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Imperial County Employees' Retirement System

# **BRIEF MINUTES**

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

February 20, 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 8:31 a.m.

The Pledge of Allegiance was led by Chairman Vogel.

Roll Call:

**MEMBERS PRESENT:** Karen Vogel, Julie Villeneuve, Robert Williams, Terry Huskey, James Rhodes, Pat Yarnall, Armando Padilla, Wally Leimgruber

**ALTERNATE PRESENT:** None

**MEMBERS ABSENT:** None

**MEMBERS ARRIVING AFTER ROLL CALL:** Becky Flammang

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

**CLERK:** Kathleen L. Kubler, Retirement Specialist

**STAFF:** David H. Prince, Retirement Administrator; Regina Rodrigues, Retirement Specialist; Kayleen Smith, Disability Specialist

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 voted to approve 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 voted to approve 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:

**MOTION** by Huskey, Seconded by Padilla and carried on the unanimous vote of members present, the Board voted to approve the Minutes of the regular meeting of January 16, 2008.

5. Presentation by Investment Manager, Bradford & Marzec, Zee Marzec, Principle Senior Portfolio Manager:

- A. Investment Manager Review – February 2008:

Mrs. Marzec reviewed Bradford & Marzec's business structure, investment product summary and representative clients. The period performance, market environment and portfolio strategy were also discussed with the Board and Mr. Thomas R. Shanklin, Senior Investment Consultant of Wurts Associates.

- B. Fixed Income Statement – December 31, 2007:

Reviewed by the Board.

- C. Bond Market Monthly – January 2008:

Reviewed by the Board.

6. Presentation by Investment Consultants: Jeffrey J. MacLean, President, Chief Executive Officer and Thomas R. Shanklin, Senior Consultant, Wurts Associates:

- A. Investment Performance Review – Period Ended December 31, 2007:

Mr. MacLean discussed with the Board the recent overall effect of the economy on the market and on consumers. He reaffirmed the Board's decision to invest in PIMCO Distressed Mortgage, cautioned over-reacting to headlines and urged the Board to stay within the investment policy guidelines.

Mr. Shanklin reported a good performance for the period by investment managers in the Executive Summary noting the fund to be up 12% for the Fiscal Year 2007-2008.

**BOARD MEMBER FLAMMANG ARRIVED AT 9:37 A.M.**

The \$10,000,000 commitment to PIMCO Distressed Mortgage was discussed with the Board noting an estimate return for the fourth quarter of 3.2%.

Mr. Shanklin also discussed Calamos's investment style with the Board and reiterated his prior recommendation to take money from Calamos when needed by the other managers eventually eliminating its services.

**B. Revised Investment Policy Statement:**

Mr. Shanklin discussed the Investment Policy Statement with the Board and noted to include an amendment requiring managers to notify the Board anytime currency hedging fund is incorporated. He also suggested that the Board permit a hedge fund to fund educational workshop, to include a couple of managers, in March or April to enhance a better understanding of the program.

Direction was given to staff to calendar a workshop as schedules permits.

**MOTION** by Leimgruber, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board adopted the Revised Investment Policy Statement with the provision that investment managers are to notify the Retirement System when intentions to implement a currency hedging program are considered.

**BREAK AT 10:34 A.M. RECONVENED AT 10:44 A.M.****7. Presentation by Actuary: Andy Yeung, Vice President & Actuary and Shelly Voong, Senior Actuarial Analyst, Segal:****A. Actuarial Study on Article 16.6, Retro Cost of Living Adjustment (COLA):**

Ms. Voong guided the Board through the Retro COLA Cost Study Methods, Assumptions and Results which provided how increases to retirees/beneficiaries should be applied to the benefit paid as of June 30, 2007 to determine the additional COLA effective July 1, 2007.

**MOTION** by Villeneuve, Seconded by Huskey and carried on the unanimous vote of members present, the Board adopted the Actuarial Study on Article 16.6, Supplemental Cost of Living Adjustment, and directed staff to request approval by the Board of Supervisors noting the provision that funding for the benefit will be provided by the Retirement System.

**B. Annual Valuation Report for year ending June 30, 2007:**

Mr. Yeung discussed the Unfunded Liability with the Board and explained its impact to employee contributions rates.

**MOTION** by Yarnall, Seconded by Villeneuve and carried on a roll call vote of 8 to 1 (Yes – Yarnall, Rhodes, Leimgruber, Flammang Williams, Huskey,

Villeneuve, Vogel; No – Padilla) adopted the Annual Actuarial Valuation Report for year ending June 30, 2007.

**MOTION** by Villeneuve, Seconded by Flammang and carried on a roll call vote of 8 to 1 (Yes – Yarnall, Rhodes, Leimgruber, Flammang, Williams, Huskey, Villeneuve, Vogel; No – Padilla) the Board voted to adopt the Employee contribution rates as presented in Appendix A, pages 51-54 of the Annual Actuarial Report for year ending June 30, 2007.

**LUNCH AT 12:32 P.M. RECONVENED AT 1:00 P.M.**

8. Presentation by American Realty Advisors: Daniel S. Robinson, Managing Director:

Report on recommendations for Retirement Office size and location:

Mr. Robinson discussed the options outlined in his Space Needs Assessment and Analysis presentation with the Board. After summarizing the available properties, lease options, cost of property comparison and property values, Mr. Robinson recommended buying an existing building in the current vicinity.

The Board directed staff to continue the search for an available property to relocate staff operations.

9. Upcoming General election effective July 1, 2008, for the Board of Retirement, currently held by Julie Villeneuve effective July 1, 2008:

**MOTION** by Leimgruber, Seconded by Huskey and carried on the unanimous vote of members present the Board voted to request that the Imperial County Board of Supervisors direct the County Clerk/Registrar of Voters hold the appropriate election to fill seat #3 on the County Board of Retirement and as in the past, hold this election by absentee ballot. The cost of the election is to be paid for by the County Board of Retirement.

10. Appointment by Imperial County Board of Supervisors to the Imperial County Board of Retirement for the 4<sup>th</sup> Seat held by Becky Flammang:

**MOTION** by Leimgruber, Seconded by Padilla and carried on the unanimous vote of members present, the Board voted to request that the Imperial County Board of Supervisors appoint a Public Member, Seat #4, to the County Retirement Board.

11. Resolution to adopt the Annual Retiree Cost of Living Adjustment (COLA):

**MOTION** by Williams, Seconded by Padilla and carried on the unanimous vote of members present, the Board voted to approve the 2008 Resolution granting a 2% Cost of Living Adjustment for Retirees in accordance with Government Code Section 31870.

12. Annual Review and Adoption of Undistributed Earnings Policy:

This item was carried over to the regular meeting of March 19, 2008.

**DISCUSSION CALENDAR**

*Items 13 through 16 are for discussion only; Items requiring action will be placed on a future agenda.*

13. Reports/Correspondence/Announcements:

14. Board Members:

Board Member Williams gave a brief summary to the Board about the informative conferences that he had attended offered by Dimensional Fund Advisors, January 29-31, 2008 and RREEF, February 12-13, 2008.

15. Retirement Administrator/Staff:

A. Market Value Graph from 07-01-07 through 01-31-08, as presented by Retirement Administrator, David H. Prince:

David H. Prince, Retirement Administrator discussed the period activity with the Board.

B. Book vs. Market Summary as of 01-31-08, as presented by Retirement Administrator, David H. Prince:

David H. Prince, Retirement Administrator discussed the report with the Board.

C. Linea Solutions, Inc. – Technology Assessment Update:

David H. Prince, Retirement Administrator reported that the contract had been reviewed by Deputy County Counsel, Linda Tucker and had been forwarded to Linea for signed acceptance.

16. County Counsel:

Legislative Update: 2008, as presented by Deputy County Counsel Linda Tucker:

Linda Tucker, Deputy County Counsel, reviewed the 2007 legislative action affecting '37 Act Counties and which becomes law in 2008.

**CLOSED SESSION**

17. Convene into Closed Session:

**MOTION** by Villeneuve, Seconded by Yarnall 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    Sherry Marquand    Donna Shipman

Jorge Lopez                      Richard Peterson                      Guillermina Robles

- 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).

18. Announcement of Closed Session Actions:

Kayleen Smith, Retirement Specialist, announced the following actions:

The Board discussed but took no action on the disability retirement applications of Walter Cress, Donna Shipman, Jorge Lopez, Richard Peterson and Guillermina Robles.

The application by Sherry Marquand was granted administratively by a unanimous vote of the Board.

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

### CONSENT AGENDA

19. BUDGET:

Approval of the following Budget claims for the 2007-2008 Regular Retirement Budget and Disability Retirement Budget and include Board Members in attendance at the 02-20-08 meeting Govt. Code 31580.2 & 31521:

A. REGULAR BUDGET:

PERMANENT SALARIES	
Regular Salaries	\$ 36,007.42
EXTRA HELP	7,020.29
BILINGUAL PAY	30.00
SOCIAL SECURITY	191.52
SPECIAL TRAINING	
David Prince – Expense Reimb. For CALAPRS Adm. Trng.	122.21
Hyatt - SACRS Fall Conference Hotel for David Prince	202.11
ICOE Computer Training for DP,AH,SE,KS,RR	160.00
COUNTY CONTRI RETIREMENT	1,899.86
INS –WORKERS' COMP	879.58
INS – UNEMPLOYMENT	285.17
GROUP INSURANCE	2,964.40
INS DENTAL/VISION	25.54
RETIREMENT PENSION BOND	1,207.85
RETIREMENT HEALTH PLAN	913.07
INS – VOLUNTARY LIFE	12.40
INS – LIABILITY	355.83
MEMBERSHIPS	250.00
OFFICE EXPENSE	
Mail Charges for December 2007	404.61
Federal Express – Schiffrin, Barroway & Am. Realty Adv.	81.91
Office Depot	355.49

## REGULAR BUDGET (continued)

## OFFICE EXPENSE (continued)

Facilities Management – Workstation electrical setup	96.30
Federal Express	16.92
Karen Vogel – Reimbursement Retirement Appreciation Gift	107.72
Internet & Email Changes	144.00
ICARE Newsletter	141.96
Imperial Printers – Benefits Booklets	2,219.33
Furniture Resources – Workstation Keyboard	316.79
PROFESSIONAL SERVICES	
Steefel, Levitt & Weiss – SLW Matter 20867	434.50
PRO Record Storage – Monthly Service Charges	200.89
Hanson, Bridgett – Legal Services for November 2007	3,553.25
Auditor/Controller – Annual Audit Report FYE June 30, 2007	9,750.00
CompuCom System	49.89
Questys Solutions – Installation, Conversion, Training, Trvl.	10,419.49
OVERHEAD	7,000.00
EXTRA HELP	
Retirement Board Meeting 02/20/2008	400.00

## B. DISABILITY BUDGET:

## PROFESSIONAL SERVICES

Sun Valley Behavioral Medical Center – Medical Records	\$ 25.00
Southwest & Associates – Medical Evaluation	750.00
Crowell & Moring LLP – Attorney Services, Steve Rice	16,579.86
TRAVEL Out of County	
Mileage Reimbursement – D Shipman	111.10

**TOTAL: \$105,686.26**

## 20. Administrative Agenda:

## A. Enrollment Affidavits of New Members (24):

## B. Termination of Membership – Return of Accumulated Contributions (10):

## C. Service Retirement:

1.	Pamela Bonillas	General/Safety
	Department:	Probation
	Effective Date:	01/02/2008
2.	Mark Johnston	General Member
	Department:	Public Health
	Effective Date:	12/07/2007

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| 3. | Richard Wilson<br>Department:<br>Effective Date:                                     | General Member<br>Public Works<br>12/21/2007         |
| 4. | Albert J. Hackworth Jr.<br>Department:<br>Effective Date:                            | General Member<br>District Attorney<br>01/14/2008    |
| 5. | Carl Monninger<br>Department:<br>Effective Date:                                     | Safety Member<br>Intersystem/Probation<br>12/29/2007 |
| 6. | Susan Martinez<br>Department:<br>Effective Date:                                     | General Member<br>Treasurer/Retirement<br>01/04/2008 |
| 7. | Robert Cruz<br>Department:<br>Effective Date:  | General Member<br>Public Works<br>01/02/2008         |
| 8. | Guillermina Robles<br>Department:<br>Effective Date:                                 | General Member<br>Juvenile Hall<br>01/08/2008        |
| C. | 60% Continuance NSC Reduced Salary Benefit Allowance per Govt. Code Section 31781.3: |  |
|    | Teresa Barros-LeMasters<br>Deceased:   | General Member<br>11/26/2007                         |
| D. | Buyback – Redeposit:   |  |
|    | Jason Smith<br>Department:   | General Member<br>Public Works                       |
| E. | Buyback – Medical:   |  |
|    | Patricia Martinez<br>Department:   | General Member<br>Superior Court                     |
| F. | Deferred Membership:   |  |
|    | Jose M. Garcia<br>Department:<br>Effective:  | Safety Member<br>Sheriff<br>09/27/2007               |

## G. Intersystem Membership:

Brenda Rita Figueroa	Safety Member
Department:	Sheriff
Effective:	12/23/2007

## H. Final Payment of Service Retirement Allowance &amp; Death Benefit per Govt. Code Section 31676.11:

James Brannon	General Member
Deceased:	11/08/2007

## I. Final Payment of Service Connected Disability Retirement Allowance per Govt. Code Section 31760.1 &amp; Death Benefit:

Arnold W. Collins	General Member
Deceased:	01/07/2008

## 21. Investment Manager Reports:

1. Dimensional: Quarterly Report Period Ending December 31, 2007.
2. T. Rowe Price: Investment Report Quarter Ending December 31, 2007.
3. TimesSquare Capital Management: 2007 4<sup>th</sup> Quarter Portfolio Review.
4. Calamos:
  1. Quarterly Performance Report 10/01/2007 – 12/31/2007.
  2. Commentary – January 2008.

## 22. Upcoming Seminars/Conferences:

March 25, 2008	SACRS Economic Impact Report: Understanding the Results Orange CERS Board Room 8:30 a.m. – 1:00 p.m.
May 13-16, 2008	SACRS Spring Conference Sheraton Grand Hotel, Sacramento, CA
June 16-19, 2008 (Rescheduled)	SACRS Public Pension Investment Management Program 2008 UC Berkeley, HAAS School of Business Berkeley, CA

**OTHER ITEMS**

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

**Adjournment:** Meeting was adjourned at 11:07 a.m. to March 19, 2008 at 8:30 a.m.

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KAREN VOGEL, CHAIRMAN

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ARMANDO PADILLA, SECRETARY