BRIEF MINUTES
REGULAR MEETING OF THE
IMPERIAL COUNTY BOARD OF RETIREMENT
December 17, 2014
8:30 A.M.
940 W. Main Street
County Administration Center, Second Floor
El Centro, CA  92243

OPEN SESSION

1. The meeting was called to order by Chairman Jauregui at 8:30 a.m.

   A. Roll Call:

      MEMBERS PRESENT: VOGEL, LIZARRAGA, HOLBROOK, TERRAZAS,
      JAUREGUI, WILLIAMS, McFETRIDGE, RHODES
      MEMBERS ABSENT: TABAREZ, JR.
      MEMBERS ARRIVING AFTER ROLL CALL: NONE
      ALTERNATES PRESENT: BUMGART, JERNIGAN
      LEGAL REPRESENTATIVES: Ryan D. Childers, Board Counsel
      CLERK: Kathleen L. Kubler, Retirement Specialist
      STAFF: David H. Prince, Retirement Administrator, Regina Rodrigues, Assistant
             Retirement Administrator, Kayleen Smith, Retirement Specialist

   B. Pledge of Allegiance:

      The Pledge of Allegiance was led by Board Chairman, Jauregui.

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 to be added: None

E. Approval of the Agenda:

**MOTION** by Vogel, Second by Williams and carried by a unanimous vote of members present, the Board approved the Agenda.

F. Approval of the Consent Agenda:

**MOTION** by Bumgart, Second by Holbrook and carried by a unanimous vote of members present, the Board approved the Consent Agenda.

3. Public comments on items that are **NOT** on the Action or Discussion Calendars. (Public comments on items that are on the Action or Discussion Calendars shall only be made during the Board’s discussion of these items):

Chairman Jauregui presented outgoing Board Member McFetridge with a Certificate of Appreciation for her term of service on the Retirement Board. A cake was also provided to celebrate the event.

Ms. McFetridge thanked the board and staff for their support, and assured those in attendance that she would continue her involvement with retirees through the Imperial County Association of Retired Employees (ICARE).

Mr. Prince also introduced Sheriff Lieutenant Thomas Garcia as the newly elected Safety Member to the Board of Retirement.

### ACTION CALENDAR

4. Approval of the Minutes of the November 17, 2014, adjourned regularly scheduled meeting:

Mr. Prince stated to the board that an amendment to the Minutes of November 17, 2014, should note that an abstention, due to absence, by Board Member, Karen Vogel was made on Item 4: Approval of the Minutes of November 14, 2014.

**MOTION** by Holbrook, Second by Bumgart, the board approved with two abstentions due to absence (Terrazas, McFetridge), the Minutes of the adjourned regularly scheduled meeting of November 19, 2014 were approved as amended.
5. Presentations by Actuary: Andy Yeung, Vice President & Associate Actuary, The Segal Company:

   A. (1) Discussion/Action: Approval of the Annual Actuarial Valuation Report:

      Mr. Yeung discussed the previous year’s investment returns, and explained methods of calculations used as factors to make a recommendation for funding guidelines and proposed Employer/Employee contribution rates.

      **MOTION** by McFetridge, Second by Lizarraga and carried unanimously by member present, the board approved the Annual Actuarial Valuation Report of June 30, 2014.

   A. (2) Discussion/Action: Recommendation to the Imperial County Board of Supervisors for Adoption of Employer and Employee Contribution rates:

      **MOTION** by Vogel, Second by Lizarraga and carried unanimously by members present, the board approved the Actuary recommendation to the Board of Supervisors to adopt the June 30, 2014 Employer/Employee Contribution Rates.

   B. Discussion/Action: Governmental Accounting Standards Board (GASB) 67 Report for Actuarial Valuation as of June 30, 2014:

      Mr. Yeung discussed the financial reporting guidelines followed by The Segal Company, in compliance with GASB rules, to produce the Actuarial Valuation Report of June 30, 2014.

   C. Discussion/Action: The Segal Company’s response to Actuarial Audit by Cheiron:

      Mr. Yeung reviewed the favorable Cheiron audit findings, which concluded that The Segal Company had correctly captured values, liabilities and assumptions to produce a valid recommendation for Employer/Employee Contribution Rates.

**BREAK AT 10:00 A.M. RECOVENED AT 10:10 A.M.**

Fire Captain, Mark Hammerness, President of the Imperial County Firefighters Association, approached the Board with his and fellow safety members concerns over the approval to increase Safety Member contributions rates. Captain Hammerness also asked the Board to consider the consequences of higher contribution rates, which would further lower net pay for Imperial County Safety Members, who are compensated less than safety members working in other counties or cities, and who are also impacted by rising costs of living.

The concerns were taken under advisement by the Board.

   A. Discussion/Action: Recommendation for selection of a Fixed Income Manager, by Scott J. Whalen, Senior Consultant, Wurts & Associates:

      Mr. Whalen reviewed the candidates and their attributes with the board.

      **MOTION** by Rhodes, Second by Bumgart and passed by a roll-call vote of 7-2 (Yes: Vogel, Lizarraga, Holbrook, Terrazas, Williams, Rhodes, Bumgart; No: Jauregui, McFetridge), the board voted to award half of the assets currently managed by Bradford & Marzec and award their management to McKay Shields.

   B. Discussion/Action: Adoption of Revised Investment Policy Statement:

      Mr. Whalen discussed the Revised Investment Policy Statement.

      **MOTION** by Vogel, Second by Terrazas and carried unanimously by members present, the board adopted the Revised Investment Policy Statement, as defined by Exhibits A, B, and C, and to include the addition of the new approved Fixed Income Manager, McKay Shields.

   C. Discussion/Action: Review of Emerging Markets Investments:

      Mr. Whalen reviewed past and present performances of the asset class. He discussed expected returns since the new addition of Vontobel and recommended keeping the class in the system’s portfolio.

7. Discussion/Action: Proposed recommendation for the Reorganization of ICERS Staff, by David H. Prince, Retirement Administrator:

   Rodolfo Aguayo, Imperial County Director of Human Resources/Risk Management, Michael L. Rood, Imperial County Counsel, and Aaron De Nato, Attorney for various Imperial County employee bargaining groups were in attendance to voice their concerns regarding the proposed reorganization.

   The board gave Mr. Prince direction to submit the reorganizational request to the County Human Resources department for their review and recommendations.
8. **Discussion/Action: Nomination and Election of Retirement Board Officers for 2015:**

**MOTION** by Jauregui, Second by McFetridge and carried by a unanimous vote of members present, the board elected Geoffrey P. Holbrook as Chairman of the Retirement Board for 2015.

**MOTION** by McFetridge, Second by Jauregui and carried by a unanimous vote of members present, the board elected Karen Vogel as Vice Chairman of the Retirement Board for 2015.

**MOTION** by Jauregui, Second by McFetridge and carried by a unanimous vote of members present, the board elected Patricia Lizarraga as Secretary of the Retirement Board for 2015.

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### DISCUSSION CALENDAR

9. **Reports/Correspondence/Announcements:**

   **A. Retirement Administrator:**

   1. **Market Value Graph of the Retirement System’s Assets for November 30, 2014:**

      Mr. Prince discussed the activity of the system’s portfolio assets for the period.

   2. **Book vs. Market Graph – compares the Market Value of the system’s assets to the Book Value of Assets for November 30, 2014:**

      Mr. Prince reviewed the value of the portfolio and advised the board that the December 31, 2014 report, which will be reviewed at the Retirement Board meeting in January, will also include value and activity of the newest asset manager, Vontobel.

   3. **Pension Administration Computer System (PAS) Status Report:**

      Mrs. Rodrigues reported that development of the computer system continues to progress and that staff’s proficiency utilizing the system also continues to improve.

   4. **Update of Board Elections:**

      Mr. Prince announced that Sheriff Lt. Thomas Garcia was elected as the new Safety Member on the Retirement Board, and that Charles (Chuck) L. Jernigan ran unopposed, and will sit as the Retiree Member of the Retirement Board. Both new members will enjoy a term of three years from January 1, 2015 to December 31, 2017.

      The Alternate Retiree Member seat will remain vacant until the next scheduled election.
5. Legislative Review:

Mr. Prince discussed proposed bills that have been filed for the legislative year of 2015, as well as litigation and court decisions involving pending Defined Benefit Plan changes for non-public sectors, multi-employer plan, and rulings in municipal bankruptcy cases.

6. Local Real Estate Investments:

Mr. Prince referred to a previous legal opinion received, in response to a proposal in 2010 by the County, requesting that the retirement system consider buying, building and/or leasing property space to the County. The legal opinion stated that the proposed investment could be made but it would require strict adherence to the Federal Tax Rules governing prohibited transactions.

The County Executive Officer recently approached Mr. Prince again with the request that the retirement system reconsider the option.

The Board gave direction to Mr. Prince to obtain a new legal opinion to determine whether at this time the matter would be feasible under IRS regulations.

RHODES LEFT AT 12:35 P.M.

TERRAZAS LEFT AT 12:50 P.M.

HOLBROOK AND JERNIGAN LEFT AT 12:51 P.M.

B. Board Members: None

C. ICERS Chief Legal Counsel: None

10. Convene to Closed Session:

MOTION by Bumgart, Second by Vogel and carried by members present, the Board convened in to Closed Session.

CLOSED SESSION

A. Conference with Legal Counsel – Anticipated Litigation (Government Code §54956.9(b), Significant exposure to litigation (1 matter)

B. Government Code Section 54957 – Public Employee Performance Evaluation: Retirement Administrator
C. Conference with Legal Counsel – Existing Litigation (Government Code §54956.9(a.)) disability retirement applications relating to the following:

- Pompeyo Tabarez, Jr.
- Juliana Severt
- Maria Thomas
- Jaime Ordonez
- Geneva Matus
- Mary Lou Ramirez
- Jose Quintero

OPEN SESSION

11. Announcement of Closed Session Action:

Kayleen Smith, Disability Specialist, announced the following:

- The Board discussed but took no action regarding Anticipated Litigation.
- The Board discusses but took no action regarding Public Employee Performance Evaluation.
- The Board discussed but took no action regarding the Disability Retirement Applications of Pompeyo Tabarez, Jr., Juliana Severt, Jaime Ordonez, Geneva Matus, Mary Lou Ramirez, and Jose Quintero.

The application for Service Connected Disability Retirement filed by María Thomas was granted administratively by a unanimous roll call vote of members present: Vogel, Lizarraga, Jauregui, Williams, McFetridge, and Bumgart.

CONSENT AGENDA

12. BUDGET:

Approval of the following Budget claims for the 2014-2015 fiscal year, to include Board Members in attendance at the 12/17/2014 meeting, an Administrative Budget Expense Summary, and a Treasurer’s Cash Account Summary per Govt. Code 31580.2 & 31521:

A. Administrative Budget (2 attachments)
B. Treasurer’s Cash (1 attachment)

13. Administrative Agenda:

A. Enrollment of New Members to ICERS (16):

B. Terminations (6):

C. Service Retirement:

1. Deborah Witt
   Department: Behavioral Health
   Effective Date: 10/28/2014
   General Member
2. Martha Romero  
   General Member
   Department: Child Support
   Effective Date: 10/31/2014

D. Re-Deposit Buyback:

1. Garibay, Lupe E.  
   General Member
   Department: District Attorney

2. Roman, Gustavo  
   General Member
   Department: Public Works

3. Roman, Gustavo  
   General Member
   Department: Welfare/Social Services

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

Paul Brown  
General Member
Deceased: 11/12/2014

F. Deferred Retirement:

1. Gayla Strong  
   General Member
   Department: Public Health
   Effective Date: 09/19/2014

2. Karla R. Fernandez  
   General Member
   Department: Child Support Services
   Effective Date: 10/18/2014

3. Sandra Alvarez  
   General Member
   Department: Social Services
   Effective Date: 09/16/2014

14. Conferences and Seminars:

CALAPRS:
Attorneys’ Roundtable  
January 23, 2015

Administrators’ Roundtable  
January 23, 2015

Advanced Principles of Pension Management for Trustees at UCLA  
January 28-30, 2015

Trustees Roundtable  
February 6, 2015  
San Jose, CA
15. Previously Approved Seminars/Conferences (list available in Retirement office).

**ADJOURNMENT:** Meeting was adjourned at 1:05 p.m. to January 21, 2015 at 8:30 a.m.

GEOFFREY P. HOLBROOK, Chairman

PATRICIA LIZARRAGA, Secretary