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KAYLEEN SMITH
CLERK OF THE BOARD



Imperial County Employees' Retirement System

BRIEF MINUTES
REGULAR MEETING OF THE
IMPERIAL COUNTY BOARD OF RETIREMENT

October 18, 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 8:35 a.m.

A. Roll Call.

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

ALTERNATE PRESENT: None.

MEMBERS ABSENT: None.

MEMBERS ARRIVING AFTER ROLL CALL: None.

LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel

CLERK: Kayleen Smith, Disability Specialist

STAFF: David H. Prince, Retirement Division Manager

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, however Karen Vogel requested a correction be made to Page 4, Item 7(A)(4), to read "Market Value Graph from 07/01/06 to 09/30/06"

- C. Items to be pulled from the Consent Agenda: None.
- D. Emergency Items added.

Retirement Administrator Karen Vogel requested that an Emergency Item be added to the Action Calendar as Item 5(D) to direct staff to delay sending \$20,000,000 to Emerging Markets Investor's Fund until further research and information can be obtained. The funds are scheduled to be wired on November 1st and there are issues with it being a Canadian based company. There are fees and expenses that the Board needs to be made aware of before the money is sent, and Mr. Thomas Lightvoet is presently on vacation.

Motion by Huskey, seconded by Heuberger and carried on the unanimous vote of members present, the Board voted to approve the Emergency Item to be added to the Action Calendar.

- E. Approval of the Agenda:

Motion by Grogan, seconded by Huskey and carried on the unanimous vote of members present, the Board voted to approve the Agenda.

- F. Approval of the Consent Agenda:

Motion by Williams, seconded by Rhodes and carried on the unanimous vote of members present, the Board voted to approve the Consent Agenda.

- 3. Approval of the Minutes:

September 20, 2006 Regular Adjourned Meeting: Ms. Vogel requested two corrections be made before approving the Minutes; Page 4 under Item 5(A) the motion to move \$5.8 million dollars for this benefit requires the additional words of "from excess earnings" be added; and the motion on Page 4 under Item 6(A) should be moved so that it is under Item 6(B).

Motion by Williams, seconded by Rhodes and carried on the unanimous vote of members present, the Board voted to approve the minutes with amendments to the Regular Adjourned Meeting of September 20, 2006.

ACTION CALENDAR

- 4. Local Real Estate Investments: Proposed Board Policy by David Prince:

David Prince discussed the prospect of local real estate investing. The Board discussed several options. Linda Tucker explained how some other Retirement Systems own their own building and also lease out portions of that building. The Board directed staff to narrow the scope of the options presented and rewrite a proposed policy.

- 5. Discussion/Action by Others:

- A. Retirement Administrator/Staff:

Policy on Investment Objectives, Guidelines and Standards of Performance:

Ms. Vogel distributed a revised version of the policy. Mr. Prince reviewed the revised policy prepared by Mercer Investments. The Board discussed changes and directed staff to return next month with the revisions incorporated into the policy.

B. Board Members:

Request by Board Member Williams for an Investment Consultant Search:

Board Member Williams voiced his request to perform a search. Board members discussed the subject and directed staff to contact other counties for sample Requests for Proposals (RFPs). The Board formed an RFP Committee, which will consist of David Prince and Board Members Williams and Rhodes.

C. Others:

Board Member Heuberger stepped down as a Retirement Board Member and addressed the Board as the Executive Officer of the Local Agency Formation Commission ("LAFCO"). Mr. Heuberger requested consideration of a real estate loan to secure a building for LAFCO office space.

BOARD MEMBER GROGAN LEFT AT 9:45 A.M.

The Board requested that Mr. Heuberger return next month with details of the project in consideration.

D. Emergency Item:

Ms. Vogel discussed the reasons for delaying the funding of the emerging market manager. Linda Tucker explained that additional expenses are incurred from conducting business with a fund based in Canada. Staff was directed to research this issue and return next month with more detail.

Motion by Williams, seconded by Villeneuve and carried on the unanimous vote of members present, the Board voted to defer wiring any funds to Emerging Markets Investor's Fund until a decision is made at the November 29, 2006 meeting.

BUDGET

6. Approval of the Budget:

Motion by Villeneuve, seconded by Williams and carried on the unanimous vote of members present, the Board voted to approve the following claims for the 2006/2007 Regular Retirement Budget and the 2006/2007 Disability Budget:

A. REGULAR BUDGET:

A. Retirement Administrator/Staff:

1. State Association of County Retirement Systems ("SACRS") Ad Hoc Nomination Review Committee:

The Board discussed SACRS' recommendation and suggested several items be discussed before voting at SACRS. Ms. Flammang will discuss these issues at the Trustees Meeting prior to voting.

BOARD MEMBER GROGAN RETURNED AT 10:17 A.M.

2. SACRS Disability Training Session:

Board Member Villeneuve informed the Board that this session conflicts with the Ethics Training session.

3. Agenda for SACRS:

The Board reviewed the Fall Conference Schedule.

4. Market Value Graph from 07/01/06 to 09/30/06:

Reviewed by the Board.

5. Book vs. Market Summary as of 09/30/06:

Reviewed by the Board.

6. Managers' Quarterly Expense and Income Report;

Reviewed by the Board.

7. Calamos Update on Performance:

Mr. Prince informed the Board that he spoke to Calamos by telephone of the Board's concerns regarding its performance.

8. Update on Retirement Board Staffing Reorganization:

Ms. Vogel stated she has a meeting scheduled for Monday, October 23, with the Human Resources Department and Mr. Ewing to discuss the reorganization.

BREAK AT 10:30 A.M. – RECONVENED AT 10:41 A.M.

B. County Counsel/Staff:

Discussion and Implementation of Pension Protection Act of 2006:

Ms. Tucker presented a summary of this new legislation and Mr. Prince also addressed the Board about this new law, and possibly others that may be implemented in the near future.

8. Investment Manager Reports:

A. T. Rowe Price:

1. Total Return Performance of 08-31-06:

Reviewed by the Board.

2. Total Return Performance of 09-30-06:

Reviewed by the Board.

B. Delta Asset Management:

1. Investment Strategy – September 2006:

Reviewed by the Board.

2. Investment Strategy – October 2006:

Reviewed by the Board.

C. Templeton – Performance Summary Report as of August 31, 2006:

Reviewed by the Board.

D. Bradford & Marzec – Bond Market Monthly Report of September 2006:

Reviewed by the Board.

CONSENT AGENDA

Retirement Administrator recommends approval of Item

9. Consent Agenda:

A. Administrative Agenda:

1. Enrollment Affidavits of New Members (23):

2. Termination of Membership – Return of Accumulated Contributions (18):

3. Service Retirement:

a. Tony Singh
Department:
Effective Date:

General Member
Public Works
09/01/06

b. Roberta Valenzuela
 Department: Behavioral Health
 Effective Date: 09/01/06

4. Non-service Connected Disability Retirement:

Ronald Warner
 Department: Sheriff/Inter-System
 Effective Date: 02/01/05

5. Inter-System Membership:

a. Margarita Ortega
 Department: Public Health
 Effective Date: 08/12/06

b. Cindy Wilson
 Department: Public Health
 Effective Date: 09/09/06

c. Wendy Navarrete-Thomas
 Department: Tax Collector/Treasurer
 Effective Date: 09/15/06

d. Melissa Fonseca
 Department: Superior Court
 Effective Date: 09/15/06

6. Final Payment of Service Retirement Allowance and Death Benefit:

Cunegundes J. Phelps
 Deceased: General Member
 08/02/06

7. Final Payment of Service Retirement Allowance and Return of Unused Accumulated Contributions per Gov't Code Sections 31760.1/31676.11 and Death Benefit:

Ernest Mancha
 Deceased: General Member
 08/03/06

8. Final Payment of Survivor Service Retirement Allowance:

Vinita G. Grasso
 Deceased: General Member
 08/04/06

B. Upcoming Seminars/Conferences:

SACRS Federal Pension Protection Act Of 2006 Seminar, October 17, 2006, Sacramento, CA (approximate cost per person \$500.00).

Reviewed by the Board.

CLOSED SESSION

10. Closed Session:

Public Comment before Closed Session: None.

Motion by Heuberger, seconded by Grogan 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
Charles Rider

Ida Din
Judith York-Rippetoe

Francisco Arce
Anthony Moreno

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).

E. Government Code §54956.9 (a) – Conference with Legal Counsel of Existing Litigation, In re Broadcom Corp. Securities Litigation, United States District Court for the Central District of California, Case No. CV 06-3252(R)(CWX).

OPEN SESSION

11. Open Session:

Motion by Villeneuve, 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, announced the following:

The Board discussed but took no action on the disability retirement applications of Walter Cress, Francisco Arce, Charles Rider, Judith York-Rippetoe and Anthony Moreno.

The application of Ida Din for service connected disability retirement was granted administratively by a vote of 9 to 0 (Yes – Vogel, Heuberger, Villeneuve, Grogan, Flammang, Williams, Padilla, Huskey and Rhodes).

The Board held no discussion on the WorldCom, Tibco Software or the Jarden Corp. Securities litigation matters.

The Board discussed but took no action on the Broadcom Corp. Securities litigation matter.

OTHER ITEMS

13. Previously Approved Seminars/Conferences (list available in Treasurer's office).

Adjournment: Meeting was adjourned at 11:17 a. m. to November 29, 2006 at 8:30 a.m.

BECKY FLAMMANG, CHAIRMAN

JULIE VILLENEUVE, SECRETARY