

## **SPECIAL MINUTES**

RETIREMENT BOARD MEETING  
COUNTY ADMINISTRATION CENTER  
940 W. MAIN STREET, EL CENTRO, CA 92243  
March 10, 2004

The regular meeting of the Imperial County Board of Retirement was held at 9:00 a.m. in Training Rooms C & D of the Board of Supervisor's Chambers, County Administration Center, El Centro, CA.

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

MEMBERS ARRIVING AFTER ROLL CALL: Yarnell

MEMBERS ABSENT: None

MEMBERS PRESENT AFTER LUNCH: No Lunch Break

LEGAL REPRESENTATIVE PRESENT: Linda Tucker, Dep County Counsel

CLERK: Miriam Ojeda, Office Technician

STAFF: Barbara McFetridge, Division Manager; Susie Martinez, Retirement Supervisor; Kayleen Smith, Disability Specialist

OTHERS: Ira Summer and Deanna Van Valer, Public Pension Professionals; Gary Tackett, Brad Poirez, Jim Minnick, Debbie Angulo, Loren Ness, Jim Semmes, county employees

Meeting called to order by Chairman Williams.

1. **ROLL CALL:**

2. **PUBLIC APPEARANCE:** None

**Yarnell arrived at 9:04 a.m.**

3. **ACTUARIAL REPORT DISCUSSION:** Public Pension Professionals, by Ira Summer

A. Actuarial Report (was distributed)

Ira Summer stated that the previous actuarial reported was too conservative when calculating the safety members' 3% @ 50 unfunded liability portion of the benefits. The result of this means instead of the 3% @ 50 portion of the safety member contribution going down, it will be going up to 4.29%.

Mr. Summer discussed funded percentages and employer contributions. He told the Board they will need to transfer the \$1.7 Million in the reserve allocated to 3% @ 50 benefit over to the safety members' account.

B. Education on usage of Undistributed Earnings

Mr. Summer discussed the development of an undistributed earnings policy with the Board.

**ACTUARIAL REPORT DISCUSSION:** (continued)

He discussed Section 31591 (a), which states that regular interest should be credited semi-annually on June 30<sup>th</sup> and December 31<sup>st</sup> to all contributions in the retirement fund which have been on deposit for six months.

**Break at 10:05 a.m.**

**Reconvened at 10:15 a.m.**

Section 31592 states that earnings in excess of the total interest credited to contributions and reserves shall remain in the fund as a reserve against deficiencies in interest earnings in other years, losses on investments and other contingencies, except as provided in Sections 31592.5 and 31592.2.

Section 31529.5 states that the Board may contract for the legal services of an Attorney in private practice when the Board determines, after consultation with the County Counsel, that the County Counsel cannot provide the Board with legal services due to a conflict of interest or other compelling reason.

Section 31592.2 states that when such surplus exceeds 1% of the total assets of the retirement system, the board may transfer all, or any part, of such surplus in excess of 1% of the said assets into county advance reserves for the sole purpose of payment of the cost of the benefits described in this chapter. Where the Board of supervisors has provided for the payment of all, or a portion of health benefits, Medicare or the payment of accrued sick leave at retirement the board of retirement may authorize payment of all or a portion, of payments of the benefits described in this paragraph from the county advance reserves, .

Mr. Summer discussed several uses of undistributed earnings, which includes interest crediting, contribution relief and additional benefits for members and contingent reserve.

Mr. Summer discussed the Fiduciary Responsibility under the "37 Act. Responsibilities include ensuring payment of guaranteed benefits, minimizing employer contributions and providing for system administration.

Jim Semmes, Director of Social Services, stated that benefit increase is a priority for the members of the system. He believes a significant portion of the undistributed earnings should be set aside for the "3% @ 60" benefit enhancement. He believes this is the time to act. This certainly is a priority for County Employees.

**ACTUARIAL REPORT DISCUSSION:** (continued)

Loren Ness, Department of Social Services stated that 2 years ago when this Board directed an actuary study for the general member benefit of 3% @ 60, the unfunded liability was \$22 Million. Now, two years later it increased to \$40 Million Dollars. The unfunded liability will only increase if no action is taken now.

Ira Summer explained that the difference in cost was due to the previous Actuary not putting into the assumptions that members would retire out at an earlier age.

Gary Tackett, Probation Department stated that the longer the Board waits, the more the unfunded liability will increase. These departments are losing experienced and knowledgeable staff to the federal government; the county needs an incentive like this benefit to retain experienced employees.

Brad Poirez, Management Bargaining Representative, asked Mr. Summer if the County went ahead and implemented the benefit for the employees and did not pay the unfunded portion what would the funding of the system become? Mr. Summer explained it would be approximately 90%, at best guess.

Mr. Poirez stated that there is a misconception that this benefit is only supported by the older employees. He stood before the Board as a young 35-year old employee; he supports it as a unit representative.

Mr. Maruca questioned whether the general members are aware of the percentage of increase in contributions, which is considered to be significant. Staff will develop a chart which will show the exact rates of increase and will be posted on the system's website ([www.icers.info](http://www.icers.info)).

Jim Minnick, Planning Department stated that basically, the "3% @ 60" is important to him regardless of the cost.

Barbara McFetridge, Division Manager stated that staff would be bringing back a recommendation to the Board at the March 17<sup>th</sup> meeting regarding undistributed earnings.

Debbie Angulo stated that pre-tax retirement contributions would be a way to address the retirement contribution increase. Ms. Angulo represents Professional bargaining unit, they voted for it and is unaware of what happened after that. Ms. Mcfetridge stated that all bargaining units have been offered pre-tax. She understands it was turned down.

4. **RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:**

Agreement for In-House Consultant Services (contract distributed at 2/18/04 meeting)

The Retirement Administrator asked that this item be tabled to the regular April Meeting.

Meeting was adjourned at 12:00 p.m. to March 17, 2004 at 9:00 a.m.

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**JOHN W. KENNERSON, SECRETARY**

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**ROBERT W. WILLIAMS, CHAIRMAN**