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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

April 20, 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 9:03 a.m.

a. Roll Call.

MEMBERS PRESENT: Karen Vogel, Jurg Heuberger, Becky Flammang, Armando Padilla, John Kennerson, Jim Strain, and Robert Williams

MEMBERS ARRIVING AFTER ROLL CALL: Larry Grogan

MEMBERS ABSENT: Pat Yarnall

LEGAL REPRESENTATIVE PRESENT: Linda Tucker, Deputy County Counsel

CLERK: Kathleen L. Kubler, Office Technician

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

OTHERS: Robertta Burns, Chief Executive Officer; Jose Guillen, Court Executive Officer; Loren Ness, Social Services; Jake Holguin, President, Sheriff's Association; Rusty Garcia, Probation

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

2. Discussion of the Agenda:

a. Items pulled from Action Calendar:

Board Member Heuberger stated that he may request to pull items from the agenda unless necessary information has been provided by the time the agenda is distributed with back-up.

BOARD MEMBER GROGAN ARRIVED AT 9:10 A.M.

b. Items pulled from Discussion Calendar:

Linda Tucker, Deputy County Counsel, stated that Items 5(d) and 5(e) were not ready to be presented and requested that they be pulled from the agenda until the next regular meeting in May when she assured the Board that they would be prepared.

MOTION by Kennerson, Seconded by Heuberger and carried on the unanimous vote of members present, Items 5(d) and 5(e) were removed from the Action Calendar until the next regular meeting on May 18, 2005.

Staff requested that under the Action Calendar, Item 4(a)(3) be heard before Item 4(a)(2).

MOTION by Strain, Seconded by Heuberger and carried on the unanimous vote of members present, Item 4(a)(3) was approved to be heard before Item 4(a)(2).

Chairman Williams requested that under the Discussion Calendar, Item 6(c)(4) be moved to the Action Calendar after Item 3.

MOTION by Heuberger, Seconded by Flammang and carried on the unanimous vote of members present, Item 6(c)(4) under the Discussion Calendar was moved to the Action Calendar after Item 3.

c. Emergency Items added: None

d. Approval of the Agenda:

MOTION by Flammang, Seconded by Vogel and carried on the unanimous vote of members present, the Agenda with changes was approved.

3. Approval of the Minutes:

MOTION by Strain, Seconded by Grogan and carried on the unanimous vote of Members present, the Board approved the Minutes of the regular meeting of March 16, 2005.

ACTION CALENDAR

4. Discussion/Action by Retirement Administrator:

a. Actuarial Study and Investigation ending June 30, 2004:

1. Accept the Actuarial Study and Investigation Report ending June 30, 2004 as presented by Ira Summer, Actuary of Public Pension Professionals.

Board Members discussed the report but expressed concern for its late delivery. The Board concurred that in order to adopt the complete report, more time was needed for review. They agreed to adopt the employer contribution rates only at the request of Robertta Burns, County Executive Officer.

MOTION by Heuberger, Seconded by Flammang and carried by a roll call vote of 7 to 2 (Yes – Vogel, Heuberger, Grogan, Flammang, Kennerson, Strain, Williams; No- Padilla, Tabarez), the Board voted to accept only Pages 8 and 9 of the Actuary report dated April 14, 2005, which set the employer contribution rates of 7.63 for general members and 10.42 for safety members.

BREAK AT 10:20 A.M. – RECONVENED AT 10:35 A.M.

ITEM 3 WAS DISCUSSED BEFORE ITEM 2

2. Contribution relief for employees:

a. Cost of Living Adjustment – all members.

The Actuary provided a letter to the Board describing the possible uses for Undistributed Earnings for member contribution relief.

b. 3 @ 50 Enhanced Benefit for Safety Members only.

This item was tabled to the next agenda.

3. Adoption of rates for employer & members: (report distributed at Special Meeting of April 7, 2005)

a. Undistributed Earnings Policy.

Barbara McFetridge, Retirement Division Manager explained to the Board that the Policy distributed was to be used to provide the guidelines for allocating Undistributed Earnings. This item was continued until the next regular meeting of May 18, 2005.

b. Account balance of undistributed earnings account.

This report was provided to the Board to show the balances of the reserves in the Undistributed Earnings as of December 31, 2004.

4. State Association of County Retirement Systems list of candidates for the 2005 officers. Election to be held May 13, 2005.

Chairman Williams will be representing ICERS at the upcoming SACRS Spring Conference. He was directed by the Board to be informed but uninstructed.

5. Discussion/Action by County Counsel:

- a. Repeal of Disability Retirement Provisions, Chapter 7, from the Bylaws.

MOTION by Flammang, Seconded by Strain and carried on the unanimous vote of members present, the Board agreed to repeal the Disability Retirement Provisions, Chapter 7, from the Bylaws.

- b. Adoption of proposed Bylaw revisions (copy distributed at March 16, 2005 Regular Meeting) as amended.

MOTION by Heuberger, Seconded by Tabarez and carried on the unanimous vote of members present, the Board adopted the revision of the Bylaws with the following change to Page 16:

For regular meetings, the posting of agendas with back up material appropriate for that meeting is to be made available one week prior to the meeting.

MOTION by Heuberger, Seconded by Tabarez and carried on the unanimous vote of members present, the Board adopted the revision of the Bylaws with the following change to Page 14:

For special meetings, not including emergency meetings, the posting of agendas with back up material appropriate for that meeting is to be made available one week prior to the meeting.

MOTION by Flammang, Seconded by Vogel and carried by a unanimous vote of members present, the Board voted to repeal and then adopt the revised Chapters 1 through 6 and the former Chapter 8 of the Bylaws and Regulations as amended.

- c. Adoption of the Disability Retirement Policies and Procedures.

MOTION by Heuberger, Seconded by Strain and carried on the unanimous vote of members present, the Board adopted the Disability Retirement Policies and Procedures.

BOARD MEMBER GROGAN LEFT AT 11:30 A.M.

BOARD MEMBER HEUBERGER LEFT AT 11:40 P.M.

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

This item was carried over for the next regular meeting of May 18, 2005.

- e. Budgeting and Expenses generally, and separation of Retirement Administrator from the Treasurer/Tax Collector.

This item was carried over for the next regular meeting of May 18, 2005.

DISCUSSION CALENDAR

Items 6 thru 12 are for discussion only

6. Reports/Announcements:

a. Retirement Administrator:

Karen Vogel, Interim Retirement Administrator, expressed her concern with the performance of Public Pension Professionals as reports and back up materiel continue to arrive after agendas are delivered to the Board with not enough time for review before meetings. Board Member Strain stated that the contract should be reviewed for a penalty clause.

Barbara McFetridge, Retirement Division Manager, responded that the contract is for six years and has no penalty clause that she is aware of. She suggested that an official letter of their concerns signed by the Interim Retirement Administrator be forwarded to Mr. Ira Summer, President.

Under direction of the Board a letter will be drafted by Karen Vogel, Interim Retirement Administrator, expressing the Board's disappointment and concerns.

b. Board Members:

Thank you card received from former Board Member/Retirement Administrator Donna D. Yarnell and read by Chairman Williams.

This item was announced to the Board after Item 3.

c. Staff:

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

David Prince, Retirement Division Manager, will solicit bids for a Blanket Liability Policy.

Board Member Strain suggested a policy with high coverage if premiums are lower or the same as the current policy.

2. Update on Defined Benefit vs. Defined Contribution Plan.

David Prince, Retirement Division Manager, advised the Board that the Governor has withdrawn his support of the Defined Contribution (DC) plan currently pending in the Legislature because of his concern over failure to provide for death and disability benefits for safety members. He also believes the current plan can be fixed.

3. Converting Death Benefit to Life Insurance Policy (Govt. Code Section 31789.5).

David Prince, Retirement Division Manager, stated that he was soliciting insurers as to the cost of providing an insurance policy to pay death benefits, but had not yet received responses.

4. Update on adoption of General Member Benefit formula from Govt. Code Section 31676.11 to 31676.14.

This item was discussed after item 3.

David Prince, Retirement Division Manager, stated that Robertta Burns, County Executive Officer, reported that approximately one half of the general employee groups have approved their Memorandum of Understanding containing the enhanced benefit. He also advised the Board that updating the Actuarial Study to determine the cost to provide the benefit to all general employees is approximately \$5,000. There will be an additional charge of \$2,500 if there is more than one group.

Jose Guillen, Court Executive Officer, representing the Court System requested that the Board consider the Courts when making its decision regarding funding this benefit.

Mr. Guillen stated that an Actuary study may be required to determine the contribution rate and its impact on the baseline budget. He also acknowledged that since the Courts may be requesting the Actuary study, the courts would pay for it.

Barbara McFetridge, Retirement Division Manager, took this time to thank the Board for authorizing the hiring of David Prince to help with investments and administration.

- d. County Counsel:

No discussion.

7. Market Value Graph from 07/01/04 to 03/31/05.

David Prince, Retirement Division Manager, referred to the graph which showed a general decline in the Market Value except for TIPS.

8. Book vs. Market Summary as of 03/31/05.

Reviewed by the Board.

9. Delta Asset Management:
 - a. Investment Strategy – March 2005.
Reviewed by the Board.
 - b. Investment Strategy – April 2005.
Reviewed by the Board.
 - c. Acquisition by Berkley Capital Management LLC.
Reviewed by the Board.
10. Bradford & Marzec – Bond Market Monthly Report ending March 2005.
Reviewed by the Board.
11. Calamos Investments, Inc.: Portfolio Summary Report – February 2005 available in Treasurer's office.
Reviewed by the Board.
12. Previously approved Seminars/Conferences:
 - a. CALAPRS, "Overview Staff Training", Ontario Marriot, May 6, 2005 (approximate cost p/person \$300.00).
 - b. SACRS Spring Conference, May 10 – 13, 2005, Burlingame, CA (approximate cost p/person \$966.00).
Reviewed by the Board.

BREAK AT 12:18 P.M. – RECONVENED AT 12:30 P.M.

BOARD MEMBER FLAMMANG LEFT AT 12:30 P.M.

CLOSED SESSION

13. Closed Session:

MOTION by Kennerson, Seconded by Strain and carried on the unanimous vote of members present, the Board convened 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:

Julieta Carrasco	Walter Cress
Aurora Garcia	Elaine Jones
Ernest Proo	

Service Retirement/Group Health Insurance (continued):

- 3. Janet R. James General Member
 Department: Courts
 Effective Date: 02/11/05

- d. Final Payment – Service Retirement Allowance & Death Benefit per Section 31676.11 of the Govt. Code.

 Owen P. Hatley General Member
 Deceased: 12/24/04

- e. Inter-system Membership:

 Oscar Espinoza General Member
 Department: Public Works
 Effective Date: 02/04/05

- f. Deferred Retirement Membership:

 Robert Sweeney General Member
 Department: Public Works
 Effective Date: 02/18/05

- g. Buy-Back Make-Up:

 1. Christine Mahaney General Member
 Department: Superior Court
 Effective: 03/31/05

 2. Debra Shehan General Member
 Department: Social Services
 Effective: 04/14/05

BUDGET

17. Approval of the Budgets:

MOTION by Kennerson, Seconded by Strain and carried on the unanimous vote of members present, the following claims for 2004/2005 Regular Retirement Budget and Disability Budget were approved.

a. REGULAR BUDGET	
PERMANENT SALARIES	
Regular Salaries	\$7,579.20
EXTRA-HELP	1,460.48
BILINGUAL PAY	30.00
SOCIAL SECURITY	42.07
SPECIAL TRAINING	
CALAPRS – Tucker	329.49
CALAPRS – McFetridge	185.25

REGULAR BUDGET (continued)

SACRS Comm. Mtg. – Williams	237.58
COUNTY CONTR RETIREMENT	611.74
GROUP INSURANCE	1,176.92
RETIREMENT PENSION BOND	662.04
RETIREMENT HEALTH PLAN	261.28
OFFICE EXPENSE	
Plaque - Yarnell	70.04
Mail Charges – February 2005	423.95
Supplies	19.54
Business cards	240.00
Printing – Forms	379.30
Envelopes	103.00
PROFESSIONAL SERVICES	
Pro-Record Storage	98.00
Pension Benefit	254.00
DATA PROCESSING	
January 2005	7,386.14
EXTRA-HELP	
Ret Brd Mtg – 04/20/05	<u>400.00</u>
TOTAL:	\$21,950.02

b. DISABILITY BUDGET

PROFESSIONAL SERVICES	
Medical Evaluation – A. Garcia	750.00
Medical Evaluation – B. Thomas	750.00
Atty Svcs – W. Cress	228.00
Transcript – W. Cress	<u>898.99</u>
TOTAL:	2,626.99

Barbara McFetridge, Retirement Division Manager, stated that the budget for next year will be included in the Board's next agenda packet.

Adjournment: Meeting was adjourned at 1:02 p.m. to May 18, 2005 at 9:00 a.m.

JOHN KENNERSON, SECRETARY

ROBERT W. WILLIAMS, CHAIRMAN