

# CALIFORNIA STATE RETIREES

1108 O Street, Suite 300 • Sacramento, CA 95814 • (916) 326-4292 • (888) 808-7197 • [www.csearetirees.org](http://www.csearetirees.org)

## **CSR BOARD OF DIRECTORS MEETING**

February 27, 2014  
8:30 a.m. – 4:00 p.m.

**Embassy Suites – San Francisco Airport**

150 Anza Blvd  
Burlingame, CA 94010  
(650) 342-4600

### **BOARD AGENDA**

1. Call to order by President Tim Behrens at 8:30 a.m.
2. Salute to the Flag
3. Roll Call:

Tim Behrens, President, Chapter 35, District F

Fritz Walgenbach, Executive Vice President, Chapter 02, District E

Gus Lease, Vice President, Chapter 23, District C

Donna Hernandez, Chapter 9, District A

Jerry Evans, Chapter 10, District B

Susan Sears, Chapter 14, District D

Gene Waggoner II, Chapter 06, District G

Harold Rose, Chapter 21, Chief Financial Officer

Roger Marxen, Immediate Past President, Chapter 02, District E

Jerilyn Johnson, Board of Directors Meeting Secretary

Headquarters Staff—Phil Sherwood, Trinda Lundholm, Terrence Conklin, Corinne Wattenburger, Renee Texeira, Theresa Michael

*~This Meeting Will Be Recorded~*

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d. Membership Committee—Bobbi Estrada	Oral
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## **CALIFORNIA STATE RETIREES (CSR) BOARD OF DIRECTORS MEETING**

Double Tree by Hilton San Diego – Mission Valley  
November 8, 2013

### **1. Call to order**

The meeting was called to order at 8:30 a.m. by President Tim Behrens, who welcomed all members attending and thanked staff for arranging the casino bus trip the evening of November 7.

### **2. Salute to flag**

The pledge of allegiance to the flag was led by Fritz Walgenbach.

### **3. Roll Call**

Members present were:

Tim Behrens, President, Chapter 35, District F  
Fritz Walgenbach, Executive Vice President, Chapter 2, District E  
Gus Lease, Vice President, Chapter 23, District C  
Donna Hernandez, Chapter 9, District A  
Jerry Evans, Chapter 10, District B  
Susan Sears, Chapter 14, District D  
Gene Waggoner II, Chapter 6, District G  
Harold Rose, Chief Financial Officer, Chapter 21  
Roger Marxen, Immediate Past President, Chapter 2

Headquarters was represented by Phil Sherwood, Trinda Lundholm, Terrence Conklin, Renee Texeira, Corinne Wattenburger and Theresa Michael.

### **4. Introductions, Agenda Changes, Corrections and/or Unscheduled Items**

There were two additions to the agenda: 14(h) Appointments to the Health Benefits Committee and 14(i) Speakers on Long-term Care. There was also an addition to item 14(b) concerning grants language. President Behrens introduced Marilyn Hamilton, CSEA President, and J. J. Jelincic, recently reelected to the CalPERS Board of Administration.

CSR 30/13/3      MOTION: Walgenbach, second by Lease – that the CSR Board accept the agenda as amended. CARRIED.

### **5. Approval of Minutes of the May 10, 2013 Meeting**

MOTION: Evans, second by Waggoner – that the CSR Board of Directors approve the minutes of the May 10, 2013 meeting as printed. CARRIED.

## **6. President's Report of Activities**

The President's printed report was included in the agenda material. President Behrens noted that board members submit their reports for inclusion in the agenda over a month before the meeting, and sometimes things come up requiring a change of itinerary -- if his report says he attended a meeting which he did not, it is because something like testifying at CalPERS came up. There are some new interesting things in the CSEA Benefits Department, including a hearing aid plan which sounds better than his Blue Cross plan, and he urged members to get information on it.

At a closed session the board received a presentation by developers who are working on the possibility of building a five-story structure on the CSEA parking lot. The cost would be about \$27 million, which would be split by the affiliates. The board decided against spending \$50,000 to \$150,000 to check into it, believing it is more fiscally responsible to make repairs to the 1108 "O" Street building. The board also discussed working with a coalition in the fight against San Jose Mayor Chuck Reed's proposed initiative for "pension reform." "Californians for Retirement Security" is a large coalition which will be spearheading all employee organizations in California to protect our pensions. Members can look up the coalition on the internet and see all the organizations involved. Polling on the issue found that 63% of people in California would be against an initiative to reduce our pensions, but that is because the economy is doing well and sentiments could turn around if the economy goes down. The board also agreed that if San Bernardino or other cities in bankruptcy refuse to pay their PERS contributions, we will become part of the PERS lawsuit and file an amicus brief.

Giving an update on the CSEA Foundation, he explained that the Foundation had considered disbanding, giving half its funds to CSR and half to CSUEU, and decided not to disband. A significant amount has been pledged to the Foundation in memory of Yolanda Solari, and we will pass the hat at future meetings. The Foundation currently has about \$40,000 for scholarships and has a new brochure listing what they've done in the last five or six scholarships awarded -- two of the scholarships went to grandchildren of retirees.

## **7. Board Member Reports**

The backup material contained printed activity reports from Fritz Walgenbach, Gus Lease, Donna Hernandez, Jerry Evans, Susan Sears and Gene Waggoner. Roger Marxen noted that his time over last three months was rather taken up with outside activities, but he attended board meetings and chapter meetings when he could. He thanked members for their kind remarks about Yolanda Solari and said he appreciates how many members have been generous to the Foundation in her memory.

Fritz Walgenbach added that he attended an excellent CalPERS program in San Jose, geared toward people who run programs within PERS and organizations that support CalPERS. Of particular interest were sessions on long-term care and Social Security, all presented in power point which could be downloaded. He hopes CSR can put the material on our website so members can access it. He was impressed with CalPERS' efforts to make it a user friendly organization. They now have more people available to answer questions, and he suggested that members call the PERS hot line number, then call headquarters if their question is not resolved.

Donna Hernandez added that she attended a Board of Pharmacy meeting in October, where she spoke on behalf of CARA, and the board agreed to enlarge the font on prescription bottles from 10 to 12; it will take a while for the change to go through.

Susan Sears added that she also attended the CalPERS event in San Jose. At the long-term care presentation, for the first time the mood was optimistic – there are many young people anxious to sign up, which should help members in the program. We are still working to get a break on our premiums. PERS' goal was to get 10% of participants to migrate to a lower plan. We encouraged members to do that, and there was a 28% migration. The long-term care program has its own separate investment fund, which earned 3.8%, lower than the PERS regular fund. There were also opportunities for conversations with board members, and she brought up the problem that when a member passes away, CalPERS and Social Security are informed, but no one tells CSR and we continue to send the *State Retiree* for months. When we asked CalPERS to notify us, they said it was confidential, but we hope to work something out with the Social Security database. She also noted that someone had commented about CalPERS staff being arrogant, but she has found them to be hardworking, highly analytical, and light years ahead of us in terms of understanding retirement issues. Concerning the Issues PAC, she explained that she had been under the misapprehension that our PAC money could go where we wanted; however, members who do not want to contribute to political campaigns need to designate if they want part of their contribution to go to the Issues PAC, and she urged members to support the Issues PAC by contributing.

Gene Waggoner added that he believes the Issues PAC is more important than the Candidates PAC, as issues have a positive or detrimental effect on us. He reported that Beverly Waller-Wharton obtained a device for \$35 at Walgreens that greatly improved her hearing. It is also available for \$30 at "As Seen on TV" stores. Ms. Waller-Wharton reported it works wonderfully, amplifying what an individual hears by 30 times. The brand name is "MSA 30X Sound Amplifier."

## **8. Guest Speaker – Paul Greenwood – Elder Abuse**

Chapter 26 President Gary Ivey introduced Paul Greenwood, relating that he attended a session on elder abuse and was really impressed with Mr. Greenwood and his work. Mr. Greenwood noted that he has been a prosecutor in San Diego County for over 20 years and was honored to share his presentation on "Elder Abuse from a Criminal Perspective." Giving some background, he related that in the summer of 1969 he was 17 in England, where he saw himself as an "easy rider" and "midnight cowboy" and decided to go to the

U.S., traveling around America for 99 days. In the summer of 1973, he traveled to San Diego, where he went to church and met and married his wife. They were in England for 13 years then moved to San Diego. His father is his hero, and this generation is being targeted, the generation of “be more concerned with your character than your reputation.” San Diego County has 2.5 million people; the District Attorney’s Office has 300 prosecutors, so they can specialize. He works in family protection and was assigned to elder abuse 17 years ago. Giving examples, he noted that Mickey Rooney was a victim of financial abuse by his own stepson. He told the story of a woman who was abused by two men posing as FBI agents, who were fortunately arrested. Another victim was abused after buying a Kirby vacuum cleaner.

The number one red flag for elder abuse is isolation, where a caregiver can keep a victim a prisoner in his own home while accumulating his funds. All victims deserve our utmost response; sadly, some victims are overlooked, ignored, disbelieved or simply are abandoned. The number one problem is that victims often don’t report the abuse. He gave the example of man who was married for 75 years. When his wife died, he placed an ad in the paper for a caregiver. The woman who responded to his ad stole his checks and wrote them to herself. Because silence comes from the victims, we need to be more proactive. He urged members to call someone to check it out if they see something that seems not right. By 2030 there will be 17 million people over 70; it is the fastest growing age group. There are 71,000 Americans over 100. There is no known cure for dementia and related illnesses and elder abuse is exploding. California still does not require caregivers to go through background checks. You may have an elderly relative that is a victim of financial exploitation but doesn’t tell out of fear of being placed in a home. In California, age 65 is the definition of elderly. The State Code for elder abuse is section 368, which covers both elders and dependent adults, but elder abuse, including physical abuse, is an unrecognized crime by many police. It must be proven that the defendant knew or reasonably should have known that the victim was a dependent or elder.

Discussing misconceptions, he reported the number one myth is that elderly people make terrible witnesses in the courtroom -- we must avoid stereotypes of seniors. The number one item of theft is jewelry. The number two myth is that there is nothing that can be done if a victim refuses to provide information, but he can still get a conviction if the witness doesn’t come to court. Self-determination is not the answer; the victim doesn’t get to decide to drop the charges. When he sees in a police report “victim denied prosecution,” he gets upset at the police officer. The number three myth is that if a victim gives the money voluntarily it is not a crime – that is wrong. The profile of a typical abuser is a son in his late 30s to early 40s, living at home with Mom, lazy and unemployed. He urged members to watch out and report their suspicions to adult protective services.

Mr. Greenwood reported that his number one mission is to respect and honor, with three words, “patience, purpose and perseverance.” He asked members to feel free to contact him by phone at (619) 531-3464 or by e-mail at Paul.Greenwoodsdcda.org. President Behrens reported that he would invite Mr. Greenwood to the CSR Delegate Assembly in 2015.

## **9. Chief Financial Officer Report**

Harold Rose reported that CSR had \$417,500 in the Candidates PAC and \$60,000 in the CSR Issues PAC -- the PAC Committee spent \$30,000 on November 7. He noted that once dues money and contributions are put into the PAC's, we can't take the funds out and put them back into the operation fund. EPIC has closed down its accounts and made a \$17,000 contribution to the CSR Issues PAC. He thanked Max Turchen, Pat Askay and Gene Waggoner, for their help -- including himself, the last four members and officers of EPIC. CSR has about \$1,500,000 total in PAC funds, savings, money markets, checking account and investments. For its size and membership, CSR should have six to eight months' income in reserve for the unexpected. With current monthly dues income of \$215,000, that would be \$1,300,000 to \$1,700,000, not counting PAC funds -- we are still about \$300,000 to \$500,000 short of needed reserves. He noted that he has 335 contacts who receive his e-mailed information. The information he sends to the CSR Board, Finance Committee members, chapter presidents and treasurers is information that can be shared with members, and he will advise receivers if any information is confidential.

## **10. Headquarters Report**

Copies of the printed headquarters report were on the information table. Phil Sherwood added that CSR has moved to a larger office at 1108 "O" Street and staff is no longer squeezed together in little cubicles. He urged members to drop by when they're in the neighborhood. He introduced two new wonderful additions to the permanent staff, Corinne Wattenburger, Program Specialist, and Theresa Michael, Administrative Technician.

He noted that Tim Behrens has testified before CalPERS about the need to return any savings CalPERS realizes from members who downgrade their long-term care plans to the people hardest hit by premium hikes. Instead of the 10% migration CalPERS had hoped for, 26% of the members in the long-term care program migrated to lesser plans, resulting in a great savings to the program, but CalPERS wants to wait another year to see what happens. Even though funds in the long-term care program are in lower risk investments, he doesn't understand why the return is only 3.4% versus a 12.1% return on the entire Fund. He moved from a lifetime to a six-year plan and urged other participants to look at the total value and migrate to one of the lesser plans. CalPERS has started its program to verify eligibility for dependent coverage. HMS is the company performing the eligibility audits, and members who receive letters from HMS must respond and return their verification documents to avoid losing dependent coverage. He cautioned members that if HMS asks for their marriage license, be sure to send a copy, not the original, because they won't get it back.

There will probably be a legislative hearing in January on the release of retirement information, and we may want to have members testify about the possible damage to them from release of their individual information to the public. Concerning the need to attack the Reed initiative if it qualifies for the ballot, he noted that members can give unlimited contributions to the CSR Issues PAC, but only \$200 a year to the Candidates

PAC, and urged all chapter presidents to sign up for the Issues PAC if they haven't already.

### **11. CSEA President's Report**

CSEA President Marilyn Hamilton reported that CSR now has 600 additional square feet in the headquarters building, and she urged members to go see the new offices. With CSR paying more for the additional space, there is also an extra for CSEA – a new conference room at headquarters, about the same size as SEIU's, which can be used for board meetings. She reported that she confers with the general manager often by phone concerning what's happening in CSEA. CSEA Benefits department is doing well and its earnings will go toward General Council. She has started work on the CSEA Bylaws to be presented to General Council in 2015, since B&P 1 didn't pass last time. If it passes, it will save CSR money.

### **12. CalPERS Board of Administration Update – J. J. Jelincic**

J. J. Jelincic reported that Henry Jones was traveling. He thanked members for their support in his recent reelection to CalPERS Board, reminding them that every one of the PERS Board members has fiduciary responsibility to the members -- even the DPA representative has primary responsibility to the members, not to the employers.

There is good news regarding investments. He noted that two-thirds of every dollar paid to CalPERS retirees comes from earnings on the fund and encouraged members to take "pension bucks" to distribute as good conversation starters with neighbors and friends, showing people where pension money comes from and how pension payments boost California's economy and create new jobs. While the press says the PERS 7.5% assumed rate of return is way too high, return on investments was 12.5% last year, and a lower assumption rate would have an impact on employer contributions. Long-time returns average 7.8% for the last 20 years and 9.3% for the last 30 years, and those 30 years cover lots of problems. The Fund is currently at \$270 billion and could continue to pay benefits for many years with no additional income. There is a big effort to "de-risk" the portfolio, but he reminded people of Bob Carlson's point that the biggest risk the Fund can take is no risk.

Concerning troubled employers, in addition to San Bernardino and Stockton, a small city near Mammoth recently filed for bankruptcy. Stockton is currently working on a plan to come out of bankruptcy – they recently approved a sales tax increase and have never stopped making their PERS contributions. San Bernardino took another approach and stopped making payments for about a year. PERS continued sending checks to retirees and crediting employees for their service -- San Bernardino is going to end up having to pay, and PERS believes they will make those payments. The judge finally ruled San Bernardino eligible for bankruptcy because he said there was no alternative, and that decision will be appealed.

Concerning health benefits, PERS has added new HMO options. The overall increases were 3% this year -- Medicare PPO premiums went down, and Medicare HMO premiums



went up an average of 6%. On the issue of long-term care, he asked members to remember that the money for benefits comes only from premiums and earnings on the fund; there is no employer contribution. Members can save by reducing the amount of coverage -- lifetime coverage is way too much. A number of people have migrated to a lower plan and he believes there will be rate relief coming. While there probably would not be savings if a 90-year old member moved to a 10-year plan, younger members going from lifetime to a 10-year plan will mean savings.

Concerning the Chuck Reed "pension reform" effort, he noted that in San Jose they put an initiative on the ballot which would have required employees to pay an additional 16% of their salary into retirement benefits, and that initiative lost. There has been some discussion that it may be good if the Reed initiative gets on the state ballot because it will generate some excitement, but he hopes it does not qualify.

To a question on where the savings will go if CalPERS saves \$41 million from the dependents eligibility program, he noted it would help to hold down premiums. To a question concerning the vision plan, he explained that PERS processes the paperwork, but DPA runs the vision plan by statute and any change would have to be by legislation.

To a question whether the situation in Puerto Rico would affect CalPERS investments, he explained that PERS does not own tax-exempted investments, so it would not directly impact the investment portfolio, but could affect employers. Regarding the Detroit bankruptcy, he noted that the city has \$18.5 billion in debt, with \$3.5 billion related to pensions, but for some reason the attorney said the city was going bankrupt because of the pension debt. To a question concerning an article in the San Diego newspaper on lack of transparency in providing names of employees and how much they earn in retirement, he noted that San Diego passed a proposition in 2012 providing that with the exception of police, employees would not have defined benefits. That proposition did say that to protect transparency they would not publish employees' names. San Diego has its own pension system and is not a PERS agency. Concerning the transparency issue and PERS, the courts have said that names are a matter of public record and he believes there is already legislative authority over names -- PERS has no interest in putting names out there, but it is public record. He noted that when we were growing up a pension was a defined benefit -- 401(k) plans are not pension plans, they are savings plans. Members need to be involved in getting defined benefits back for those who lose them. We are moving back to where people die on the job because they cannot afford to retire. PERS is limited in what it can do, but board members can talk about anything.

## **California State Retirees (CSR) Committee Reports**

### **12A. Finance Committee**

It was noted that there has been a lot of discussion on the funds chapters have in CDs and savings, and the Finance Committee had developed a fair compromise.

CSR 32/13/3            MOTION: Rose, second by Sears - that effective January 1, 2014, each chapter shall have dues income in the amount of \$1,000 per

month regardless of size of membership. In addition, each chapter shall receive \$.35 per member, inclusive of active, associate and beneficiary members, as a share of its members' dues. Allocations shall be contingent on a balanced budget for 2014. Allocations to chapters of \$3,000 for sending members to meetings and \$700 for printing will be eliminated. CARRIED.

CSR 33/13/3      MOTION: Rose, second by Walgenbach – that each chapter may retain a maximum of twelve months of estimated dues income in its bank account at any one time. When a chapter accumulates a greater amount based upon a quarterly assessment, the chapter shall send the excess funds to the Corporation or the Chief Financial Officer will cause the withholding of further dues payments to the chapter until its total funds falls below the threshold. CARRIED.

It was noted there has been difficulty in accounting for grant funds for years, and the Finance Committee developed a solution.

CSR 34/13/3      MOTION: Rose, second by Sears – that the grant amount awarded per chapter shall not exceed \$2,000 per grant (for each fiscal year). Chapters may not be awarded more than \$3,000 per fiscal year. A chapter may not have more than \$12,000 in chapter funds. The CSR Board of Directors shall consider a chapter request for emergency funding for unforeseen expenses beyond the chapter's control. CARRIED.

CSR 35/13/3      MOTION: Rose, second by Walgenbach – that the proposal that the dues amount for beneficiary members shall be equal to that of associate members and set to cover the cost to support the member, with dues of \$6.00 per month and payments by payroll deduction only, be forwarded to Delegate Assembly for consideration. CARRIED.

CSR 36/13/3      MOTION: Rose, second by Waggoner – that the proposal that the dues amount for associate members shall be equal to that of beneficiary members and set to cover the cost to support the member, with dues of \$6.00 per month, annual payment due no later than January 5, and membership cancelled if payments are not made within six months of the due date of that current year, be forwarded to Delegate Assembly for consideration. CARRIED.

CSR 37/13/3      MOTION: Rose, second by Waggoner – that effective January 1, 2014, CSR shall contribute \$.40 per member per month to the CSR PAC. CARRIED.

It was clarified that the \$.40 per member is a contribution from the corporation, not from each individual member. It can go into the Candidates PAC or Issues PAC, and the CSR

Board has the option to change it. Every member can request that their dues money not be used for political contributions.

CSR 38/13/3            MOTION: Rose, second by Walgenbach – that CSR Delegate Assembly be held in conjunction with CSEA General Council in October 2015 in Sacramento, not necessarily at the same place. CARRIED.

CSR is working with CSEA to determine whether Delegate Assembly will be two days before General Council or two days after -- our current plan is to stay at the Hilton, while General Council will be at the Radisson.

### **12B. Grant Committee**

Fritz Walgenbach reported that the CSR Board of Directors held a telephone conference call on November 4 to discuss and take action on the five grant proposals submitted. Two of the proposals, from Chapter 6 and Chapter 26, were received too late to be considered during the November 4 conference call and will be addressed at a future time.

The remaining three requests were from Chapters 11, 17 and 23. After reviewing the request from Chapter 11, the board wanted additional information and referred the request back to the chapter to provide more detail.

The grant request from Chapter 17 was for \$2,500 to fund additional newsletters. The board rejected that request as the chapter had \$9,000 budgeted for newsletters and it felt that additional funds from the corporation were not necessary.

Chapter 23 submitted a request for \$2,000 which included five different items. After reviewing the proposal, the board concluded that three of the items requested were more properly the province of the chapter and rejected grants for those items. The board did approve \$1,000 to fund the two remaining items for the chapter.

### **12C. Health Benefits Committee**

Stephanie Hueg reported that the committee met on November 7. The committee welcomed new members to its group and reviewed proposed changes to Governing Rule Section 13.02, which lists the committee's responsibilities. After detailed discussion on the results of the recent survey, the committee recommended that CSR work toward an integrated dental and medical plan for retirees.

CSR 39/13/3            MOTION: Sears, second by Hernandez - that the CSR Board of Directors recommend that CalPERS work toward an integrated dental and medical plan for our members. CARRIED.

The committee also discussed vision care and received clarification that it is under the jurisdiction of the Department of Personnel Administration, not CalPERS. Another area of concern is the dental plan, which does not include coverage for dentures and still has

its original cap of \$2,000, which would be \$6,000 in today's dollars. Discussion on the long-term care report was abbreviated due to time constraints, and the committee urged members to read all material, keep all documentation, and carefully consider their personal needs. With CalPERS projected to roll out the next version for long-term care, Ms. Hueg encouraged anyone with questions to call CalPERS. In response to questions regarding a death benefit plan, she distributed information to chapter presidents concerning advanced planning – what members need to do and documents they should have. CalPERS publications 98, 30 and 31 are ones members might be interested in. Marilyn Hamilton explained that in the past, when bargaining was completed for active employees, Barbara LaPlante went through the agreements and asked for legislation to provide comparable benefits for retirees.

## **12D. Membership Committee**

Bobbi Estrada reported that the Ambassador Program approved by the board is alive and well. Seventeen chapters have Ambassadors, with nine in Chapter 11. There are nine chapters that do not yet have Ambassadors, and committee members will be working with those chapter presidents and districts directors to find someone who wants to represent CSR. With 21 bargaining units in civil service, CSR has a vast membership potential. The Membership Committee has developed a program, giving assignments to 24 Ambassadors with lists of locations of state employees in their areas. They are to visit those sites and see if they can contact job stewards, deliver copies of the *California State Retiree* and see if the chapter can sponsor a table at that location. The 24 Ambassadors will be visiting over 248 state locations. Along with that, various committee members and others are working on setting up different events in Corrections. We also want to have two Ambassadors assigned to every CSU facility or CalTrans location. Geannie Hixon, Chapter 165, gave the committee a presentation on the various locations she visited, with photos and a story of her experiences; her presentation is available on the Chapter 165 website. Ms. Estrada noted that the committee will be asking the board to consider whether there can be a “drop down” box for Ambassadors on the CSR website. She emphasized that the Ambassadors are liaisons between the chapters and potential members -- most state workers have no idea that CSR exists, but get it when Ambassadors tell them “we are your future.”

The committee has worked out some financial issues regarding posting the dollars spent on the program and must develop accurate reporting statistics to determine whether the program is working for us and bringing in new members, comparing CSEA members rolling over into CSR on retirement and new people signing up. There are no statistics yet, as the first Ambassadors were not out in the field until late October. There should be a big group of retirements at the end of the year and again in July. Ambassadors are talking to people who may not be retiring for one or two years. She noted that there will be a proposed bylaw change to ask district directors to get involved with chapters and the Ambassador program.

Forum President Christy Christensen noted that some chapters may have a small active group where members are busy with other things and can't make a two-hour drive to deliver newspapers to state locations. Ms. Estrada reported that 35 chapter members

took the Ambassador training; they may not all want to become Ambassadors, and the Membership Committee wants the program to be a positive experience.

President Behrens reported that in February 2014 the board will look at the loss of members due to death, compared to new members, to see what the difference is in income for our corporation. Almost all new retirees are paying dues of \$6 and above, while the members who are dying were mostly paying lower dues, so we may be breaking even financially..

## **12E. PAC Committee**

Dick Mesa reported that the committee had a good meeting on November 7, where everyone had an opportunity to be heard. He thanked Ted Toppin for providing background information and thanked staff for putting together a very nice brochure. He extended special thanks to Chapter 17 President Diane Whorton and her PAC chair – they brought Toni Atkins, District 78 Assemblymember, who expressed support for our retiree issues. He noted that the Issues PAC will be most important in the expected campaign against the Reed initiative, which is a prime example of elder abuse.

Tim Behrens reported that he attended training in Sacramento regarding people running for office in 2014, and staff sent letters to affected chapters. If a chapter received a letter, it means someone is running in their area -- contact them and invite them to come to a chapter meeting.

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| CSR 40/13/3 | MOTION: Waggoner, second by Walgenbach – that the CSR Board of Directors endorse Matt Dababneh in the 2013 Special Election in Assembly District 45 and make a contribution of \$1,000 to his campaign. CARRIED.          |
| CSR 41/13/3 | MOTION: Waggoner, second by Hernandez – that the CSR Board of Directors endorse Sebastian Ridley-Thomas in the 2013 Special Election in Assembly District 54 and make a contribution of \$1,000 to his campaign. CARRIED. |
| CSR 42/13/3 | MOTION: Waggoner, second by Lease – that the CSR Board of Directors endorse Bob Hertzberg in the 2014 Primary Election in Senate District 18 and make a contribution of \$1,000 to his campaign. CARRIED.                 |
| CSR 43/13/3 | MOTION: Waggoner, second by Sears – that the CSR Board of Directors endorse Jerry Brown for governor in the 2014 Primary Election and make a contribution of \$27,200 to his campaign. CARRIED.                           |
| CSR 44/13/3 | MOTION: Waggoner, second by Walgenbach – that the CSR Board of Directors hold 2014 Lobby Day on April 2 or April 9, depending on hotel accommodations. CARRIED.   |

MOTION: Waggoner, second by Walgenbach - that the CSR Board of Directors adopt the new PAC brochure with minor edits.  
CARRIED.

### **13. Legislative Report – Ted Toppin, Blanning & Baker**

Ted Toppin first related the good news concerning state budget forecasting, noting that it has been a long time since there was a positive budget environment in Sacramento – in 2001 and 2002 when Gray Davis said there would be more coming in than going out. Governor Brown initially presented a \$91.3 billion general fund budget. In May, about \$1.8 billion more came in than was expected. While revenues were down in July, there is still about \$2 billion more coming in than projected and it is quite possible that in January the governor will say there is a surplus for 2014. This positive projection helps relieve pressure on our major issues – the 100/90 formula remains intact and the CalPERS health care programs are secure.

In the not so good news, San Jose Mayor Chuck Reed has another ballot measure for “pension reform” which is a very clear attack on vested benefits and would remove 70 years of case law regarding vested rights -- that a promised benefit is a vested right that cannot be removed without returning an equal benefit. It would allow local California agencies to reduce existing public employee pension and retirees’ health benefits, eliminating bargaining rights, and requiring state or local governments to establish 100% prefunding over 15 years. That would require the state of California to come up with tens of millions of dollars over the next 15 years. The measure’s backers attempt to say that it does not apply to current retirees, but it would allow employers to unilaterally reduce benefits and increase contributions for current employees and create an environment where it would be impossible to fund existing retirement benefits and health care, resulting in a large push to roll back benefits. This initiative is an example of the reason to have an Issues PAC, rally the troops and work with other organizations. There is some good news -- there is a coalition, Californians for Retirement Security, which exists to battle these kinds of attacks. The coalition has been together over a decade and is working to publicize what the measure would actually do and have that reflected in the title and summary of the initiative.

### **14. New Business**

#### **14A. Presidents’ Forum**

Christy Christensen presented a Certificate of Appreciation to Stephanie Hueg in recognition of her service as chair of the Health Benefits Committee. She reported that before the Forum meeting on November 7, she sent chapters copies of the priorities established at its May meeting, asking members to review the priorities and get better wording. On November 7, the Forum reviewed the nine priorities and determined their status toward completion. She reviewed the priorities, noting their status as established by the Forum -- (1) 80% completed; (2) completed; (3) working; (4) working; (5) completed; (6) working; (7) working; (8) 25% completed; (9) working. (A copy of the current Chapter Priorities is attached to the Forum minutes of November 7.) Ms.

Christensen apologized to Marilyn Hamilton for not formally recognizing her at the Forum's meeting.

#### **14B. Proposed Amendments to Governing Rules**

President Behrens explained that he had previously appointed board members as liaisons to committees which didn't used to meet two days before the board meeting. Now that all board members are attending committee meetings, there is no need for specific liaisons. The board will continue to have three liaisons to the other affiliates, and board members who had been liaisons to specific committees will continue to carry the committees' motions to the board, but not be designated "liaison." In response to a question concerning the possibility of committee meetings being held other than before the board meeting, he said he would guarantee that a board member will still attend all committee meetings and be part of any telephone conference calls.

Marilyn Hamilton reported that she has decided to change places with Skip Hulet, vice chair of the Bylaws and Governing Rules Committee and asked the committee members to stand for recognition of their help. President Behrens agreed that Skip will be chair of the committee and she will be vice chair.

CSR 46/13/3            MOTION: Evans, second by Walgenbach – that the CSR Board of Directors approve the amendments to the Governing Rules as recommended by the Bylaws and Governing Rules Committee in toto except for item 14B(8) which was withdrawn for discussion. CARRIED.

It was noted that 14B(8) must be withdrawn because there were amendments. It was also noted that the Bylaws and Governing Rules Committee will correct the language in Section 9.02, as shown in agenda item 14B(7), to read "The President and Chief Financial Officer..." in both places where that language occurs.

In response to a question concerning Governing Rule Section 2.09(a) (in agenda item 14B(2)), it was noted that motions adopted earlier in the meeting forwarded proposals to change chapters' portion of members' dues to Delegate Assembly for consideration, and President Behrens reported that his intent was to send it to the Bylaws and Governing Rules Committee. It was also noted that there is a correction in the amendment to Governing Rule Section 9 (agenda item 14B(7)), changing the second reference to "his/her representatives" to "Chief Financial Officer," and Ms. Hamilton confirmed that the committee would make the correction.

#### **14B(8) Governing Rules Section 12.00 – Committees**

CSR 47/13/3            MOTION: Evans, second by Waggoner – that the CSR Board of Directors approve the deletion of language in Governing Rule Section 12.01, that the language in Section 12.05 be moved to Section 13.03, and that remaining sections be renumbered as appropriate. CARRIED.

#### **14C. Report on CSEA Board of Directors' Meeting**

CSEA President Marilyn Hamilton reported that the CSEA Board had donated to the CSEA Scholarship Fund in memory of Yolanda Solari and urged any chapters who would like to, to also do so. Bobbi Estrada asked whether CSEA sends membership cards to new CSR members, and Terrence Conklin reported that CSR began sending membership cards directly to new members two years ago.

#### **14D. Contribution to the Governor's Primary Campaign**

This subject was covered in the report of the PAC Committee.

#### **14E. CSEA Board Committee Oral Reports**

There were no reports.

#### **14F. Federal Activities (CalPERS Federal Lobbyist's Written Report)**

Copies of the most recent report from CalPERS' federal lobbyist were distributed and available on the information table.

#### **14G. Unscheduled Items – CARA Meeting**

Gene Waggoner reported that he attended the CARA meeting in October. CARA would like to work with CSR on legislation, and he will pass the information on to Dick Mesa.

#### **14H. Appointments to Health Benefits Committee**

CSR 48/13/3            MOTION: Behrens, second by Hernandez – that the two vacant seats on the Health Benefits Committee be filled with Al Darby, Chapter 3 and Ron Balek, Chapter 9. CARRIED.

#### **14I. Long-Term Care Speakers**

Tyrone Espinoza, Assistant Division Chief of the CalPERS Health Plan Administration Division, spoke on the CalPERS Long-Term Care Program and gave a power point presentation which provided a product overview of the new fourth generation program (LTC 4) compared with the third general program (LTC 3). He shared information on product offerings, new benefit specifications, detailed comparisons to LTC 3 with rate examples for 2006-2008 and carrier comparison. He noted that the new program includes background checks for caregivers. Long-term care is designed for chronic illnesses, not for short term or acute type of care -- extended care when individuals are no longer able to do things such as bathing and dressing; personal care assistance at home, in an assisted living facility or in a skilled nursing facility. Any California public employee or retiree and their dependents are eligible. The program was established in the 1991 Long-Term Care Act, with the first policies issued in 1995. The program is



sustained by premiums and investments of those premiums. It is voluntarily, non-profit, and separate and distinct from pension and health benefits. The CalPERS program is one of the larger in the country, with 45,000 active participants and \$2 billion paid out in claims since the program's inception. The program continues to evolve through premium increases and program restructuring, as people with long-term care coverage are living longer. Because premiums have been insufficient to cover benefits, many insurance carriers are no longer selling long-term care policies.

LTC 4 has new benefit designed specifications to promote more independence and a greater ability for people to remain safely at home as long as possible and provide flexibility through a variety of optional benefits. PERS is gearing up for open enrollment, which will be ongoing – applications will be accepted on a continual basis. He gave detailed examples showing benefit amount comparisons and whether the plan covers staying at home, international coverage, spousal discount, and length of coverage (10-year, 6-year or 3-year). Study has shown that less than 1% of participants use long-term care for more than 9 years. New benefits include a paid up survivor benefit or return of premium death benefit. CalPERS learned in the past year that they need to do a better job of educating participants of how benefits are used. For example, if a member in the 6-year plan doesn't use the maximum daily benefit, coverage can last longer than six years. CalPERS will begin accepting applications for the new program in December, with marketing beginning in Spring 2014. Coverage goes into effect after premium deductions start, then after a 90-day waiting period. He suggested that members send suggestions to CalPERS LTC @calpers.ca.gov. The power point material will be made available to CSR.

Noting that most members are stuck in the LTC 3 plan, there was a question whether they can add features from LTC 4. Mr. Espinoza explained that there has been no program decision yet on whether those features will be available, but if members have LTC 3 and want LTC 4 benefits, they will have to go through underwriting. There was a question whether members who had LTC 3 coverage, but dropped it because they couldn't afford it, would be given a credit. The answer is no, as they had coverage if they had needed it at the time. In response to a question whether there is a provision for dual coverage for members with veterans LTC coverage. Mr. Espinoza noted that an individual with veterans LTC coverage could also have CalPERS coverage. CalPERS is looking at coordination of care and how to coordinate the process, but is still working on it. They are also looking at coordinating LTC coverage with Medicare. To a question whether there will be workshops or meetings throughout the state when the new program comes out in the spring, he explained that CalPERS does not have a sales team, but will be marketing coverage through employers and organizations such as CSR.

Doug McKeever, Division Chief of the CalPERS Health Policy Research Division, focused on what CalPERS is doing so members won't have to pay so much for their health benefits, trying to bend the cost curve down. One effort is integrated health care, trying to take the concept of how your doctor and hospital interact to provide care. There is a pilot project in Sacramento for integrated care, getting groups to work together to not increase costs in the first year. There has been increased competition which helped keep costs down. On the subject of rural health care, which is an issue for retirees and

active employees as well, CalPERS has been talking to SEIU 1000 and others to address what we can do in rural counties where there is no HMO.

To a question on why members would want to purchase vision care as part of their Blue Cross plan when they can get glasses cheaper at Costco, Mr. McKeever noted that it is part of the benefit design and won't be separated out, but they are looking at it. To a question concerning whether the Affordable Care Act applies to state retirees, he confirmed that there will be no impact at all. There is no challenge between CalPERS and Covered California, in fact, they used PERS as a model – they collaborate and there is no competition.

### **15. What's On Your Mind?**

Susan Sears thanked staff for working with the hotel to find a way to double the size of the meeting room. Marilyn Hamilton noted that it was a long walk from the elevator to the meeting room and asked that consideration be given to having meetings closer to elevators and restrooms. Donna Hernandez thanked all district and chapter representatives for attending the meeting and wished everyone a Happy Thanksgiving, Christmas, Hanukkah, and New Year, noting that she and her husband have been married for 35 years. Grace Navarro thanked Marilyn Hamilton for saying she was passing her gavel for the Bylaws and Governing Rules Committee to the vice chair, as it is very important to pass on our knowledge. Gary Ivey, Chapter 26, remarked that he could not object to anything.

The meeting was adjourned at 3:30 p.m. in memory of Yolanda Solari and all veterans who have given their lives and service on our behalf.

Tim Behrens  
President

jj

## CALIFORNIA STATE RETIREES

**Date:** February 27, 2014

**Agenda Item:** 7

**Title:** Board Member Report

**Information  
Presented by:** Tim Behrens, District F

**Background:** The following is a summary of my activities from November 5, 2013 through February 27, 2014.

Nov 5-8	CSR Board & Committee Meetings	San Diego, CA
Nov 12	Chapter 5 Meeting	Sonora, CA
Nov 13	Chapter 5 Meeting	Merced, CA
Nov 14	Chapter 5 Meeting	Modesto, CA
Nov 18	SCORE Meeting	Sacramento, CA
Nov 19	Chapter 5 Meeting	Jackson, CA
Nov 20	Meeting w/Phil Sherwood & Rocco Paternoster	Sacramento, CA
Nov 25	CSEA Conference Call	
Dec 3	Chapter 11 Meeting	Fresno, CA
Dec 11	Chapter 23 Meeting	San Jose, CA
Dec 12	Chapter 3 Meeting	San Francisco, CA
Dec 13	Meeting w/Blanning & Baker CSR Lobbyist	Sacramento, CA
Dec 14	Chapter 165 Meeting	Sacramento, CA
Dec 16	Health Benefits Committee Conference Call	
Dec 18	Chapter 4 Meeting (Chapter Officers & Delegates)	Glendale, CA

Dec 19	Chapter 4 Meeting	Glendale, CA
Jan 9-10	CSR Board Workshop	Sacramento, CA
Jan 11	Meeting w/Phil Sherwood	Sacramento, CA
Jan 13-14	CalPERS Offsite Meeting	Monterey, CA
Jan 15	Chapter 20 Meeting	San Fernando Valley, CA
Jan 16	Chapter 4 Meeting	Glendale, CA
Feb 13	Chapter 35 Meeting	Porterville, CA
Feb 24-27	CSR Board & Committee Meetings	Burlingame, CA

## CALIFORNIA STATE RETIREES

**Date:** February 27, 2014

**Agenda Item:** 7

**Title:** Board Member Report

**Information  
Presented by:** Fritz Walgenbach, District E

**Background:** The following is a summary of my activities from November 7, 2013 through January 19, 2014.

Oct 7	Chapter 2 Meeting	Sacramento, CA
Oct 10	Chapter 23 Meeting	San Jose, CA
Oct 13	CSR Fiscal Meeting	Sacramento, CA
Oct 14	CSR Fiscal Meeting	Sacramento, CA
Oct 15	Chapter 15 Meeting	Rocklin, CA
Oct 18	CSR Bylaws Meeting	Sacramento, CA
Oct 19	CSEA Board Meeting	Sacramento, CA
Oct 20	CalPERS Workshop	San Jose, CA
Oct 21	CalPERS Workshop	San Jose, CA
Oct 22	CalPERS Workshop	San Jose, CA
Oct 23	CalPERS Workshop	San Jose, CA
Oct 28	Senior Coalition	Sacramento, CA
Nov 4	CSR Conference Call – Grants	
Nov 5	CSR Committee Meetings	San Diego, CA

Nov 6	CSR Committee Meetings	San Diego, CA
Nov 7	CSR Presidents Forum	San Diego, CA
Nov 8	CSR Board Meeting	San Diego, CA
Nov 19	Chapter 15 Meeting	Rocklin, CA
Dec 2	Chapter 2 Meeting	Sacramento, CA
Dec 14	Chapter 165 Meeting	Sacramento, CA
Dec 16	SCORE Meeting	Sacramento, CA
Dec 17	Chapter 15 Meeting	Auburn, CA
Jan 6	Chapter 2 Meeting	Sacramento, CA
Jan 9	CSR Board Workshop	Sacramento, CA
Jan 10	CSR Board Workshop	Sacramento, CA
Jan 19	District 4 Meeting & Greet	Davis, CA

## CALIFORNIA STATE RETIREES

**Date:** February 27, 2014

**Agenda Item:** 7

**Title:** Board Member Report

**Information  
Presented by:** Gus Lease, District C

**Background:** The following is a summary of my activities from November 10, 2013 through February 27, 2014.

November 15-17	CSUEU Meeting	San Diego, CA
December 11	Chapter 23 Meeting	San Jose, CA
December 12	Chapter 3 Meeting	San Francisco, CA
December 19	Chapter 1 Meeting	Oakland, CA
January 9-10	CSR Board Workshop	Sacramento, CA
January 21	Chapter 21 Meeting	Santa Rosa, CA
February 4	Chapter 23 Executive Meeting	San Jose, CA
February 25-27	CSR Committees, Presidents, Board Mtgs	Burlingame, CA





## CALIFORNIA STATE RETIREES

**Date** February 27, 2014

**Agenda Item:** 7

**Title:** Board Member Report

**Information  
Presented by:** Jerry G. Evans, District B

**Background:** The following is a summary of my activities from October 24, 2013 through January 23, 2014.

Oct 24	Chapter 10 Meeting	San Luis Obispo
Oct 28	Board Conference Call	
Nov 4	Board Conference Call	
Nov 5/6/7/8	Board Meeting	San Diego
Dec 11	Board Conference Call	
Dec 18	Chapter 31 Meeting	Ventura
Jan 9/10	Board Workshop	Sacramento
Jan 23	Chapter 10 Meeting	San Luis Obispo



## CALIFORNIA STATE RETIREES

**Date:** February 27, 2014

**Agenda Item:** 7

**Title:** Board Member Report

### Information

**Presented by:** Susan Sears, District D

**Background:** The following is a summary of my activities from October 1, 2013 through February 17, 2014.

Oct 1	Chapter 14 Subchapter Meeting	Susanville, CA
Oct 7	Chapter 19 Subchapter Meeting	Lakeport, CA
Oct 8	Chapter 19 Meeting	Ukiah, CA
Oct 10	CalPERS Constituent Meetings	Sacramento, CA
Oct 21-23	CalPERS Educational Forum	San Jose, CA
Oct 28	CSR Board Conference Call	
Nov 4	CSR Board Conference Call	
Nov 6-8	CSR Committee and Board Meetings	San Diego, CA
Nov 12	Chapter 13 Subchapter Meeting	Yreka
Nov 14	CalPERS Constituent Meetings	Sacramento, CA
Nov 18	Chapter 13 Meeting	Redding, CA
Nov 26	Chapter 14 Meeting	Chico, CA
Dec 3	Chapter 8 Meeting	Eureka, CA

Dec 4	Chapter 8 Subchapter Meeting	Crescent City, CA
Dec 10	Chapter 19 Meeting	Ukiah, CA
Dec 12	CalPERS Constituent Meetings	Sacramento, CA
Dec 16	Chapter 13 Meeting	Redding, CA
Dec 17	Chapter 14 Christmas Luncheon	Chico, CA
Dec 20	Staff Meeting and Luncheon	Sacramento, CA
Jan 4	Chapter 14 Executive Committee Meeting	Oroville, CA
Jan 9-10	CSR Board Workshop	Sacramento, CA
Jan 13-15	CalPERS Offsite Meeting	Monterey, CA
Jan 20	Chapter 13 Meeting	Redding, CA
Feb 10	Chapter 19 Subchapter Meeting	Lakeport, CA
Feb 11	Chapter 19 Meeting	Ukiah, CA
Feb 13	CalPERS Constituent Meetings	Sacramento, CA
Feb 17	Chapter 13 Meeting	Redding, CA
Feb 19	Chapter 14 Meeting	Chico, CA

## CALIFORNIA STATE RETIREES

**Date:** February 27, 2014

**Agenda Item:** 7

**Title:** Board Member Report

### Information

**Presented by:** Gene Waggoner, District G

**Background:** The following is a summary of my activities from November 8, 2013 through February 27, 2014.

Aug 22-23	PAC Meeting	Sacramento, CA
Aug 28	Chapter 17 Meeting	San Diego, CA
Sep 7	Adelanto/Victorville Democratic Club Meeting	Adelanto, CA
Sep 8	Conference Call – California Clean Money Campaign	
Sep 9-10	CSR Board Workshop Meeting	Sacramento, CA
Sep 19	Chapter 6 Meeting	San Bernardino, CA
Sep 25	CARA Board Meeting	El Monte, CA
Oct 1-2	CARA Convention	Sacramento, CA
Oct 3	Labor United Meeting	Los Angeles, CA
Oct 9	Chapter 34 Meeting	Santa Ana, CA
Oct 16	Chapter 17 Meeting	El Centro, CA
Oct 20	CARA Meeting	El Monte, CA
Oct 23	Chapter 17 Meeting	La Mesa, CA
Oct 24	Phelan/Pinon Hills Community Service District Candidates Forum	Phelan, CA
Oct 28	Conference Call – California Clean Money Campaign	

Nov 2	Adelanto/Victorville Democratic Meeting	Adelanto, CA
Nov 4	CARA Meeting	Garden Grove, CA
Nov 6-8	CSR Board Meeting	San Diego, CA
Nov 13	Chapter 34 Meeting	Santa Ana, CA
Nov 20	Phelan/Pinon Hills Community Service District Candidates Forum	Phelan, CA
Dec 4	CARA Board Meeting	Burlingame, CA
Dec 6	Farm Workers Breakfast	Calexico, CA
Dec 7	Congress of California Senior Meeting/Lunch honoring Max Turchen	Los Angeles, CA
Dec 11	Chapter 34 Christmas Meeting	Santa Ana, CA
Dec 12	Attended State Senator's Norma Torres Open House	Chino, CA
Dec 13	Chapter 6 Christmas Meeting	San Bernardino, CA
Dec 14	Attended Assemblyman F. Rodriguez Open House	Chino, CA
Dec 18	Chapter 12 Christmas Meeting	Santa Ana, CA
Jan 9-10	CSR Board Workshop Meeting	Sacramento, CA
Jan 16	RPEA Meeting	Victorville, CA
Jan 31	Chapter 6 Meeting	Palm Springs, CA
Feb 1	Chapter 6 Health Fair Caliente Spring Resort	Desert Edge, CA
Feb 19	Chapter 12 Meeting	Victorville, CA
Feb 25-27	CSR Board Meeting	Burlingame, CA

**PRESIDENTS' FORUM MINUTES  
CALIFORNIA STATE RETIREES  
Double Tree by Hilton Hotel San Diego – Mission Valley  
November 7, 2013**

**1.** The meeting was called to order at 1:30 p.m. by Chair Christy Christensen. The Pledge of Allegiance was led by Gene Waggoner. Ms. Christensen congratulated J. J. Jelincic on his recent election. Mr. Jelincic noted that CSR was the first to support him, thanking members for their support, and said he would be available on November 7 and 8 if members have any questions.

**2. Roll Call:** Chapter presidents or designees present were: **(1)** Shirley Borden, **(2)** Louis Espinoza, **(3)** George Linn (designee), **(4)** Marta Zaragoza, **(5)** Barbara Powers, **(6)** J. Dee Stoddard, **(8)** William Irwin (designee), **(9)** Jan Christiansen, **(10)** Vic Martinez, **(11)** Christy Christensen, **(12)** Caryl Cole, **(13)** Edward Huey, **(14)** Doris Lithgow, **(15)** Cynthia Garey, **(16)** Connie Lira (designee), **(17)** Diane Whorton, **(19)** Richard "Skip" Hulet, **(20)** Ceil Andersen, **(21)** excused, **(23)** Bobbi Estrada, **(26)** Gary Ivey, **(31)** V. Raylene Laverentz, **(34)** Jenny Hayden, **(35)** not represented, **(36)** Allen Lee, **(165)** Beverley Greening.

**3. Approval of Minutes for May 9, 2013**

MOTION: Laverentz, second by Zaragoza – that the minutes of May 9, 2013 be approved as printed. CARRIED.

**4. CSR President Tim Behrens.** Tim Behrens presented Max Turchen with a Certificate of Appreciation for outstanding service to CSR, and his favorite thing, a bag full of good candy. Mr. Turchen related that he has been a member for about 50 years and it has been a long road to travel. President Behrens made an offer to chapter presidents to put their chapter newsletters into the *California State Retiree*. He asked interested presidents to submit their names to Christy Christensen, and he will work with staff on what is needed.

At a closed session during the last board meeting, the board heard a presentation by a real estate developer, pitching building on the CSEA parking lot. The board decided that we don't want to waste \$50,000 to \$100,000 right now on that kind of a project. In 2015, our cost to CSEA is going to double. Chapters need to prioritize how best to spend their money to protect our pensions, health benefits and grow our membership. Regarding the Foundation, he noted that it is a separate corporation with its own board, and now has a new brochure. We will continue at each board meeting to solicit items and funds for the CSEA Foundation, which still has about \$40,000 in the bank for scholarships. He is encouraged by the work of the Membership Committee, and we are getting a lot of good feedback from PERS Health Benefits meetings. Anyone who wants to be added to the e-mail list to receive information can let him know.

**5. CSR Chief Financial Officer.** Harold Rose reported that we are starting work on a treasurers training for all CSR chapter treasurers, maybe one in the south and one in the north, or just in one place tied together with another meeting. The Treasurers Training Guide will be redone, adding new information and tossing what is not working.

Caryl Cole is working on the guide constantly, and he asked members to send any suggested changes to her. CSR has approved the use of Caryl Cole in the South and Fritz Walgenbach in the North to help chapter treasurers with audits, quarterly reports, or other areas where they need help, such as asking their bank about online services, and he urged chapters to take advantage of their help. Chapter treasurers should not be out there wondering what to do -- call or e-mail Caryl or Fritz and they can come to your homes.

Mr. Rose noted that last month he asked that each chapter submit its quarterly report with additional information on five items, based on what chapters were and were not reporting, so CSEA could do an additional audit. The request was based on chapters not reporting grants, not reporting on sending members to meetings, signing checks made out to themselves, having only one signer per check, extending the year CD come due, using debit cards and using the wrong line items for expenses. He explained that when we find errors we would like to deal with them right away instead of waiting until June 2014, and we will also put the information in the guide.

CSR chapters deal with \$350,000 and CSR deals with another \$1.5 million. We are a \$2 million corporation and that's the way we have to deal with it. Last month there was a fraud regarding our checking account and we had to close that account. Fortunately, we got back the funds that were fraudulently taken. We are invested in informing and assisting our members with PERS issues like retirement and health care as well as working with the legislature.

**6. Dick Mesa, PAC.** Dick Mesa noted had nothing formal to report -- he asked Christy Christensen to put him on the agenda each time so he can respond to questions. The PAC Committee met on November 6, and most of the people at this meeting were there. We have a lobbyist now, Ted Toppin of Blanning and Baker, who offers his technical assistance whenever we are doing something of a political nature. We had an Assemblymember visit at lunch today, so we have contact with that particular Assembly seat. At last count, there were 1268 PAC members. We will be doing a new responsibility chart when we have an opportunity to assign all districts and will be supplying that prior to the primary in 2014. The PAC recommended some preliminary endorsements, which will be reported to the board on November 8.

**7. Mike Smith, Vice President, Chapter 26.** Mike Smith was excused due to a family crisis. His presentation on a program that does postcards and newsletters for his chapter will be rescheduled for the next Forum meeting.

**8. Anita Muntz, CSEA Employee Benefits Representative.** Ms. Muntz will be available during the board meeting on November 8. Ms. Christensen asked chapter presidents to remember that they can have a benefits representative come to their meetings to tell members about the CSEA benefits and discounts available to them.

**9. Terrence Conklin – Review of selection of possible CSR “give-away” items for chapters to purchase.** At the Forum meeting in May, Mr. Conklin showed items available for purchase and their prices. He noted that all chapters should have a list of goodies available, and he had samples with him at the back of the room for interested chapters.



**10. Discussion and Update of Priorities.** Ms. Christensen suggested that on the approach of 2014, we look at self-goals, and she was trying something different – she prepared decorative felt “fortune cookies,” which double as Christmas ornaments, for chapter presidents, the board, and staff. Members selected a “cookie” and read the fortune aloud. Fortunes included such statements as “we need to be watchful of CalPERS and protect our benefits;” “CSR members need to participate in activities to give back to the community;” “reach out to current state employees before they retire;” “CSR staff are the backstage workers that make CSR successful;” “CSR members want their death benefits increased from \$2,000 to equal what STRS has.” She asked everyone to think of their fortune cookies as the new year approaches. She then distributed copies of the chapter priorities established in May and asked presidents to meet with their members present and discuss where we are in accomplishing those priorities. She will report out at the board meeting that our priorities have been refined and where we are toward accomplishing them. A list of the chapter priorities with percentage of accomplishment is attached to the minutes.

Ms. Christensen distributed copies of a handout listing ACSS and CSUEU contacts and challenged chapter presidents to find the contacts that fit their chapters, to indicate their chapters on the handout, return it to her, and pick up another copy. She asked chapter presidents to contact those ACSS and CSUEU chapter presidents and ask if they can come to a chapter meeting or see if they have members about to retire.

**11. Use of CSR paper for chapter newsletters.** It was noted that chapter newsletters can be put on the CSR website.

**12. Chapter Allotments and Grants.** Diane Whorton pointed out that if the CSR Board passes the proposed chapter allocation, chapters will need to reduce their budgets, and she asked if chapters should be planning on attending additional committee meetings. President Behrens noted that hot items may come up that require an additional committee meeting, but he hopes to reduce the number of extra meetings, which is an added expense. Committees will do as much as possible by telephone and internet. PERS broadcasts their meetings to anyone who wants to be on, and he would like to see CSR reach that ability. Mr. Behrens thanked chapter presidents for their activity and dialog, saying he hopes to see some gains in the nine areas they’ve been working on in moving our organization forward. He loves having committee meetings prior to the board, where members have an opportunity to ask questions we don’t have time for in the board meeting. Ms. Christensen added that we are fortunate to have the opportunity to participate in committee meetings. She encouraged chapter presidents to look at the schedule and plan to attend the committee meetings in February, and have someone represent their chapter if they cannot.

**13. Added Items.** Ceil Andersen urged presidents to remind their members to never cancel their Medicare, which could result in loss of their health benefits or put them in jeopardy. Chapter 6 is sponsoring a large health fair in the Coachella Valley on February 1, 2014, including Elder Care from Norwalk, the Riverside County Agency on Aging, and seminars on subjects of concern to seniors. Members can contact Dee Stoddard or Sharon Huddleston for information.

Bobbi Estrada reported that she is working on an idea for a “buddy card,” sparked by an incident at a recent CSR meeting, where a member became very ill. It will be an index card for members to list their name, room number, cell phone and a number to call if anything happens to them. Members would “buddy up” with another member who agrees to check on them if they don’t show up for breakfast or a meeting. Another suggestion was to add health insurance information.

Louis Espinoza reported that Chapter 2 will donate \$1,500 to the Scholarship Fund in Yolanda's memory. Barbara Powers reported that Chapter 5 pledged \$1,000 to the Foundation in honor of Yolanda. Diane Whorton reported that the Foundation has items for sale, with funds going to the Foundation. President Behrens reported that CSR will be donating \$500 to the Foundation in memory of Yolanda. He urged chapters to be thinking about it and appreciates those who stepped up and donated money in memory of Yolanda.

The meeting was adjourned at 4:25 p.m.

Jerilyn Johnson  
Acting Secretary

Attachment

## Chapter Priorities

1. CSR leadership shall be visible and vocal at all hearing and meetings, striving to maintain pension benefits, protect members' health care, vision and dental coverage, and ensure continued state contribution levels. ***The presidents feel this priority is at 80% completion.***
2. Lobbyist for CSR – we should have a lobbyist working with the legislature to be aware of all legislation that impacts state retiree benefits. Lobby for members. ***The presidents feel this priority is completed.***
3. Project a positive public image and information; give back to the community and make ourselves more visible. Become involved in community, then publicize in local newspapers; show positive PR, if you are already volunteering make sure the newspapers publicize that information. Focus on benefit issues and “fight” to gain support from the public and potential members. ***The presidents feel that we are still working on this priority.***
4. Membership Recruitment: Get Ambassador program up and running. Reach out to current state employees, inform them before they retire. ***The presidents feel that we are still working on this priority.***
5. Fiscal Responsibility: Reduce delegates. ***The presidents feel that this priority is completed.***
6. Death Benefit: Increase from \$2,000 to equal what STRS receives. ***The presidents feel that we are still working on this priority.***
7. Health Benefits: Improve our dental and vision plans. ***The presidents feel that we are still working on this priority.***
8. Join forces with other retired organizations and fight as a united team, working toward a common goal of improving quality of life for retirees. ***The presidents feel that this priority is at 25% completion.***
9. Political Action: Support candidates and bills that will be beneficial to retiree interests. Increase PAC membership. ***The presidents feel that we are still working on this priority.***



**BGR AGENDA ITEM:** 13B(1)

**ACTION ITEM:** Date: 2/27/14

**SUBJECT:** Governing Rules 2.00 – Membership and Dues

**SOURCE OF PROPONENT:** Bylaws and Governing Rules Committee

**PRESENTATION BY:** Skip Hulet, Chair

**ASSIGNED TO:** Skip Hulet, Chair

**BACKGROUND:** During the November 2013 Board meeting the Finance Committee recommended and the Board of Directors approved CSR Motions 32/13/3 and 33/13/3. This changes the amount each Chapter receives from the current \$700 allocation to the \$1000 plus \$0.35 per member that, in fact, each chapter started receiving at the beginning of this year.

**RECOMMENDED ACTION:** Adopt the new language in Sections 2.08 and 2.09 to reflect the language in the Board approved motions listed below:

CSR 32/13/3 MOTION: Rose, second by Sears - that effective January 1, 2014, each chapter shall have dues income in the amount of \$1,000 per month regardless of size of membership. In addition, each chapter shall receive \$ .35 per member, inclusive of active, associate and beneficiary members, as a share of its members' dues. Allocations shall be contingent on a balanced budget for 2014. Allocations to chapters of \$3,000 for sending members to meetings and \$700 for printing will be eliminated. CARRIED.

CSR 33/13/3 MOTION: Rose, second by Walgenbach – that each chapter may retain a maximum of twelve months of estimated dues income in its bank account at any one time. When a chapter accumulates a greater amount based upon a quarterly assessment, the chapter shall send the excess funds to the Corporation or the Chief Financial Officer will cause the withholding of further dues payments to the chapter until its total funds falls below the threshold. CARRIED.

## **2.08 Chapter's Portion of Member's Dues**

Each chapter shall receive ~~\$-50~~ \$ .35, inclusive of per active member, \$-.25- per associate, member and \$-.125 per beneficiary members per month as a its share of the its member's dues. Allocations shall be contingent on the chapter having a balanced budget.

## **2.09 Minimum Dues Income for Chapters**

(A) Each chapter shall have a minimum dues income in the amount of ~~\$700.00~~ \$1000 per month. ~~If a chapter's membership is too small to generate dues income of \$700.00 per month the Board of Directors will augment the chapter's dues to that level.~~

(B) Each chapter may retain a maximum of twelve months of estimated dues income in its bank account at any one time. When a chapter accumulates a greater amount based upon a quarterly assessment, the chapter shall have the option of sending the excess funds to the Corporation or the Chief Financial Officer will cause the withholding of further dues payments to the chapter until its total funds falls below the threshold.

**ESTIMATED COST/SAVINGS:** None

**FUNDING SOURCE:** N/A

**BOARD ACTION:**

**BOARD AGENDA ITEM**                      **13B(2)**

**ACTION ITEM:**                              **Date: 2/27/14**

**SUBJECT:**                                      **Governing Rules 4.00 – Duties of Officers and Board Members**

**SOURCE OF PROPONENT:**      **Bylaws and Governing Rules Committee**

**PRESENTATION BY:**                      **Skip Hulet, Chair**

**ASSIGNED TO:**                              **Jay Jimenez**

**BACKGROUND:** During the review of Section 4.00 Duties of Officers and Board Members it was noted that Section 4.07 in light of recent policy decisions by the Board it is necessary to include some oversight responsibilities to their membership recruitment duties. Additionally, there is a minor change in subsection (d) to be consistent with language in subsection (a). After review of current operations it is apparent the Section 4.08 is unnecessary. CSR travel allowances are adequate and current for the needs of the Officers covered.

**RECOMMENDED ACTION:** That the Board of Directors approves the following edits to Section 4.07 and the deletion of Section 4.08.

#### **4.07    Board Members**

As corporate officers members elected to the Board are prohibited from holding any other elective position in the Corporation or chapter except for President, Executive Vice President, Vice President and delegate to Delegate Assembly and General Council and shall:

- (a)    Attend the meetings of the chapters and subchapters assigned to their District. Any out of state travel must have prior approval of the President;
- (b)    Designate an assistant to attend chapter meetings in his/her absence at corporate expense;
- (c)    Represent the President when requested;
- (d)    Attend, with the prior approval of the President, Corporate or Association functions in their District or in other areas of the state which are of benefit to the Corporation;
- (e)    ~~Assist the chapter(s)~~ Take the lead in their District with membership recruitment programs including the Ambassador Program. Assist with the

appointment by the Chapter Presidents of membership chairs and Ambassadors, and other functions of benefit to the Corporation;

- (f) Assist the chapter(s) in any manner feasible in preparing meeting programs of interest to the membership;
- (g) Provide to the Board of Directors at each meeting a written report of activities which are of general interest to the Corporation members;
- (h) Coordinate membership participation in activities in their District when requested by the President;
- (i) Assist members, to the extent possible, with insurance and retirement programs; and
- (j) Prepare and submit items for inclusion on the Board of Directors meeting agenda, including items submitted in writing by a member within the respective District with appropriate written back-up information as to why the particular request is being made.
- (k) Prior to the Delegate Assembly, an orientation of delegates is encouraged in order to promote discussion and understanding of the proposed resolutions, rules and procedures. Each District Director shall communicate with their respective Chapter Presidents to convey the pending business, times, locations and responsibilities of each chapter delegate. It is then the responsibility of each chapter president to relay this information to each respective chapter delegate.

#### **~~4.08 President and Chief Financial Officer/Secretary Stipend~~**

~~Subject to the provisions and limitation of applicable law, and subject to any limitations in the Articles of Incorporation, the Board of Directors may authorize a stipend to be paid to the Corporate President and the Chief Financial Officer/Secretary.~~

**ESTIMATED COST/SAVINGS:** None

**FUNDING SOURCE:** N/A

**BOARD ACTION:**



**BOARD AGENDA ITEM**                      **13B(3)**

**ACTION ITEM:**                              **Date: 2/27/14**

**SUBJECT:**                                      **Governing Rules 6.00 – Election Procedures for Officers, Board Members and Delegates**

**SOURCE OF PROPONENT**              **Bylaws and Governing Rules Committee**

**PRESENTATION BY:**                      **Skip Hulet, Chair**

**ASSIGNED TO:**                              **Jay Jimenez**

**BACKGROUND:** The entire section was pulled from the May BOD meeting to review a potential Bylaws conflict. At the behest of the BOD, the committee did a comprehensive review of the entire GR Section 6.00 including the election process, Proxies, “staggered terms”, Candidate Consent Statement Form and some grammar corrections.

**RECOMMENDED ACTION:** That the Board approves all changes in Section 6.00.

**Moved from Section 11.01 Qualifications**

**6.00 ELECTION PROCEDURES FOR OFFICERS, BOARD MEMBERS AND DELEGATES**

**6.01 Officers to the CSR Board**

The President, Executive Vice President, Vice President and Chief Financial Officer/Secretary shall be elected for three-year terms. The election shall be by ballot in open session held at the first Board meeting of the calendar year following the election of Board members, unless an appeal is filed for any District seat. The persons elected shall be inducted immediately following the election.

- (a) Only the seven elected Board members shall be eligible to run for Corporate President, Executive Vice President and Vice President.
- (b) Any active member in good standing who meets the following qualifications is eligible to run for office of Chief Financial Officer/Secretary. Those qualifications shall include, but not be limited to:
  - (1) Education and knowledge of the principles of accounting and budgeting;
  - (2) Knowledge of the principles of review and analysis, financial transactions and statements, and evaluation of supporting reports;

(3) Ability to evaluate proposals as they might affect the financial condition of the Corporation and any situations occurring in other affiliates or the Association Headquarters which otherwise might impact the Corporation;

(4) Ability to write financial reports and prepare evaluations.

The electorate shall be the Board Members and the chapter presidents, who when voting for such officers shall be acting as the delegates duly elected by the members for purposes of electing such officers.

- (c) ~~(b)~~ The nominations for President, Executive Vice President and, Vice President, and Chief Financial Officer/Secretary shall be made ~~upon submission of consent to run form. One form may be submitted for all offices to which a person wishes to run. The nominations for the office of Chief Financial Officer/Secretary may be made by Board members and, Chapter Presidents or can self nominate.~~
- (d) ~~(c)~~ After nominations have been closed for each office: President, Executive Vice President, Vice President and Chief Financial Officer/Secretary, the presiding officer shall call for a motion to declare elected any unopposed candidate.
- (e) ~~(d)~~ At the conclusion of the election the ballots will be tallied by the Election Committee. ~~The election of the President shall be held first, followed by the election of Executive Vice President, Vice President and Chief Financial Officer/Secretary.~~ A majority of votes cast is required to elect. Write in and proxy votes are prohibited.
- (f) ~~(e)~~ If no candidate receives a majority vote, only the two candidates receiving the most votes will be included in a run-off election. If there is a tie vote among candidates that does not identify two with the most votes, the election chair shall immediately decide the tie by lot so that only two candidates will be in the run-off election. If the run-off election results in a tie vote, the election chair shall immediately decide the tie by lot.
- (g) ~~(f)~~ Any appeal filed in an election for Board member shall be resolved by the Board of Directors prior to the Officer election process, ~~for President, Executive Vice President, Vice President and Chief Financial Officer/Secretary.~~ The decision of the Board shall be final.

(h) ~~(g)~~ Election Committee

(1) An election committee of non-voting members shall be appointed by the President at the beginning of the meeting where a vote for Corporate Officers will take place;

(2) The election committee shall be in charge of certifying eligible voters, and distributing and counting ballots;

(3) Each Board member, ~~or recognized alternate~~, and each Chapter shall have one vote for each office;

~~(4) If a chapter president has been appointed to fill in for an absent Board member, that chapter's vice president or designated alternate shall vote on behalf of the chapter;~~

(54) Only the Chapter President, ~~Vice President~~ or an alternate designated by the chapter president from each chapter may vote. The designated alternate must be a chapter officer or delegate and the name must be delivered in writing to the CSR President prior to the vote;

(65) Either the Chapter President, ~~Vice President~~ or designated alternate must be present when the vote is taken; and

(76) Corporate staff shall provide an official list stating the names of the officers and delegates from each chapter. This list shall be used to certify who is eligible to vote for each chapter.

**6.03 Board Members**

(a) Electorate

The electorate for the District Board members is the active retired members of the chapters assigned to the appropriate electoral district.

(b) Term of Office

District Board members shall be elected to three-year ~~staggered~~ terms. The terms shall commence with the installation at the first Board meeting after their respective elections and shall terminate when their successors have been installed.

(c) Time of Election

The election process of the District Board members shall take place between November 1 of the proceeding year and January 31 of ~~the an~~ election year, ~~preceding the term of office on the following schedule:~~

~~Districts A, B and C shall hold elections in 2004; Districts D and E shall hold elections in 2005; and Districts F and G shall hold elections in 2003.~~  
Terms of current Board members are extended or adjusted to conform to the above schedule.

(d) Eligibility for Office

Any retired member in good standing who resides in the District and is in a chapter assigned to the District shall be eligible for election as a District Board member in that electoral district. A signed consent form must be received in the Corporate office by November 15.

(e) Candidate Consent Form Statement

The written statement of consent should be in substantially the following form and signed by the candidate:

CANDIDATE CONSENT STATEMENT

PLEASE PRINT FULL NAME AS IT IS TO APPEAR ON THE BALLOT

I \_\_\_\_\_ self-nominate and/or consent to

be a Candidate for the office(s) of \_\_\_\_\_/Delegate

\_\_\_\_\_  
Name Chapter No: Last 4 SS# or Member ID #

\_\_\_\_\_  
Address:

City: Zip Code:

\_\_\_\_\_  
Telephone

No: E-mail:

Candidates may submit a brief, factual, biographical statement of no more than 200 words regarding their qualifications. Such biographical statements must be received in the corporate office by November 15 to be distributed with the ballot. Specifics on candidate statements will be provided to candidates upon nomination acceptance. The contents of these statements must be in accordance with approved guidelines.

\_\_\_\_\_  
Signature:

\_\_\_\_\_  
Date:

**ESTIMATED COST/SAVINGS:** None

**FUNDING SOURCE:** N/A

**BOARD ACTION:**

**BGR AGENDA ITEM:** 13B(4)

**ACTION ITEM:** Date: 2/27/14

**SUBJECT:** Governing Rules 13.02

**SOURCE OF PROPONENT:** Bylaws and Governing Rules Committee

**PRESENTATION BY:** Skip Hulet, Chair

**ASSIGNED TO:** Skip Hulet, Chair

**BACKGROUND:** During review of Section 13.02 it was noted by the Health Benefits Committee that the following needed to be addressed: the addition of the areas for review to include death benefits – the HBC has been asked at the past few meetings to address this area and feel it is worth adding to their realm of review; wording changes for holding of meetings – the board meetings frequency changed last year and it was felt that a more generic term would be helpful; name change for DPA to CalHR.

**RECOMMENDED ACTION:** That the Board of Directors approves the following edits to Section 13.02:

### **13.02 Health Benefits Committee**

The Committee shall be responsible for advising the Board of Directors on all matters relating to health benefits, long-term care, death benefit, vision care and dental coverage and to make recommendations to the Board.

The Committee shall:

- (a) Hold committee meetings ~~quarterly~~ in conjunction with California State Retiree Board meetings to review overall health, death, dental, vision and long-term care programs. Members shall have the opportunity to discuss health benefit plan problems and experiences;
- (b) Review health programs offered retirees by CalPERS, ~~DPA~~ CALHR or the Association and make recommendations to the Board of suggested changes or additions;
- (c) Review state and federal regulations and laws regarding health care and make recommendations to the Board when necessary;
- (d) Work in cooperation with other affiliates, CalPERS and other organizations regarding health benefits and issues;

- (e) Review legislation that relates to retiree health benefits and recommend to the Board when necessary positions of support, sponsor, watch, oppose or stay neutral;
- (f) Review all actions of the Corporation and the Association dealing with health benefits and how these activities impact retirees;
- (g) Attend meetings of the Association Benefits Committee and CalPERS Constituent, Health Committee and Board meetings. In addition, will attend legislative and community meetings where state retiree health benefits are presented;
- (h) Agenda, minutes and backup material shall be held by the association, and;
- (i) The committee should be supplied with necessary publications and information to perform their duties and responsibilities.

**Meetings:**

~~The Health Benefits Committee shall meet at such times as the Chair deems necessary. In order to be able to respond to emergency situations, the HBC may meet by telephone or other electronic means.~~

**ESTIMATED COST/SAVINGS:** None

**FUNDING SOURCE:** N/A

**BOARD ACTION:**

**BGR AGENDA ITEM:** 13B(5)

**ACTION ITEM:** Date: 2/27/14

**SUBJECT:** Governing Rules 15.00 – Headquarters

**SOURCE OF PROPONENT:** Bylaws and Governing Rules Committee

**PRESENTATION BY:** Skip Hulet, Chair

**ASSIGNED TO:** Skip Hulet, Chair

**BACKGROUND:** Section 15 of the Governing Rules was basically transferred from CSEA Policies and Procedures with some adjustments for titles. Since: (1) the CSR Board of Directors is not involved with day to day operations of staff and (2) due to budget and space availability constraints, GR Section 15.02 (a) 2; 15.02 (b) and 15.15 should be deleted.

**RECOMMENDED ACTION:** That the Board of Directors approves the changes to the Governing Rules as follows:

#### **15.02 Employees of the Corporation**

(a) The employees of the Corporation are designated members of the Headquarters staff. The purpose of the Headquarters staff is to provide service and support to the Corporation. The Corporation shall maintain staff levels sufficient to permit the Corporation to provide services to the members.

(1) Upon the President's or Board of Directors request, the Executive Director shall be responsible for hiring, directing, evaluating and firing of staff.

~~(2) In the event that a majority of the Board of Directors believes that the conduct of an employee of the Corporation has been egregious and warrants immediate termination and the Executive Director disagrees, the matter will be put before an arbitrator whose decision shall be final and binding on the Corporation.~~

~~(b) The Corporation shall, at all times, assign a "staff assigned" employee for each Board meeting. The "staff assigned" shall be responsible for assuring that all services assigned are rendered in a timely, effective and courteous manner; and have a duty of loyalty and good faith to the Corporation. If any such "staff assigned" repeatedly fails to perform the duties of such position to which he or she is assigned in a manner satisfactory to the Corporation, the Corporation shall replace him or her with a satisfactory individual.~~

#### **~~15.15 Preservation of Historical Documents, Pictures, and Memorabilia~~**

~~(a) The Corporation shall be the custodian of all pictures, documents and memorabilia of the Corporation's historical events and accomplishments.~~

~~(b) The Corporation shall, within its' capability, provide an accessible, adequate and secure storage area for said items~~

**ESTIMATED COST/SAVINGS:** None

**FUNDING SOURCE:** N/A

**BOARD ACTION:**



**BOARD AGENDA ITEM:** 13B(6)

**ACTION ITEM:** Date: 2/27/14

**SUBJECT:** Governing Rules 16.00 – Chapters

**SOURCE OF PROPONENT:** Bylaws and Governing Rules Committee

**PRESENTATION BY:** Skip Hulet, Chair

**ASSIGNED TO:** Skip Hulet, Chair

**BACKGROUND:** Since each chapter is different and one rule does not fit all chapters, the Committee recommends that the old language of 16.01 be removed and the below language be implemented.

**RECOMMENDED ACTION:** That the Board approves the deletion and addition of language in Section 16.01.

Strike all language in 16.01 – Formation or Division of Chapters and replace with following:

16.01 Formation or Division of Chapters

The Board of Directors, or at the request of a chapter, may grant a new chapter or split an existing chapter at any time with rules set forth by the Board of Directors at the time of the Formation or Division of the Chapter.

**ESTIMATED COST/SAVINGS:** None

**FUNDING SOURCE:** None

**BOARD ACTION:**



**BGR AGENDA ITEM:** 13B(7)  
**ACTION ITEM:** Date: 2/27/14  
**SUBJECT:** Governing Rules 16.08 – Chapter Officer Duties  
**SOURCE OF PROPONENT:** Bylaws and Governing Rules  
**PRESENTATION BY:** Skip Hulet, Chair  
**ASSIGNED TO:** Barbara Powers

**BACKGROUND:** Review and clarify responsibilities of chapter officers and ensure that treasurer is in compliance with Finance Committee requirements. Provide consistency with officer duties.

**RECOMMENDED ACTION:** That the Board approves addition and deletion of language in Section 16.08 Chapter Officer Duties as follows:

**16.08** Chapter Officer Duties

The officers of the chapter are the President, Vice President, Secretary, Treasurer ~~and or~~ Secretary/Treasurer. Chapters may also have the office of Jr. Past President.

(a) President

The President shall preside at all meetings of the chapter and of the Executive Committee and shall exercise general supervision over the activities of the chapter. The President shall and, if so elected, serve as delegate to General Council and Delegate Assembly. The President shall appoint and remove all members of committees, subject to the right of the Executive Committee to disaffirm such appointment or removal, and shall be an ex-officio member of each committee. The president shall ensure the authorized signatures at the bank be approved by the Executive Committee~~The President may co-sign checks drawn for payment of chapter expenses.~~

(b) Vice President

The Vice President shall act for, and in the place of, the President at the latter's request or during the President's absence or disability, and shall perform such other duties as assigned by the President. The Vice President shall assume the office of President in the event the office becomes vacant.

(c) Secretary

The Secretary shall keep a record of the proceedings of all chapter and Executive Committee meetings, conduct the correspondence of the chapter, have custody of the records of the chapter, ensure that a copy of the Corporate Bylaws is available at all meetings. ~~The Secretary may co-sign checks drawn for payment of chapter expenses.~~ The Secretary may prepare the agenda for chapter meetings with advice from the President.

(d) Treasurer

The Treasurer shall be the custodian of the funds of the chapter and shall deposit them in a financial institution approved by the Executive Committee. The treasurer shall ensure that the checking account have the current designees to sign checks on file at the financial institution. The Treasurer shall pay all bills authorized by the President, keep the financial records, render a written financial report at each chapter and Executive Committee meeting, render such financial reports to the Corporation as required by the Governing Rules and perform such other duties as assigned by the President. The treasurer shall ensure that all checks have two co-signatures , one of which shall be an elected officer, and that no signature be for self-reimbursement or reimbursement of a family member.

(e) Secretary/Treasurer

The secretary/treasurer shall perform the combined duties of chapter secretary and treasurer.

(f) Jr. Past President

The Jr. Past President shall serve as an advisor to the President and the Executive Committee, and perform such other duties as assigned by the President.

**ESTIMATED COST/SAVINGS:** None

**FUNDING SOURCE:** None

**BOARD ACTION:**

**BOARD AGENDA ITEM:** 13B(8)  
**ACTION ITEM:** Date: 2/27/14  
**SUBJECT:** Governing Rules 17.00 – Chapter Elections  
**SOURCE OF PROPONENT:** Bylaws and Governing Rules Committee  
**PRESENTATION BY:** Skip Hulet, Chair  
**ASSIGNED TO:** Marilyn Hamilton

**BACKGROUND:** When delegates are elected to General Council, a District Director that is not on the CSEA Board of Directors is required to run to be a delegate to General Council. However, when running for General Council Delegate it also means that candidate is also elected as a delegate to Delegate Assembly. The CSR Board of Directors are already delegates to Delegate Assembly by virtue of being on the CSR Board. Therefore, a chapter should be able to appoint an alternate delegate to Delegate Assembly to replace any District Directed elected in their chapter as a delegate.

**RECOMMENDED ACTION:** That Governing Rules 17.09 be amended to add (j) as follows:

(j) When a District Director is elected as a delegate to Delegate Assembly, the chapter president shall be advised to appoint the next alternate delegate to fill in as a delegate to Delegate Assembly only.

**ESTIMATED COST/SAVINGS:** None

**FUNDING SOURCE:** None

**BOARD ACTION:**





**January 21, 2014**

## **Regulators Revise Volcker Rule to Accommodate Community Banks**

Federal financial regulators have revised the [Volcker rule](#) to provide a fix sought by community banks.

The Volcker rule, which was included in the 2010 Dodd-Frank Act, is intended to prohibit most proprietary trading by banks. The Commodity Futures Trading Commission (CFTC), the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve, the Office of the Comptroller of the Currency (OCC) and the Securities and Exchange Commission (SEC) approved the rule on December 10, nearly 17 months after the original deadline.

The American Bankers Association (ABA), whose membership includes mostly community banks, filed a lawsuit on December 24 that challenges a provision of the rule that targets certain collateralized debt obligations (CDO) that are commonly held by smaller banks. These complex financial instruments are composed of trust-preferred securities (TruPS), and, if such investments are prohibited, the ABA asserts that 275 small banks will lose \$600 million by having to immediately recognize losses in their current holdings. The lawsuit argues that regulators did not conduct an adequate cost-benefit analysis of the provision.

Under pressure from the community banking industry and lawmakers in both parties, the five agencies that drafted the original rule on January 14 approved an [interim final rule](#) that exempts holdings of TruPS CDOs that meet three conditions:

- The TruPS CDO was established, and the interest was issued, before May 19, 2010.

- The banking entity reasonably believes that the offering proceeds received by the TruPS CDO were invested primarily in qualifying TruPS collateral.
- The banking entity's interest in the TruPS CDO was acquired on or before December 10, 2013.

The rule goes on to define "qualifying TruPS collateral" as any trust-preferred security or subordinated debt instrument that meets one of the following conditions:

- Was issued prior to May 19, 2010, by a depository institution holding company that, as of the end of any reporting period within 12 months immediately preceding the issuance of such trust-preferred security or subordinated debt instrument, had total consolidated assets of less than \$15 billion.
- Was issued prior to May 19, 2010, by a mutual holding company.

In announcing the change, the regulators noted that Dodd-Frank "provides for the grandfathering of trust preferred securities issued before May 19, 2010, by certain depository institution holding companies with total assets of less than \$15 billion as of December 31, 2009, and by mutual holding companies established as of May 19, 2010."

The ABA cheered the revision, with the group's president, Frank Keating, saying the association "commends the regulators' speed and judiciousness in revisiting the impact of the Volcker rule. Their action today should allow banks to avoid taking millions of dollars in unexpected and unnecessary write downs."

Although the ABA withdrew a request it had made in its lawsuit for "emergency relief," Keating said that the group is "deferring a decision on dismissal of the litigation to allow time to consult with our membership and finalize our analysis of the impact and implications of the interim final rule."

Securities Industry and Financial Markets Association President and CEO Kenneth Bentsen said that more Volcker rule changes are needed.

"While we welcome the relief provided to certain holders of TruPS CDOs, we believe that regulators must address the larger problem of the inclusion of senior debt securities issued by collateralized loan obligations (CLOs) in the Volcker rule's prohibitions," Bentsen said. "If this situation is not remediated, corporate borrowers could face higher credit costs, and banks will likely suffer unnecessary losses wholly unrelated to the risk of the CLOs themselves, but rather due to the technical language of the final Volcker rule. We continue to encourage regulators to issue guidance clarifying that banks may hold CLO debt securities."

House Financial Services Committee Ranking Democrat Maxine Waters of California said that the revision "will provide important relief to community banks with investment portfolios that include assets backed by trust-preferred securities. Our nation's regulators should be applauded for this quick and effective policy clarification that, without weakening the Volcker rule, addresses the concerns of community banks and Democratic lawmakers."

Waters and 21 other Democratic members of the Financial Services Committee



[wrote](#) to regulators on January 7 to assert that, "we believe regulators have the authority to exempt banks with less than \$15 billion in assets from the requirement to divest of TruPS CDOs, providing important relief to the community banking sector."

Sen. Joe Manchin, D-W.V., ([S. 1912](#)) and Rep. Shelley Moore Capito, R-W.V., ([H.R. 3819](#)) introduced bills this month aimed at providing Volcker rule relief to community banks.

Separately, a pair of House Republicans [wrote](#) to SEC Chairman Mary Jo White on January 13 to chide the commission for failing "to conduct any economic analysis in promulgating" the Volcker rule.

Financial Services Committee Chairman Jeb Hensarling, R-Texas, and that panel's Capital Markets and Government Sponsored Enterprises Subcommittee Chairman Scott Garrett, R-N.J., noted in the letter that estimates of the cost of the rule are "\$100 million in private-sector mandates" or higher.

"Further, as various commenters and press reports have noted, the liquidity and depth of the corporate bond market - where thousands of U.S. businesses that created millions of jobs go to raise funds - will likely be adversely impacted by the Volcker rule," they wrote. "As a result, U.S. capital markets used by businesses and investors to hedge their exposures could see wider spreads and decreased liquidity thereby increasing business risk."

Hensarling and Garrett asked White to provide "a response detailing the legal justification for not conducting an economic analysis" of the Volcker rule by January 24.

The SEC's two Republican commissioners, Michael Piwowar and Daniel Gallagher, noted the lack of an economic analysis when they voted against the rule on December 10.

### **SEC May Pursue Additional Rulemakings Related to Volcker Rule**

The Securities and Exchange Commission (SEC) may need to enact additional regulations in order to enforce all aspects of the [Volcker rule](#), Reuters reported last week.

The Volcker rule, which was included in the 2010 Dodd-Frank Act, is intended to prohibit most proprietary trading by banks. The Commodity Futures Trading Commission (CFTC), the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve, the Office of the Comptroller of the Currency (OCC) and the SEC approved the rule on December 10, nearly 17 months after the original deadline.

Since the rule falls under the Bank Holding Company Act, and the SEC gets its authority from the Securities Exchange Act, the commission may lack the ability to discipline broker-dealers and securities-based swap dealers for certain technical violations of the Volcker rule, such as improper maintenance of documents, Reuters reported.

"If we want to sanction a firm for not keeping the records or documents they are required to keep or [failing to] provide reports to us in the form required, we need to take further action," John Ramsay, acting director of the SEC's Trading and Markets Division, told Reuters.

Planning rulemakings related to such technical violations is "under consideration," Ramsay said, adding, "I think we realize that, in order to have the full range of authority ... we need to do the additional step."

The SEC does have the ability to order brokerages to stop activities that violate the Volcker rule's ban on proprietary trading, since that authority comes from the Volcker rule, itself.

### **SEC Pushes Back Effective Date for Municipal Advisor Registration Rule**

The Securities and Exchange Commission (SEC) has [pushed back](#) the deadline for compliance with its new municipal advisor registration rule to July 1, 2014.

The rule was originally to have gone into effect on January 13, but the commission announced on that day that it was changing the deadline in order "to give market participants additional time to analyze, implement and comply with the final rules."

The SEC in September unanimously adopted a [rule](#) that implements a provision of the 2010 Dodd-Frank Act that requires municipal advisors to register with the commission. In the absence of registration, according to the SEC, many municipalities have been left "relying on advice from unregulated advisors, and they were often unaware of any conflicts of interest a municipal advisor may have had."

When the rule was originally proposed in 2010, it was widely criticized for being so broadly written that even elected and appointed municipal officials could be considered municipal advisors. The final rule significantly narrows the definition and spells out several specific exemptions, including one for public officials.

This month, the SEC released [interpretive guidance](#) for the rule.

### **Young Adults Compose Less than One-Fourth of Exchange Enrollments**

Less than a quarter of all people who had signed up for coverage in the state-level health insurance exchanges through late December were in the key 18-34 age group, according to a [report](#) released on January 13 by the Department of Health and Human Services (HHS).

The exchanges, also known as marketplaces, were created by the 2010 Patient Protection and Affordable Care Act to provide more options for individuals who cannot get affordable group coverage. Since, as of January 1, insurance companies cannot deny coverage based on pre-existing conditions, there are concerns that, if an insufficient number of young and healthy people enter the

insurance market, a "death spiral" could result in which prices rise sharply and the risk pool becomes too old and too sick to be sustainable.

The HHS report states that nearly 2.2 million people enrolled in the exchanges between October 1 and December 28, with about 80 percent of that total having signed up in December after problems with the online portal for the 36 exchanges operated by the federal government at [www.healthcare.gov](http://www.healthcare.gov) dampened enrollment numbers during October and November.

"Americans are finding quality affordable coverage in the marketplace, and, best of all, because coverage began on New Year's Day, the promise and hope of the Affordable Care Act is now a reality," HHS Secretary Kathleen Sebelius said. "Our outreach efforts have ramped up, so whether it's through public service announcements, events, our champions or other means, we are doing all we can to find, inform and enroll those who can benefit from the marketplace."

While HHS reported in early January that enrollment numbers had surpassed 2 million, the January 13 report provides the first demographic information about enrollees. It notes that 30 percent are under the age of 35, and 24 percent are between 18 and 34. One-third of enrollees are between 55 and 64 years old, and 55 percent are between 45 and 64.

The Kaiser Family Foundation estimated in a December [report](#) that the exchanges need to have young adults (ages 18-34) account for about 40 percent of enrollment, though it suggested that "premiums are not as sensitive to the mix of enrollment as fears about a 'death spiral' suggest, particularly with respect to age."

The report envisioned a "worst case scenario" of young adults accounting for 25 percent of enrollees. This, Kaiser concluded, would result in costs in individual market plans being about 2.4 percent higher than premium revenues.

"Insurers typically set their premiums to achieve a 3-4% profit margin, so a shortfall due to skewed enrollment by age could reduce the profit margin of insurers substantially in 2014," the report stated. "But, even in the worst case, insurers would still be expected to earn profits, and would then likely raise premiums in 2015 to make up the shortfall. However, a one to two percent premium increase would be well below the level that would trigger a 'death spiral,' which would occur if insurers needed to increase premiums substantially, in turn further discouraging young and healthy people from enrolling."

Kaiser and others have also noted that the people most in need of coverage - those who are older and sicker - would probably be the most likely to sign up early in the process, so the percentage of enrollees who are younger could increase by the time open enrollment for the exchanges ends on March 31.

Republicans, though, were hearing none of it, and were quick to pounce on the report as evidence of yet another failure of the health care reform law.

"There's no way to spin it: youth enrollment has been a bust so far," a spokesman for Speaker of the House John Boehner, R-Ohio, said. "When they see that

Obamacare offers high costs for limited access to doctors - if the enrollment goes through at all - it's no surprise that young people aren't rushing to sign up."

Among other findings in the report:

- 1.2 million of the enrollees were in the 36 exchanges operated by the federal government, while just under 1 million were in the exchanges run by 14 states and the District of Columbia.
- Women accounted for 54 percent of enrollees.
- 60 percent of enrollees signed up for a "silver" plan; 20 percent for bronze; 13 percent for gold; 7 percent for platinum; and 1 percent for catastrophic coverage.
- Nearly 80 percent of enrollees are eligible for tax credits to help them pay for coverage.

California had the most enrollees, with just under 500,000; Hawaii had the fewest, with 2,192.

## **Two Senior California Congressmen to Retire**

Two members of the California congressional delegation who, combined, have served for more than six decades announced last week that they will not seek reelection in November.

House Education and the Workforce Committee Ranking Democrat George Miller, who represents part of the San Francisco Bay area in California's 11th district, announced on January 13 that he will leave Washington after 40 years.

"I'm proud of what I have been able to accomplish on behalf of children and families, working people and the environment, in my district and for our country, especially passage of national health care reform," said Miller, who was first elected at age 29 as a member of the Watergate class of 1974.

Three days later, House Armed Services Committee Chairman Howard "Buck" McKeon, a Republican who represents parts of Los Angeles County and Ventura County in the 25th district, said that he will retire from Congress after 22 years.

"For me, it's time to walk away," McKeon said.

## **Report Recommends Reforms to Address 'Troubling' Public Pension Funding Issues**

A new report that is critical of public pensions recommends that funds reduce their discount rates and levels of investment risk.

**"Strengthening the Security of Public Sector Defined Benefit Plans"**from the Nelson A. Rockefeller Institute of Government begins by asserting in its first sentence that, "The condition of state and local government pension funding is troubling." It reports underfunding of "\$2-4 trillion," and cites multiple problems with public funds, including "a deeply flawed funding approach," "inaccurate financial reporting" and "incentives to take investment risk."

The report includes five recommendations:

- Use a risk-free discount rate: "Discounting at risk-free rates is likely to result in at least a \$2 trillion increase in reported liabilities for state and local governments in the United States. The estimate of annual pension expense - what governments would have to pay if they were to fully fund pensions without taking investment risk - is likely to increase by more than \$100 billion. This change would not be a funding requirement; rather it would be disclosure of pertinent information. This is as it should be: governments, taxpayers, and others should know the full cost of promises that have been made, and what it could take to fund those promises without risk. Full disclosure could be the basis of political support and a predicate for legislative changes."
- Increase disclosure of the consequences of investments: "When investment returns fall short, they can require very large increases in contributions, and governments make these contributions if they are to keep their side of the bargain. But large increases in required contributions invariably come when governments are least able to afford them, and crowd out other services and investments of government, or require tax increases. And they erode public support for public sector pension benefits, and for the public sector workforce."
- Apply external downward pressure on levels of investment risk: "Because public pension funds have approximately two-thirds of their assets in equity-like investments, have become increasingly large, and have increasingly maturing memberships, the potential consequences of this risk are far greater now than in the past. There must be external pressure to moderate these risks."
- Ensure regular payment of "realistic actuarially determined contributions based on realistic assumptions": "If governments and pension funds will not do this on their own, the federal government should consider creating incentives to encourage this."

- Consider federal "options for ensuring a smoother functioning system of state and local pension plans": "if states and standards-setting bodies do not go far enough on their own, the federal government should consider more intrusive action to monitor and police state and local government retirement systems. Congress may wish to employ small carrots and large sticks to encourage transparency in pension fund reporting, disclosure of investment risk, and discipline in pension contributions [sic]."

"If governments and pension funds follow these recommendations, required pension contributions are likely to rise significantly [sic], depending on the risk tolerance of the governments involved," the report stated. "The sooner governments begin this process, the more time they can take to get on a path toward safer and more secure funding of benefits. This will undoubtedly create pressure to cut services, raise taxes, and even lower benefits. It certainly will create pressure to reduce benefits for new hires. But the alternative is to continue blithely, ignoring risk, simply hoping things turn out well, with great risk of paying much more or, at the municipal level, becoming insolvent."

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# Member Expense Claim Instructions

**General:**

- 1) Expense claims must be submitted no later than the calendar month following the time the expenses were incurred.
- 2) Any expense paid by another claimant shall be noted on the expense claim.
- 3) Each claimant must sign the certification statement at the right of the claim form.
- 4) Expense claims which are not accompanied by the required receipts, authorization and details will not be paid.
- 5) The most economical use of Association/Affiliates funds, consistent with the convenience of the claimant and the schedule of the meeting, shall control.
- 6) Do not tape or use highlighter on receipts as it affects the ability to Xerox or scan the document.
- 7) Please note your phone number and e-mail information on your claim to receive processing updates and so you can be contacted if there are any questions concerning your claim.

**Date:** Indicate each date on which expenses were incurred.

**Location:** Show the location at which expenses were incurred.

**Depart:** Show the hour at which you departed for a meeting or other activity.

**Return:** Show the hour at which you returned from a meeting or other activity.

**Activity:** Describe the purpose of the expenditures.

**Lodging:** 1) The regular allowance is based on the negotiated rate. Lodging other than General Council lodging shall not be allowed if residence is within 40 miles/40 minutes from meeting location. Only actual expense within the above limits is reimbursed, and original receipts are required.

- 2) A maximum of the following amounts may be claimed for incidental expenses incurred during any 24-hour period involving a lodging claim.

CSEA Board .....	\$10.00
SEIU Local 1000 .....	\$10.00
CSUEU .....	\$10.00
ACSS .....	\$10.00
California State Retirees.....	\$12.00

**OVER PLEASE**

**Meals:**

- 1) Meal expenses may be allowed up to the following rates:

	Breakfast	Lunch	Dinner
CSEA Board .....	\$10.00	\$11.00	\$19.00
SEIU Local 1000 .....	\$10.00	\$11.00	\$19.00
CSUEU .....	\$10.00	\$11.00	\$19.00
ACSS .....	\$10.00	\$11.00	\$19.00
California State Retirees.....	\$12.00	\$13.00	\$20.00

- 2) Breakfast may not be claimed if departure is after or return is prior to 8:00 a.m.  
Lunch may not be claimed if departure is after or return is prior to 12:00 noon.  
Dinner may not be claimed if departure is after or return is prior to 7:00 p.m.
- 3) When meals are purchased for other persons authorized to claim meal expense, such persons must be listed on the expense claim with receipt attached.

**Travel:**

- 1) Indicate the mode of transportation and cost. Common carrier (plane, bus, etc.) is the authorized method of transportation but private automobiles or privately owned or rented aircraft may be authorized if a common carrier is not available, is more costly, or would be unreasonably inconvenient.
- 2) If private automobile is authorized and used, indicate the number of miles traveled (in the comment space at bottom of claim) and use the CSEA allowance of 55 cents per mile for CSEA, CSUEU and SEIU Local 1000 and 55 cents per mile for ACSS and California State Retirees. **(These rates are subject to change. Please contact your affiliate for the most current rate.)** If private automobile is NOT authorized, but used, claim the common carrier fare. If travel is made in another claimant's automobile, travel expense will be allowed only to one claimant.
- 3) Transportation receipts, when applicable, must be submitted with claim.

**Misc.:**

- 1) Taxi fares are authorized only when no other transportation is practical or available, or when the fare for several riders is not more than the common carrier fee.
- 2) Long distance telephone charges must identify the date, place and party called. If the call is in excess of \$1.00, receipts are required.
- 3) Parking expenses are reimbursed, but receipts are required for amounts in excess of \$3.00 per day for ACSS, CSUEU and California State Retirees and \$5.00 per day for CSEA and SEIU Local 1000.
- 4) Bridge tolls are reimbursed, and no receipts are required.
- 5) Other actual and necessary expenses of an unusual nature, upon approval of the Secretary-Treasurer/Division Financial Officer, may be reimbursed when appropriately recorded and adequately explained.





**ACCOUNTING USE ONLY**

I hereby certify that this is a true statement of travel expenses incurred by me in accordance with the current travel expense policy of the Association during the period of this claim, that all items shown were for official business of the Association, and that no expenses herein were received or paid from any other source.

Signature
Title

Total expense this page .....	_____
Total attached pages .....	_____
Grand total expenses .....	_____
Less - Travel advances .....	_____
Balance Due	Member .....
	CSEA .....

APPROVED

RED-004b Rev. 11/08





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	CSEA .....

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