CALIFORNIA CONTINUING CARE RESIDENTS ASSOCIATION (CALCRA)
Board of Directors Meeting, Thursday, October 25, 2018
Eskaton Village Carmichael, Carmichael, California

Board members in attendance:
Margaret Griffin, President and Chair Legislation Committee
Ed Delaney, Vice-President
Linda Saunders, Treasurer
Rose Burgis, Secretary
Mike Hernacki, Chair, Membership Committee
Mary Dougherty
Charles Greene
Len Schneiderman

Absent: Bob Googins, Chair, Governance Committee

Guests:
Allison Nakatomi, Manager, Continuing Care Branch, CA Dept. of Social Services
Morgan Carvajal, Hernandez Strategy Group

President Griffin called the meeting to order at 8:30 am. A quorum was present.

The Board acknowledged the following Board Action taken since its April Board Meeting: Email vote to approve minutes of April Board Meeting

TREASURER’S REPORT, submitted by Linda Saunders
Statement of Income and Expense as of September 30, 2018 (Attachment A)

Discussion of increasing the fees for the lobbyist will be deferred until the Treasurer submits the final report for this year.

Motion carried to accept Treasurer’s Report

ELECTION OF BOARD MEMBERS
Bill Mavity - newly elected Board Member
Ed Delaney – reelected for a three year term
Charles Greene – reelected for a three year term

APPOINTMENT OF OFFICERS
President – Margaret Griffin
Vice President – Bob Googins
Treasurer – Linda Saunders
Secretary – Rose Burgis
COMMITTEE REPORTS

Executive Committee – Margaret Griffin
The committee met via two conference calls. No issues were identified for Board consideration at this time.

Governance Committee – Bob Googins
Bob Googins shared via email the draft revision of the CALCRA Bylaws
Deadline for Board Members’ input is November 22

Legislative Committee – Margaret Griffin
The committee’s report, Legislative Issues for Consideration by CALCRA Board 10-25-18 (Attachment B), was accepted by the Board and will be forwarded to our lobbyist for consideration in drafting bill proposals for the 2019 legislative session.

Membership Committee – Mike Hernacki
Membership Analysis:
Total membership is 2700, up from 2592 in April. This represents an increase of 4.1%.

Five CCRC’s account for 45% of members.
There is a need to spread CALCRA information to other CCRC’s.

PRESENTATION BY ALLISON NAKATOMI, MANAGER, CONTINUING CARE BRANCH, CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (DSS)

Ms. Nakatomi reported on current information and activities from her department:

1. CCRC’s: 109 in the State of California (81 Non Profit/28 For Profit)
   Providers: 77 (53 Non Profit/24 For Profit)
   New CCRC’s: 4
   Expansions/Other: 6

2. New database.
The new database will allow for much greater flexibility in utilizing data to address CCRC issues. It is built for tomorrow. When complete (hopefully early next year) it should provide the ability to run queries.

3. Visitation Requirement is mandated by Statute. The Continuing Care Branch is required to visit each CCRC once every three years. These visits supplement their review of the annual reports submitted by providers. Change in visitation procedure: There is a current review of the questions being used in the required visitation questionnaire

4. Explanation of Provider Fee Fund. All of the costs of the Branch’s oversight of CCRC’s are covered by the Fund. The Continuing Care Provider Fee Fund (H&SC
section 1778) is created in the State Treasury. The funds are continuously appropriated to CDSS without regard to fiscal years.

5. **AB3088** – Since the Department objected to AB3088 and asked for the implementation of a study, CALCRA Board members would like more information regarding the study. Ms. Nakatomi will refer that issue to her department.

**PRESENTATION BY MORGAN CARVAJAL, HERNÁNDEZ STRATEGY GROUP**

Ms Carvajal provided a summary of the 2017-2018 legislative session as it related to CALCRA:

1. **CALCRA Sponsored Bills**
   - **AB 713 (Chu)** Involuntary Transfer Disputes – signed by Governor
   - **AB 3088 (Chu)** Actuarial Studies and Maintenance Reviews – Vetoed by Governor

2. **CALCRA Priority Oppose**
   - **AB 2088 (Choi)** Continuing Care Contracts- repayable contracts – Failed in committee

3. **CALCRA Support**
   - **AB 275 (Wood)** Long Term Care facilities: requirements for changes resulting in the inability of the facility to care for its residents – Signed by Governor
   - **AB 940 (Weber)** Long-term health care facilities: notice required for specified transfers or discharges – signed by Governor
   - **SB 313 (Hertzberg)** Automatic Renewals and continuous service – Signed by Governor

**DISCUSSION POINTS**

1. Hernández Group will continue to work with Margaret Griffin and the Legislative Committee on possibilities for future CALCRA sponsored bills.

2. Hernández Group will look at all new proposed legislation to see if there is any impact on CCRC residents.

3. In finding potential bill sponsors, particular attention is placed on legislators whose districts include a number of CCRC’s.

Ms. Carvajal and Hernández Group were commended for their excellent service.

**NEW BUSINESS**
It was noted that approximately 12-15 residents throughout the state who serve on the Finance committees at their local CCRC’s are interested in a private online channel to share problems, ask questions, and communicate regularly regarding their work.

The Board approved an expenditure of $1,350 for Mixto Communications to set up an online channel through our website to accomplish this goal.

EXECUTIVE SESSION

The Board adjourned to executive session to discuss succession planning.

NEXT MEETING:
Date: Wednesday, April 24
Place: The Vi at La Jolla.

MEETING ADJOURNED: 1:44PM
ATTACHMENT A

CALCRA

Statement of Income and Expenses
As of September 30, 2018

Revenue/Income:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Annual Dues</td>
<td>$31,845.00</td>
</tr>
<tr>
<td>Income from Donations</td>
<td>3,420.00</td>
</tr>
<tr>
<td><strong>Total Revenue/Income</strong></td>
<td><strong>$35,265.00</strong></td>
</tr>
</tbody>
</table>

Expenses:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hernandez Strategy Group</td>
<td>$27,000.00</td>
</tr>
<tr>
<td>Gavilan Printers (Newsletter)</td>
<td>6,806.00</td>
</tr>
<tr>
<td>All Cal. Insurance</td>
<td>800.00</td>
</tr>
<tr>
<td>State Franchise Tax</td>
<td>10.00</td>
</tr>
<tr>
<td>Supplies</td>
<td>88.00</td>
</tr>
<tr>
<td>Editing Newsletter</td>
<td>300.00</td>
</tr>
<tr>
<td>Marketing</td>
<td>2,735.00</td>
</tr>
<tr>
<td>Lobbying &amp; Business Meetings</td>
<td>453.00</td>
</tr>
<tr>
<td>Bank Fees</td>
<td>105.00</td>
</tr>
<tr>
<td>Mixto Communications</td>
<td>225.00</td>
</tr>
<tr>
<td>Webpage License &amp; Email</td>
<td>314.00</td>
</tr>
<tr>
<td>Board Expenses:</td>
<td></td>
</tr>
<tr>
<td>Board Meetings</td>
<td>1,494.00</td>
</tr>
<tr>
<td>Board Member Travel</td>
<td>591.00</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$40,921.00</strong></td>
</tr>
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</table>

Total Income/Loss

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>Total Income/Loss</strong></td>
<td><strong>$5,656.00</strong></td>
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</table>

The CALCRA Revenue as of September 30, 2018 is $35,265. Our Income after Expenses is a loss of $5,656. A loss is not unusual for the 3rd Quarter. The monies received from Dues and Donations slows down in the summer months and are bigger in the 4th Quarter and the first Quarter of each year. (Our loss at the end of the 3rd Quarter 2017 was $5,674.) Our net Cash position for 2018 is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Beginning Cash January 1, 2018</td>
<td>$48,966</td>
</tr>
<tr>
<td>Cash Received January thru September 2018</td>
<td>35,265</td>
</tr>
<tr>
<td>Expenses from January thru September 2018</td>
<td>(40,921)</td>
</tr>
<tr>
<td>Ending Cash as of September 30, 2018</td>
<td><strong>$43,310</strong></td>
</tr>
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</table>

The CALCRA Income in the 4th Quarter of 2017 was $17,365. Our Total Income in 2017 was $49,164. If CALCRA receives the same income in the 4th Quarter of 2018 as we did in the 4th Quarter of 2017, our total Income will be over $52,500. That will be an increase of Total Income of $3,000 for 2018. I will budget for a bigger increase the 4th Quarter of 2018.
ATTACHMENT B

Report of the Legislation Committee of Legislative Issues for Consideration by CALCRA Board 10/25/18

1. Prohibit transfers of funds from the provider entity for any purpose other than for the benefit of residents (e.g., direct services, capital expenses, expansion, major remodeling) and, for for-profit CCRCs, distribution of profit.

2. State in statute that providers have a fiduciary duty to residents. Recognizing that resident agreements are contracts of adhesion where the terms and conditions are set by the providers with little or no ability for the potential resident to negotiate more favorable terms resulting in a power imbalance; also, the increased vulnerability and reduced discernment of many elderly potential residents creates a situation where a higher level of duty should be required of the more powerful party in these matters.

3. For repayable-on-resale contracts, when a resident moves to a higher level of care thereby vacating their original residential unit, the provider shall upon resale of that original unit place in trust at least sufficient proceeds for eventual repayment of the resident who has surrendered their unit to move to a higher level of care. The amount of any financial support from the community received by the resident shall be deducted from the amount placed in trust.

4. Transfer financial oversight CCRCs currently conducted by the Continuing Care Contracts Branch from the Dept of Social Services to the Dept of Insurance.

5. Require periodic (every 3-5 years) actuarial studies for all CCRCs (not just for those that offer “life care” or “Type A contracts”) including a corrective action plan if necessary, and require all CCRCs obtain a periodic (every 3-5 years) maintenance and replacement study performed by a qualified external engineering firm.

6. Governance Issues. The following items are grouped together as they share a concern re: governance.

   a. General governance (both for- and non-profit providers)
      i. Require management to make available to residents quarterly, a written notice of all complaints or concerns filed with management, the board, or DSS; how they were resolved, and when any remaining unresolved matters will be settled, and include data on litigation costs and an explanation of the nature of legal matters in dispute.
ii. Require that provider investment policies are clearly articulated in writing and available to residents. For non-profit CCRCs, require that residents are provided annually with an evaluation of the composition and performance of its portfolio of investments relative to financial markets.

iii. In the event of bankruptcy, receivership or liquidation proceedings against a provider, all continuing care contracts executed by a provider shall be deemed preferred claims against all assets owned by the provider (current statute 1739.9 states only a refundable contract is “a preferred claim to liquid assets held in the refund reserve”); however, such claims are subordinate to any secured claim. If a licensed facility files for bankruptcy under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. chapter 11, the facility, in its required filing of the 20 largest unsecured creditors with the United States Trustee, shall include the name and contact information of a designated resident selected by the residents' council, and a statement explaining that the designated resident was chosen by the residents' council to serve as a representative of the residents' interest on the creditors’ committee, if appropriate.

iv. The results of the biennial resident satisfaction survey shall be posted on the provider’s website (current statute requires that it “be posted in a conspicuous location at each facility”); and the results, along with any actions proposed to address the findings, be discussed with residents.

b. Non-profit governance issues:

- IRS Ruling 72-124, which established the charitable, tax-free status of non-profit CCRCs, requires that they be operated at the lowest feasible cost. Require that the provider's board, annually, determine that this requirement is met and make the basis for that conclusion available in writing to residents. Require that the non-profit provider’s mission statement include: “operate at the lowest feasible cost.”
- Require that all non-profit CCRC board meetings, excluding executive sessions, be open to residents, and that notices of board meetings and the agenda be distributed to all residents.
- Require that all non-profit CCRC boards have an Audit Committee consisting of independent directors or trustees. “Independent” means the members are not compensated by the organization as employees or independent contractors; do not receive directly or indirectly material financial benefits from the organization; or be related to anyone in the organization.
- Require that all non-profit boards have a Nominating Committee consisting solely of independent directors or trustees.
● Require a self-evaluation of non-profit boards annually and that the evaluation be made available to residents.

7. For “life-care” CCRCs, require that reserves are established and sufficient to fund obligation to provide life-time health care. Also require that actuarial studies be completed every 3 years (not 5 years as currently specified 1792.10); and require that the actuarial study be constructed to determine and report whether or not reserves are sufficient for the provider to fulfill its obligation to provide life-time health care as set forth in its resident contracts.

8. If the Department determines through a review of occupancy and other financial performance data that a facility is in financial distress, the provider of that facility shall propose a remediation plan to improve the facility’s financial health. This plan shall be submitted to the Department for approval and, once approved, distributed to the facility’s resident council and to prospective residents. The provider shall file progress reports on a schedule established by the Department, but no less than quarterly. Progress reports will also be distributed to the facility’s resident council. (Current language at §1793.13 requires a plan to address financial deficiencies, but does not mention progress reports nor address notifying the resident council.)

9. Increase the requirement for an operating expense reserve from 75 to 180 days (1792.4 (a)).

10. Change the name of the Provider Fee Fund (1778) to “CCRC Oversight Fund”. Instead of specifying a limit on the fund (currently $500K), limit the Fund to the amount necessary to cover one year’s expenses; if a surplus develops that exceeds the statutory limit for 2 consecutive years, the Dept shall evaluate the appropriateness of changing the fee structure rather than mandating fees must be reduced (1778 (c) ). Also direct that fines and civil penalties be deposited into this fund. The approved budget for the Branch shall be posted on the DSS website.