

**SUMMARY OPEN-SESSION MINUTES
SOUTHERN CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
June 11, 2008**

Members Present: Co-chair Ed Nelson, Co-chair Steve Kaplan, Elizabeth Ahlgren, Doretha Albee, Mark Anderson, John DeBeck, Lora Duzyk, David Fernandez, Joyce LaFleur, Sam Lucero, Kevin Ogden and Erik Olson Fernandez

Absent: Janice Cook, Thomas Eggleston, Jesus Gandara and Sam Wong

Administrative Staff: George McGregor, Dawna Agosto, Betty Ormsbee, Barbara Severino, Sherrie Shumaker, Annemieke Tomey, Nancy White and Bob Whiting

Consultant: Ron Mason, Lan Brown and Susan Giesting

Guests: Ronnie Adair (SDUSD), Edwina Cardinas (Kaiser), Sandra Chambers (Kaiser), Christopher Dick (United/PacifiCare), Cynthia Haro (Aetna), Michelle Knapp (Kaiser), Paul Temby (Dowling & Yahnke), Todd Torgerson (Sweetwater UHSD) and Linda Townley (PacifiCare)

The meeting was called to order by Ed Nelson at 8:00 a.m.

Public Comments: Christopher Dick, Account Director, United/PacifiCare was introduced.

Co-Chairs Report: Steve Kaplan reminded the Board of the Advisory Committee meeting on June 12, 2008, and invited Board members to attend if possible.

Investment Portfolio Review:

Paul Temby, of Dowling and Yahnke, updated the Board on the portfolio's status through May 31, 2008.

Committee Reports:

- A new trust, formerly a JPA that converted to a Labor/Management trust, has joined CPEEHCC. The annual training will be held at Harrah's, Las Vegas in January next year.
- Doretha Albee will be attending the CHCC meeting next week.
- VEBA's Leapfrog membership has been renewed. David Fernandez, the Board's representative to Leapfrog, will be working to increase participation.

Consultant Report:

- Ron Mason reported on the status of the 2009 renewal. He also reported that the RX trend is going up.
- Ron Mason advised the Board of the option of contracting with United HealthCare instead of PacifiCare for the PPO plan for non-California retirees. Making this change from PacifiCare to United HealthCare would generate an aggregate cost savings to plan participants of approximately \$144,000 annually. He noted that implementation would likely have an impact on the VEBA Administrator and also members would need new I.D. cards. George McGregor said that he would need Board approval for an expenditure of approximately \$15,000 for communicating the changes.

***MOTION:** (Albee) that the move to the United HealthCare PPO plan be approved effective January 1, 2009. Seconded by John DeBeck and motion carried.

***MOTION:** (Albee) that George McGregor's request for funding be approved. Seconded by John DeBeck and motion carried.

Consultant Report (cont.):

- Susan Giesting provided an update on the recent communications activity and updates to the VEBAonline website.
- Nancy White provided an update on the various Advocacy Programs including an arrangement with Sharp Healthcare to identify patients for referral to Best Doctors.
- Bob Whiting reported on the reach-out team's activities. He also updated the Board on the status of submission of the required improvement plans from the non-compliant districts. He recommended that the VEBA grant the districts a 30-day extension for submission. Steve Kaplan confirmed that there would be no additional cost to the other districts if the extension were granted.

***MOTION:** (DeBeck) that an extension of 30 days be given to the non-compliant districts for submission of improvement plans. Seconded by Doretha Albee and approved.

MINUTES:

***MOTION:** (Albee) that the open-session minutes of April 2, 2008 be approved. Seconded by John DeBeck and approved.

***MOTION:** (Ogden) that the open-session minutes of May 15, 2008 be approved. Seconded by Doretha Albee and approved.

Administrator Reports:

- George McGregor reviewed in detail the Statement of Net Assets, Budget Report and the Disbursement Reports as of February 29, 2008. The Board requested that McGregor prepare a funds breakdown of the amount required for reserves.

***MOTION:** (Albee) that the Disbursement Report as of February 29, 2008 be approved as submitted. Seconded by John DeBeck and approved.

- George McGregor reviewed in detail the Statement of Net Assets, Budget Report and the Disbursement Reports as of March 31, 2008.

***MOTION:** (Albee) that the Disbursement Report as of March 31, 2008 is approved as submitted. Seconded by John DeBeck and approved.

New Business

- George McGregor reported that Fallbrook Elementary School District submitted a request to terminate the VEBA Aetna term life insurance.

***MOTION:** (Ogden) that effective July 1, 2008, the Aetna Term Life Insurance coverage be terminated for Fallbrook ESD. Seconded by Sam Lucero and approved.

Board discussion followed regarding the need for increased marketing of ancillary products.

- George McGregor reported on the eligibility audit proposed for San Ysidro School District. He called attention to a memo in the Board packet from David Wolds, Procopio, Cory, Hargreaves and Savitch, regarding fiduciary responsibilities related to detection of fraud. He also noted the email regarding the types of verification that may be required to support dependent eligibility.
- George McGregor called attention to the report submitted by The Results Group regarding the VEBA retreat and the letter to the Internal Revenue Service from Hirsch Adell on behalf of the VEBA, requesting a letter ruling on the propriety of making expenditures for certain lobbying expenses.

Carrier Comments:

- Sandra Chambers, Kaiser Executive Account Manager, Labor and Trust Funds, introduced the designated VEBA account representatives and announced the Trust Fund Forum scheduled for September 25, 2008, from 9:30 a.m. to 12:30 p.m.

The meeting adjourned at 10:41 a.m.

The next meeting will be held on July 9, 2008 at 8:00 a.m. at the San Diego County Office of Education.