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KAYLEEN SMITH
INTERIM CLERK OF THE BOARD



Imperial County Employees' Retirement System

BRIEF MINUTES

REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

November 17, 2004

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 9:15 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: Pompeyo Tabarez.
MEMBERS ABSENT: Larry Grogan
LEGAL REPRESENTATIVE PRESENT: Linda Tucker, Deputy County Counsel.
CLERK: Kayleen Smith, Disability Specialist
STAFF: Barbara McFetridge, Division Manager.
OTHERS: Ralph Cordova, Jr., County Counsel; Loren Ness, County employee.
 - b. There were no public comments on items that were **NOT** on the agenda.
 - c. Upon Motion by Yarnell, Seconded by Flammang and carried on the unanimous vote of members present, the Board convened into Closed Session at 9:20 a.m.
2. 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
Aurora Garcia
Ernest Proo

Reynaldo De La Rosa
Elaine Jones
Barbara Thomas-Watson

- b. Government Code §54956.9(a) – Conference with Legal Counsel of Existing Litigation, Mark Newby, et al., vs. Enron Corporation, United States District Court, Case No. H-01-3624.
- c. 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).

BOARD MEMBER TABAREZ ARRIVED AT 9:35 A.M.

3. Open Session at 9:50 a.m.
4. Kayleen Smith, Disability Specialist, announced the following action was taken in Closed Session:
 - a. The Board discussed but took no action on Aurora Garcia, Ernest Proo, Elaine Jones, Barbara Thomas-Watson, Mark Newby v. Enron Corp., and WorldCom.
 - b. The request for reconsideration on the application of Walter Cress for service connected disability retirement was denied administratively by a vote of 7 to 1 as follows: Yes – Yarnell, Heuberger, Flammang, Padilla, Kennerson, Strain and Williams; No – Yarnall.
 - c. The application of Reynaldo De La Rosa for service connected disability retirement was granted administratively by the unanimous roll call vote of members present.
5. Discussion of the Agenda.
 - a. No items were pulled from the Action Calendar.
 - b. No items were pulled from the Discussion Calendar.
 - c. No emergency items were added.
 - d. Kayleen Smith, Interim Clerk of the Board, discussed corrections to be made on the agenda as follows:
 - (1) Page 6 – Item 29(g)(1): Delete “Pd by Retiree” under Retiree Health Ins.
 - (2) Page 8 – Item 30(a): Change “\$235.22” to “\$275.22” under Retirement Health Plan.
 - (3) Page 8 – Item 30(a): Change “\$24,818.05” to “\$23,934.50” under the Sub-Total.

Upon Motion by Flammang, Seconded by Kennerson and carried on the unanimous vote of members present, the Board approved the agenda with the recommended changes.

Board Member Heuberger discussed the order of items on the agenda and requested that the Closed Session portion be moved to the end. After discussion, the Board agreed to try his suggestion for the December 2004 Agenda.

Board Member Heuberger requested an update on Mercer's Asset Liability Modeling Study Agreement. The Retirement Administrator stated it was sent by overnight mail and should arrive sometime today. She stated that all of the Board's changes have been made. Upon receipt, she will sign and return the agreement.

6. Upon Motion by Heuberger, Seconded by Strain and carried on the unanimous vote of members present, the Board approved the Minutes of the October 20, 2004 regular adjourned meeting.

ACTION CALENDAR

7. Discussion/Action by Retirement Administrator regarding Delta Asset Management:
 - a. Upon the request of the Retirement Administrator, Delta Asset Management seeks consent to an agreement wherein Berkeley Capital Management LLC will acquire Delta from ING Investment Management Co.
 - b. Upon Motion by Flammang, Seconded by Heuberger and carried on the unanimous vote of members present, the Board authorized the Retirement Administrator to sign the agreement with Delta.
8. Upon the request of the Retirement Administrator, the Board discussed the Actuary's submission of language clarifying Board's motion of 05/19/04 concerning ICERS' 90% funding level. Mr. Heuberger discussed the need for a workshop with employees to help them understand the concept. Barbara McFetridge, Division Manager, stated that the language was to clarify the 90% funding level motion passed by the Board. The Retirement Administrator stated that a workshop will be conducted per the Board's request. The two employee representatives on the Board should be present, as well as any other Board Members who wish to attend.

BREAK AT 10:20 A.M. – RECONVENED AT 10:35 A.M.

9. Upon the request of the Retirement Administrator, the Board discussed SACRS' recommendation to the Board of Supervisors to adopt a Uniform Trustee Appointment Process.

The Retirement Administrator feels it should be at the discretion of the Board of Supervisors to choose whom they wish to sit on ICERS' Board. The Board discussed the current appointment process. Board Member Yarnall disagreed with the suggested experience requirements and stated that all individual expertise is a benefit to the Board. It was the consensus of the Board not to submit SACRS' recommendation to adopt a Uniform Trustee Appointment Process to the Board of Supervisors.

10. At the request of Mr. Heuberger, the Board discussed standards for or standardization of contracts between ICERS and consultants to assure uniformity, legality and general protection of ICERS under the '37 Act. Ms. Yarnell stated that she reviewed a few current investment manager contracts and felt that they are basically the same. She feels no change is necessary.

Upon Motion by Heuberger, Seconded by Yarnall and carried on the unanimous roll call vote of members present, ICERS' Counsel will prepare and follow the standard County format on future ICERS' contracts.

11. No Discussion/Action of Emergency Items.
12. Discussion/Action of Upcoming Seminars/Conferences
 - a. The Board discussed the upcoming conference sponsored by CALAPRS entitled "2005 Principles of Pension Management for Trustees" at Stanford University Law School, March 22-25, 2005 (approximate cost p/person \$2,500)

Upon Motion by Heuberger, Seconded by Strain and carried on the unanimous vote of members present, staff and Retirement Board members are authorized to attend the upcoming CALAPRS seminar.

DISCUSSION CALENDAR

Items 13 thru 28 are for discussion/information only.

13. Reports/Announcements
 - a. The Retirement Administrator discussed the SACRS Fall Conference 2004 and commented on a defined benefit plan versus a defined contribution plan. She also discussed the hiring of a separate Retirement Administrator, how to recruit and salary comparison to other systems.
 - b. The Board Members also discussed the Fall SACRS Conference, including topics such as Conflict of Interest, removal of a Board Member, rules for the Chairman, proposed legislation, selection process for a Retirement Administrator, manager and consultant reports presented to the Board, and real estate investment.
 - c. No report from Staff.
 - d. No report from County Counsel.
14. The Board discussed the Market Value Graph.
15. The Board discussed the Book vs. Market Summary.
16. The Board discussed legislation including:
 - a. AB 616 – (3% @ 60) (Staff has no update)
 - b. AB 55 – (ARC Time) (Staff has no update)
 - c. SB 274 – (Safety Member DROP) (Staff has no update)

Board Member Heuberger inquired as to whether ICERS receives a monthly update electronically on pending legislation. Mr. Williams stated that a monthly newsletter called "Fund Fire" is available online. Ms. Yarnell will try to find a website that can be accessed for this purpose.
17. Bradford & Marzec, Inc. submitted the following for information only:
 - a. Bond Market Monthly – October 2004
 - b. Privacy Policy

18. T. Rowe Price submitted the Response to Pensions and Investments Article for information only.
19. No discussion on TimesSquare.
20. No discussion on the Commingled Account – Templeton/Barclay's Index/Barclay's EAFE.
21. Calamos Investments submitted the following for information only:
 - a. Correspondence regarding a change of corporate structure.
 - b. Pricing announcement of initial public offering of Class A common stock.
22. Delta Asset Management submitted the following for information only:
 - a. Investment Strategy – October 2004
 - b. Investment Strategy – November 2004
23. No discussion on the Custodian Bank – J.P. Morgan/Chase.
24. The Board discussed available dates for its actuary, Mr. Ira Summer, to present the preliminary results of the Actuarial Study and Investigation as of 06/30/04. The Board chose January 26, 2005 at 1:00 p.m.
25. Mercer Investment Consulting submitted a response to media stories regarding the discontinuance of the Mercer Investment Consulting Global Investment Forum ("GIF"), for information only.
26. ICERS' Annual Financial Statement ending 06/30/04 was distributed to Board members. Barbara McFetridge, Division Manager, stated the report has been given to the Auditor's office to be placed on the Board's agenda at a later meeting.
27. A draft of the revised Retirement Board Bylaws was distributed to each Board Member to be placed on next month's discussion agenda. Questions and/or grammatical changes are to be directed to Kayleen Smith. Barbara McFetridge informed the Board that Linda Tucker, Deputy County Counsel, will be requesting that the disability section be removed from the Bylaws and be adopted as a Policy and Procedure item instead.

BOARD MEMBER YARNALL LEFT AT 11:55 A.M.

BOARD MEMBER TABAREZ LEFT AT 11:57 A.M.

28. No pending previously approved Seminars/Conferences.

ADMINISTRATIVE AGENDA

29. Upon Motion by Heuberger, Seconded by Strain and carried on the unanimous vote of members present, the Board approved the Administrative Agenda with indicated changes.

- a. Enrollment Affidavits Of New Members (10)
- b. Termination Of Membership – Return of Accumulated Contributions (7)
- c. Buyback – Public Service – Installments
 1. Efrain Morales, Jr. Safety Member
Department: Sheriff
 2. Joe Picazo General Member
Department: Health
- d. Buyback – Public Service – Lump Sum

Joe Picazo General Member
Department: Health
- e. Inter-System Membership

Dorian Meneses Safety Member
Department: Sheriff
Effective: 09/29/04
- f. Deferred Membership

Juan Cardenas Safety Member
Department: Sheriff
Effective: 06/19/04
- g. Service Retirement/Group Health Insurance
 1. Lourdes Salgado General Member
Department: Welfare
Effective: 09/27/04
 2. James Johnson General Member
Department: Ag. Commissioner
Effective: 10/01/04
 3. David Yaryan Safety Member
Department: Sheriff
Effective: 07/23/04
- h. Final Payment of Service Retirement Allowance:
(Gov. Code §31676.11)
 1. Elizabeth Howell General Member
Deceased: 05/30/04
 2. Evelyn Faye Speer General Member
Deceased: 09/18/04
- i. Sixty Percent (60%) Continuance Of Service Retirement Allowance

(Gov. Code §31676.11)

- 1. Harold Blythe
Deceased: General Member
09/23/04
- 2. Maria Carmen Sanchez
Deceased: General Member
10/23/04
- j. One Hundred Percent (100%) Continuance Of Service Retirement Allowance
(Gov. Code §31762)

Rene Tirado Safety Member
Deceased: 09/29/04

BUDGET

30. Upon Motion by Heuberger, Seconded by Flammang and carried on the unanimous vote of members present, the Board approved the following claims for the 2004/2005 Regular Retirement Budget.

a. REGULAR BUDGET

PERMANENT SALARIES	\$ 7,985.60
EXTRA-HELP	1,073.87
BILINGUAL PAY	30.00
SOCIAL SECURITY	47.73
SPECIAL TRAINING	
SACRS Comm. Mtg. – Williams	268.45
CALAPRS Airport Parking	60.00
COUNTY CONTR RETIREMENT	644.42
INSURANCE – WORKERS' COMP.	3,328.50
INSURANCE – UNEMPLOYMENT	433.75
GROUP INSURANCE	1,437.72
RETIREMENT PENSION BOND	697.40
RETIREMENT HEALTH PLAN	275.22
OFFICE EXPENSE	
Fee Reversal	-35.00
Fed Ex	30.43
Mailroom – Sept. 2004	311.09
Retirement Warrants	263.99
Supplies	28.75
DATA PROCESSING	
Aug. 2004	7,052.58
SUB-TOTAL:	\$ 23,934.50
EXTRA-HELP	
Ret Brd Mtg – 11/17/04	<u>400.00</u>
TOTAL:	\$ 24,334.50

The meeting was adjourned at 11:59 a.m. to December 15, 2004 at 9:00 a.m.

JOHN W. KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN