

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
Retirement Board
August 31, 2015

APPROVED MINUTES

Chair Brian Fahnestock called the meeting to order at 2:33 p.m. Mr. Fahnestock informed the members that Dale Craig is replacing Jennifer Combs as a United Faculty appointee to the Retirement Board.

ROLL CALL: Present: Bea Bates (**arrived at 2:38 p.m.**), Joe Boyle, Carol Brown, Tina Johannsen, Brian Fahnestock, Jim Phillips, Irma Ramos, and Jacqueline Rodarte. Absent: Dale Craig.

OTHER EMPLOYEES PRESENT: Rodrigo Garcia, Sandra Palmer, Fred Williams

VISITORS: Chuck Thompson (RPM Consultant Group)

PUBLIC COMMENTS: Interim Chancellor Fred Williams thanked the members for taking time out of their schedules to serve on this important committee.

MINUTES: The Minutes of the July 27, 2015, meeting were accepted as submitted.

ADMINISTRATION

- A. Mr. Fahnestock turned the meeting over to Chuck Thompson to review the major vendor selection criteria. **Member Bea Bates arrived at 2:38 p.m.** Mr. Fahnestock reminded the members that the District sent out an RFP to solicit input from various vendors to give us a proposal to manage the program and what is involved in managing our program and turned over the meeting to Chuck Thompson.
- B. Mr. Thompson shared that the District got a very good response and received five proposals. In order to evaluate the proposals, he discussed the following terms:
 - Trust Company, acts as fiduciary and takes care of assets on behalf of a business entity by putting it in an irrevocable trust so that the dollars are protected from all creditors.
 - Registered Investment Advisor, is registered with the SEC and provides advice, makes recommendations, issues reports or furnishes analyses on securities.
 - Administrator will be involved in making investments and financial decisions and the law requires him/her to make the decision prudently and not take risks with the funds.
 - Single employer which means that only one employer is in the managed fund group (Keenan and PAFA).
 - Multi-employer, commonly called a MET, are multiple employers that are part of a program whatever clients they sign go into the master trust (Cal-PERS and PARS).
 - JPA structured basically deal only with community colleges. This program is under a joint powers authority (CCLC).

- Directed Approach: means the advisor must consult the Board regarding significant changes and fund switches...the Board is still involved in directing the investments and accepting a little more exposure to fiduciary liability.
 - Discretionary Approach: the trust company takes full responsibility for the investment decisions.
 - Institutional shares: shares for sale to investing institutions; with a sizable minimum investment, funds will typically waive any front-end sales charges.
 - Investment Policy Statement: This statement provides the general investment goals and objectives of a client and describes the strategies that the manager should make to meet these objectives. Matters such as asset allocation, risk tolerance, and liquidity requirements would be included in the statement.
- C. In addition to the above, Mr. Thompson reminded the group to keep the following in mind: institutional shares, if an Investment Policy Statement is provided, planned investment risk tolerance, Prudent Person investment fiduciary structure, fiduciary mitigation structure, and GASB experience.
- D. After review and discussion of the spreadsheet information, it was moved by Mr. Boyle and seconded by Ms. Brown to eliminate PAFA from consideration. Motion was carried by a unanimous vote. **Motion was carried by a unanimous vote.**
- E. It was moved by Mr. Boyle and seconded by Ms. Brown and Ms. Rodarte to interview the remaining four vendors, CalPers, CCLC, Keenan, and PARS. **Motion was carried by a unanimous vote.**
- F. Upon the recommendation of Chuck Thompson, there was consensus among the group that the interviews would be 90 minutes each with 15-20 minutes between vendors.

INFORMATION REPORTS

- A. Board Member Comments: Mr. Fahnestock queried Mr. Thompson regarding completion of the 700 form asking if there's documentation requiring us to fill out this paperwork. Mr. Thompson said that this directive will come from the Board of Trustees. Mr. Fahnestock will find out if we do need to fill that out and let us all know. Mr. Fahnestock reminded the members that since this is a Brown Act committee, we can't do serial emails; therefore, if you have a question that you would like included in the interview questions, send it to him for inclusion.
- B. Consultant Comments: Mr. Thompson said that this is a great exercise and a great committee that the members are working very well together even though the Board hasn't met that many times.

FUTURE MEETINGS: Future date(s) will be selected for the interviews.

ADJOURNMENT: The meeting was adjourned at 4:15 p.m.