

**RETIREMENT BOARD MEETING
OF THE SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
WEDNESDAY, DECEMBER 12, 2012**

MINUTES

The Retirement Board of the Shasta-Tehama-Trinity Joint Community College District held their annual meeting on Wednesday, December 12, 2012, in the Board Room of the Shasta College Administration Building.

1. CALL TO ORDER

The meeting was called to order by Mr. Joe Wyse, Board Chairperson, at 4:30 p.m.

2. ROLL CALL

Roll Call indicated the following:

Members Present

Mrs. Judi Beck, STTJCCD Trustee
Mr. Robert Steinacher, STTJCCD Trustee
Mr. Joe Wyse, Superintendent/President
Mr. Morris Rodrigue, Vice President
of Administrative Services
Ms. Nancy Funk, Comptroller

Members Absent

None

3. CALL FOR REQUESTS FROM THE AUDIENCE TO SPEAK TO ANY ITEM ON THE AGENDA

Mr. Wyse asked if there were any requests from the audience to speak to any item on the agenda. There were none.

4. APPROVAL OF MINUTES

4.1 Approval of the Minutes of the Retirement Board's Regular Meeting held December 14, 2011

It was moved by Mrs. Judi Beck, seconded by Ms. Nancy Funk, and carried TO APPROVE THE MINUTES OF THE RETIREMENT BOARD'S REGULAR MEETING HELD DECEMBER 14, 2011. Mr. Robert Steinacher and Mr. Morris Rodrigue abstained.

5. REVIEW OF DISTRICT'S INVESTMENT PORTFOLIO

Mr. Wyse said we'll now review the District's investment portfolio. Mr. Rodrigue said Ms. Funk is the one who attends the JPA meetings on behalf of the Retirement Board. The first handout is a list of historical returns (*attached hereto as Exhibit A*). It shows multiple groups: Bonds Plus (60% Fixed Instruments / 40% Equities), Balanced (50% FI / 50% E), among others, and shows you the rates. It reflects a slice of time ending on June 30, 2012. We are invested in the 50/50 balanced fund. You can see where we stand. 1-year through 5-year scenarios are provided.

The other handout (*attached hereto as Exhibit B*) provides more up-to-date information specifically for the group that we're in. It shows you the current quarter (ending September 30, 2012), plus 1-year through 5-year returns, as well as returns since inception. Ms. Funk said the difference between the two handouts is the one ending June 30 is not just for Shasta College. It shows returns for the entire trust that JPA holds on behalf of retiree health benefits for all community colleges participating in the trust. It's vastly different between that and

what Shasta College holds within the trust. Some community colleges—such as San Diego Community College—have about \$20 million invested. Mr. Wyse said there is over \$100 million in the total trust. Ms. Funk said crossing over the \$100 million allowed us to go to institutional shares. Mr. Steinacher asked why our return would be different than the balanced return approach. Ms. Funk asked if he was comparing the two handouts. Mr. Steinacher replied yes. Ms. Funk said it has to do with the period of time. The June 30 handout reflects back one year from that period. It's a very different slice in time. Plus, if you look at this balance, it's not just Shasta College's dollars, but other dollars. The more dollars there are will change the percentage as well. There are two components. We don't have a September 30 handout for the total trust, but Investment by Design Management Group, who manages the portfolio within the trust, put together this one for just Shasta College. It provides the September 30, 2012 information so we can compare it with the minutes of our meeting one year ago. There has been a transition between where our investments used to be held, which was with Union Bank of California. There was a merger of sorts with certain aspects of Union Bank. We are now with U.S. Bank. They are in transition, so there are some reporting issues still being worked out in the merger. That's why we don't have the same quarterly report for the trust as a whole as of September 30. You can see the investments have done pretty well. Since inception, Shasta College's piece of the trust has had a 4% return, which is pretty good considering the volatility over the last four years. If you look at our return compared to the Balanced Index, you can see the 2-, 3- and 5-year returns beat that index. Just during the last year we've been lagging a little bit. Even then, it's not significantly.

The October statement from U.S. Bank has been provided (*attached hereto as Exhibit C*); we don't have the November statement yet. It's a copy of the full statement, which has a lot more detail that you may or may not want to see. Every month we look at the second page to compare our basis (actual dollars put in) and overall net gain from the inception of our first investment with them. Over the last five years, we've gained \$1.3 million. Given the market situation over the last couple of years, this feels pretty good. Every month we're looking for the amount of realized and unrealized gains. We're hoping by the end of the year it might hit \$8 million. Mr. Wyse said he would like to remind everyone—especially Mrs. Beck and Mr. Steinacher—that we put in about \$3.8 million from our reimbursement from the State with the idea that we want it to beat a 3% to 4% return. It's only been 18 months, or two years. Ms. Funk concurred. Mr. Wyse said what's nice is when we did it, we experienced bigger returns, so if our returns are softer in the future, we've built up a cushion. Our strategy worked to make money on the margin. Ms. Funk said she recommended staying within the Balanced Fund. On the first page, we looked at the Equity Fund. There is also a Social Fund, but no one in the JPA has invested in it, so you only see the other three listed. Mr. Steinacher asked what percentage of the JPA is in each of these funds. Ms. Funk said we don't have that breakdown right now, but it's evenly matched. The highest percentage is in the Balanced Fund. There are some community colleges who keep a portion of their money in the Balanced Fund, and a portion in the Liquidity Fund. These are districts who are pulling funds out to be used for current year costs on a regular basis. There is a small piece in the Liquidity Fund. The greatest percentage is in the Balanced Fund. The next is the Bonds Plus Fund, which is a little more conservative. Fewer are in the Equity Plus Fund. If we were having meeting a month from now, we might have a different recommendation. However, with not knowing the capital gains rates, etc., we can't comfortably recommend anything different. Mrs. Beck asked if we are paying money into this retirement fund every month. Ms. Funk said we did not in 2011-2012, and it's not budgeted for 2012-2013. Mrs. Beck asked if that was because we're doing well enough with our investment strategy. Ms. Funk said it's because with the budget doing what it is, we're using it to offset the current cost for last year and this year. Mr. Rodrigue said the lump sum we put in before allows us to be able to do that. We can't continue to do it, but it allows us to do it for now. We're ahead of where we need to be. Mr. Steinacher asked when the next time is that we will need to put more funds into it. Ms. Funk

said right now, we're ahead of the amortization schedule. A footnote in our recent audit explains how much we have extra, and even on the balance sheet, our advanced payment over the amortization schedule amount shows as an asset. It doesn't mean we're fully funded, because we're still way short of our liability. Under GASB 45, we are allowed 30 years to put the money aside. The sooner we put it aside, the easier it will be to not think about it. Drawing out of it to pay our current year costs will continue to go up, I believe to about \$3 million per year. Mr. Wyse said right now it's at \$2.2 million total. It's projected to go up to \$4 million before it comes back down. Ms. Funk said the faster we can get this to go up to pay for it, the better, since it comes out of the general fund budget. We have some leeway in not having to invest right now. Mr. Wyse asked if there were any further questions. There were none.

6. DISCUSSION/ACTION AGENDA

6.1 Recommendation to the District's Board and the Designated Member to Maintain Current Format of Investments

Mr. Wyse said it takes action by the Board to change investment direction. If needed, we can call a special meeting during year to review this again. On page 47 of the agenda, we recommend keeping our current investment strategy status quo; we can report this out at next month's regular Board meeting.

It was moved by Mr. Robert Steinacher, seconded by Ms. Nancy Funk, and carried TO RECOMMEND TO THE DISTRICT'S BOARD AND THE DESIGNATED MEMBER TO MAINTAIN THE CURRENT FORMAT OF INVESTMENTS.

7. COMMENTS FROM THE AUDIENCE

Mr. Wyse asked if there were any comments from the audience. There were none.

8. DATE OF NEXT REGULAR MEETING OF THE RETIREMENT BOARD

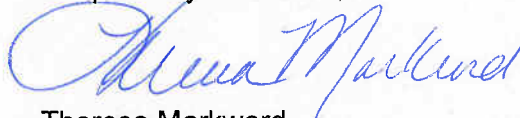
Mr. Wyse said the date of the next regular Retirement Board meeting is December 11, 2013.

9. ADJOURN

It was moved by Mrs. Judi Beck, seconded by Mr. Robert Steinacher, and carried TO ADJOURN THE MEETING.

Mr. Joe Wyse adjourned the meeting at 4:50 p.m.

Respectfully submitted,



Theresa Markword
Recorder