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KATHLEEN L. KUBLER
CLERK OF THE BOARD



Imperial County Employees' Retirement System

BRIEF MINUTES

REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

January 18, 2006

9:00 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 9:13 a.m.

Chairman Flammang took this time to announce and congratulate both the Board of Supervisor's reappointment of Robert W. Williams and the appointment of James E. Rhodes to the Board of Retirement.

- A. Roll Call:

MEMBERS PRESENT: Karen Vogel, Becky Flammang, Jurg Heuberger, Julie Villeneuve, Larry Grogan, Armando Padilla, Terry Huskey, Robert W. Williams and James E. Rhodes.

ALTERNATE PRESENT: Pompeyo Tabarez, Jr.

MEMBERS ABSENT: None.

MEMBERS ARRIVING AFTER ROLL CALL: None.

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 the Action Calendar:

Board Member Vogel requested that Items 4, Actuary Report and 5(A)(1), Timeliness of reports and projects by Actuary, be held pending the expected late arrival of the Actuary, Ira Summer.

B. Items to be pulled from the Discussion Calendar: None.

C. Items to be pulled from the Consent Agenda:

Board Member Williams requested that Items 8(D) Market Value Graph and 8(E) Book vs Market Summary be placed on the Discussion Calendar to accommodate a staff report.

D. Emergency Items added:

Motion by Villeneuve, Seconded by Huskey and carried on the unanimous vote of members present, the Board accepted as emergency items, two matters added under the Brown Act, Govt. Code Section 54954.2:

1. State Association of County Retirement Systems (SACRS) Symposium on Other Post Employment Benefits (OPEB) Government Accounting Standards Board (GASB) 43 & 45 Wednesday, February 22 -23, 2006 in Sacramento, CA added to the Action Calendar.
2. Disability Retirement application of Judith York-Rippetoe added to the Closed Session Calendar.

E. Approval of the Agenda:

Board Member Heuberger expressed his concern that the newly streamlined Agenda does not provide enough detailed information for the public, precisely for those with interest in listed agenda items. He suggested that this be kept in mind when the agenda is composed. The Board concurred.

Motion by Heuberger, Seconded by Grogan and carried on the unanimous vote of members present the Board voted to approve the Agenda with amendments.

3. Approval of the Minutes:

Regular adjourned meeting of December 21, 2005:

Motion by Heuberger, Seconded by Villeneuve and carried on the unanimous vote of member present, the minutes of the regular adjourned meeting of December 21, 2005 were approved.

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

ACTION CALENDAR

4. Actuary Report, Ira Summer, Public Pension Professionals:

Annual Valuation Report – June 30, 2005:

Ira Summer, Public Pension Professionals introduced Deanna Van Valer of the firm who would be presenting the report.

Ms. Van Valer provided an in depth overview of the retirement system's funded status as of June 30, 2005 and the determined contributions required of Plan members and the employers for the fiscal year beginning July 1, 2006.

The Board was updated on the changes affecting the contribution rates and funded position of the Plan such as the allocation of investment assets; the demographics of active and retired members; the assumed rate determined by the assumptions and methodology formulas and the changes to plan benefits valuation.

Mr. Summer stated that the funding status, currently at 95.2%, is healthy and that this is well above the average for other State Association of County Retirement Systems (SACRS) counties.

Motion by Heuberger, Seconded by Huskey and carried by a roll call vote of 5 to 2 (Yes – Vogel, Heuberger, Villeneuve, Padilla, Huskey; No – Flammang, Williams; Abstain – Grogan, Rhodes) the Board voted that the language suggested by the County regarding the County's pension obligation bonds and retiree medical premiums be deleted.

MEMBER GROGAN LEFT AT 11:44 A.M.

BREAK AT 11:50 A.M. RECONVENED AT 12:00 P.M.

5. Discussion/Action by Others:

A. Retirement Administrator/Staff:

1. Timeliness of reports and projects by Actuary – Karen Vogel, Retirement Administrator:

Mr. Summer apologized to the Board for any inconveniences and delays that may have occurred and will work with staff to avoid any further delays.

2. Retirement Administrator job description, salary and adoption of Govt. Code Section 31522.2 – David Prince, Retirement Division Manager:

Mr. Prince advised the Board that Human Resources had reviewed and approved the job description. However, the proposed salary did not meet the present salary range.

The Board discussed this matter and then there was a Motion by Williams, Seconded by Villeneuve and carried by a roll call vote (Yes – Vogel, Heuberger, Villeneuve, Flammang, Padilla, Huskey, Williams; Abstained – Grogan, Rhodes), to direct counsel to draft a resolution for the County Board of Supervisors to adopt Govt. Code Section 31522.2.

B. Board Members:

1. Possible reorganization of Retirement System/Staff Budget – Chairman Flammang:

The Board directed staff to bring back options for reorganizing the Retirement Division.

2. Educational Retreat for Board Members and staff – Chairman Flammang:

Chairman Flammang requested that Board Members interested in participating relay to her their ideas and training suggestions as well as preferable times and places for the training.

3. Discussion of Govt. Code Section 31522 regarding county employees, who are Board members, attendance at meetings – Board Member Tabarez:

The Board, after discussion, directed Linda Tucker, Deputy County Counsel to discuss this matter with supervising staff at the Sheriff's Department.

BUDGET

6. Approval of the Budget:

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

A. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$21,515.16
Add'l salaries June 24 through December 22, 2005	33,098.05
EXTRA HELP	4,094.13
BILINGUAL PAY	45.00
SOCIAL SECURITY	125.69
COUNTY CONTR RETIREMENT	1,664.93
INS-WORKERS COMP	1,333.33
INS-UNEMPLOYMENT	250.00
GROUP INSURANCE	3,486.84
INS-DENTAL/VISION	35.49

REGULAR BUDGET (continued)	
RETIREMENT PENSION BOND	1,892.07
RETIREMENT HEALTH PLAN	1,095.18
INS-VOLUNTARY LIFE	18.60
INSURANCE LIABILITY	83.33
COMMUNICATIONS	98.30
OFFICE EXPENSE	
Mail Charges – November 2005	329.61
Office Depot	39.76
Imperial Valley Press annual subscription	120.68
Strain plaque	70.04
Central Duplicating	73.50
PROFESSIONAL & SPECIAL SERVICES	
Annual Audit Report FYE 06/30/05	8,341.41
TRAVEL IN COUNTY	
Flammang – July through December 2005	108.64
Williams – July through December 2005	23.28
Kennerson – July through December 2005	14.55
Strain – July through December 2005	100.88
Huskey – January through June 2005	287.12
Huskey – July through December 2005	430.68
EXTRA HELP	
Ret Brd Mtg. – 01-18-06	400.00
	\$ 79,176.25
B. DISABILITY BUDGET	
PROFESSIONAL & SPECIAL SERVICES	
Attorney Steve Rice for Walter Cress case	\$ 2,045.47
	\$ 2,045.47

DISCUSSION CALENDAR

Items under 7 are for discussion only

7. Reports and Announcements:
 - A. Retirement Administrator/Staff:
 1. Conflict of Interest Reports due February 28, 2006 – Karen Vogel, Retirement Administrator:

The forms were included with the Board's Agenda packets and Board Member Vogel reminded the Board of their filing obligations.
 2. Update: Appointment of 6th and 9th seats by the Board of Supervisors to the Board of Retirement – Karen Vogel, Retirement Administrator:

This matter was discussed at the start of the meeting.

3. Update on possible investment with Imperial Irrigation District – Karen Vogel, Retirement Administrator:

Board Member Vogel advised the Board that no updates had been received regarding this matter.

B. Board Members:

Board Member Huskey introduced Mr. Charles Jernigan, the newly elected President of the Imperial County Association of Retired Employees (ICARE).

Mr. Jernigan advised the Board of the Association's meeting schedule; plans to establish a liaison with the Board of Supervisors; an increase in membership dues with possible automatic deductions and efforts to encourage attendance at the monthly ICARE meetings. Mr. Jernigan also advised that an ICARE newsletter has been published and requested that it be included with retiree warrants.

David Prince, Retirement Division Manager advised the Board that staff can accommodate Mr. Jernigan regarding the distribution of the newsletter.

C. County Counsel:

1. New Legislation effective 2006 affecting 1937 Act Counties:

Linda Tucker, Deputy County Counsel gave a brief summary of new legislation which has passed and is now effective.

CHAIRMAN FLAMMANG STEPPED DOWN TEMPORARILY AND MEMBER HEUBERGER ASSUMED THE CHAIRMANSHIP AT 1:07 P.M.

CHAIRMAN FLAMMANG RESUMED THE CHAIR AT 1:09 P.M.

2. Matthews vs Ventura County Employees' Retirement Association (VCERA):

Ms. Tucker discussed the significance of the decision stating that it affirmed Retirement Board trustees' powers in distributing excess earnings.

3. Government Accounting Standards Board (GASB) 43 & 45 updates:

Ms. Tucker gave the Board an informational handout regarding GASB 43 & 45.

4. State Association of County Retirement Systems (SACRS) position on AB1568:

This pending legislation, still subject to amendment, may affect the Board's Financial Advisor relationship with ICERS. SACRS legislative advocate has sent strong letters of opposition regarding this matter.

- D. Market Value Graph:
Presented by staff and discussed by the Board.
- E. Book vs Market Summary as of 12/31/05:
Presented by staff and discussed by the Board.

CONSENT AGENDA

Retirement Administrator recommends approval of Items 8A through 8G

- 8. Consent Agenda:
 - A. Imperial County Employees' Retirement System (ICERS) Audit Report for Year Ended June 30, 2005.
 - B. Treasurer/Retirement Financial Statements for Year Ended June 30, 2005.
 - C. Upcoming Seminars/Conferences:
 - 1. Benefits Conference for Public Employees, Disney's Contemporary Resort, Lake Buena Vista, Orlando, FL, March 20-21, 2006 (approximate cost per person \$1,813.00).
 - 2. Investments Institute, Fairmont Miramar Hotel, Santa Monica CA, April 24-26, 2006 (approximate cost per person \$2,316.00).
 - D. Delta Asset Management Investment Strategy Reports – December 2005 and January 2006.
 - E. Bradford & Marzec Bond Market Monthly – November and December 2005.
 - F. T. Rowe Price Total Return Performance as of December 31, 2005 available in Treasurer's office.
 - G. Administrative Agenda:
 - 1. Enrollment Affidavits of New Members (11):
 - 2. Termination of Membership – Return of Accumulated Contributions (9):
 - 3. Deferred Membership:

Monica Lankford	General Member
Department:	Superior Court
Effective:	10/04/05

4. Return of Contributions and Payment of Salary Death Benefit per Govt. Code Section 31781:

Kimmmie Cardenas
Department:
Deceased:

General Member
Purchasing
10/16/05

9. Public Comments before convening into Closed Session: None.

CLOSED SESSION

10. Closed Session:

Motion by Heuberger, Seconded by Williams 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 Judith York-Rippetoe

- 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

11. Open Session:

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

12. Announcement of Closed Session Actions:

Kayleen Smith, Disability Specialist made the following announcements:

The Board discussed but took no action on the disability retirement application of Walter Cress and Judith York-Rippetoe.

The Board did not discuss the WorldCom litigation matter.

The Board did not discuss the Tibco Software litigation matter.

OTHER ITEMS

13. Previously Approved Seminars/Conferences:

Reviewed by the Board.

Adjournment: Meeting was adjourned at 1:22 p. m. to February 15, 2006 at 9:00 a.m.

BECKY FLAMMANG, CHAIRMAN

JULIE VILLENEUVE, SECRETARY