

MINUTES

RETIREMENT BOARD MEETING
COUNTY ADMINISTRATION CENTER
940 W. MAIN STREET, EL CENTRO, CA 92243
April 14, 2004

The regular meeting of the Imperial County Board of Retirement was held at 9:02 a.m. in Board of Supervisor's Chambers, County Administration Center, El Centro, CA.

MEMBERS PRESENT: Strain, Kennerson, Huskey, Maruca, Williams, Yarnell, Flammang, Padilla

MEMBERS ARRIVING AFTER ROLL CALL: Tabarez

MEMBERS ABSENT: Yarnall

MEMBERS PRESENT AFTER LUNCH:

LEGAL REPRESENTATIVE PRESENT: Linda Tucker, Deputy County Counsel

CLERK: Suzanne Bermudez

STAFF: Susie Martinez

OTHERS: Ira Summer, Actuary

Meeting called to order by Chairman Williams.

1. **ROLL CALL:**

2. **PUBLIC APPEARANCE:** None

3. **ACTUARIAL DISCUSSION, POSSIBLE ACTION ITEMS:**

A. Setting Undistributed Earnings Policy Priorities

Mr. Summer explained how to derive the amounts when discussing undistributed earnings. After a brief explanation, he indicated a need to determine the steps to select the categories that will be used when making the final decision as to allocation of the undistributed earnings available. Board members made comments and asked questions. Members of the audience made comments and asked questions.

Pompeyo Tabarez, Jr. arrived at 10:17 a.m. (Alternate Board member Tabarez has voting rights due to the absence of member Yarnall).

Discussion was held for Board members to agree upon the list of items that would be included when allocating monies available in undistributed earnings. Discussion was held to decide the order of importance for the various categories.

After much discussion, it was decided that the following would be the list of priorities for unallocated earnings:

ACTUARIAL DISCUSSION, POSSIBLE ACTION ITEMS: (continued)

MOTION: by Yarnell, seconded by Kennerson and FAILED on the following roll call vote to adopt the following list as the Boards priorities for determining the undistributed earnings levels:

1. Contingency
2. Unallocated
3. Employee contribution relief
4. Employee benefit enhancement
5. Retiree health insurance
6. Retiree benefit enhancements
7. Employer contribution relief

Yes: Yarnell, Flammang, Kennerson, Williams

No: Huskey, Maruca, Padilla, Strain, Tabarez

Absent: None

Abstain: None

MOTION: by Strain, seconded by Flammang and FAILED on the following roll call vote to adopt the following list as the Boards priorities for determining the undistributed earnings levels:

1. Contingency
2. Unallocated
3. Employee benefit enhancement
4. Employee contribution relief
5. Retiree health insurance
6. Retiree benefit enhancements
7. Employer contribution relief

Yes: Strain

No: Yarnell, Huskey, Maruca, Flammang, Padilla, Kennerson, Tabarez
Williams

Absent: None

Abstain: None

Mr. Summer stated that once a determination is made to the amounts that will be distributed to the various priorities that this could very well change the list of priorities.

MOTION: by Maruca, seconded by Huskey and CARRIED on the following roll call vote to adopt the following list as the Board's priorities for the undistributed earnings levels:

ACTUARIAL DISCUSSION, POSSIBLE ACTION ITEMS: (continued)

1. Contingency
2. Employee benefit enhancement
3. Employee contribution relief
4. Unallocated
5. Retiree health insurance
6. Retiree benefit enhancement
7. Employer contribution relief

Yes: Huskey, Maruca, Flammang, Padilla, Kennerson, Strain, Tabarez, Williams

No: Yarnell

Absent: None

Abstain: None

Break 10:59 a.m.

Reconvened at 11:10 a.m.

- B. Allocation of 12/31/03 undistributed earnings (attachment)

Mr. Summer indicated that when allocating monies to categories, Board Members should utilize the percentage of assets to make the determination.

MOTION: by Maruca, seconded by Yarnell and CARRIED on the following roll call vote to increase the contingency reserves from the current 1% of assets to 1.7% of assets. Motion passed 5-yes, 4-no vote

Yes: Yarnell, Maruca, Kennerson, Strain, Williams

No: Huskey, Flammang, Padilla, Tabarez

Absent: None

Abstain: None

MOTION: by Yarnell, seconded by Tabarez and CARRIED on the following roll call vote that 5% of payroll be set aside in the employee contribution relief fund. Motion passed 7-yes, 2-no vote.

Yes: Yarnell, Maruca, Flammang, Kennerson, Strain, Tabarez, Williams

No: Huskey, Padilla

Absent: None

Abstain: None

MOTION: by Strain, seconded by Huskey and FAILED on the following roll call vote to allocate \$18 million dollars to the employee benefit enhancement allocation. Motion failed 7-no, 2-yes.

Yes: Huskey, Strain

No: Yarnell, Maruca, Flammang, Padilla, Kennerson, Tabarez, Williams

Absent: None

Abstain: None

ACTUARIAL DISCUSSION, POSSIBLE ACTION ITEMS: (continued)

MOTION: by Maruca, seconded by Yarnell and CARRIED on the unanimous vote of Members present to allocate \$15 million dollars to the employee benefit enhancement allocation.

MOTION: by Strain, seconded by Flammang and CARRIED on the unanimous vote of Members present to allocate the remainder of the undistributed earnings to the unallocated reserves.

Mr. Summer asked Board Members to indicate any further desires for restrictions to the disbursements that the Board had made. There were none.

Discussion was held as to the employee contribution category. The Board agreed as a whole to change the category to "Employee COLA Contribution Relief".

4. **INVESTMENT DISCUSSION, POSSIBLE ACTION ITEMS:**

Regarding the prior motion passed on March 17, 2004 by the Board of Retirement to move \$10 million from T. Rowe Price to Bradford TIPS account, Board Member Yarnell stated that the targeted allocations for investments had been achieved and this move would defeat that.

MOTION: by Maruca, Seconded by Strain and carried on the unanimous vote of Members present to vacate the prior action.

Meeting was adjourned at 12:08 p.m. to April 21, 2004 at 9:00 a.m.

JOHN W. KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN