

CALIF^{OR}NIA STATE RETIREES

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

CSR BOARD OF DIRECTORS MEETING - FEBRUARY 22, 2013

8:30 a.m. – 4:00 p.m.

EMBASSY SUITES SAN FRANCISCO AIRPORT

250 Gateway Blvd.
South San Francisco, CA 94080
(650) 589-3400

BOARD AGENDA

1. **Call to order by President Susan Sears at 8:30 a.m.**
2. **Salute to the Flag**
3. **Roll Call:**

Susan Sears, President, Chapter 14, District D

Jerry Evans, Executive Vice President, Chapter 10, District B

Tim Behrens, Vice President, Chapter 35, District F

Donna Hernandez, Chapter 9, District A

Gus Lease, Chapter 23, District C

Fritz Walgenbach, Chapter 02, District E

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,
Renee Texeira and Stephanie Fowler**

~This meeting will be recorded~

4. **Swearing in of District Directors for Districts F and G.**
5. **Elections – President, Executive Vice President, Vice President and Chief Financial Officer/Secretary**

6. Introductions, Agenda Changes/Corrections and Unscheduled Items.....	Oral
7. Approval of the November 9, 2012 Meeting Minutes.....	1
8. President’s Report of Activities.....	13
9. Board Member Reports.....	15
10. Chief Financial Officer Oral Report – Harold Rose.....	Oral
11. Headquarters Report – Phil Sherwood.....	Oral
12. CSEA President’s Oral Report – Information – Marilyn F. Hamilton.....	Oral
13. CalPERS Board of Administration Oral Update – Henry Jones.....	Oral
14. Committee Oral Reports	
A. Bylaws and Governing Rules Committee – Marilyn F. Hamilton.....	Oral
B. Finance Committee – Harold Rose.....	Oral
C. Grant Committee – Eleanor Poole.....	Oral
D. Health Benefits Committee – Stephanie Hueg.....	21
E. Membership Committee – Carol Bowen/Mary McDonnell.....	Oral
F. Goals & Objectives Committee – Fritz Walgenbach.....	25
15. Unfinished Business	
A. Approval of formation of new Chapter 26 – Bakersfield.....	Oral
16. New Business	
A. Motions from Presidents’ Forum February meeting – Christy Christensen.....	Oral
(1) Presidents’ Forum February Tentative Agenda.....	43
(2) Presidents’ Forum November Minutes.....	45
B. Proposed Amendments to Governing Rules – Action – Marilyn F. Hamilton.....	Oral
C. Request to approve mail ballots for Delegate representation.....	Oral
D. CSR PAC – Lobby Day 2013.....	Oral
(1) Approval of talking points – Action – Dick Mesa.....	49
(2) Logistics – Information – Phil Sherwood.....	Oral
E. Customer Relationship Management (CRM) – Susan Gould, CSEA IT Director – <i>10:30 a.m. time certain</i>	Oral
F. Report on CSEA Board of Directors Meeting – Susan Sears.....	Oral
G. Endorsement of JJ Jelincic and Michael Bilbrey for CalPERS Board.....	Oral
H. Guest Speaker - Senator Jerry Hill - Disclosure Act - <i>TBD</i>	Oral
I. CSEA Board Committee Oral Reports.....	Oral
(1) Bylaws, Policies and Procedures – Marilyn F. Hamilton.....	Oral
(2) Member Benefits – Carol Bowen.....	Oral
(3) CSEA Women’s Conference – Beverly Waller Wharton.....	Oral
J. Membership Oral Report and Drawing – Information – Terrence Conklin.....	Oral
K. Federal Activities (CalPERS Federal Lobbyist’s Written Report).....	51
L. Unscheduled Items.....	Oral
17. What’s on Your Mind?	

CALIFORNIA STATE RETIREES (CSR)

BOARD OF DIRECTORS MEETING

Hilton San Diego Mission Valley, San Diego
November 9, 2012

1. Call to order

The meeting was called to order at 8:30 a.m. by President Susan Sears, followed by a moment of silence.

2. Salute to flag

The pledge of allegiance to the flag was led by Donna Hernandez.

3. Roll Call

Members present were:

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

Headquarters was represented by Phil Sherwood, Trinda Lundholm, Terrence Conklin, Renee Texeira and Stephanie Fowler.

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

Packets of the items from the Bylaws and Governing Rules Committee were distributed. The items were numbered 4A through 4L, with a separate item 4F replacing the one in the packet, to be discussed in agenda item 16B Proposed Amendments to Governing Rules. Tim Behrens added an agenda item under New Business, "Future Corporate Meetings."

5. Approval of Minutes of the May 11, 2012 Meeting

CSR 41/12/3 MOTION: Evans, second by Waggoner - that the minutes of the California State Retirees Board meeting of May 11, 2012 be approved as printed.
CARRIED.

6. President's Report of Activities

President Sears' printed report was included in the agenda material. She also attended a CalPERS educational forum on October 22-24 mostly geared toward employers. One interesting session had a panel on women in leadership roles, including Anne Stausboll, the first woman CEO in the history of PERS, PERS Board member Priya Mathur and two city mayors, and it was noted that 60% of PERS members are women. Other sessions included mentoring -- teaching someone to do your job better than you do so you can move on and do something else -- and an update on health care. PERS health care plans cover 1.3 million

participants at a cost of \$7 million a year, which is not sustainable. PERS found that 60% of members who could be participating in a disease management program do not do so, and the goal is for a coordinated wellness program, similar to those available in some HMO's.

7. Board Member Reports

The backup material contained printed activity reports from Jerry Evans, Donna Hernandez, Gus Lease, Fritz Walgenbach, Tim Behrens and Gene Waggoner. Gus Lease added there was a tremendous turnout at a District C meeting in San Francisco, with another planned in January. Fritz Walgenbach noted a change to his report – the Chapter 15 meeting shown for October 23 was held on October 16 and he had to miss it.

Tim Behrens reported Chapter 35 is moving forward with endeavors to help the Bakersfield subchapter form a new chapter, and asked Chapter 35 President Loyd Winner to report. Mr. Winner noted it has been a long-term effort and Chapter 35 allocated \$3,000 to assist the subchapter to become a new chapter. The new chapter has great potential and he encouraged members to support their efforts. Gary Ivey distributed material showing where the proposed chapter is in its organizational efforts and Mr. Behrens introduced Mike Smith and Ester Lopez, who have been outstanding support in Bakersfield. The subchapter has met all of the requirements for a new chapter, has already identified candidates for president and vice president, and regardless of the outcome of its request, will continue to move forward gaining membership. Mr. Behrens added that Harold Rose also put out information on what it costs for a new chapter and the board will have plenty of time to discuss the issue. The last step will be to send a letter to all 1200 members for their ratification. Caryl Cole, President of Chapter 12, suggested canvassing Chapter 12 members in the Bakersfield area, some of whom do not attend Chapter 12 meetings because of the distance and might want to belong to a Bakersfield chapter. It was also suggested that an article in the local newspaper could reach retirees from Corrections who stay with CCPOA because of insurance and might be willing to join CSR.

8. Report on August 17, 2012 Executive Board Workshop

Minutes for the Executive Board Workshop held on August 17-18 in Sacramento were included in the agenda material.

9. Chief Financial Officer Report

Harold Rose reported that he and George Linn participated in a conference call regarding a review of staff's 401K plan. He monitors CSEA expenses and it looks like they will come out with a surplus. He also reviewed the transfer of the CSEA staff retirement plan to SEIU, which required more money from all four affiliates. In good news, we have finally been able to get direct deposit of our PAC money. CSR investments in Ed Jones are earning 2.6%, which is better than the PERS Fund. Regarding travel expense claims, he asked members to file separate travel claims for each meeting, which makes it easy for him to review. The TEC claim for LDI training should include travel both ways. He wants future meeting announcements to include details on how to charge meals and other expenses. Caryl Cole volunteered to help people with travel expense questions and Mr. Rose noted members can also go to any member of the Finance Committee.

CSR 42/12/3 MOTION: Evans, second by Waggoner - that the CSR Board reject the recommendation of the Finance Committee on October 11-12 to suspend the grants to chapters of \$3,000 (members to meetings) and \$700 (printing supplement) until chapter funds are spent down to an average of 12 months of their monthly dues allocation. CARRIED.

President Sears reported that the board is going to work on making things more equitable for chapters, but it will take work. There was no second to a motion that the board appoint a select committee to reevaluate the allocation process for chapter funds, and it was noted that the Finance Committee and the board will be wrestling with this issue.

To a request that the Finance Committee give the \$3,000 “grant” a different name, Mr. Rose reported that the budget item has been changed from “grants” to “members to meetings.”

10. Headquarters Report

Copies of the printed headquarters report were on the information table. Concerning the loss of items sent to headquarters, Dr. Sherwood assured members that he would develop a process for tracking grant requests and other items.

11. CSEA President’s Report

President Marilyn Hamilton noted that it is her pleasure to attend CSR meetings. CSEA officers had an officer orientation after General Council and General Manager, Lee King brought the officers up to date on what’s going on. She told him she never wants to go to a meeting where someone asks why she did something and she doesn’t know about it. CSEA board meetings will be cut to two a year, with no more coffee or sodas at meetings. There is no board meeting scheduled because there are no agenda items. The board did have a workshop with a facilitator, talking about setting up a new structure for CSEA, and she will try to always keep officers informed.

12. CalPERS Board of Administration Update - J.J. Jelincic and Henry Jones

J.J. Jelincic apologized for missing the Presidents Forum on November 8 – his flight was delayed by East Coast weather. He had wanted to talk at the Forum about long-term care and encouraged members to attend the February meeting when it will be on the agenda. There is an agenda item for the PERS Health Care Committee meeting, “Creating a New Open Application Period,” which is really about new pricing options PERS is looking at and he encouraged members to look at the information posted on CalPERS’ website, under Board of Administration, agenda, Health Benefits Committee. He stressed that PERS is alive and well, but pension reform is unfortunately not dead -- there will continue to be attacks on pensions as long as most of the world has to exist on defined contribution plans. He believes that defined benefit plans should be available to everyone, and we are now seeing people who can’t afford to retire. Referencing a recent article in the *Wall Street Journal* about how President Obama is going to enhance class warfare, he urged that we need to recognize there has been whole attack on working people in this country. We dodged the bullet with the defeat of Proposition 32, but he predicts we will deal with it again. There will be an election for two at-large positions on the PERS Board in 2013, and he hopes to have members’ support – exact dates are not yet set, but it will probably be a May or June ballot.

Henry Jones related that it is always a pleasure to share the challenges facing PERS. 2012 has been a difficult year in state and local governments regarding pension reform. Bankruptcies are another area of concern as is the long-term care program. Under the comprehensive pension reform legislation signed by the governor, starting January 1 all new employees will contribute more toward their pension benefits. The pension reform does not affect current retirees-- based on their vested right in the law, benefits cannot be taken away unless they are replaced with something comparable. PERS did not get involved in the legislation -- its role is to administer the program and make sure the legislature and other

parties have accurate information. The reform will reduce costs while conserving traditional pensions, and the proposed 401K was not in the legislation passed, so the "Harvard Plan" will not be in the pension plan for new employees. While the provision requiring new employees to pay more toward their benefits must go through the collective bargaining process, if there is no collective bargaining agreement after five years, the law gives the employer the right to impose the higher contribution. PERS estimated savings of \$42 to \$55 billion over 30 years, while STRS estimated savings of about \$23 billion over 30 years -- adding local agencies savings are estimated to be \$100 billion over 30 years.

Concerning the bankruptcies of Stockton and San Bernardino, there is no question that pension contributions are an overhead cost, and it is true that pension costs have gone up, but still make up only 6% of Stockton's budget and 10% of San Bernardino's. The main cause is the recession and home foreclosures that hit those two cities -- home values have dropped 50%, resulting in lower property taxes, combined with lower sales taxes, resulted in bankruptcy. However, cities have a statutory obligation to pay PERS contributions and failure to pay is a violation of state law. Cities are creatures of the state; under federal law a bankruptcy court cannot interfere with the relationship between the state and cities, and PERS is an arm of the state. PERS is not treated as any other debtor; its right to payment from a Chapter 9 municipality is greater than the rights of other debtors -- the relationship between PERS and each municipality is statutory. In not paying, a city would be breaking the law as well as contracts. PERS has filed formal objection regarding San Bernardino's eligibility under Chapter 9. There has been speculation about cities not paying their contributions, but neither Stockton nor San Bernardino has indicated that it intends to renege on contributions. It is the bond insurance companies that are objecting. The cost of bonds is predicated on credit ratings, and municipalities buy insurance to lower the risk and insure their bonds, thus it is the insurance companies objecting. PERS is working with both cities to do the right thing and is fully aware of its fiduciary responsibilities.

Concerning the long-term care insurance program, the board did approve a premium increase of 79% for those with lifetime benefits with and without inflation protection effective July 2015. The real cost is 85% over more than one year. PERS is expecting a report showing a 4.66% deficit for the program -- the goal had been to have at least 10% more than needed to pay benefits. The board directed staff to prepare a report on opening the plan to new members. The only source of funds for the program is from premiums and investments, and PERS' long-term goal is still on target, with a 21% return in the previous year. PERS will be working with CSR, RPEA and retired school employees to answer questions members are raising and is looking at a 10-year option instead of lifetime -- studies show that most people pass away 3.7 years after beginning to receive benefits.

Responding to a question on whether pension reform legislation could affect retirees, Mr. Jones explained that it would require a change in the California Constitution -- a constitutional amendment would have to go through the initiative process and PERS would file a lawsuit and take it all the way to the Supreme Court.

President Sears explained that when CSR sends out the *State Retiree* each month, about 200 are returned for bad addresses. We have asked PERS to tell us if members have died or moved, but PERS has been a brick wall, citing privacy issues. She thanked Mr. Jones for taking on the task of finding a way around the brick wall.

13. Committee Reports

13A. Bylaws and Governing Rules Committee

Agenda Item 13A was combined with 16B.

13B. Finance Committee

Harold Rose reported that the Finance Committee met on October 11-12 in Sacramento, adopting one motion that was considered by the board in Agenda Item 9. There were over 30 items on the committee's agenda and a few had to be left for the next meeting. He noted that he had to remind people that it was not a board meeting, and everyone with something to say, said it. Starting their meeting after the Rules Committee gave them the opportunity to meet again after dinner; as well as the next morning.

Mr. Rose noted that he had nine meetings outside the Presidents Forum on November 8 and by the end of the day he was at the end of his stress level. He apologized for his shortness and said that he appreciates the opportunity to discuss issues face to face rather than by e-mail – he received one e-mail that was 22 pages. Compiling answers to all of the questions raised, concerning costs for the newspaper, ads, leadership training and other issues, required that CSEA staff in Accounting spend three days gathering the information, along with research by CSR staff. All the answers have been reported back to the members who asked, and he thanked the Finance Committee members for all of their help, apologizing concerning discussion on the motion to come to the board, where he relied on his recall and was wrong. He noted that everyone on the Finance Committee tells him what they think, and gave special thanks to Jim McRitchie and George Linn for taking over the Delegate Assembly issue.

CSEA President Hamilton reported that the officers are working on the 2015 General Council, asking affiliates to not have their Delegate Assemblies at the same time because CSEA does not have the resources.

13C. Grant Committee

Gene Waggoner reported that the Grant Committee met on November 8 to consider chapter grant requests, and after review recommended granting six requests received.

CSR 43/12/3 MOTION: Evans, second by Lease - that the CSR Board approve the following six chapter grants totaling \$17,392.39: Chapter 35 - \$2,267.00; Chapter 11 - \$3083.88 in two separate grants; Chapter 17 - \$5,000 in two separate grants; Chapter 12 - \$2,003.50; Chapter 3 - \$2,000; Chapter 5 - \$3,038.01. CARRIED.

In response to a question whether the committee looks at the savings accounts of chapters requesting grants, Mr. Waggoner reported that the subject is being looked into.

13D. Health Benefits Committee

Stephanie Hueg thanked Stephanie Fowler for her last-minute help with the committee's November 8 meeting, as well as everyone who sends her articles regarding health care benefits, noting that one of the goals of the committee is to share information with everything changing so quickly. One of the articles she received concerned people who need physical therapy and go into a care facility. In the past, they needed to show Medicare that there would be improvement from the physical therapy. The issue was brought to the attention of the President, who directed Medicare that it doesn't matter whether patients show improvement from physical therapy, but whether it betters their lives.

Copies of Ms. Hueg's report on the October 2012 CalPERS Board meeting, where the board considered the long-term care program, were available on the information table. She added that at the last constituent meeting CalPERS mentioned they were going to send letters to all

members regarding dependents – PERS discovered they are spending a lot of money on dependent coverage and want to make sure they are valid dependents. For the most part, PERS will be giving a grace period with no penalty and no back payments. She asked members who receive the letter to look at it carefully and to call PERS right away and work with them, and if members get that letter, she would like to see a copy.

Tim Behrens added that he has worked with Susan Sears and Phil Sherwood for an extra hour at the February meeting with insurance carriers and information. Wellness programs are being looked at more -- CVS has opened walk-in clinics and there is a tele-doc system where members can call their doctor and he will prescribe medicine. Blue Cross and Kaiser also offer wellness programs. PERS is getting into social media on-line and is now on Facebook, Twitter and YouTube. On Facebook, they basically answer the hottest questions that week. On Twitter, members can get into conversation with others. Bob Lilley reported that the new Safeway contract includes no health benefits for those eligible for Medicare. Caryl Cole reported that members with a PERS Care/Choice plan where Medicare is primary, have a concierge program where they can get enhanced treatment – she attended a program where her doctor was speaking. The program is called Heritage Health, and she will try to get more information.

13E. Membership Committee

Mary McDonnell reported that the Membership Committee discussed how to reach people who are going to retire and were told that the highest number of people retire in December and March. She asked members to wear their blue shirts when they go to work sites, so people will know who they are, and urged members to call her or Carol Bowen with any questions.

13F. Building Committee

Copies of the Building Committee report were available on the information table. President Sears reported that the committee met and evaluated an additional 11 properties. One of the things they've been discussing is having a building fund and also a fund for repairs to the current building. She proposed that the work of the committee, which is an ad hoc committee of six, three board members and one member from each of the three areas, be extended into 2013. The current CSR fiscal status warrants a cautious approach until costs from General Council and year-end expenditures are totaled. Revisiting the commercial building market in early spring seems to be the best course of action for now, and the impact of the new dues tier will come in in February.

14. What's on Your Mind

Ceil Andersen, Chapter 20, encouraged all chapters to remind their members to not drop out of Medicare -- they will lose their benefits and not get the reimbursement. Tim Behrens reported that J.J. Jelincic gave him 200 CalPERS "bucks" to hand out and he had about 50 left for anyone interested.

15. Unfinished Business

16. New Business

Future Corporate Meetings

CSR 44/12/3 MOTION: Behrens, second by Evans – that the CSR Board change its corporate meetings to three each year, starting in 2014, in the months of February, June and October, with the final meeting in October to include the CSR Delegate Assembly. CARRIED.

Tim Behrens reported that committee chairs had assured him they can do business in the time allotted, and he would like to see the meetings held on Tuesday, Wednesday and Thursday, with one committee meeting held Tuesday evening, devoting all day Wednesday to committee meetings including the Presidents Forum. It was noted during discussion that a motion was not required, as CSR rules say corporate meetings may be scheduled up to three times a year, but the board has been accused in the past of making decisions without input. It was noted that the proposal does not address the issue of evening meetings, and it was the consensus that most members would be willing to attending an evening meeting. Stephanie Hueg volunteered that the Health Benefits Committee could meet the night before, for a 4 p.m. to 6 p.m. meeting, and requested that PERS meetings be considered when selecting dates. It was also noted that passage of the motion gives chapters one year to consider changing their meetings to have chapter meetings two to three weeks after the board meeting.

16A. Motions from Presidents' Forum August Meeting

Caryl Cole reported that the Presidents' Forum met on November 8 from 1:15 to 4:30 p.m., electing new officers Christy Christensen, Chair and Caryl Cole, Vice Chair. As no chapter president came forward for the office of secretary, the forum suspended its rules to allow Jerilyn Johnson to take minutes until election of a secretary or a change in the rules. The other motion was to recommend to the board that it hold question-and-answer interviews of all candidates running for statewide office at the February Board meeting, with questions written and asked by three members of the Presidents' Forum and candidates out of the room during the interview process. Discussion on this issue was spirited and lengthy.

Forum members were also asked to list their training needs and Ms. Cole said she would make copies of the suggestions received for the board's information. President Sears noted that the leadership training session also included suggestions for training, asking that the forum's suggestions be given to Phil Sherwood to be combined with the other suggestions

A motion by Hernandez, second by Behrens -- "that at the February Board of Directors meeting question and answer interviews be held for all candidates running for statewide office. Questions to be written and presented by three members of the Presidents Forum. Criteria for process: two minutes to answer each question and three minutes for personal presentation. All candidates waiting for interviews will remain outside the room until their turn is called. Nominations and interviews will be held in the morning of the board meeting and voting in the afternoon" -- was defeated.

It was noted that the first order of business at the February meeting will be seating new district directors. The board would not need to suspend the rules if it had nominations, then took a break before voting. After nominations, candidates have always been asked if they wish to speak and given the opportunity to address the members. It was also noted that candidates can appear before the forum if they wish to and were invited.

16B. Proposed Amendments to Governing Rules

Marilyn Hamilton presented the recommendations from the Bylaws and Governing Rules Committee, identified as items 4A through 4L, noting that as the proposed amendments were not changes to the bylaws, the board could accept them in toto except for those members wished withdrawn. She reported that the committee had been very impressed with the participation of the audience at its last meeting – good participation and a lot of good ideas.

CSR 45/12/3 MOTION: Walgenbach, second by Evans – that the CSR Board accept the recommended rule changes in toto except for items members wish withdrawn. CARRIED (with item 4H withdrawn).

Item 16B(8) [item 4H from the Bylaws and Governing Rules Committee], Governing Rules 12.01 -- Appointments and 13.02 -- Bylaws and Governing Rules Committee, was withdrawn for discussion. The remaining rule changes were adopted as printed in Bylaws and Governing Rules Committee items 4A through 4L.

16B(8) Governing Rules 12.01 – Appointments, and 13.02 – Bylaws and Governing Rules Committee

CSR 46/12/3 MOTION: Sears, second by Walgenbach – that the CSR Board of Directors approve the following amendments to Rules 12.01 and 13.02:

12.01 The President, with the concurrence of the Board of Directors, shall appoint chairs and members of all committees who shall make recommendations to and serve subject to the authority of the Board.

Excluding the PAC Committee, there shall be no fewer than five members and no more than seven members on each standing committee including the chair. A concerted effort must be put forth to obtain qualified representation from all districts. A member may not serve on more than one committee, excluding ad hoc committees. Committee members should not be District Directors. The President shall consult with the District Directors for recommendations of qualified members for appointment.

The Committee shall designate a “recorder” at each meeting in the event CSR staff is unable to record minutes of the meeting.

The President shall appoint a Board member as liaison for each committee. The President shall be the liaison for the Bylaws and Governing Rules Committee.

~~43.02~~12.05 Bylaws and Governing Rules Committee – ~~Between sessions of the Delegate Assembly and General Council~~ The Committee shall serve the Board of Directors and shall be responsible for reviewing and recommending action on the Bylaws and Governing Rules of the Corporation. It shall also be responsible for protecting the integrity of the Corporation and the Association on all matters relating to the governing principles of the Corporation and the Association.

~~The committee shall include at least three members who are not members of the Board of Directors.~~

The Committee shall: [no change to current subsections (a) through (e)]

CARRIED.

It was noted that governing rules are effective upon adoption by the board unless there is a date mentioned, and President Sears reported that the changes to Rules 12.01 and 13.02 will be incorporated as new committees are formed.

16C. Proposed Resolutions for Submission to Delegate Assembly

Marilyn Hamilton reported that the committee had referred two proposed resolutions to the board but had not yet heard back.

16D. Update on California State Retirees PAC

Dick Mesa reported that the responsibility chart he passed out to chapter presidents lists the total number of members in the chapter, along with PAC members, to show where we are regarding PAC membership. Currently CSR has 32,323 members and 1,239 PAC members. The chapters with the most members in each district are assigned responsibility for that district.

The PAC worked to develop a process for making endorsements, and having gone through that process, we need to evaluate it to see how it worked. Out of 20 senate districts, we endorsed 12 candidates based on past experience with those particular candidates, then conducted interviews with additional candidates. While there are still outstanding results to be counted, interim results show that 13 of our 14 candidates were elected. Cathleen Galgiani lost in Stanislaus County, but votes are still being counted so there is a possibility she could still win. If we can turn that one around, we would consider the election a total success. In the Assembly, we endorsed 34 in the primary and conducted interviews in 3 other areas, endorsing 37 candidates out of the 80 Assembly districts -- 35 were outright wins; we lost one, and there is one that is still close. The process seems to be working well even though we got started last because of redistricting. When new elections came up, a lot of people went out of office, and we don't know the new people running. Redistricting is now over, and for the next 10 years we know which districts we are in.

Gene Waggoner reported that he conferred with Dick Mesa, Christy Christensen and Trinda Lundholm and will write an article that at the next Presidents Forum all chapter presidents report on their progress in getting acquainted with legislators in their districts. He urged members to become acquainted with legislators' administrative assistants so they will know who you are.

Marilyn Hamilton reported that she sent an e-mail congratulating everyone for the success with Propositions 30 and 32, and thanked all who worked.

16E. Guest Speakers – Caremark – Lauri Hunter and Cacy Rossi

Lauri Hunter and Cacy Rossi gave a slide presentation on how the CVS Caremark Part D Prescription Drug Plan (PDP) affects retirees under PERS and responded to questions. Ms. Rossi related that she lives in Sacramento, moving from Ohio in 2011 to help manage the CalPERS group working on PDP benefits. Lauri Hunter reported that she is based in Scottsdale, Arizona, and has been focused on Medicare Part D for retirees since 2008. They noted that they represent Caremark, but all plans offered by PERS provide a PDP plan and there will be many similarities in benefits. For example, Kaiser is a Part D pharmacy provider. Printed copies of their slide presentation were distributed later in the meeting.

The CalPERS PDP is effective January 1, 2013 and all health plans offered by PERS will participate. There will be no increases in out-of-pocket drug costs, no change in most copays, little or no change in the pharmacy network of over 67,000 participating pharmacies, and little or no change in the types of drugs covered. Any member affected by a drug change will receive an individual letter telling them that the drug will no longer be covered and giving alternatives. There is an appeal process required by Medicare, and members can also file a grievance. Members on Medicare whose spouses have different coverage should contact

CalPERS for more information. One of the rules under Medicare is that the retiree is always going to pay the lesser of the copay or the drug cost – if your copay is \$15, but the drug store is having a special and your drug costs less; you will be charged the lesser price.

Members enrolled in a CalPERS Medicare health benefit plan will be automatically enrolled in the CalPERS PDP – they do not need to do anything. They may receive information regarding other PDP plans but should remember that the CalPERS benefits are likely more comprehensive than those provided by other individual PDP's -- it is very important that they do not opt out. Members received an opt-out letter and form, but should disregard that letter. About 200 people have returned the form and PERS is contacting them, asking if they are sure they wanted to opt out. Medicare is all about over-communicating -- CMS (the Centers for Medicare and Medicaid Services) requires that health plans offer members a choice to opt out of the customized plan, which was not required under the current Part D drug program.

When people reach age 65 or are disabled, they begin to receive a lot of material, but the PDP plan offered through PERS is a custom plan only offered to members. The opt-out period was 21 days (September 10 through October 5) and is now past. There will be a new open period starting November 15, and those turning 65 sometime in November or December will be receiving a letter. It is very important that members not opt out, because if they do there will be no prescription drug benefit and they will have to pay all their drug costs out of pocket. If a member opts out of the CalPERS PDP and does nothing more, they retain CalPERS medical benefits, without drug benefits. However, if a member opts out and enrolls in a non-CalPERS PDP, their CalPERS medical benefits will be cancelled.

On the subject of brand name drugs, if a member chooses a brand name when a generic is available, they pay the difference. If the generic drug is \$30 and you chose the brand name which costs \$200, you will pay \$175 – the generic copay of \$5 plus the difference of \$170. To a question concerning a member being charged \$100 for eye drops, and CVS could not tell him what the preferred alternative was, he should call customer service and ask them what the preferred alternatives are. To a question noting that under the previous drug plan Vytorin cholesterol medication was \$40, but under CVS it is \$100, Allen Lee explained that Vytorin is made up of two drugs, one generic and one not; he suggested splitting the two for a cost of \$40.

Another situation is when members reach the catastrophic level of benefit which limits member out-of-pocket expenses. The catastrophic phase applies to members who reach \$4,750 in out-of-pocket expenses during the benefit year. After that, copays are reduced to 5% of the drug cost or \$2.65 and \$6.60, whichever is lower.

There are over 67,000 participating pharmacies in the CVS Caremark network and not all are CVS pharmacies -- all pharmacies are pretty much part of the network. Members in a rural area whose pharmacy is not included can let CVS Caremark know, and they will contact the pharmacy to see if they want to enroll as part of the network.

At the custom website for retirees, www.Caremark.com/calpers, members can locate pharmacies by zip code, refer to all plan information, print temporary ID cards and get health and wellness information. In December members will start to receive ID cards. Right now, members have only one card that says Anthem Blue Cross/CVS. For 2013 they will have two cards, a CVS Caremark ID card and an ID card from Anthem Blue Cross for medical benefits, but they are trying to get them combined into one card again. Members will also receive a list of main covered drugs. If your drug is not on the list, call customer service and ask about it, or go to the customer website. Members can still access the Caremark.com website, but they will need to re-enroll. CVS Caremark's dedicated customer care team can be reached

24 hours a day, 7 days a week by phone toll free at (855) 479-3660. Other important resources are (800) MEDICARE (633-4227), www.medicare.gov and www.socialsecurity.gov.

It was further noted that CVS Caremark is new for members in the Anthem PPO plan. Also, there will be representatives from Kaiser at the February meeting.

16F. Membership Report and Drawing

Terrence Conklin reported that membership numbers are relatively flat at 32,753 with most new members coming from rollovers. We got 14 new members last month, but there were a large number of deaths, almost 600. Included in the agenda material were graphic charts showing detailed membership counts for October 2011 through October 2012 and new membership source. CSR has been using UnionWare for membership accounting, but is transitioning over to a Microsoft program which will give staff the opportunity to run information ourselves. Staff will receive training in the coming week, and all information will be stored in one database. Winners of \$50 awards in the recruiters drawing were Caryl Cole, Gary Ivey, Anita McCabe, Gene Waggoner and Penny Felix.

16G. Report on CARA Convention

There was no report.

16H. Report on CSEA Board of Directors Meeting

President Sears reported that the CSEA Board meeting was cancelled due to lack of agenda items, but the Board Workshop was held and resembled a goals and objectives meeting. Board members discussed meeting a few times a year if there were agenda items, as most items go to affiliates. Because CSEA does not have funding for the Women's Committee, it must be supported by the affiliates, and she has received a commitment from the other three affiliates that they will support it. At the workshop CSEA President Hamilton reported on the History Project and there was a presentation on the CSEA Foundation. While the CSEA Board cannot dissolve the Foundation because it is a separate corporation, it is on its own. Without funding, the CSEA History Project probably will fade away, but the subject can be revisited later.

In response to a question regarding the Foundation, Ms. Hamilton explained that Local 1000 already does its own scholarships. The Foundation is still in existence, but the affiliates have decided not to fund it and announced that scholarships would be done another way. While the Foundation will not be funded by CSEA, chapters can still donate if they wish. Harold Rose explained that a chapter can have its own scholarship as long as it does not award a scholarship over \$599, in which case it would have to issue an IRS form 1099 to the student. As Chapter 8 wanted to have a \$1,000 scholarship, an alternative would be to give the money directly to the college the student will be attending.

16I. CSEA President's Report – Marilyn F. Hamilton

The president's report was made earlier, under agenda item 11.

16J. CSEA Board Committee Reports

There were no reports.

16K. Federal Activities (CalPERS Federal Lobbyist's Written Report)

The most recent report from CalPERS' federal lobbyist was included in the agenda material.

16L. Unscheduled Items

President Sears reported that when awards were presented to outgoing chapter presidents at Delegate Assembly, some were left off the list, and she had acrylic plaques for Erlinda Villa, Chapter 3; Bob Wilson, Chapter 20; and Addie Jackson, Chapter 11. Erlinda Villa was present to receive her award. Ceil Andersen and Christy Christensen will take the awards to Bob Wilson and Addie Jackson.

17. CSR Board of Directors Meeting Dates - 2013

Dates and locations for the 2013 board meetings were included in the agenda material.

Travel Expense Claim Forms (5) and Instructions

Travel expense claim forms and instructions were included with the agenda material, noting that members can still obtain the form on CSR's website.

The meeting was adjourned at 3:15p.m.

Susan Sears
President

jj

PRESIDENT'S REPORT
November 2012 - January 2013

At our board meeting on November 9, 2012, we agreed to hold three board meetings per year beginning in 2014. This will save us 25% of our board meeting costs, and the meetings will be every four months instead of three. Our August 2013 board meeting scheduled for Ontario has been cancelled, since the hotel we had planned to use has been sold, and we were able to back out of our contract without penalty, so we have already made the change sooner than originally planned. The rest of this year's meetings will be as scheduled: May 8-10 in Sacramento and November 6-8 in San Diego. Beginning in 2014, the meetings will be February (Bay Area), June (Sacramento) and October (Southern California).

It's a long-standing custom of CSR to celebrate the holidays, and in December, I was pleased to attend Christmas luncheons at Chapters 2, 19, 3, 165, 13 and 14. I also attended the monthly SCORE meeting and the CSEA 2013 GC Planning Committee meeting.

In January our bargaining team met to prepare for the next round of negotiations with UAW2350, to which all of CSEA's employees (including ours) belong. I will travel to Chapter 13's subchapter in Yreka and regular meetings of Chapters 13 and 14, and also attend the By-Laws & Governing Rules Committee meeting as well as the CSEA Board Workshop, followed later in the month by the CalPERS Board Offsite meetings in Monterey.

I have continued to communicate with CalPERS board members and staff on a variety of issues including the changes to the annual PPPA adjustment, the Long-Term Care program, and changes in some members' health insurance deductions (all were reduced!).

I shall be engaged in an ongoing negotiation with CalPERS over the fact that not all of our members have internet access. They are planning to do away with the mailed warrant deposit notifications and only post them to their My/CalPERS website. We need to continue having these mailed to our members who do not use computers; those of us who feel comfortable with looking up the information on the web should be allowed to opt out of receiving the mailed statements.

As my one year of completing Roger Marxen's term of office comes to an end, I want to thank all of you who have been thoughtful and kind and helpful to me. I have enjoyed working with all of you, and hope you have all gained something positive to help CSR continue to thrive. I know I have.

CALIFORNIA STATE RETIREES

Date: February 22, 2013

Agenda Item: 9

Title: Board Member Report

Information

Presented by: Donna Hernandez, District Director, District A

Background: The following is a summary of my activities from November 6, 2012 through February 19, 2013.

Nov 6	President Obama wins a second term, Prop 32 passed
Nov 6-9	CSR Board Week-San Diego
Nov 14	Chapter 9 Meeting-La Mirada/ Delivered CSR Newspapers to CalPERS Office—Orange
Nov 19	CARA CAT Meeting-Cerritos
Nov 21	Chapter 20 Meeting-Van Nuys/ Delivered CSR Newspapers to CalPERS Office—Glendale
Dec 6	Delivered CSR Newspapers to CalPERS Office-Orange & Glendale
Dec 12	Chapter 9 Meeting---La Mirada
Dec 20	Chapter 4 Meeting –Los Angeles
Dec 25	Merry Christmas—Happy Holidays to all
Jan 1	Happy New Year’s 2013—Have a Healthy Year
Jan 8	Delivered CSR Newspapers to CalPERS Office ---Orange
Jan 9-10	Bylaws and Governing Rules Committee Meeting-Sacramento
Jan 14	CARA CAT Meeting—Cerritos
Jan 16	Chapter 20 Meeting & Delivered CSR Newspapers to CalPERS Office-Glendale
Jan 29	RPEA Meeting-Guest Henry Jones from CalPERS-Long Beach
Feb 11	Delivered CSR Newspapers to CalPERS Office-Orange & Glendale
Feb 13	Chapter 9 Meeting—La Mirada
Feb 18	CARA CAT Meeting--Cerritos

CALIFORNIA STATE RETIREES

Date: February 22, 2013

Agenda Item: 9

Title: Board Member Report

Information

Presented by: Jerry G. Evans, District Director, District B

Background: The following is a summary of my activities from November 6, 2012 through December 28, 2012:

Nov 6-9 CSR Board Meeting – San Diego

Dec 6 Chapter 10 Board Meeting – San Luis Obispo

Dec 28 Surgery will be unable to attend meetings for 4-6 weeks

CALIFORNIA STATE RETIREES

Date: February 22, 2013

Agenda Item: 9

Title: Board Member Report

Information

Presented by: Gus C. Lease, District Director, District C

Background: The following is a summary of my activities from November 6, 2012, through February 22, 2013:

Nov 6-9	Board Meeting – San Diego
Nov 12	Chapter 36 – Salinas
Dec 12	Chapter 23 – San Jose
Dec 13	Chapter 3 – San Francisco
Dec 20	Chapter 1 – Oakland
Jan 8–10	CSR BGR – Sacramento
Jan 14	Chapter 36 – Salinas
Jan 15	Chapter 21 – Santa Rosa
Jan 18	CSUEU SJSU – San Jose
Jan 24	Chapter 3 Membership – San Francisco
Feb 7	District C Meeting – San Francisco
Feb 20	Goals and Objectives – San Francisco
Feb 21	CSR Committee Meetings/President's Forum – San Francisco
Feb 22	CSR Board – San Francisco

CALIFORNIA STATE RETIREES

Date: February 22, 2013

Agenda Item: 9

Title: Board Member Report

Information:

Presented by: Fritz Walgenbach, District Director, District E

Background: The following is a summary of my activities from October 31, 2012 to February 4, 2013:

Oct 31	Chapter 165 Meeting - Sacramento
Nov 6	CSR Training & Board Meeting – San Diego
Nov 7	LDI Training – San Diego
Nov 8	Committee Meetings & President's Forum – San Diego
Nov 9	CSR Board Meeting – San Diego
Nov 20	Chapter15 Meeting – Rocklin
Nov 26	Chapter 2 Executive Meeting – Sacramento
Dec 3	Chapter 2 Christmas Meeting – Sacramento
Dec 15	Chapter 165 Christmas Meeting – Sacramento
Jan 2	Chapter 2 Meeting – Sacramento
Jan 2	PAC Meeting at HQ – Sacramento
Jan 9	Bylaws & Governing Rules Committee – Sacramento
Jan 22	Sr. Coalition Meeting – Sacramento
Feb 4	Chapter 2 Meeting – Sacramento

CALIFORNIA STATE RETIREES

Date: February 22, 2013

Agenda Item: 9

Title: Board Member Report

Information:

Presented by: Tim Behrens, District Director, District F

Background: The following is a summary of my activities from November 6, 2012 to January 11, 2013:

Nov 6-9 Executive Board Meeting – San Diego

Nov 7 Training – San Diego

Nov 8 CSR Committee Meetings – San Diego

Nov 9 CSR Board Meeting – San Diego

Nov 12 Chapter Meeting – Salinas

Nov 13 Chapter 5 Sub – Sonora

Nov 14 Chapter 5 Sub – Merced

Nov 15 Chapter 5 Sub – Modesto

Nov 27 Chapter 5 Sub – Jackson

Dec 5 Chapter 11 - Fresno

Dec 13 Chapter 35 - Porterville

Jan 9-10 BGR Meeting – Sacramento

Jan 11 CSEA Board Meeting - Sacramento

CALIFORNIA STATE RETIREES

Date: February 22, 2013

Agenda Item: 9

Title: Board Member Report

Information

Presented by: Gene Waggoner II, District Director, District G

Background: The following is a summary of my activities from November 14, 2012 through February 15, 2013:

Nov 14	Chapter 34 Meeting – Victorville
Nov 15	Conference Call National Council for Single Payer Health Care
Nov 26	Conference Call California Disclose Act
Dec 1	Democratic Club of Victorville Meeting – Victorville
Dec 3-4	Cara Regional Meeting – El Segundo
Dec 5	Chapter 12 Christmas Meeting
Dec 12	Chapter 34 Christmas Meeting
Dec 13	Chapter 17 Christmas Meeting
Dec 14	Chapter 6 Christmas Meeting
Dec 18	Assembly Women Norma Torres Toy Drive – Chino
Jan 3	Labor United Meeting Concerning the Disclose Act
Jan 9	Chapter 34 Meeting – Santa Ana
Jan 14	Conference Call for Disclose Act
Jan 16	Cara Meeting – Orange
Jan 17	Chapter 12 Meeting – Victorville
Jan 20	Alliance Meeting – Wrightwood
Feb 13	Chapter 34 Meeting
Feb 15	Chapter 6 Meeting

**California State Retirees
Health Benefits Committee Meeting
February 21, 2013
10:00 a.m. - 12:00 p.m.**

**Embassy Suites San Francisco Airport
Golden Gate Conference Room**

Agenda

1. Call to order

2. Salute to flag

3. Roll Call:

Stephanie Hueg, Chairperson
Bobbi Estrada
Jenny Hayden
Willis Huddleston
Connie Lira
Tim Behrens - Board Liaison
Stephanie Fowler- Staff assigned

~ This meeting will be recorded ~

4. Introductions, Agenda Changes/Corrections/ Unscheduled Items.

5. Approval of the Minutes from our previous meeting;

“Without objection the minutes will be approved as read”

6. Chairpersons report of activities

Ms. Hueg:

Discuss contact with local representative: Assemblyman Mark Stone,
State Senator Bill Monning, and District 5 Supervisor Bruce McPherson
Report on activities, CalPERS meetings, ATORVASTATIN (generic Lipitor)
recall issue, roll over to new medical/pharmaceutical provider issues.

7. Committee members report of activities

Mr. Tim Behrens

Mr. Willis Huddleston:

Discuss contact with local representatives
Report on his activities
Report on legislative items

Ms. Bobbi Estrada:

Discuss contact with local representatives
Report on her activities

Ms. Connie Lira:

Report on Constituent meetings

Report on Governor's health care task force

Ms. Jenny Hayden:

Discuss contact with her representative

Report of PHBC/CalPERS full board meeting

8. Comment period from audience

9. Unfinished business: none

10. New business

11. Announcements

CalPERS consumer: March 14, 2013 - (2nd Thursday of each month)

CalPERS constituent: March 14, 2013 - (2nd Thursday of each month)

CalPERS Pension & Health Benefits: March 19, 2013- (3rd Tuesday of each month)

CalPERS full board: March 20, 2013 - (3rd Wednesday of each month)

Reminder: These meetings are open to all members of CalPERS please drop in and show your support for CSR issues.

CSR Health Benefits: May 9, 2013

CSR Board: May 10, 2013

12. Adjourn

www.leginfo.ca.gov

www.calpers.ca.gov

www.ranbaxyusa.com

www.healthcare.gov

www.fda.gov/safety/recalls/ucm329866.htm

www.healthycal.org

www.chhs.ca.gov

Minutes
Health and Pension Benefits Committee
Hilton San Diego Mission Valley
901 Del Rio S. San Diego, CA 92108
11/08/2012

1. **Call to order:** Meeting was called to order by Chairperson, Stephanie Hueg at 10:42.
2. **Pledge of Allegiance:** Salute to flag was led by Stephanie Hueg.
3. **Roll call:** All members of the committee were present at this meeting. Stephanie had each member introduce themselves and state what their work experience with the state had been and what they had contributed to the organization. Members of the committee are: Chairperson Stephanie Hueg, Vice Chairperson Jenny Hayden, Bobbi Estrada, Willis Huddleston and Connie Lira. Board Liaison for this committee is Tim Behrens. Staff assigned Stephanie Fowler.
4. **Agenda changes and correction:** Added to the agenda were Tim Behrens and Dr. Sherwood. Agenda was approved with additions.
5. **Approval of Minutes:** Minutes were approved as read.
6. **Report of activities of Committee Members:** Jenny Hayden reported on CalPERS and Long Term Care. She said that Long Term Care (Cadillac plan) would be going up 85% over the next three years. Jenny said she was also at a veterans function in Garden Grove where she spoke to Congresswomen Gloria Sanchez assistant regarding Obama Care and its effect if any on the health benefit plans of State employees and Retirees here in California. Willis Huddleston said he had spoken to the office of Assemblyman Manuel Perez. He said it was a very productive meeting. Willis Huddleston then gave his report on the following Senate bills 1382, 951 and Assembly bills 340, 1234, 1453, Assembly bill/Senate bill 1234 Introduced by Senator De Leon and Steinberg (Principal coauthor Assembly Member Furutani) bill Introduced February 23, 2012. Existing federal law provides for tax-qualified retirement plans and individual retirement accounts or individual retirement annuities by which private citizens may save money for retirement. This bill would establish the Golden State Retirement Savings Trust Act, which would create the golden State Retirement Savings Trust. This bill will provide a system similar to PERS for the California private sector workers who want to participate. There would be no co-mingling of PERS funds with California Secure Choice Retirement Savings Trust funds. In my opinion it will have no effect on PERS or state employees or retirees. Assembly Bill 340 Introduced by Assembly Member Furutani Introduced February 10, 2012 The County Employees Retirement Law of 1937 (CERL) authorizes counties and districts as defined, to provide a system of retirement benefits to their employees. Changes to this bill in my opinion will not affect state employees or retirees. Senate Bill 951 Introduced by Senator Hernandez - Democrat District 24. Introduced January 5, 2012 An act relating to health care coverage Commencing January 1, 2014, existing law, the federal Patient Protection and Affordable Care Act (PPACA), requires a health insurance issuer that offers coverage in the small group or individual market to ensure that such coverage include the essential health benefits package, as defined. Existing law provides for the regulation of health care service plans and health insurers by the Department of Managed Health Care and the Department of Insurance, respectively, and requires health care service plans and health insurers to cover various benefits that would implement the essential health benefits as established under specified provisions of the PPACA. In my opinion this bill will not affect state employees or retirees. Senate Bill 1382, Negrete, McLeod. SB 1382 really does not apply to CalPERS members unless they also worked under a County retirement system. The legislation requires those county retirement

systems to recognize employee organizations in addition to their own when they consider issues and bargaining. If a CalPERS member was also in SEIU, but the County had no employee organization other than their own, the county would not be able to ignore a request from SEIU in the bargaining for benefits. This bill would only affect where there was a duplicate membership. Seems like very few people, but the Counties cannot ignore other representative groups. In my opinion this bill will not affect state employees or retirees unless they also worked under a county system with a county retirement system. Assembly Bill 1453 Introduced by Assembly Member Monning January 5, 2012. An act to add Section 100509 to the Government code, relating to health care coverage. This bill would require the board of California Health Benefits Exchange to, by March 1, 2013, submit to the Assembly committee on existing health plan to set the benchmark for items and services to be included in the definition of essential health benefits as contemplated under the PPACA. This bill would require an individual or small group health care service plan contract issued, amended or renewed on or after January 1, 2014, to cover essential health benefits. In my opinion this bill will not affect state employees or retirees. **Comments from**

audience: There was some concern from members of the audience that there would possibly be a co-mingling of funds of AB 1234 (Golden State Retirement Trust Savings Fund) and CalPERS. Dr. Sherwood assured the audience participants that the new retirement fund would be handled by another investment group and funds would be in the California Secure Choice Retirement Savings Trust fund and not co-mingled with CalPERS funds. Dr. Sherwood also spoke on the problems with the LONG TERM CARE PROGRAM and why it is being increase by 85% for the LTC1 or more commonly referred to as the Cadillac Plan.

Tim Behrens Board Liaison stated that members are needed to go to CalPERS Board Meetings to express our concerns.

Tim Behrens also spoke on legislation in San Diego, San Jose, and across the nation involving attacks on pensions and unions.

Tim also spoke on different flyers he handed out, and the introduction of preventative wellness programs being developed by several of the insurances companies.

Tim said CalPERS is now doing a weekly update on Facebook at Facebook.com/my CalPERS.com, also Utube.com. You may also see live webcast of Board Meetings at www.calpers.ca.gov.

Report of Connie Lira to Committee: August 9, attended **CalPERS - Constituent Work Group Meeting** - a discussion ensued after Doug McKeever suggested that this meeting should be cancelled as he felt there were not enough questions being asked of the group. M. Reed, CSR staff spoke up as well as members of the RPEA group on reason why the group should continue. It was decided that it would continue. September 6, attended CalPERS - Constituent Work Group Meeting Long Term Care (LTC) continues to be a major discussion with the increase of 79% for the LTC 1 and LTC 2 policyholders for the year 2015. - Report of Bobbie Estrada, oral report was given by Bobbie Estrada on her assignment.

Comments of Chairperson Stephanie Hueg, Stephanie urged all members who are in LTC and could afford to do so to keep their Long Term Care Plan. Stephanie also said she would like any members who can to attend the CalPERS- Constituent Work Group Meetings and future meetings on LTC. She also said she would like someone from CalPERS to speak to the membership at the February Board meeting. Dr. Sherwood said he would make contact with someone from CalPERS to be at the February meeting and explain why the cost is rising so substantially.

Adjournment: Meeting adjourned 12:01pm

CALIFORNIA STATE RETIREES

DRAFT 2013-2017 STRATEGIC PLAN



MISSION:

**Our mission is to protect the pension
and health benefits of current and
future retired state employees.**

Draft: 2/20/13

PROGRAM STRATEGY

Deliver member value in pursuit of the mission, i.e., protecting and improving our members' benefits.

- 1. Advocate for current and future members and member benefits with the California Legislature, CalPERS, Department of Personnel Administration, and other entities.**
 - A. Establish a Legislation Committee to enhance our advocacy on benefits and pensions.**
 - B. Grow the size and influence of our PAC by _____ (X% or Y dollars).**
- 2. Expand our influence and effectiveness by cooperating with strategic partners (organizations with overlapping interests).**
- 3. Recruit and retain members to enhance our political influence: Increase membership by _____ (X% or Y number of members).**
- 4. Improve high-impact, two-way communication at all levels of the organization.**

FUNDING AND FISCAL MANAGEMENT STRATEGY

Optimize revenues with a goal of doubling both membership and income over the next five years (15% growth year over year for each of the next five years); explore diversifying revenue streams where this is cost-effective.

- 1. Structure dues to balance revenue with perceived member value.**
- 2. Review the budgeting process for potential input from membership (e.g., from Presidents' Forum and other committees).**
- 3. Increase financial operating reserves by 5-10% per year for the next five years.**
- 4. Assess fee-for-service and earned-income streams on an ongoing basis for cost effectiveness.**

LEADERSHIP STRATEGY

Ensure accountability and transparency through continuous and responsive communication between all segments of the organization, while strengthening the leadership from each segment (Board, staff, and membership) in service of delivering the mission.

- 1. Integrate measurable outcomes and accountability implemented by the Board.**
- 2. Board commits to self-assessment and improved governance on an ongoing basis.**
- 3. Board ensures continuous education and development opportunities for all levels of leadership in the organization (Board, staff, Chapter Presidents, District Directors, etc.).**
- 4. Utilize the Presidents' Forum as a committee of the Board, even though they aren't.**

APPENDIX

PRESENT STATE ASSESSMENT

The following data fall into two categories: the *Summary of the Membership Survey* done by the CSR President from personal knowledge of survey results. The *Strengths and Challenges* were brainstormed on a real-time basis during the Goals & Objectives Committee meeting of October 16-17, 2012 and involved participants representing the Board, chapter leadership (both Chapter Presidents and District Directors), and CSR members without any distinction as to source. Staff contributed only in minor fashion to these lists, except when asked to clarify points of confusion over verifiable facts. None of these lists represent clear consensus by participants; they were generated primarily as context for where the organization is considered to be at present by those in attendance at the meeting.

Summary of Membership Survey

CSR has a very diverse membership. One aspect of that diversity is the age/generation groupings:

Junior Seniors	50-70 years old
Seniors	70-80 years old
Senior Seniors	80+ years old

These demographic groups are such that the oldest could easily be the parents of the youngest, with all the implications of those sorts of generation gaps.

These facts raise the question of how we can honor and include the different views held by our diverse members. Perhaps the best answer is to focus on our similarities and what unites us.

What We Know About the Organization Today

STRENGTHS

We're stronger today because of our increased membership and funding

We have a strong newspaper

We have more staff than we used to

Our culture has changed in that our members take more interest in CSR's future'

We have a functioning website

Our members are proactive and consistent than in the past (from newsletters, etc.)

We're more proactive and consistent on political issues, especially over the last year

What We Know About the Organization Today

CHALLENGES

Transparency and accountability are not where they need to be

Infighting – lack of faith in the board as evidenced by second-guessing

Headquarters facility inadequate – too small for growth needs, not safe (e.g., no fire sprinklers) and not ADA-compliant

Need clearly defined member value – then we can get more people involved

Communication between board/committees/staff needs to be emphasized – unsure which communications should be sent to whom

Rumors are toxic to us

We could make better use of technology

Members are not treated the same – especially on their access to expressing themselves – there are also limits to technology use: not everyone's plugged in

Board could be larger – for example, by adding Chapter Presidents

Some feel it's time for By-Laws review/update

The job of Chapter President may be un-doable

The membership should hold the Board accountable – differences of opinion are vital

The organization wrestles with more/better member services vs. cost

CALIFORNIA STATE RETIREES

**DRAFT 2013
ANNUAL OPERATING PLAN**

GOAL/OBJECTIVE	WHO	WHEN	STATUS
Program Goal: Deliver member value in pursuit of the mission, i.e., protecting and improving our members' benefits			
1) As people retire, make a pitch for CSR membership, the value and benefits of same.	Caryl Cole	5/31/13	
2) Strengthen chapter newsletters as a vehicle for information on benefits of membership	Caryl Cole	5/31/13	
3) Chapters shall visit work sites to recruit future retirees as CSR members	Mary McDonnell	12/31/13	
4) Obtain raffle licenses for all chapters desiring them	Mary McDonnell	2/28/13	
5) Ensure that CSR signage is prominently displayed at all meetings	Renee Texeira	Ongoing	
6) Increase effectiveness of media in communicating our message	Phil Sherwood	12/31/13	

GOAL/OBJECTIVE	WHO	WHEN	STATUS
Funding and Fiscal Management Goal: Optimize revenues with a goal of doubling both membership and income over the next five years (15% growth year over year for each of the next five years), diversifying revenue streams where this is cost-effective			
7) Evaluate dues structure against member value and recommend action to Board	Susan Sears	5/31/13	One tier added at upper end, 1/1/13
8) Complete a matrix map on fundraising	Fritz Walgenbach	12/31/13	
9) Increase operating reserves by 10%	Susan Sears	12/31/13	Refer to Finance Cmte. 3/27/13
Leadership Goal: Ensure accountability and transparency through continuous and responsive communication between all segments of the organization, while strengthening the leadership from each segment (Board, staff, and membership) in service of delivering the mission			
10) Consider holding three Board meetings annually (north/south/central state locations)	Susan Sears	5/31/13	Done

GOAL/OBJECTIVE	WHO	WHEN	STATUS
11) Link CSR website to all chapters, where feasible	Terrence Conklin	12/31/13	
12) Develop job descriptions for District Directors	Mary McDonnell	2/28/13	
13) Adopt an annual operating plan with clear delineation of outcomes and accountabilities, and ongoing reporting to membership	Susan Sears	2/28/13	Draft for Goals & Objectives Committee 2/20/13
14) Review and update as needed all Board policies for compliance with relevant laws and regulations (first compliance report by 2/18/13)	Skip Hulet	5/31/13	
15) Implement a staff development plan integrated with IDPs (Individual Development Plans)	Phil Sherwood	12/31/13	
16) Continue and improve the Leadership Institute to develop key leaders (e.g., Chapter Presidents, District Directors, etc.)	Tim Behrens	5/31/13	
17) Enroll chapters in expectation to attend relevant statewide meetings	Bobbi Estrada	2/28/13	

Objectives to Consider Adding in Future (2014 or beyond):

- 1) Develop a skills data base to be used in training/mentoring of key leadership (current and emerging)**
- 2) Conduct a semi-annual Board self-assessment and develop a two-year governance plan from results**

**CALIFORNIA STATE RETIREES
PRESIDENT'S FORUM
FEBRUARY 21, 2013
1:00 p.m. – 5:00 p.m.**

**EMBASSY SUITES SAN FRANCISCO AIRPORT
STANDFORD 6TH FLOOR BOARDROOM**

AGENDA

1. Call to Order and Pledge of Alliance
2. Roll Call: When a chapter is called, will the President or designee please acknowledge their presence. If you are a new President, please state your name loudly & clearly for the Secretary. Presidents will be given an opportunity to report on their chapter activities later on the agenda. If you are substituting for a Chapter President, a written substitution should have been provided to the chair in order for you to vote.

Christy Christensen, Chair
Caryl Cole, Vice Chair

001 Shirley Borden	011 Christy Christensen	020 Ceil Andersen
002 Louis Espinoza	012 Caryl Cole	021 Donald Lehnhoff
003 Mary McDonnell	013 Ed Huey	023 Bobbi Estrada
004 Marta Zaragoza	014 Doris Lithgow	031 Raylene Laverentz
005 Barbara Powers	015 Cynthia Garey	034 Jenny Hayden
006 Dee Stoddard	016 Jean Laosantos	035 Loyd Winner
008 James Moranda	017 Diane Whorton	036 Allan Lee
009 Jan Christiansen	019 Richard (Skip) Hulet	165 Beverly Greening
010 Vic Martinez		

~ ***This meeting will be recorded*** ~

3. Approval of Minutes for November 8, 2012
4. In lieu of President's Reports for the February President's Forum, please compose a list of at least 5 priority issues your members feel are incumbent upon CSR to carry out.
5. Invitation to all members planning to run for any Board seat. You are invited to speak at the President's Forum.
6. Update of progress on obtaining raffle certificate from the Department of Justice by Bobbie Estrada and Mary McDonnell.
7. Approval of Agenda (addition of unscheduled items)
8. CFO/Secretary Harold Rose's Report

**PRESIDENTS' FORUM MINUTES
CALIFORNIA STATE RETIREES
November 8, 2012**

The meeting was called to order at 1:15 p.m. by Chair Caryl Cole. The Pledge of Allegiance was led by Christy Christensen.

Roll Call Chapter presidents or designees present were: **(1)** Shirley Borden, **(2)** Diane Welsh (designee), **(3)** Mary McDonnell, **(4)** Marta Zaragoza, **(5)** Barbara Powers, **(6)** Dee Stoddard, **(8)** Jim Evert (designee), **(9)** Jan Christiansen, **(10)** Victor Martinez, **(11)** Christy Christensen, **(12)** Caryl Cole, **(13)** Ed Huey, **(14)** Doris Lithgow, **(15)** Cynthia Garey, **(16)** (Connie Lira) not formally represented, **(17)** Diane Whorton, **(19)** Richard (Skip) Hulet, **(20)** Ceil Andersen, **(21)** Donald Lehnhoff, **(23)** Bobbie Estrada, **(31)** Raylene Laverentz, **(34)** Jenny Hayden, **(35)** Loyd Winner, **(36)** Allen Lee, **(165)** Beverley Greening.

Election of Officers Christy Christensen and Caryl Cole were elected Chair and Vice Chair by acclamation. Geanie Hixon, a member of Chapter 165, was nominated for the office of Secretary, and there was discussion on whether to suspend or amend the rules to allow election of a member other than a chapter president. Marilyn Hamilton reported that she will prepare an amendment to the rules for presentation to the board.

MOTION: McDonnell, second by Estrada – that the Presidents' Forum suspend its rules and allow Jerilyn Johnson to take the minutes until election of a secretary or a change in the rules. CARRIED.

Approval of Minutes for May 10, 2012 The minutes were approved with the following corrections: under Chapter Presidents' Reports, for Chapter 1 – Carol Bowen and Stella Torres attended Lobby Day (Shirley Borden did not attend); for Chapter 9 – Vivienne Fitzgerald reported that her son's nomination by President Obama was confirmed 91 to 6 by the full Senate in March and he was sworn in as a U.S. Federal Judge for the Central District, and formally installed in Los Angeles on June 15; for Chapter 12 - delete the line referring to Tim Donnelly. Three minor typographical errors were also corrected, including inserting "h" in Lehnhoff.

Remarks of the Chair Caryl Cole reported that Harold Rose had approved using Jerilyn Johnson for this meeting, and the forum must decide how it wants to handle minute taking and the office of secretary. She reminded members to provide motions in writing. For the first time, all chapter financial reports were in. Because getting financial reports in on time is important, she suggested that chapters scan their reports and send them to Headquarters-Accounting and Harold Rose, by e-mail – asking for a receipt, as reports sent by US mail can get lost.

Ms. Cole thanked Beverly Waller-Wharton for her outstanding work as Secretary for the Presidents' Forum for over 14 years, noting that she could not say enough good things about Beverly and presenting her with a beautiful plaque. Bev related that it was a real pleasure working with Caryl and the four different chairs she had served with, and reported that she and Monty Vernon, Chapter 10, are going on a cruise to the Bahamas.

Approval of Agenda Chair Cole noted that due to a page added to the agenda with additional items for discussion, Chapter Presidents' reports would be waived. Added items concerned (1) ballot issues preparing for the next CSR Delegate Assembly, (2) discussion of week-long meetings versus travel costs, (3) training needs, (4) the Goals/Objectives Program goals from the meeting of October 16-17, 2012, and (5) budget and committees.

Report of CFO Harold Rose Mr. Rose distributed copies of General Council/Delegate Assembly expenditures, noting that CSR's share of General Council costs is currently \$520,000 plus, including 6,800 hours of staff time for General Council and Delegate Assembly but not including staff benefits which will be added later. Each year CSR pays \$380,000 divided by 12; there will be a "true up" in March, and we may owe more – it is broken up by how much for CSEA and for each affiliate. During the year when costs are figured, CSR's share is 3.2% and 3.4%. For General Council we pay one-third, based on number of delegates. General Council costs are broken down by specific costs and indirect costs, which have been compiled by Janis Mickel Szichak and Karen Jensen. They are now working on General Council for 2015 in Sacramento, looking at the old Woodlake, working on room rates, food and beverages. He asked members to remember that for General Council, CSR pays one-third; for Delegate Assembly, 100%.

It has been a unique situation working with Target Smart people, and CSR will be working with Target Smart again shortly, preparing for Lobby Day 2013. He encouraged chapters to get members to go to legislators' district offices – let them know who you are. Target Smart will tell us who voted and give us updated addresses and other information.

He is now working on the Aging Report, the report on those members who owe CSR money. Last year CSR had to write off \$6,000. For 2012, is it currently \$10,000. He will send the list to chapter presidents and ask them to help by contacting people directly and telling them they owe us money.

On the subject of chapter checks, he pointed out that the person the check is paid to should not sign that check – chapters need to have enough check signers so the person the check is made out to does not sign that check. Also, spouses should not sign a check for their spouse. He suggested chapters have four signers, and if there are not four officers available, or the chapter is spread out, a delegate can be a signer. In closing, Mr. Rose noted that as CFO, he has input into CSR issues, but not the final say.

Unfinished Business In response to a question whether any chapters had not yet changed their name on their checking account, there were quite a few who had not. Chair Cole reported that Chapter 12 decided to be frugal and use up the checks they have, but chapters need to get the name change done, and she put together a package of information chapters can use to take to their bank. It was also noted that chapters should be able to update their accounts and still use up their old checks.

New Business

CSR's presence and/or representation at all PERS Board and Committee meetings

This issue has been discussed at a few meetings, with agreement that we need to be seen, and Chapter 165 is making sure we have members at each PERS Board meeting.

Report on suggestions for questions to be asked of the Board Officer candidates at the February Presidents' Forum

Chair Cole reported that she sent out an e-mail asking who would be interested in putting together questions for Board Officer candidates, at the request of Mary McDonnell, thinking it would be a good idea to find out how candidates feel. She received responses from Bobbie Estrada and Raylene Laverentz and Dee Stoddard. A motion that the board members who are running for CSR President be interviewed at the February meeting of the Presidents' Forum was defeated. After further discussion, a motion for reconsideration was adopted and a substitute motion presented.

MOTION: Whorton, second by Andersen - that the Presidents' Forum recommend to the Board of Directors holding question-and-answer interviews of all candidates running for statewide office at the February Board meeting, questions to be written and asked by three members of the Presidents' Forum and candidates to be out of the room during the interview process. CARRIED.

It was noted that there will be four officers elected in February -- the President, Executive Vice President and Vice President must be members of the board, while the Chief Financial Officer/Secretary can be any member who is qualified. An important distinction is that a person can run for President, then if not elected, can run for Executive Vice President, and so on. To give new chapter presidents time for discussion, it was suggested having nominations and interviews in the morning and the election after lunch. The questions will be formulated by the committee of Mary McDonnell, Bobby Estrada and Raylene Laverentz. Barbara Powers, Chapter 5, invited all candidates to come speak before her five subchapters.

Ballot issues preparing for next CSR Delegate Assembly On the issue of preparing mail ballots concerning reducing the number of delegates for Delegate Assembly, it was suggested using 45-cent stamps instead of franked envelopes -- the cost is 45 cents versus 98 cents. Encouraging clarification to be sure delegates know why the issue should pass, it was noted that reducing the number of CSR delegates to match CSEA's will mean fewer, more informed delegates. Further, some chapters are unable to find enough delegates to serve; small chapters would benefit from a minimum number of delegates; it would be easier to find hotels that could house a smaller number of delegates; there would be a considerable cost savings; alternatives could be sharing of rooms, a one-day Delegate Assembly from 10 a.m. to 3 p.m. with no overnight stay, or a two-day, one-night Delegate Assembly. Tim Behrens reported that the board is also looking at other alternatives and will have to seek legal counsel to see whether we could bring ballots to a chapter meeting for delegates, have delegates vote and seal the envelopes -- trying to do what is the best interests of the delegates and members.

Discussion of week-long meetings versus travel costs It was noted that committee meetings in conjunction with Board meetings will mean increased attendance and participation at committee meetings and better communication with members.

Training needs Chair Cole passed out sheets for members to list their needs and wants for training – what kinds of things they need help on, and training they might like to have.

Budgets and Committees A motion by Whorton, second by Estrada – “that a proposal be given to the Board of Directors to direct the Finance Committee to change allocations in the budget under meetings, lines 7090 through 7096, to include one person from each chapter be funded from committee allocations to attend all statewide committee meetings not held during board week. Further, that one person per chapter be funded against the Board of Directors meeting budget to attend committees, Presidents’ Forum and the Board of Directors meeting during board week,” was defeated.

Goals/Objectives Program goals from meeting of October 16-17, 2012 We need to make a pitch for CSR membership when people retire, stressing the value and benefits of membership, and strengthen chapter newsletters as a vehicle for information on the benefits of membership. Christy Christensen asked how many chapters have newsletters, suggesting they are a good way for chapters to network and share thoughts and concepts.

Adjourn Susan Sears reminded members there is a reception at 5 p.m. with a no-host bar and a few snacks. Ceil Andersen reported she is willing to embroider shirts for small chapters for the cost of her supplies only. Beverley Waller-Wharton noted that the forum cannot close the meeting without thanking Caryl Cole for the wonderful job. The meeting was adjourned at 4:30 p.m.

Jerilyn Johnson
Acting Secretary

California State Retirees
Lobby Day 2013
Legislative Talking Points

1. Health Care

- Accessibility in rural areas
- Multiple plans needed for a diverse retiree population
- Limiting co-pays; co-insurance

2. Long Term Care

- Sustainability
- New open plan

3. Death Benefits

- Equality of benefit w/CalSTRS

4. Pension Reform

- Gone far enough
- Concern about quality of new hires with less benefits
- Employees are paying 50% of the contributions



NOVEMBER 2012

Americans voted for four more years of President Obama in November, largely ensuring that the two signature domestic achievements of his first-term – health care reform and financial regulations reform – will be fully implemented as planned. Control of Congress stayed mixed, with Republicans maintaining their majority in the House and Democrats doing the same in the Senate, so legislative gridlock is probably not likely to abate much. Soon after Election Day, Obama and congressional leaders began working on a plan to avoid the “fiscal cliff,” a set of tax hikes and spending cuts that, in the absence of action by Congress, will go into effect on January 1, potentially having disruptive effects on the U.S. economy.

ISSUES AND EVENTS

California to Send 14 Freshmen to Congress in 2013

The status quo was maintained on Election Day at the national level, but the California congressional delegation will look significantly different in 2013.

President Obama handily won reelection on November 6, likely ensuring that the health care reform and financial regulations reform laws that were passed in 2010 will continue to be implemented as planned. Obama will have to continue to work with a Republican-controlled House of Representatives, though that chamber’s leadership has signaled some willingness to compromise more on tax and budget issues that must be resolved by the end of the year in order to avoid potentially serious economic disruptions. The Senate, meanwhile, remained under Democratic control.

California’s 53-member congressional delegation, however, will include 14 freshmen in 2013 as a result of incumbent losses and retirements. Perhaps the most notable electoral defeat was suffered by Democratic Rep. Pete Stark, who has served in Congress since 1973. Stark has been one of his party’s leaders on health care issues and is the ranking member of the House Ways and Means Committee’s Health Subcommittee. He lost in a redrawn district to a fellow Democrat, since new state laws stipulate that the top two vote-getters in an open primary face each other in the general election, even if they are in the same party.

Other losing incumbents included Republican Reps. Dan Lungren, Brian Bilbray and Mary Bono Mack and Democratic Reps. Howard Berman, Joe Baca and Linda Richardson. Berman lost to another sitting Democratic congressman, Brad Sherman.

The delegation is also losing several long-term members of Congress to retirement, including GOP Reps. David Dreier, Jerry Lewis, Wally Herger and Elton Gallegly and Democratic Rep. Lynn Woolsey. Dreier chairs the Rules Committee, and Herger chairs the Ways and Means Committee's Health Subcommittee.

The state delegation in the next Congress will include 38 Democrats and 15 Republicans.

Congressional Panel Suggests Possible Merging of SEC, CFTC

Congress should consider merging the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC), Republicans on a House panel recommended in mid-November.

In a report released November 15 on the collapse of MF Global – which, in October 2011, became the eighth-largest bankruptcy in U.S. history – the GOP-controlled House Financial Services Committee's Oversight and Investigations Subcommittee asserted that, even though both the SEC and the CFTC had oversight of the firm, there was "no record of meaningful communication between the regulators regarding MF Global before the company's final week of business. ... The SEC's and the CFTC's failure to coordinate regulatory oversight of the company meant that the agencies missed several opportunities to share critical information with one another."

"Even when the SEC and the CFTC finally began communicating with one another during MF Global's last week of operations, the agencies often worked at cross-purposes," the report stated. "Had the SEC and the CFTC coordinated their supervision of MFGI and had they shared critical information about MF Global, they might have gained a more complete understanding of the company's deteriorating financial health, and they might have taken action to better protect the company's customers and investors before it collapsed."

The SEC and the CFTC have made efforts in recent years to increase coordination, but the subcommittee, nonetheless, found an "apparent inability of these agencies to coordinate their regulatory oversight efforts or to share vital information with one another."

The report stated that all of this, along with the development of financial products that have aspects of both securities and futures and, thus, have caused the SEC's and CFTC's jurisdictions to overlap, "compel the Subcommittee to recommend that Congress explore whether customers and investors would be better served if the SEC and the CFTC streamline their operations or merge into a single financial regulatory agency that would have oversight of capital markets as a whole."

The report placed much of the blame for MF Global's problems on Jon Corzine, the company's chairman and CEO. Corzine, a former chairman of Goldman Sachs, is also a Democrat who served as a U.S. senator and governor of New Jersey.

The committee's ranking Democrat, Michael Capuano of Massachusetts, said that he is "not co-sponsoring the majority's staff report on MF Global primarily due to an insufficient amount of time to review the report and go over it with other Democratic subcommittee members." Democrats are reportedly preparing an addendum to the report.

Treasury Official Notes 'Steady Progress' on Volcker Rule

Regulators are making "steady progress" toward completing the Volcker rule, a Treasury Department official said on November 16.

The Volcker rule would prohibit proprietary trading by banks – that is, trading done for the bank's own purposes, rather than at the direction of a client – and is one of the most controversial parts of the 2010 Dodd-Frank financial regulations reform law.

In remarks at the 15th Annual International Banking Conference hosted by the Federal Reserve Bank of Chicago, Treasury Under Secretary Mary Miller said that she is "pleased to report that we are making steady progress on the Volcker Rule."

She added, though, that the work has been challenging for the department and for the five other agencies – the Federal Reserve, the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Commodity Futures Trading Commission, and the Office of the Comptroller of the Currency – that are drafting the rule.

"We received more than 18,000 comment letters, representing a wide range of views, on the proposed rule" that was released in October 2011, Miller said. "We've gained additional insights from dozens of meetings with investor advocates, industry officials and other market participants. Our goal is to achieve a strong and consistent rule, although the process is not as easy or simple as any of us would like."

Regulators have already missed the July 21, 2012, deadline for implementation of the rule.

Supporters of a tough Volcker rule, primarily Democrats, argue that it is needed to discourage the type of excessive risk-taking that contributed to the market downturn and recession of 2007-09, while critics, mostly Republicans, caution that tight investment restrictions could hamper economic growth.

Banks are expected to have until July 21, 2014, to comply with the rule.

CFTC to Appeal Ruling Against Position Limits Regulation

The Commodity Futures Trading Commission (CFTC) has decided, by a 3-2 vote, to appeal a court ruling that struck down its position limits rule.

The CFTC adopted the rule in 2011 to cap the number of derivatives contracts a trader could hold on 28 commodities as a way of discouraging speculative trading, which some say drives up prices of certain items. A federal judge ruled against the regulation on September 28.

In announcing the commission's intention to appeal, CFTC Chairman Gary Gensler said that "it is critically important that these position limits be established as Congress required."

"As part of the Dodd-Frank Act, Congress directed the commission to limit, promptly, speculative positions in physical commodity futures and options contracts and economically equivalent swaps," Gensler said. "The rule addresses Congress' concern that that no single trader be permitted to obtain too large a share of the market, and that derivatives markets remain fair and competitive."

The Securities Industry and Financial Markets Association and the International Swaps and Derivatives Association had filed a lawsuit challenging the rule last year, arguing that Dodd-Frank required the CFTC to determine that the limits were needed before implementing them. The commission, though, maintained that the rule was a mandate from Congress.

U.S. District Court Judge Robert Wilkins found that the law is unclear on this question and that the CFTC erred by reading it as "clear and unambiguous." Because the rule was based on this erroneous reading, "the Court 'may neither defer to the agency's construction nor endorse plaintiff's construction.' Instead the Court must remand this rule to the agency."

CFTC Commissioner Scott O'Malia, who opposed the position limits rule and voted against appealing the decision, criticized the CFTC's "flawed reading of the statute" and said that, even if the appeal is successful, additional legal challenges are likely.

"To save the commission's time and resources, it would be much more logical for the commission to go back to the drawing board now to study the markets and to determine whether new position limits are, in fact, necessary, and only if so, then to decide on the most cost-effective way of establishing such limits," O'Malia said. "Ideally, it would make sense for Congress to act and clarify the statute in order to end any further debate about its meaning."

States Get More Time to Decide on Health Insurance Exchanges

The Department of Health and Human Services (HHS) is giving states an extra month to decide if they want to create health insurance exchanges.

The 2010 Patient Protection and Affordable Care Act included provisions directing the creation of insurance exchanges at the state level that, starting in 2014, would provide marketplaces in which consumers could shop for health coverage, possibly with federal subsidies, depending on income level. States are not required to set up exchanges, but the federal government will establish one in any state that does not do so.

States had been required to declare their intentions regarding exchanges by November 16, but HHS Secretary Kathleen Sebelius announced the day before the deadline that they will now have until December 14. This followed a request for an extension by Republican governors, who have generally been reluctant to embrace the exchange model.

Less than a week earlier, Sebelius, in a letter to all governors, reiterated the November 16 declaration deadline while extending until December 14 the deadline to submit details about exchange creation and implementation to HHS. States planning to partner with the federal government on an exchange have until February 15, 2013, to submit both the declaration and the details. The exchanges are still expected to be launched on January 1, 2014.

Sebelius has also indicated that HHS will issue additional guidance regarding exchanges “in the coming days and weeks.”

The Hill reported at the time of the second deadline extension that 17 states and the District of Columbia have committed to creating an exchange on their own, and five have indicated that they will opt for a partnership exchange with the federal government. Twenty have said no to creating exchanges (though some may be open to a partnership), and eight remain uncommitted.

NCHC Releases Health Care Financing Plan

The National Coalition on Health Care (NCHC) released a plan on November 8 that it said would produce nearly \$500 billion in spending reductions and new health-related revenues, much of which would come from a new soda tax.

NCHC is chaired by CalPERS Board of Administration Vice President George Diehr.

The plan, according to the coalition, would reduce federal spending by \$221 billion and would increase health-related revenues by \$276 billion. Coalition officials stressed that the budget cuts would be paired with systemic reforms.

“Just picking a budget number and slashing federal programs to reach it only shifts costs to the private sectors, states or the most vulnerable,” Diehr said.

The biggest savings come from creating a trigger that would impose a value-based withhold on Medicare providers if savings are not realized from specified delivery and payment reforms (\$63 billion); reforming Medicare post-acute and home health payments (\$37 billion); and strengthening penalties for potentially avoidable acute care readmissions (\$29 billion).

Nearly half of the new revenue – \$130 billion – would come from imposing a penny-per-ounce federal excise tax on sweetened beverages. The rest would come from equalizing and increasing federal taxation of tobacco (\$88 billion) and equalizing federal alcohol taxes and updating them for inflation (\$58 billion).

In general, the plan is based on a seven-part strategy:

- Change provider incentives to reward value, not volume.
- Encourage patient and consumer engagement.
- Use market competition to increase value.
- Ensure that the highest-cost patients receive high-value, coordinated care.
- Bolster the primary care workforce.
- Reduce errors, fraud and administrative overhead.
- Invest in prevention and population health.

“As America moves from the campaign season to actual governance, we offer a path forward, drawn from the best ideas of both parties, that can both reduce the deficit and make health care more affordable” NCHC President and Chief Executive Officer John Rother said. “More than a budgetary challenge, the question we face is a moral one – whether we can act to keep health care affordable today and for future generations.”

A summary of the plan includes a case study that focuses on CalPERS’ experience with “reference pricing.”

U.S. Health Care System Does Not Fare Well in Survey

The U.S. health care system had a middling to poor performance in a survey of 8,500 physicians in 10 countries that was conducted by The Commonwealth Fund.

The survey found that, among other things, the U.S. had the lowest percentage of doctors – 15 percent – who said this year that their nation’s “system works well,” with “only minor changes needed.” Germany followed at 22 percent. Norway had the highest percentage at 61.

The U.S., meanwhile, had the highest percentage of doctors – 52 percent – reporting that time expenditures related to insurance coverage restrictions is a “major problem.” Germany was the second-highest at 37 percent, and no other country was above 26 percent.

The U.S. also had the highest percentage of doctors – 59 percent – who said that patients often have difficulty paying out-of-pocket costs for medical care, well above the 42 percent in The Netherlands, which had the second-highest rate. Only 4 percent of Norwegian doctors and 6 percent of Swedish doctors said this is the case in their countries. The United Kingdom, Switzerland, Germany, Australia, New Zealand and France were all under 30 percent.

The U.S., however, did tie with the U.K. for the second-lowest rate regarding long waits to see a specialist, at 28 percent. New Zealand was highest at 75 percent, and Australia, Norway and Germany were each at 60 percent or higher.

One area in which the U.S. has made progress is in the percentage of U.S. primary care physicians who report having used electronic medical records. That number increased from 46 percent in 2009 to 69 percent in 2012. The report noted, though, that there remains a “need for intensified efforts to link practice information systems to enable communication and collaboration across care sites.” Five of the surveyed countries reported utilization rates of 92 percent or higher.

More generally, 21 percent of U.S. doctors said that the country’s health care system has improved in the past three years, while 25 percent said it has worsened, and 53 percent said it has stayed the same.

“The United States spends far more than the other study countries on health care services. Yet U.S. primary care physicians were the least likely to be satisfied with the practice of medicine or the health system overall,” the report on the survey concluded. “In general, U.S. primary care physicians’ views and experiences endorse the need for reform, including enhanced access. U.S. physicians who reported that their patients often faced cost or other access barriers were the most likely to say that the system required major change.”

Deductibles in Employer-Provided Health Plans More Common, Increasing: Kaiser

Annual deductibles have become higher and more prevalent in employer-provided health care plans over the past six years, according to a study released by the Kaiser Family Foundation in early November.

Kaiser found that:

- The percentage of covered workers in a plan that includes an annual deductible increased from 52 percent in 2006 to 72 percent in 2012 (though this year’s number represents a slight dip from the high of 74 percent in 2011).
- The average deductible amount increased from \$584 in 2006 to \$1,097 in 2012.
- Just over a third of covered workers were in a plan with a deductible of at least \$1,000 in 2012, more than triple the number from 2006; 14 percent had a deductible of at least \$2,000 in 2012, compared to 3 percent in 2006.
- Deductibles of \$1,000 or more are much more common at small employers (those

with between three and 199 workers) than at large ones (those with 200 or more workers).

Kaiser noted that deductibles are intended to encourage consumers to consider more carefully their use of health care services.

"Evidence shows that higher deductibles and other cost sharing reduce the use of health care by exposing enrollees to a larger share of their health care spending and thereby encourage them to be more selective with the services they consume," the report stated.

Less than Half of Small Business Employees Can Get Employer-Provided Health Insurance: Commonwealth Fund

More than half of all workers at small businesses in the United States could not get health insurance through their employers in 2010, according to a Commonwealth Fund study.

In businesses with fewer than 50 employees, 49 percent of workers were offered and were eligible for health insurance by employers in 2010, a 9-point drop from 2003, the study found. Only one-third of lower-income employees at small businesses – those earning less than \$15 an hour – could get insurance at the workplace. At firms with 100 or more employees, though, about 90 percent of workers had access to health insurance through their employers, a number that held steady from 2003 to 2010.

"The report highlights a nearly decade-long trend of declining health insurance coverage and rising costs for workers in small businesses, particularly those who make less than \$15 an hour," said report coauthor and Commonwealth Fund Vice President Sara Collins. "As a result, many people who work for small businesses can't afford the health care they need or have medical bills they are unable to pay."

The report suggested that, given these numbers, the reforms in the 2010 Patient Protection and Affordable Care Act could provide significant benefits to small business employees through tax credits, rules regarding medical loss ratios – the percentage of premium revenue that must be spent by an insurer on benefits – and federally subsidized coverage through new health insurance exchanges starting in 2014.

"The Affordable Care Act is targeted to address their needs as expanded health insurance options and support for those who can't afford the premiums will assure that people have access to secure, affordable, comprehensive health insurance whether they work for a small or large employer," Commonwealth Fund President Karen Davis said.

RELATED NATIONAL AND INDUSTRY NEWS

Study Argues Against Switch to Defined Contribution Retirement Plans

Switching to defined contribution retirement plans in the public sector would increase

costs, raise employee turnover rates, and attract less committed workers, a study from the National Institute on Retirement Security concluded.

The study noted that the 2007-09 financial crisis and market downturn led to significant fiscal challenges in defined benefit plans and accompanying political pressures to move to 401(k)-type accounts or hybrid plans. It asserted, however, that “the literature and the empirical evidence are unambiguous” that:

“First, public employers would attract a different labor force if they switched retirement benefits away from DB pensions. Public employees would become less committed to their employers and thus invest less in nontransferable skills that are critical to effective government. Second, employee turnover would increase under alternative benefits. Alternative benefits no longer defer compensation into the future and thus offer fewer economic incentives for employees to stay with public employers. Third, public employers would face higher costs, both as a result of ending the existing DB pensions and because of higher investment and administrative costs for alternative retirement plans.”

NIRS Executive Director Diane Oakley noted that nearly every state has considered or enacted public pension reforms in recent years, and “nearly every state and local maintained its pension plan.”

“The research finds that this outcome isn’t surprising because private and public pensions have a strong track record of simultaneously meeting employers’ recruitment and retention needs and employees’ economic security needs,” Oakley said.

CALIFORNIA CONGRESSIONAL DELEGATION NEWS

Report Examines Climate Change-National Security Links

It is prudent to expect that, in coming years, major weather events will occur that “will have global security implications serious enough to compel international response,” the National Research Council warned in a report on the connections between climate change and U.S. national security.

Though the report cautioned that links between climate change and security are “complex, contingent, and not well enough understood to allow for prediction,” it recommended that the U.S. national security and intelligence communities improve their understanding of climate change and its repercussions.

“The U.S. government should begin immediately to develop a systematic and enduring whole-of-government strategy for monitoring threats related to climate change,” the report stated. “This monitoring should be globally applicable and should include climate phenomena, exposures and vulnerabilities, and factors that link aspects of climate and vulnerability to important security outcomes.”

California Rep. Henry Waxman, the ranking Democrat on the House Energy and Commerce Committee, and Illinois Rep. Bobby Rush, the ranking Democrat on the panel's Energy and Power Subcommittee, on November 14 urged that Congress hold a hearing to examine the report.

In a letter to Energy and Commerce Committee Chairman Fred Upton, R-Mich., and Energy and Power Subcommittee Chairman Ed Whitfield, R-Ky., Waxman and Rush wrote that "Understanding the complex relationship between global stressors and climate change is of the utmost importance to the future national security of the United States."

This is the 18th time that Waxman and Rush have requested a hearing on climate change since March 2011. None of the previous efforts have been successful.



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

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 56.5 cents per mile for CSEA, CSUEU and SEIU Local 1000 and 56.5 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

Member

CSEA.....

APPROVED

RED-004b Rev. 11/08

