

DONNA D. YARNELL
RETIREMENT
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Imperial County Employees' Retirement System

BRIEF MINUTES

REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

February 16, 2005

9:00 A.M.

County Administration Center
Board Chambers

940 West Main Street, Second Floor
El Centro, CA 92243

1. The meeting was called to order by Chairman Williams at 9:02 a.m.

a. Roll Call:

MEMBERS PRESENT: Donna Yarnell, Jurg Heuberger, Pat Yarnall, Becky Flammang, Armando Padilla, John Kennerson, Jim Strain, and Robert Williams

MEMBERS ARRIVING AFTER ROLL CALL: Larry Grogan

MEMBERS ABSENT: None

LEGAL REPRESENTATIVE PRESENT: Linda Tucker, Deputy County Counsel

CLERK: Kathleen L. Kubler, Office Technician

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

OTHERS: Doug Newland, Auditor/Controller; Ray Walters, Information Systems; Jeff Cox, Deputy County Counsel; David Ritter, Management Bargaining Unit Representative; David Prince, County Retiree

b. Public comments that are **NOT** on the agenda: None

2. Discussion of the Agenda:

a. Items pulled from the Action Calendar: None

b. Items pulled from the Discussion Calendar: None

c. Emergency Items added: None

d. Approval of the Agenda

Motion by Flammang, Seconded by Strain and carried on the unanimous vote of members present, the Board approved the agenda as presented.

3. Approval of the Minutes:
 - a. Motion by Flammang, Seconded by Kennerson and carried on the unanimous vote of members present, the Board approved the minutes of the January 19, 2005 regular adjourned meeting with the following amendment:
 - Per Board Member Flammang's direction, the Board agreed to amend the last sentence of Item 9(b), Page 4, to read: Staff confirmed that ICERS is not conducting business the same as the City of San Diego and is in compliance with IRS regulations as far as they know.
 - b. Motion by Heuberger, Seconded by Yarnall and carried on the unanimous vote of members present, the Board approved the minutes of the Special Meeting of January 26, 2005 distributed at the meeting.

ACTION CALENDAR

4. Discussion/Action by Retirement Administrator:
 - a. Appeal of Retirement Administrator's denial of request by surviving spouse, Josie Ruiz, to elect Option 2 Survivor Benefit:

David Prince, County Retiree, appeared on behalf of Josie Ruiz to appeal the request to elect Option 2 Survivor Benefit. Barbara McFetridge, Retirement Division Manager, explained the factual background of the situation. Linda Tucker, Deputy County Counsel, explained the law relating to survivor's options.

Motion by Yarnall, Seconded by Heuberger and carried on the unanimous vote of members present, the Board agreed to approve the election of Option 2 Survivor Benefit for surviving spouse, Josie Ruiz, and that the situation be properly documented.

BOARD MEMBER GROGAN ARRIVED AT 9:25 A.M.

- b. Upcoming election of the Third Seat (General) of the Board of Retirement currently held by Pat Yarnall:

The cost of the election is to be paid by the Board of Retirement and, as in the past, this election is to be held by absentee ballot.

Motion by Heuberger, Seconded by Grogan and carried on the unanimous vote of members present, the Board approved the request to have the Board of Supervisors direct the County Clerk/Registrar of Voters to hold the appropriate election to fill Position #3 on the Board of Retirement.
- c. Reaffirm Board of Retirement Policies and Procedures:

Board Member Heuberger voiced concern with certain Government Code sections referenced in the Policies and Procedures and asked legal counsel to review those sections. Board members were asked to contact the Retirement

Office with any suggestions. Staff will email both the questions and responses to each Board member.

The Board agreed to table this item until the Regular adjourned meeting in March.

- d. To adopt the Economic Assumptions contained in the June 30, 2004 Actuarial Experience Study:

Staff distributed a memo at the meeting from Ira Summer, Actuary, referring to the Experience Study section which affects the salary increase assumptions. Based on the information provided to him by staff on this matter, he reaffirmed the assumptions in his report to the Board, and suggested that the Board accept his recommendations.

Motion by Flammang, Seconded by Grogan and carried on the unanimous vote of members present, the Board adopted the Economic Assumptions as presented by Mr. Ira Summer in his report discussed at the January 26, 2005 Special Meeting.

- e. Request to adopt the revised Statement of Interest Crediting Policy:

Staff distributed copies to the Board of the actuary's revision of the Interest Crediting Policy dated February 16, 2005, which had been originally discussed at the Special Meeting of January 26, 2005.

Board Member Heuberger requested confirmation of his understanding from staff that if an employee withdraws his or her pension contributions at termination the employee will receive 4% interest, but if an employee retires from the system the employee will receive 7.75%.

Chairman Williams explained that this amendment only clarifies the verbiage in the original policy adopted July 1, 2003.

Motion by Flammang, Seconded by Strain and passed by a roll call vote of 7 to 2 (Yes – Yarnell, Grogan, Flammang, Padilla, Kennerson, Strain, Williams; No – Heuberger, Yarnall), to adopt the Statement of Interest Crediting Policy as revised by Ira Summer, Actuary, on February 16, 2005.

5. Discussion/Action by Board Members:

Discussion of language clarifying Board's motion of 05/19/04 concerning ICERS' 90% funding level:

"Amendment to Funding Guidelines" by Ira Summer, Actuary, was distributed at the meeting.

Board Member Yarnell commented that the proposed action today would only be to clarify the action which passed last June. Chairman Williams objected to the policy.

Linda Tucker, Deputy County Counsel, stated that the Board's primary responsibility is investments, the health of the employee's retirement system, and to make sure that the funding level is sufficient to pay all retirees and their beneficiaries.

Motion by Heuberger, Seconded by Flammang and passed by a roll vote of 6 to 3 (Yes – Yarnell, Heuberger, Yarnall, Flammang, Padilla, Strain; No – Grogan, Kennerson, Williams), to accept the Amendment to Funding Guidelines submitted by Ira Summer.

Board Member Heuberger commented that the Board hired the Actuary for his expert advice and has a fiduciary responsibility to act with consideration of his recommendations.

A motion made by Board Member Yarnell and Seconded by Chairman Williams to rescind the original motion of May 14, 2004 was withdrawn.

Jeff Cox, Deputy County Counsel requested that the Board schedule a presentation by the Actuary to review this policy with ICERS members.

BREAK AT 10:18 A.M. – RECONVENED AT 10:28 A.M.

6. Discussion/Action of Emergency Items, if necessary: None

7. Discussion/Action of Upcoming Seminars/Conferences:

a. SACRS Spring Conference, May 10 – 13, 2005, Burlingame, CA

Additional information will be provided when received. The SACRS Winter Newsletter of January 2005 was distributed at the meeting.

b. County Counsel's Association of California "Update on the Law of Municipal Disclosures: Review of County Responsibilities", San Diego County Administration Center (CAC), San Diego, CA, March 11, 2005 (approximate cost p/person \$150.00).

Motion by Flammang, Seconded by Strain and carried on the unanimous vote of members present, that staff and/or Retirement Board Members be authorized to attend the upcoming seminars.

DISCUSSION CALENDAR

Items 8 thru 21 are for discussion only

8. Reports/Announcements:

a. Retirement Administrator:

Donna Yarnell, Retirement Administrator announced her retirement effective March 31, 2005.

1. Bylaw Revisions – Discussion is complete. Staff will produce a final draft.

Staff reported that the revision process is still in progress and the Bylaws should be presented at the March meeting.

2. Reminder for the Board to file their Conflict of Interest forms by February 28, 2005 in the County Clerk/Recorder's office.

Board Member Yarnall commented that the Conflict of Interest forms are available for filing online. She stated that she would check with the Recorder's office to inquire whether they are able to accept that method of filing.

3. Mercer Investment Contract was signed.

A letter of appreciation from Tom Lightvoet was distributed at the meeting.

- b. Board Members:

Board Member Heuberger requested an update regarding the options for development of an Extra-help position to assist the Retirement Administrator. Staff stated that a job description had been submitted to the Human Resources Department and was hoping to include this item for action on the agenda for the next meeting.

Members of the Retirement Board Committee discussed separating the Retirement Administrator position from the Treasurer/Tax Collector and set the date of March 2, 2005 at 9:00 a.m. in the Board of Supervisors Chambers for the first meeting. The meeting will be held in compliance with the Brown Act and must be recorded and minutes taken.

- c. Staff:

Nothing to report.

- d. County Counsel:

Deputy County Counsel Linda Tucker stated that the new County Employees Retirement Law of 1937 2005 Edition CD was available for anyone to use.

1. Discussion of Courts separation from County.

According to statute, the County Courts have become a state agency. It's members can remain as part of ICERS or leave the system to join the California Public Employees' Retirement System. Ms. Tucker recommended treating them as a "Special District".

2. Discussion of Board Member serving on ICERS committee while also a member of the Board of Supervisors:

Ms. Tucker reviewed this opinion with the Board and found no conflict of interest with a County Supervisor who is also a Board of Retirement member serving on a Retirement Board Committee.

9. Retirement Benefit and Accounting Program – Presentations by Doug Newland, Auditor/Controller and Ray Walters, Information Systems Manager:

Responding to Board Member Heuberger's inquiry, Mr. Newland stated that he believed IS could handle the accounting program conversion but not the benefit/retirement portion. The Retirement System should look at purchasing a benefits program like Pension Gold.

Ray Walters, Information Systems, concurred with Mr. Newland regarding the implementation of a new accounting program, but recommended not purchasing a new retirement/benefit program as the current program with modifications, is adequate. His department is able to provide the technical support necessary at a much lower cost than the purchase of a new program and recommended requesting a cost analysis for comparison.

The Board requested that Mr. Newland and Mr. Walters research the options and return with a recommendation to the Board.

10. Market Value Graph from 07/01/04 to 01/31/05:

The Board reviewed the updated graph distributed at the meeting.

11. Book vs. Market Summary as of 01/31/05:

The Board reviewed the updated graph distributed at the meeting.

12. Legislation:

- a. Chaptered

1. AB 616 – (3% @ 60) (Staff had no update):

No discussion.

2. AB 55 – (ARC Time) (Staff had no update):

David Ritter, Management Bargaining Unit representative voiced his concern with this piece of legislation and requested that the Board continue to include this item on every agenda.

3. SB 274 – (Safety Member DROP):

No discussion.

b. Pending – ACA 5 (Defined Contribution Plan):

Staff distributed an event invitation regarding this item and commented that Ira Summer, Actuary, will be a speaker at the event. Retirement Administrator, Division Manager and Legal Counsel will be attending a CALAPRS meeting in Monterey from February 27 through March 1, 2005, where this issue will be discussed. Staff will report on this at the next meeting.

13. Delta Asset Management:

No discussion.

14. Mercer Investment Consulting:

No discussion.

15. Bradford & Marzec, Inc. – Bond Market Monthly Period Ending January 2005:

Reviewed by the Board.

16. T. Rowe Price – Market Performance for period ending December 31, 2004:

Reviewed by the Board.

17. Commingled Account – Templeton/Barclay's Index/Barclay's EAFE:

a. Correspondence from Templeton dated January 24, 2005, regarding Global Equity Markets:

Reviewed by the Board.

b. Announcement of conference call with Dr. Mark Mobius:

The conference call with Dr. Mark Mobius will be replayed through March 9, 2005. The access number is available from staff for anyone interested in participating.

18. Calamos Investments – Fourth Quarter 2004 returns:

Reviewed by the Board.

19. Custodian Bank – J.P. Morgan/Chase:

No discussion.

20. Actuary – Public Pension Professionals:

No discussion.

21. Previously approved Seminars/Conferences

- a. CALAPRS, "2005 General Assembly", Monterey Marriott Hotel, February 27 – March 1, 2005 (approximate cost p/person \$900.00)
- b. Berkeley Center for Executive Development presents "Mid-sized Pension Management Conference", Hyatt Regency San Francisco, March 13 – 16, 2005 (approximate cost p/person \$2,024.00)
- c. CALAPRS, "2005 Principles of Pension Management for Trustees", Stanford University Law School, March 22-25, 2005 (approximate cost p/person \$2,500)

CLOSED SESSION

22. Closed Session:

Motion by Heuberger, Seconded by Strain and carried on the unanimous vote of members present, the Board convened into Closed Session at 11:22 a.m.

- a. Government Code §54956.9(a) – Conference with Legal Counsel of Existing Litigation regarding disability retirement applications relating to the following: (1 attachment)

Walter Cress

Elaine Jones

Barbara Thomas-Watson

Aurora Garcia

Ernest Proo

- b. Government Code §54956.9(a) – Conference with Legal Counsel of Existing Litigation, In re WorldCom, Inc. Securities Litigation, United States District Court, Case No. 02 Civ. 3288 (DLC).

OPEN SESSION

23. Open Session:

Motion by Flammang, Seconded by Grogan and carried on the unanimous vote of members present, the Board reconvened into Open Session at 11:47 a.m.

24. Announcement of Closed Session Actions:

Kayleen Smith, Disability Specialist, announced the following:

- The Board discussed but took no action on Walter Cress, Aurora Garcia and Ernest Proo.
- Motion by Grogan, Seconded by Flammang and passed by a roll call vote of 9 to 0 (Yes - Yarnell, Heuberger, Yarnall, Grogan, Flammang, Padilla, Kennerson, Strain, Williams), the Board granted the application by Barbara Thomas-Watson for non-service connected disability retirement.
- The Board did not discuss the WorldCom litigation matter.

ADMINISTRATIVE AGENDA

25. Approval of the Administrative Agenda:

Motion by Grogan, Seconded by Heuberger and carried on the unanimous vote of Members present, the Board approved the Administrative Agenda.

- a. Enrollment Affidavits of New Members (24)
- b. Termination of Membership – Return of Accumulated Contributions (5)
- c. Service Retirement/Group Health Insurance

Lovett, Charles	General Member
Department:	Public Works
Effective:	01/01/05

- d. Service Retirement

Coloma, Roderick R.	General Member
Department:	Public Works/Intersystem
Effective:	12/31/04

BUDGET

26. Approval of the Budget:

Motion by Strain, Seconded by Heuberger and carried on the unanimous vote of members present, the following claims for the 2004/2005 Regular Retirement Budget and the Disability Budget were approved.

a. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$6,633.60
EXTRA-HELP	817.19
BILINGUAL PAY	30.00
SOCIAL SECURITY	24.82
SPECIAL TRAINING	
CALAPRS – Tucker	60.00
CALAPRS – McFetridge	157.50
CALAPRS – Smith	60.00
SACRS Committee Reimbursement – Williams	229.35
COUNTY CONTR RETIREMENT	535.72
INS – WORKERS COMP	3,994.00
INS - UNEMPLOYMENT	520.50
GROUP INSURANCE	1,005.37
RETIREMENT PENSION BOND	579.77

REGULAR BUDGET (continued)

RETIREMENT HEALTH PLAN	228.81
OFFICE EXPENSE	
I.C.A.R.E. – Dues	168.00
Central Dup – Printing services/paper/lamination	123.80
Supplies	12.15
Office Depot	96.61
Mail Charges – Dec. 2004	318.72
Fed-Ex	20.91
PROFESSIONAL SERVICES	
Auditor's Office – Annual audit Report	9,000.00
DATA PROCESSING	
October 2004	2,920.65
November 2004	4,663.42
TRAVEL – IN COUNTY	
Mileage Reimbursement – Proo	109.35
EQUIPMENT	
Treasurer's Furniture	3,599.42
	SUB-TOTAL:
	<u>\$35,909.66</u>
EXTRA-HELP	
Ret Brd Mtg – 02/16/05	400.00
	TOTAL:
	<u>\$36,309.66</u>

b. DISABILITY BUDGET

OFFICE EXPENSE	
Fed. Ex.	20.91
PROFESSIONAL SERVICES	
Mileage Reimbursement – Ernest Proo	109.35
Medical Evaluation – Proo	750.00
	TOTAL:
	<u>\$880.26</u>

Adjournment: Meeting was adjourned at 12:02 p.m.

JOHN W. KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN