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Imperial County Employees' Retirement System

BRIEF MINUTES
REGULAR MEETING OF THE
IMPERIAL COUNTY BOARD OF RETIREMENT

October 17, 2007

8:30 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 Villeneuve at 8:31 a.m.

The Pledge of Allegiance was led by Board Member Wally Leimgruber.

Roll Call:

MEMBERS PRESENT: Karen Vogel, Pat Yarnall, Julie Villeneuve, Becky Flammang, Robert Williams, Armando Padilla, Terry Huskey, Wally Leimgruber and James Rhodes

ALTERNATE PRESENT: None

MEMBERS ABSENT: None

MEMBERS ARRIVING AFTER ROLL CALL: None

LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel

CLERK: Kathleen L. Kubler, Retirement Specialist

STAFF: David H. Prince, Retirement Division Manager

2. Discussion of the Agenda:

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

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

C. Items to be pulled from the Consent Agenda: None

D. Emergency Items added: None

E. Approval of the Agenda:

In order to accommodate the travel schedules of early presenters, Board Member Vogel requested that the Board address Item 5 after Item 15 D in Closed Session.

MOTION by Flammang, Seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to approve the Agenda as amended.

F. Approval of the Consent Agenda:

MOTION by Flammang, Seconded by Vogel, and carried on the unanimous vote of members present, the Board voted to approve the Consent Agenda.

3. Public comments on items that are **NOT** on the Action or Discussion Calendars: None

(Breaks: 9:40 – 9:50 a.m., 10:50 –11:00 a.m. Lunch: 11:55 a.m. – 12:25 p.m.)

ACTION CALENDAR

4. Approval of the Minutes:

MOTION by Leimgruber, Seconded by Williams and carried on the unanimous vote of members present, the Board voted to approve the Minutes of the September 19, 2007 regular adjourned meeting.

5. International Small Cap Manager Search:

A. Victory Capital, Margaret Lindsay, Chief Investment Officer, International Equity Strategies and Paul D. Gurewitz, Director, Institutional Sales:

Mr. Gurewitz, Ms. Lindsay and the Board discussed the firm's background, investment services team, fundamental criteria and risk analysis and control.

B. Dimensional Fund Advisors, Akbar Ali, Portfolio Manager and Sonya K. Park, Vice President:

Mr. Ali and Ms. Park discussed with the Board both scheduled presentations regarding their strategies for Emerging Markets Value and International Small Cap Investment.

6. Emerging Markets Report – Dimensional Investment Group, Akbar Ali and Sonya K. Park:

This item was presented under Item 5 B.

7. Real Estate Manager Reports:

A. ING Clarion, Lou Jug, Senior Director:

Mr. Jug and Mr. Doug Wolski, Assistant Portfolio Manager, reviewed the Second Quarter Investor Statement with the Board and gave an overview of the firm's organization, strategy and fund.

BREAK AT 10:05 A.M. RECONVENED AT 10:22 A.M.

B. RREEF, Tim Brosnan, Director, Client Relations:

Mr. Tim Brosnan, Director, Client Relations, highlighted the Product Risk/Reward Spectrum, the Economy Forecast and a brief Second Quarter Performance Update.

8. Presentation by American Realty Advisors, Daniel Robinson, Managing Director, Finance/Investment Consulting:

Mr. Robinson discussed the company's experience and proposed options to the Board.

MOTION by Vogel, Seconded by Flammang and carried by a roll call vote of 8-1 (Yes- Vogel, Yarnall, Rhodes, Leimgruber, Flammang, Williams, Padilla, Villeneuve; No – Huskey) the Board voted to contract American Realty Advisors for an amount not to exceed \$10,000 to provide within 60 days, a complete recommendation encompassing all necessary issues regarding the proposed possible relocation and/or construction of headquarters for the retirement system.

LUNCH BREAK AT 11:55 A.M. RECONVENED AT 12:25 P.M.**BOARD MEMBER FLAMMANGE LEFT AT 12:25 P.M.**

9. Presentation by Investment Consultant, Thomas R. Shanklin, Senior Consultant – Wurts Associates:

A. Pacific Investment Management Company (PIMCO) – Proposed Distressed Mortgage Fund Investment:

Conference call with PIMCO: Mark Romano, Client Services and Josh Anderson, Portfolio Manager.

The Board, Mr. Shanklin, Mr. Romano and Mr. Anderson discussed the effects, opportunities and risks involved regarding Distressed Mortgage Fund Investment.

MOTION by Williams, Seconded by Rhodes and carried by a roll call vote of 7 -1 with one absence by Flammang (Yes – Vogel, Yarnall, Rhodes, Leimgruber, Williams, Padilla, Villeneuve; No – Huskey) the Board voted to invest \$15 million, to be taken from Bradford & Marzec, in PIMCO Distressed Mortgage Fund.

MOTION by Williams, Seconded by Leimgruber and carried on the unanimous vote of members present, the Board granted the Retirement Administrator authorization to execute all necessary documents upon approval from County Counsel by October 25, 2007, to invest \$15 million withdrawn from the Bradford & Marzec Fixed Income Allocation by October 31, 2007, in PIMCO Distressed Mortgage Fund.

B. International Small Cap Manager Recommendation:

The Board considered the background, management and performance experience presented by Victory Capital Management and Dimensional Fund Advisors as well as the overview and recommendation on the matter presented by Mr. Shanklin.

MOTION by Williams, Seconded by Huskey and carried by the unanimous vote of members present, the Board voted to engage in International Small Cap Stock as a new asset class.

MOTION by Huskey, Seconded by Padilla and carried by a vote of 6 to 2 with one absence by Flammang (Yes – Vogel, Rhodes, Leimgruber, Padilla, Huskey, Villeneuve; No – Yarnall, Williams) the Board voted to hire Victory Capital Management.

The funding source for International Small Cap Stock Management will be determined at the meeting of November 7, 2007.

C. Asset Allocation Study Update:

Mr. Shanklin distributed a Performance Summary Update and discussed with the Board the consideration of an asset allocation mix to include International Small Cap equity.

10. Discussion/Action to reschedule starting time of all scheduled ICERS Board Meetings and Disability Hearings to 9:00 a.m. as requested by Board Member Williams:

This item was discussed briefly by the Board who concurred that current meeting times will remain as scheduled.

11. State Association of County Retirement Systems (SACRS) Proposed Resolution Opposing Richman's 2007 Initiative on Public Employees' Pensions and Health Plans:

MOTION by Padilla, Seconded by Huskey and carried on the unanimous vote of members present, the Board voted Chairman Julie Villeneuve as the Delegate at the SACRS Fall Conference in Indian Wells, CA, to vote for the Proposed Resolution Opposing Richman's 2007 Initiative on Public Employees' Pensions and Health Plans.

DISCUSSION CALENDAR

12. Reports and Announcements:

A. Retirement Administrator/Staff:

1. Market Value Graph from 01-01-07 through 09-30-07:

David H. Prince, Retirement Division Manger, discussed the activity period with the Board.

2. Book vs. Market Summary as of 09-30-07:

David H. Prince, Retirement Division Manager, discussed the activity period with the Board.

B. Board Members:

Board Member Vogel reminded the Board that the regular meeting of November has been rescheduled for November 7, 2007. She also referred to the email forwarded to the Board regarding technology and automation legislation.

Deputy County Counsel Linda Tucker expanded on the new legislation and recommended that the Board adopt the amendment to Government Code §31580.3 of the 1937 Act. It will become effective January 1, 2008.

Action regarding this item was deferred to the meeting of November 7, 2007.

Board Member Vogel also announced that the vacant Retirement Specialist position had been filled by Kayleen Smith and that she would begin her duties on October 26, 2007.

C. County Counsel:

Question of requiring competitive bidding in construction of ICERS headquarters:

Deputy County Counsel Linda Tucker advised the Board that this matter does not require competitive bidding however County Counsel recommends it as good business practice.

BOARD MEMBER LEIMGRUBER LEFT AT 2:35 P.M.

CLOSED SESSION

13. Convene into Closed Session:

MOTION by Vogel, Seconded by Williams and carried on the unanimous vote of members present, the Board voted to convene into Closed Session.

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

Walter Cress	Fernando Lozano	Judith York-Rippetoe
Sherry Marquand	Rick Breland	

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 Jarden Corp. Securities Litigation, United States District Court for the Southern District of New York, Case No. 7:06-CV-722 (CLB).

D. Government Code §54957 – Personnel Matter, Public Employment: Retirement Administrator.

BOARD MEMBER LEIMGRUBER RETURNED AT 3:30 P.M.

MOTION by Villeneuve, Seconded by Yarnall and carried on the unanimous vote of members present, the Board voted to reconvene to Open Session.

14. Announcement of Closed Session Actions:

The Board discussed but took no action on the disability retirement applications of Walter Cress, Judith York-Rippetoe, Sherry Marquand, Rick Breland and Fernando Lozano.

The Board discussed and gave direction to staff regarding the WorldCom litigation matter.

The Board discussed but took no action on the Jarden Corp. Securities litigation matter.

The Board discussed and gave direction to staff regarding the personnel matter.

CONSENT AGENDA

15. BUDGET:

- A. Approval of the following Budget claims for the 2007-2008 Regular Retirement Budget and include Board Members in attendance at the 10-17-07 meeting Govt. Code 31580.2 & 31521:

REGULAR BUDGET 2007-2008:

PERMANENT SALARIES

Regular Salaries \$ 16,910.37

EXTRA HELP 2,572.31

BILINGUAL PAY 30.00

SOCIAL SECURITY 125.82

SPECIAL TRAINING

Actuary Due Diligence San Francisco – Hotel, Prkg, Misc
McFetridge, Prince, Martinez, SACRS Reg. Board & Staff 2,110.03

Office Supplies 363.11

Office Depot 161.68

CALAPRS Training, Airfare to San Jose for Edwards,
Hardaway, Rodrigues, and Kubler 759.20

CALAPRS Dsbly/Bfts Reimbursement – Sharon Edwards 116.00

CALAPRS Dsbly/Bfts Reimbursement – Angie Hardaway 129.50

CALAPRS Dsbly/Bfts Reimbursement – Regina Rodrigues 373.10

CALAPRS Dsbly/Bfts Reimbursement – Kathleen L. Kubler 143.00

Wurts Assts. Due Diligence Reimbursement – David Prince 244.95

COUNTY CONTRI RETIREMENT 1,688.25

GROUP INSURANCE 2,165.46

INS DENTAL/VISION 25.54

RETIREMENT PENSION BOND 1,073.31

RETIREMENT HEALTH PLAN 811.36

INS – VOLUNTARY LIFE 12.40

OFFICE EXPENSE

Office Depot 363.11

Office Depot 17.00

New Technical Solutions 30.55

Mail Charges for August 2007 411.95

PROFESSIONAL SERVICES

Jan Raymond – California Government Code 725.50

Information & Technical Services – Charges for July 2007 8,926.63

Hanson, Bridgett – Legal Services for Lorenz Matter 299.25

Steeffel, Levitt & Weiss – Computer Assisted Research 1,573.88

EXTRA HELP

Retirement Board Meeting 10/17/2007 400.00

TOTAL: \$ 42,563.26

16. Administrative Agenda:

- A. Enrollment Affidavits of New Members (20):
- B. Termination of Membership – Return of Accumulated Contributions (11):
- C. Service Retirement:
- | | |
|-----------------|---------------|
| Jesus Lopez | Safety Member |
| Department: | Sheriff |
| Effective Date: | 06/25/2007 |
- D. Deferred Membership:
- | | |
|----------------|---------------|
| Martin Ramirez | Safety Member |
| Department: | Sheriff |
| Effective: | 08/17/2007 |
- E. Final Payment of Service Retirement Allowance & Death Benefit per Govt. Code Section 31676.11:
- | | |
|-----------------|----------------|
| Lillian Gresser | General Member |
| Deceased: | 09/05/2007 |

17. Reschedule ICERS regular scheduled meeting of November 21, 2007 to November 7, 2007.

18. Legislative Proposals Approved for SACRS Sponsorship.

19. Investment Manager Report:

Calamos – Monthly Portfolio Summary Report for September 2007.

OTHER ITEMS

20. Previously Approved Seminars/Conferences (list available in Treasurer's office).

SACRS Fall Conference 2007 Invitations:

- | | | | | |
|----|----------------------|----------------|-------------------|--------------------|
| A. | <i>Castelli's</i> | <i>Italian</i> | November 13, 2007 | RSVP Oct. 22, 2007 |
| B. | Bing Crosby's | Gourmet | November 13, 2007 | RSVP Nov. 6, 2007 |
| C. | <i>Golf Tourney</i> | 8:00 a.m. | November 13, 2007 | RSVP Nov. 5, 2007 |

MOTION by Williams, seconded by Leimgruber and carried on the unanimous vote of members present, the meeting was adjourned at 3:45 p. m. to November 7, 2007 at 8:30 a.m.

Adjournment: Meeting was adjourned at 3:45 p.m. to November 7, 2007 at 8:30 a.m.

JULIE VILLENEUVE, CHAIRMAN

JAMES E. RHODES, SECRETARY