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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

May 17, 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 8:34 a.m.
 - A. Roll Call:

MEMBERS PRESENT: Karen Vogel, Jurg Heuberger, Julie Villeneuve, Larry Grogan, Becky Flammang, Robert W. Williams, Armando Padilla, Terry Huskey and James E. Rhodes.
ALTERNATE PRESENT: No.
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: None.
 - 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.

F. Approval of the Consent Agenda:

Motion by Heuberger, Seconded by Williams and carried on the unanimous vote of members present, the Board approved the Consent Agenda.

3. Approval of the Minutes:

May 17, 2006 regular adjourned meeting.

Motion by Huskey and Seconded by Heuberger, the minutes of the regular adjourned meeting of May 17, 2006 was carried by a roll call vote (Yes – Vogel, Heuberger, Villeneuve, Grogan, Flammang, Padilla, Huskey, Rhodes; Abstained – Williams).

ACTION CALENDAR

4. Presentation by Actuaries, Ira Summer and Deanna Van Valer, Public Pension Professionals:

Motion by Heuberger, Seconded by Grogan and carried on the unanimous vote of members present, the Board agreed to address the issues under Item 4 in the following order: 4C, 4B, 4A (with no attachment) and 4D.

C. Reaffirm Undistributed Earnings Policy and Interest Crediting Policy:

Ms. Van Valer presented the Board with an overview of the policy guidelines used to allocate Undistributed Earnings to the appropriate reserves. She explained the objectives to comply with legal and regulatory requirements; the delivery of benefits and services to participants and beneficiaries; the monitoring of contribution rates and the provision of supplemental benefits.

Ms. Van Valer addressed the Statement of Interest Crediting Policy established for the crediting of interest to reserves subject to the requirements of the County Employees' Retirement Law of 1937 (CERL).

The Board discussed possible changes to the priority of the allocation of Undistributed Earnings.

Mr. Summer advised the Board not to reaffirm the Undistributed Earnings Policy or the Interest Crediting Policy until he is able to return to the Board meeting in July when he will provide them with the options for amending both policies.

- B. Accounting for Post Retirement Death Benefit under the Government Accounting Standards Board rules:

This item was continued until Mr. Summer's next scheduled meeting with the Board on July 19, 2006. At that time County Counsel will have researched the legal issues.

- A. Supplemental Targeted Adjustment for Retirees Cost of Living Adjustment (STAR COLA):

Mr. Summer gave a slide presentation and discussed funding the STAR COLA banks under the provisions of the 1937 Act.

The Board discussed focusing efforts on designing a relief benefit for those who retired prior to 1975 in order to improve their purchasing power.

BREAK AT 10:30 A.M. - RECONVED AT 10:43 A.M.

Mr. Summer was given direction by the Board to bring back benefit and cost options to increase existing retiree purchasing power. He will present the options at the Board meeting of July 19, 2006.

- D. Implementation of current policy of distributing Excess Earnings:

Motion by Huskey, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board approved the following transfer from Unallocated Earnings to fill the reserves:

\$1,435,802.91	Employee COLA
<u>5,329.25</u>	Contingency Reserves
\$1,441,132.16	Total

5. Discussion/Action by Others:

- A. Retirement Administrator/Staff:

1. Reaffirm Board Policies and Procedures:

Motion by Heuberger, Seconded by Villeneuve and carried by a roll call vote of 8 to1 (Yes – Vogel, Heuberger, Villeneuve, Grogan Flammang, Williams, Padilla, Rhodes; No – Huskey) the Board voted to mirror the County Board of Supervisors Policies and Procedures in that staff is allowed to transfer funds within the designated budget categories without prior approval by the Board.

Motion by Williams, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board voted to reaffirm the Retirement Board Policies and Procedures.

2. Request by Retirement Administrator that the Board cancel the August 16, 2006 meeting:

Motion by Heuberger, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board voted to cancel the regularly scheduled meeting of August 16, 2006.

3. Workshop – Funding Structure, Reserve Accounts & Retiree Health Insurance to be held August 2, 2006 or August 16, 2006:

Motion by Heuberger, Seconded by Villeneuve and carried on the unanimous vote of members present the Board voted to hold a workshop on Funding Structure, Reserve Accounts & Retiree Health Insurance on August 2, 2006 from 8:30 a.m. to 11:00 a.m. in the County Board of Supervisors Chambers.

4. Proposed Budget for Fiscal Year 2006-2007:

Board Member Heuberger requested that this item be continued until the Board meeting of June 21, 2006, after a previously scheduled committee meeting is held to consider options for a proposed budget including a separate Retirement Administrator.

Motion by Heuberger, Seconded by Huskey and carried by a unanimous vote of members present, the Board voted to table the Proposed Budget for Fiscal Year 2006-2007 until the Board meeting of June 21, 2006.

5. Transfer funds for litigation fees:

This item was acted upon under Item 5(A)(1) and \$50,000 will be moved from the Miscellaneous Professionals Services account to the Miscellaneous Professional Services – Disability Account..

6. Financial Statement for December 31, 2005:

Motion by Villeneuve, Seconded by Williams and carried on the unanimous vote of members present, the Board voted to approve the Financial Statement of December 31, 2005.

B. Board Members:

Terry Huskey – Luncheon for Retirees:

Motion by Heuberger, Seconded by Grogan and carried on the unanimous vote of members present, the Board voted to allow a reasonable amount from the \$7,900 balance of the fund to be used for Retiree's luncheon expenses.

C. County Counsel:

Update Conflict of Interest Code:

Motion by Villeneuve, Seconded by Heuberger and carried by a roll call vote of 8 to 1 (Yes – Vogel, Heuberger, Villeneuve, Grogan, Flammang, Williams, Padilla, Rhodes; No – Huskey) to begin the process of separating the Imperial County Employees’ Retirement System’s Conflict of Interest Code from that of the County Treasurer’s office.

BUDGET

6. Approval of the Budget:

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

A. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$21,922.48
EXTRA HELP	1,535.63
BILINGUAL PAY	30.00
SOCIAL SECURITY	82.75
SPECIAL TRAINING	
ICOE Learning Technologies – Edwards & Kubler	20.00
SACRS – Prince, Smith, Tucker	300.00
COUNTY CONTRI RETIREMENT	1,098.01
INS-WORKERS COMP	1,333.33
INS-UNEMPLOYMENT	250.00
GROUP INSURANCE	2,164.83
INS DENTAL/VISION	23.66
RETIREMENT PENSION BOND	1,262.97
RETIREMENT HEALTH PLAN	731.05
INS VOLUNTARY LIFE	12.40
INSURANCE LIABILITY	83.33
OFFICE EXPENSE	
Central Duplicating	551.10
Mail Charges – March 2006	351.64
Office Furniture	1,602.18
Supplies	2,713.77
Fed Ex – Huskey Agenda	36.33
Office Dept	28.16
PROFESSIONAL & SPECIAL SERVICES	
Information Systems Charges for Dec 2005, Jan 2006, & Feb 2006	<u>21,292.03</u>
EXTRA HELP	
Ret Brd Mtg – 05-17-06	400.00
TOTAL:	\$57,825.65

DISCUSSION CALENDAR

Items under 7 are for discussion only

- 7. Others:
 - A. T. Rowe Price:
 - 1. Flash Report for period ending March 31, 2006:
Reviewed by the Board.
 - 2. Performance & Outlook First Quarter 2006:
Reviewed by the Board.
 - 3. Total Return Performance as of April 30, 2006 available in Treasurer's office:
Reviewed by the Board.
 - B. Bradford & Marzec:
 - 1. Bond Market Monthly ending March 2006:
Reviewed by the Board.
 - 2. Bond Market Monthly ending April 2006:
Reviewed by the Board.
 - C. Delta Asset Management – Investment Strategy for May 2006:
Reviewed by the Board.
 - D. Calamos Investments Monthly Portfolio Summary Report for April 2006:
Reviewed by the Board.

CONSENT AGENDA

Retirement Administrator recommends approval of Item 8

- 8. Consent Agenda:
 - A. Administrative Agenda:
 - 1. Enrollment Affidavits of New Members (26):
 - 2. Termination of Membership – Return of Accumulated Contributions (11):

- m. Jack Milner
Department:
Effective Date: General Member
County Property
03/31/06
- n. Jeannette Monroy
Department:
Effective Date: General Member
Air Pollution
03/24/06
- o. Elifonso Nava
Department:
Effective Date: General Member
County Property
03/31/06
- p. Linda Ness
Department:
Effective Date: General Member
Purchasing
03/31/06
- q. Loren S. Ness
Department:
Effective Date: General Member
Social Services
03/31/06
- r. Constance Nolta
Department:
Effective Date: General Member
District Attorney
03/31/06
- s. Alton B. Rabb
Department:
Effective Date: General Member
County Property
03/31/06
- t. Charles P. Rider
Department:
Effective Date: General Member
Public Defenders
03/31/06
- u. Randy Rister
Department:
Effective Date: General Member
County Property
03/31/06
- v. Irene Sandoval
Department:
Effective Date: General Member
Health
03/31/06
- w. Mary O. Shinn
Department:
Effective Date: General Member
Health
03/31/06
- x. Margaret Sigala
Department:
Effective Date: General Member
Health
03/03/06

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

Forrest Bashaw
Deceased:

General Member
03/27/06

- B. Upcoming Seminars/Conferences:

Guns & Hoses 2006, September 17-20, 2006, Las Vegas, NV (approximate cost per person \$3,193.00).

CLOSED SESSION

9. Closed Session:

Public Comment before 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 Ruby Phillips Ida Din Manuel Castaneda Francisco Arce

- 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).

- D. Government Code §54956.9 (a) – Conference with Legal Counsel of Existing Litigation, In re Jarden Corp. Securities Litigation, United States District Court for the Southern District of New York, Case No. 7:06-CV-722 (CLB).

OPEN SESSION

10. Open Session:

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

11. 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 Francisco Arce.

Motion by Williams, Seconded by Villeneuve and carried on the unanimous vote of members present the Board granted administratively the application for Non-service Connected Disability Retirement of Manuel Castaneda.

The Board discussed but took no action on the WorldCom litigation, Tibco Software and Jarden litigation matters.

OTHER ITEMS

12. Previously Approved Seminars/Conferences.

Motion by Heuberger, Seconded by Huskey and carried on the unanimous vote of members present, the Board approved to adjourn the meeting.

Adjournment: Meeting was adjourned at 12:10 p. m. to June 21, 2006 at 8: 30 a.m.

BECKY FLAMMANG, CHAIRMAN

JULIE VILLENEUVE, SECRETARY