Board members in attendance:
   Margaret Griffin, President, University Retirement
   Bob Googins, Vice President, Casa de Las Campanas
   Rose Burgis, Secretary, Eskaton Village at Carmichael
   Linda Saunders, Treasurer, Casa Dorinda
   Mike Hernacki, Vi at La Jolla
   Mary Dougherty, La Costa Glen
   Inda Shirley, The Meadows at Napa
   Bill Mavity, Regents Point
   Ed Delaney, St. Paul's Towers
   Charles Greene, Valle Verde
   Penny Bard, Fountainview at Gonda

No absences.

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

The Board acknowledged the following Board actions taken since its April meeting:
1. May 2 email vote approving the minutes of the April 2019 Board meeting.
2. August 5 email vote authorizing a letter of support for the Fountaingrove Lodge complaint to DSS.

TREASURER’S REPORT, submitted by Linda Saunders
The Treasurer's report (Attachment A) was reviewed and approved.

Linda reported that the change of banks (First Northern to Merchants Bank) is working smoothly.
Linda commented that even though there is a small loss on the Statement of Income and Expense, we usually see the lowest receipts in the third quarter. Renewals were better during the summer than in previous years. Most memberships are renewed in the last four months of the year, and it is expected this year will close with a small surplus.

COMMITTEE REPORTS

Executive Committee – Margaret Griffin
This committee met twice since the April board meeting. In addition to monitoring the progress of the Operating Committees, the Executive Committee has begun exploring whether CALCRA should consider utilizing the services of an association management firm. Potential advantages of using a management firm include: digital delivery of the newsletter, management of our membership database including individualized notification of renewals, acceptance of credit cards for payments of dues and donations, possible website management and ability to send email blasts. Hard copies of the newsletter would still be provided to members who prefer this format, and would continue to be for CALCRA promotional purposes.

She encouraged Board members to become educated on association management firms and services. Board members Saunders, Bard and Shirley volunteered to form a subcommittee to investigate various firms.

Governance Committee – Bob Googins
Matters Discussed:
1. Recommendation that the nominations to the Board for Carol Choate, Roseann Herman and James Murad be approved.
2. Presentation of new CALCRA Board Policies and Procedures on Discrimination, Harassment, Confidentiality and Conflicts of Interest.
3. Need for new Board member orientation and committee member responsibility descriptions acknowledged. Becoming familiar with the website is not enough.
4. Limitation of the size of the Board was suggested from the floor, but not considered further at this point.
**Membership Committee – Mike Hernacki**
Mike reported on the Membership Committee meeting. There was an increase in the 2018 membership. Today’s membership count is 2,349. The growth is good. The goal is to boost membership rather than raise dues.

Although membership recruiting is the prime mission of this committee, increasing membership is the job of all Board members. Suggestions to Board members include: 1) promote in CALCRA in our home communities; 2) send email updates to members and non-members; 3) add a CALCRA informational page to move-in packets for new residents.

**Legislation Committee – Margaret Griffin**
Margaret shared with the Board the Report of Legislative Issues that was prepared by the Legislation Committee; report was approved. (Attachment B)

The Committee also discussed the need for clarification of statute language at H&SC 1788(a)(22)(B) regarding “economic indicators” as a justification for increases in monthly fees. The Committee could not reach consensus on a recommendation to change that language at this time, but it remains a concern.

Regarding provider boards of directors, it was suggested that the Committee consider adding an item increasing the requirements for the number of resident voting members, and another defining “confidentiality” regarding board actions.

Our current bill, AB1379, was passed by the Assembly. Presently it is on hold because of last minute objections of DSS. There will be discussions with DSS in hopes of resolving the issues in the 2020 legislative term.

**NEW BUSINESS**
There was a discussion regarding the request from the plaintiffs' attorney in a class action suit against University Village at Thousand Oaks that CALCRA file an amicus brief with California Advocates for Nursing Home Reform (CANHR) on plaintiffs' behalf. The Board voted, with one abstention, to approve the action if a lawyer could be found who would do it pro bono.

LEGISLATION UPDATE
Ignacio Hernandez, of Hernandez Strategy Group, reported on the recent meeting with DSS that he attended with Margaret. We will continue to work on revisions to proposed amendments to AB 1379. We anticipate a meeting with DSS before the end of the year. There was a discussion on the need for clarity and quicker responsiveness on legislative issues on the part of the Continuing Care Branch.

Several Board members expressed dissatisfaction with DSS responses to resident problems. There was a general feeling among the Board that DSS needs to be more responsive to the needs of the residents of CCRC’s.

ACTIONS BY THE BOARD OF DIRECTORS
1. Unanimous approval of the nominations of Carol Choate (Eskaton Village at Carmichael), Roseann Herman (Fountainview at Gonda), and James Murad (San Francisco Towers) to the CALCRA Board of Directors for a 3-year term.
2. Approval of the CALCRA Board Policies and Procedures on Discrimination, Harassment, Confidentiality and Conflicts of Interest as amended.
3. Approval of three-year Board terms for Linda Saunders, Mary Dougherty and Rose Burgis.
4. The next CALCRA Board Meeting will take place April 29, 2020 at Fountainview at Gonda, Playa Vista.

Respectfully submitted,
Rose Burgis, Secretary
## CALCRA

**Continuing Care Residents Association**  
**Statement of Income & Expense**  
**As of September 30, 2019**

<table>
<thead>
<tr>
<th>Income:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Dues and Donations</td>
<td>$37,200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hernandez Strategy Group</td>
<td>$27,000</td>
</tr>
<tr>
<td>Mixto Communications</td>
<td>430</td>
</tr>
<tr>
<td>Webpage &amp; License</td>
<td>111</td>
</tr>
<tr>
<td>Gavilan Printers (Newsletter)</td>
<td>4,768</td>
</tr>
<tr>
<td>Gavilan Printers (Brochures)</td>
<td>1,390</td>
</tr>
<tr>
<td>Editing Newsletter</td>
<td>600</td>
</tr>
<tr>
<td>All Cal Insurance</td>
<td>800</td>
</tr>
<tr>
<td>Ca. State Franchise Tax</td>
<td>10</td>
</tr>
<tr>
<td>Postage and Supplies</td>
<td>564</td>
</tr>
<tr>
<td>Marketing</td>
<td>505</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>318</td>
</tr>
<tr>
<td>Board Expenses:</td>
<td></td>
</tr>
<tr>
<td>Board Meeting Facility</td>
<td>1,272</td>
</tr>
<tr>
<td>Board Member Travel</td>
<td>1,377</td>
</tr>
<tr>
<td>Presidents/Travel/Marketing/Lobbying</td>
<td>688</td>
</tr>
<tr>
<td>Misc Exp</td>
<td>78</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$39,911</td>
</tr>
</tbody>
</table>

| **Total Income/ Loss**           | ($2,711) |

**Cash Position for The 3rd Quarter of 2019**

<table>
<thead>
<tr>
<th>Beginning Cash January 2019</th>
<th>$48,670</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received thru the 3rd Quarter 2019</td>
<td>$37,200</td>
</tr>
<tr>
<td>Expenses thru the 3rd Quarter</td>
<td>$39,911</td>
</tr>
<tr>
<td><strong>Ending Cash September 30, 2019</strong></td>
<td>$45,959</td>
</tr>
</tbody>
</table>

**Economic Data at October 17, 2019**

| Producer Price Index(PPI)        | 1.4%   |
| Consumer Price Index(CPI)        | 1.7%   |
| Inflation thru October           | 1.7%   |
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 under that contract 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 and prospective 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 within 10 days 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.
- 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 or 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.

11. (a) Each CCRC provider shall file with the DSS as part of its annual report whether the provider, or a general partner, director, or officer of the provider has an ownership or control interest of 5 percent or more in a related party that provides any service to the CCRC. If the provider, or general partner, director, or officer of the provider has such an interest, the provider shall disclose all services provided to the CCRC, the number of individuals who provide that service to the CCRC, and any other information requested by DSS. If goods, fees, and services collectively worth ten thousand dollars ($10,000) or more per year are delivered to the CCRC, the disclosure required pursuant to this subdivision shall include the related party’s profit and loss statement.

(b) For purposes of this section, “profit and loss statement” means the most recent annual statement on profits and losses finalized by a related party for the most recent year available. “Related party” means an organization related to the provider or that is under common ownership or control as defined in Section 413.17 (b) of Title 42 of the Code of Federal Regulations.

12. Require periodic (every 3-5 years) maintenance and replacement study performed by an independent asset management firm. Such cost studies shall specifically identify each asset class and shall include all capital assets and routine maintenance of each asset. These studies shall also determine appropriate levels of reserve funding and/or expenditures for asset replacements for both major and routine/deferred maintenance.