

BRIEF MINUTES

RETIREMENT BOARD MEETING
COUNTY ADMINISTRATION CENTER
940 W. MAIN STREET, EL CENTRO, CA 92243
January 21, 2004

The regular meeting of the Imperial County Board of Retirement was held at 9:00 a.m. in Board of Supervisor's Chambers, County Administration Center, El Centro, CA.

MEMBERS PRESENT: Huskey, Yarnall, Maruca, Flammang, Padilla, Kennerson, Strain & Williams

MEMBERS ARRIVING AFTER ROLL CALL: None

MEMBERS ABSENT: Yarnell

MEMBERS PRESENT AFTER LUNCH: None

LEGAL REPRESENTATIVE PRESENT: Linda Tucker, Dep. County Counsel

CLERK: Miriam Ojeda, Office Technician

STAFF: Susie Martinez, Retirement System Supervisor; Kayleen Smith, Disability Specialist; Barbara McFetridge, Division Manager

OTHERS: None

Meeting called to order by Chairman Williams.

1. **ROLL CALL:**

2. **PUBLIC APPEARANCE:** None

3. **COUNTY COUNSEL:**

A. Executive Session:

Kayleen Smith, Disability Specialist, noted the **EXECUTIVE SESSION** items on the agenda and suggested the Board convene into **EXECUTIVE SESSION:**

CONVENE INTO EXECUTIVE SESSION AT 9:04 a.m.

Conference with Legal Counsel-Existing
Litigation Gov't Code §54956.9(a)(attachments)

IN RE: Disability Retirement Application Of:

Walter Cress	Gregory Dinsmoor	Ernest Mendoza
Laura Soto	Carrie Battersby	
Sharon Stogner	Judith York	
Elaine Jones	Carol Storm	

In RE: Enron Corporation, WorldCom, Inc., Packaged Ice, Inc., Monterey Pasta Company

RECONVENED INTO OPEN SESSION AT 9:10 a.m.

COUNTY COUNSEL: (Continued)

Mrs. Smith announced that no action was taken in **EXECUTIVE SESSION.**

- B. Discussion and Possible Action Item - Ventura Follow-Up - County 3% Pick-Up of Employees Retirement Contributions (attachment)

A court decision stemming from the Ventura County Deputy Sheriffs' Assn v. Board of Retirement litigation found that the 3% pick-up by the County of employees' retirement contributions was not to be considered compensation earnable nor as part of final compensation for retirement purposes. Former County Counsel had a good faith belief that this benefit could be included in compensation earnable and part of final compensation as a Ventura item. County Counsel and staff recommend that the Board eliminate the County's 3% pick-up of employees' retirement contributions from inclusion in compensation earnable and final compensation. Staff requested that it be made prospective only as of February 7, 2004.

The Board of Retirement had a lot of discussion on this subject matter.

MOTION: By Flammang, Seconded by Strain and carried on the following roll call vote of members present to no longer include the County's 3% pick up of employees' retirement contributions as compensation earnable or part of final compensation for retirement purposes per the decision in In Re Retirement Cases, effective February 7, 2004:

Yes: Huskey, Yarnall, Maruca, Flammang, Padilla, Kennerson, Strain & Williams

No: None

Absent: Yarnell

Abstained: None

- C. Legislative Update 2003 (attachment)

Linda Tucker, Deputy County Counsel reviewed the Legislative Update in depth with the Board.

4. **PORTFOLIO, CONSULTANT'S AND MANAGERS' PERFORMANCE, DISCUSSION & POSSIBLE ACTION ITEMS:**

- A. Delta Asset Management

- B. T. Rowe Price

PORTFOLIO, CONSULTANT'S AND MANAGERS' PERFORMANCE, DISCUSSION & POSSIBLE ACTION ITEMS: (Continued)

C. Bradford & Marzec, Inc.

1. Ownership in the Company (attachment)
2. Bond Market Monthly (attachment)

D. TimesSquare Capital

E. Calamos Investments

Monthly Portfolio Update Summary (attachment)

F. Commingled Account

1. Templeton Statement on Current Industry Issues (attachment)
2. Templeton - Portfolio and Management Team (attachment)

G. Consultant - Mercer Investments

H. Custodian Bank - J.P. Morgan/Chase

Barbara McFetridge, Division Manager discussed each of the attachments with the Board.

5. **BOARD MEMBERS' REPORTS, DISCUSSION & POSSIBLE ACTION ITEMS:**

No reports.

6. **RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:**

Item #6I came before item #6

A. Earnings/Expenses Summary - Book Value Graph (to be distributed)

Barbara McFetridge informed the Board that they will no longer be receiving the Earnings/Expenses Summary graph due to their decision to go to a asset market smoothing method.

B. Market Value Graph (attachment)

Ms. McFetridge briefly reviewed the Market Value Graph with the Board and updated them on the latest portfolio valuation, as of January 20, 2004.

C. Book vs. Market Summary (to be distributed)

Ms. McFetridge briefly reviewed the Book vs. Market Summary with the Board of Retirement.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:

(Continued)

D. Update: AB 616/ AB 55 / SB 274

Ms. McFetridge informed the Board that there is no update on any of these Bills.

Board Member Huskey discussed a good faith action to show to the Board of Supervisors and general members that the Board of Retirement has good intentions of funding this enhanced benefit (AB 616). The Board discussed whether it was premature to set monies aside now to fund for this benefit.

Ms. McFetridge suggested that to comply with recently chaptered legislation, the Board must inform ICARE that the Board may move some of the undistributed earnings in an account set aside for general member benefits (i.e., 3% @ 60) at their March 2004 meeting. Board Member Padilla and staff informed the Board that they had already took a similar action at the January 12, 2004 meeting.

Chairman Williams directed staff to notify ICARE in writing that the Board may be taking action to allocate some of the pension fund's undistributed earnings for general member benefits.

Item #6H came before Item #6E

E. Review and Reaffirm Board Investment Objectives and Asset Allocation (attachment)

MOTION: By Flammang, Seconded by Huskey and carried on the unanimous vote of Members present to reaffirm the existing Investment Objectives (Cash, Equity and Fixed Income) and Asset Allocation as presented by staff.

F. Review Prior Board Motion Regarding AB 616 (attachment)

Staff discussed with the Board a prior motion made at the February 19, 2003 meeting regarding funding level of the Retirement System. Staff verified with the Board that the motion establishing an actuarial funding level of 85% was only relevant if the Board of Supervisor's adopted a "3% @ 60" benefit formula for general members.

G. Review and Reaffirm Board and Educational Travel Policies (attachments)

MOTION: By Flammang, Seconded by Huskey and carried on the unanimous vote of Members present to reaffirm the existing Retirement Board's Policies including Educational Travel Policy as presented by staff.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:

(Continued)

Break at 10:15 a.m.

Reconvened at 10:33 a.m.

- H. Imperial County Employees' Retirement System Audit Report for fiscal year 2002-2003 prepared by the Auditor-Controller's Office (attachment)

Kent Taylor stated that there were no oddities in the audit report. He suggested the Courts should have separate actuarial rates because it is unknown how it may be affecting the county and member rates since the county has no say in raises or benefits.

The Board discussed court employees and their impact on the retirement system.

- I. Safety Member Buzo - Mechanic Time (attachment)

When the Board agreed to give firefighters/mechanics safety membership, the benefit was not retroactive. He is now asking the Board to allow him to buy back his firefighter/mechanic time as safety service (5 years). Mr. Buzo worked as a mechanic for the fire department prior to the position being granted safety membership. The Board asked that this item be brought back to the next meeting to allow County Counsel and staff to research the issue further.

- J. Succession Planning

Ms. McFetridge stated that Ms. Yarnell is out of town this week but would like to table this item to the next Retirement Board Meeting.

Board Member Maruca left at 11:30 a.m.

- K. Final Actuary Report (To be distributed)

Ms. McFetridge stated that the final actuary report has not been completed. She has sent a letter addressing her concerns to the actuary and is awaiting a response. This will also delay the "3% @ 60" report. Both should be out by next week.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:

(Continued)

- L. Statement of Economic Interest/Conflict of Interest Disclosure
Annual filing due by 03/01/04. File with Election Department - 2nd
floor of the County Administration Center (to be distributed)

Reminder: This is an individual Board Member's responsibility. If you have any questions, call the Election's Department at 482-4226.

Chairman Williams reminded the Board of this responsibility.

- M. Upcoming Seminars/Conferences:

1. CALAPRS, "**Administrator's**" and "**Attorney's**" Roundtable, January 30, 2004, Radisson Harbor View Hotel, San Diego, CA (Approx. Cost P/Person \$300)
2. CALAPRS, "**Trustees**", "**Benefits**" and "**Human Resources**" Roundtable, February 6, 2004, Radisson Harbor View Hotel, San Diego, CA (Approx. Cost P/Person \$300)
3. CALAPRS, "**Accountants**" and "**Administrative Assistants**" Roundtable, April 16, 2004, Ontario Marriott, Ontario, CA (Approx. Cost P/Person \$350)

MOTION: By Huskey, Seconded by Yarnall and carried on the unanimous vote of Members present that the expenses incurred by staff and/or Board Members attending the above conferences be paid.

7. **ADMINISTRATIVE AGENDA:**

- A. ENROLLMENT AFFIDAVITS OF NEW MEMBERS (10)

<u>General Members</u>	<u>Department</u>	<u>Date</u>
Shaun Griffin	Sheriff's	12/11/03
John Burnworth	Public Works	12/25/03
Laura Elena Camacho	Superior Court	12/25/03
Michael Fisher	Public Works	12/25/03
Nancy Garibaldo	Behavioral Health	12/25/03
Elizabeth Jimenez	Behavioral Health	12/25/03
Marty Phillips	Behavioral Health	12/25/03
Barbara Thomas	Superior Court	12/25/03

<u>Safety Members</u>	<u>Department</u>	<u>Date</u>
Camilo Gonzalez	Sheriff's	12/11/03
Chad Higginbotham	Sheriff's	12/11/03

ADMINISTRATIVE AGENDA: (Continued)

B. TERMINATION OF MEMBERSHIP -Return of Accumulated Contributions(12)

<u>General Members</u>	<u>Department</u>	<u>Date</u>
Maria Alvarez	Social Services	12/04/03
Leticia Cassian	OET	11/24/03
Christopher Curiel	Co. Property	11/14/03
Eduardo Garcia	Health	12/04/03
Carolina Gutierrez	OET	11/24/03
Francisco Gutierrez	Health	12/09/03
Janet Henry	OET	12/05/03
Abigail Lopez	OET	11/13/03
Jose Panuco	ICCED	11/14/03
Elizabeth Paz	Air Pollution	11/21/03
Diana Pimental	OET	11/14/03
Ivonne Robles	OET	11/13/03

C. DEFERRED MEMBERSHIP

1. Erika Romero	General Member
Department:	Social Services
Effective:	10/25/03
2. Laura Mongue	General Member
Department:	Pub. Administrator
Effective:	10/28/03

D. INTER-SYSTEM

Marie Gaskin	General Member
Department:	Tax Collector
Effective:	11/08/03

E. PURCHASE - PUBLIC SERVICE - LUMP SUM

Mary Tackett	General Member
Department:	Sheriff's

F. BUYBACK - MAKE-UP - LUMP SUM

Ricardo Avila	General Member
Department:	Assessor's

MOTION: By Flammang, Seconded by Strain and carried on the unanimous vote of Members present that the Administrative Agenda be approved.

8. **RETIREMENT BOARD'S BUDGET:**

MOTION: By Strain, Seconded by Yarnall and carried on the unanimous vote of Members present that the following claims for 2003/2004 Regular Retirement Budget and Disability Budget be approved. (attachment)

A. REGULAR BUDGET

SOCIAL SECURITY		
12/03/03		\$ 5.80
12/17/03		5.80
SPECIAL TRAINING		
SACRS - Tucker		122.59
SACRS - Airfare (3)		420.00
MAINTENANCE		
Ivory Viewer - 11/14/03 thru 06/30/04		476.36
Alarm Monitor - 12/15/03 thru 03/14/04		28.13
MEMBERSHIPS		
CALAPRS 2004		250.00
OFFICE EXPENSE		
Benefits Booklets		1,806.70
Supplies		444.27
Law Books		24.00
Mailroom - Nov 2003		262.43
PROFESSIONAL SERVICES		
Annual Audit		7,000.00
DATA PROCESSING		
October 2003		1,718.09
TRAVEL-IN COUNTY		
7/1/03 thru 12/31/03 (Flammang)		92.16
7/1/03 thru 12/31/03 (Kennerson)		15.12
7/1/03 thru 12/31/03 (Williams)		17.28
7/1/03 thru 12/31/03 (Strain)		74.88
EXTRA HELP		
Ret Brd Mtg - 01/12/04		400.00
Ret Brd Mtg - 01/21/04		400.00
	TOTAL	<u>\$13,163.61</u>

B. DISABILITY BUDGET

PROFESSIONAL		
Medical Evaluation		1,389.22
	TOTAL	<u>\$ 1,389.22</u>

9. **INFORMATION ONLY:**

Actuary Report for AB 616 presented to the Board of Supervisors
February 3, 2004 at 9:30 a.m.

Meeting was adjourned at 11:45 p.m. to February 18, 2004 at 9:00 a.m.

JOHN KENNERSON, SECRETARY

ROBERT WILLIAMS, CHAIRMAN