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Imperial County Employees' Retirement System

BRIEF MINUTES

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

November 19, 2008

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 Vogel at 8:33 a.m.

The Pledge of Allegiance was led by Chairman Vogel.

Roll Call:

MEMBERS PRESENT: Pat Yarnall, James E. Rhodes, Wally Leimgruber, Becky Flammang, Robert W. Williams, Armando Padilla, Terry Huskey, Julie Villeneuve, and Karen Vogel.

MEMBERS ABSENT: None.

MEMBERS ARRIVING AFTER ROLL CALL: None

ALTERNATE PRESENT: Pompeyo Tabarez, Jr.

LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel

CLERK: Kayleen Smith, Retirement Specialist

STAFF: David H. Prince, Retirement Administrator

2. Discussion of the Agenda:

A. Items to be pulled from the Action Calendar: None

B. Items to be pulled from the 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 Villeneuve, seconded by Huskey and carried on the unanimous vote of members present, the Board approved the Agenda.

F. Approval of the Consent Agenda:

MOTION by Leimgruber, seconded by Villeneuve and carried on the unanimous vote of members present, the Board approved the Consent Agenda.

3. Public comments on items that are **NOT** on the Action or Discussion Calendars: None

ACTION CALENDAR

4. Approval of the Minutes:

Minutes of October 15, 2008 regular adjourned meeting.

David L. Prince, Retirement Administrator, noted the following changes:

Item 3, Public comments:

Richard A. White, President of the State Association of California Retirement Systems (SACRS), introduced himself to the Board and gave a brief overview of the issues, concerns, and plans that may be affecting the retirement systems in California as well as around the nation. He also extended an invitation to the Board to participate in this year's SACRS Fall Conference, which will be held in Costa Mesa, CA, from November 11-14, 2008.

Changed to:

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ACTION CALENDAR (continued)

Approval of the Minutes (continued)

Item 9A (4), Discussion Calendar:

Mr. Prince reviewed the summary of the retirement system's tax attorney's discussions held with the Internal Revenue Service (IRS) to date. He also advised the Board that a Plan Document for ICERS is being prepared to accompany the filing for an IRS determination letter.

Changed to:

Mr. Prince reviewed the summary of the retirement system's tax attorney's discussions held with the Internal Revenue Service (IRS) to date. He also advised the Board that a Plan Document for ICERS is being prepared for the possible filing of an IRS determination letter.

Minutes of September 17, 2008:

Item 7, Action Calendar:

Mr. Darren J. Check and Mr. Gregory M. Castaldo, Esquires, presented a background of their firm and discussed the current litigation claim regarding Jarden Corp. with the Board.

Changed to:

Mr. Darren J. Check and Mr. Gregory M. Castaldo, Esquires, presented a background of their firm and discussed the current litigation claims filed by them for ICERS.

MOTION by Huskey, seconded by Flammang and carried on the unanimous vote of members present, the Board approved the Minutes with changes.

5. Presentations by Investment Managers:

- A. Victory Capital Investments, Paul Gurewitz, Director for Public Sector and Margaret Lindsay, Chief Investment Officer, Portfolio Manager.

Mr. Gurewitz reviewed the company's history and recent changes. Ms. Lindsay gave a team update announcing two new analysts. Ms. Lindsay reviewed the quarterly portfolio on International Small Cap Equity and discussed their global investments. The Board asked several questions regarding particular characteristics of the portfolio

- B. Dimensional Fund Advisors, Sonya K. Parks, Vice President and Grady Smith, Portfolio Manager:

Ms. Parks reviewed their overall performance. Grady Smith, Portfolio Manager and Vice President, discussed their investment philosophy and emerging markets value strategy. He discussed the current and prior history of the account. The Board asked questions regarding their future investment plans.

BREAK AT 9:39 A.M. – RECONVENED AT 9:48 A.M.

Board Member Leimgruber did not return after the break.

- C. Franklin Templeton Institutional, Thomas J. Dickson, Vice President.

Mr. Dickson gave an update on the current market and an overview of the firm's assets. He reviewed our current portfolio including sector and geographic allocation as well as the returns of each. The Board asked questions regarding their strategy for investing.

6. Presentation by Investment Consultant, Wurts Associates, Scott J. Whalen, Executive Vice President, Senior Consultant:

- A. Investment Performance Review Period Ended September 30, 2008.

Mr. Whalen commented on the recent drop in sector performance in domestic equities. He discussed the performance of international equities and the fixed income market. The Board asked questions regarding other types of investments.

- B. Update on Securities Lending Program.

Mr. Whalen gave an update and explained the securities lending transaction process, the risks involved, and the options to consider.

- C. Update on Fixed Income Managers.

Mr. Whalen discussed the individual managers' performances and made recommendations to the Board.

MOTION by Villeneuve, seconded by Huskey and carried on the unanimous vote of members present, the Board gave authority to Wurts Associates, to move at its discretion, the previously authorized funds, from Bradford & Marzec to PIMCO.

Board Member Yarnall left at 11:40 a.m.

- D. Discussion/Action: Allocation to Distressed Debt.

Mr. Whalen discussed the details of this type of investment opportunity. The Board asked that he address this at the next meeting in his Rebalancing Recommendations Report.

LUNCH BREAK AT 11:50 A.M. – RECONVENED AT 12:13 P.M.

7. Discussion/Action on selection of ICERS 1221 State Street Corp. building remodeling contract.

The Board of Retirement, as sole shareholder of ICERS 1221 State Street El Centro Corporation, reviewed three proposals to perform renovations on its building at 1221 State Street, El Centro, California. It advised its president, David H. Prince, to enter into negotiations with Duggins Construction, Inc. to renovate its building at 1221 State Street, El Centro, California, for its prospective tenant, the Imperial County Employees' Retirement System.

MOTION by Villeneuve, seconded by Flammang and carried on the unanimous vote of members present, the Board advised the ICERS Corp President to enter into contract negotiations with Duggins Construction.

8. Discussion/Action on vendor contract recommendation from Pension Administration System (PAS) Selection Committee.

Mr. Prince discussed the results of the six week trial phase conducted by Tyler Technologies and James Evans and Associates (JEA). He discussed the similarities and differences between the two companies evaluated. The Board asked several questions regarding costs, the quality of the work, the timeliness of responses, as well comments from the other counties listed as references.

MOTION by Villeneuve, seconded by Padilla and carried on the unanimous vote of members present, the Board voted to accept the bid from JEA and gave authority to the Retirement Administrator to enter into contract negotiations.

9. Discussion/Action on SACRS Legislative Proposal: Co-Sponsorship with California Retired County Employees Association (CRCEA) to enact revisions to Board of Retirement elections and appointments under the 1937 Act.

Mr. Prince explained the reason why SACRS was requesting authorization to co-sponsor the CRECA legislation. Linda Tucker, Deputy County Counsel, compared the differences between this existing law and the proposed law.

MOTION by Villeneuve, seconded by Huskey and carried on the unanimous vote of members present, the Board gave authority to the Chairman to vote in favor of co-sponsoring the legislation.

DISCUSSION CALENDAR

10. Reports/Correspondence/Announcements of Officers:

A. Retirement Administrator:

1. Announcement of election results for Retiree and Retiree Alternate Board members.

Mr. Prince announced that Terry Huskey was elected as the Retiree Board member and Chuck Jernigan was elected as the Retiree Alternate Board member.

2. Book vs. Market Summary as of October 31, 2008.

Mr. Prince commented on this report.

3. ICERS 1221 State Street Corporation Expense Report.

Mr. Prince reviewed the individual expenses incurred by the corporation. The Board requested a financial report be presented on a quarterly basis in the future.

4. State Association of County Retirement Systems (SACRS) 2008 Fall Conference.

Mr. Prince discussed the IRS Determination Letter. Ms. Tucker and Mr. Prince will be preparing a presentation for next month's meeting. Mr. Prince discussed our financial ranking compared to other 37 Act Systems.

5. SACRS 2009-2010 Board of Directors Election Notification.

Mr. Prince reviewed the notification letter.

B. Board Members:

SACRS 2008 Fall Conference

Board Member Williams discussed the presentation he attended on Due Diligence. Board Member Villeneuve discussed topics from the Trustee meeting. Board Member Huskey discussed the possibility of a new Tier of benefits for the safety members. Mr. Prince advised that the County and the safety members would have to negotiate any new benefits for that group of members.

C. County Counsel:

SACRS 2008 Fall Conference

No comment at this time.

CLOSED SESSION

11. Convene into Closed Session.

MOTION by Villeneuve, seconded by Flammang and carried on the unanimous vote of members present, the Board convened into Closed Session.

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

Guillermina Robles Charles Land

- B. 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

12. Announcement of Closed Session Action.

The Board discussed but took no action on the disability retirement applications of Guillermina Robles and Charles Land.

The Board discussed but took no action on the Jarden Corporation Securities litigation matter.

CONSENT AGENDA

13. BUDGET:

Approval of the following Budget claims for the 2008-2009 Regular Retirement Budget and Disability Retirement Budget and to include Board Members in attendance at the 11-19-08 meeting, Govt. Code 31580.2 & 31521:

- A. REGULAR BUDGET 2008/2009:

REGULAR SALARIES	\$	23,041.98
EXTRA HELP		14,546.19
BILINGUAL PAY		45.00
OVERTIME		474.67
SOCIAL SECURITY-MEDICARE		542.73
SPECIAL TRAINING		
Questys Staff Trng. Oct. 1-3, 2008 AH		128.00
CALAPRS Staff Trng. Oct. 1-3, 2008 SE		136.00
CALAPRS Staff Trng. Oct. 1-3, 2008 KS		205.00
CALAPRS Administrators Trng. Sept. 24-26, 2008 DP		183.57
CALAPRS Staff Trng. Oct. 1-3, 2005 Airfare SE, KS		358.00
SACRS Fall Conference Staff Regis. DP, RR, LT, AH		412.00
COUNTY CONTRIBUTION RETIREMENT		2,696.49
INS-WORKERS COMP		1,667.67

REGULAR BUDGET (continued)

INS-UNEMPLOYMENT	560.33
GROUP INSURANCE	3,704.49
INS DENTAL/VISION	38.31
RETIREMENT-PENSION BOND	1,470.79
RETIREMENT HEALTH PLAN	1,172.73
COMMUNICATIONS – Phone Charges	65.50
COMMUNICATIONS – Phone Services	61.15
INSURANCE LIABILITY	608.00
MAINTENANCE & EQUIPMENT	
OFFICE EXPENSE	
Office Depot	228.31
Federal Express – Segal, Fresno County	81.04
Mail Charges for September 2008	445.14
Auditor-receipt book	19.00
Union Tribune – Advertising for Asst. Ret. Admin.	299.00
Imp. Valley Press – Advertising for Asst. Ret Admin.	861.46
Freedom Newspaper of SoWest Az.-Ad A. Ret. Adm.	424.15
PROFESSIONAL & SPECIAL SERVICES	
ICERS 1221 State Street Corp. – Purchase of shares	100.00
OVERHEAD	
Overhead	3,500.00
ICERS – 1221 State St. October Rent & IID %	2,137.44
TRAVEL – Out of County Misc.	185.02
EXTRA HELP	
Retirement Board Meeting of 11/19/08	400.00
TOTAL:	\$ 60,799.16

14. Administrative Agenda:

A. Enrollment Affidavits of New Members (31):

B. Termination of Membership – Return of Accumulated Contributions (8)

C. Service Retirement:

Randolph, Melvin L.	General Member
Department:	Public Works
Effective Date:	September 26, 2008

D. Intersystem:

Kira Aberle	General Member
Department:	Superior Court
Effective:	October 01, 2008

E. Buyback – Missing Contributions:

Espinosa, Silverio V.	General Member
Department:	Probation

F. Final Payment of Non Service Connected Disability Retirement Allowance per Govt. Code Section 31760.1 & Death Benefit:

- | | | |
|----|---------------------------------------|------------------------------|
| 1. | Willard R. Nussbaum, Jr.
Deceased: | Safety Member
07/24/2008 |
| 2. | Phyllis Kussler
Deceased: | General Member
09/13/2008 |
| 3. | Arthur Dean Gosch
Deceased: | General Member
09/29/2008 |

G. Final Payment of Survivor Service Connected Disability Retirement Allowance:

W. Janeace McGrath Deceased:	Safety Member 08/13/2008
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H. Final Payment of Survivor Service Retirement Allowance:

Albert J. Burke Deceased:	General Member 05/26/2008
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15. Investment Manager Reports:

- A. Dimensional Fund Advisors: Quarterly Performance Report ending September 30, 2008.
- B. Bradford & Marzec: Fixed income Statement ending September 30, 2008.
- C. T. Rowe Price: Investment Report for the Quarter Ended September 30, 2008.

OTHER ITEMS

16. Previously Approved Seminars/Conferences (list available in Retirement office).

Adjournment: Meeting was adjourned at 2:15 p.m. to December 17, 2008 at 8:30 a.m.

KAREN VOGEL, CHAIRMAN

ARMANDO PADILLA, SECRETARY