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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

October 19, 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, Armando Padilla, John Kennerson, Jim Strain and Robert Williams
ALTERNATES PRESENT: Terry Huskey
MEMBERS ABSENT: None
MEMBERS ARRIVING AFTER ROLL CALL: None
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: None.

C. Emergency Items added:

Motion by Strain, Seconded by Flammang and carried on the unanimous vote of members present, the Board accepted as an emergency item, a matter to be added under the Brown Act, Govt. Code Section 54954.2:

SACRS Constitution/Bylaw Amendments and SACRS Membership Fee Increase Resolution as 6(A) 2, (2 attachments).

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. Presentation by Custodian Bank: Gerard Stafford-Smith and Michael Gillooley of J.P. Morgan Chase & Co.:

Mr. Gerard Stafford-Smith, Vice President, Relations Manager, addressed the Board with a brief history of the relationship between the Retirement System and J. P. Morgan.

Mr. Michael P. Gillooley, Vice President, Performance Measurement, Analytics and Consulting, presented the Board with products and services in development and also now available that could compliment the current services provided.

Suzanne Bermudez, Retirement staff, briefly explained the J P Morgan quarterly and monthly reports that are received and reconciled.

Direction by the Board was given to staff to review the new products offered and report any recommendations.

BREAK AT 10:04 A.M. RECONVENED AT 10:15 A.M.

5. Presentation by Mr. John Boles – ATTALUS Capital / Long-Short Fund Information:

Mr. Boles presented an in depth background of hedge funds, investor concerns, strategies, and the investment process. Referring to the growing trend in investing in hedge funds, Mr. Boles cited a number of county retirement systems currently investing in hedge funds and two other county retirement systems educating themselves about hedge funds.

BREAK AT 11:23 A.M. RECONVENED AT 11:31 A.M.

6. Discussion/Action by Others:

A. Retirement Administrator/Staff:

1. Adoption of a policy for the purchase of Service Credit after January 1, 2006, using either pretax or after tax funds:

Motion by Vogel, Seconded by Kennerson and passed by a roll call vote of 6 to 3 (Yes – Vogel, Padilla, Kennerson, Strain, Williams; No – Heuberger, Villeneuve, Grogan), the Board voted to adopt a policy for the purchase of Service Credit after January 1, 2006 using post-tax funds.

2. Proposed State Association of County Retirement Systems (SACRS) Constitution/By Law Amendments and Resolution:

Motion by Vogel, Seconded by Villeneuve and carried on the unanimous vote of members present the Board voted to approve the Constitutional Amendment for Committee Membership.

Motion by Vogel, Seconded by Villeneuve and carried on the unanimous vote of members present the Board approved the Bylaws Amendment for Non-profit Membership Dues.

Motion by Villeneuve, Seconded by Vogel and carried on the unanimous vote of members present the Board voted to approve the Resolution to increase Membership Dues.

B. Board Members:

Chairman Williams – Funding Policy adopted by the Board of Retirement (02-16-05), Amendments to Funding Guidelines:

Motion by Williams, Second by Vogel and passed by a roll call vote of 8 to 1 (Yes – Vogel, Villeneuve, Grogan, Flammang, Padilla, Kennerson, Strain, Williams; No – Heuberger), the Board voted to rescind the current Amended Funding Guidelines (90%), adopted February 16, 2005 and return to the previous Funding Guidelines (100%).

C. County Counsel:

Counsel proposes the following amendments to the Bylaws:

1. Revision of Section 13 – Adding an Alternate Retired Member to the Board of Retirement:

Motion by Flammang, Seconded by Strain and carried on the unanimous vote of members present the Board approved the revised Section 13 of the Bylaws to read: The Board of Retirement shall consist of nine Board Members, one of whom shall be the Treasurer, and two alternates.

2. Adding Section 25 – Clerk of the Board shall be agent for legal service of process:

Motion by Flammang, Seconded by Villeneuve and passed by a roll call vote of 8 to 1 (Yes – Vogel, Villeneuve, Grogan, Flammang, Padilla, Kennerson, Strain, Williams; No – Heuberger), the Board approved adding Section 25 to the Bylaws: The Clerk of the Board shall be the agent for legal service of process for the Retirement System and the Retirement Board.

The Board directed staff to submit the proposed bylaw changes to the Board of Supervisors for their approval per Govt. Code Section 31525.

7. Discussion/Action of Upcoming Seminars/Conferences:

Public Fund Boards Forum, The Westin St. Francis Union Square, San Francisco, CA December 4-7, 2005 (approximate cost p/person \$2744.00)

Motion by Vogel, 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 8 thru 15 are for discussion only

8. Reports and Announcements:

- A. Retirement Administrator/Staff:

Retirement Board Committee Meeting held October 12, 2005.

Direction was given to staff to prepare a job description for a Retirement Administrator based on a survey of ten outside agencies comparing their job descriptions for a Retirement Administrator.

A meeting to follow up on this matter had not been scheduled as of this date.

Board Member Vogel surveyed the Board for their opinion and direction regarding reports submitted by the Money Managers.

The majority of the Board was in favor of receiving said reports electronically. Staff was directed to make that request of each Money Manager.

BOARD MEMBER GROGAN LEFT AT 12:17 P.M.

- B. Board Members:
 - Safety Alternate Tabarez report on Guns & Hoses Conference, Las Vegas, NV September 25-28, 2005.
 - Safety Alternate Tabarez was absent from the meeting. No report was submitted.
- C. County Counsel: Nothing to report.
- 9. Market Value Graph from 07/01/05/ to 09/30/05.
 - David Prince, Retirement Division Manager reviewed and explained the graph to the Board.
- 10. Book vs. Market Summary as of 09/30/05.
 - David Prince, Retirement Division Manager, explained how the devastation in the southeastern United States from the recent hurricane disasters has affected the Market.
- 11. Bradford & Marzec:
 - A. Bond Market Monthly Report ending September 2005.
 - Reviewed by the Board.
 - B. Personnel Updates.
 - Reviewed by the Board.
- 12. Delta Asset Management:
 - A. Personnel Updates.
 - Reviewed by the Board.
 - B. Investment Strategy for September 2005.
 - Reviewed by the Board.
 - C. Investment Review – Third Quarter 2005.
 - Reviewed by the Board.
- 13. T. Rowe Price Associates, Inc. Flash Report August 31, 2005.
 - Reviewed by the Board.
- 14. Franklin Templeton Institutional – Performance Summary Report.
 - Reviewed by the Board.

15. Previously approved Seminars/Conferences:

- A. Mid-Sized Pension Management Conference, Chicago Marriott Downtown, Chicago, IL, October 23-26, 2005 (approximate cost per person \$2,656).
- B. CALAPRS "Advanced Staff Training" Ontario Marriott, October 26-28, 2005 (approximate cost per person \$650.00).
- C. What You Need To Know About Public Records And Open Meetings In California, Embassy Suites, Palm Desert Resort, Palm Desert, CA, October 28, 2005 (approximate cost per person \$412).
- D. SACRS Fall 2005 Conference, The Westin South Coast Plaza, Costa Mesa, CA, November 8-11, 2005 (approximate cost per person \$930.00):

INVITATIONS:	<u>TUESDAY, Nov. 8, 2005</u>
"CHAT NOIR BISTRO & JAZ Z LOUNGE"	"CENTER CLUB"
Dinner	Cocktails & Dinner
Host: Bradford & Marzec	Host: Delta Asset Management
RSVP: Oct. 24, 2005	RSVP: Oct. 21, 2005

WEDNESDAY, Nov. 9, 2005

SACRS EVENING FUNCTION 5:30 – 10:00 p.m.

THURSDAY, Nov. 10, 2005

"We're Off To The Races!"

Los Alamitos Race Course – Finish Line Room
RSVP: Oct. 15, 2005

- E. 9th Annual Investment Management for Institutional Investors, Hotel Nikko, San Francisco, CA, November 13-16, 2005 (approximate cost per person \$1,898).
- F. Alternative Investing Summit, Ritz Carlton, Laguna Niguel, CA December 4 – 6, 2005 (approximate cost p/person \$1400.00).

CLOSED SESSION

16. Closed Session:

Motion by Flammang, Seconded by Vogel, 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).

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

Julietta Carrasco Walter Cress Elaine Jones

- A. 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).
- B. 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 Flammang, Seconded by Vogel and carried on the unanimous vote of members present, the Board reconvened into Open Session.

18. Announcement of Closed Session Actions:

Linda Tucker, Deputy County Counsel, 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 Villeneuve, Seconded by Flammang, and carried on the unanimous vote of members present, the following items comprising the Administrative Agenda be approved.

- A. Enrollment Affidavits of New Members (37):
- B. Termination of Membership – Return of Accumulated Contributions (8):
- C. Inter-system Membership

William R. Jernigan
Department:
Effective Date:

General Member
Sheriff
07/29/05

D. Deferred Membership

1. Raquel Lopez
Department:
Effective Date:

General Member
CEO
07/23/05

- | | | |
|----|--|--|
| 2. | Ricardo Avila
Department:
Effective: | General Member
Assessor
08/13/05 |
| 3. | Adriana Alfaro
Department:
Effective: | General Member
Superior Court
12/29/04 |
| 4. | Angel Ramos
Department:
Effective: | Safety Member
Sheriff
08/05/05 |
| 5. | Robert Powell
Department:
Effective: | General Member
Ag. Commissioner
08/05/05 |
| 6. | Richard Lopez
Department:
Effective: | Safety Member
Sheriff
06/24/05 |
| 7. | Rosario M. Lopez
Department:
Effective: | Safety Member
Sheriff
06/24/05 |
| E. | 60% Continuance of Service Retirement Allowance & Death Benefit
per Government Code Section 31676.11: | |
| 1. | Walter E. Lancaster
Deceased: | General Member
09/10/05 |
| 2. | Frances M. Campbell
Deceased: | General Member
07/07/05 |
| F. | Final Payment Service Retirement Allowance: | |
| | Anne C. Riffe
Deceased: | General Member
08/16/05 |
| G. | Buy-Back Public Service – Lump Sum: | |
| | David Champagne
Department: | Safety Member
Sheriff |
| H. | Buy-Back Medical Leave Make-Up: | |
| | David Champagne
Department: | Safety Member
Sheriff |

BUDGET

20. Approval of the Budget:

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

REGULAR BUDGET

PERMANENT SALARIES

Regular Salaries	\$14,343.44
EXTRA HELP	1,408.60
BILINGUAL PAY	30.00
SOCIAL SECURITY	68.47
SPECIAL TRAINING	
CALAPRS – McFetridge	387.30
CALAPRS – Tucker	387.30
Expedia	29.99
CALAPRS – McFetridge Sept. 7-9, 2005	97.50
CALAPRS – Tucker Sept. 7-9, 2005	32.69
SACRS Committee Meeting - Williams	276.38
COUNTY CONTR RETIREMENT	1,086.60
GROUP INSURANCE	2,324.56
INS-DENTAL/VISION	23.66
RETIREMENT PENSION BOND	1,249.85
RETIREMENT HEALTH PLAN	723.45
INS-VOLUNTARY LIFE	12.40
OFFICE EXPENSE	
Mailroom charges – August 2005	324.15
Supplies	220.67
Central Duplicating	168.00
Office Supplies	220.94
PROFESSIONAL & SPECIAL SERVICES	
Pension Research Services	257.00
PRO Record Storage and Shredding Inc.	21.50
DATA PROCESSING	
July 2005	8,607.11
EXTRA HELP	
Ret Brd Mtg. – 10/19/05	<u>500.00</u>
TOTAL:	\$32,801.56

Adjournment: Meeting was adjourned at 12:35 p.m. to November 16, 2005 at 9:00 a.m.

JOHN W. KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN