

MINUTES
ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD
June 26, 2014
1:00 pm to 3:00 pm
PRESIDENT'S CONFERENCE ROOM
3041 W AVE. K Street
LANCASTER CA. 93536
(661) 722-6319

I. Call to Order

The Retirement Board (RB) was called to order by Diana Keelen at 1:00 pm.

II. Roll Call

Roll call indicated the presence of all RB members.

RETIREMENT BOARD (the "Board") Members

Executive Director Business Services

Diana Keelen

Vice President Human Resources

Mark Bryant

Board of Trustees Member

Michael Adams

PROGRAM COORDINATOR

None.

TBD

CONSULTANTS

RPM Consultant Group President/CEO

Chuck Thompson

GUESTS

None

N/A

OTHER

None

N/A

III. 2013/2014-001 – PUBLIC COMMENTS

There were no public comments or inquiries

IV. 2013/2014-002 – APPROVAL OF AGENDA

Motion to approve the agenda was made by Michael Adams and seconded by Mark Bryant. Motion carried (3/0/0). Ayes: Ms. Keelen, Mr. Bryant, Mr. Adams.

V. 2013/2014-003 – APPROVAL OF MINUTES

Motion to approve the minutes was made by Michael Adams and seconded by Mark Bryant. Motion carried (3/0/0). Ayes: Ms. Keelen, Mr. Bryant, Mr. Adams.

VI. ADMINISTRATION

2013/2014-004 – RETIREMENT BOARD BY-LAWS

The by-laws were reviewed by District's legal. Minor grammatical changes were made, but no substantive changes were necessary. An updated copy was distributed.

Mr. Thompson reviewed the by-laws in brief for the committee members.

Special notes:

- Members may be added to the board upon request.
- The chairperson and vice chairperson will serve for two years.
- It was agreed that the terms will coincide with the calendar's year-end. This first term will run through December 2016.
- First annual presentation to the governing board will be January 2015. Special meetings will be arranged by request or recommendation.
- If a Retirement Board member is unable to attend in person, that member may attend by phone, but must post the meeting agenda at their location per the Brown Act.
- Reference By-Law #4: Once the Trust is established and we decide who to go with, the process will be attached to the by-laws.
- Reference By-Law #5: Conflict of Interest - This will be discussed in more detail once a vendor has been selected.
- Reference By-Law #8.1: It is important to note that certain investment programs exist that, if chosen, can expose the District to potential fiduciary liability, i. e. Potential fiduciary liability exposure for possible investment losses could exist for members of the Retirement Board. There are two types of trusts: *Directed or discretionary*. If the District selects an OPEB GASB 45 compliance plan that is a **directed** trust, the District still assumes most of the fiduciary liability exposure because the District is directing the trust to make investment selections. A **discretionary** trust will include contract language that states "the trust company and investment manager have agreed to assume fiduciary liability" since the selection of investments is done by the trust company and the investment manager.
- Conservative investment risk tolerance: 80% fixed/ 20% stocks (stocks are typically in mutual funds... very diversified).
- Middle of the road or moderate investment risk tolerance: 50% fixed/ 50% stocks.
- An aggressive investment risk tolerance would be 20% fixed/80% stocks.

- Public entity investment trends now seem to be about 60% stocks/40% fixed. It's more common for districts to initially take a more conservative investment approach of 50% stocks/50% fixed, then modify to a more aggressive investment approach 60% stocks/40% fixed a little later.
- It's important to document the process the District follows in selecting the trust company and the investment manager including the decision if they are a discretionary or direct type. There is little risk of loss if the District follows the proper selection process and communicates the process to their Governing Board. When the District does not follow this process is when Retirement Board members become personally responsible for any potential legal actions. Mr. Thompson suggested that the District review their current insurance coverage. Depending on the results of the review, possibly consider additional indemnification, both through our District insurance and umbrella insurance through each individual's Homeowner's policy.
- Mr. Thompson will make a footnote in the By-Laws: Take out the reference to Discretionary Trustee/Investment management because we do not have the Trust up and running yet
- The District will want to have both a discretionary trustee and a discretionary investment manager to have less exposure to fiduciary liability.
- By-Law #12: This section will significantly change when the OPEB GASB guidelines are approved and issues sometime this year, i.e., there will no longer be an Annual Required Contribution "ARC." There will now be a "contribution expense" to keep the District at the level of future funding for the District's OPEB GASB liability. This section will be discussed at a later date when all changes have been made.

2013/2014-005 – OPEB GASB 43 & 45 GUIDELINE MODIFICATIONS

As of June 24, the GASB organization issued disclosure notifications concerning improvements in accounting procedures dealing with disclosure and transparency. All pension plans will be consistent with Federal guidelines. All assets put aside in a trust are subtracted from your liability, and the remainder is put on your financials as a line item. This potentially will impact the District's reserves.

2013/2014-006 – GOALS AND OBJECTIVES OF THE RETIREMENT BOARD

Mr. Thompson reviewed the "Major Projects" tracking report. A checklist was distributed to provide a step by step guide to show not only what our funding is going to be but also to determine what our overview thoughts are on how we are going to reduce our liability. The District Retirement Board will not make decisions to modify benefits, but will make recommendations to the District's Benefits Committee. What happens on the benefits side of the District can impacts OPEB GASB liability so we'll be looking at some of the following:

- How to lower the OPEB GASB liability
- Look at the typical historical process related to offering retirement benefits

- Separate the description of retiree benefits from the description of active employees' benefits in District summary plan descriptions documents. (summary plan descriptions are usually distributed annually)
- What is the District's funding plan?

VII. INFORMATION REPORTS

2013-2014-007 – RETIREMENT BOARD MEMBERS COMMENTS

No comments.

2013/2014-008 – PROGRAM COORDINATION/CONSULTANT COMMENTS

No comments.

X. DATE , TIME AND AGENDA ITEMS FOR NEXT MEETING

2013/2014-013 Subsequent Retirement Board meetings are scheduled as follows:

Next meeting: July 24, 2014, 11:00 am.

XI. ADJOURNMENT

There was no further business to conduct; the Retirement Board meeting was adjourned by Board Chair Diana Keelen at 2:15 pm.

Americans with Disabilities Act The Antelope Valley Community College District Retirement Board 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 modification or accommodation, in order to participate in a public meeting of the Antelope Valley Community College District Retirement Board meeting, shall be made to: Diana Keelen, Director Business Services, Antelope Valley Community College District, 3041 W AVE. K, Lancaster, CA. 93536