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Imperial County Employees' Retirement System

# BRIEF MINUTES

REGULAR MEETING OF THE  
IMPERIAL COUNTY BOARD OF RETIREMENT

December 17, 2008

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 Vogel at 8:33 a.m.

The Pledge of Allegiance was led by Chairman Vogel.

Roll Call:

MEMBERS PRESENT: Karen Vogel, Pat Yarnall, Julie Villeneuve, Robert W. Williams, Armando Padilla, James E. Rhodes

MEMBERS ABSENT: Wally Leimgruber, Becky Flammang, Terry Huskey,

MEMBERS ARRIVING AFTER ROLL CALL: Pat Yarnall

ALTERNATE PRESENT: None

LEGAL REPRESENTATIVE: Linda Tucker, Deputy County Counsel

CLERK: Kathleen L. Kubler, Retirement Specialist

STAFF: David H. Prince, Retirement Administrator

### BOARD MEMBER YARNALL ARRIVED AT 8:40 A.M.

2. Discussion of the Agenda:
  - A. Items to be pulled from the Action Calendar: None
  - B. Items to be pulled from the 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 Villeneuve, the agenda was carried by a unanimous vote of members present.

F. Approval of the Consent Agenda:

**MOTION** by Villeneuve, Seconded by Padilla, the Consent Agenda was carried by a unanimous vote of members present.

3. Public comments on items that are **NOT** on the Action or Discussion Calendars: None

A. Presentation for outgoing Board Member Armando Padilla:

Chairman Vogel presented outgoing Board Member Padilla with a plaque commemorating his service to the Safety Members and the Board of Retirement.

Board Member Padilla expressed his gratitude and appreciation to the Safety Members for their confidence; the retirement staff, and especially David H. Prince, Retirement Administrator, for their assistance; and also fellow Board Members for their contributions and assistance during his time of service.

The Board members expressed their gratitude for Mr. Padilla's participation and contributions to the Board and the Retirement System and extended to him their best wishes in his future endeavors.

B. Announcement of new Board Members: Herb Bumgart, Safety Member and Charles L. Jernigan, Alternate Retiree:

David H. Prince, Retirement Administrator, introduced the Board to Mr. Herb Bumgart, the newly elected Safety Member, who was seated in the audience, and will take his seat on the Retirement Board at the next regular board meeting, January 21, 2009.

Mr. Charles L. Jernigan, Retiree Member Alternate to the Retirement Board, was also introduced. He will also begin his term in January 2009.

(Breaks: 9:40 – 9:50 a.m., 10:50 – 11:00 a.m.) (Lunch 12:00 – 12:30 p.m.)

#### ACTION CALENDAR

4. Approval of the Minutes:

Minutes of November 19, 2008 regular adjourned meeting:

**MOTION** by Villeneuve, Seconded by Williams, and carried on the unanimous vote of members present, the Minutes of the regular meeting of November 19, 2008 was carried on the unanimous vote of members present.

- 5 Nomination & Voting for Board officers: Chairman, Vice Chairman, and Secretary, effective January 1, 2009:

**MOTION** by Rhodes, Seconded by Williams and carried on the unanimous vote of members present, the Board voted to appoint Julie Villeneuve as Chairman, Becky Flammang as Vice Chairman, and James E. Rhodes as Secretary to the board effective January 1, through December 31, 2009.

6. Presentation by Actuary, Segal: Andy Yeung, Vice President & Associate Actuary, and Shelly Voong, Senior Actuarial Analyst:

- A. Actuarial Valuation and Review as of June 30, 2008:

**SECURITY ALARM/BREAK AT 9:05 A.M. RECONVENED AT 9:50 A.M.**

Mr. Yeung and Ms. Voong discussed and answered questions from the Board concerning the Actuarial Valuation Report for the last fiscal year. They also discussed the effects of poor investment performance on future valuation of the system assets. Mr. Yeung advised that a review of the systems valuation prior to the end of this fiscal year should be conducted.

**MOTION** by Williams, Second by Villeneuve and carried on the unanimous vote of members present, the Board adopted the Actuarial Report as of June 30, 2008.

**MOTION** by Villeneuve, Seconded by Yarnall and carried on the unanimous vote of members present, the Board adopted the employer rates for the fiscal year July 1, 2009 through June 30, 2010.

**MOTION** by Villeneuve, Seconded by Yarnall and carried on the unanimous vote of members present, the Board adopted the recommended employee rates with the provision that the necessary funds be transferred from the general members non-valuation reserve to the employer advanced reserve account to maintain the supplemental rate for the general members at 1.14%.

- B. Actuarial Report regarding the cost of implementing a Cost of Living Allowance adjustment for qualifying retirees under Govt. Code Section 31874.6:

Ms. Voong and Mr. Yeung discussed the history and cost of implementing the Cost of Living Allowance (COLA) for the system's current retirees under Government Code Section 31874.6 of the Government Code. Ms. Voong stated that the cost to fully fund this benefit would be \$2,967,000.

**MOTION** by Williams, Seconded by Villeneuve and carried on the unanimous vote of members present, the Board adopted Govt. Code Section 31874.6.

**MOTION** by Villeneuve, Seconded by Yarnall and carried on the unanimous vote of members present, the Board adopted the actuarial report regarding a Cost of Living Adjustment (COLA) adjustment for qualifying retirees under Govt. Code Section 31874.6.

**MOTION** by Yarnall, Seconded by Williams and carried on the unanimous vote of members present, the Board directed staff to recommend to the Board of Supervisors to implement the Cost of Living Allowance (COLA) adjustment under Govt. Code Section 31874.6, with the provision that the \$2,967,000 cost to fully fund the benefit be taken from the retirement system's excess earnings.

7. Presentation by Retirement Administrator, David H. Prince on Portfolio Re-balancing Recommendation by Wurts Associates, Senior Consultant, Scott J. Whalen:

David H. Prince, Retirement Administrator and the Board discussed the Wurts memo of December 10, 2008, which cited significant variances in several asset classes and recommendations for rebalancing the Plan.

**MOTION** by Rhodes, Seconded by Villeneuve and carried by a vote a 5-1 (Yes: Williams, Rhodes, Villeneuve, Vogel, Padilla; No: Yarnall), the Board directed staff to direct Wurts & Associates to transfer \$38,500,000 in securities, from Bradford & Marzec to PIMCO Total Return Fund.

**MOTION** by Rhodes, Seconded by Villeneuve and carried by a vote of 5-1 (Yes: Williams, Rhodes, Villeneuve, Vogel, Padilla; No: Yarnall), the Board directed staff to direct Wurts & Associates to transfer \$9,000,000 in securities from Bradford & Marzec to BGI Large Cap, by the end of January 2009.

#### DISCUSSION CALENDAR

8. Reports/Correspondence/Announcements of Officers:

A. Retirement Administrator:

1. Announcement of election results for Safety Board Member:

David H. Prince, Retirement Administrator, advised the Board that Mr. Herbert Bumgart would be seated as the Safety Member on the Board effective January 1, 2009 and that Alternate Pompeyo Tabarez, Jr. would remain as alternate.

2. Book vs. Market Summary as of November 30, 2008:

David H. Prince, Retirement Administrator discussed the period activity with the Board.

3. Update on Imperial County Employees' Retirement System (ICERS) Pension Administration System (PAS):

The retirement staff and Linea consultant toured the JEA facility and had several meetings with the JEA staff pertaining to the starting of the project in February 2009. A formal report on the trip will be prepared by Linea.

4. Discussion regarding Internal Revenue Service (IRS) determination letter:

Mr. Prince advised the Board that more information on this matter is expected and that he will re-present the item at the January 21, 2009 regular meeting for possible necessary action.

- B. Board Members: No Discussion.

- C. County Counsel:

Discussion: Discontinuance of member contribution at 30 years of service.

Linda Tucker, Deputy County Counsel, discussed her research and comparison of similar circumstances, with other 1937 Act retirement systems. Of those retirement systems who responded, the employees who had attained 30 years of service were not penalized by a reduction of service time due to divorce, separation, or dissolution of domestic partnership.

The Board directed staff to draft a policy that provides for safety members to stop contributions after 30 years of service regardless of dissolution or separation.

#### **CLOSED SESSION**

9. Convene into Closed Session.

- A. Government Code §54956.9(a) – Conference with Legal Counsel of Existing Litigation regarding disability retirement applications relating to the following.

Guillermina Robles Charles Land Rosendo Garcia

- B. 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).
- C. Government Code §54957 – Personnel Matter, Public Employment; Retirement Administrator.

#### **OPEN SESSION**

10. Announcement of Closed Session Action:

The Board discussed but took no action on the disability retirement applications of Guillermina Robles, Charles Land, and Rosendo Garcia.

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

The Board voted unanimously to renew the Retirement Administrator contract for one additional year.

### CONSENT AGENDA

#### 11. BUDGET:

Approval of the following Budget claims for the 2008-2009 Regular Retirement Budget and Disability Retirement Budget and to include Board Members in attendance at the 12-17-08 meeting, Govt. Code 31580.2 & 31521:

#### A. REGULAR BUDGET 2008/2009:

REGULAR SALARIES	\$ 15,315.95
EXTRA HELP	7,771.70
BILINGUAL PAY	30.00
OVERTIME	38.19
SOCIAL SECURITY	329.19
SPECIAL TRAINING	
CALAPRS Attendance Fees June 5-Oct. 3, 2008	1,100.00
CALAPRS:	
Admin. RT, Lake Tahoe-car rental, gas, prkg. (DP)	337.68
Dsbly/Bnfts RT, Ontario-hotel (KS)	221.38
IT RT, Ontario-hotel (JR,SM)	221.38
Intermediate trng., San Jose-hotel (SE,KS)	792.00
Questys: Training, San Diego-hotel(AH)	502.89
Fleet Services, fuel surcharge-staff training	29.94
SACRS 2008 Fall Conf.-expense reimb. (DP)	241.60
SACRS 2008 Fall Conf.-expense reimb. (LT)	59.00
SACRS 2008 Fall Conf- expense reimb (KV)	292.23
SACRS 2008 Fall Conf-expense reimb (RW)	242.62
COUNTY CONTR	1,792.36
INS –WORKERS COMP	416.91
INS – UNEMPLOYMENT	140.08
GROUP INSURANCE	2,317.56
INS DENTAL/VISION	12.77
RETIREMENT PENSION BOND	977.64
RETIREMENT HEALTH PLAN	779.52
COMMUNICATIONS – PHONE CHARGE	78.41
COMMUNICATIONS – SERVICES	41.41
INS – LIABILITY	152.00
OFFICE EXPENSE	
Facilities Mgt.-load/unload furniture for corp. hdqrtrs	74.37
ICARE luncheon gifts & gift cards	322.91
Office Depot-office supplies	152.83
Mail Charges for October 2008	483.55
PROFESSIONAL & SPECIAL SERVICES	
DACEASY- Technical Support	159.00
PRO Record Storage – pull/refile storage docs	20.00
OVERHEAD REIMBURSEMENT	
ICERS Corp – Nov 08 rent & Nov utility billing (20%)	2,426.48
Overhead	3,500.00
TRAVEL – OUT OF COUNTY	
Mileage for staff training for Oct 08	242.14

## REGULAR BUDGET (continued)

## EXTRA HELP

Retirement Board Meeting of 12/17/08	200.00
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**TOTAL:       \$ 41,815.69**

## 12. Administrative Agenda:

A. Enrollment Affidavits of New Members (13):

B. Termination of Membership – Return of Accumulated Contributions (7)

C. Service Retirement:

1. Yolanda E. Rosales	General Member
Department:	Superior Court
Effective Date:	10/12/2008

2. Luz Guerrero	General Member
Department:	Public Health
Effective Date:	11/01/2008

D. Deferred Membership:

Hugo Valdez	General Member
Department:	Planning
Effective:	10/25/2008

E. Intersystem Membership:

1. Elva Uribe	General Member
Department:	Human Resources
Effective:	11/08/2008

2. Lindsay Havens	General Member
Department:	Human Resources
Effective:	07/12/2008

F. Buyback- Military:

Jose W. Trejo	General Member
Department:	Public Works
Service Credit:	0.559615 Years

G. Buyback – Make-Up:

Leticia Garcia	General Member
Department:	Behavioral Health
Service Credit:	1.200644 Years

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

- |    |                          |                              |
|----|--------------------------|------------------------------|
| 1. | Alice Magil<br>Deceased: | General Member<br>10/23/2008 |
| 2. | Ada Duflock<br>Deceased: | General Member<br>11/13/2008 |

I. 60% Continuance of Service Retirement Allowance per Govt. Code Section 31760.1& Death Benefit:

- |    |                             |                              |
|----|-----------------------------|------------------------------|
| 1. | Carl E. Hime<br>Deceased:   | General Member<br>11/08/2008 |
| 2. | Richard Weddle<br>Deceased: | General Member<br>11/12/2008 |
| 3. | Allen Hayhurst<br>Deceased: | General Member<br>08/07/2008 |

13. Seminars/Conferences:

Public Pension Fund Fiduciary Forum Presented by Manatt, Phelps & Phillips	San Francisco, CA February 27, 2008
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CALAPRS:

Trustee Training:	Principles of Pension Management	Stanford Law School March 24-27, 2009
Staff Training:	Administrators' Institute	North Lake Tahoe September 23-25, 2009
	Intermediate Course in Retirement Plan Administration	San Jose Wyndham October 7-9, 2009
	Advanced Course in Retirement Plan Administration	Ontario Airport Marriott November 4-6, 2009
	Management/Supervisory	
	Training Academy (3 Session Course)	Island Palms Hotel San Diego, CA April 21-22, 2009 June 23-25, 2009 August 18-20, 2009
	Disability Staff Training	Oakland Airport Hilton September 10, 2009

## CALAPRS (continued)

	Retirement Staff Training 3 Modules	Overview Course Ontario Airport Marriott May 1, 2009
		Intermediate Course San Jose Wyndham Hotel October 7-9, 2009
		Advanced Course Ontario Airport Marriott November 4-6, 2009
Roundtables:	Investment Officers' Round Table	San Jose Wyndham Hotel January 29, 2009 & June 18, 2009
	Attorneys' Round Table	San Jose Wyndham Hotel January 30, 2009 & June 5, 2009
	Administrators' Round Table	San Jose Wyndham Hotel January 30, 2009 & June 19, 2009
	Benefits Round Table	San Jose Wyndham Hotel February 6, 2009 & June 12, 2009
	Trustees' Round Table	San Jose Wyndham Hotel February 6, 2009 & June 5, 2009
	Accountants' Round Table	San Jose Wyndham Hotel April 10, 2009
	Administrative Assistants' Round Table	San Jose Wyndham Hotel April 10, 2009
	Information Technology Round Table	San Jose Wyndham Hotel April 10, 2009
	Communications Round Table	Ontario Airport Marriott June 11, 2009

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**OTHER ITEMS**

14. Previously Approved Seminars/Conferences (list available in Retirement office).

**Adjournment:** Meeting was adjourned at 11:42 a.m. to January 21, 2009 at 8:30 a.m.