

**KAREN VOGEL**  
**RETIREMENT ADMINISTRATOR**  
940 W. Main Street, Suite 105  
El Centro, CA 92243

**KATHLEEN L. KUBLER**  
**CLERK OF THE BOARD**

Tel. (760) 482-4483  
Fax (760) 482-4494  
icers@imperialcounty.net  
www.icers.info



# **BRIEF MINUTES**

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

March 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 8:30 a.m.

A. Roll Call.

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

ALTERNATE PRESENT: None.

MEMBERS ABSENT: None.

MEMBERS ARRIVING AFTER ROLL CALL: None.

LEGAL REPRESENTATIVE: 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:

Item 8A was pulled by Chairman Heuberger.

C. Items to be pulled from the Consent Agenda: None.

## D. Emergency Items added:

Chairman Heuberger requested that an emergency item be added to discuss policies and procedures regarding retirement of elected officials.

**MOTION** by Heuberger, seconded by Leimgruber, and carried on the unanimous vote of members present, the Board voted to add the emergency item as Item 7D under the Action Calendar.

## E. Approval of the Agenda.

**MOTION** by Flammang, seconded by Williams, and carried on the unanimous vote of members present, the Board voted to approve the Agenda.

## F. Approval of the Consent Agenda.

**MOTION** by Huskey, seconded by Flammang, 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:

Minutes of February 21, 2007 regular adjourned meeting:

**MOTION** by Williams, seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to approve the Minutes of the February 21, 2007 regular adjourned meeting.

A correction was requested to the January 17, 2007 Minutes changing Item 3A to read: "... a benefit for those who have lost 20% (*not 80%*) or more of purchasing power."

**MOTION** by Villeneuve, seconded by Williams, and carried on the unanimous vote of members present, the Minutes of the January 17, 2007 meeting was approved as corrected.

## 5. Presentation by Investment Managers:

## A. Calamos Investment - Milan DeMillan

1. Investment Report for the Quarter Ending December 31, 2006
2. Monthly Portfolio Summary Report January 2007
3. Monthly Portfolio Summary Report February 2007

Reports were given by Milan DeMillan and Scott Becker of Calamos Investments. Investment Consultant Tom Lightvoet commented on their performance.

**BREAK 9:40 A.M. – RECONVENED 9:55 A.M.**

Chairman Heuberger requested that emergency Item 7D be moved from the Action Calendar to Closed Session because of the threat of litigation and become Item 9D.

**MOTION** by Flammang, seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to move Item 7D to Closed Session as potential litigation pursuant to Government Code Section 54956.9(b)(1).

- B. Bradford & Marzec, Inc - Jeff Brothers:
  - 1. Investment Reports for the Quarter Ending December 31, 2006
  - 2. Bond Market Monthly Ending February 2007
  - 3. Fixed Income Statement Ending December 31, 2006
  - 4. Treasury Inflation Index Bond Portfolio ending December 31, 2006

Reports were given by Jeff Brothers of Bradford & Marzec, Inc. Investment Consultant Tom Lightvoet commented on their performance.

**MOTION** by Rhodes, seconded by Leimgruber, and carried on the unanimous vote of members present, after discussion the Board voted to sell the Bradford Treasury Inflation Protected Securities (TIPS) fund and place the proceeds into the Barclay's Global Investors Treasury Inflation Protected Securities Index Fund.

- 6. Presentations by Investment Consultant, Tom Lightvoet, Mercer Investment Consulting:
  - A. Review of Investment Management Firms Quarterly Reports
  - B. Review of Managers as requested by Board Member Rhodes
    - 1. Delta
    - 2. Calamos
    - 3. Bradford Treasury Inflation Protected Securities (TIPS)

A report was given by Tom Lightvoet of Mercer Investment Consulting. Mr. Lightvoet stated he liked Bradford's net of fees bar chart and thought all managers should follow their example.

**MOTION** by Rhodes, seconded by Villeneuve, and carried on the unanimous vote of members present, after discussion the Board voted to terminate Delta Asset Management's contract. The fund's proceeds are to be moved to Barclays Global Investors Russell 1000 Index Fund (BGI).

- 7. Discussion/Action:
  - A. County Counsel:

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

Ms. Vogel announced that Mr. Toumanoff has not completed his opinion and requested that the Board hold a Special Meeting. After discussion, the Board directed staff to have Mr. Toumanoff present his opinion at the April 18, 2007 regular meeting.

- a. Legislative Senate Bill No. 392 and possible Letter of Support from the Board of Retirement.

David Prince and Linda Tucker discussed the Bill.

**MOTION** by Leimgruber, seconded by Villeneuve, and carried on the unanimous vote of members present, after debate the Board voted to authorize a letter in support of Senate Bill No. 392.

Ms. Vogel was directed to ask the Board of Supervisors for a letter of support on this legislation and to update them on the Supplemental Benefit.

2. Adoption of ICERS Code of Fiduciary Conduct:

Mr. Prince and Ms. Tucker discussed the proposed policy. Mr. Williams distributed a pamphlet entitled "The California Pension Protection Act of 1992 (Proposition 162)" and asked that the policy language reflect the language in the pamphlet.

**MOTION** by Huskey, seconded by Villeneuve, opposed by Williams but carried on the majority vote of members present, after debate the Board voted to adopt the policy as proposed by Ms. Tucker.

Chairman Heuberger requested that Closed Session be held during lunch.

**MOTION** by Leimgruber, seconded by Villeneuve, and carried on the unanimous vote of members present, after debate the Board voted to hold Closed Session during lunch.

**LUNCH BREAK AND CLOSED SESSION AT 12:02 P.M. – RECONVENED AT 1:20 P.M. AND OPEN SESSION**

3. Opinion on exceeding the administrative budget cap under the 37 Act:

Ms. Tucker discussed her opinion and gave her recommendation, urging caution in exceeding the administrative budgetary cap and advising against it.

**B. Retirement Administrator/Staff:**

1. State Association of County Retirement Systems (SACRS) Officers Nominations:

After debate, the Board decided not to submit any candidates.

2. Update on direction from County Board of Retirement concerning request for County Board of Supervisors concerning funding of Unfunded Actuarial Accrued Liability (UAAL) for the 3% @ 50 benefit:

The Board confirmed their prior offer to pickup 1/3 of the UAAL if the County and Safety members pickup 1/3 of the UAAL each. The Board directed staff to talk to the County Executive Officer.

3. Current policies & procedures for agenda items.

Per Chairman Heuberger's request, Items 7B3, 7C1 and 7C3 were discussed together.

Staff was directed to post the current Bylaws and Policies and Procedures on the website. The agenda coversheet and office policies are to be reviewed and updated by staff.

**MOTION** by Huskey, seconded by Villeneuve, and carried on the unanimous vote of members present, after debate and amendment the Board voted to review the Bylaws and Policies and Procedures at the May monthly meeting.

C. Board Members:

1. Board Policy on agendas, setting agenda, content, backup needed etc, by Board Member Heuberger.

Item discussed under Item 7B3.

2. Follow up on prior direction given regarding office space, hiring administrator and office organization particularly as it relates to the budget by Board Member Heuberger.

Ms. Vogel commented on the progress of the recruitment process.

**MOTION** by Villeneuve, seconded by Huskey, and carried on the unanimous vote of members present, after debate the Board voted to recruit a Retirement Administrator through local advertisement rather than the Human Resources Department with completion of the process by the May monthly meeting.

3. Discussion and Direction regarding Bylaws and Regulations, and the need to update them, by Board Member Heuberger.

Item discussed under Item 7B3.

4. Discussion/Direction on the 2007/2008 budget, including issues, concerns, changes that might be needed for the Retirement Administrator by Board Member Heuberger.

Chairman Heuberger commented on his proposed budget.

**MOTION** by Villeneuve, seconded by Flammang, and carried on the unanimous vote of members present, after debate the Board directed Ms. Vogel to return next month with a draft budget after discussion with the County Executive Officer regarding cost allocations.

### DISCUSSION CALENDAR

8. Reports and Announcements:

A. Board Members:

Evaluation of the Retirement Board Administrator by Board Member Heuberger

This item was pulled by Chairman Heuberger.

B. Retirement Administrator/Staff:

1. Market Value Graph from 07/01/06 to 02/28/07.

Reviewed by the Board.

2. Book vs. Market Summary as of 02/28/07.

Reviewed by the Board.

3. Update on issuing the request for Proposal for Actuarial Services. (target date is March 31, 2007)

Mr. Prince announced the RFP will be sent out by March 31, 2007.

4. History of recent benefit changes for general and safety members.

Mr. Prince discussed the history of the benefit changes.

5. Disaster Recovery Plan Seminar.

Ms. Vogel announced she attended the seminar and will be presenting a report at next month's meeting.

C. County Counsel:

Legal opinion for San Bernardino County concerning Interest Crediting and Allocation of Excess Earnings by Michael Toumanoff.

Ms. Tucker commented on the legal opinion.

**CLOSED SESSION**

- 9. 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).
  - D. Government Code §54956.9 (b)(1) – Conference with Legal Counsel of Potential Litigation (1 item).

10. 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, Charles Rider, Judith York-Rippetoe, Anthony Moreno and Robert Stanley Witt.

The Board held no discussion on the WorldCom litigation matter nor the Jarden Corp. Securities litigation matter.

The Board discussed and gave direction on one potential litigation item.

**CONSENT AGENDA**

11. 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 3-21-07 meeting Gov't Code 31580.2 & 31521:

REGULAR BUDGET 2006/2007:

PERMANENT SALARIES		
Regular Salaries	\$	15,049.93
EXTRA HELP		2,591.03
BILINGUAL PAY		30.00

SOCIAL SECURITY	92.24
SPECIAL TRAINING	
CALAPRS Meeting Benefits 2/1/07 -2/2/07	44.94
COUNTY CONTRI RETIREMENT	1,499.11
INS-WOKERS COMP	425.00
INS-UNEMPLOYMENT	133.33
GROUP INSURANCE	2,165.46
INS-DENTAL/VISION	25.54
RETIREMENT PENSION BOND	1,122.90
RETIREMENT HEALTH PLAN	655.34
INS-VOLUNTARY LIFE	12.40
INSURANCE LIABILITY	250.00
OFFICE EXPENSE	
Adobe Acrobat Professional	1,888.77
Printing Charges/Website renewal/Adobe shipping	178.91
Copier Charges	535.72
Mail- Jan. 2007	929.24
PROFESSIONAL SERVICES	
Legal research for retiree supplemental benefit	3,792.00
Annual Audit Report for June 30, 2006	9,250.00
	<b>SUBTOTAL: \$ 40,671.86</b>
EXTRA HELP	
Retirement Board Meeting-3-21-07	<u>400.00</u>
	<b>TOTAL: \$ 41,071.86</b>

B. DISABILITY BUDGET 2006/2007:

PROFESSIONAL & SPECIAL SERVICES	
Attorney Services for Walter Cress Case	\$ 5,170.27
	<b>TOTAL: \$ 5,170.27</b>

12. Administrative Agenda:

- A. Enrollment Affidavits of New Members (11)
- B. Termination of Membership – Return of Accumulated Contributions (16)
- C. Service Retirement:

Carolyn Benton	General Member
Department	Social Services
Effective Date:	February 16, 2007

- D. Final Payment of Survivor Service Retirement Allowance:

Kathleen Jones	Safety Member
Deceased:	01/09/2007



- A. California Association of Public Retirement Systems, Overview Staff Training, May 4, 2007, Ontario, CA, Ontario Airport Marriott, (approximate cost per person \$500.00)
- B. State Association of County Retirement Systems, May 8<sup>th</sup> – 11<sup>th</sup>, 2007, Santa Clara, CA Santa Clara Hyatt (approximate cost per person \$1000.00).
- C. CALAPRS, Trustees' Round Table Attorneys' Round Table, June 1, 2007, Ontario, CA, Ontario Airport Marriott (approximate cost per person \$500.00).
- D. State Association of County Retirement Systems Public Pension Investment Management Program 2007, June 4-6, 2007 Program One, June 5-7, 2007 Program Two, Berkeley, CA , Claremont Resort and Spa. ( approximate cost per person \$3,600.00)
- E. CALAPRS, Communications Round Table Benefits Round Table, June 7-8, 2007, San Jose, CA , Wyndham (approximate cost \$1,000.00 )
- F. CALAPRS, Administrators' Round Table, June 15, 2007, Ontario, CA, Ontario Airport Marriott.(approximate cost \$500.00)

#### OTHER ITEMS

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

**Adjournment:** Meeting was adjourned at 2:35 p. m. to April 18, 2007 at 8:30 a.m.

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JURG HEUBERGER, CHAIRMAN

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JAMES RHODES, SECRETARY