

KAREN VOGEL
RETIREMENT ADMINISTRATOR
940 W. Main Street, Suite 105
El Centro, CA 92243

KATHLEEN L. KUBLER
CLERK OF THE BOARD

Tel. (760) 482-4483
Fax (760) 482-4494
icers@imperialcounty.net
www.icers.info



Imperial County Employees' Retirement System

BRIEF MINUTES
REGULAR MEETING OF THE
IMPERIAL COUNTY BOARD OF RETIREMENT

June 20, 2007

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 Heuberger at 8:32 a.m.

A. Roll Call.

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

ALTERNATE PRESENT: Pompeyo Tabarez, Jr.

MEMBERS ABSENT: None.

MEMBERS ARRIVING AFTER ROLL CALL: Wally Leimgruber.

LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel

CLERK: Kayleen Smith, Disability Specialist

STAFF: David H. Prince, Retirement Division Manager

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.

BOARD MEMBER LEIMGRUBER ARRIVED AT 8:34 A.M.

- E. Approval of the Agenda.

MOTION by Vogel, 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 Flammang, seconded by Villeneuve, and carried on the unanimous vote of members present, the Board voted to approve the Consent Agenda.

3. Public comments on items that are **NOT** on the Action or Discussion Calendars.

- A. Board Member Villeneuve presented Chairman Heuberger with a plaque of appreciation.

- B. Tom Lightvoet of Mercer Investing Consulting made an appeal presentation to the Board and asked that the Board reconsider their decision to hire a new Investment Consultant.

ACTION CALENDAR

4. Approval of the Minutes:

Minutes of May 16, 2007 regular adjourned meeting.

MOTION by Huskey, seconded by Padilla, and carried on the unanimous vote of members present, the Board voted to approve the Minutes.

5. Presentation by Investment Managers:

- A. T. Rowe Price:

1. Investment Report for Quarter Ending March 31, 2007.
2. U.S. Small-Cap Value I Strategy.
3. Total Return Performance as of May 31, 2007.

Presentation by John Plowright and Debbie Veverka of T. Rowe Price.

- B. TimesSquare Capital Management:

Investment Report for Quarter Ending March 31, 2007.

Presentation by Barton Buxbaum of TimesSquare.

BREAK AT 9:40 A.M. – RECONVENED AT 9:50 A.M.

6. Presentation by Investment Consultant, Tom Lightvoet, Mercer Investment Consulting:

Review of Investment Management Firms Quarterly Reports:

Mr. Lightvoet commented on performance and asset allocation. Mr. Lightvoet recommended that Calamos Investments be terminated.

7. Adoption of Safety Members employer & employee contribution rates for 2007-2008. Proposed rates are Employer Rate @ 15.36% and Safety Members Rates as listed in attachment.

MOTION by Villeneuve, seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to adopt the Safety Member's employer rate @ 15.36% and employee rates according to Exhibit IV for fiscal year 2007-2008.

8. That the Retirement Board move \$2,419,588.00 from undistributed earnings to Employee Advance Reserve - Safety Supplemental, as per previous action.

MOTION by Williams, seconded by Padilla, to move \$7.4 million to pickup both the County's and employees' portion of the Safety Employees' Unfunded Actuarial Accrued Liability. Based on legal counsel's advice that this item was not on the agenda, Mr. Williams withdrew his motion.

MOTION by Leimgruber, seconded by Huskey, abstained by Williams, and carried on the majority vote of members present, the Board voted to move \$2,419,588, 1/3 of the cost, from undistributed earnings to Employee Advance Reserve – Safety Supplemental.

9. Discussion/Action:

- A. Retirement Administrator/Staff:

1. Proposed Retirement Board Budget for 2007-2008 Fiscal Year

- a. Presentation by John Kessinger, Information Technical Services, regarding current benefits system program.

Mr. Kessinger discussed several possible new software application packages. He compared the pricing methods of each package as well as the installation costs, time frames and availability. Mr. Kessinger recommended that the Board wait six months to make a decision due to the current factors he discussed.

- b. Possible lease/purchase of office space for ICERS.

David Prince discussed possible sites for the relocation of ICERS. The Board directed counsel to research if the construction of a building would be a prevailing wage project. The Board directed staff to continue to research possible options.

- c. Negotiation of fees for services from County Counsel.

Ms. Vogel announced that County Counsel has agreed to bill ICERS \$3,500 a month for legal services. If the Board needs to

hire an outside firm for any kind of legal help County Counsel will work on negotiating a fair fee.

MOTION by Flammang, seconded by Vogel, and carried on the following roll call vote of 7 – 1 – 1 (Yes – Vogel, Villeneuve, Leimgruber, Flammang, Williams, Padilla, Rhodes; No – Heuberger; Abstained – Huskey), the Board voted to approve the 2007-2008 Proposed Budget.

2. Direction to new Actuary for study to determine cost to adopt Government Code Article 16.6.

MOTION by Villeneuve, seconded by Flammang, and carried on the unanimous vote of members present, the Board voted to instruct Segal, the new actuary, to perform a study on the adoption of Government Code Article 16.6.

3. Cancellation of August 2007 Board meeting.

MOTION by Villeneuve, seconded by Leimgruber, and carried on the following roll call vote of 6 – 2 – 1 (Yes – Vogel, Huskey, Villeneuve, Leimgruber, Padilla, Rhodes; No – Flammang, Williams; Abstained – Heuberger), the Board voted to cancel the August 15, 2007 Board meeting.

4. Election of Board Officers for July – Dec. 2007.

MOTION by Williams, seconded by Flammang, and carried on the unanimous vote of members present, the Board voted to elect Julie Villeneuve as Chairperson and Terry Huskey as Vice Chairperson.

10. Renewal of Fiduciary Liability Insurance Policy for Retirement Board & Staff.

MOTION by Vogel, seconded by Leimgruber, and carried on the unanimous vote of members present, the Board voted to renew the policy with each Board Member to opt whether to purchase a policy for waiver of recourse.

11. Actuary candidate's interviews and award of contract to candidate:

This item was heard following Item 14.

- A. The Segal Company – Michael Moehle.

Presentation by Mike Moehle and Andy Yeung of the Segal Company.

BREAK AT 2:08 P.M. – RECONVENED AT 2:13 P.M.

- B. Milliman Incorporated – John Botsford

Presentation by Rebekah Bayram, John Botsford and Karen Steffen of Milliman Consultants.

BREAK AT 3:18 P.M. – RECONVENED AT 3:28 P.M.

C. Buck Consultants- Harold A. Loeb

Presentation by Harold Loeb, Paul Obedencio and Kai Petersen of Buck Consultants.

BREAK AT 4:13 P.M. – RECONVENED AT 4:20 P.M.

The Board discussed each applicant in detail and voiced their individual opinions. Board Members ranked the candidates in the following order:

Williams -	Milliman / Segal / Buck
Padilla -	Segal / Milliman / Buck
Huskey -	Milliman / Segal / Buck
Flammang -	Milliman / Segal / Buck
Leimgruber -	Milliman / Segal / Buck
Vogel -	Segal / Milliman / Buck
Rhodes -	Segal / Milliman / Buck
Villeneuve -	Segal / Milliman / Buck
Heuberger -	Segal / Milliman / Buck

Candidates ranked as follows: 1st – Segal, 2nd – Milliman, and 3rd – Buck.

MOTION by Villeneuve, seconded by Padilla, and carried on the unanimous vote of members present, the Board voted to hire The Segal Company as the new Actuary.

DISCUSSION CALENDAR

12. Reports and Announcements:

A. Retirement Administrator/Staff:

1. Market Value Graph from 07/01/06 to 05/31/07.
Reviewed by the Board.
2. Book vs. Market Summary as of 05/31/07.
Reviewed by the Board.
3. Explanation of funds in Commingled account.
Reviewed by the Board.

B. County Counsel:

Contra Costa legal opinion on the .18% administrative spending cap.

Linda Tucker gave an update on their legal opinion and was given direction to contact Contra Costa for any additional opinions they may have.

CLOSED SESSION

13. Convene into Closed Session.

MOTION by Leimgruber, seconded by Villeneuve, and carried on the unanimous vote of members present, the Board voted to convene into Closed Session.

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

Walter Cress	Charles Land	Robert Stanley Witt
Judith York-Rippetoe	Sherry Marquand	Rick Breland

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 Jarden Corp. Securities Litigation, United States District Court for the Southern District of New York, Case No. 7:06-CV-722 (CLB).

14. Announcement of Closed Session Actions.

MOTION by Williams, seconded by Flammang, and carried on the unanimous vote of members present, the Board voted to reconvene into Open Session.

Kayleen Smith, Disability Specialist, announced the following action:

The Board discussed but took no action on the disability retirement applications of Walter Cress, Judith York-Rippetoe, Robert Stanley Witt, Rick Breland, Sherry Marquand and Charles Land.

The Board held no discussion on the WorldCom litigation matter.

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

LUNCH BREAK AT 12:00 P.M. – RECONVENED AT 1:00 P.M.

CONSENT AGENDA

15. Consent Agenda:

A. BUDGET:

Approval of the following Budget claims for the 2006/2007 Regular Retirement Budget and 2006/2007 Disability Budget and include Board Members in attendance at the 6-20-07 meeting Gov't Code 31580.2 & 31521:

REGULAR BUDGET 2006/2007:

PERMANENT SALARIES

Regular Salaries	\$16,282.71
EXTRA HELP	2,386.50
BILINGUAL PAY	30.00
SOCIAL SECURITY	123.43
SPECIAL TRAINING	
Investment Committee Mtg. – Investment Consultant Search:	
Rhodes	300.00
Williams	300.00
SACRS – David Prince	650.54
SACRS – Linda Tucker	158.00
Retirement Planning Workshop – S. Martinez	32.08
Retirement Planning Workshop – D. Prince	116.08
CALAPRS Overview Course – Angie Hardaway	54.00
CALAPRS Overview Course – Kathleen L. Kubler	54.00
CALAPRS Benefits Roundtable – Barbara McFetridge	50.00
SACRS – Airfare for B.McFetridge, D.Prince, R.Rodrigues	506.40
COUNTY CONTRI RETIREMENT	1,748.33
INS WORKERS COMP	425.00
INS UNEMPLOYMENT	133.33
GROUP INSURANCE	2,165.46
INS-DENTAL/VISION	25.54
RETIREMENT PENSION BOND	1,309.60
RETIREMENT HEALTH PLAN	764.28
INS-VOLUNTARY LIFE	12.40
MAINTENANCE & EQUIPMENT	
Shredder Maintenance Contract 06/25/07 – 06/24/08	240.00
OFFICE EXPENSE	
FedEx – Agenda for Terry Huskey	55.92
Imperial Printers – ICARE Newsletter	141.96
Retirement Administrator Advertising:	
Monster.com	449.00
Falcon Assoc.	110.00
Union Tribune	375.00
P.S. Jobs LLC Classified	119.00
Yuma Daily Sun	225.00
IV Press	1,677.87
Mail Charges for April 2007	368.94
ICARE Luncheon Deposit Reimbursement – Charles Jernigan	400.00

E. Deferred Membership:

- | | | |
|----|------------------------|----------------|
| 1. | Carolina C. Monzon | General Member |
| | Department: | Planning |
| | Effective: | 03/02/2007 |
| 2. | Alejandro P. Hernandez | Safety Member |
| | Department: | Sheriff |
| | Effective: | 04/27/2007 |

F. Intersystem Membership:

- | | | |
|----|-----------------|-----------------|
| 1. | Teresa Santiago | General Member |
| | Department: | Behavior Health |
| | Effective: | 04/25/2007 |
| 2. | Stephen Frazier | Safety Member |
| | Department: | Sheriff |
| | Effective: | 04/07/2007 |

17. Investment Manager Reports:

A. Bradford & Marzec:

1. Fixed Income Statement ending March 31, 2007.
2. Bond Market Monthly ending May 2007.

B. Franklin Templeton Institutional Funds, Inc:

1. Performance Summary Report as of April 30, 2007.
2. Performance Summary Report as of May 31, 2007.

C. Calamos Investments:

1. Monthly Portfolio Summary Report for April 2007.
2. Investment report for quarter ending March 31, 2007.

18. Adoption of Policy Regarding Date of Retirement and Cancellation.

19. Retirement Board Election for Seat #2 resulted in the election of Pat Yarnall for a 3-year term effective 7-1-07.

20. Upcoming Seminars/Conferences:

June 27, 2007

17th Annual No. Calif. Retirement Training Seminar,
Sacramento, CA, (approximately \$494.00 per person).

Upcoming Seminars/Conferences (continued)

September 13, 2007	CALAPRS Disability Staff Training, San Jose Wyndham, San Jose, CA, (approximately \$400.00 per person)
September 14, 2007	CALAPRS Benefits Round Table, CALAPRS Attorney's Round Table, CALAPRS IT Round Table, San Jose Wyndham, San Jose, CA (approximately \$400.00 per person).
September 16-18, 2007	Guns & Hoses, Hyatt Huntington Beach, Huntington Beach, CA (approximately \$3,500.00 per person).
September 26-28, 2007	CALAPRS Administrator's Institute, Tenaya Lodge, Yosemite (approximately \$400.00 per person).
October 2-3, 2007	The Pension Bridge, Los Angeles, CA (approximately \$657.00 per person).
October 3-5, 2007	CALAPRS Intermediate Staff Training, Ontario Airport Marriot (approximately \$400.00 per person).
October 12, 2007	CALAPRS Trustees' Round Table CALAPRS Accountants' Round Table CALAPRS Administrative Assistants' Round Table, San Jose Wyndham, San Jose, CA (approximately \$400.00 per person).
Nov 7-9, 2007	CALAPRS Advanced Staff Training, San Jose Wyndham, San Jose, CA (approximately \$400.00 per person).

OTHER ITEMS

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

Adjournment: Meeting was adjourned at 4:32 p.m. to July 18, 2007 at 8:30 a.m.

JURG HEUBERGER, CHAIRMAN

JAMES RHODES, SECRETARY