

**CALIFORNIA STATE RETIREES  
BOARD OF DIRECTORS MEETING**

Hilton, San Diego Mission Valley  
June 28, 2018

**1. Call to order**

The meeting was called to order at 9 a.m. by President Tim Behrens, who introduced his new wife, Pat.

**2. Salute to the Flag**

The pledge of allegiance to the flag was led by Jerry Fountain.

**3. Roll Call**

Members present were:

Tim Behrens, President, Chapter 35, District F  
Stephanie Hueg, Executive Vice President, Chapter 23  
J. W. (Jay) Jimenez, Vice President, Chapter 34 (excused)  
Gerald "Jerry" Fountain, Chief Financial Officer, Chapter 11  
Sharon Stoltzman, District A Director, Chapter 20  
Susanne Paradis, District B Director, Chapter 36  
Mary McDonnell, District C Director, Chapter 3  
S. E. Riazi, District D Director, Chapter 14  
Keith Umamoto, District E Director, Chapter 15  
Connie Lira, District F Director, Chapter 160  
Gaspar Luna Oliveira, District G Director, Chapter 17

**4. Swearing in of New Chapter Officers**

President Behrens administered the oath of office to new chapter officers present.

**5. Introductions, Agenda Changes/Corrections and Unscheduled Items**

The items of Staff Presentations and Recruitment Drawing were added to the agenda.

CSR 13/18/2 MOTION: Hueg, second by Oliveira – that the agenda be accepted as corrected (adding agenda items 17(b)(1) Staff Presentations and 17(b)(2) Recruitment Drawing. CARRIED.

**6. February 22, 2018 Board Meeting Minutes**

The minutes were included in the agenda material.

**7. Approval of February 22, 2018 Board Meeting Minutes**

CSR 14/18/2 MOTION: Hueg, second by Lara - that the CSR Board of Directors accept the minutes of the February 22, 2018 meeting as printed. CARRIED.

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

The President's printed report was distributed. President Behrens added that CSR has had continued success in getting our brand out, including a meeting at Caltrans in Oakland. We now have our papers at their cafeteria and are shipping papers to other offices. He thanked Marilee Colton, who attended a board meeting of AFSCME, which represents state chaplains. They welcomed us with open arms and we will send them papers too.

### **9. Board Member Activity Reports**

Printed activity reports were distributed with the agenda material. Stephanie Hueg added that she is on the CARA Board and had to miss their meeting on June 27 -- CARA's annual membership meeting is scheduled for November 13-15. She stressed the importance of members attending CalPERS board meetings -- we are looking more powerful, with members wearing CSR shirts and logos and it makes a point to the board members. Members from Chapters 2, 15 and 165 attended the last meeting, which reviewed the proposed health care rates for 2019, and she urged other chapters to consider field trips to Sacramento for CalPERS meetings.

Jerry Fountain added that a highlight for him is visiting with chapters for the opportunity to let chapter members know how well we are doing with our investments, see what the chapters are doing and answer questions. He has also been working with CSEA's Finance and Investment Committees.

Sharon Stoltzman added that if she missed one of her chapter meetings, it was because she was at the CalPERS Board meeting. She also attended several CalPERS off-site meetings in Torrance and Van Nuys, where she takes copies of the CSR newspaper.

Susanne Paradis added that her activities have been focused on three areas -- working with chapter leadership, working on CSR's strategic plan and action plan, and participating in Lobby Day for the first time. She was pleased at how well Lobby Day was run and believes we made a good impression on the legislators we visited.

Keith Umemoto reviewed the highlights of his report, noting that he represents CSR on CARA's Legislative Committee and succeeded in getting CARA to be consistent with our position on several bills we support and those we oppose -- all the bills that we've opposed are dead and many that we support are proceeding. He works to keep members informed on pension-related legislation, health care proposals and CARA and Retirement Security activities, as well as inviting members to attend CalPERS meetings.

Connie Lira added that she has attended most of the CalPERS Stakeholder meetings except when they conflict with Chapter 35. She has visited all of her chapters -- Chapters 5, 11, 16 and 35 -- and looks forward to working with the new chapter officers.

Gaspar Luna Oliveira made corrections to his printed report, adding three board conference calls, and reported that the outgoing presidents of Chapter 17, Diane Whorton, and Chapter 12, Caryl Cole, have been very supportive. He has been working with Chapter 6 on organizing their leadership team and would like to meet with the executive committees of all remaining chapters in July and August. He is very grateful for the work of chapter activists, particularly for Chapters 6 and 34 at Lobby Day.

S. E. Riazi presented his report, noting that he had to miss a lot due to health issues, and thanking all who sent him messages. The highlight of one very successful meeting was Margaret Brown from CalPERS.

Mary McDonnell thanked Ron Franklin for changing Chapter 21's meeting from the date of the CalPERS meeting to allow her to attend. She noted that all three chapters from Sacramento were represented at the last CalPERS board meeting and urged members to attend meetings of the CalPERS Pension and Health Benefits Committee held on Tuesdays before board meetings except in July and October.

## **10. Chief Financial Officer Report**

### **11. 2017 Audit Reports**

Jerry Fountain reviewed the CFO's printed report, noting that it is a similar report to what he provides at every chapter meeting he attends. CSR is looking at a \$112,000 surplus for this budget year, with revenue up and expenses down. CSR's cash, money market and investments are about \$2.9 million. The independent auditors' report for calendar years 2016 and 2017 from Hood & Strong LLP was also included in the agenda material, giving CSR a good report for where we stand financially.

### **12. Political Action Committee Report**

Dick Mesa reported that the committee considered endorsements for legislative candidates in the southern area at its June 27 meeting; endorsements for the northern area will be considered on August 13. CSR endorsed 83 candidates in the legislative primary elections and succeeded in all 83. All recommendations presented to the board were from the southern area meeting.

CSR 15/18/2 MOTION: Oliveira, second by Hueg – that the CSR Board of Directors endorse the following candidates for constitutional office: Governor, Gavin Newsom; Attorney General, Xavier Becerra; Insurance Commissioner, Ricardo Lara; Superintendent of Public Instruction, Tony Thurmond.  
CARRIED.

CSR 16/18/2 MOTION: Oliveira, second by McDonnell – that the CSR Board of Directors endorse the following legislative candidates: Assembly: AD 26 Devon Mathis (R-Visalia), AD 30 Robert Rivas (D-Hollister), AD 39 Luz Rivas (D-Los Angeles), AD 45 Jesse Gabriel (D-Encino), AD 54 Sydney Kamlager (D-Los Angeles), AD 58 Cristina Garcia (D-Bell Gardens), AD 76 Tasha Boerner Horvath (D-Carlsbad); Senate: SD 08 Andreas Borgeas (R-Fresno), SD 16 Shannon Grove (R-Kern), SD 22 Mike Eng (D-Los Angeles), SD 24 Maria Elena Durazo (D-Los Angeles), SD 32 Bob

Archuleta (D-Whittier). CARRIED.

Mr. Mesa reported that he reviewed the list of new delegates and chapter officers for those who make additional contributions to CSR PACs, finding that the delegates and alternates for Chapters 5, 9, 11 and 23 are already contributors.

### **13. Blanning & Baker - Ted Toppin/Legislative Report**

Ted Toppin congratulated CSR on success in the primaries and reported that President Behrens asked him to share some of the things we can do for those we endorsed. One leg of the stool is to support them financially, but having a relationship with legislators takes more effort than just endorsing them. He urged members to get involved -- take a few hours to develop a relationship with legislators' regional staff and help in their campaigns. It can be fun to volunteer -- members can track legislative campaigns down on the web, and he is happy to help. Campaigns often need people to walk precincts, but there is still envelope stuffing -- you don't have to walk. President Behrens encouraged members to keep visiting with legislators and their staffs and said he looks for as many local events as possible to give members the opportunity to interact. He asked members who are aware of some local events to let him or Renee Texeira know if they want to participate.

Responding to a question, Mr. Toppin said he would investigate amendments made to AB 315 (Wood). AB 315, currently held in suspense, would require that pharmacy benefit managers (PBMs) be registered with the Department of Managed Health Care.

### **14. OptumRx**

Michael Kennedy, Director, Account Management, gave a slide presentation detailing OptumRx's commitment to CalPERS members in managing and helping to facilitate benefits, including member experience enhancements, health fair enhancements, and member service and prior authorization approval trends, and asked members to let him know if they would like a speaker for meetings. Nine people who report to him work to maintain customer service, to drive better and easier member experiences and to make sure members understand what they need to know. They are working to simplify communications and take feedback to heart -- working to streamline the prior authorization process to be more effective for members and prescribers, and they contact members personally when authorization is denied in case they wish to appeal. Staff is looking to see what claims are being reviewed and make the process smoother. There are a number of different co-pay situations, and Medicare is very complex. As long as members are calling the phone number on the back of their ID cards, their calls will be answered -- OptumRx staff takes this very seriously and is working to become more interactive for members. While 2017 was a tough year, member issues requiring CalPERS intervention have declined substantially and prior authorization approvals have increased significantly. OptumRx is proactively reaching out to physicians, with approvals going up and denials going down. CalPERS member satisfaction is at an overall high -- posted results of 96% are the highest they've ever been and are trending in the right direction.

Responding to a question concerning costs for brand name drugs going up suddenly for members on Medicare, he explained that there is a mechanism called "wrap" which can bring those costs down. "Wrap" is coverage above what would normally be covered for Medicare. There was originally a penalty if members did not use generic drugs, now for medications listed on "wrap," members don't have to have a medical exception, and Mr. Woodson got a list from PERS of medications on "wrap." To a question concerning the updated OptumRx website, Mr. Kennedy noted that the new portal is more member friendly and they are working to include answers for frequently asked questions on issues such as immunizations for shingles. Printed copies of Mr. Kennedy's presentation were available on the information table.

## **15. Committee Reports**

### **15A. Health Benefits Committee**

Larry Woodson reported that CSR's Health Benefits Committee has met three times, once by conference call to save travel expenses. There was good turnout for a meeting coupled with a CalPERS Pension and Health Benefits Committee meeting. Committee members also attend SCORE and RPEA meetings, where we coordinate on common interests, and provide public comment at CalPERS meetings. Committee members commented on the preliminary health plan rates; those rates were high and went down a bit. We also expressed our concerns regarding surgical centers and raised objections for increased co-pays, getting a reduction. Members also participated in meetings concerning OptumRx. Detailed information is contained in Mr. Woodson's monthly reports in the *State Retiree*. He thanked committee members for their participation and reports and thanked headquarters staff, especially Corinne Celentano and Jamee Villa. President Behrens added that Marcie Frost, CEO of CalPERS, asked to meet with him and the RPEA President, which shows the power of our organization and the progress we've made with CalPERS.

### **15B. Finance Committee**

Mr. Fountain noted that one of the tasks of the Finance Committee is to prepare a three-year budget, and the proposed budget for 2019-20-21 was presented to the board. Rocco Paternoster reported that he and Kenton Jones were assigned to review the draft; they went over budget summaries from 2012 to 2017 to determine program needs for line items, year-end numbers for 2017 and the year-to-date summary for 2018. They also looked at recent developments and plans for the future. He explained how budget assumptions are determined, considering dues and other revenue, central support costs, staffing, employment benefits and taxes, meetings and events. The four percent increase shown in the line item for staff salaries is based on previously negotiated contracts. Work on the budget is ongoing, and the board has until September to get the proposed budget to delegates. During discussion, Staff Accountant Kenton Jones answered questions on specific line items, such as on item 7099, added after the board decided that all chapter presidents should be reimbursed by CSR, and item 7530, the amount going to chapters each month.

CSR 17/18/2 MOTION: Fountain, second by McDonnell – that the CSR Board of Directors accept the proposed three-year budget. CARRIED.

Regarding the CSEA Finance Committee, Mr. Fountain reported that CSEA staff takes good care of things -- the review of investments for CSEA's 401(k) is coming up soon, and the plan is doing well.

President Behrens asked for comments regarding the strategic plan, the plan for the future of CSR, reporting that he will continue to meet with chapter presidents before board meetings, probably on Tuesday afternoons. CSR's framework should be solid for the next ten years -- we are putting together plans for recruiting non-CSEA bargaining people as they retire and will provide training to all chapters on how to recruit and how to message CSR. Responding to a question on the role of Associate members concerning political action, he explained that a legal opinion is needed to determine what kind of money can be used and there will be something in writing soon. To a suggestion that preference be given to PAC members for participation in fundraising events, he explained that CSR will not penalize members who have not formally joined the PAC -- every active member of CSR is a member of the PAC; they contribute as part of their monthly dues. Members who join the PAC have volunteered to contribute more.

### **15C. Bylaws and Governing Rules Committee**

Skip Hulet reported that the committee considered proposed amendments to the process for chapter grants; discussion also involved the Finance Committee and the board.

CSR 18/18/2 MOTION: Hueg, second by Oliveira – that the CSR Board of Directors approve the language changes in Governing Rule 5.06 to read as follows:

#### **5.00 DUTIES OF OFFICERS AND DISTRICT DIRECTORS**

##### **5.06 Chapter Grants**

###### **(a) Chapter Grant Funds**

The amount of a chapter grant will depend upon substantiated need. The Board of Directors shall consider a chapter request for emergency funding for unforeseen expenses beyond the chapter's control. The funds awarded can only be used on the need for which they were awarded and only on expenses occurring after Board approval. The 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 shall not be awarded a grant, if at the time of the grant request, they have more than the 3 months dues allocation in their chapter accounts. ~~A chapter may not request a grant if they have more than \$12,000 in chapter funds. The Board of Directors shall consider a chapter request for emergency funding for unforeseen expenses beyond the chapter's control.~~  
CARRIED.

### **16. Grants Report**

Stephanie Hueg reported that there had been no requests for grants and no money given.

## **17. New Business**

### **17A. Report on CSEA Board of Directors Meeting**

President Behrens noted that he was happy to report that the building at 1108 "O" Street has been sold for \$8.2 million to an investor from the San Jose area. The building is CSEA property and the money will go into the CSEA account for the new building in Natomas, which will house CSR, ACSS and CSEA benefits and IT staff and accommodate meetings. CSR will be on the ground floor of the building, which has an elevator and parking and is close to hotels and restaurants. We hope to move in the first of the year and have an agreement to rent space at 1108 "O" Street through the end of November.

### **17B. Unscheduled Items**

#### **17B(1) Staff Presentations**

Rocco Paternoster, Corinne Celentano and Jamee Villa gave detailed reports, including power point presentations, and responded to questions. Mr. Paternoster, reporting on CSR's membership program, explained that we lost Dani Schenone as membership coordinator, and the year-to-date membership report will be sent out as soon as possible. CSR's current membership is 37,235 -- a 2.4% increase over this time last year and staff consistently reports back to the board and members on membership information. Data on members-in details new applications and rollovers, and members-out shows cancellations and deceased. Work was done on CSR demographic data to establish trends, but we only have a database since 2016 -- that data shows who members are by age, and communications must be tailored to meet those demographics. For example, 28% of members are in the group aged 71 to 80, which tends to not like e-mail. The group of members aged 61 to 70 comprises 42%. Data on which affiliate members came from since 2016 shows 48% from SEIU, 8% from CSUEU, 9% from ACSS, and no data entered for 35%. The issue of public sector unions losing fair share fees starting July 1 does not affect CSR, but we may get fewer rollovers sometime in the future. While SEIU and CSUEU do not currently work with CSR, he is working with ACSS because those who promote to supervisor and management are closer to retirement.

Corinne Celentano provided a detailed report on CSR elections for chapter officers and delegates, statewide officers and district directors. Headquarters sent out 29,820 ballots for chapter elections, finding an ongoing problem with bad addresses. The official delegate count on June 25 shows 186 delegates for Delegate Assembly. Chapter 1 is short two delegates; Chapter 21, short 5; and Chapter 165, short one. Those chapters can have supplemental elections to fill their delegate count. President Behrens reminded members that delegates are sworn in the morning of Delegate Assembly. Hotel rooms will be master billed and delegates will receive a check in the mail to cover other expenses based on geographics. There will be a backup plan for another hotel.

Jamee Villa's presentation covered communications, including social media -- Facebook, Twitter, Linked-In, and CSR's website and e-newsletter. Twitter is a fast breaking platform, and Linked-In is a great business platform. CSR decided to do a give-a-way, entering all who follow us, and Jay Finch won a \$50 gift card. She urged chapter leaders to encourage their members to sign up to receive the e-mail newsletter and to go to social

media. Copies were distributed of a new handout, entitled "10 great reasons to join..." The ten great reasons cover advocacy, member discounts, CalPERS coverage, the monthly newspaper, community, the retired annuitant program, that we are 37,000 members strong, minimal monthly dues, giving back, and working together. Chapter presidents were sent 100 copies with a check-list to fill out on what they are currently doing. Mr. Paternoster explained that chapter presidents were being asked, as leaders, to digest key talking points and train their members to go out to discuss the value of these items for marketing of CSR. The one-page assessment tool for presidents to answer is to help us readjust our program. Chapter presidents receive a movement report each month which they can share with their membership chair as long as they have signed a confidentiality statement -- new confidentiality agreements will be sent to all new chapter officers. The report is highly confidential and cannot be shared with just anyone.

On the issue of the purchase of computer equipment the board authorized at its last meeting, the initial purchase has been made to be sure the equipment works with CSR's material. Testing and verification will be completed before or around Delegate Assembly and training conducted in Sacramento. Training on the equipment will include how the central server works, chapter folders which are on the internal server, and how to use the website. Right now, CSR's internal server is being reconfigured.

### **17B(2) Recruitment Drawing**

President Behrens announced winners of \$50 in the recruiter drawing: Phyllis Johnson, Chapter 2; Ramona Kilgore, Chapter 36; Merilee Colton, Chapter 6; Claudine Edwards-McDougall, Chapter 11 and Henry Mendoza, Chapter 26.

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

Responding to a question regarding mock Delegate Assemblies, President Behrens reported that mock DAs are being put together all over the state by district and will include a review of resolutions and rules -- members can also refer to the section of CSR rules outlining the rules for Delegate Assembly.

There were a number of questions raised concerning potential liability issues for a chapter or CSR with a member transporting someone to a meeting or assisting someone in a nursing home. Mr. Paternoster explained that often when someone riding in a car gets hurt or slips getting out of the car, they are told to sue the person or the organization. There is also the possibility that a chapter member could say they should be indemnified for the loss if they are sued because they were acting on behalf of the organization. When a member fell in Los Angeles and a staff person wanted to help pick her up, he told them not to do it because CSR could be sued -- it is his obligation to advise of the potential risk, and it is the board's role to make policy. On having people sign waivers, he suggested that waivers are not a magic bullet, only as good as the paper they are written on. Other scenarios raised included a chapter officer going through a red light when out delivering papers for CSR, or whether having a CSR magnetic sign on the car when involved in an accident could be factors. CSR does not have an indemnification policy for members -- please try to mitigate the risk. There is a difference between just giving someone a ride versus a general liability policy at an event. When CSR does a major event, we can get an additional assumption of risk policy.



**19. Adjourn** -- The meeting was adjourned at 4:20 p.m. in memory of Merle Cale, Chapter 2 and Adley Hochstadt, Chapter 21.

Tim Behrens  
President