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ICERS

IMPERIAL COUNTY EMPLOYEES' RETIREMENT SYSTEM

BRIEF MINUTES

REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

August 18, 2010

8:30 A.M.

940 W. Main Street

County Administration Center, Second Floor

El Centro, CA 92243

OPEN SESSION

1. The meeting was called to order by Chairman Villeneuve at 8:32 a.m.

A. Roll Call:

MEMBERS PRESENT: Karen Vogel, Ann McDonald, Julie Villeneuve, Jack Terrazas, Becky Flammang, Robert W. Williams, Herbert Bumgart, Terry Huskey, James E. Rhodes

MEMBERS ABSENT: None

MEMBERS ARRIVING AFTER ROLL CALL: Charles L. Jernigan

ALTERNATES PRESENT: Charles L. Jernigan

LEGAL REPRESENTATIVE: Linda S. Tucker, Deputy County Counsel

CLERK: Kayleen Smith, Retirement Specialist

STAFF: David H. Prince, Retirement Administrator, Regina Rodrigues, Assistant Retirement Administrator.

B. Pledge of Allegiance

The Pledge of Allegiance was led by Board Member Vogel.

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 to be added: None
- E. Approval of the Agenda:

MOTION by Vogel, Second by Terrazas, and carried by the unanimous vote of members present, the Board approved the Agenda.

- F. Approval of the Consent Agenda:

MOTION by Flammang, Second by Huskey, and carried by 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 of the July 21 and July 22, 2010 regular adjourned meetings:

MOTION by Huskey, Second by Williams, and carried by the unanimous vote of members present, the board approved the Minutes of the July 21 and July 22, 2010 Regular adjourned meetings.

- 5. Annual Review Presentations by Investment Managers:

- A. Presentation by Stephen B. Hansen, Managing Director of ING Clarion Partners, and William Krauch, Head of Global Marketing.

BOARD MEMBER JERNIGAN ARRIVED AT 8:41 A.M.

Mr. Hansen reviewed the presentation material with the Board and answered their questions.

- B. Presentation by Chip George, Director, Portfolio Manager and Laura Gaylord, Managing Director of RREEF, American REIT II Inc, Ms. Gaylord reviewed the recent history of the market and current trends. Mr. George discussed the fund's performance.
- C. Presentation by Chris Walker, Principal, and Aris Hatch, Vice President of HarbourVest Partners, LLC. The fund's performance was reviewed in detail. Mr. Walker discussed future investing and expectations.

BREAK AT 10:00 A.M. – RECONVENED AT 10:15 A.M.

David Prince, Retirement Administrator, requested that Item 9 be heard before Item 6 to allow our investment consultant Scott Whalen to hear the presentation of Blair Nicholas, Esq. of Bernstein, Litowitz, Berger & Grossmann, LLP.

MOTION by Bumgart, Second by Flammang, and carried by the unanimous vote of members present, the Board approved that Item 9 be heard before Item 6 on the Agenda.

6. Investment Consultant Quarterly Review: Scott J. Whalen, Senior Investment Consultant, Wurts & Associates:

A. Investments/Managers Review:

Mr. Whalen reviewed each Manager's portfolio and performance.

B. Asset Allocation Study:

Mr. Whalen discussed the roles of asset classes and presented six new asset allocation mixes for the Board review. Mr. Whalen also presented two changes to the asset allocation targets; reduce the target for Alternative Investment to 15% and to raise the target for Fixed Income to 30%. Mr. Whalen also discussed the future funding of the Real Estate Manager REEFF. The Board discussed and had questions concerning the presentation. The Board then directed the Retirement Administrator to continue the rebalancing of the real estate asset using the July 31, 2010 fund valuation.

BOARD MEMBER TERRAZAS LEFT AT 11:30 A.M. – RETURNED AT 11:40 A.M.

MOTION by Rhodes, Second by Huskey, and carried by the unanimous vote of members present to set the target range for the Alternative Investments to 15%, with 5% to Real Estate, 5% to Commodities and 5% to Private Equity and to set the target for Fixed Income to 30%.

C. The Board reviewed the results of the search for overlay services for ICERS cash accounts.

MOTION by Huskey, Second by Bumgart, and carried on the following roll call vote of 8 to 1 (Yes – Vogel, McDonald, Villeneuve, Terrazas, Flammang, Bumgart, Huskey, Rhodes; No – Williams), the Board agreed to hire the Clifton Group to provide overlay services for the ICERS cash accounts.

D. The Board discussed the implementation of a Dynamic Asset Allocation Policy.

MOTION by Vogel, Second by Flammang, and carried by the unanimous vote of members present, the Board voted to double the ranges in our investment policy for each asset category.

7. David Prince, Retirement Administrator, discussed a new policy on evaluating new asset classes.

MOTION by Villeneuve, Second by Huskey, and carried by the unanimous vote of members present, the Board adopted the new policy as proposed with the amendment of Item 3 to read "Education and Recommendation" rather than "Notification".

LUNCH AT 12:15 P.M. – RECONVENED AT 12:48 P.M.

8. David H. Prince, Corporate Executive Officer/President of ICERS Corporation presented the quarterly review.
9. Presentation by Blair Nicholas, Esq. of Bernstein, Litowitz, Berger & Grossmann, LLP, offering free services in connection with securities litigation. Mr. Nicholas discussed the firm's experience and trial prosecution history. He explained the importance and advantages of their "Portfolio Watch" monitoring program.

MOTION by Flammang, Second by McDonald, and carried by the unanimous vote of members present, the Board voted to allow the Retirement Administrator to enter into an agreement with Bernstein, Litowitz, Berger & Grossmann, LLP, for the free portfolio monitoring services.

10. Linda Tucker, Deputy County Counsel, presented a new Securities Litigation Policy. She recommended the adoption of the new policy along with a form letter to counsel. The Board authorized the Retirement Administrator to enter into agreements with one or two more law firms to provide securities litigation monitoring and evaluation services.

MOTION by Huskey, Second by Bumgart, and carried by the unanimous vote of members present, the Board adopted the Securities Litigation Policy as presented by Linda Tucker, Deputy County Counsel.

MOTION by Huskey, Second by Vogel, and carried by the unanimous vote of members present, the Board adopted the form letter to send to law firms which may be amended by staff or counsel as deemed necessary.

11. The Board discussed the State Association of County Retirement Systems (SACRS) timelines and procedures for the proposed legislation for 2011.

DISCUSSION CALENDAR

Item 12 is for discussion only; Items requiring action will be placed on a future agenda.

12. Reports/Correspondence/Announcements:
 - A. Retirement Administrator:
 1. Market Value Graph:

Mr. Prince reviewed the market value graph with the Board.
 2. Book vs. Market:

Mr. Prince reviewed the portfolio accounts and discussed their activity.

3. Update on Pension Administration System (PAS):

Benjamin Oh, Project Manager of Linea Solutions, gave an update on the progress and status of the project plan. He discussed the budget and timelines, and answered the Board's questions.

4. Review of Retirement Board Retreat:

Mr. Prince and the Board complimented staff on the successfulness of the retreat.

5. Update on AB1987 and AB609:

Mr. Prince and Ms. Tucker discussed the history and current status of these bills.

B. Board Members: None.

C. County Counsel: None.

CLOSED SESSION

13. Convene into Closed Session:

MOTION by Williams, Second by Flammang, and carried by 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, Board of Trustees of ICERS v. J. P. Morgan Chase Bank, U.S. Court District for the Southern District of New York, Case No. 09CV3020.
- 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).
- C. Government Code §54956.8 – Conference with Real Estate property negotiator. Property is located in the 1400 block of Clark Road, El Centro, CA. Party with whom negotiating is County of Imperial. Negotiations will concern price and terms of payment.

OPEN SESSION

14. Linda Tucker, Deputy County Counsel, announced the following action was taken in closed session:

- A. The Board discussed but took no action on the Board of Trustees of ICERS v. J. P. Morgan Chase Bank existing litigation matter.

- B. The Board discussed but took no action on the Jarden Corp. Securities Litigation matter.
- C. The Board discussed but took no action regarding the conference with real estate property negotiator.

CONSENT AGENDA
 Retirement Administrator recommends approval of Items 15 through 17

15. BUDGET:

Approval of the following Budget claims for the remaining 2009-2010 Regular Retirement and Disability Budgets, and the 2010-2011 Regular Retirement Budget, to include Board Members in attendance at the 08/18/10 meeting, Govt. Code 31580.2 & 31521 and Investment Cash Expense Summary:

A. REGULAR BUDGET 2009-2010

REDEMPTION OF BENEFITS-Vac/Sick Buy Back Accrual	\$ 3,181.06
SOCIAL SECURITY-MEDICARE-Vac-Sick Buy Back Accrual	46.13
SPECIAL TRAINING	
Benefits RT-Garage Mileage (S. Edwards)	118.60
Benefits RT-Garage Fuel (S. Edwards)	6.95
COUNTY CONTR. RETIREMENT-Vac/Sick Buy Back Accrual	394.11
RETIREMENT-PENSION BOND-Vac/Sick Buy Back Accrual	216.30
RETIREMENT-HEALTH PLAN-Vac/Sick Buy Back Accrual	169.22
COMMUNICATIONS-AT & T PHONE CHARGES	297.59
PROFESSIONAL & SPECIAL SERVICES-Data Processing	
IT Charges- May	8,410.58
IT Charges- June	7,695.45
Oracle-Internet Application License	6,311.34
Millennium Info-Computer Memory Upgrade	518.00
Learning Tree-Oracle Database Course	2,833.00
TOTAL:	\$ 30,198.33

B. REGULAR BUDGET 2010-2011:

PERMANENT SALARIES	\$ 10,449.82
EXTRA HELP	2,557.86
BILINGUAL PAY	16.50
SOCIAL SECURITY-MEDICARE	185.48
COUNTY CONTR. RETIREMENT	1,296.74
GROUP INSURANCE	1,358.31
INS DENTAL/VISION	52.56
RETIREMENT PENSION BOND	711.68
RETIREMENT HEALTH PLAN	556.76
INS-VOLUNTARY LIFE	8.02
MAINTENANCE – EQUIPMENT	
OCE Imagistics-Copier Charges-June	430.30

OFFICE EXPENSE		
Sparkletts Water		35.00
OCE Imagistics-Copier Charges-June		488.41
PROFESSIONAL & SPECIAL SERVICES-Data Processing		
County BakBone-Software Maint/Upgrade 2010-2011		772.19
OVERHEAD REIMBURSEMENT		
ICERS Corp.- Rent, Utilities, and CR&R		4,229.84
LM Building Maint. July 1-16 Janitorial Services		<u>360.00</u>
	SUB TOTAL:	\$ 23,509.47
EXTRA HELP		
Retirement Board Meeting 8/18/2010		<u>500.00</u>
	TOTAL:	\$ 24,009.47

C. INVESTMENT CASH EXPENSE 2010-2011:

Custodial Services		
JP Morgan Fees-Jan-Mar 2010		\$ 27,691.10
Computer Technology		
LINEA Project Fees-June 2010		<u>42,525.56</u>
	TOTAL:	\$ 70,216.66

16. Administrative Agenda:

A. Enrollment Affidavits of New Members (8):

B. Termination of Membership – Return of Accumulated Contributions (4):

C. Service Retirement:

- | | | |
|----|------------------|------------------------|
| 1. | Luman G. Ferrell | General /Intersystem |
| | Department: | Social Service |
| | Effective Date: | 06/10/2010 |
| 2. | Lynda Freeman | General Member |
| | Department: | Child Support Services |
| | Effective Date: | 05/21/2010 |
| 3. | Pauline Shores | General/Deferred |
| | Department: | Sheriff |
| | Effective Date: | 07/15/2010 |
| 4. | Ted Turner | General Member |
| | Department: | Purchasing |
| | Effective Date: | 06/25/2010 |
| 5. | Teresa M. Woelke | General Member |
| | Department: | County Library |
| | Effective Date: | 07/1/2010 |

