

AGENDA (Revised 1/10/14)  
Regular Meeting  
BOARD OF TRUSTEES  
STATE CENTER COMMUNITY COLLEGE DISTRICT  
District Office Boardroom  
1525 E. Weldon Avenue, Fresno, California  
3:15 p.m., January 14, 2014

*\*See Special Notice – Page 3*

- I. CALL TO ORDER
- II. BOARD WORKSHOP ON ACCREDITATION\* Deborah G. Blue
- III. PLEDGE OF ALLEGIANCE
- IV. INTRODUCTION OF GUESTS
- V. APPROVAL OF MINUTES, Meeting of December 7, 2013, and December 10, 2013
- VI. GENERAL
  - A. Consideration to Accept 2012-2013 Audit Report [14-01] Ed Eng
  - B. Retirement Committee (GASB 45) Update and Consideration to Approve Investment Allocation Recommendation [14-02] Ed Eng
- VII. DELEGATIONS, PETITIONS AND COMMUNICATIONS [see footnote]
- VIII. REPORTS AND PRESENTATIONS
  - A. Presidents' Reports Tony Cantu, FCC  
Sandra Caldwell, RC  
Deborah Ikeda, WICCC
  - B. Chancellor's Report Deborah G. Blue
  - C. Academic Senate Report Jeff Burdick, WICCC
  - D. Classified Senate Report Leslie Rata, WICCC
  - E. Student Success: Incentivize Successful Student Behaviors – Enrollment Priorities George Railey  
Pedro Avila

STATE CENTER COMMUNITY COLLEGE DISTRICT  
1525 E. Weldon  
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 14, 2014

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SUBJECT: Retirement Committee (GASB 45) Update  
and Consideration to Approve Investment  
Allocation Recommendation

ITEM NO. 14-02

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EXHIBIT: None

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Background

In November 2007, administration received board approval to contract with California School Boards Association's (CSBA) GASB 45 Solutions Program Trust and Plan for Other Post-Employment Benefits (OPEB). In establishing this program, CSBA conducted a thorough search for a firm to provide investment advisory/management services and administrative services for the investments and the trust respectively. US Bank was selected as the investment advisor/manager and Public Agency Retirement Services (PARS) was selected as the administrator. Both firms have the extensive experience and technical skills needed to manage their respective duties and responsibilities in CSBA's GASB 45 Solutions Program Trust and OPEB program.

At the October 15, 2013, semi-annual Retirement Board meeting, the retirement sub-committee of the Board of Trustees (Trustee Ron Nishinaka, Vice Chancellor Eng and Finance Director Schofield) reviewed the performance of the irrevocable trust fund established to address the retiree health benefits of the district. The funds are invested in a conservative income strategy allocation that was approved by the Board of Trustees at the January 10, 2012, board meeting. Based on the recent historical earnings of this investment, the future potential for earnings of this investment and the high concentration of investment (70+% in fixed income) in a low performing investment sector, the Retirement Committee recommends revising the asset allocation of these investments.

Staff will present the current returns of the portfolio, the large concentration of investments in a low performing sector, and the potential future impact to the district's Annual Required Contribution (ARC) to its irrevocable trust. Lastly, staff will present the proposed allocation and the potential additional returns the trust could earn.

Recommendation:

It is recommended the Board of Trustees:

- a) approve changing the asset allocation model from conservative income index to income index, and
- b) authorize the vice chancellor of finance and administration to sign related documents authorizing these changes.

Consideration to  
Accept 2012-2013  
Audit Report  
[14-01]  
Action (continued)

there are any guidelines on running a deficit budget and what percentage of our budget is allocated to personnel costs. Mr. Jensen answered only in a very limited way. Trustee Patterson also stated that on page 34 of the audit it talks about State Teachers' Retirement System (STRS). He asked does the audit include whether the district is in compliance with those regulations. Mr. Jensen replied that eligibility and participation is not within the scope of the audit.

Trustee Smith asked about unfunded liability pension plans. Will the auditors keep the board abreast of what is happening with STRS/PARS? Mr. Eng affirmed that it is a big issue and the district would be keeping the board updated of developments.

It was moved by Trustee Caglia and seconded by Trustee Nishinaka that the Board of Trustees accept the 2012-2013 audit report, as submitted by the firm of Crowe Horwath LLP. The motion passed without dissent.

Retirement  
Committee (GASB 45)  
Update and  
Consideration to  
Approve Investment  
Allocation  
Recommendation  
[14-02]  
Action

Vice Chancellor of Finance and Administration Ed Eng introduced Senior Vice President Maureen Toal of the Public Agency Retirement System (PARS), and vice presidents Carolyn Cox and Rick Rosenthal of U.S. Bank. Mr. Eng presented information on the background of the Retirement Board and the current investment strategy allocation. He presented the committee's proposal to change the investment strategy and allocation for the board's approval.

In answer to trustees' questions, Mr. Eng noted the last allocation change was in January 2012, the committee meets twice a year in spring and fall, and the district receives monthly updates.

It was moved by Trustee Barreras and seconded by Trustee Leal that the Board of Trustees:

- a) Approve changing the asset allocation model from conservative income index to income index, and
- b) Authorize the vice chancellor of finance and administration to sign related documents authorizing these changes.

The motion passed without dissent.

Presidents' Reports

Mr. Cantu reported on topics of interest from Fresno City College. Copies of the report were provided to the board and interested attendees, and included the following highlights:

- FCC will host a Martin Luther King panel on January 18 that



# Retirement Committee Update

BOARD OF TRUSTEES MEETING

JANUARY 14, 2014

# Background

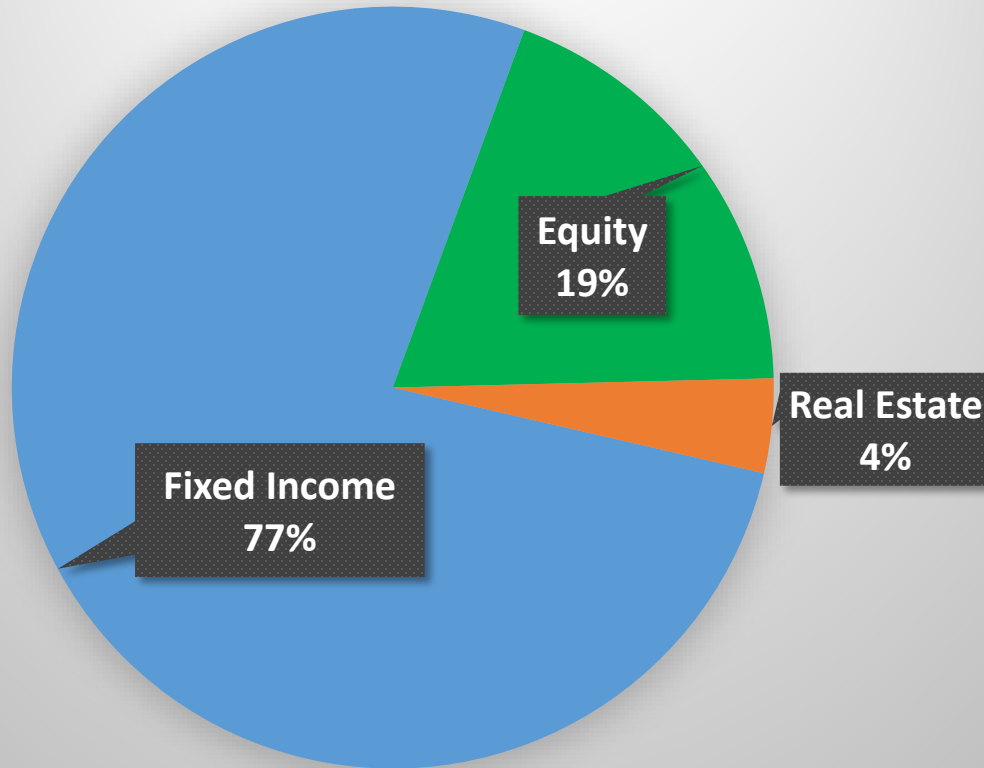
- ▶ **August 2007** - Board of Trustees
  - ▶ Approved the establishment of the GASB-45 Retirement Trust Account
    - ▶ PARS – Plan Administrator
    - ▶ U.S. Bank – Investment Advisor Trustee for Plan
  - ▶ Approved the establishment of the District “Retirement Board”
    - ▶ Board Member (Trustee Leal)
    - ▶ Vice-Chancellor Finance & Admin
    - ▶ Director of Finance

# Background

- ▶ **December 2007** – Initial Contribution
  - ▶ Original funding \$5.6 million
  - ▶ Earning to Date \$1.6 million
  - ▶ November 30, 2013 - Balance \$7.2 million

# Current Investment Strategy Allocation

Conservative Income Strategy  
Targets (Current)



\* Discussed at Budget Study Session (2/26/13) and Board Retreat (3/22-23/13); Approved with adoption of 2013-14 Final Budget (9/3/13)

State Center CCD  
Post-Retirement  
Benefits Trust

Account Balance  
as of November  
30, 2013:

**\$7,225,220**

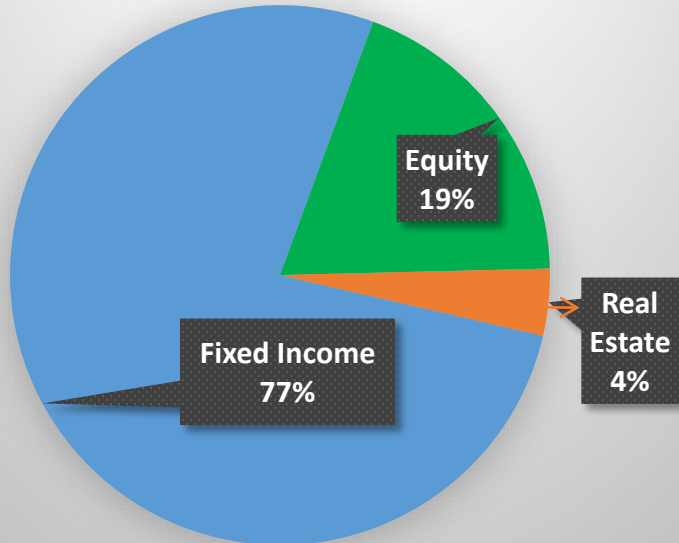
Additional Funds  
transferred to trust  
account in  
December 2013:

**\$4,100,000\***

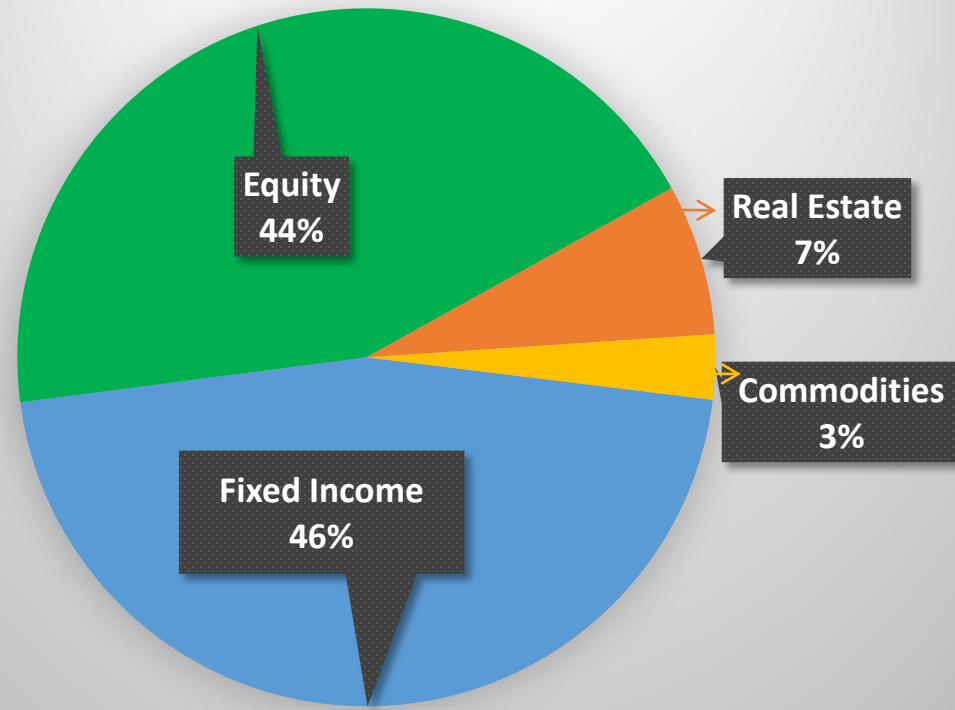


# Proposal to change investment strategy/allocation

**Conservative Income Strategy Targets (Current)**

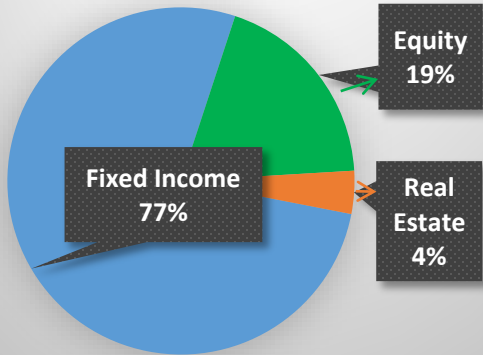


**Income Strategy Targets (Proposed)**

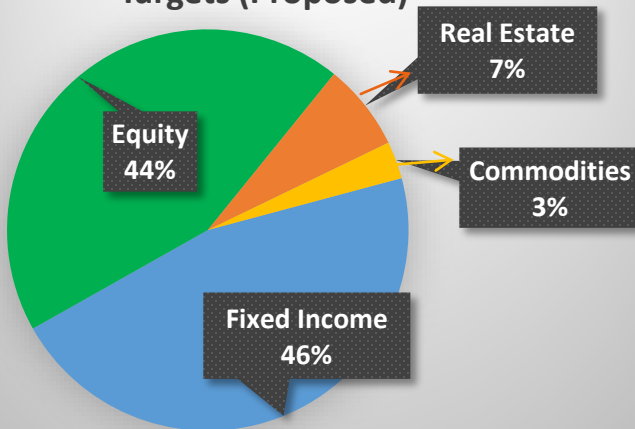


# Conservative Income Strategy Performance Comparison

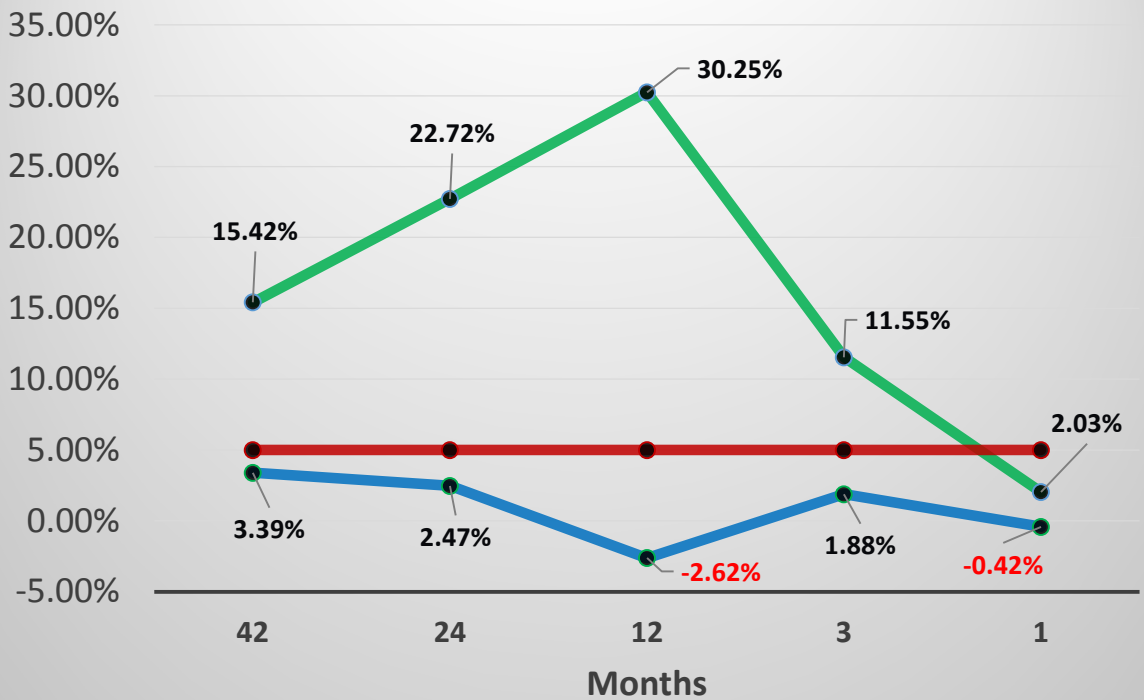
Conservative Income Strategy Targets (Current)



Income Strategy Targets (Proposed)



Equity vs Fixed Income before Fees



● Equity ● Fixed ● Required

# Questions