

BRIEF MINUTES

RETIREMENT BOARD MEETING
COUNTY ADMINISTRATION CENTER
940 W. MAIN STREET, EL CENTRO, CA 92243
January 12, 2004

The regular meeting of the Imperial County Board of Retirement was held at 9:01 a.m. in Board of Supervisor's Chambers, County Administration Center, El Centro, CA.

MEMBERS PRESENT: Yarnell, Huskey, Yarnall, Maruca, Flammang, Williams, Kennerson, Strain & Prince

MEMBERS ARRIVING AFTER ROLL CALL: None

MEMBERS ABSENT: None

MEMBERS PRESENT AFTER LUNCH:

LEGAL REPRESENTATIVE PRESENT: Linda Tucker, Deputy County Counsel

CLERK: Miriam G. Ojeda, Office Technician

STAFF: Barbara McFetridge, Division Manager; Susie Martinez, Ret System Supervisor

OTHERS: Ira Summer, Public Pension Professionals; Joanne Yeager, Asst County Counsel

Meeting called to order by Chairman Prince.

1. **ROLL CALL:**
2. **PUBLIC APPEARANCE:** None
3. **ACTUARIAL VALUATION:** By Ira Summer

A. Presentation (was distributed)

Mr. Summer apologized for the delay in getting the report to them.

Major events affecting the contribution rates and funded position of the Plan are investments, funding, demographics, assumptions and methodology and benefits.

Mr. Summer reminded the Board of Retirement that he recommended several changes to the Board's actuarial assumptions. The assumptions used for the valuation are as follows:

1. Inflation Assumptions - 4%
2. Rate of Return Assumptions - 7.75%
(compounded semi-annually)
3. Salary Increases - Based on Members' Service

ACTUARIAL VALUATION: (Continued)

The changes to funding methodology adopted by the Board are as follows:

1. Market Based Smoothing (5 yrs)
2. Unfunded Actuarial Accrued Liability Amortized as a Level Percentage of Payroll

Investment losses over the past two years resulted in an actuarial loss to the Retirement Plan of approximately \$39.3 Million.

In September 2002, the County issued Pension Obligation Bonds (POBs) of \$32.4 Million to ICERS, whose proceeds are used to fund the issuer's pension obligation.

The number of active members increased by 14.6%, number of retired members and beneficiaries receiving pension checks increased, and the average monthly benefit check increased by 15.8%.

Non-Service connected disability benefit for ICERS' members hired after April 2003 was changed from formula based on projected service to one based on service at the time of disability.

The total funded position of the Retirement System as of this study is 97.9%.

For the reasons stated above, employer contributions will be decreasing and member rates will be increasing.

MOTION: by Huskey, Seconded by Yarnall and carried on the following roll call vote of Members present that the Board adopts in concept the allocation of undistributed earnings for future benefits for general members (i.e., 3%@60) when funds are available.

Yes: Yarnell, Huskey, Yarnall, Maruca, Flammang, Williams, Kennerson, Strain & Prince

No: None

Abstained: None

Absent: None

Mr. Summer reviewed the entire report with the Board and answered questions. The final report will be issued in the next couple of weeks.

ACTUARIAL VALUATION: (Continued)B. Interest Crediting for Members' Reserves with the Actuary
(attachment)

The Board discussed the interest crediting policy with the Actuary.

MOTION: By Maruca, Seconded by Huskey and carried on the unanimous vote of Members present the members' contribution accounts for members who elect to take a refund will be credited at a rate equal to the assumed inflation rate, compounded semi-annually.

MOTION: By Strain, Seconded by Huskey and carried on the unanimous vote of Members present to adopt the interest crediting policy as presented by the Actuary and incorporate the Board's percentages.

C. Asset Smoothing Method - Correct Starting Market Value

No action taken. The market value in the Actuary report will be used.

4. **MINUTES:**

MOTION: by Maruca, Seconded by Huskey and carried on the unanimous vote of Members present that the previously approved Minutes of the November 19, 2003 Regular Adjourned meeting be amended to add the following motion under item #5C:

"MOTION: By Williams, Seconded by Huskey and carried on the unanimous vote of Members present that the Board of Retirement recommend to the Board of Supervisors to adopt Article 8.4 of the 1937 Act (Community Property)."

Directed County Counsel to draft resolution for Board of Supervisors.

MOTION: By Maruca, Seconded by Flammang and carried on the unanimous vote of Members present that the Minutes of the December 3, 2003 Regular Adjourned meeting be approved.

MOTION: By Huskey, Seconded by Yarnell and carried on the unanimous vote of Members present that the Minutes of the December 17, 2003 Regular Adjourned meeting be approved with the following amendments:

1. Motion on item 9E - interest rate assumption is "7.75% (7.90% compounded)"
2. Third motion on item 9F - account is "non-valuation"

MINUTES: (Continued)

Meeting was adjourned at 11:37 a.m. to January 21, 2004 at 9:00 a.m.

JOHN KENNERSON, SECRETARY

ROBERT WILLIAMS, CHAIRMAN