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Imperial County Employees' Retirement System

BRIEF MINUTES
REGULAR MEETING OF THE
IMPERIAL COUNTY BOARD OF RETIREMENT

February 21, 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, Wally Leimgruber, Becky Flammang, Robert Williams, Terry Huskey and James Rhodes.

ALTERNATE PRESENT: None.

MEMBERS ABSENT: None.

MEMBERS ARRIVING AFTER ROLL CALL: Armando Padilla.

LEGAL REPRESENTATIVE: Ralph Cordova, Jr., County Counsel and 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.

- E. Approval of the Agenda.

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

Item 6B4 was taken out of order and discussed at this time.

BOARD MEMBER PADILLA ARRIVED AT 8:40 AM.

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

Discussion of this Item followed Item 5A.

- A. Ms. Vogel announced that reservations for the May 8-11 Spring State Association of County Retirement Systems (SACRS) Conference must be made by February 28, 2007.
- B. Chairman Heuberger thanked Board Member Huskey for the delicious pies provided at the meeting.
- C. Chairman Heuberger requested counsel to provide the Board with a copy of an opinion cited in an article published in the San Diego Union Tribune. The Board discussed the strongly worded opinion by Regina Petty in regards to Retirement Board obligations.
- D. Chairman Heuberger asked the protocol for placing items on the Board's agenda and asked that a policy be implemented. He requested that Board members not be required to submit backup when placing an item on the agenda, as is the normal practice for others.

ACTION CALENDAR

4. Approval of the Minutes:

- A. Minutes of December 20, 2006 regular adjourned meeting.

MOTION by Villeneuve, seconded by Vogel, and abstained by Williams but carried on the remaining votes of members present, the Board voted to approve the Minutes of the Regular Adjourned Meeting of December 20, 2006.

- B. Minutes of January 17, 2007 regular adjourned meeting:

MOTION by Villeneuve, seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to approve the Minutes of the Regular Adjourned Meeting of January 17, 2007.

5. Discussion/Action:

A. County Counsel:

Update and progress concerning the New Supplemental Benefit for Certain Retirees regarding Gov't Section Code 31691.1

Ralph Cordova, Jr., County Counsel, informed the Board that Mr. Michael Toumanoff of Steefel, Levitt & Weiss is preparing a legal opinion on this issue. Mr. Cordova and Ms. Tucker explained Article 16.6 on Retrospective Cost-of-Living Adjustment. Staff will begin drafting a resolution and will pursue legislative remedies. Ms. Vogel outlined the steps to be taken by staff including contacting the County's CEO regarding the possible adoption of 16.6, expenses and actuarial costs. Staff will also discuss with the CEO having the Board of Supervisors also adopt a resolution to support amending the Sonoma Legislation for the supplemental benefit.

MOTION by Villeneuve, seconded by Vogel, and carried on the unanimous vote of members present, the Board voted to draft a Resolution from this Board in support of Imperial County being added to the Sonoma legislation for this supplemental benefit.

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

Item 3 was discussed at this time.

B. Retirement Administrator/Staff:

1. Letter to Public Pension Professional Services to give 30 days notice to terminate contract pursuant to Board meeting dated January 17, 2007.

Ms. Vogel announced she received an email that morning stating Mr. Summer has only \$2 million liability coverage not \$5 million as required by his contract.

2. Discussion/Action with regard to actuarial services.

The Board discussed in detail many options to be considered as well as action to be taken. Staff was directed to send out a Request for Proposal on the search for a new Actuary.

MOTION by Villeneuve, seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to issue a letter giving Public Pension Professional Services a 30 day notice to terminate their contract and state the pending jobs to be completed. Another letter is to be sent requesting a new contract on a month-to-month basis.

3. Discussion/Action to direct staff to and send out the Request for Proposal on the search for an Investment Consultant.

The committee was directed to narrow the search to three consultants and bring it back to the Board.

MOTION by Villeneuve, seconded by Williams, but abstained by Huskey, and carried by the majority vote of members present, the Board voted to direct staff to send out the Request for Proposal for an Investment Consultant.

4. Discussion/Action that the Imperial County Employees' Retirement System implement the 2% Cost of Living Adjustment (COLA) and increase the COLA Bank 1.5% for retirees and beneficiaries who retired before April 1, 2007 in accordance with Government Code Section 31870.

MOTION by Williams, seconded by Rhodes, and carried on the unanimous vote of members present, the Board voted to implement the 2% Cost of Living Adjustment and increase the COLA Bank 1.5% beginning on April 1, 2007.

5. Discussion/Action: Regarding Adopting the final draft of the Real Estate Policy for Imperial County Employees' Retirement Systems Building.

MOTION by Villeneuve, seconded by Rhodes, opposed by Heuberger, and carried on the unanimous vote of members present, the Board voted to adopt the final draft of the Real Estate Policy as presented.

6. Discussion/Action: Regarding State Association of County Retirement Systems (SACRS) recommending that the Board adopt a Code of Fiduciary Conduct.

Linda Tucker, Deputy County Counsel, presented her opinion after reviewing the sample from SACRS. The Board discussed the sample form.

MOTION by Leimgruber, seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to direct legal counsel to draft a Code of Fiduciary Conduct policy similar to SACRS.

DISCUSSION CALENDAR

Item 6 is for discussion only

6. Reports and Announcements:

- A. Board Members:

Discussion regarding the State Association of County Retirement Systems (SACRS) extraordinary Meeting of the Voting Membership by Board Member Villeneuve.

Board Member Villeneuve gave the Board an update on the meeting and voting status.

B. Retirement Administrator/Staff:

1. Market Value Graph from 07/01/06 to 01/31/07.

Reviewed by the Board.

2. Book vs. Market Summary as of 01/31/07.

Reviewed by the Board.

3. Reminder: Conflict of Interest Reports due Feb 28, 2007.

Ms. Vogel reminded the Board to complete and file their conflict of interest reports by February 28, 2007.

4. Update on letter to County Board of Supervisors in reference to Unfunded Actuarial Accrued Liability of the 3% @ 50 benefit for safety members.

This item was discussed before Item 3.

Robertta Burns, County Executive Officer, addressed the Board regarding the Board of Supervisors funding 1/3 of the unfunded liability created by the Safety Member retirement benefit of 3 @ 50. She stated that the Board of Supervisors agreed to fund 1/3 of the cost providing the Retirement Board establish a different tier for new safety members coming on board once adopted and also to set aside funding from future excess earnings should we happen to have them and should there be additional liability.

The Board discussed and commented on the history of this item. Staff was directed to work with the County Executive Office on different options regarding the UAAL of 3 @ 50 for safety members and report back at next month's meeting. David Prince will provide a history surrounding the adoption of this benefit.

5. Update on direction given to staff regarding the office reorganization and retirement administrator position by member Vogel.

Ms. Vogel discussed possible new office space. The Board asked several questions regarding the Board's authority to hire staff and asked for a legal opinion on what happens if they overspend the .18% of 1% budget cap. Mr. Heuberger asked for a draft proposed budget at next meeting. Ms. Vogel stated she will provide it if time permits.

C. County Counsel:

1. Compact Disc. available for 1937 County Act. For 2007.

Ms. Tucker announced that the written version has not been received.

2. Attorney General opinion dated 12/1/2006 and letter from Public Employees Retirement System dated 11/9/2006 regarding Public Pension Plans and their handling of unfunded actuarial accrued liability.

Ms. Tucker reviewed the opinion with the Board.

CLOSED SESSION

7. Convene into Closed Session to discuss existing litigation under Gov't Code §54956.9(a).

MOTION by Villeneuve, seconded by Leimgruber, 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:

Walter Cress	Charles Rider	Robert Stanley Witt
Judith York-Rippetoe	Anthony Moreno	

- 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).

OPEN SESSION

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

8. Announcement of Closed Session Actions.

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, Anthony Moreno and Robert Stanley Witt.

The application of Charles Rider for service connected disability retirement was denied administratively by a roll call vote of 9 to 0 (Yes – Vogel, Villeneuve, Leimgruber, Flammang, Williams, Padilla, Huskey, Rhodes and Heuberger).

The Board held no discussion on the WorldCom litigation matter.

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

CONSENT AGENDA

9. 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 2-21-07 meeting Gov't Code 31580.2 & 31521:

REGULAR BUDGET 2006/2007:

PERMANENT SALARIES	
Regular Salaries	\$ 25,352.87
EXTRA HELP	1,907.25
BILINGUAL PAY	30.00
SOCIAL SECURITY	98.88
SPECIAL TRAINING	
SACRS- Staff/Hotel	1,716.03
Public Fund Boards Forum/Hotel (Ret. Admin)	1,833.12
COUNTY CONTRI RETIREMENT	1,535.45
INS-WOKERS COMP	425.00
INS-UNEMPLOYMENT	133.33
GROUP INSURANCE	2,165.46
INS-DENTAL/VISION	25.54
RETIREMENT PENSION BOND	1,150.11
RETIREMENT HEALTH PLAN	671.21
INS-VOLUNTARY LIFE	12.40
INSURANCE LIABILITY	250.00
OFFICE EXPENSE	
Office Supplies	361.86
Office Depot	315.38
Mail- Dec 2006	374.79
Printing Charges	212.00
Federal Express	70.60
ICARE Dues	1,540.00
PROFESSIONAL SERVICES	
Retirement Attorney-Outside Attorney	1,340.00
PRO Record Storage Inc.	115.12
Information and Technical Services (Nov/Dec 2006)	17,737.39
OVERHEAD REIMBURSEMENT	
January 2007	2,364.08
TRAVEL-IN COUNTY	
Williams	6.67
Huskey	384.48
Rhodes	13.35
Flammang	5.34
EQUIPMENT	
New Technical Solutions, Inc.	4,427.02
SUBTOTAL:	\$ 66,574.73

EXTRA HELP

Retirement Board Meeting-2-21-07 400.00

TOTAL: \$ 66,974.73

B. DISABILITY BUDGET 2006/2007:

PROFESSIONAL & SPECIAL SERVICES

Medical Evaluation - Payment to Dr. Acheatel for Anthony
Moreno on 11/16/06 \$ 625.00
Attorney Services for Walter Cress Case 2,061.29

TOTAL: \$ 2,686.29

10. Administrative Agenda:

A. Enrollment Affidavits of New Members (15)

B. Termination of Membership – Return of Accumulated Contributions (9)

C. Service Retirement:

1. Harold Carter Safety Member
Department: Sheriff's
Effective Date: January 9, 2007
2. Gloria Granillo General Member
Department: Superior Court
Effective Date: December 16, 2006
3. Dolores Provencio General Member
Department: Clerk/Recorder
4. Jose M. Rodriguez, Jr. General Member
Department: Assessor
Effective Date: January 7, 2007
5. Laura P. Soto General Member
Department: Deferred/Social Services
Effective Date: December 26, 2006

D. Final Payment of Service Retirement Allowance & Death Benefit per Govt. Code Section 31676.11:

1. John J. Anthony General Member
Deceased: 12/02/2006
2. Olga Holtzer General Member
Deceased: 12/16/2006

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| 3. | Richard King
Deceased: | General Member
09/22/2006 |
| 4. | Lucille D. York
Deceased: | General Member
12/30/2006 |
- E. Return of Contribution and Payment of Salary Death Benefit per Section 31781:
- | | |
|------------------------|------------------------------|
| Laura Lee
Deceased: | General Member
11/30/2006 |
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- F. 60% Continuance of Service Retirement Allowance per Govt. Code Section 31760.1 & Death Benefit:
- | | |
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| David Miller
Deceased: | General Member
12/31/2006 |
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- G. Inter-System Membership:
- | | |
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| Christopher Macken
Department:
Effective Date: | Safety Member
Sheriff's
01/03/2007 |
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- H. Deferred Membership:
- | | |
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| 1. Mona Lisa Juarez
Department:
Effective Date: | General Member
Behavioral Health
12/02/2006 |
| 2. Linda A. Gudino
Department:
Effective Date: | General Member
Courts
12/02/2006 |
11. Investment Manager Reports:
- A. T. Rowe Price, Total Return Performance as of 01-31-07.
 - B. Bradford & Marzec- Bond Market Report – January 2007
 - C. Delta Asset Management- Investment Strategy February 2007
12. Upcoming Seminars/Conferences:
- National Association of State Retirement Administrators (NASRA) Disaster Recovery Workshop, Sunday, March 4, 2007, San Diego, CA (approximate cost per person \$400.00)

OTHER ITEMS

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

Board Member Rhodes requested that the Money Manager Performance Reviews be addressed as an action item on next month's agenda. Mr. Rhodes also asked that Mr. Lightvoet be directed to concentrate on the performance benchmarks and refer to the objectives outlined in the framework including the net of fees.

Board Member Huskey inquired about the retiree's budget balance.

Chairman Heuberger asked if a letter had been sent to the Investment Managers notifying them to focus more on their investment and not so much on their corporate personalities. Mr. Prince assured him it would be reemphasized. He stated that the new mutual fund managers Templeton, Dimensional and the two real estate firms will come once a year, which will be in October.

Adjournment: Meeting was adjourned at 11:22 a.m. to March 21, 2007 at 8:30 a.m.

JURG HEUBERGER, CHAIRMAN

JAMES RHODES, SECRETARY