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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**

November 16, 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 9:03 a.m.

A. Roll Call:

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

**ALTERNATES PRESENT:** Terry Huskey

**MEMBERS ABSENT:** None

**MEMBERS ARRIVING AFTER ROLL CALL:** Armando Padilla

**LEGAL REPRESENTATIVE:** Linda Tucker, Deputy County Counsel

**CLERK:** Kathleen L. Kubler, Office Technician

**STAFF:** David H. Prince, Retirement Division Manager

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:

Motion by Flammang, Seconded by Grogan and carried on the unanimous vote of members present, Item 9, ICERS' Financial Statement of 03-30-05 was tabled until the next regular meeting of December 21, 2005 to clarify the MANAGEMENT'S DISCUSSION AND ANALYSIS portion of the statement.

C. Emergency Items added: None.

D. Approval of the Agenda:

Motion by Heuberger, Seconded by Villeneuve, and carried on the unanimous vote of members present, the Board approved the agenda as amended.

3. Approval of the Minutes:

Motion by Villeneuve, Seconded by Flammang, and carried on the unanimous vote of members present, the Board approved the minutes of the September 21, 2005 regular adjourned meeting.

**ACTION CALENDAR**

4. Discussion/Action by Others:

A. Retirement Administrator/Staff:

1. Board Member appointments for January 1, 2006 pursuant to Govt. Code Section 31520, positions currently held by Robert W. Williams, 6<sup>th</sup> Member and James Strain, 9<sup>th</sup> Member.

Motion by Flammang, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board voted that the Board of Supervisors appoint a Sixth Member and a Ninth Member to the Board of Retirement for a three year term commencing January 1, 2006 and ending December 31, 2008.

2. Update on computer programming and changes to system presented by Doug Newland, Auditor/Controller and Ray Walters, Information Systems.

The Board directed staff to research and survey other counties of similar size as to their computer and accounting systems, then report to the Board at the next meeting. The Board also requested that Mr. Newland and Mr. Walters present written reports explaining their system's integration capabilities.

B. Board Members: None

C. County Counsel:

Real Estate Investment Options:

Linda Tucker gave an overview of her report which detailed methods of pension fund investments in real estate, examples of annual costs and requirements, as well as ICERS' previous history with financing a county building.

The Board directed staff to arrange a presentation by Laura Gaylord, Partner, Client Relations with RREEF, to address this subject.

**BREAK AT 10:15 A.M. RECONVENED AT 10:28 A.M.**

**BOARD MEMBER PADILLA ARRIVED AT 10:19 A.M.**

5. Discussion/Action of Upcoming Seminars/Conferences:

- A. IIR's Portable Alpha Summit, Downtown Conference Center, New York City, NY November 29-30, 2005 (approximate cost per person \$3,932.00).
- B. 14<sup>th</sup> Annual Public Fund Boards Forum, The Westin St. Francis Union Square, San Francisco, CA, December 4-7, 2005 (approximate cost per person \$2,750.00).

INVITATION: Monday, December 5, 2005, 6:30 p.m.

*"FARALLON"*

RSVP Monday November 28, 2005

- C. Mid-sized Pension Management Conference, Hilton in the Walt Disney World Resort, Orlando, FL January 29 – February 1, 2006 (approximate cost per person \$2,349.00).
- D. 24<sup>th</sup> Annual Real Estate Investment Portfolio (REIP) 2006 Pointe Hilton Tapatio Cliffs Resort, Phoenix, AZ, February 5-7, 2006 (approximate cost per person \$3,300.00).

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

**DISCUSSION CALENDAR**

*Items 6 thru 15 are for discussion only*

6. Reports and Announcements:

A. Retirement Administrator/Staff:

- 1. J.P. Morgan Chase – Report on additional products:

David Prince, Retirement Division Manager, presented optional services available by the custodian bank. A compliance monitoring system and a monthly index report similar to the Mercer report could be placed with staff report graphs for Board review. The cost is estimated to be \$7,000 to \$10,000 per year. A sample of the reports will be presented to the Board at the next meeting.

- 2. Report on Public Records & Open Meetings held in Palm Desert, CA October 28, 2005:

Board Members Karen Vogel and Julie Villeneuve attended this seminar and reported that they were pleased with the information provided. Exceptions to the Brown Act, Closed Session items, were discussed by

the Board. Direction was given to staff to afford public comments on Closed Session agenda items before adjourning into Closed Session.

3. Report on SACRS Fall 2005 Conference held in Costa Mesa, CA November 8-11, 2005:

Karen Vogel, Retirement Administrator/Board Member expressed concerns shared by other counties regarding implementation of Rules 43 & 45 required by January, 2007 by the Government Accounting Standards Board (GASB).

David Prince, Retirement Division Manager, reported on the accounting costs and contribution rate increases that the GASB Rules 43 & 45 would impose.

He also addressed the issue of Fiduciary Liability Insurance comparing it to other systems attending SACRS. He determined that ICERS' coverage and cost is similar to the other counties surveyed.

4. Retirement Administrator Job Description requested by Special Committee:

David Prince, Retirement Division Manager reviewed the Job Description with the Board. He also commented on the survey conducted with similar systems that were contacted.

5. At staff's suggestion, a Special Committee Meeting was scheduled for December 7, 2005 at 9:00 a.m. to further discuss the Retirement Administrator position matter.

6. ICERS Bylaws changes previously approved by the Retirement Board were adopted by the Board of Supervisors on November 15, 2005.

7. ICARE Meeting attended by Retirement Administrator - Health Insurance, COLA, STAR Program concerns:

Karen Vogel reported on County Human Resources Department attendance at the ICARE meeting and its presentation to the retirees regarding the health insurance benefits update.

David Prince, Retirement Division Manager, advised the Board that the Actuary has been directed to provide a cost study for the STAR COLA benefit.

8. Money Manager reports are available via email for those interested.

9. a. Elections update: Retired Member candidates, Safety Member candidates and Retired Member Alternate.

Retired Member candidates are David Prince and Terry Huskey.

Safety Member candidates are Armando Padilla and Pompeyo Tabarez Jr.

There are no candidates for Retired Member Alternate.

- b. Elections ballot instructions error:

Some ballot instructions with an incorrect return date were distributed to voters. However, all ballots contained the correct date. Notice was sent to all voters correcting this error by the Elections Department.

10. Disability Specialist position:

Direction by the Board was given to Karen Vogel, Retirement Administrator, to consult with Ralph Cordova Jr., County Counsel on this matter.

B. Board Members:

1. Chairman Williams report on SACRS Legislative changes:

The Board was advised by Chairman Williams that all SACRS Legislative proposal changes, bylaw amendments, and resolution passed.

2. Safety Alternate Member Pompeyo Tabarez Jr. was absent and so no report was given on Guns & Hoses Conference, Las Vegas, NV September 25 -28, 2005.

3. General Member Julie Villeneuve's report on Public Records & Open Meetings held in Palm Desert, CA October 28, 2005 was discussed under Item 6(A)(2).

4. Report on SACRS Fall 2005 Conference held in Costa Mesa, CA November 8-11, 2005:

Board Members who attended the SACRS Fall Conference 2005 found it informative, educational and pleasant.

- C. County Counsel:
  - Report on SACRS Fall 2005 Conference held in Costa Mesa, CA November 8-11, 2005:
    - Linda Tucker, Deputy County Counsel reported on the Attorney Breakout Session and the significance of GASB Rules 43 & 45.
  
- 7. Market Value Graph from 07/01/05 to 10/31/05:
  - Presented to the Board by David Prince, Retirement Division Manager.
  
- 8. Book vs. Market Summary as of 10/31/05:
  - Presented to the Board by David Prince.
  
- 9. ICERS' Financial Statement of 06-30-05:
  - Tabled by the Boards motion until December 21, 2005.
  
- 10. T. Rowe Price Associates, Inc.:
  - A. Flash Report September 30, 2005:
    - Reviewed by the Board.
  
  - B. Performance & Outlook Third Quarter 2005:
    - Reviewed by the Board.
  
  - C. Investment Report for Month End September 30, 2005:
    - Reviewed by the Board.
  
  - D. Investment Report for Month End October 31, 2005:
    - Reviewed by the Board.
  
- 11. Delta Asset Management – Investment Strategy for October 2005:
  - Reviewed by the Board.
  
- 12. Templeton Institutional Funds, Inc. Foreign Equity Series – Quarterly Report as of September 30, 2005:
  - Reviewed by the Board.
  
- 13. Calamos Investments Third Quarter 2005 Review:
  - Reviewed by the Board.

14. Bradford & Marzec – Bond Market Monthly Ending October 2005:  
Reviewed by the Board.
15. Previously approved Seminars/Conferences:
  - A. Alternative Investing Summit, Ritz Carlton, Laguna Niguel, CA December 4 – 6, 2005 (approximate cost p/person \$1,400.00).
  - B. Public Fund Boards Forum, The Westin St. Francis Union Square, San Francisco, CA December 4-7, 2005 (approximate cost per person \$2,744.00).

**CLOSED SESSION**

16. Closed Session:

Motion by Kennerson, Seconded by Flammang 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      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 (a) – Conference with Legal Counsel of Existing Litigation, In re Tibco Software, Inc. Securities Litigation, United States District Court, Case No. 05 Civ. 02205 (DLC).

**OPEN SESSION**

17. Open Session:

Motion by Vogel, Seconded by Flammang and carried on the unanimous vote of members present, the Board voted to reconvene into 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 Julieta Carrasco, Walter Cress and Elaine Jones.
  - The Board did not discuss the WorldCom litigation matter.
  - The Board did not discuss the Tibco Software litigation matter.

**ADMINISTRATIVE AGENDA**

19. Approval of the Administrative Agenda:

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

A. Enrollment Affidavits of New Members (31):

B. Termination of Membership – Return of Accumulated Contributions (11):

C. Service Retirement:

- |    |  |  |
|----|--|--|
| 1. | David F. Oakley<br>Department:<br>Effective Date:    | General Member<br>Assessor<br>08/16/05             |
| 2. | Herbert Hollinshed<br>Department:<br>Effective Date: | General Member<br>Public Health/EHS<br>09/30/05    |
| 3. | Reuben E. Bigger<br>Department:<br>Effective Date:   | General Member<br>Pub Wrks/Intersystem<br>10/01/05 |
| 4. | Max Aragon<br>Department:<br>Effective Date:         | General Member<br>Public Works<br>09/16/05         |
| 5. | Elisa Hunter<br>Department:<br>Effective Date:       | General Member<br>Health/Intersystem<br>08/15/05   |
| 6. | Norma L. Nixon<br>Department:<br>Effective Date:     | General Member<br>Public Works<br>09/30/05         |

D. Deferred Membership:

- |  |  |  |
|--|--|--|
|  | Jesus Viesca<br>Department:<br>Effective Date: | General Member<br>Public Works<br>08/27/05 |
|--|--|--|

E. Final Payment Service Retirement Allowance & Death Benefit per Govt. Code Section 31676.11:

- |    |                           |                            |
|----|---------------------------|----------------------------|
| 1. | Mae Skipping<br>Deceased: | General Member<br>09/05/05 |
|----|---------------------------|----------------------------|

- 2. Dina Sanders  
 Deceased: General Member  
 08/28/05
  
- F. Final Payment of Service Retirement Allowance & Death Benefit and return of  
 unused accumulated contribution per Govt. Code Sections 31760.1/31676.11:
  - Elsa Downs  
 Deceased: General Member  
 10/17/05
  
- G. Buyback – Redeposit – Installments:
  - Pearl Fimbres  
 Department: General/Safety  
 Sheriff
  
- H. 60% Continuance NSC Survivor Death Benefit per Govt. Code Section 31781.3:
  - Paula Goff  
 Deceased: General Member  
 09/15/05

**BUDGET**

20. Approval of the Budget (1 attachment):

Motion by Flammang, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board approved the following claims for 2005/2006 Regular Retirement Budget and the 2005/2006 Disability Budget:

A. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$14,343.45
EXTRA HELP	1,761.37
BILINGUAL PAY	30.00
SOCIAL SECURITY	77.41
SPECIAL TRAINING	
SACRS – Smith	612.36
SACRS – Prince	612.36
SACRS – Tucker	612.36
CALAPRS – Tucker	333.35
CALAPRS – McFetridge	302.10
CALAPRS – Airport Parking	22.50
COUNTY CONTR RETIREMENT	1,096.62
GROUP INSURANCE	2,324.56
INS-DENTAL/VISION	23.66
RETIREMENT PENSION BOND	1,261.39
RETIREMENT HEALTH PLAN	730.12
INS-VOLUNTARY LIFE	12.40
OFFICE EXPENSE	
Federal Express	30.01
Mailroom Charges – September 2005	335.68
Copier Charges January – September 2005	724.15

Telephone Charges March – August 2005	743.31
Central Duplicating	3.00
DacEasy Technical Support	159.00

EXTRA HELP	
Ret Brd Mtg. – 11/16/05	<u>500.00</u>

**TOTAL: \$26,651.16**

B. DISABILITY BUDGET

OFFICE EXPENSE	
Federal Express	\$ 67.77

**Adjournment:** Meeting was adjourned at 11:58 p.m. to December 21, 2005 at 9:00 a.m.

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JOHN W. KENNERSON, SECRETARY

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ROBERT W. WILLIAMS, CHAIRMAN