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Imperial County Employees' Retirement System

BRIEF MINUTES

REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

September 19, 2007

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 8:36 a.m.

The Pledge of Allegiance was led by Chairman Julie Villeneuve.

Roll Call:

MEMBERS PRESENT: Karen Vogel, Pat Yarnall, Julie Villeneuve, Becky Flammang, Robert Williams, Armando Padilla, Terry Huskey, Wally Leimgruber and James Rhodes

ALTERNATE PRESENT: Pompeyo Tabarez, Jr.

MEMBERS ABSENT: None

MEMBERS ARRIVING AFTER ROLL CALL: None

LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel

CLERK: Kathleen L. Kubler, Retirement Specialist

STAFF: David H. Prince, Retirement Division Manager and Kayleen Smith, Disability 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:

The Board agreed to discuss Item 9C before Item 9A.

C. Items to be pulled from the Consent Agenda: None

D. Emergency Items added: None

E. Approval of the Agenda:

MOTION by Huskey, seconded by Williams, and carried on the unanimous vote of members present, the Board voted to approve the Agenda as modified.

F. Approval of the Consent Agenda:

MOTION by Huskey, seconded by Flammang, and carried on the unanimous vote of members present, the Board voted to approve the Consent Agenda.

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

(Breaks: 9:40 – 9:50 a.m., 10:50 – 11:00 a.m. Lunch: 12:00 – 12:30 p.m.)

ACTION CALENDAR

4. Approval of the Minutes:

MOTION by Williams, seconded by Flammang and carried by a 8-1 vote with one abstention by Huskey, the Board voted to approve the Minutes of the July 18, 2007 regular adjourned meeting.

ALTERNATE TABAREZ ARRIVED AT 8:50 A.M.

5. Presentation by Investment Managers:

A. Calamos Investments: Scott Becker, Vice President Senior, Portfolio Specialist and Milan DeMillan, Regional Director:

Mr. DeMillan began the presentation by re-familiarizing the Board with the firm's investment team and experience as well as summarizing its philosophy and process.

Mr. Becker reviewed the portfolio's structure, characteristics and performance.

B. Bradford & Marzec: Terry Reidt, Portfolio Manager:

Mr. Reidt discussed the firm's history and portfolio makeup. Addressing concerns regarding foreign investments and mortgage securities he assured the Board of the firm's watchful portfolio outlook and strategy.

Mr. Reidt presented a formal request for the ICERS Board's authorization to utilize Credit Default Swaps (CDS) and Credit Default Swap Indices (CDX) within the fixed income portfolio managed by Bradford and Marzec.

Thomas Shanklin, Senior Consultant with Wurts Associates raised concerns with this request citing limited performance experience with this type of portfolio.

No action was taken to approve this request.

BREAK 9:45 A.M. – RECONVENED 9:58 A.M.

6. Presentation by Investment Consultant, Tom Lightvoet – Mercer Investment Consulting:

Pension Plan Presentation Report – Second Quarter 2007:

Mr. Lightvoet discussed the Asset Allocation and gave an overview of the Second Quarter performance. He expressed disappointment with the performance by Calamos and repeated his recommendation to terminate their services.

Mr. Lightvoet was not in favor of the swap option offered by Bradford and Marzec and recommended putting RREEF on the Watch List.

7. Presentation by Investment Consultant, Thomas R. Shanklin, Senior Consultant – Wurts Associates:

The memorandum regarding personnel departures at RREEF was discussed. Mr. Shanklin stated that he was comfortable with the firm at this time and would be watching their personnel changes.

Mr. Shanklin discussed and recommended the authorization to amend TimesSquare Capital Management's investment guidelines.

MOTION by Flammang, seconded by Williams and carried on the unanimous vote of members present the Board agreed with TimesSquare Capital Management that the Investment Guidelines shall be amended to include the new condition as follows:

- Individual security capitalization is expected to be less than \$15 billion and more than \$1.5 billion at time of purchase.

Mr. Shanklin reviewed the Asset Allocation Presentation report and discussed the projected investment returns, the risk and the investment objectives over time.

The Board authorized an International Small Cap Manager search and agreed to invite Dimensional Fund Advisors and Victory Capital to give a presentation at the October 17th regular meeting.

Mr. Shanklin will present a 3rd Quarter report at the November 21st meeting. Mr. Jeffrey J. MacLean, President of Wurts Associates will also be present.

8. Staff Report Update:

Update regarding real estate options for ICERS office relocation:

David H. Prince, Retirement Division Manager discussed the proposals familiar to the Board. A new option, American Realty Advisors of Glendale, CA, experienced in building construction for retirement systems, such as Fresno and Kern Counties, was also discussed.

Direction was given to staff to schedule a presentation by American Realty Advisors at the regular meeting of October 17, 2007.

BOARD MEMBER FLAMMANG LEFT AT 11:30 A.M.**DISCUSSION CALENDAR**

Item 9 is for discussion only

9. Reports and Announcements:

A. County Counsel:

Question of prevailing wages being paid in construction of ICERS headquarters building:

Linda Tucker, Deputy County Counsel, advised the Board that ICERS qualifies under the Prevailing Wage Statute Laws for construction or renovation of a building for the retirement system. This would add about 20% to the cost.

Ms. Tucker will also research whether ICERS is required to advertise for bids on this project and will report on this matter at the regular meeting of October 17, 2007.

LUNCH 12:10 P.M. – RECONVENED AT 12:45 P.M.

B. Retirement Administrator/Staff:

1. Retirement Board November 21, 2007 – Option to reschedule to November 7, 2007:

The Board agreed to place this item on the Consent Agenda of the regular meeting of October 17, 2007.

A proposal by Board Member Williams to change the starting time of Retirement Board meetings to 9:00 a.m. will be placed on the Action Calendar of the regular meeting of October 17, 2007.

2. Update on ICERS staff reorganization:

Karen Vogel, Retirement Administrator, advised the Board that the reorganization for the Retirement Division staff had been implemented.

3. Update on Actuary reports and transition to Segal:

David H. Prince, Retirement Division Manager advised the Board that Segal estimates that the Actuarial Report should be ready by December if it receives the Financials within the next two weeks.

4. Market Value Graph from 01-01-07 through 08-31-07:

David H. Prince, Retirement Division Manager reviewed the current activity with the Board.

5. Book vs. Market Summary as of 08-31-07:

David H. Prince, Retirement Division Manager reviewed the current activity with the Board.

6. 2007 Edition County Employees Retirement Law distributed to the Board.

7. Schott & Lites Advocates – State Association of County Retirement Systems (SACRS) Year 2008 Legislative Timelines for proposed legislation:

Reviewed by the Board.

8. 2006 - 2007 Year end Expense and Income Report for ICERS:

David H. Prince, Retirement Division Manager reviewed the annual report with the Board.

C. Board Members:

Report on Due Diligence trip to Wurts & Associates and Dimensional Fund Advisors:

Board Members Vogel and Williams and Retirement Division Manager David H. Prince expressed favorable comments about both firms.

CLOSED SESSION

10. Convene into Closed Session:

MOTION by Vogel, seconded by Williams and carried on the unanimous vote of members present, the Board voted to convene into 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	Charles Land	Robert Stanley Witt
Judith York-Rippetoe	Sherry Marquand	Rick Breland

B. 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).

C. Government Code §54956.9 (a) – Conference with Legal Counsel of Existing Litigation, In re Jarden Corp. Securities Litigation, United States District Court for the Southern District of New York, Case No. 7:06-CV-722 (CLB).

D. Government Code §54957 – Personnel Matter, Public Employment: Retirement Administrator.

11. Announcement of Closed Session Actions:

The Board discussed but took no action on the disability retirement applications of Walter Cress, Judith York-Rippetoe, Robert Stanley Witt, Rick Breland and Charles Land.

The request of Sherry Marquand to begin receiving her regular service retirement pension pending the outcome of her application for disability retirement was approved by the unanimous vote of members present.

The Board discussed but took no action on the WorldCom litigation matter and the Jarden Corp. Securities litigation matter.

The Board discussed but took no action regarding the hiring of a Retirement Administrator.

CONSENT AGENDA

Retirement Administrator recommends approval of Items

12. BUDGET:

- A. Approval of the following Budget claims for the remaining 2006/2007 and the 2007-2008 Regular Retirement Budgets and 2007/2008 Disability Budget and includes Board Members in attendance at the 9-19-07 meeting Govt. Code 31580.2 & 31521:

REGULAR BUDGET 2006/2007:

PERMANENT SALARIES	
Regular Salaries	\$ 1,782.30
REDEMPTION OF BENEFITS	
Sick Leave Buyback	3,805.03
SOCIAL SECURITY-MEDICARE	
Sick Leave Buyback	20.55
COUNTY CONTRI RETIREMENT	
Sick Leave Buyback	288.23
Sick Leave Buyback	153.90
RETIREMENT PENSION BOND	
Sick Leave Buyback	215.88
Sick Leave Buyback	115.28
RETIREMENT HEALTH PLAN	
Sick Leave Buyback	126.00
Sick Leave Buyback	67.28
COMMUNICATIONS – PHONE CHARGES	
Telephone Charges	276.48
OFFICE EXPENSE	
Copier charges for May 2007	180.98
Mail charges for June 2007	432.36
PROFESSIONAL SERVICES	
Information & Technical Services for May 2007	10,275.81
Information & Technical Services for June 2007	<u>9,095.02</u>

SUBTOTAL: \$ 26,835.10

REGULAR BUDGET 2007-2008:

PERMANENT SALARIES	
Regular Salaries	\$ 27,583.51
EXTRA HELP	4,507.21
BILINGUAL PAY	51.00
OVERTIME	-114.07
SOCIAL SECURITY	202.91
SPECIAL TRAINING	
Staff Reimbursement for Actuary Due-Diligence San Francisco, CA July 19-20, 2007 Barbara McFetridge	180.10
Susie Martinez	42.00
David Prince	54.00

REGULAR BUDGET 2007 -2008 (continued):

Regina Rodrigues	54.00
Airfare – Actuary Due-Diligence	
San Francisco, CA July 19-20, 2007	296.80
ICOE – Excel Trng. Kathy Kubler	20.00
Wyndham San Jose Hotel	716.00
Ontario Airport Marriott	168.00
COUNTY CONTRI RETIREMENT	2,771.79
GROUP INSURANCE	3,681.28
INS DENTAL/VISION	43.42
RETIREMENT PENSION BOND	1,802.01
RETIREMETN HEALTH PLAN	1,316.77
INS – VOLUNTARY LIFE	21.08
OFFICE EXPENSE	
Office Supply	47.40
Office Supply	33.10
Office Depot	143.98
Federal Express	56.97
Old Eucalyptus Schoolhouse – Retiree Luncheon Bal.	80.23
David H. Prince Reimbursement for Luncheon Gifts	173.30
Staples – Typewriter	144.74
ICARE Newsletter	141.96
Gift Cards for ICARE Luncheon	68.95
Target/Kmart – Board Supplies	26.39
Fed Ex – Schriffirin Barroway	40.19
Mail Charges	425.42
PROFESSIONAL SERVICES	
Internet Billing	1,092.00
PRO Record Storage and Shredding Inc.	141.31
DacEasy Accounting Technical Support	199.00
Hanson Bridgett-Tax Attorney	1,836.25
The Berwyn Group	192.00
TRAVEL – Out of County	
Retirement Training – Ontario, CA	12.15
EXTRA HELP	
Retirement Board Meeting 9/19/2007	<u>400.00</u>

TOTAL: \$ 48,653.15

B. DISABILITY BUDGET 2006/2007:

PROFESSIONAL SERVICES	
Attorney Steve Rice – Cress Case	13,049.51
Attorney Steve Rice – Cress Case	270.61
Dr. Michael Kimball – Evaluation for Rick Breland	750.00
TRAVEL – Out of County	
Rick Breland to attend medical evaluation 6/25/2007	<u>95.06</u>

TOTAL: \$ 14,165.18

13. Administrative Agenda:

A. Enrollment Affidavits of New Members (42):

B. Termination of Membership – Return of Accumulated Contributions (8):

C. Service Retirement:

- | | | |
|----|---|---|
| 1. | Dennis McCuen
Department:

Effective Date: | General Member
Public Works/
Inter-System
05/01/2007 |
| 2. | David Corn
Department:
Effective Date: | Safety Member
Sheriff/Inter-System
07/20/2007 |
| 3. | Brian Perry
Department:
Effective Date: | General Member
PubWks/Inter-System
08/09/2007 |

D. Inter-system Membership:

- | | | |
|----|--|---|
| 1. | Victor J. Dominguez
Department:
Effective Date: | Gen./Safety Member
Sheriff
06/19/2007 |
| 2. | Amanda R. Walters Occhiuto
Department:
Effective Date: | General Member
Behavioral Health
06/29/2007 |
| 3. | Ramona V. Campos
Department:
Effective: | General Member
Behavioral Health
08/03/2007 |
| 4. | Mark Christopher Harris
Department:
Effective: | Safety Member
Sheriff
07/17/2007 |

E. Deferred Membership:

Martha C. Singh Department: Effective Date:	General Member Behavioral Health 05/11/2007
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F. Extra Help Buyback:

Hugo Valdez Department: Effective Date:	General Member Planning 07/25/2007
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- G. General to Safety Buyback:
1. Gary Tackett
Department:
Effective Date: Safety Member
Probation
06/08/2007
 2. Gary Tackett
Department:
Effective Date: Safety Member
Probation
07/11/2007
- H. Make-Up Buyback:
- Joe Arambula
Department:
Effective Date: Safety Member
Probation
07/17/2007
- I. Public Service Buyback:
- Bradley M. Garrison
Department:
Effective Date: Safety Member
Fire
06/27/2007
- J. 60% Continuance of Service Retirement Allowance per Govt. Code Section 31760.1 & Death Benefit:
- Donald Vaughn
Deceased: General Member
08/04/2007
- K. 100% Continuance of Service Connected Disability Retirement Allowance per Govt. Code Section 31786 & Death Benefit:
- Mary V. Nichols
Deceased: General Member
05/22/2007
- L. Medical Leave Make Up Lump Sum:
- Carrie Jones
Department: General Member
Social Services
- M. Final Payment of Survivor Service Retirement Allowance:
- Edward Valusek
Deceased: General Member
05/12/2007
14. Investment Manager Reports:
- A. Templeton Institutional Funds, Inc.:
1. Performance Report as of June 30, 2007.
 2. Performance Report as of July 31, 2007.

Investment Management Reports (continued):

- B. Dimensional Fund Advisors:
 - 1. Performance Report Period Ending June 30, 2007.
 - 2. Portfolio Performance Month Ending August 31, 2007.
 - C. T. Rowe Price – Investment Report for Quarter Ended June 30, 2007.
 - D. TimesSquare Capital Management, LLC – Mid Cap Portfolio Review.
15. Upcoming Seminars/Conferences:
- A. Public Fund Boards Forum – San Francisco, CA December 8-11, 2007 (approximately \$2,173.00 per person).

OTHER ITEMS

16. Previously Approved Seminars/Conferences (list available in Treasurer's office).

MOTION by Williams, seconded by Leimgruber and carried on the unanimous vote of members present, the meeting was adjourned at 1:38 p. m. to October 17, 2007 at 8:30 a.m.

JULIE VILLENEUVE, CHAIRMAN

JAMES E. RHODES, SECRETARY