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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

July 19, 2006

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 Flammang at 8:30 a.m.
  - A. Roll Call:

MEMBERS PRESENT: Karen Vogel, Jurg Heuberger, Julie Villeneuve, Larry Grogan, Becky Flammang, Robert W. Williams, Armando Padilla, James E. Rhodes and Terry Huskey.  
ALTERNATE PRESENT: Pompeyo Tabarez, Jr.  
MEMBERS ABSENT: None.  
MEMBERS ARRIVING AFTER ROLL CALL:  
LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel  
CLERK: Kathleen L. Kubler, Office Technician  
STAFF: David H. Prince, Retirement Division Manager; Kayleen Smith, Disability Specialist
  - B. Public comments on items that are **NOT** on the agenda: None.
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:

Motion by Heuberger, Seconded by Williams and carried on the unanimous vote of members present, the Board approved the addition of an Emergency Item as 4(D). The Retirement Administrator explained that the Retirement Fund had insufficient cash to meet its obligations.

E. Approval of the Agenda:

Motion by Heuberger, 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 Williams, Seconded by Heuberger and carried on the unanimous vote of members present, the Board voted to approve the Consent Agenda.

3. Approval of the Minutes:

Motion by Heuberger, 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 June 21, 2006.

#### **ACTION CALENDAR**

4. Emerging Markets presentations:

- A. Emerging Markets Investors Corporation gave a presentation of their emerging market fund via conference call by Felicia Morrow, Lead Portfolio Manager and COO Joana Arthur, Marketing Manager.

The Board rearranged the Agenda at the request of David H. Prince, Retirement Division Manager, so that Dimensional Fund Advisors give their presentation before Lazard Asset Management.

- B. Lazard Asset Management, James Donald, Managing Director/Portfolio Manager and Stephen Simpkin, Vice President, Business Development/Client Service discussed their emerging market fund before the Board.

**BREAK AT 9:50 A.M. RECONVENED AT 10:00 A.M.**

- C. Dimensional Fund Advisors, Akbar Ali, Portfolio Manager, Vice President and Sonya K. Park, Vice President made their emerging market presentation before the Board.

- D. Emergency Item: Motion by Heuberger, Seconded by Williams and carried on the unanimous vote of members present, the Board approved the sale of five millions dollars from Delta Asset Management to be put in the Cash Account for the Asset Allocation Target.

The Board directed staff to work with Tom Lightvoet concerning emerging market investments, and to contact Templeton for their consideration as a possible manager for an emerging market asset class.

**GROGAN LEFT AT 11:05 A.M. RETURNED AT 11:08 A.M.**

**HEUBERGER LEFT AT 11:06 A.M. RETURNED AT 11:13 A.M.**

5. Presentations by Actuaries Ira Summer and Deanna Van Valer, Public Pension Professionals:

- A. The actuaries reviewed Retiree Death Benefit Options.

Motion by Williams, Seconded by Villeneuve and carried on the unanimous vote of members present the Board approved Option 2 from the options presented by the actuaries which sets aside \$1,838,305, based on the actuarial report of June 30, 2005, from Undistributed Earnings to pay the death benefit for retirees.

**VILLENEUVE LEFT AT 11:28 A.M. RETURNED AT 11:31 A.M.**

**GROGAN LEFT AT 11:30 A.M. RETURNED AT 11:33 A.M.**

- B. Update of Study of Supplemental Targeted Adjustment for Retirees Cost of Living Adjustment (STAR COLA). The actuaries discussed the STAR COLA choices with the Board in detail.

**GROGAN LEFT AT 12:00 P.M.**

Motion by Huskey, Seconded by Williams and carried on the roll call vote of 7 to 1 (Yes – Vogel, Villeneuve, Flammang, Williams, Padilla, Huskey, Rhodes; No – Heuberger; Absent – Grogan), the Board agreed to set aside \$6.3 million dollars from Undistributed Earnings for a STAR COLA to be considered by the Board in the future.

- C. Presentation on Cost and Benefit Comparison Study of 1937 Act Counties.

No action taken.

**BREAK AT 12:50 P.M. RECONVENED AT 1:02 P.M.**

- D. Annual Review and Adoption of Undistributed Earnings Policy & Interest Crediting Policy. The actuaries briefly reviewed these policies.

Motion by Vogel, Seconded by Williams and carried on the unanimous vote of members present, the Board voted to adopt the changes to the Undistributed Earnings Policy and the Interest Crediting Policy as recommended by the Actuary.

Motion by Williams, Seconded by Huskey and carried on the unanimous vote of members present the Board voted to direct staff to notify Calamos Investments that It must sell \$10,000,000 of this fund by early October to fund the new real estate management asset class, RREEF America II Fund.

**ALTERNATE TABAREZ LEFT AT 1:45 P.M.**

6. Discussion/Action by Others:

The Board agreed to address Item 6 (B)(1) before Item 6 (A).

A. Retirement Administrator/Staff:

Karen Vogel, Retirement Administrator, discussed the Information Systems' supplemental cost estimate.

Motion by Villeneuve, Seconded by Williams and carried on the roll call vote of 7 to 1 (Yes – Vogel, Villeneuve, Flammang, Williams, Padilla, Heuberger, Rhodes; No – Huskey; Absent – Grogan), the Board voted to increase the budget for Professional Special Services for data processing from \$50,000 to \$100,000.

Motion by Williams, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board voted to approve the purchase of the Symtrax software system for \$6,400 in place of the previously approved contract with IBM.

B. Board Members:

1. Jurg Heuberger: Real Estate Investment loan as requested by Local Agency Formation Commission (LAFCO).

Staff was directed to develop a policy on local real estate investment.

2. Jurg Heuberger: LAFCO becoming a member agency of the retirement system.

This item was continued until the September 20, 2006 regularly scheduled meeting.

3. Jurg Heuberger: Consideration of Govt. Code Section 31658 – Purchase of Additional Retirement Credit.

This item was continued until the September 20, 2006 regularly scheduled meeting.

**HEUBERGER LEFT AT 2:15 P.M.**

**PADILLA LEFT AT 2:21 P.M. RETURNED AT 2:23 P.M.**

## BUDGET

### 7. Approval of the Budget:

Karen Vogel, Retirement Administrator, discussed additional information to be added to the Budget starting in September.

Motion by Williams, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board voted that the following claims for 2005/2006 Regular Retirement Budget and the 2005/2006 Disability Budget be approved:

#### A. REGULAR BUDGET

PERMANENT SALARIES	
Regular Salaries	\$41,549.41
EXTRA HELP	3,250.33
BILINGUAL PAY	45.00
SOCIAL SECURITY	175.29
SPECIAL TRAINING	
COUNTY CONTRI RETIREMENT	1,678.34
INS-WORKERS COMP	2,666.68
INS-UNEMPLOYMENT	500.00
GROUP INSURANCE	3,007.65
INS DENTAL/VISION	35.49
RETIREMENT PENSION BOND	1,930.48
RETIREMENT HEALTH PLAN	1,117.43
VOLUNTARY LIFE	18.60
INSURANCE LIABILITY	166.68
MAINTENANCE & EQUIPMENT	
Diebold Maintenance Agreement 07/01/06-06/30/07	702.67
MEMBERSHIPS	
SACRS Annual Dues for 2006/2007	4,000.00
OFFICE EXPENSE	
Office Depot	78.88
Office Depot	136.44
Central Duplicating – ICARE Newsletter	65.00
Mailroom Charges	373.89
MasterCard – Five Computer Systems	6,255.32
PROFESSIONAL & SPECIAL SERVICES	
Information Systems charges for April 2006	11,224.59
Pro-Record Storage May 1 – June 30, 2006	7.46
TRAVEL – IN COUNTY	
Retirement Board Semi-annual Mileage Reimb.	384.48
EXTRA HELP	
Ret Brd Mtg – 07-19-06	\$ 400.00
<b>TOTAL:</b>	<b>\$ 79,770.11</b>

#### B. DISABILITY BUDGET

PROFESSIONAL & SPECIAL SERVICES	
Attorney Steve Rice for Cress case	\$ 4,786.50

Attorney Steve Rice for Cress case	856.60
<b>TOTAL:</b>	<b>\$ 5,643.10</b>

**DISCUSSION CALENDAR**

*Items under 8 are for discussion only*

## 8. Reports and Announcements:

## A. Retirement Administrator/Staff:

1. Reminder: Retirement Workshop scheduled for August 2, 2006, 8:30 a.m. - 11:30 a.m., Board Chambers.

Ms. Vogel reminded Board Members of the upcoming workshop on August 2, 2006 and also that there would not be a monthly meeting in August.

2. State Association of County Retirement Systems (SACRS) Fall Conference/ICERS Board Meeting – Schedule conflict.

Ms. Vogel polled Board Members as to those interested in attending the SACRS Fall Conference in San Diego. The majority of Members affirmed they would be attending the Conference. Because the Conference is scheduled at the same time as the Board's regular November meeting, the regular meeting will need to be rescheduled.

3. SACRS Year 2007 Legislative Timelines.

Reviewed by the Board.

4. Market Value Graph – David H. Prince, Retirement Division Manager.

Reviewed by the Board.

5. Book vs. Market Summary as of 06-30-06 – David H. Prince, Retirement Division Manager.

Reviewed by the Board.

6. David H. Prince, Retirement Division Staff – Manager Report on SACRS Spring Conference 2006.

Mr. Prince will submit his report in writing at the next regular Board meeting.

## B. Board Members:

Board Member Huskey thanked staff and Board Members for attending the recent annual Retiree's luncheon.

## C. County Counsel:

None.

## D. Others:

1. Templeton Institutional Funds, Inc. – Performance Summary Report.  
  
Reviewed by the Board.
2. Bradford & Marzec Bond Market Monthly – Ending June 2006.  
  
Reviewed by the Board.
3. Calamos Investments – Monthly Portfolio Summary Report for June 2006.  
  
Reviewed by the Board.

**CONSENT AGENDA**

Retirement Administrator recommends approval of Item 9

## 9. Consent Agenda:

## A. Upcoming Seminars/Conferences:

1. Public Fund Boards Forum, San Francisco, CA December 9-12, 2006 (approximate cost per person \$3,300.00).
2. CALAPRS Disability Staff Training, Ontario Airport Marriot, September 7, 2006 (approximate cost per person \$275.00).
3. CALAPRS Benefits Round Table, Ontario Airport Marriot, September 8, 2006 (approximate cost per person \$275.00).
4. CALAPRS Attorneys' Round Table, Ontario Airport Marriot, September 8, 2006 (approximate cost per person \$275.00).
5. CALAPRS Administrators' Institute, Tenaya Lodge, Yosemite, September 27-29, 2006, (approximate cost per person \$700.00).
6. CALAPRS Intermediate Staff Training, Ontario Airport Marriot, October 4-6, 2006, (approximate cost per person \$275.00).
7. CALAPRS Trustees' Round Table, Santa Barbara, October 13, 2006 (approximate cost per person \$850.00).
8. CALAPRS Accountants' Round Table, Ontario Airport Marriot, October 13, 2006 (approximate cost per person \$275.00).



**CLOSED SESSION**

## 10. Closed Session:

Public Comment before Closed Session:

Motion by Williams, Seconded by Villeneuve 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	Ruby Phillips	Ida Din	Francisco Arce
Charles Rider	Judith York-Rippetoe		

- 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 Tibco Software, Inc. Securities Litigation, United States District Court, Case No. 05 Civ. 02205 (DLC).
- D. 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**

## 11. Open Session:

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

## 12. Announcement of Closed Session Actions:

Kayleen Smith, Disability Specialist announced the following:

The Board discussed but took no action regarding the retirement disability applications of Walter Cress, Ruby Phillips, Ida Din, Francisco Arce, Charles Rider, and Judith York-Rippetoe.

The Board did not discuss the WorldCom, Tibco Software, or Jarden Corporation Securities litigation matters.

**OTHER ITEMS**

**Adjournment:** Meeting was adjourned at 2:36 p.m. to August 2, 2006 at 8:30 a.m.

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BECKY FLAMMANG, CHAIRMAN

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JULIE VILLENEUVE, SECRETARY