

BRIEF MINUTES

RETIREMENT BOARD MEETING
COUNTY ADMINISTRATION CENTER
940 W. MAIN STREET, EL CENTRO, CA 92243
May 19, 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: Yarnell, Yarnall, Maruca, Flammang, Padilla, Kennerson, Strain, Williams

MEMBERS ARRIVING AFTER ROLL CALL: Tabarez (alternate)

MEMBERS ABSENT: Huskey

MEMBERS PRESENT AFTER LUNCH: None

LEGAL REPRESENTATIVE: Linda Tucker, Dep. County Counsel

CLERK: Miriam Ojeda, Office Tech

STAFF: Barbara McFetridge, Division Manager; Kayleen Smith, Disability Specialist

OTHERS: Jim Semmes, Director of Social Services; Loren Ness, Office Technician, Jurg Heuberger, Planning Director; Dan DeVoy Asst. Director of Human Resources

Meeting called to order by Chairman Williams.

1. **ROLL CALL:**

2. **PUBLIC APPEARANCE:**

3. **MINUTES:**

MOTION: By Maruca, Seconded by Strain and carried on the unanimous vote of Members present that the Minutes of the March 10, 2004 Special meeting be approved. (handed out at April 21st meeting)

MOTION: By Strain, Seconded by Maruca and carried on the unanimous vote of Members present that the Minutes of the March 17, 2004 Regular Adjourned meeting be approved. (handed out at April 21st meeting)

MOTION: By Maruca, Seconded by Strain and carried on the unanimous vote of Members present that the Minutes of the April 14, 2004 Special meeting be approved. (Revised)

MOTION: By Strain, Seconded by Padilla and carried on the unanimous vote of Members present that the Minutes of the April 21, 2004 Regular Adjourned meeting be approved.

4. **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:**

CONVENED INTO EXECUTIVE SESSION AT 9:05 a.m.

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

IN RE: Disability Retirement Application Of:

Walter Cress	Judith York
Carol Storm	Ernest Mendoza
Sharon Stogner	Reynaldo De La Rosa
Elaine Jones	Ernest Garcia

In RE: Enron Corporation, WorldCom, Inc., Packaged Ice, Inc.

RECONVENED INTO OPEN SESSION AT 9:14 a.m.

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

**CONVENED INTO EXECUTIVE SESSION FOR THE SECOND TIME AT 11:10 a.m.
RECONVENED INTO OPEN SESSION FOR THE SECOND TIME AT 11:20 A.M.**

Mr. Cordova announced that the following action took place in EXECUTIVE SESSION:

- The Board agreed to allow Lerach Coughlin Stoia & Robbins LLP to assume the services provided to the Retirement System by Milberg Weiss, including representing ICERS in pending litigation.

B. Request to Support OCERS Amicus Brief (attachment)

Linda Tucker, Deputy County Counsel stated that the Board is requested to support the amicus brief of OCERS in support of Contra Costa (Contra Costa County Employees' Retirement Association vs. San Ramon Valley Fire District). The Retirement Administrator was directed to send a letter.

Ms. Tucker discussed the issues, including strategic lawsuits against public participation (SLAPP).

MOTION: By Maruca, Seconded by Flammang and carried on the unanimous vote of Members present to support OCERS' brief in the Contra Costa lawsuit.

COUNTY COUNSEL: (continued)

- C. Election of Alternate Board Members - Retiree/General Member
(attachment)

Retiree Alternate Member:

Ms. McFetridge stated that the Retirement Association according to the 1937 Act Retirement Law can submit a list of candidates to serve as an alternate on the board. The Board of Retirement would pick from that list. Mr. Kennerson informed the Board that the association has not yet had a meeting but they are interested in having an alternate Board Member. Ms. McFetridge informed the Board that the retiree alternate would only be able to vote in the absence of the retiree representative.

General Alternate Member:

Linda Tucker, Deputy County Counsel informed the Board that there is nothing in the '37 Act law that allows general members to have a general member alternate. The board asked Mr. Williams to address this issue at SACRS Legislative Committee.

- D. Update: Ventura Decision (attachment)

Retirement Division Manager and County Counsel discussed the outcome of the recent Ventura cases handed down by the courts.

In those decisions vacation and sick pay was not included for final compensation purposes at retirement under certain circumstances. Staff called approximately six other counties regarding this issue.

ICERS and Contra Costa are the only counties that include vacation paid at retirement in final compensation. Staff stated they will be doing a survey to all 1937 Act counties and some further research and will come back to the Board with a recommendation as soon as possible.

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

Item #5F came before Item #5A

- A. Market Value Graph (attachment)

Retirement Administrator briefly reviewed the Market Value Graph with the Board.

- B. Book vs. Market Summary (to be distributed)

This graph was handed out at the end of the meeting.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:

(continued)

C. Update:

1. AB 616 (3% @ 60)- refer to item 5F

2. AB 55 (ARC Time)

Ira Summer, Actuary estimated \$26,000 to \$45,000 to conduct the study of adopting AB 55.

There seems to be a lot of differences in the methodology each system uses. Three systems have adopted AB 55, including San Bernardino, Los Angeles and Santa Barbara. Other counties are still looking at it.

David Ritter asked the Board to budget for this study in their next budget year. The Board requested staff to ask the Actuary if doing this study in conjunction with the June 30 Actuarial study will lower the cost. Staff stated they would also forward the information regarding cost to the CEO.

3. SB 274 (Safety Member DROP)

No discussion took place.

D. Update - Board Member Election

Election day is May 25th and ballots will be canvassed on June 2nd.

E. Succession Planning Options

Ms. Yarnell asked that this item be tabled to the July meeting.

Item #5F came before Item #5A

F. Correspondence from Department Head Representative Association,
By Jim Semmes, Chairman (attachment)

1. Clarification of Undistributed Earnings Policy and Allocation

Jim Semmes, Director of Social Services and Chairman of Department Head Executive Group, requested clarification of action taken at the April 14th meeting regarding setting aside \$15 Million for an "enhanced benefit". It was understood that the enhanced benefit would be for general members only.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:

(continued)

MOTION: By Maruca, Seconded by Strain and carried on the unanimous vote of Members present that the \$15 Million of undistributed earnings for enhanced future benefits was for general members of the system.

Loren Ness, Office Technician asked that the Actuarial Report concerning "3% @ 60" be put on the website along with employee cost of the other option outlined in the report.

Retirement Administrator stated that the report will be uploaded to the website this week and the figures in approximately 2 or 3 weeks because calculations will have to be made.

MOTION: By Flammang, Seconded by Strain and carried on the unanimous vote of Members present to place the Actuarial study for "3% @ 60" on Retirement's website along with employee contributions chart for the option wherein the County, the employees and the Retirement System share in the cost of the benefit.

2. Clarification of Previous Action taken regarding Funding Level

Mr. Semmes asked the Board to consider setting a base funding level at 90% and send a letter to the Board of Supervisors. Discussion about the Retirement Board prior Board action regarding this matter took place.

Board Member Yarnell read the Actuary's concerns with dropping the funding level. She informed the Board she had just received this information this morning from the Actuary.

**Alternate Board Member Tabarez arrived at 9:55 a.m.
Board Member Maruca left at 10:05 a.m.**

Ms. Tucker read prior minutes in regards to funding level and "3% @ 60" benefit. She stated that the motion would still be valid unless the Board takes additional action.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:

(continued)

Ms. Tucker read the clarification of the February 19, 2003 motion into the record:

"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"

MOTION: By Yarnall, Seconded by Flammang and carried on the following roll call vote of Members that the Retirement Board agrees to allow its funding level to drop to 90% of market prior to increasing either member or County rates when adopting any new benefit. The Board of Supervisors will be required to inform the Retirement Board, before implementation, of what enhanced benefits they are considering offering to the employees. The Retirement Board, through their actuary, will then determine the effect the added benefit will have on the system, and whether or not the new benefit will trigger an immediate drop in funding below the 90% level and therefore cause an increase in contribution rates.

Yes: Yarnell, Yarnall, Flammang, Padilla, Kennerson, Strain, Tabarez

No: Williams

Absent: Huskey, Maruca

Abstained: None

Break at 11:10 a.m.

Reconvened at a.m.

Item #5A came after Item #5F

G. Letter Regarding Proposed SEC Rule Change (to be distributed)

Retirement Administrator is asking the Board submit this letter in support.

MOTION: By Strain, Seconded by Flammang and carried on the unanimous vote of Members present to authorize the Retirement Administrator to sign the letter in support of Proposed SEC Rule change.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:

(continued)

H. Previously Approved Seminars/Conferences:

1. CALAPRS, "**Trustees**", "**Attorneys**" & "**Communications**" Roundtables, June 4, 2004, Ontario Marriott, Ontario, CA (Approx. Cost P/Person \$350)
2. CALAPRS, "**Benefits**" & "**Administrators**" Roundtables, June 11, 2004, Ontario Marriott, Ontario, CA (Approx. Cost P/Person \$350)

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

No action was taken on these items.

A. Delta Asset Management

Investment Strategy (attachment)

B. T. Rowe Price

C. Bradford & Marzec, Inc.

D. TimesSquare Capital

E. Calamos Investments

Calamos Insights (available at Treasurer's Office)

F. Commingled Account - Templeton/Barclay's Index/Barclay's EAFE

Investment Correspondence (attachment)

G. Consultant - Mercer Investments

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

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

SACRS Spring Conference, By Board Members who attended

Board Member Williams informed the members that the complete conference will be available on DVD soon. Mr. Williams was elected Vice-President at the SACRS conference.

Overall, it was very educational and interesting conference according to those who attended.

8. **ADMINISTRATIVE AGENDA:**

- A. ENROLLMENT AFFIDAVITS OF NEW MEMBERS (12)
- B. TERMINATION OF MEMBERSHIP -Return of Accumulated Contributions(7)
- C. INTERSYSTEM MEMBERSHIP
- Yanira Armenta General Member
Department: Behavioral Health
- D. DEFERRED MEMBERSHIP
- Suzanne Matus Safety Member
Department: Sheriff's
- E. BUYBACK - MAKE-UP - INSTALLMENTS
- Christina Garcia General Member
Department: Receiving Home
- F. BUYBACK - PUBLIC SERVICE - LUMP SUM
- Lawrence Markham Safety Member
Department: Sheriff's
- G. SERVICE RETIREMENT/GROUP HEALTH INSURANCE
1. Hilton W. Smith Safety Member
Department: Sheriff's
Effective: 04/01/04
2. Andres De Lira Safety Member
Department: District Attorney
Effective: 03/31/04
3. David McKinzie General Member
Department: Public Works
Effective: 03/31/04
4. Joe R. Buzo Safety Member
Department: Emergency Services
Effective: 03/31/04
- H. FINAL PAYMENT OF SURVIVOR - SERVICE RETIREMENT per section 31760.1 Gov't Code

Pauline Montgomery, General Member, Deceased 03/28/04

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

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

MOTION: By Strain, Seconded by Padilla 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

SPECIAL TRAINING	
SACRS Hotel - Tucker	\$ 597.00
SACRS Hotel - Smith	597.00
CALAPRS Hotel - Tucker	133.49
COMMUNICATIONS	
Sept 2003 thru Feb 2004	877.77
OFFICE EXPENSE	
ICARE Dues	96.00
Copier - Oct 2003	256.74
Mailroom - March 2004	296.22
Supplies	41.49
DeskJet Printer	583.71
Keyboard	26.92
County Property	22.63
Internet - FY 2003/2004	912.00
PROFESSIONAL SERVICES	
Semi-Annual File	253.00
EXTRA-HELP	
Ret Brd Mtg - 5/19/04	400.00
TOTAL:	<u>\$5,093.97</u>

Meeting was adjourned at 12:25 p.m. to June 16, 2004 at 9:00 a.m.

JOHN W. KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN