

**KRC Executive Committee**  
**Kern Regional Center**  
**July 23, 2014**  
**Minutes**

Present: Susan Lara, President  
Steve Essleman, Vice President (by phone)  
Frank Meyer, Treasurer  
Staff: Duane Law, CEO

Meeting Started at 3:35pm

- 1) **Pension Committee:** The Executive Committee was joined by our ERISA Attorney, Jeff Chang (by phone). We discussed in length the overview of our Pension and how it was set up with the sole trustees (as of now as Duane Law and Jon Gusman). Mr. Chang has been doing ERISA for over 30 years and most plan documents specify a "Plan Administrator" or people responsible for daily operations. Mr. Chang recommends the Board of Directors appoint a committee by the Board, not "of" the Board made up of individuals such as board members, KRC administration staff, employees and financial experts who are willing to meet on a regular basis and have knowledge in pension plan area as the Plan Administrator. They will be responsible for hiring of a 3(38) under contract for daily monitoring of the plan, and will have oversight as the Plan Administrator. After Jeff Chang left the meeting, the Executive Committee discussed the historic investment advisory committee and the role they might like to play with the newly formed Pension Committee by the BOD. Steve Esselmen suggested two options, either they stay in their advisory role and meet with the new Pension Committee to have their voice heard, or a few of the members from the historic investment advisory committee could join the new Pension Committee by the BOD as a member and thus having a voice but also taking on the fiduciary responsibility and the liability. It was agreed to present that option to the staff when this new committee was being formed at the next Board of Directors Meeting. No actions taken.
  
- 2) **Independent Auditor's Report:** The Executive Committee was joined by Jeff King and Denira Millan of Barbich Hooper King Dill Hoffman Accounting Corporation to present the Executive Committee with a preview of the 2013 Independent Auditors' Report. Mr. King and Mrs. Millan discussed at length the very involved audit process that they have gone through now for two years. They discussed some of the areas that KRC needs to work on, but that KRC has already begun that process to address those areas and how the KRC Staff is very easy to work with. The process was a little more difficult this year as there were auditors from DDS here at the same time overwhelming the KRC Staff. There are two deliverables being presented by the CPA, a draft Governance Letter and the Audit Process, or "risks" perceived by the CPA. It was overall a very good report from Mr. King and Mrs. Millan. They both will present the Independent Auditors' Report at the next KRC Board Meeting. No actions taken.

- 3) **Review of Closed Session Items:** The Executive Committee briefly discussed the items which will be discussed in Closed Session at the August Board Meeting: "Statement of Facts" letter prepared by Jeff Change our ERISA Attorney, Salary Wage Scale and CEO Employment Contract. Committee also addressed Shawn Kennemer's letter and the response from Transactional Attorney Tom Crear, this item to be added to the agenda for August's Board Meeting and Tom Crear will attend. No actions taken.

Meeting Adjourned at 5:40pm