

BRIEF MINUTES

RETIREMENT BOARD MEETING
COUNTY ADMINISTRATION CENTER
940 W. MAIN STREET, EL CENTRO, CA 92243
August 18, 2004

The regular meeting of the Imperial County Board of Retirement was held at 9:05 a.m. in the Board of Supervisors' Chambers in the County Administration Center, El Centro, CA.

MEMBERS PRESENT: Yarnell, Yarnall, Flammang, Padilla, Kennerson, Strain, Tabarez

MEMBERS ARRIVING AFTER ROLL CALL: Grogan & Williams

MEMBERS ABSENT: Heuberger

MEMBERS PRESENT AFTER LUNCH:

LEGAL REPRESENTATIVE: Linda Tucker, Dep County Counsel

CLERK: Miriam Ojeda, Office Tech

STAFF: Barbara McFetridge, Division Manager; Kayleen Smith, Disability Specialist

OTHERS: Tom Lightvoet and Marina Bathiwalla, Mercer Investments; Michael Kelley and Gary Tackett, County Employees

Meeting called to order by Vice-Chairman Strain.

1. **ROLL CALL:**

2. **PUBLIC APPEARANCE:** None

3. **MINUTES:**

MOTION: By Yarnell, Seconded by Yarnall and carried on the unanimous vote of Members present that the Minutes of the July 21, 2004 regular adjourned meeting be approved.

4. **ASSET/LIABILITY MODELING STUDY, DISCUSSION & POSSIBLE ACTION ITEM:** By Tom Lightvoet, Mercer Investments

Presentation (2 attachments)

Tom Lightvoet, Consultant introduced Marina Batliwalla, Actuary from Mercer.

Board Member Grogan arrived at 9:10 a.m.

Board Member Williams arrived and took over as Chairman at 9:15 a.m. Ms. Batliwalla discussed the strategic asset allocation alternatives and the modeling study's sample objectives.

Ms. Batliwalla discussed framework, considerations, objective and policies with the Board.

ASSET/LIABILITY MODELING STUDY, DISCUSSION & POSSIBLE ACTION ITEM:
(CONTINUED)

Board Members discussed all aspects of doing ALM study including the cost. Mr. Lightvoet quoted the Board a cost of \$95,000 for the complete process.

Timeframe for completion of the study was discussed along with the benefit to the system.

MOTION: By Flammang, Seconded by Yarnall and carried on the following roll call vote of Members present that the Asset Liability Model Study Contract with Mercer Consulting be approved and cost be paid out of earnings of the Retirement System not the budget provided the Government code allows such an expense.

Yes: Yarnell, Yarnall, Grogan, Flammang, Padilla, Kennerson, Strain & Williams

No: Tabarez

Absent: Heuberger

Abstain: None

5. **COUNTY COUNSEL:**

Item #5 came after item #6A

Kayleen Smith, Disability Specialist noted the **EXECUTIVE SESSION** items on the agenda and suggested the Board convene into **EXECUTIVE SESSION:**

CONVENE INTO EXECUTIVE SESSION AT 11:40 a.m.

Executive Session:

Conference with Legal Counsel-Existing
Litigation Gov't Code §54956.9(a)(attachment)

IN RE: Disability Retirement Application Of:

Walter Cress	Judith York
Carol Storm	Aurora Garcia
Sharon Stogner	Reynaldo De La Rosa
Elaine Jones	Ernest Garcia
Barbara Watson	

In RE: Enron Corporation, WorldCom, Inc., Packaged Ice, Inc.

RECONVENED INTO OPEN SESSION AT 12:02 P.m.

COUNTY COUNSEL: (CONTINUED)

Mrs. Smith announced that the following actions were taken in **EXECUTIVE SESSION:**

- The proposed Findings of Fact and Recommendation submitted by Hearing Officer James Armstrong on the disability retirement application of Walter Cress was adopted with one correction by a vote of 7 to 1 with 1 abstention.
- The application of Carol Storm for service connected disability retirement was granted administratively by the unanimous vote of members present.

Item #6A came before item #5

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

- A. Safety Members Kelley/Tackett - Rollover Funds to Purchase General Service to Safety Service

Michael Kelley reviewed his situation with the Board. He apologized for not being present at the July Board Meeting to discuss his item. He asked the Board to allow him to transfer funds from his 457 plan instead of having to borrow from his 457 plan.

Barbara McFetridge stated that this issue has been going on for two years and gave a brief history of the situation and reviewed the next possible action the Board can take on Mr. Kelley's issue. She stated the IRS will not allow rollovers of this type. The Board Members discussed this item at length.

MOTION: By Yarnell, Seconded by Strain and carried on the following roll call vote of Members present to waive additional interest from the previously approved date of 08/01/04 thru November 1, 2004.

Yes: Yarnell, Grogran, Kennerson, Strain, Tabarez & Williams
No: Yarnall, Flammang & Padilla
Absent: Heuberger
Abstain: None

- B. Market Value Graph (attachment)

Retirement Administrator briefly reviewed the portfolio's latest valuation as of August 17, 2004.

- C. Book vs. Market Summary (to be distributed)

Retirement Administrator reviewed the Book vs. Market Summary with the Board.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:

(CONTINUED)

D. Update:

1. AB 616 (3% @ 60)

No update at this time.

2. AB 55 (ARC Time)

No update at this time.

3. SB 274 (Safety Member DROP)

No update at this time.

E. ICERS Audit (Inside or Outside)

Retirement Administrator stated that after conferring with both the County Auditor/Controller and their outside Auditors, she feels very confident and wishes to continue to have the inside Auditor perform the Retirement System's annual audit. She feels that the inside Auditor complies with requirements of the 1937 Act and GASB. The quality of the audits would be as good or better and the cost would be less.

F. Update: ICERS Bylaws

Staff is beginning to work on the bylaws and has prepared a schedule. If anyone has any amendments and/or corrections, they need to submit them to staff by September 15, 2004 .

G. 2005 SACRS Proposed Legislation - Alternate General Member Survey

Staff conducted a survey of other '37 Act Counties who indicated that they are not interested in supporting new legislation to allow an alternate general member.

H. Upcoming Seminars/Conferences:

CALAPRS, "**Attorney's Roundtable**", September 10th, 2004, Oakland Holiday Inn, Oakland, CA (approximate cost p/person \$500)

MOTION: By Yarnall, Seconded by Kennerson and carried on the unanimous vote of Members present that the expenses incurred by Staff and/or Board Members attending the above Seminars/Conferences be paid.

RETIREMENT ADMINISTRATORS' REPORT, DISCUSSION & POSSIBLE ACTION ITEMS:
(CONTINUED)

I. Previously Approved Seminars/Conferences:

1. CALAPRS, "**Disability Staff**" Roundtable, September 9th, 2004, Oakland Holiday Inn, Oakland, CA (approximate cost p/person \$500)
2. CALAPRS, "**Benefits**" and/or "**Trustees**" Roundtable, September 10th, 2004, Oakland Holiday Inn, Oakland, CA (approx. cost p/person \$500)
3. CALAPRS, "**Administrators' Institute**", September 22nd thru September 24th, 2004, Oxnard, CA, (approx. cost p/person \$1,000)
4. CALAPRS, "**Basic Staff Training**", September 29th thru October 1st, 2004, Ontario Marriott, Ontario, CA (approx. cost p/person \$500)
5. SACRS, "**Fall Conference 2004**", November 9th thru November 11th, 2004, Anaheim Sheraton, Anaheim, CA (Approx. Cost P/Person \$1,000)

7. **PORTFOLIO, CONSULTANT'S AND MANAGERS' PERFORMANCE, DISCUSSION & POSSIBLE ACTION ITEMS:**

A. Delta Asset Management

Investment Strategy (attachment)

B. T. Rowe Price

C. Bradford & Marzec, Inc.

D. TimesSquare Capital

E. Calamos Investments

F. Commingled Account - Templeton/Barclay's Index/Barclay's EAFE

SEC Settlement Information - Templeton (attachment)

Staff reviewed Templeton and Mr. Lightvoet's emails regarding this subject.

PORTFOLIO, CONSULTANT'S AND MANAGERS' PERFORMANCE, DISCUSSION & POSSIBLE ACTION ITEMS: (CONTINUED)

G. Consultant - Mercer Investments

Projected Earnings (attachment)

H. Custodian Bank - J.P. Morgan/Chase

8. **BOARD MEMBERS' REPORTS, DISCUSSION & POSSIBLE ACTION ITEMS:**

Real Estate Investing, by Board Member Williams

This item has been tabled until the completion of the ALMS.

9. **ADMINISTRATIVE AGENDA:**

A. ENROLLMENT AFFIDAVITS OF NEW MEMBERS (19)

B. TERMINATION OF MEMBERSHIP -Return of Accumulated Contributions(12)

C. DEFERRED MEMBERSHIP

1.	Ernest Proo	General Member
	Department:	Planning/Building
	Effective:	10/17/03

2.	Mary Ann Curiel	General Member
	Department:	OET
	Effective:	05/15/04

D. BUYBACK - MAKE-UP - LUMP SUM

Sharon Stogner	Safety Member
Department:	Sheriff's

E. BUYBACK - MAKE-UP - INSTALLMENTS

Maria Elena Lopez	General Member
Department:	Social Services

F. BUYBACK - PUBLIC SERVICE - INSTALLMENTS

Ricky Macken	Safety Member
Department:	Sheriff's

G. SERVICE RETIREMENT/GROUP HEALTH INSURANCE

1.	Gary L. Grant	General Member
	Department:	Social Services
	Effective:	07/09/04

ADMINISTRATIVE AGENDA: (CONTINUED)

- | | | |
|----|----------------------------------------------------|-----------------------------------------------|
| 2. | Kathleen Grant
Department:
Effective: | General Member
Social Services
07/09/04 |
| 3. | Nellie D. Lerma
Department:
Effective: | General Member
Human Resources
06/21/04 |
| 4. | Mary Ellen Rebik
Department:
Effective: | General Member
Public Works
06/11/04 |
| 5. | Stephen E. Rebik
Department:
Effective: | General Member
Sheriff's
06/11/04 |
| 6. | Richard Williams, Jr.
Department:
Effective: | Safety Member
Sheriff's
06/05/04 |
- H. 60% CONTINUANCE OF SERVICE RETIREMENT ALLOWANCE per section 31676.11, Gov't Code, and DEATH BENEFIT
1. Geraldine Plumb`, General Member, Deceased 06/14/04
 2. Delfino O. Matus, Safety Member, Deceased 07/07/04
- I. FINAL PAYMENT OF SERVICE RETIREMENT ALLOWANCE & DEATH BENEFIT per section 31676.11 Gov't Code
- James E. Murphy, General Member, Deceased 06/28/04

MOTION: By Yarnell, Seconded by Tabarez and carried on the unanimous vote of Members present that the Administrative Agenda be approved.

10. **RETIREMENT BOARD'S BUDGET:**

MOTION: By Grogan, Seconded by Flammang and carried on the unanimous vote of Members present that the following claims for 2004/2005 and 2003/2004 Regular Retirement Budget and Disability Budget be approved.

A. REGULAR BUDGET

PERMANENT SALARIES	\$ 6,638.03
EXTRA-HELP	1,167.88
BILINGUAL PAY	24.94
SOCIAL SECURITY	43.67
COUNTY CONTRIBUTION RETIREMENT	537.27
GROUP INSURANCE	1,095.33

RETIREMENT BOARD'S BUDGET: (CONTINUED)

RETIREMENT PENSION BOND	\$	558.26
RETIREMENT HEALTH PLAN		216.64
SPECIAL TRAINING		
SACRS Hotel - McFetridge		599.00
MAINTENANCE		
Alarm Monitor - FY 04/05		137.50
Alarm Maint - FY 04/05		559.97
MEMBERSHIPS		
SACRS - FY 04/05		1,500.00
OFFICE EXPENSE		
Paper		10.00
ICARE		114.00
PROFESSIONAL		
Fiduciary Liability Ins		4,844.00
EXTRA HELP		
Ret Brd Mtg - 8/18/04		500.00
TOTAL:	\$	18,546.49

B. PRIOR YEAR REGULAR BUDGET

OFFICE EXPENSE		
Mailroom - June 2004	\$	42.21
Supplies		347.23
DacEasy Upgrade		392.02
County Property		37.46
PROFESSIONAL		
Actuarial thru June 2004		12,200.00
Fiduciary Liability Ins		47,800.00
DATA PROCESSING		
May 2004		5,803.14
June 2004		8,397.70
TOTAL:	\$	75,019.76

PRIOR YEAR DISABILITY BUDGET

OFFICE EXPENSE		
Fed Ex	\$	15.93
PROFESSIONAL		
Hearing Officer		6,810.00
TOTAL:	\$	6,825.93

Meeting was adjourned at 12:25 to September 15, 2004 at 9:00 a.m.

JOHN W. KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN