



**VALLEY COUNTY WATER DISTRICT
MINUTES FOR THE SPECIAL MEETING OF THE FINANCE STANDING COMMITTEE HELD
FRIDAY, NOVEMBER 9, 2012**

Committee Members Present: Director Jonathan Contreras, Chairperson
Vice President Lenet Pacheco, Co-Chairperson

Staff Present: Lynda Noriega, General Manager
Colleen Malaiba, Executive Assistant/Board Liaison

Public Present: President Margarita Vargas
Director Mariana Lake
Director Armando Macias
Mr. Al Contreras

Meeting called to order at 4:05 pm.

1. Members of the Board of Directors:

- a. *Directors' Health Coverage - Analysis Completed by Lemieux & O'Neill*
- b. *Cost of Director Benefit Premium and Open Enrollment Periods*
- c. *Comparison: Director + Dependents versus Director Only Premiums*

● **General Manager:**

- Explained that the Board of Directors had discussed eliminating all Director benefit plans and had requested to review various options for reducing costs in terms of insurance premium coverage
 - Option One - Explored the possibility of reimbursement of medical costs incurred by the individual Director; explained that General Counsel reviewed this option and determined that the District would not be able to consider a reimbursement of medical costs, but suggested that the District would be able to consider a reimbursement of premiums paid to an insurance provider by each individual Director
 - Option Two - Allowed for the deduction of current premiums from the individual Director's stipend payment
- Commented that remaining on the District's current insurance plan would be the most cost effective solution for the individual Directors since the District maintains a group coverage rate, which are typically less than individual coverage rates
- Director Contreras highlighted that the suggestion for the premium reimbursement option was to have a prescribed list of providers for the Directors to select appropriate coverage for their individual needs
- General Manager stated that this option would most likely limit the available options for coverage that the Directors would have; remarked that the goal of the discussion was to reduce costs for the District, not to provide alternate insurance coverage for the individual Directors
- Director Contreras suggested reforming the Director benefit plans because the goal was to reduce long term costs to the District

- Vice President Pacheco reiterated her comment from the Board of Directors meeting that she would only support two options for the Director benefit plans - 1) Coverage for the Director and their dependents, or 2) Elimination of all Director benefit plans
- General Manager stated that the three options for reform to Director benefit plans included consideration of a reimbursement plan, coverage for Directors only, and elimination of all Director benefit plans
- Director Contreras:
 - Stated that the reimbursement option was not viable because it would not satisfy the goal of saving money for the District
 - Agreed with Vice President Pacheco in support of either full coverage for the Director's and their dependents or elimination of all Director benefit plans
- Vice President Pacheco stated that she would not make a recommendation at the Committee level since she felt that all members of the Board of Directors needed to take action on the item
- Director Contreras stated that because the cash reimbursement option was deemed illegal by General Counsel, it was no longer a viable option to consider
- General Manager:
 - Stated that a cash reimbursement option would put the District in a position of being a health administrator, requiring a rendering of whether or not certain procedures should be covered
 - Mentioned President Vargas' concern regarding the timing of any change for the insurance coverage because open enrollment for alternative insurance was limited and time sensitive
- Director Contreras requested to have that enrollment information available during the Board of Director's discussion
- General Manager recommended discussing insurance coverage changes during the time the District is processing its annual budget
- Mr. Al Contreras questioned whether or not the open enrollment period was already closed
- General Manager:
 - Clarified that open enrollment is utilized for changing coverage types or adding a dependent to the existing plan without a mid-year qualifying event
 - Stated that open enrollment for CalPERS was closed in October 2012
- Mr. Al Contreras restated the four options available to the Board of Directors for consideration:
 1. Keep the benefit plans in place as currently administered
 2. Eliminate benefit plans for the Directors and their dependents completely
 3. Offer benefit plans to the Directors only
 4. Offer benefit plans to the individual Director only with the option for the individual Director to pay for additional dependent coverage
- General Manager stated that the financial software is equipped to handle any of the scenarios as far as deductions are concerned
- Vice President Pacheco:
 - Thanked Mr. Al Contreras for his comments
 - Stated that her position for no recommendation remains the same so that the Board of Directors could make the ultimate decision
- Director Contreras recommended providing information for all viable options since the Committee was not able to reach a consensus, including information on enrollment times and premium comparisons
- Vice President Pacheco stated that she made the recommendation at the last Board of Directors meeting to discuss the item during budget time because it would be a good time to evaluate other expenses in conjunction with this item
- General Manager stated that with her current schedule, she does not anticipate being able to prepare the requested information for this discussion until December or January
- Director Contreras would like the Board of Directors to consider the options with an effective date closely aligned to the District's budgeting process

Meeting adjourned at 4:31 pm.


Secretary
(SEAL)


President