

DAVID H. PRINCE
Retirement Administrator

KATHLEEN L. KUBLER
Clerk of the Board

1221 State Street
El Centro, CA 92243

www.icers.info

Tel. (760) 336-3132
Fax (760) 336-3923
icers@co.imperial.ca.us



ICERS

IMPERIAL COUNTY EMPLOYEES' RETIREMENT SYSTEM

BRIEF MINUTES

REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

February 17, 2010

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 8:32 a.m.

The Pledge of Allegiance was led by Board Member Huskey.

MEMBERS PRESENT: Karen Vogel, Ann McDonald, Julie Villeneuve, Jack Terrazas, Becky Flammang, Herbert Bumgart, Terry Huskey, Robert W. Williams
James E. Rhodes

MEMBERS ABSENT: None

MEMBERS ARRIVING AFTER ROLL CALL: Robert W. Williams

ALTERNATES PRESENT: Pompeyo Tabarez, Jr., Charles L. Jernigan

LEGAL REPRESENTATIVE: Linda S. Tucker, Deputy County Counsel

CLERK: Kathleen L. Kubler, Retirement Specialist

STAFF: David H. Prince, Retirement Administrator, Regina Rodrigues, Assistant Retirement Administrator, Kayleen Smith, Retirement Specialist

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 to be added: None

E. Approval of the Agenda:

MOTION by Huskey, Second by Terrazas, and carried by the unanimous vote of members present, the board approved the agenda.

F. Approval of the Consent Agenda:

MOTION by McDonald, Second by Huskey, and carried by the unanimous vote of members present, the board approved the Consent Agenda.

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

ACTION CALENDAR

4. Approval of the Minutes of the December 16, 2009 regular adjourned meeting:

MOTION by Vogel, Second by Huskey, and carried by the unanimous vote of members present the board approved the Minutes of the December 16, 2009 regular adjourned meeting.

5. Approval of the Minutes of the January 20, 2010 regular adjourned meeting:

MOTION by McDonald, Second by Huskey, and carried by the unanimous vote of members present, the board approved the Minutes of the January 20, 2010 regular adjourned meeting.

6. Investment Managers Presentations:

A. PIMCO: Scott W. Martin, Senior Vice President:

Quarterly review of investments for the period ending December 31, 2009:

Mr. Martin discussed the effects of the economic downturn in 2009. He reviewed the impact on the investment account and planned strategy for the remainder of the year.

B. Bradford & Marzec: Zee Marzec, Managing Partner:

Quarterly review of investments for the period ending December 31, 2009:

Ms. Marzec reviewed the account activity with the board and discussed the overall market and investment trends.

BREAK AT 9:45 A.M. RECONVENED AT 9:55 A.M.

7. Presentation by Investment Consultant, Wurts Associates, Scott J. Whalen, Senior Investment Consultant:

A. Current Market Environment Review:

Mr. Whalen and the board discussed the global market activity for 2009, as well as the impact by the credit crises events of the last quarter of 2008:

B. Quarterly Investment Performance Review for fund and managers, for period ending December 31, 2009:

MOTION by Flammang, Second by Huskey and carried by the unanimous vote of members present, the board voted to terminate the contract with Victory Capital Management and split the assets as soon as practical, between Franklin Templeton and BlackRock EAFE Index, with each receiving 50% of the assets.

C. Proposed changes to ICERS Investment Policy:

MOTION by Rhodes, Second by Flammang and carried on the unanimous vote of members present, the board voted to revise the ICERS Investment Policy Statement, Exhibit A benchmarks, as defined in the recommendation by the investment consultant.

MOTION by Rhodes, Second by Flammang and carried by the unanimous vote of members present, the board voted to reaffirm the investment policies with the following changes to Exhibit A such that, Domestic Equities active managers will be benchmarked against the appropriate passive index plus 100 Basis Points; the International Equity active managers will be the same with the exception of Emerging Markets, who will be benchmarked against the appropriate passive index plus 150 Basis Points.

D. Proposed "Year-end" Manager's Evaluation Report:

Mr. Whalen discussed the policy objectives for manager performance. The board gave him direction to prepare and present to the board, a Managers' Evaluation Report at the end of the Calendar Year and also at the end of the Fiscal Year.

E. Update: Private Equity Investments:

Mr. Whalen discussed the international and domestic fund commitments, and related investment opportunities with the board.

F. Update: Current Market Opportunity – Distressed Real Estate:

Mr. Whalen discussed a recent history of private real estate opportunities and the potential for distressed real estate investment gains.

8. Action/Discussion: Petition by Imperial County Planning & Development Services employees to change ICERS active membership status from General to Safety:

Mr. Neal Ray, Building Inspector IV, Planning & Building Development Services Department, read a memo expressing the concerns and petition for status change.

MOTION by Villeneuve, Second by Williams and carried by a vote of 8-0, with one abstention by Huskey, the board voted to deny change of membership status, from General to Safety, to the employees of the Imperial County Planning & Development Services.

9. Action/Discussion by David H. Prince, Retirement Administrator: Adoption of Segal report for the Cost of Living Adjustment (COLA) as of April 1, 2010:

MOTION by Huskey, Second by Bumgart and carried by the unanimous vote of members present, the board adopted the Segal report for the Cost of Living Adjustment (COLA) as of April 1, 2010, as presented.

MOTION by Huskey, Second by Williams and carried by the unanimous vote of members present, the board adopted Option A of the Segal report:

Under Approach A, the retiree's COLA banks shall be allowed to show a negative balance.

10. Action/Discussion: David H. Prince, Retirement Administrator: Contract with Imperial County Auditor for Annual Audit Report.

MOTION by Huskey, Second by Williams and carried by a vote of 7-0, with two abstentions by McDonald and Villeneuve, the board agreed to issue a Request for Proposals (RFP) for annual audit services.

The board directed staff to report to them on the proposals received, at the next board meeting following the deadline.

DISCUSSION CALENDAR

11. Reports/Correspondence/Announcements:

A. Retirement Administrator:

1. Market Value Graph:

Mr. Prince briefly discussed the market period as reflected in the presentation by the investment consultant.

2. Book vs. Market:

Mr. Prince briefly reviewed the report with the board.

3. Update on ICERS Pension Administration System (PAS):

Mrs. Rodrigues presented an update to the board, on the steady progress by staff and the project consultants, to complete the current integration phase.

4. Update on State Association of County Retirement Systems (SACRS) Executive Director and Revised Government Structure Proposal:

Mr. Prince discussed the matter with the board.

5. Retirement Board Educational Retreat:

Mr. Prince presented the board with some guidelines and examples from other retirement systems. The board discussed topics and venue options and directed staff to present a list of possible agenda items for a retreat at the next board meeting.

B. Board Members:

Mrs. Vogel discussed her progress with the county Human Resources Department regarding changes to the Retirement Administrator position.

C. County Counsel:

Update on Lexin Decision:

Ms. Tucker discussed the matter with the board.

CLOSED SESSION

12. Convene into Closed Session:

MOTION by Williams, Second by Huskey and carried by a unanimous vote of members present, the board convened into Closed Session.

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

Gary Tackett Luis Avalos

B. Government Code §54956.9(a) – Conference with legal counsel of existing litigation, Board of Trustees of ICERS v. JPMorgan Chase Bank, U.S. Court District for the Southern District of New York, Case No. 09CV3020.

C. Government Code §54956.9(b) (1) – Conference with Legal Counsel, potential litigation.

OPEN SESSION

13. Announcement of Closed Session Action:

Kayleen Smith, Disability Specialist, announced the following:

The board discussed but took no action on the disability retirement applications of Gary Tackett and Luis Avalos.

The board discussed but took no action on the JPMorgan Chase Bank litigation matter.

The board gave direction to staff regarding the potential litigation.

CONSENT AGENDA

14. BUDGET:

Approval of the following claims for the 2009-2010 Retirement Budget to include Board Members in attendance at the 02/17/2010 meeting, Govt. Code 31580.2 & 31521:

REGULAR BUDGET:

| | |
|--|--------------|
| PERMANENT SALARIES | \$ 20,495.04 |
| EXTRA HELP | 6,764.54 |
| BILINGUAL PAY | 30.00 |
| SOCIAL SECURITY-MEDICARE | 389.57 |
| SPECIAL TRAINING | |
| Hotel-SACRS 2009 (Staff) | 2,833.62 |
| CALAPRS Disability RT Expense reimb. (K Smith) | 290.90 |
| COUNTY CONTR RETIREMENT | 2,543.00 |
| INSURANCE – WORKERS' COMP | 423.42 |
| INSURANCE – UNEMPLOYMENT | 214.67 |
| INSURANCE – GROUP | 2,469.66 |
| INSURANCE – DENTAL/ VISION | 95.56 |
| RETIREMENT PENSION BOARD | 1,395.66 |
| RETIREMENT HEALTH PLAN | 1,091.87 |
| INSURANCE – VOLUNTARY LIFE | 14.58 |
| INSURANCE – LIABILITY | 184.50 |
| MEMBERSHIPS – CALAPRS 2010 | 500.00 |
| OFFICE EXPENSE | |
| Board Meetings Supplies (cart/crates) | 41.80 |
| Office Depot – Office supplies | 135.26 |
| Imperial Valley Press – Annual subscription renewal | 134.85 |
| OCE Imagistics – Monthly Charge | 430.30 |
| Yosemite Waters | 30.75 |
| Mailroom Charges – December 2009 | 522.96 |
| FedEx Charges – December 2009 | 21.86 |
| Office Supply Company – Typewriter Ribbon | 17.36 |
| OCE Imagistics – Quarterly usage charge (Oct.-Dec. 2009) | 935.32 |
| Office Depot – Office supplies | 251.49 |

REGULAR BUDGET (continued)

PROFESSIONAL & SPECIAL SERVICES

| | |
|--|----------|
| PRO Records Storage | 262.09 |
| Attorney Fees – Title Holding Companies | 1,044.00 |
| SACRS-CERL/IRS Study Phase II | 4,000.00 |
| Attorney Fees –Disability/Sick Leave | 2,303.00 |
| OVERHEAD CHARGES | |
| ICERS Corp – Rent, Utilities | 4,441.15 |
| LM Building Maint – Nov. 1-15, 2009 | 720.00 |
| Attorney Fees – November 2009 (L Tucker) | 3,500.00 |

EXTRA HELP

| | |
|-----------------------------------|-----------|
| Retirement Board Meeting 02/17/10 | \$ 500.00 |
|-----------------------------------|-----------|

TOTAL: \$ 59,028.78

15. Administrative Agenda:

A. Enrollment Affidavits of New Members (9):

B. Termination of Membership – Return of Accumulated Contributions (6):

C. Service Retirement:

| | |
|-----------------|----------------|
| Solis, Jose M. | General Member |
| Department: | Public Works |
| Effective Date: | 12/04/2009 |

D. Deferred Member

| | |
|------------------|-----------------|
| Cortes, Patricia | General Member |
| Department: | Social Services |
| Effective: | 12/12/2009 |

E. Intersystem Member

| | |
|-----------------|----------------------|
| Victor Carrillo | General Member |
| Department: | Board of Supervisors |
| Effective: | 07/23/2009 |

F. 100% Continuance of Service Retirement Allowance per Govt. Code Section 31762 & Death Benefit:

| | |
|--------------------|----------------|
| Clifford Gruenberg | General Member |
| Deceased: | 11/19/2009 |

