seasonally adjusted unemployment rate fell from 7.9% for January to 7.6% for March. Job gains in the quarter took place in health care, professional and business services, construction, and food services. Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index was flat in January and rose 0.7% in February. According to the Morgan Stanley Global Macro Outlook, Morgan Stanley & Co. LLC economists forecast a 1.8% inflation rate for 2013 and 1.5% for 2014. In the first quarter, emerging markets (EM) and global equities advanced. The MSCI EAFE Index (a benchmark for developed markets) rose 5.3% for U.S.-currency investors and rose 9.8% for local-currency investors, as the U.S. dollar appreciated in relation to the currencies of many nations on the index. Accommodative central bank policy, bolstered by the continuation of Quantitative Ease 3 (QE3) in December 2012, extended 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.

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## **VI. ADMINISTRATION**

### **FUTURE TRANSFER OF ASSETS INTO THE TRUST**

A motion was made by Board member Rocky Bonura to ratify the Report of the District's transfer of \$900,000.00 to the Investment Trust on June 3, 2013. The motion was seconded by Board member Janice Ely and unanimously carried by the Board members present. Board Chair JoAnn Higdon advised that the District has plans to make a deposit into the Trust this Fiscal Year 2013-2014, but she was not yet sure of the amount or date of deposit.

### **DIRECTORS' AND OFFICERS' INSURANCE UPDATE**

Relative to the Directors' and Officers' Insurance proposal included in the Board materials, Board member Rocky Bonura suggested that a discussion of this Item be deferred to be brought back at the next meeting on October 22, 2013. Rocky explained that he had intended to present the proposal to the District's Governing Board of Trustees and advised that the quote had not been received in time for a presentation to the District's Governing Body.

No action was taken on this Agenda Item and it will be brought back on the Agenda for the next meeting of the Retirement Board of Authority on October 22, 2013.

### **RETIREMENT BOARD OF AUTHORITY (RBOA) BYLAWS**

Relative to the RBOA Bylaws, Board Chair Jo Ann Higdon advised that the Board accept the Bylaws template as presented. She explained that certain provisions can be changed from time to time if it becomes necessary to accommodate District requirements.

A motion was made by Board member Rocky Bonura to accept the provisions of the Retirement Board of Authority Bylaws template as presented. The motion was seconded by Board member Lynn Lindberg and unanimously carried by the Board members present.

### **DISBURSEMENTS**

Roslyn Washington of Keenan Financial Services presented the Board with the Disbursement Report which reflected expenses associated with the management & operation of the District's OPEB Investment Trust from March 8, 2013 through May 28, 2013. Board member Janice Ely inquired as to how the District's Investment Trust portfolio fees were calculated. Cary Allison of Morgan Stanley Wealth Management (MS) and Gail Beal of Keenan Financial Services (KFS) explained that fees are based on Assets under Management (AUM) in the District's portfolio.

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 for the period of March 2013 through May 2013. The motion was seconded by Board member Janice Ely and unanimously carried by the Board members present.

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## **VII. INFORMATION**

### **RETIREMENT BOARD OF AUTHORITY COMMENTS**

There were no Retirement Board of Authority comments.

### **PROGRAM COORDINATOR/CONSULTANT COMMENTS**

Gail Beal of Keenan Financial Services (KFS) advised Board members regarding the Investment Workshop to be held at the Westin Hotel in Long Beach on October 8, 2013. She noted that Board members will be receiving a formal invitation in the mail. Gail suggested that all Board members "save the date".

### **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:

- October 22, 2013: 1:00 PM – 3:00 PM
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### IX. ADJOURNMENT

There being no further business to conduct, the Retirement Board of Authority meeting was adjourned at 1:15 PM.

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**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.