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KAYLEEN SMITH  
INTERIM CLERK OF THE BOARD



Imperial County Employees' Retirement System

## BRIEF MINUTES

### REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

January 19, 2005

9:00 A.M.

County Administration Center  
Board Chambers

940 West Main Street, Second Floor  
El Centro, CA 92243

1. The meeting was called to order by Chairman Williams at 9:04 a.m.

a. Roll Call:

MEMBERS PRESENT: Donna Yarnell, Jurg Heuberger, Pat Yarnall, Becky Flammang, Armando Padilla, John Kennerson, Jim Strain and Robert Williams

MEMBERS ARRIVING AFTER ROLL CALL: Larry Grogan and Pompeyo Tabarez

MEMBERS ABSENT: None

LEGAL REPRESENTATIVE PRESENT: Linda Tucker, Deputy County Counsel

CLERK: Kayleen Smith, Disability Specialist

STAFF: Barbara McFetridge, Retirement Division Manager; Susie Martinez, Retirement Supervisor; Kathleen Kubler, Office Technician

OTHERS: Robertta Burns, County Executive Officer; Kent Taylor, Assistant Auditor/Controller; Ann McDonald, Senior Auditor; David Prince, County Retiree

b. Public comments that are **NOT** on the agenda: None

2. Discussion of the Agenda:

a. Items pulled from the Action Calendar: None

b. Items pulled from the Discussion Calendar: None

c. Emergency items added: None

d. Approval of the Agenda:

Motion by Strain, Seconded by Kennerson and carried on the unanimous vote of member present, the Board approved the agenda as presented.

3. Approval of the Minutes of December 15, 2004:

The Board agreed to amend the last sentence of Item 6(b), on Page 3 so as to read: "The Board decided to continue the discussion to the January 26, 2005 Special Meeting".

Motion by Strain, Seconded by Flammang and carried on the unanimous vote of members present, the Board approved the minutes of the December 15, 2004 regular adjourned meeting with revisions.

#### **ACTION CALENDAR**

4. Discussion/Action by Retirement Administrator regarding approval of Mercer Investment Consulting Contract:

Discussion by Board Members Williams and Heuberger, Deputy County Counsel Linda Tucker and Retirement Administrator Donna Yarnell, concerning the revision of costs for services and fees as well as clarifying some language before approving the Mercer Investment Consulting Contract for 2005.

#### **BOARD MEMBER GROGAN ARRIVED AT 9:17 A.M.**

Motion by Yarnell, Seconded by Kennerson and passed by a roll call vote of 8 to 1 (Yes – Yarnell, Heuberger, Yarnall, Grogan, Flammang, Padilla, Kennerson and Strain; No – Williams), that the Mercer Investment Consulting Contract be approved with the following changes:

- Page 2, Section 2, Item 2(e)(1), One annual search will be included as part of the asset-based fee. Additional searches will be billed separately.
- Page 3, Section 4, Revise the third sentence by deleting "or an increase in fees" so that it reads, "Problems with information quality and/or delays in providing such information may result in a delay in the project delivery date."

5. Discussion/Action by Board Members:

a. By Board Member Strain regarding business cards for Board members:

Direction was given to staff by Board Chairman Williams to purchase business cards for the Board Members who want them.

b. By Board Chairman Williams regarding Board meetings at State Association of County Retirement Systems (SACRS) for direction on the Legislative Platform:

Board Member Williams explained that he thought the Board should have a Board meeting at the SACRS Conference for discussion and direction on legislative platforms and other voting issues. Board Member Heuberger expressed concern of having Board Meetings at SACRS. No action was taken on this item.

6. Discussion/Action of Emergency Items, if necessary: None
7. Discussion/Action of Upcoming Seminars/Conferences:

Motion by Williams, Seconded by Flammang and carried on the unanimous vote of members present, the Board authorized staff and/or Board Members to attend the Berkeley Center for Executive Development "Mid-sized Pension Management Conference", Hyatt Regency San Francisco, March 13-16, 2005 (approximate cost p/person \$2,024.00)

8. Discussion/Action by staff regarding ICARE's request for an alternate retired member to the Board per Gov. Code Section 31520.5:

This item was tabled and discussed after Item 9(a)(1).

Motion by Heuberger, Seconded by Kennerson and carried on the unanimous vote of members present, Terry Huskey was appointed as the Alternate Retired Member to the Board in accordance with Gov. Code Section 31520.5.

#### **DISCUSSION CALENDAR**

*Items 9 thru 24 are for discussion only*

9. Reports/Announcements
  - a. Retirement Administrator:
    1. Options for development of Extra-help position to assist Retirement Administrator:
 

Donna Yarnell, Retirement Administrator, discussed hiring former Board Member David Prince to assist her and staff with some retirement issues including investments.

Motion by Heuberger, Seconded by Grogan and carried on the unanimous vote of members present, the Board directed staff to obtain a job description from Human Resources for the purpose of hiring David Prince as extra-help.
    2. Options for separation of Retirement Administrator position from Treasurer/Tax Collector:
 

Donna Yarnell, Retirement Administrator, stated that she would be looking into developing some options for separating the Retirement Administrator's position from the Treasurer/Tax Collector and said she was open to any suggestions from other Board Members. Staff suggested a committee be formed for this purpose. The Board appointed Members Grogan, Flammang, Heuberger, Williams, and Yarnell to a committee to research options for the separation of the Retirement Administrator position from the Treasurer/Tax Collector. It was noted that the committee meetings would be held in compliance with the Brown Act.

b. Board Members:

Board Member Flammang, referred to two articles in the San Diego Union Tribune Newspaper addressing the continuing problems of City of San Diego's retirement system, the latest being action that may disqualify their plan under IRS tax laws and regulations. She asked staff to confirm that ICERS was not in this situation. Staff confirmed that ICERS was in compliance with IRS regulations as far as they know.

c. Staff:

1. Barbara McFetridge, Retirement Division Manager – report on progress of Bylaw revisions:

Barbara McFetridge reported that revision by herself, Board Member Donna Yarnell, Linda Tucker, Deputy County Counsel, and Board Member Heuberger, of the By-laws was 1/3 to 1/2 complete and hoped to have a final review ready by the February regular meeting.

2. Barbara McFetridge, Retirement Division Manager - reminder of Conflict of Interest Code filing by February 28, 2005:

Barbara McFetridge advised the Board of their obligation to file their Conflict of Interest Code forms by February 28, 2005.

d. County Counsel: None

**BREAK AT 10:25 A.M. – RECONVENED AT 10:36 A.M.**

10. Market Value Graph from 07/01/04 to 12/31/04:

Barbara McFetridge, Retirement Division Manager, reported that \$2,000,000 was taken from the Delta account in January 2005 and stated that it was not necessary to withdraw the proposed \$1,000,000 from Barclay until later.

11. Book vs. Market Summary as of 12/31/04:

Reviewed by the Board.

12. ICERS' Financial Statements as of 6/30/04:

Discussed by Barbara McFetridge, Division Manager.

## 13. ICERS' Audit Report as of 6/30/04 by the Auditor – Controller's Office:

Barbara McFetridge, Retirement Division Manager, concurred with the audit results by the Auditor/Controller's office, but along with Kent Taylor, Assistant Auditor/Controller, and Ann McDonald, Senior Auditor, concern was expressed for the need to purchase a compatible retirement benefit and accounting program. The program Pension Gold is being considered. The Board requested that Doug Newland, Auditor/Controller, and Ray Walters, Information Systems Manager, attend the next Board meeting to discuss this item further.

## 14. Legislation:

## a. Chaptered:

1. AB 616 – (3% @ 60) (Staff had no update): No discussion.
2. AB 55 – (ARC Time) (Staff had no update): No discussion.
3. SB 274 – (Safety Member DROP) (Staff had no update): No discussion.
4. Legislative Update for 2005:

- Linda Tucker, Deputy County Counsel, commented on AB205 as it applies to all public retirement systems and discussed the provisions for registered domestic partners.
- Regarding SB 1260, staff will request an analysis from the Actuary as to whether adoption by the Board of Supervisors should be recommended by the Board of Retirement.

## b. Pending:

## ACA 5 – (Defined Contribution Plan):

Roberta Burns, County Executive Officer, emphasized the importance of the Board's participation in the progress of this bill which proposes to restrict current Defined Benefit Plans for all public agencies. David Prince, County Retiree, on behalf of the Sheriff and Police Associations, expressed his concern with this piece of legislation.

## 15. Delta Asset Management – Investment Strategies 2004 &amp; 2005:

Reviewed by the Board.

## 16. Mercer Investment Consulting – Correspondence regarding Consulting Only Business Model:

Reviewed by the Board.

17. Bradford & Marzec, Inc.:
  - a. Bond Market Monthly Report for December 2004:  
Reviewed by the Board.
  - b. Correspondence from Bradford & Marzec regarding being removed from watch list / TIP Account:  
Reviewed by the Board.
18. T. Rowe Price:  
The January Company Update Newsletter was distributed to the Board for informational purposes.
19. Commingled Account – Templeton/Barclay's Index/Barclay's EAFE:  
Board Member Yarnell distributed correspondence to the Board regarding an upcoming conference call on January 21, 2005, which is open to anyone who is interested in participating.
20. Calamos Investments: No discussion.
21. Custodian Bank – J.P. Morgan/Chase: No discussion.
22. Actuary - Public Pension Professionals:  
A presentation will be given at the Special Board Meeting scheduled for January 26, 2005 at 1:00 p.m. A hand out entitled "Experience Analysis for 3-Year Period Ended June 30, 2004" was distributed to the Board Members.
23. California Association of Public Retirement Systems (CALAPRS) Fall 2004 Update: No discussion.
24. Previously approved Seminars/Conferences:
  - a. CALAPRS, "Administrators' Round Table", San Jose Wyndham Hotel, January 28, 2005 (approximate cost p/person \$550.00)
  - b. CALAPRS, "Attorneys' Round Table", San Jose Wyndham Hotel, January 28, 2005 (approximate cost p/person \$550.00)
  - c. CALAPRS, "Trustees' Round Table", San Jose Wyndham Hotel, February 4, 2005 (approximate cost p/person \$550.00)
  - d. CALAPRS, "Benefits Round Table", San Jose Wyndham Hotel, February 4, 2005 (approximate cost p/person \$550.00)
  - e. CALAPRS, "Human Resources Round Table", San Jose Wyndham Hotel, February 4, 2005 (approximate cost p/person \$550.00)
  - f. The Townsend Group, "The 23<sup>rd</sup> Annual Real Estate Industry's Premier Investment Forum", Tucson, AZ, February 6-8, 2005 (approximate cost p/person \$3,085.00)

Previously approved Seminars/Conferences (continued)

- g. CALAPRS, "2005 General Assembly", Monterey Marriott Hotel, February 27 – March 1, 2005 (approximate cost p/person \$900.00)
- h. CALAPRS, "2005 Principles of Pension Management for Trustees", Stanford University Law School, March 22-25, 2005 (approximate cost p/person \$2,500)

**CLOSED SESSION**

25. Closed Session

Motion by Yarnell, Seconded by Flammang and carried on the unanimous vote of members present, the Board convened into Closed Session at 12:03 p.m.

- a. Government Code §54956.9(a) – Conference with Legal Counsel of Existing Litigation regarding disability retirement applications relating to the following:

Walter Cress	Aurora Garcia
Elaine Jones	Ernest Proo
Barbara Thomas-Watson	

- b. Government Code §54956.9(a) – Conference with Legal Counsel of Existing Litigation, Mark Newby, et al., vs. Enron Corporation, United States District Court, Case No. H-01-3624.
- c. 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).

**OPEN SESSION**

26. Open Session:

Motion by Yarnell, Seconded by Yarnall and carried on the unanimous vote of members present, the Board reconvened into Open Session at 12:20 p.m.

27. Announcement of Closed Session Actions:

Kayleen Smith, Disability Specialist, announced the following:

- The Board discussed, but took no action on Walter Cress, Barbara Thomas-Watson, Aurora Garcia and Ernest Proo.
- Motion by Heuberger, Seconded by Grogan and passed by a roll call vote of 7 to 2 (Yes – Yarnell, Heuberger, Grogan, Kennerson, Flammang, Strain, and Williams; No – Yarnall, Padilla) the application of Elaine Jones for service connected disability retirement was denied administratively based upon the Board’s request for additional medical review.
- On the Enron litigation matter, the Board discussed but took no action.



**BUDGET**

29. Approval of the Budget:

Motion by Yarnall, Seconded by Flammang and carried on the unanimous vote of members present, the following claims for the 2004/2005 Regular Retirement Budget and Disability Budget were approved.

a. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$ 9,225.41
Adm./Disability Spec. (06/25/04 – 12/23/04)	31,277.75
EXTRA-HELP	1,572.17
BILINGUAL PAY	52.69
SOCIAL SECURITY	29.41
COUNTY CONTR RETIREMENT	727.88
GROUP INSURANCE	1,376.50
RETIREMENT PENSION BOND	787.88
RETIREMENT HEALTH PLAN	310.88
MEMBERSHIPS	
CALAPRS 2005 Dues	250.00
OFFICE EXPENSE	
Self Inking Stamp	33.40
Central Dup – Printing Services	98.00
Mail Charges – Nov. 2004	327.14
PROFESSIONAL SERVICES	
Public Pension Prof.	18,500.00
DATA PROCESSING	
September 2004	2,168.51
TRAVEL – IN COUNTY	
Mileage – Grogan	11.25
Mileage – Strain	58.50
Mileage – Flammang	60.00
Mileage – Kennerson	13.50
Mileage – Williams	13.50
EXTRA-HELP	
Ret Brd Mtg – 01/19/05	400.00
<b>TOTAL:</b>	<b><u>\$ 67,294.22</u></b>

b. DISABILITY BUDGET

OFFICE EXPENSE	
Fed. Ex.	21.65
PROFESSIONAL SERVICES	
Medical Evaluation – E. Jones	950.00
SDCERA – W. Cress	3,388.36
San Diego County Counsel – W. Cress	1,425.00
Medical Evaluation – A. Garcia	200.00
<b>TOTAL:</b>	<b><u>\$ 5,985.01</u></b>

Motion by Flammang, Seconded by Kennerson and carried on the unanimous vote of members present, the Board approved the order of the agenda regarding the items discussed out of order; Item 9(a)(1) was discussed before Item 8 and Item 14(b)(1) was discussed before Item 14(a).

**Adjournment:** The meeting was adjourned at 12:28 p.m. to January 26, 2005 at 1:00 p.m.

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JOHN W. KENNERSON, SECRETARY

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ROBERT W. WILLIAMS, CHAIRMAN