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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 18, 2005

9:00 A.M.

County Administration Center  
Board Chambers

940 West Main Street, Second Floor  
El Centro, CA 92243

1. The meeting was called to order by Chairman Williams at 9:02 a.m.

a. Roll Call:

**MEMBERS PRESENT:** Karen Vogel, Jurg Heuberger, Pat Yarnall, Larry Grogan, Becky Flammang, Armando Padilla, John Kennerson, Jim Strain, and Robert Williams

**MEMBERS ARRIVING AFTER ROLL CALL:** None

**MEMBERS ABSENT:** None

**LEGAL REPRESENTATIVE PRESENT:** Linda Tucker, Deputy County Counsel

**CLERK:** Kathleen L. Kubler, Office Technician

**STAFF:** Susie Martinez, Retirement System Supervisor; David H. Prince, Retirement Division Manager; Kayleen Smith, Disability Specialist

**OTHERS:** Robertta Burns, County Executive Officer; Jose Guillen, Court Executive Officer; Loren Ness, Office Technician.

b. Public comments on items that are **NOT** on the agenda: None

2. Discussion of the Agenda:

a. Items pulled from Action Calendar: None

b. Items pulled from Discussion Calendar: None

c. Emergency Items added: None

d. Approval of the Agenda:

Motion by Flammang, Seconded by Strain and carried on the unanimous vote of members present, the Board approved the agenda as presented.

3. Approval of the Minutes:

Special adjourned meeting of April 7, 2005:

Motion by Flammang, Seconded by Grogan and carried on the unanimous vote of members present, the Board approved the minutes of the Special adjourned meeting of April 7, 2005.

Regular adjourned meeting of April 20, 2005:

Motion by Strain, Seconded by Heuberger and carried on the unanimous vote of members present, the Board approved the minutes of the Regular adjourned meeting of April 20, 2005.

**ACTION CALENDAR**

4. Discussion/Action by Retirement Administrator:

a. Update of Govt. Code Section 31676.14 funding for General Members.

David Prince, Retirement Division Manager, stated that Ira Summer, Actuary, will make a presentation at the Regular meeting of June 15, 2005 regarding the updated study of implementing Govt. Code Section 31676.14 for General Members. He added that Deferred and Inter-system employees are not included in the study.

Loren Ness, Office Technician for Social Services, requested that the Actuary study provide a 50% buffer on the enhanced benefit for General Members as was provided for Safety Members to help with contribution relief.

At Member Heuberger's suggestion, David Prince stated that he would ask Mr. Summer if his assumptions would change if a buffer for the General Members were included.

b. Adoption of contribution rates for employees effective July 8, 2005 (Actuary Report distributed at the April 7, 2005 Special Meeting).

1. Discussion of Actuary's response to Board Members' questions regarding reports and letters.

Motion by Heuberger, Seconded by Flammang and carried on the unanimous vote of members present, the Board voted to accept the Actuary Valuation Report of April 14, 2005 with the clarification letter from the Actuary dated May 9, 2005.

Motion by Heuberger, Seconded by Strain and carried on the unanimous vote of members present, the Board voted to recommend to the Board of Supervisors the rates effective July 8, 2005 for General Members contained on Pages 39 and 40 of the Actuary Valuation Report.

Motion by Heuberger, Seconded by Yarnall and carried on the unanimous vote of members present, the Board voted to continue discussing the contribution rates for Safety Members until the Regular meeting of June 15, 2005. Retirement staff will notify members that the rates for Safety Members are to be left at their current rates until the Regular meeting of July 20, 2005 when the Board will have additional information provided by the Actuary.

2. Undistributed Earnings Policy.

The Board agreed to table this matter until the next Regular meeting of June 15, 2005.

3. Statement of Net Assets Held In Trust for Pension Benefits.

After discussion, the Board agreed to continue this matter until the next Regular meeting of June 15, 2005.

c. Contribution Relief for all Members (COLA Relief) (Actuary letter distributed at April 20, 2005 Mtg.).

Motion by Flammang, Seconded by Yarnall and carried on the unanimous vote of members present, the Board voted to grant full Contribution Relief to all General members for one year.

d. 3 @ 50 Enhanced Benefit for Safety Members (Actuary letter distributed at April 20, 2005 Mtg.).

Robertta Burns, County Executive Officer, requested that the Board table recommending the Safety Members contribution rates until the July 20, 2005 meeting.

The Board agreed to table this matter until the next Regular meeting of June 15, 2005.

e. Board Member Appointment for July 1, 2005 pursuant to Govt. Code Section 31520, a position currently held by Becky Flammang.

Motion by Yarnall, Seconded by Vogel and carried on the unanimous vote of members present, the Board requested the Board of Supervisors to appoint a Fifth member to the Board of Retirement for a three year term commencing July 1, 2005 and ending June 30, 2008.

**BREAK AT 10:18 A.M. – RECONVENED AT 10:28 A.M.**

5. Discussion/Action by County Counsel:

- a. Relationship between the Court System, the County and ICERS since the Courts are now a State agency.

Linda Tucker, Deputy County Counsel, gave an overview of her attached memo. "The court system, as a separate employer, is required to fund its own ICERS expenses and costs. As a separate employer, it is not subject to Imperial County or ICERS in the selection of retirement benefits. However, the Court System may not adopt a benefit formula unless the Imperial County Board of Supervisors has adopted it".

Jose Guillen, Court Executive Officer, stated that since 1998 the State has been paying the entire share of retirement benefits for the Courts. The Courts could potentially provide an enhanced benefit if the Board of Supervisors approves it first.

Board Member Vogel expressed her concern for the potential costs that a new tier may incur.

- b. Separation of Retirement Administrator from Treasurer/Tax Collector and expenses and budget of ICERS.

Ms. Tucker discussed the options available for paying expenses highlighted in her memo as well as separating the Retirement Administrator position from the Treasurer/Tax Collector.

While discussing ICERS budget and expenses, Board Member Heuberger requested that David Prince issue a Request for Proposals (RFP) on software for Retirement benefits, such as the previously discussed software, Pension Gold.

This item was tabled until the next Regular meeting of June 15, 2005.

6. Proposed fiscal year 2005-2006 Retirement Board Budget.

Discussed with Item 4b and tabled until the next Regular meeting of June 15, 2005.

7. Discussion/Action of Upcoming Seminars/Conferences:

- a. CALAPRS, "Trustees' Round Table", Burbank Hilton, June 3, 2005 (approximate cost p/person \$160.00).
- b. CALAPRS, "Attorneys' Round Table", Burbank Hilton, June 3, 2005 (approximate cost p/person \$160.00).
- c. CALAPRS, "Communications Round Table", Burbank Hilton, June 9, 2005 (approximate cost p/person \$160.00).
- d. CALAPRS, "Benefits Round Table", Burbank Hilton, June 10, 2005 (approximate cost p/person \$160.00).

- e. "ALPHA – BETS 2005", Monterey Plaza Hotel & Spa, June 12 through 14, 2005, (approximate cost p/person \$1,768.00)
- f. CALAPRS, "Administrators' Round Table", Burbank Hilton, June 17, 2005 (approximate cost p/person \$160.00)

Motion by Flammang, Seconded by Yarnall and carried on the unanimous vote of members present, the Board authorized Board Members and/or staff to attend the upcoming Seminars/Conferences.

### DISCUSSION CALENDAR

*Items 8 thru 14 are for discussion only*

8. Reports and Announcements:

a. SACRS Spring Conference Report:

1. Retirement Administrator

As a first time attendee to the SACRS Conference, Interim Retirement Administrator Karen Vogel said that she found the event informative and was impressed with the speakers.

2. Board Members

Board Member Williams informed the Board that he voted "yes" on the LACERA resolution opposing legislation to close Defined Benefit (DB) plans to future public employees. He also reported that the same officers that were presently serving as officers of SACRS were voted into office for another term. Complimentary comments were shared by other Board members who attended the conference.

3. Staff

David Prince, Retirement Division Manager advised the Board of a hybrid Defined Benefit (DB) and Defined Contribution (DC) plan, proposed by Senator Roy Ashburn, which offers a benefit level similar to Social Security.

Mr. Prince also noted that of all '37 Act counties, only Imperial and Tulare Counties are 100% funded.

Linda Tucker, Deputy County Counsel stated that she was also impressed with Senator Roy Ashburn's speech which presented a viable plan for the future.

Retirement Administrator Vogel also offered a copy of a synopsis of pending '37 Act proposed legislation to whoever was interested.

b. Other Reports and Announcements.

Board Member Vogel stated that the revised Bylaws should be presented to the County Board of Supervisors within the next few weeks. Information Systems is still working on the Website and the results from the recent General Member election should be available by May 25, 2005.

c. Division Manager Report:

1. Update: Fiduciary Liability Insurance Policy for Retirement Board Members.

David Prince, Retirement Division Manager, received word from Smith Kandal Insurance and is continuing to search for an affordable \$20 million dollar insurance policy.

2. Update: Converting Death Benefit to Life Insurance Policy (Govt. Code Section 31789.5).

Documentation regarding this matter has been received, but too late to be included on this Agenda. It will be continued to next month. An important note to consider is that the law requires it to be cost neutral as to the system, county or district of other methods of providing the benefit.

9. Market Value Graph from 07/01/04 to 04/30/05.

Reviewed by the Board.

10. Book vs. Market Summary as of 04/30/05.

Reviewed by the Board.

11. Bradford & Marzec:

a. Bond Market Monthly Report ending April 2005.

Reviewed by the Board.

b. Addition to staff – Doug Cummings, Vice President of Marketing.

Reviewed by the Board.

12. Calamos Investments, Inc.:

a. First Quarter 2005 Market Outlook Review (available in Treasurer's office).

Reviewed by the Board.

- b. Calamos Convertible Portfolios First Quarter 2005 (available in Treasurer's office).

Reviewed by the Board.

- c. Calamos Monthly Portfolio Summary Report for April 2005 (available in Treasurer's office).

Reviewed by the Board.

- 13. T. Rowe Price Investment Report for the Month Ended April 30, 2005 (available in Treasurer's office).

Reviewed by the Board.

- 14. Delta Asset Management Investment Strategy for May 2005.

Reviewed by the Board.

### CLOSED SESSION

- 15. Closed Session:

Motion by Flammang, Seconded by Strain 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 (1 attachment):

Julieta Carrasco	Walter Cress (1 attachment)	Frank Dyson
Aurora Garcia	Elaine Jones	

- 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).

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

- 16. Announcement of Closed Session Actions:

Kayleen Smith, Disability Specialist, announced the following:

- a. The Board discussed and gave direction to staff on the disability retirement application of Walter Cress.
- b. The Board discussed but took no action on the disability retirement applications of Elaine Jones, Aurora Garcia, Julieta Carrasco and Frank Dyson.

- c. The Board did not discuss the WorldCom litigation matter.

**ADMINISTRATIVE AGENDA**

17. Approval of the Administrative Agenda:

Motion by Flammang, Seconded by Heuberger and carried on the unanimous vote of members present, the Board approved that the following items comprising the Administrative Agenda be approved.

- a. Enrollment Affidavits of New Members (23)
- b. Termination of Membership – Return of Accumulated Contributions (6)
- c. Service Retirement/Group Health Insurance:
- |    |   |   |
|----|---|---|
| 1. | James C. B. Alex<br>Department:<br>Effective:         | Safety Member<br>Sheriff<br>03/31/05                |
| 2. | William W. Cline<br>Department:<br>Effective:         | General Member<br>Public Works<br>03/31/05          |
| 3. | Eva Deen<br>Department:<br>Effective Date:            | General Member<br>Social Services<br>03/31/05       |
| 4. | Harry S. Dillon<br>Department:<br>Effective Date:     | General Member<br>Air Pollution Control<br>03/31/05 |
| 5. | Alfonso Din<br>Department:<br>Effective Date:         | General Member<br>Public Works<br>03/31/05          |
| 6. | Neiser Dizon<br>Department:<br>Effective Date:        | Safety Member<br>Probation<br>03/31/05              |
| 7. | Mary Hurtado<br>Department:<br>Effective Date:        | General Member<br>Superior Court<br>03/31/05        |
| 8. | Charles L. Jernigan<br>Department:<br>Effective Date: | Safety Member<br>Sheriff<br>03/31/05                |

- 9. Neil Jorgenson  
Department:  
Effective Date: General Member  
Public Works  
03/31/05
- 10. Kenneth Jones  
Department:  
Effective Date: General Member  
Public Works  
03/31/05
- 11. Frances Luker  
Department:  
Effective Date: General Member  
Probation  
03/31/05
- 12. Donna D. Yarnell  
Department:  
Effective Date: General Member  
Tax Collector/Treasurer  
03/31/05
- 13. George Zaragoza  
Department:  
Effective Date: Safety Member  
Probation  
03/27/05
- d. Service Retirement:
  - Robert Carter  
Department:  
Effective Date: Safety Member  
Fire/Deferred  
04/14/05
- e. Inter-system Membership:
  - Irma Martinez  
Department:  
Effective Date: General Member  
Probation  
02/26/05
- f. Deferred Retirement Membership:
  - 1. Cynthia D. Griffith  
Department:  
Effective Date: General Member  
Superior Court  
02/26/05
  - 2. Shelly Martinez  
Department:  
Effective Date: General Member  
Planning  
04/01/05
  - 3. Leonard Necochea  
Department:  
Effective Date: General Member  
Public Works  
01/04/05
  - 4. Irene Torres  
Department:  
Effective Date: General Member  
Clerk Recorder  
03/18/05

g. Buy-Back Make-Up – Installments:

Elizabeth Acuna	Safety Member
Department:	Probation
Effective:	04/28/05

h. Buy-Back Make-up – Lump Sum:

Jose W. Trejo	General Member
Department:	Public Works

i. Buy-Back Public Service – Lump Sum:

Pat Seay	General Member
Department:	Probation

j. Buy-Back Redeposit – Lump Sum:

James Alex	General Member
Department:	Sheriff

**BUDGET**

18. Approval of the Budget:

Motion by the Flammang, Seconded by Vogel and carried on the unanimous vote of member present, the Board voted that the following claims for 2004/2005 Regular Retirement Budget be approved.

a. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$7,579.20
EXTRA-HELP	1,245.28
BILINGUAL PAY	30.00
SOCIAL SECURITY	33.73
SPECIAL TRAINING	
AMPCO	80.00
CALAPRS – Tucker	524.97
CALAPRS – Yarnell	533.42
CALAPRS – McFetridge	524.97
SACRS Registration Fee	1,100.00
SACRS Lodging – Smith	462.45
SACRS Lodging – Prince	462.45
SACRS Lodging – Tucker	462.45
Law of Municipal Disclosures Seminar – Tucker	143.15
COUNTY CONTR RETIREMENT	611.74
INS-WORKERS COMP	3,994.00
INS-UNEMPLOYMENT	520.50
GROUP INSURANCE	1,120.34
RETIREMENT PENSION BOND	662.04

REGULAR BUDGET (continued)	
RETIREMENT HEALTH PLAN	261.28
OFFICE EXPENSE	
Name plate – Vogel	10.78
Supplies	255.88
Mail charges – March	328.10
Internet Billing	957.00
PROFESSIONAL SERVICES	
Public Pension Professionals Services (Mid-Feb thru Mid-April)	9,600.00
EXTRA-HELP	
Ret Brd Mtg – 05/18/05	<u>400.00</u>
TOTAL:	<b>\$31,903.73</b>

**Adjournment:** Meeting was adjourned at 11:24 a. m. to June 1, 2005 at 9:00 a.m.

JOHN KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN