

To be approved at the Board of Education meeting March 12, 2002.

MINUTES OF THE FEBRUARY 13, 2002, SPECIAL BOARD OF EDUCATION MEETING.

The Shaker Heights Board of Education met in special session on Wednesday, February 13, 2002 at 9:02 p.m. at the Administration Building, 15600 Parkland Drive, Shaker Heights, Ohio.

Members present: Mr. F. Drexel Feeling, Ms. Freda J. Levenson, Mrs. Nancy R. Moore.

Members absent: Mr. Steven S. Kaufman and Mrs. Carol J. Ribar.

Board Members Kaufman and Ribar were unable to attend due to previous commitments, but received all documents and information prior to the meeting.

President Nancy R. Moore presided.

Superintendent Mark Freeman began the discussion regarding the sale of Anthem, Inc. common stock. In the regular meeting of the Board of Education on February 7, 2002, board members indicated that it would be wise to seek additional information and clarification from the District's legal counsel and consult investment professionals about the best method to proceed.

Board members were provided a proposed resolution and a letter from Squire, Sanders and Dempsey (attachment) outlining the background of how the stock was received and recommendations about the divestiture of the Board's position in the stock. Superintendent Freeman and Bryan Christman, Treasurer, also met with the District's investment adviser, A.G. Edwards & Sons, Inc., and they concurred that this was a reasonable way to proceed.

Ms. Levenson moved, seconded by Mr. Feeling, that the following resolution to sell Anthem, Inc. common stock be approved.

WHEREAS, the Shaker Heights Board of Education received effective November 1, 2001, 46,666 shares of Anthem, Inc. common stock as a result of Anthem Blue Cross & Blue Shield, the District's long-time health insurance carrier, converting from a mutual to a stock corporation, otherwise known as a demutualization; and

WHEREAS, entities holding more than 30,000 shares may not sell the stock outright during the first 180 days, except for participation in the Anthem Large Holder Sale Program for which the District is eligible; and

WHEREAS, the District is prohibited from buying equity investments (and from holding on a long-term basis equity investments that are given to the District); and

WHEREAS, the District has sought and received advice from District legal counsel, Squire, Sanders & Dempsey, as well as from A.G. Edwards & Sons, Inc, investment advisors and brokers, who have both indicated their concurrence about the reasonableness of the following plan to liquidate the District's position in the stock; now

THEREFORE, BE IT RESOLVED, that the Shaker Heights Board of Education authorize the Treasurer and/or the Superintendent to execute the sale of the District's Anthem, Inc. stock holdings in accordance with the schedule below subject to time and price discretion depending on market conditions, and to take any further action necessary to effectuate the resolution; and

<i>Approximate Timing</i>	<i>Action</i>
02/15/02	Submit 17,000 shares to be sold through Anthem Large Holder Sale Program
One business day after completion of the first sale (est. at 02/19/02)	Place stop-loss order for remaining shares at \$2-\$5 below current market, based on investment advisor's recommendation (including possible laddering of stops)
02/22/02*	Sell 10,000 shares on the open market
03/01/02*	Sell 10,000 shares on the open market
03/08/02*	Sell balance of shares on the open market

*subject to change depending on market conditions

BE IT FURTHER RESOLVED, that the stock be fully liquidated by June 28, 2002, or upon reaching the market price of \$65, whichever occurs first; and

BE IT FURTHER RESOLVED, that the Shaker Heights Board of Education authorize the proceeds from such sale to be credited to the account of the District's Building Fund (004) to be used for capital repairs and maintenance.

Roll Call: Ayes: Mr. Feeling, Ms. Levenson, Mrs. Moore.

The motion carried.

02-02-38

At 9:16 p.m. Mr. Feeling moved, seconded by Ms. Levenson, that the special meeting be adjourned.

Roll Call: Ayes: Mr. Feeling, Ms. Levenson, Mrs. Moore.

The motion carried.

02-02-39

The meeting was adjourned at 9:16 p.m.

Nancy R. Moore, President

Bryan C. Christman, Treasurer