

**KERN REGIONAL CENTER**  
3200 N. Sillect Avenue • Bakersfield, CA 93308 • (661) 327-8531

**Board of Directors Meeting**  
5:30 p.m. – 7:30 p.m.  
KRC Malibu Conference Room  
3300 N. Sillect Ave.  
Bakersfield, CA 93308

**AGENDA**  
March 4, 2014

**I. CALL TO ORDER:**

- A. Self Introduction:
- B. Approval of Agenda:
- C. Approval of Minutes of February 4, 2014 as Attachment I
- D. Public Comment: Limited to 5 minutes

**II. ACTION AND DISCUSSION ITEMS – BOARD ACTIVITIES:**

- A. ARCA Report – Duane Law
- B. Review of Contracts – Audit/Finance Committee
  - Inclusion Films
  - Phase Two Service Corporation (PTS 6)
  - SAILS IX
  - SAILS VI
  - SAILS X

*Checklists and contracts attached.*
- C. Vendor Presentation: The Jasmine Nyree Education Center – Joe Correa

**III. ACTION AND DISCUSSION ITEMS – KRC ACTIVITIES:**

- A. **Budget Update and Financial Report** – report on the budget situation for KRC and the State as pertains to the delivery of developmental services.

IV. **REPORTS:** (Reports will be made only from groups that have met and/or have items to share)

- A. **President's Report**
- B. **Legislative Report**
- C. **People First of Kern County Report**
- D. **Area Board Reports**
- E. **Vendor Advisory Committee**
- F. **Executive Committee Report**
- G. **Foundation Report**
- H. **Foster Grandparent Progress Report**
- I. **Affordable Housing Committee (ASPIRE)**
- J. **Client Services Report**
- K. **KRC Staff Report**
- L. **Board Comments**
- M. **CEO Comments**

V. **MOTION TO GO INTO CLOSED SESSION:**

VI. **CLOSED SESSION:**

VII. **MOTION TO GO OUT OF CLOSED SESSION:**

VIII. **MOTION TO GO INTO OPEN SESSION:**

IX. **RESULTS OF CLOSED SESSION:**

X. **Adjournment**

X

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Ashlee O'Brien, Interim KRC Board Secretary

## KERN REGIONAL CENTER

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### Board of Directors Meeting

5:30 p.m. – 7:30 p.m.

KRC Malibu Conference Room

3300 N. Sillect Avenue

Bakersfield, CA 93308

### MINUTES

February 4, 2014

PRESENT: Susan Lara, President  
Steve Esselman, Vice President  
Frank Meyer, Treasure  
Ashlee O'Brien, Interim Secretary  
Matthew LaGrand  
Iman Killebrew  
Lorie Stewart  
Emily Greenwood  
Quanah Mason

ABSENT: Veronica Quezada (excused), Carol Sackey (excused)

- I. **CALL TO ORDER:** The meeting was called to order at approximately 5:40 p.m. by Susan Lara. It was determined that a quorum was present.
  - A. **Self Introductions:** Self-introductions were made around the table. In addition to Board members listed above, in attendance were David Marcus, Dale Davis, Beth Himelhoch, Shawn Callister, Marlene Donahue, Tracy Brown, Misty Varner, Richard Sikes, Grace Huerta, Terry Davis, Eric Geenwood, Joe Bowling, Vicki Smith, Sheryl Navarro, Diane Scheider, Nick Schneider and Josephina Bowman and KRC Staff: Jon Gusman, Maria Solano, Duane Law, Susan Hernandez, Cherylle Mallinson, Margaret Pyles, Kristen Sodergren, Roy Rocha, Able Fierro, Tammie Inman, Blanca Gamboa, and Juan Vieyra.
  - B. **Approval of Agenda: M/s/c---** (LaGrand/O'Brien) to approve the agenda as written. (9-0-0)
  - C. **Approval of Minutes of November 5, 2013 as Attachment I: M/s/c---** (Esselman/Killebrew) to approve the minutes as written. (9-0-0).
  - D. **Public Comment:** David Marcus commented that he wrote an article for the Bakersfield Californian. He proceeded to read the article for everyone. Nick Scheider commented that he would really like to continue attending the Inclusion Films program. He discussed the activities he is involved with and how passionate he is about the program. Diane Schneider commented that there will be a Casino

Night at Aviator Casino in Delano. Tickets are \$60/ persona and it includes dinner. There are about 20 tickets left and if interested you may contact H.E.A.R.T.S. for more information. Josephina Bowman commented that she read about the Family Forum and she wanted more information. She indicated that there is a lack of information sharing in regards to Family Forums. She also stated that the KRC website is not up-to-date and should KRC to fix this issue. Josephina also stated that she was concerned about KRC moving to a more electronic environment and the way information will be stored. Duane explained the cloud technology and how it works, he also discussed the process KRC is taking in regards to I.T. Josephina expressed concern because she received an IPP with the information of another consumer. She also stated that she would like to apply for self-determination based on the law that was recently passed. Duane explained that KRC used SANDIS to electronically write IPP's. SANDIS is the system the Department of Developmental Services has in place for Regional Center's to use. Duane explained that it is an antiquated system and KRC is in the process of looking into better technologies that will prevent wrong information to be sent out. Duane also explained Self-determination and the law/bill that was just passed. Duane explained that this is still a work in progress. Discussions began about self-determination and those consumers already part of the program.

Roy Rocha commented that Glen Callister is the new representative for Board meetings for People first. The Board welcomed Glen. Lorie Stewart commented that she was able to set up a meeting with Senator Jean Fuller for Friday, February 7, 2014 at 2:15PM at 5701 Truxtun Avenue, Suite #150. Lorie commented that she has seen a lot of news stories about special needs children being abused and she is trying to push for a bill that will have schools put up cameras. Lorie commented that if anyone is interested in attending to do so and if there are any individuals that have stories they can share to please attend. Susan Lara commented that this Board meeting is the last meeting for Iman Killebrew as the VAC representative on the Board. Her term has ended and the Vendor Advisory Committee has appointed Shawn Kennemer from N.A.P.D. to be the chairperson. Susan Lara also commented that League of Dreams had over 120 participants sign up. Late registration begins February 23<sup>rd</sup> and she reminded everyone that the league is free up until February 23<sup>rd</sup>. March 16<sup>th</sup> is opening day. Duane reported that in 2012 regional center's started completing the POS Distribution report or the so-called "Disparity Report". Each year the report must be posted on the website in December. Duane commented that KRC will be having a Public Meeting on Wednesday, February 26, 2014 at 5:30PM to review and discuss this report. Flyers were available for those in attendance. Emily Greenwood commented that she has been absent for a while due to school conflicts but she was happy to report that she has graduated with her Associate's degree. She is hoping to go to CSUB Eastbay.

## **II. ACTION AND DISCUSSION ITEMS - BOARD ACTIVITIES:**

- A. ARCA Report** – Duane Law announced that Governor Brown has appointed Santi Rogers as the new Director of DDS. His start date is set for March 3<sup>rd</sup>. Duane gave a brief history on Santi and discussed his experience with the Regional Center system. It was reported at the ARCA meeting that the ARCA Finance Committee has very good confidence from DDS that they would pay 100% of claims until December 2013. Then they promised to pay 100% in January 2014 and now February 2014 for any payments or late bills. Duane reported that KRC has secured a lined of credit that we can utilized if needed. Duane discussed the status on DC closures and what

next steps the Developmental Center Task Force is taking. Duane also reported that Grassroots Day will be Wednesday, March 12<sup>th</sup> in Sacramento. Duane explained what Grassroots Day is about and how the event gives the opportunity for regional center staff, Board members, consumers and families to speak with Senators or their representatives.

**B. Review of Contracts - Finance Committee**

- o None

*Checklists and contracts attached.*

**C. Nominating Committee** – Susan Lara reported that the committee met on January 31, 2014 to interview Dale Davis, Marlene Donahue and Tracy Brown. Susan Lara explained the interview process. She indicated that after very careful consideration, the committee feels there is adequate representation for Autism in our current Board. The committee is recommending Tracy Brown to join the Board of Director’s for her knowledge in Down’s syndrome; the Board currently doesn’t have anyone with this background. Tracy also has served on the Board for H.E.A.R.T.S. Connection, League of Dreams and she was very involved with the start of the Buddy Walk. Susan thanked Marlene and Dale for their interest. **M/s/c---** (Killebrew/LaGrand) to approve Tracy Brown’s appointment to the Board of Directors. (9-0-0)

A question was asked regarding Ramona’s return to the Board of Directors and if the Board was counting on her return. Susan Lara reported that the State Council had approved Ramona’s waiver and they are now just waiting on a few items. It was mentioned that there is lack of Hispanic representation on the Board and there is a great need for Hispanic representation. Marlene Donahue commented that in her letter she was encouraged to join other Board’s and she wanted to know if this was a requirement. Susan responded that it is not. Dale Davis commented that in his letter, he was told he was rejected because he represents Autism. Susan Lara commented that there are many factors that are looked at when choosing a Board member. Currently, the Board has a great number of individuals representing Autism and there are other areas of disabilities that are lacking representation as well, for example Down’s Syndrome. Ongoing discussions continued regarding the Board’s composition.

**D. Area Board VIII and XII Presentation** – Vicki Smith and Joe Bowling provided a presentation on the role of Area Board’s 8 and 12. The presentation reviewed the history of how assistance for individuals with developmental disabilities was made into law. It also discussed the role of State Council on Developmental Disabilities. The presentation also reviewed the counties both Area Boards serve as well as their Board composition. Discussion continued regarding Board vacancies and what is the process for joining their Board of Directors.

**III. ACTION AND DISCUSSION ITEMS – KRC ACTIVITIES:**

**A. Budget Update and Financial Report** – Jon Gusman reported that since the last Board meeting, the State was billed \$11.33 million for November services and \$11.9 million for December services. The current bank balance is \$11.83 million. KRC completed its purchase of service projection in December of 2013. As it stands, there is a (\$8.9) million deficit. Statewide, the purchase of service deficit is (\$342)

million. In January of 2014, KRC secured its line of credit with the bank, which is \$23 million, up from \$21.4 million last year. DDS will continue to pay 100% claims thru the month of February. Thereafter, DDS will begin to pay claims pro rata. It is projected DDS will begin to pay \$.85 on the dollar for claims beginning in March. For FY 12-13 statewide, the purchase of service deficit is down to around (\$35) million. KRC's deficit remains at around (\$2.3) million. For FY 11-12 there are enough funds remaining to pay any late bills.

**B. Performance Contract Presentation: Cherylle Mallinson** – Cherylle Mallinson gave a presentation on KRC's Performance Report. The presentation reviewed KRC's catchment area or counties served by KRC. The amount of individuals in KRC's system is currently at 7,048 and counting. Ethnicity, currently living status, age, diagnosis, intake and early start services were discussed.

**IV. REPORTS:** (Reports will be made only from groups that have met and/or have items to share)

- a) President's Report – Susan Lara reported that the Board has not had a chance to do a training and they are looking at an April date to have more training. Susan also reported that KRC will be having a Family Forum on Wednesday, March 12<sup>th</sup> in the KRC Malibu Conference Room at 5:30PM. Flyers are available for those in attendance. Susan also reported that there will be a Family Forum in Bishop and Mammoth Lakes in June, although we might change the date in order to have the Board of Area Board attend. The dates for those Family Forums are tentatively scheduled for June 11<sup>th</sup> and June 12<sup>th</sup>. Lastly, KRC will be having another Family Forum on August 27<sup>th</sup> in the KRC Malibu Conference Room. More information to follow.
- b) Legislative Report – Duane Law reported that is has been fairly quiet at the moment. There is not much going on as far as Legislation.
- c) People First of Kern County Report – Glen Callister reported that they are in the process of becoming certified to become a chapter and they were holding a fundraiser and selling candy to pay for the conference.
- d) Area Board Reports – Joe Bowling reported that they need Board members for Kern County. He explained the process of how to apply for a spot on the Board. Vicki Smith reported that there have been concerns regarding Self-Determination. Families are having difficulty reaching staff from KRC as well as staff from their Brokers. There are miscommunications and some families have even been told that they should just switch over to traditional services. They are also looking at providing training to give information out to families about 4731 complaints and the process to file them. Vicki also gave an update on the Dentistry project they are working on. They have sent notices to all of the 20 dentists' available in the area about upcoming trainings on people with developmental disabilities.
- e) Vendor Advisory Committee – Iman Killebrew commented that she was honored to have served on the Board for the past two years. She commented that she hopes the regional centers keeps moving in the right direction and that the regional center maintains its focus on those individuals we are all here to serve.
- f) Executive Committee Report – Susan Lara reported that the committee met twice during January to discuss a variety of issues. The first meeting was held on January 9<sup>th</sup> and it was a joint Executive committee meeting with the Foundation. The meeting was more about information sharing and defining the roles of both organizations. The second meeting was held on January 30<sup>th</sup> and the meeting was also for information sharing.

- g) Foundation Report – Eric Greenwood reported that they are working on a more formal grant process. They are also working on understanding assets and financials. Eric also reported that their Executive Committee met with KRC’s Board Executive Committee to work and a MOU.
- h) Foster Grandparent Progress Report – Susan Hernandez could not report as she had to leave the meeting early.
- i) Affordable Housing Committee (ASPIRE) – Grace Huerta reported that they are currently looking for Board members.
- j) Client Services Report – Duane reported that there is not much to report in Client Services. Staff are actively working hard.
- k) KRC Staff Report – Duane Law introduced Margaret Pyles as the new Human Resources Manager. Duane explained that KRC has been working with Worklogic HR for our human resources needs and we have moved forward with hiring Margaret.
- l) Board Comments – Matthew LaGrand commented that Lorie’s comment brings back a lot of memories of times he was neglected and abused. Lorie encouraged Matthew to attend the meeting with Senator Jean Fuller to share his story.
- m) CEO Comments – Duane Law had nothing to comment.

V. **MOTION TO GO INTO CLOSED SESSION:** Susan Lara commented that there were a few items the Board needed to address in closed session. **M/s/c---** (O’Brien/Meyer) to go into closed session. (9-0-0).

VI. **CLOSED SESSION:** Reader is referred to item IX. Results of Closed Session.

VII. **MOTION TO GO OUT OF CLOSED SESSION:** Susan Lara requested that the Board leave the Closed Session as there are no more items to discuss. **M/s/c---** (Meyer/O’Brien) to leave Closed Session. (9-0-0)

VIII. **MOTION TO GO INTO OPEN SESSION:** Susan Lara requested a motion to go back to Open Session. **M/s/c---** (Esselman/O’Brien) to go back into Open Session. (9-0-0).

IX. **RESULTS OF CLOSED SESSION:** The Board of Directors received information relative to historic practices of managing the Money Purchase and Defined Benefit Pension Plans. The Board upon recommendation from KRC’s ERISA Attorney entertained a motion to authorize KRC Administration to move the Money Purchase and Defined Benefit Plans into a Fiduciary 3(38) agreement. The agreement will reduce/mitigate trustee liability and place the investment decisions into the domain of the Prudent Professional for purposes of Plan Management. **M/s/c---** (Esselman/Meyer) to move the Money Purchase and Defined Benefit Plans into a Fiduciary 3(38) agreement. (8-0-1) Lorie Stewart abstained due limited knowledge of the above matter.

The Board of Directors also received guidance based upon the recommendation of KRC’s ERISA Attorney to move the Trustee Responsibility to the Board of Directors and away from the CEO and CFO as sole Trustees of the Plans. KRC Board of Directors will be moving

to adopt the oversight and governance responsibility for the Defined Benefit and Money Purchase Plans and the 403b and 457 deferred compensation vehicles as is organizationally proper. Historic practice of fund selection and plan management by employees of the Regional Center produce a Conflict of Interest where the Trustees are also Beneficiaries of the Plans. **M/s/c---** (Killebrew/O'Brien) to move the Trustee Responsibility to the Board of Directors and away from the CEO and CFO as sole Trustees of the Plans. The KRC Board of Directors will be moving to adopt oversight and governance. (9-0-0). The Board of Directors wishes to extend thanks to the KRC Staff Pension Committee and Trustees for their stewardship of these plans over the years.

It was also reported that Kern Regional Center currently maintains the Kern Regional Center Money Purchase Pension Plan (the "Plan") which is a multiple employer plan with H.E.A.R.T.S. Connection of Kern County ("H.E.A.R.T.S") as an additional participating employer. The Plan is currently being considered by the Internal Revenue Service in a request for the issuance of a favorable determination letter on the Plan's qualification. H.E.A.R.T.S. has adopted a 401(k) profit sharing plan (the "401(k) Plan") and has indicated to Kern Regional Center "KRC" that H.E.A.R.T.S. will no longer be a participating employer in the Plan and has requested the distribution of its portion of the Plan assets. Such distribution could either be a direct trustee-to-trustee transfer from the Plan to the 401(k) Plan or could be a spinoff and termination of the H.E.A.R.T.S. portion of the Plan.

The Board of Directors has determined that such transfer or spinoff and termination would be in the best interest of KRC and its employees and would like to proceed with such action as soon as it is prudent to do so and in such manner as protects the qualified status of the Plan. The Board of Directors authorizes Duane A. Law and Jon Gusman as the trustees of the Plan ("Trustees") to enter into discussions with H.E.A.R.T.S. regarding the distribution of such Plan assets. The Trustees are further authorized to finalize such spinoff and termination or direct trustee-to-trustee transfer after coming to an agreement with H.E.A.R.T.S. regarding such distribution and after a favorable determination letter has been received on the qualification of the Plan. The proper officers of KRC are authorized and directed to execute such additional documents or instruments as may be necessary or required to implement such transfer or spinoff and termination.

- X. Adjournment: M/s/c---** (Esselman/Killebrew) to adjourn the meeting at 9:45P.M. (9-0-0).

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Ashlee O'Brien, Interim KRC Board Secretary

## ACTION LOG

February 4, 2014

1. **M/s/c---** (LaGrand/O'Brien) to approve the agenda as written. (9-0-0).
2. **M/s/c---** (Esselman/Killebrew) to approve the minutes as written. (9-0-0).
3. **M/s/c---** (Killebrew/LaGrand) to approve Tracy Brown's appointment to the Board of Directors. (9-0-0)
4. **M/s/c---** (O'Brien/Meyer) to go into closed session. (9-0-0).
5. **M/s/c---** (Esselman/Meyer) to move the Money Purchase and Defined Benefit Plans into a Fiduciary 3(38) agreement. (8-0-1) Lorie Stewart abstained due limited knowledge of the above matter.
6. **M/s/c---** (Killebrew/O'Brien) to move the Trustee Responsibility to the Board of Directors and away from the CEO and CFO as sole Trustees of the Plans. The KRC Board of Directors will be moving to adopt oversight and governance. (9-0-0).
7. **M/s/c---** (Meyer/O'Brien) to leave Closed Session. (9-0-0).
8. **M/s/c---** (Esselman/O'Brien) to go back into Open Session. (9-0-0).
9. **M/s/c---** (Esselman/Killebrew) to adjourn the meeting at 9:45P.M. (9-0-0).