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**KAYLEEN SMITH**  
CLERK OF THE BOARD



Imperial County Employees' Retirement System

# **BRIEF MINUTES**

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

March 15, 2006

9:00 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 9:05 a.m.

- A. Roll Call:

MEMBERS PRESENT: Karen Vogel, Jurg Heuberger, Julie Villeneuve, Becky Flammang, Robert W. Williams, Armando Padilla, Terry Huskey, and James E. Rhodes.

ALTERNATE PRESENT: Pompeyo Tabarez, Jr.

MEMBERS ABSENT: None.

MEMBERS ARRIVING AFTER ROLL CALL: Larry Grogan.

LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel.

CLERK: Kayleen Smith, Disability Specialist.

STAFF: David H. Prince, Retirement Division Manager, Barbara McFetridge, Retirement Division Manager, and Mary Helen Lester, Benefits Specialist.

OTHERS: Milan De Millan, Calamos Investments; Jeff Brothers, Bradford & Marzec, Inc.; Tom Lightvoet, Mercer Investments; Ira Summer and Deanna Van Valer, Actuaries of Public Pension Professionals.

- B. Public comments on items that are **NOT** on the agenda.

Chairman Flammang announced the upcoming retirement of Benefits Specialist Mary Helen Lester of the Retirement Office and presented her with a plaque of appreciation for her many years of service. Retirement Administrator Karen Vogel and Retirement Division Manager Barbara McFetridge both complimented Ms. Lester and stated she will be missed by the retirees as well as her fellow

coworkers. Ms. McFetridge announced that an open house would be held on March 29, 2006 in the Retirement Office. Ms. Lester said she enjoyed working with the office and will miss everyone very much.

**BOARD MEMBER GROGAN ARRIVED AT 9:08 A.M.**

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 Calendar: None.
- D. Emergency Items to be added: None.
- E. Approval of the Agenda:

Motion by Heuberger, Seconded by Villeneuve, and carried on the unanimous vote of members present; the Board approved the Agenda as presented.

F. Approval of the Consent Agenda:

Motion by Heuberger, Seconded by Huskey, and carried on the unanimous vote of members present; the Board approved the Consent Agenda as presented.

3. Approval of the Minutes:

February 15, 2006 regular adjourned meeting.

Motion by Heuberger, Seconded by Williams, and carried on the unanimous vote of members present, the Board approved the Minutes of the regular adjourned meeting of February 15, 2006.

**ACTION CALENDAR**

4. Presentations by Investment Managers:

A. Calamos Investments – Milan De Millan

1. Investment Presentation:

Milan De Millan of Calamos Investments presented an overview of their company's history as well as their equity investment philosophy and process. Mr. Millan discussed the Portfolio Summary and performance as of December 31, 2005. The Board asked several questions.

2. Monthly Portfolio Summary Report for January 2006:

The Board had no questions.

B. Bradford & Marzec, Inc. – Jeff Brothers

1. Fixed Income Statement of December 31, 2005:

Jeff Brothers of Bradford & Marzec, Inc. discussed performance review along with the market review.

2. U. S. Treasury Inflation Index Bond Portfolio of December 31, 2005:

Mr. Brothers reviewed the portfolio. Board members discussed International Fixed Income and asked Mr. Brothers to give a presentation on this subject. Mr. Brothers stated that he would return at the April meeting and deliver his presentation.

3. Investment Manager Review of March 2006:

Mr. Brothers reviewed the portfolio along with its outlook and investment strategy and discussed the increase in the TIPS performance. Mr. Lightvoet opined to allow more time to see if the performance continues to improve. Mr. Brothers reviewed the Core Plus Portfolio Characteristics as of January 31, 2006. The market environment and economic growth was also discussed. Mr. Brothers opined that housing and consumer growth would be decreasing in the near future.

Board Members discussed Mr. Brother's presentation.

5. Presentation by Investment Consultant, Tom Lightvoet, Mercer Investment Consulting:

Tom Lightvoet of Mercer Investment Consulting distributed and discussed the Quarterly Perspective handout dated December 31, 2005 from Mondrian Investment Partners regarding Alan Greenspan's legacy.

A. Pension Plan Presentation, 4<sup>th</sup> Quarter 2005:

Mr. Lightvoet reviewed the 4<sup>th</sup> Quarter report including the asset allocation and performance of all managers. Delta's performance has diminished over the last three years. Mr. Lightvoet voiced his concerns regarding their recent organizational changes and suggested the Retirement Administrator notify Delta by letter that they will have until the end of the year to improve their performance. Mr. Lightvoet discussed emerging markets in the Asian countries.

Mercer will add a footnote to put Manager Fees in the report under "In Report Notes".

B. Proposed Asset Allocation Ranges and Targets:

The Asset Allocation Ranges and Targets were reviewed by Mr. Lightvoet.

Motion by Huskey, seconded by Villeneuve, and carried on the unanimous vote of members present; the Board adopted the Asset Allocations as presented.

**BREAK AT 10:30 A.M. – RECONVENED AT 10:42 A.M.**

Asset allocation ranges will be changed upon hiring new class asset managers.

David Prince, Retirement Division Manager, asked for clarification of the previous motion to include adoption of the proposed page of Item 5(B).

6. Presentation by Ira Summer and Deanna Van Valer, Actuaries for Public Pension Professionals:

Ira Summer and Deanna Van Valer of Public Pension Professionals presented the Revised Actuarial Valuation Results dated June 30, 2005. They discussed the changes from the draft report including refinements to programming, calculations and assets. Board Members questioned Ventura pay issues, which caused the change in employer and employee rates. The Board also inquired about certain refinements to several of the current assumptions and the source of the information used in these assumptions. Mr. Summer said the refinements were necessary changes due to the fact that the information received from county payroll needed to be broken down to insure that all compensation earnable was included. Mr. Summer provided the dollar amounts to be transferred from the Non-Valuation Reserves to the Employer/Member Reserves for supplemental benefits for General and Safety Members as directed by the Board at their last meeting.

A. Annual Valuation Report of June 30, 2005:

Mr. Summer and Ms. Van Valer discussed in detail the Actuarial Valuation Report as of June 30, 2005. The Board voiced their opinions and concerns.

Motion by Padilla, seconded by Vogel, and carried on the unanimous vote of members present; the Board adopted the report and rates as submitted.

B. Cost of Living Allowance Relief Study for Active Members:

Mr. Summer and Ms. Van Valer discussed the Cost of Living Contribution Relief Study and answered the Board Member's questions.

Motion by Villeneuve, seconded by Williams, and carried on the unanimous vote of members present, to provide the COLA Contribution Relief for both general and safety members as outlined in Item 6(B) in the amount of \$1,125,591 plus interest from Undistributed Earnings to the Employer's Advance Reserve COLA.

**BOARD MEMBER GROGAN LEFT AT 12:05 P.M. – RETURNED AT 12:08 P.M.**

C. Adoption of Resolution for the 2006 Cost of Living Adjustment (2%) For Retirees:

Mr. Summer and Ms. Van Valer reviewed the proposed resolution and discussed the history and how the COLA is "banked".

**BOARD MEMBER RHODES LEFT AT 12:08 P.M. – RETURNED AT 12:10 P.M.**

Motion by Huskey, seconded by Villeneuve, and carried on the unanimous vote of members present, to adopt the Resolution for the 2006 Cost of Living Adjustment for retirees.

D. Update and Time Frames for Pending Projects:

Mr. Summer discussed the progress of pending projects. He stated that the changes to the calculation spread sheet for benefits should be ready by next month's meeting. Mr. Summer will meet with staff to discuss the STAR COLA (Supplemental Targeted Cost of Living Adjustment) for retirees and prepare a presentation to the Board for either the April or the May meeting.

**BREAK AT 12:23 P.M. – RECONVENED AT 12:47 P.M.**

7. Discussion/Action by Others:

A. Retirement Administrator Karen Vogel:

Proposed Types of Educational Workshop for Board Members (Trustees); Benefits, Investments, Fiduciary Responsibilities, Governance, Disability:

Retirement Administrator Vogel asked the Board what types of workshops they would be interested in attending. Board Member Williams voiced his interest in an investment workshop. Board Member Huskey proposed a workshop on how funds enter the system, are processed, and then distributed to our custodian bank. The board directed this item to be placed on next month's agenda.

B. Board Members:

Board Member Heuberger requested discussion/action on meeting times, lunch and breaks:

Board Member Heuberger had several suggestions including starting earlier, taking a short lunch, or possibly having a working lunch. Board and staff discussed the issue. Linda Tucker, Deputy County Counsel, informed the Board that the changes require amending the Bylaws which needs approval by the Board of Supervisors.

Motion by Heuberger, seconded by Grogan, and carried by a vote of 8 to 1 (Yes – Vogel, Heuberger, Villeneuve, Grogan, Flammang, Padilla, Huskey, Rhodes; No – Williams) to change the beginning time of the monthly Board meetings from 9:00 a.m. to 8:30 a.m.

Motion by Heuberger, seconded by Huskey, and carried by a vote of 8 to 1 (Yes – Vogel, Heuberger, Villeneuve, Grogan, Flammang, Padilla, Huskey, Rhodes; No – Williams) to change the beginning time of Disability Hearings from 9:00 a.m. to 8:30 a.m.

C. Others: None.

**BUDGET**

8. Approval of the Budget:

Motion by Villeneuve, seconded by Vogel, and carried on the unanimous vote of members present, to approve the following claims for 2005/2006 Regular Retirement Budget and the 2005/2006 Disability Budget with the adjustment of \$400.00 making a grand total of \$36,799.49.

A. REGULAR BUDGET

|                                 |                     |
|---------------------------------|---------------------|
| PERMANENT SALARIES              |                     |
| Regular Salaries                | \$ 13,059.20        |
| EXTRA HELP                      | 1,851.56            |
| BILINGUAL PAY                   | 30.00               |
| SOCIAL SECURITY                 | 57.34               |
| SPECIAL TRAINING                |                     |
| Finance: The Basics-Prince      | 129.69              |
| SACRS Symposium-Tucker          | 68.56               |
| REIP Conference Fee-Prince      | 339.00              |
| COUNTY CONTRI RETIREMENT        | 998.62              |
| INS-WORKERS COMP                | 9,333.33            |
| INS-UNEMPLOYMENT                | 1,750.00            |
| GROUP INSURANCE                 | 2,324.56            |
| INS DENTAL/VISION               | 23.66               |
| RETIREMENT PENSION BOND         | 1,148.66            |
| RETIREMENT HEALTH PLAN          | 664.88              |
| INS VOLUNTARY LIFE              | 12.40               |
| INSURANCE LIABILITY             | 583.33              |
| OFFICE EXPENSE                  |                     |
| Office Depot                    | 74.93               |
| Newsletter (ICARE)              | 136.00              |
| Xerox paper                     | 195.00              |
| Fed Ex                          | 34.92               |
| PRO Record Storage              | 20.69               |
| Mail Charges-December & January | 843.16              |
| EXTRA HELP                      |                     |
| Ret Brd Mtg. – 03-15-06         | <u>400.00</u>       |
| <b>TOTAL:</b>                   | <b>\$ 34,079.49</b> |

B. DISABILITY BUDGET

|                                    |             |
|------------------------------------|-------------|
| PROFESSIONAL & SPECIAL SERVICES    |             |
| Attorney Steve Rice for Cress case | \$ 2,720.00 |

## DISCUSSION CALENDAR

*Items under 9 are for discussion only*

9. Reports and Announcements:

A. Retirement Administrator/Staff:

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

David Prince presented and discussed the details of the report.

2. Book vs. Market Summary as of 02/28/06 – David H. Prince, Retirement Division Manager:

David Prince presented and discussed the details of the report.

3. Staffing Survey – Reorganization of Retirement System Staff:

Retirement Administrator Karen Vogel discussed the reorganization to seven employees but feels further reduction of staff would be detrimental to the system. David Prince gave several comparisons to other Counties' staffing structure. Board Member Heuberger asked Ms. Vogel to return next month with an organizational chart and cost figures associated with each proposed position.

B. County Counsel:

1. By Linda S. Tucker, Deputy County Counsel, Board of Retirement and Board of Supervisors' Powers and Authorities; ICERS' staff:

Linda Tucker discussed the powers and authorities of the two boards in connection with employing retirement system staff. She recommended a resolution be adopted following Imperial County's Human Resources employment practices and policies for all ICERS' staff except the at-will position of Retirement Administrator. The Board gave direction to the Retirement Administrator to prepare a resolution as County Counsel's office has recommended.

2. Report on Other Post Employment Benefits Seminar, February 23, 2006, Sacramento, CA:

Linda Tucker stated that the seminar was very informative especially the survey regarding retiree health care and how each county funds it. Board Member Williams, who also attended this seminar, gave his report on the seminar. Board Members Heuberger, Villeneuve, Grogan, Flammang, Padilla, Huskey, Rhodes and Tabarez requested copies of the survey distributed at the seminar.

C. Board Members:

1. By Robert Williams, Report on Other Post Employment Benefits Seminar, February 23, 2006, Sacramento, CA:

Discussion held under Item 9(B)(2).

2. By Armando Padilla, Report on California Public Pension Summit, February 28 – March 1, 2006, Sacramento, CA:

Board Member Padilla discussed information presented at the summit regarding the attack on defined benefit pension plans and how this is being portrayed by the news media.

D. Others: None.

**CLOSED SESSION**

10. Closed Session:

Public Comment before Closed Session: None.

Motion by Villeneuve, seconded by Williams, and carried on the unanimous vote of members present, 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                  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 (b)(1) – Conference with Legal Counsel of Potential Litigation, (1) item.

**OPEN SESSION**

11. Open Session:

Motion by Heuberger, seconded by Villeneuve, and carried on the unanimous vote of members present, to reconvene into Open Session.

12. Announcement of Closed Session Actions:

Kayleen Smith, Disability Specialist, made the following announcements:

Motion by Huskey, seconded by Williams, and carried on the unanimous vote of members present, the Board granted the request of Ruby Phillips to begin receiving her regular service retirement pension pending the outcome of her application for disability retirement.

The Board discussed but took no action on the disability retirement applications of Walter Cress and Judith York-Rippetoe.

The Board held no discussion on the World Com litigation matter.

The Board held no discussion on the Tibco Software litigation matter.

Linda Tucker, Deputy County Counsel, made the following announcement:

Motion by Villeneuve, seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to retain Schiffrin & Barroway to represent them in the securities class action litigation as plaintiff against Jarden & Holmes Group, Inc. which is presently being pursued in the Southern District of New York.

**CONSENT AGENDA**

13. Consent Agenda:

The Consent Agenda was previously approved under Item 2(F).

A. Resolution by the Board of Supervisors of Imperial County adopting Government Code Section 31522.2.

B. Upcoming Seminars/Conferences:

1. CALAPRS, Accountants' Round Table, April 7, 2006, Radisson, San Diego, CA (approximate cost per person \$400.00).
2. CALAPRS, Administrative Assistants' Round Table, April 7, 2006, Radisson, San Diego, CA (approximate cost per person \$400.00).
3. CALAPRS, Trustees' Round Table, June 2, 2006, Wyndham, San Jose, CA (approximate cost per person \$700.00).
4. CALAPRS, Attorneys' Round Table, June 2, 2006, Wyndham, San Jose, CA (approximate cost per person \$700.00).
5. CALAPRS, Communications Round Table, June 8, 2006, Wyndham, San Jose, CA (approximate cost per person \$700.00).
6. CALAPRS, Benefits Round Table, June 9, 2006, Wyndham, San Jose, CA (approximate cost per person \$700.00).



- b. Richard Ramirez  
Department:  
Effective: Safety Member  
Juvenile Hall  
02/03/06
  - 5. Make-up Contributions (Buyback):
    - a. Suzanne Bermudez  
Department:  
Effective: General Member  
Treasurer  
02/02/06
    - b. Jesus O. Rizo  
Department:  
Effective: General Member  
Sheriff-Jail  
02/02/06
  - 6. Inter-system Membership:
    - Mary Susan Hernandez  
Department:  
Effective: General Member  
Probation/Corrections  
02/10/06
- D. Templeton Institutional Funds, Inc. – Performance Summary Report of January 31, 2006.
- E. T. Rowe Price:
  - 1. Investment Report of February 28, 2006.
  - 2. Investment Report of January 31, 2006.
  - 3. Investment Report of December 31, 2005.
- F. Delta Asset Management:
  - 1. Investment Strategy for February 2006.
  - 2. Investment Review, 4<sup>th</sup> Quarter 2005.
- G. TimeSquare Capital Management – Portfolio Review Presentation.

**OTHER ITEMS**

- 14. Previously Approved Seminars/Conferences (List available in Treasurer's Office).  
  
Board Member Williams received notice from ALFABETS of an upcoming seminar in Monterey that he will be putting on the agenda next month.  
  
Motion by Huskey, seconded by Williams, and carried on the unanimous vote of members present, to adjourn the meeting.

**Adjournment:** Meeting was adjourned at 1:55 p. m. to April 19, 2006 at 9:00 a.m.

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BECKY FLAMMANG, CHAIRMAN

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JULIE VILLENEUVE, SECRETARY