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KATHLEEN L. KUBLER  
CLERK OF THE BOARD



Imperial County Employees' Retirement System

# CORRECTED BRIEF MINUTES

## REGULAR MEETING OF THE IMPERIAL COUNTY BOARD OF RETIREMENT

January 17, 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, Armando Padilla, Terry Huskey and James Rhodes.

ALTERNATE PRESENT: None.

MEMBERS ABSENT: None.

MEMBERS ARRIVING AFTER ROLL CALL: None.

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

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

Chairman Heuberger thanked Ms. Flammang for her services as chairman of the Board and presented her with a plaque of appreciation.

2. Discussion of the Agenda:

Board Member Padilla inquired as to why the Minutes from the December 20, 2006 meeting were not included in the agenda. Ms. Vogel explained that it was an all day meeting and informed the Board that there was a problem with the recording system.

Therefore, the Minutes were being prepared from staff's notes and that due to the holidays and County Counsel being short-staffed, the minutes had not been completed. Ralph Cordova, Jr. stated he was unaware of this problem. Kayleen Smith explained that they were short-staffed because she and another staff member had taken vacation during the holiday season. Ms. Vogel assured the Board that they were not in violation of any Bylaw by waiting until next month's meeting to approve the Minutes.

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

### ACTION CALENDAR

3. Discussion/Action by Others:

- A. Update Concerning the New Supplemental Benefit for Certain Retirees regarding Gov't Section Code 31691.1:

Ralph Cordova, Jr. reviewed the Government Code Sections pertaining to this type of retiree supplemental benefit and opined that the benefit cannot be conferred pursuant to Government Code Section 31691 or 31691.1. Mr. Prince expressed staff's intent for this proposal and discussed methods used by other counties to assist their retirees who have experienced a loss of 85% or more of their purchasing power. Mr. Cordova suggested working with Bob Ham, Director of Intergovernmental Services, to get new legislation passed if there is no other solution. Mr. Cordova reviewed Government Code Section 31874.6, a provision in the '37 Act limited to Sonoma County, that provides a benefit for those who have lost ~~80%~~ [corrected to read 20% instead of 80% at the regular meeting of March 21, 2007] or more of purchasing power. Ira Summer, Public Pension Professionals, commented on the discussion. Mr. Chuck Jernigan, retiree representative, stressed the need to take action as soon as possible. The Board voiced their concerns and opinions on the subject, including the possibility of using outside counsel. The Board directed staff to work with Mr. Cordova's staff to hire an outside counsel with 1937 Act knowledge and return with a legal opinion within 30 days. The Board agreed to hold a special meeting if implementation of this benefit can be achieved before the next meeting.

**MOTION** by Vogel, Seconded by Villeneuve, and carried on the unanimous vote of members present, the Board voted to direct staff to retain outside counsel to work with County Counsel to provide a legal opinion to the Board within 30 days.

B. Retirement Administrator/Staff:

1. Discussion/action regarding Public Pension Professional Services contract being in compliance with provisions of liability insurance requirements.

Mr. Summer stated that his current professional liability insurance coverage is \$2,000,000 but has completed all of the necessary paperwork for the insurance company to increase it to \$5,000,000.

2. Discussion/action regarding possible termination of Public Pension Professional Services Contract and possible Request for Proposal for a new actuary.

Linda Tucker stated that the contract requires \$5,000,000 professional liability coverage. Mr. Summer does not have this, so he is currently in breach of the contract. The Board expressed their dissatisfaction to Mr. Summer and the possibility of terminating his contract.

**BREAK 9:45 A.M. – RECONVENED 9:55 A.M.**

The Board directed Ms. Vogel to contact Rodolfo Aguayo of Risk Management to discuss the minimum liability coverage recommended for this type of contract. Ms. Tucker informed the Board that they may modify the limits of the existing contract by amending it.

**MOTION** by Huskey, Seconded by Villeneuve, to give a 30 day notice to terminate the contract with Public Pension Professionals due to breach of contract, failed by a roll call vote of 4 – 5 (Yes – Vogel, Villeneuve, Leimgruber, Huskey; No – Heuberger, Flammang, Williams, Padilla, Rhodes).

**MOTION** by Vogel, Seconded by Villeneuve, to give Public Pension Professionals 30 days to provide proof of liability coverage. If unable to provide this, a 30 day notice will be given to terminate the contract. This motion passed with a roll call vote of 6 – 3 (Yes – Vogel, Heuberger, Villeneuve, Leimgruber, Flammang, Padilla; No – Williams, Huskey, Rhodes).

3. Discussion/action that the Board of Retirement direct staff to request that the Board of Supervisors contact the County Clerk/Registrar of Voters to hold an election for second member to Board of Retirement.

**MOTION** by Flammang, Seconded by Villeneuve, and carried on the unanimous vote of members present, the Board voted to direct staff to begin the necessary procedure to hold the election for the second

member to the Board of Retirement, three-year term to begin July 1, 2007.

4. Discussion/action regarding adopting the Imperial County Employee's Retirement System Audit Report for year ended June 30, 2006 by the Imperial County Auditor Controller relating to the Retirement System's Financial Statements 6/30/06.

Kent Taylor, Assistant Auditor, presented the Audit Report to the Board and answered their questions.

**MOTION** by Williams, Seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to approve the audit report for the year ending June 30, 2006.

5. Discussion/action regarding voting direction for Board Member Julie Villeneuve who will be representing the Board of Retirement at the State Association of County Retirement Systems ("SACRS") Extraordinary Meeting of the Voting Membership on Monday, February 5<sup>th</sup>, 2007.

**MOTION** by Williams, Seconded by Huskey, and carried on the unanimous vote of members present, the Board voted to give Ms. Villeneuve direction to vote "informed but uninstructed" on every item.

#### DISCUSSION CALENDAR

#### 4. Reports and Announcements:

##### A. Board Members:

Comparison of Actuarial Liabilities to Actuarial Assets, as requested by Julie Villeneuve.

Prompted by a presentation at the November 2006 SACRS Conference, Ms. Villeneuve prepared a comparison chart of the rate of growth of ICERS' actuarial liabilities to actuarial assets. Mr. Prince commented on investment strategy. Mr. Summer also expressed his opinions.

##### B. County Counsel:

Review and update of 2007 New Retirement Laws.

Ms. Tucker reviewed the legislation passed during the 2006 Legislative Session that will become law in 2007. She will bring back any item to the Board that requires further action.

##### C. Retirement Administrator/Staff:

1. Market Value Graph from 07/01/06 to 12/31/06.

Reviewed by the Board.

2. Book vs. Market Summary as of 12/31/06.

Reviewed by the Board.

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

Chairman Heuberger reminded Board Members that they are required to complete the Conflict of Interest Report and turn it into the County Clerk/Registrar of Voters no later than February 28, 2007.

5. Public Comment on Closed Session Items: None.

### CLOSED SESSION

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

**MOTION** by Williams, Seconded by Flammang, 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

7. Reconvene into Open Session.

**MOTION** by Flammang, Seconded by Williams, 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, 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.

### CONSENT AGENDA

9. Budget:

- A. 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 1-17-07 meeting per Gov't Code §31580.2 & 31521:

REGULAR BUDGET 2006/2007:

PERMANENT SALARIES	
Regular Salaries	\$ 21,672.83
EXTRA HELP	4,999.78
BILINGUAL PAY	45.00
OVERTIME	182.19
SOCIAL SECURITY	154.01
COUNTY CONTRI RETIREMENT	2,278.95
GROUP INSURANCE	3,248.19
INS-DENTAL/VISION	38.31
INS-WORKERS COMP	850.00
INS-UNEMPLOYMENT	266.66
RETIREMENT PENSION BOND	1,707.02
RETIREMENT HEALTH PLAN	996.24
INS-VOLUNTARY LIFE	18.60
INSURANCE LIABILITY	500.00
SPECIAL TRAINING	
Public Funds Forum-Vogel	601.44
SACRS -Tucker	250.14
SACRS -Pension Protection Act Meeting Prince and McFetridge	446.86
MEMBERSHIP DUES	
CALAPRS	250.00
OFFICE EXPENSE	
Office Depot	169.64
Mail- Oct/Nov 2006	756.83
Newspaper Renewal	120.68
Federal Express	66.29
ICARE Newsletter	141.96
Floor Cleaning	872.43
OVERHEAD REIMBURSEMENT	2,364.08
	<b>SUBTOTAL: \$ 42,998.13</b>
EXTRA HELP	
Retirement Board Meeting-1/17/07	<u>400.00</u>
	<b>TOTAL: \$ 43,398.13</b>

- B. DISABILITY BUDGET 2006/2007:

PROFESSIONAL & SPECIAL SERVICES	
Attorney Services for Walter Cress Case	\$ 1,164.29
IN COUNTY TRAVEL	
Mileage Reimbursement – Ernest Proo	<u>20.25</u>
<b>TOTAL:</b>	<b>\$ 1,184.54</b>

## 10. Administrative Agenda:

- A. Enrollment Affidavits of New Members (17)
- B. Termination of Membership – Return of Accumulated Contributions (9)
- C. Service Retirement:
  - 1. Beatrice DeLaRosa            General Member  
    Department                Clerk/Recorder  
    Effective Date:            December 2, 2006
  - 2. Frances Obeso                General Member  
    Department:                Behavioral Health  
    Effective Date:            November 25, 2006
  - 3. Robert Witt                    General Member  
    Department:                Behavioral Health  
    Effective Date:            November 9, 2006
- D. Final Payment of Service Retirement Allowance & Death Benefit per Govt. Code Section 31676.11:
  - 1. Lula Mae Cauzza               Safety Member  
    Deceased:                    7/5/2006
  - 2. Moira Davis Knott             General Member  
    Deceased:                    10/18/2006
- E. Deferred/Inter-System Membership:
  - 1. Judith Hashem                General Member  
    Department:                County Executive Office
  - 2. Daniel M Sasser               Safety Member/General  
    Department:                Sheriff's Dept.

## 11. Investment Manager Reports:

- A. T. Rowe Price, Total Return Performance as of 12-31-06.
- B. Bradford & Marzec- Bond Market Report - December 2006.

12. Upcoming Seminars/Conferences:
- A. CALAPRS General Assembly, March 11-13, 2007, Monterey Marriott (approximate cost per person \$ 1000.00)
  - B. CALAPRS Basic Principles at Stanford, March 27-30, 2007, Palo Alto Sheraton (approximate cost per person \$ 2700.00)
  - C. CALAPRS Accountants' Round Table Administrative Assistants RT, IT Round Table, April 13, 2007, Hilton Oakland Airport (approximate cost per person \$500.00)
  - D. Institutional Investor Institute, Public Funds Roundtable, April 25-27, 2007 Rancho Bernardo Inn, San Diego, CA (approximate cost per person \$ 550.00)

**OTHER ITEMS**

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

**Adjournment:** Meeting was adjourned at 11.04 a. m. to February 21, 2007 at 8:30 a.m.

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JURG HEUBERGER, CHAIRMAN

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JAMES RHODES, SECRETARY