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Imperial County Employees' Retirement System

BRIEF MINUTES

REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

April 19, 2006

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 Flammang at 8:31 a.m.
 - A. Roll Call:

MEMBERS PRESENT: Karen Vogel, Becky Flammang, Jurg Heuberger, Julie Villeneuve, Armando Padilla, James E. Rhodes and Terry Huskey.
ALTERNATE PRESENT: Pompeyo Tabarez, Jr.
MEMBERS ABSENT: Robert W. Williams
MEMBERS ARRIVING AFTER ROLL CALL: Larry Grogan
LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel
CLERK: Kathleen L. Kubler, Office Technician
STAFF: David H. Prince, Retirement Division Manager; Kayleen Smith, Disability Specialist
 - B. Public comments on items that are **NOT** on the agenda: None.
2. Discussion of the Agenda:
 - A. Items to be pulled from Action Calendar: None
 - B. Items to be pulled from Discussion Calendar:

Item 9(D) (3) was pulled and placed as Item 5 (B) of the Action Calendar.
 - C. Items to be pulled from the Consent Agenda: None
 - D. Emergency Items added: None

E. Approval of the Agenda:

Motion by Heuberger, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board approved the Agenda as amended.

F. Approval of the Consent Agenda:

Motion by Vogel, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board approved the Consent Agenda as presented.

3. Approval of the Minutes:

March 15, 2006 regular adjourned meeting.

Motion by Heuberger, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board approved the Minutes of the regular adjourned meeting of March 15, 2006.

ACTION CALENDAR

4. Educational presentation by Tom Dickson, Templeton Funds, Inc.: Emerging Markets:

Mr. Dickson, Senior Vice President, introduced Mr. Gustavo Stenzel, Senior Vice President, Research Analyst, via conference call, both of whom presented an overview to the Board on Emerging Markets as an asset class.

The Board expressed interest and discussed the commitment terms and the financial risk, associated with this type of investment.

Tom Lightvoet, of Mercer Investment Consulting offered to conduct a search and present a report of six firms for the Board's consideration.

Motion by Grogan, Seconded by Villeneuve and carried by a roll call vote of 8 to 1 (Yes – Vogel, Heuberger, Villeneuve, Grogan, Flammang, Padilla, Rhodes; No – Huskey) for Mr. Lightvoet to conduct a search of six Emerging Market firms and present his findings to the Board at their regularly scheduled meeting in June.

5. Presentation by Tom Lightvoet, Mercer Investment Consulting: Results of Real Estate Manager search:

A. Mr. Lightvoet presented the Board with his evaluation and selection of five potential real estate investment managers. The information on each firm covered organizational data, management style, and quantitative analysis of historical performance.

Motion by Heuberger, Seconded by Grogan and carried on the unanimous vote of members present, the Board selected the firms ING, RREEF and UBS to make a presentation to the Board at their regularly scheduled meeting in June.

The Board gave direction to David H. Prince, Retirement Division Manager to contact and confirm the firms' appearance at the June meeting.

- B. Board Member Villeneuve showed concern for both the returns reported by Calamos, which is now below the benchmark in their recent March report as well as their fees, which are higher than those of the other Money Managers.

Mr. Lightvoet assured the Board that he would continue to track Calamos's performance and give a quarterly report on the firm at the June meeting. He also suggested that the Board may consider asking Calamos to consider a "performance based fee".

6. Retirement Administrator/Staff:

- A. TimesSquare Capital Management – Permission to continue buying Sandisk Corp. This company (Sandisk) is currently outside of TimesSquare mid-cap purchasing guidelines:

Mr. Lightvoet was supportive of the Board granting this request.

Motion by Villeneuve, Seconded by Heuberger and carried on the unanimous vote of members present, the Board voted to grant TimesSquare Capital Management to continue buying Sandisk Corp.

BREAK AT 10:13 A.M. RECONVENED AT 10:25 A.M.

- B. Proposed Budget for Retirement Reorganization:

At this time the Board revisited the issue of budget and funding limits and considered the reorganization process. The Retirement Administrator presented a plan for reorganization and another plan that was developed by staff.

Ralph Cordova, County Counsel addressed the Board and handed out a spreadsheet to show the number of cases and the time involved in handling cases by the Disability Specialist.

The Board and staff discussed the reorganization issue.

Charles Jernigan, President of the Imperial County Association of Retired Employees (ICARE) addressed the Board with his support for staff's efforts and participation and suggested that an Ad Hoc committee be formed to address the issue.

The Board appointed Mr. Charles Jernigan, Board Member Heuberger and Retirement Administrator Karen Vogel to a committee to develop a method of restructuring the Retirement Division and report back to the Board.

This item was continued until further notice.

At this time Mr. Charles Jernigan was granted permission to address the Board on another matter. He thanked the Board on behalf of the County retirees who recently received their Cost of Living Adjustment (COLA).

Referring to a newspaper article that he provided to the Board, Mr. Jernigan asked if the Board followed a policy for confirming continued disability of members who were granted a disability retirement.

Linda Tucker, Deputy County Counsel, assured the Board that ICERS does follow the '37 Act concerning applicants who are granted a disability retirement.

BREAK AT 11:50 A.M. RECONVENED AT 12:02 P.M.

BOARD MEMBER GROGAN LEFT AT 12:00 P.M.

- C. Proposed fiscal year 2006-2007 Retirement Board Budget:

This item was continued to the May 17, 2006 meeting.

- D. Adopt Resolution of the Board of Retirement of the Imperial County Employees' Retirement System concerning Imperial County's Employment Policies, Practices and Procedures:

Motion by Heuberger, Seconded by Villeneuve and carried on the unanimous vote of members present the Board voted to adopt a resolution by the Board of Retirement of the Imperial County Employees' Retirement System concerning Imperial County's Employment Policies, Practices and Procedures.

- E. Reaffirm Board Policies and Procedures:

Some Board Members requested the opportunity to review selected policy items before reaffirming the Policies and Procedures.

Staff was directed to provide the Members with the requested copies.

This item was tabled until the May meeting.

- F. Workshops: Topics, Schedules, Presenters.

1. Funding Structure & Reserve Accounts of the Retirement System.
2. Staff duties and responsibilities.
3. Funding Health Insurance.
4. Government Accounting Standards Board (GASB) 43 & 45

After a brief discussion by the Board, staff was directed to provide the Board with schedules and venues for workshops regarding Funding

Structure & Reserve Accounts of the Retirement System and Funding Health Insurance by the July Board meeting.

- G. State Association of County Retirement Systems (SACRS) Officer Nominations for Elections:

Reviewed by the Board, no action taken.

- H. Resolution of the State Association of County Retirement Systems to Appoint an Ad Hoc Committee to Review the Nomination and Election Standards for SACRS Officers:

Motion by Villeneuve, Seconded by Padilla and carried on the unanimous vote of members present, the Board approved the resolution of the State Association of County Retirement Systems to Appoint an Ad Hoc Committee to Review the Nomination and Election Standards for SACRS Officers.

- I. Delta Asset Management: Response to Retirement Administrator letter regarding Delta remaining on the Watch List.

Reviewed by the Board, no action taken.

- 7. County Counsel: None

BUDGET

- 8. Approval of the Budget:

Motion by Huskey, Seconded by Villeneuve and carried on the unanimous vote of members present the Board approved the following claims for the 2005/2006 Regular Retirement Budget and the 2005/2006 Disability Budget be:

- A. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$14,561.52
EXTRA HELP	1,056.18
BILINGUAL PAY	30.00
SOCIAL SECURITY	53.19
SPECIAL TRAINING	
Phone Conference –Williams	18.30
CALAPRS – Tucker	385.50
COUNTY CONTRI RETIREMENT	987.99
INS-WORKERS COMP	1,333.33
INS-UNEMPLOYMENT	250.00
GROUP INSURANCE	2,324.56
INS DENTAL/VISION	23.66
RETIREMENT PENSION BOND	1,136.44
RETIREMENT HEALTH PLAN	657.80
INS VOLUNTARY LIFE	12.40

REGULAR BUDGET (continued)

INSURANCE LIABILITY	83.33
OFFICE EXPENSE	
Office Depot	215.96
Supplies	121.40
Mail Charges – February 2006	337.46
Lease/Maintenance Program Billing	704.16
MISC. PROFESSIONAL	
Pension Benefit Information	258.00
EXTRA HELP	
Ret Brd Mtg – 04-19-06	<u>300.00</u>
TOTAL:	\$24,951.18

B. DISABILITY BUDGET

Professional Services	
Attorney Steve Rice for Cress case	\$ 3,968.64

DISCUSSION CALENDAR

Items under 9 are for discussion only

9. Reports and Announcements:

A. Retirement Administrator/Staff:

1. Report by Retirement Administrator Vogel – Principles of Pension Management, Stanford Law School, March 28 – 31, 2006:

Board Members Vogel and Villeneuve expressed a united appreciation for the intensity and importance stressed by instructors regarding organizational structure and responsibilities of pension systems.
2. State Association of County Retirement Systems (SACRS) Ethics Training – SACRS Spring Conference 2006:

Reviewed by the Board.

Board Member Huskey directed staff to register her for the training.
3. Market Value Graph – David H. Prince, Retirement Division Manager:

David H. Prince, Retirement Division Manager gave a brief overview of the positive returns reflected in the months report.
4. Book vs. Market Summary as of 03/31/06 – David H. Prince, Retirement Division Manager:

Mr. Prince informed the Board of the Market's activity for March 2006.

B. County Counsel: None

C. Board Members:

Report by Board Member Villeneuve – Principles of Pension Management, Stanford Law School, March 28-31, 2006:

Reported under Item 9 (A) (1).

D. Others:

1. Delta Asset Management:

a. Investment Strategy for March 2006:

Reviewed by the Board.

b. Investment Strategy for April 2006:

Reviewed by the Board.

2. Templeton Institutional Funds, Inc.:

Performance Summary Report as of February 28, 2006:

Reviewed by the Board.

3. Calamos Investments:

Monthly Portfolio Summary Report for February 2006:

Reviewed after Item 5.

CONSENT AGENDA

10. Consent Agenda:

A. Approve audit agreement between Imperial County Auditor-Controller and the Imperial County Employees' Retirement System for June 2006 and June 2007.

B. Upcoming Seminars/Conferences:

1. Real Estate Investment Analysis And 1031 Exchanges, April 25, 2006, San Diego, CA (approximate cost per person \$472.00).

2. Alpha-Bets 2006, June 11-13, 2006, Monterey, CA (approximate cost per person \$2,544.00).

3. California Association of Public Retirement Systems (CALAPRS) Overview Course in Retirement Plan Administration, May 5, 2006, Ontario, CA (approximate cost per person \$333.00).
 4. California Association of Public Retirement Systems (CALAPRS) Information Technology Round Table, June 16, 2006, San Jose, CA (approximate cost per person \$553.00).
- C. Amendment to Bylaws – Meetings/Disability Hearings starting times changed to 8:30 a.m.
- D. Administrative Agenda:
1. Enrollment Affidavits of New Members (32):
 2. Termination of Membership – Return of Accumulated Contributions (15):
 3. Service Retirement:
 - a. Arturo Sotelo
Department:
Effective Date: Safety Member
Sheriff
02/11/06
 - b. Irene A. Ramos
Department:
Effective Date: General Member
Sheriff's/ Deferred
03/02/06
 - c. Robert L. Gray
Department:
Effective Date: General Member
Public Works
03/03/06
 - d. MaryAnn Chew-Longoria
Department:
Effective Date: General Member
Auditor
March 17, 2006
 - e. Victor M. Carrera
Department:
Effective Date: General Member
Ag. Commissioner
03/17/06
 - f. Mary Morales
Department:
Effective Date: General Member
Auditor
03/17/06
 - g. Robert Archibald
Department:
Effective Date: General Member
Public Defender
03/03/06

4. 60% Continuance of Service Retirement Allowance & Death Benefit per Govt. Code Section 31676.11:

Jimmy R. Bryant
Deceased:

General Member
02/03/06

5. Final Payment of Survivor Service Retirement Allowance:

Myrtle W. Jensen
Deceased:

Safety Member
01/29/06

11. Closed Session:

Public Comment before Closed Session: None.

Motion by Heuberger, Seconded by Villeneuve, and carried on the unanimous vote of members present, the Board voted to convene into Closed Session to discuss existing litigation under Gov't Code §54956.9(a).

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

Walter Cress Ruby Phillips Ida Din Manuel Castaneda

- 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 Tibco Software, Inc. Securities Litigation, United States District Court, Case No. 05 Civ. 02205 (DLC).

OPEN SESSION

12. Open Session:

Motion by Heuberger, Seconded by Padilla and carried on the unanimous vote of members present the Board voted to reconvene into Open Session.

13. Announcement of Closed Session Actions:

Kayleen Smith, Disability Specialist made the following announcements:

The Board discussed but took no action on the disability retirement applications of Walter Cress, Ruby Phillips, Ida Din and Manuel Castaneda.

The Board did not discuss the World Com litigation matter.

The Board did not discuss the Tibco litigation matter.

OTHER ITEMS

14. Previously Approved Seminars/Conferences:
15. SACRS Spring Conference 2006 Invitations:

TUESDAY, May 9, 2006

Semi-Annual Golf Tournament

8:30 a.m. Shotgun Start
Multi- Host RSVP: April 28, 2006

SPATARO Restaurant and Bar

Dinner
Multi-Host RSVP: May 1, 2006

THE FIREHOUSE RESTAURANT

Dinner
Bradford & Marzec RSVP: April 24, 2006

(Board Member SACRS Conference Packets were distributed at the Board Meeting)

Board Member Huskey suggested that the Board host the July Imperial County Association for Retired Employees (ICARE) meeting as a good faith gesture by the Board and to give members an opportunity to meet and exchange ideas with the board.

Staff was directed to place the proposal on the May regularly scheduled Agenda.

Adjournment: Meeting was adjourned at 12:57 p. m. to May 17, 2006 at 9:00 a.m.

BECKY FLAMMANG, CHAIRMAN

JULIE VILLENEUVE, SECRETARY