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KATHLEEN L. KUBLER
CLERK OF THE BOARD



Imperial County Employees' Retirement System

BRIEF MINUTES

REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

July 20, 2005

9:00 A.M.

County Administration Center
Board Chambers

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

OPEN SESSION

1. The meeting was called to order by Chairman Williams at 9:07 a.m.

Previous to the Roll Call, Chairman Williams welcomed newly elected Board Member Julie Villeneuve to the Board.

- A. Roll Call:

MEMBERS PRESENT: Karen Vogel, Jurg Heuberger, Julie Villeneuve, Larry Grogan, Becky Flammang, Armando Padilla, John Kennerson, Jim Strain and Robert Williams.

MEMBERS ABSENT: None

LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel

CLERK: Kathleen L. Kubler, Office Technician

STAFF: Barbara McFetridge, Susie Martinez, David H. Prince, Kayleen Smith; Retirement.

OTHERS: Harold Carter, Imperial County Sheriff; Ira Summer, Public Pension Professionals; Robertta Burns, County Executive Officer.

- B. Public comments on items that are **NOT** on the agenda: None.

2. Discussion of the Agenda:

- A. Items to be pulled from Action Calendar: None.

- B. Items to be pulled from Discussion Calendar: None.

- C. Emergency items added: None.

D. Approval of the Agenda:

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

3. Approval of the Minutes:

Motion by Heuberger, Seconded by Grogan and passed on the unanimous vote of members present, the Board approved the minutes of the June 15, 2005 regular adjourned meeting with the following amendments:

- Amend Item 6, Page 4, to include the following discussion prior to the motion.

Board Members discussed whether to separate the \$15 million into two accounts, one for Govt. Code Section 31676.14 benefits, the other as a cushion, or to put it all into one account. The Board decided to put it all into one non-valuation account. Then transfer the apportioned amount on June 30, 2005, with the remainder to be used as a buffer for future increases related to the Govt. Code Section 31676.14 benefit.

- The Board agreed to correct the last paragraph of Item 11(A) (1), Page 6, to read: Ms Tucker stated that this item was on the Discussion Calendar only and that no action could be taken even though the Board passed a motion requesting that this item be returned to the Board's agenda in six months.

ACTION CALENDAR

4. Discussion requested by Imperial County Sheriff, Harold D. Carter – Public Safety Retirement Costs:

Imperial County Sheriff/Coroner Harold D. Carter appeared before the Board accompanied by several safety personnel and representatives of Safety bargaining units. They emphasized the additional financial hardship to employees if contribution rates are increased as outlined in the Actuary report. He requested that the Board of Retirement use some of their Undistributed Earnings to help with contribution relief for the Safety Members.

County Executive Officer Robertta Burns presented the Board of Supervisor's request for relief for the Safety Members. She stated their four options.

Various county employees, both general and safety, expressed their views on further relief for the Safety Members.

5. Presentation by Ira Summer, Public Pension Professionals:
- A. Additional information related to the impact of early retirement assumption on Safety 3% @ 50 Unfunded Actuarial Accrued Liability (UAAL):

1. Adoption of Safety Member rates per minutes of Regular adjourned meeting of May 18, 2005.

Motion by Flammang, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board adopted the Safety Member COLA Relief with the cost of \$130,586.00 taken from Undistributed Earnings (Contribution Relief).

BREAK AT 10:28 A.M. RECONVENED AT 10:40 A.M.

2. Board of Supervisors Minute Order and Resolution regarding 3 @ 50:

Motion by Villeneuve, Seconded by Flammang and carried by a roll call vote of 5 – 3 with one abstention (Yes – Heuberger, Villeneuve, Flammang, Kennerson, Strain; No – Vogel, Padilla, Williams; Abstained – Grogan) that the Board set aside \$930,000 from Undistributed Earnings to lower the Safety Member 3 @ 50 portion of their contribution rate (4.48%) for as long as the funds last.

Motion by Flammang, Seconded by Heuberger and carried on the unanimous vote of members present, the Board directed staff to provide the County with a written request to match the \$930,000 for Safety Contribution Relief. The new contribution rates are to be effective 08-19-05.

- B. Option of distributing Undistributed Earnings of ICERS:

Motion by Villeneuve, Seconded by Heuberger and carried on the unanimous vote of members present the Board agreed to move the amount necessary (\$575,000) to meet the target of contingency reserves except for the enhanced employee benefit reserves.

- C. Review Interest Crediting Policy to allow non-valuation reserve to receive interest:

Motion by Flammang, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board approved the revised Interest Crediting Policy as presented by the Actuary.

- D. Discussion of 06-30-05 Actuarial Study & Assumptions:

Mr. Summer discussed changing the interest assumption rate for the next Actuarial Study. He stated that since the last study, several 1937 counties have reduced this assumption. This item was tabled for further discussion until the regular meeting of September 21, 2005, when the Investment Consultant, Mr. Lightvoet is scheduled to appear. At that time, the Board will have received

written options for adjusting the interest assumption prepared by Mr. Summer, the Actuary.

LUNCH BREAK AT 12:20 P.M. RECONVENED AT 1:00 P.M.

6. Discussion/Action by Retirement Administrator:

A. ICERS Board Committee Meeting Minutes of March 2, 2005:

Motion by Heuberger, Seconded by Flammang and carried on the unanimous vote of members present, the Board approved the minutes of the ICERS Board Committee Meeting of March 2, 2005.

B. State Association of County Retirement Systems (SACRS) Year 2006 Legislative Timelines for proposing new legislation:

Reviewed by the Board. No request or action taken.

C. Upcoming election of the 8th position (Retired Member) to the Board of Retirement currently held by John W. Kennerson:

Motion by Flammang, Seconded by Vogel 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 #8 (Retired Member) to the Board of Retirement.

7. Board Members:

A. Items requested by Board Member Heuberger:

1. Discuss and move forward on the hiring of a full time Administrator to head the Retirement Board staff, by the following:

Motion by Heuberger, Seconded by Grogan and carried by a roll call vote of 5 – 3 with one abstention (Yes – Heuberger, Grogan, Flammang, Strain, Williams; No – Villeneuve, Padilla, Kennerson; Abstained – Vogel), the Board voted to move in the direction of hiring a full time Retirement Administrator.

The Board also directed staff to present a proposed budget to include a full time Retirement Administrator by the next regular meeting.

2. Discuss and move forward on implementing an up-to-date computerized accounting/tracking system:

The Board directed that staff, the Actuary, and Information Systems present an overview of the computer system presently used, what updates have been done and still need to be accomplished and the cost.

3. If the Board insists on pursuing the implementation of the budget as approved in the June meeting as a cost to the system, that we obtain an outside legal opinion on whether or not the “system” is responsible for the budget or whether the “County” is:

This item was pulled due to action taken on Item 7(A)(1).

4. That we discuss and reconsider the budget as adopted June 15, 2005:

This item was pulled due to action taken on Item 7 (A)(1).

5. That this Board direct that all agenda items to this Board contain a written staff report with necessary backup and that presentations by investment consultants are made to focus their reports on the facts of the investment status:

Reviewed by the Board. Mrs. Vogel stated she would provide a written recommendation for future Retirement Administration items. No direction was given regarding the Manager’s reports.

6. How the Retirement Board is affected by staffing controlled by the County and an Elected Official:

This item was tabled pending previous direction to staff.

8. Discussion/Action by Staff:

- A. Update: Converting Death Benefit to Life Insurance Policy (Govt. Code Section 31789.5):

The Board directed that staff and the Actuary research other retirement systems that are considering a similar conversion and conclude whether it truly offers a tax advantage to retirees.

- B. Amendment to the investment advisory agreement between TimesSquare Capital Management, LLC and Imperial County Employees’ Retirement System dated February 25, 2003:

Motion by Grogan, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board voted to accept the amendment to the investment advisory agreement between TimesSquare Capital Management, LLC and Imperial County Employees’ Retirement System dated February 25, 2003.

- C. T. Rowe Price revisions to current investment Objectives and Guidelines:

Motion by Grogan, Seconded by Flammang and carried on the unanimous vote of members present, the Board voted to approve the T. Rowe Price revisions to current investment Objectives and Guidelines.

9. Discussion/Action of Upcoming Seminar/Conferences:
 - A. CALAPRS "Attorneys' Round Table, Hilton Oakland Airport, September 9, 2005 (approximate cost p/person \$650.00).
 - B. 13th Annual Guns & Hoses 2005, Las Vegas Hilton, September 25 – 28, 2005 (approximate cost p/person \$2,226.00).
 - C. CALAPRS "Trustees' Round Table", Hilton Oakland Airport, October 14, 2005 (approximate cost p/person \$650.00).
 - D. Alternative Investing Summit, Ritz Carlton, Laguna Niguel, CA December 4-6, 2005 (approximate cost per person \$1400.00).

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

DISCUSSION CALENDAR

Items 10 thru 16 are for discussion only

10. Reports and Announcements:
 - A. Retirement Administrator:

Staff distributed the revised ICERS Bylaws and Disability Retirement Policies & Procedures books to the Board Members.
 - B. Board Members:

No discussion.

BOARD MEMBER KENNERSON LEFT AT 2:35 P.M. ALTERNATE RETIREE MEMBER TERRY HUSKEY ASSUMED HIS POSITION.

- C. Retirement Division Manager and/or Staff:

Barbara McFetridge, Retirement Division Manager, regarding the Retirement Seminars held the previous week and again upcoming in August, advised the Board of the success and positive feedback from County employees who attended.
- D. County Counsel:

Update of San Ramon Valley Fire Protection District vs. Contra Costa County Employees' Retirement Association:

Linda Tucker, Deputy County Counsel, reminded the Board that they had supported the amicus brief of Orange County in favor of Contra Costa County Employees' Retirement Association (CCCERA). The court ruled in favor of CCCERA.

11. Market Value Graph from 07/01/04 to 06/30/05:
Reviewed by the Board.
12. Book vs. Market Summary as of 06/30/05:
Reviewed by the Board.
13. T. Rowe Price – Investment Report for the Month Ended May 31, 2005:
Reviewed by the Board.
14. Calamos Investments:
 - A. Monthly Portfolio Summary Report – May 2005:
Reviewed by the Board.
 - B. Personnel Updates:
Reviewed by the Board.
15. Bradford & Marzec – Bond Market Monthly Ending June 2005:
Reviewed by the Board.
16. Previously approved Seminars/Conferences:

Benefits Conference for Public Employees, Hilton Portland, Portland, OR July 11-14, 2005 (approximate cost p/person \$2,125.25).

CALAPRS “Disability Staff Training”, Hilton Oakland Airport, September 8, 2005 (approximate cost p/person \$650.00).

CALAPRS “Benefits Round Table”, Hilton Oakland Airport, September 9, 2005 (approximate cost p/person \$650.00).

CALAPRS “Administrators’ Institute”, Embassy Suites, Oxnard, September 28-30, 2005 (approximate cost p/person \$720.00).

CLOSED SESSION

17. Closed Session:

Motion by Strain, Seconded by Heuberger and carried on the unanimous vote of members present, the Board voted to convene into Closed Session to discuss existing litigation under Gov't Code §54956.9(a).

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

Julieta Carrasco	Walter Cress
Frank Dyson	Elaine Jones

- 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).

- C. Government Code §54956.9(b) – Conference with Legal Counsel of Potential Litigation.

OPEN SESSION

18. Announcement of Closed Session Actions:

Kayleen Smith, Disability Specialist, announced the following:

- The Board discussed but took no action on the disability retirement applications of Walter Cress and Julieta Carrasco.
- The proposed Findings of Fact and Decision submitted by Deputy County Counsel Gustavo Roman on the disability retirement application of Elaine Jones was adopted by a vote of 7 to 0 (Yes – Vogel, Heuberger, Grogan, Flammang, Padilla, Strain and Williams; No – None).
- The application of Frank Dyson for service connected disability retirement was granted administratively by a vote of 9 to 0 (Yes – Vogel, Heuberger, Villeneuve, Grogan, Huskey, Flammang, Padilla, Strain and Williams; No-None).
- The Board held no discussion on the WorldCom litigation matter.
- The Board gave direction to staff on two potential litigation items.

ADMINISTRATIVE AGENDA

19. Approval of the Administrative Agenda:

Motion by Villeneuve, Seconded by Vogel, and carried on the unanimous vote of members present, the following items comprising the Administrative Agenda were approved.

A. Enrollment Affidavits of New Members (17):

B. Termination of Membership – Return of Accumulated Contributions (10):

C. Service Retirement/Group Health Insurance:

Josephine Amezcua	General Member
Department:	Auditor-Controller
Effective:	05/19/05

D. Deferred Membership:

Cynthia Jones	Safety Member
Department:	Probation
Effective:	05/10/05

E. Intersystem Membership:

1. Joseph G. Carrillo	General Member
Department:	Health
Effective:	05/13/05

2. Ron La Madrid	General Member
Department:	Information Systems
Effective:	05/11/05

F. Buy-Back-Make-Up:

Dorothy Wyatt	General Member
Department:	Sheriff
Effective:	06/09/05

G. Medical Leave Make-Up:

Gloria Arrington	General Member
Department:	OET

H. 60% Continuance of Service Retirement Allowance:

Pat K. Williams	General Member
Deceased:	04/13/05

BUDGET

20. Approval of the Budget:

Motion by Flammang, Seconded by Strain and carried on the unanimous vote of members present, the Board voted that the following claims for the 2004/2005 Regular Retirement Budget and Disability Budget be approved.

A. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$13,595.19
(Ret. Spec./Ret. Adm.20%) 12-24-04 thr 6-23-05	29,646.64
EXTRA-HELP	5,914.54
BILINGUAL PAY	52.50
SOCIAL SECURITY	115.02
COUNTY CONTR RETIREMENT	1,097.21
INS-WORKERS COMP	3,994.00
INS-UNEMPLOYMENT	520.50
GROUP INSURANCE	1,861.58
RETIREMENT PENSION BOND	1,187.45
RETIREMENT HEALTH PLAN	468.62
MAINTENANCE	
Vault Alarm 7-1-05 thru 6-30-06	582.34
Alarm Monitoring	105.00
Typewriter Service	130.00
MEMBERSHIPS	
SACRS Annual Dues	1,500.00
OFFICE EXPENSE	
Central Duplicating – Colored paper	178.00
Central Duplicating – Forms	296.00
Staples – Scanner, Speakers, Misc.	492.32
Plaque, nameplate, misc.	88.06
Office Depot – Misc.	151.79
Mail charges – May 2005	334.98
Mail charges – June 2005	29.57
County Property Services	1,626.25
PROFESSIONAL SERVICES	
P3 Mid April – Mid June 2005	17,000.00
Fiduciary Liability Insurance	52,869.00
Election services for General Member	700.85
DATA PROCESSING	
Mar 2005	8,735.28
April 2005	5,874.07
May 2005	9,091.37
EQUIPMENT	
Furniture Resources	98.31
EXTRA-HELP	
Ret Brd Mtg – 07/20/05	500.00
TOTAL:	\$158,836.44

B. DISABILITY BUDGET

OFFICE EXPENSE

Federal Express \$ 53.84

PROFESSIONAL SERVICES

Court Reporter – Elaine Jones 300.00

Standby Medical Testimony – Elaine Jones 550.00

TOTAL: \$ 903.84

Adjournment: Meeting was adjourned at 3:48 p.m. to August 17, 2005 at 9:00 a.m.

JOHN W. KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN