



MINUTES

SECOND 2013 CSEA BOARD OF DIRECTORS MEETING

October 19, 2013

SEIU Local 1000 Headquarters Building
1808 14th Street, Sacramento, CA 95811

The meeting was called to order at 1:00 p.m. by President Marilyn F. Hamilton.

Roll Call – Secretary-Treasurer David Okumura.

The Pledge of Allegiance was led by Vice-President Russell Kilday-Hicks.

Members present:

Marilyn F. Hamilton, President
Russell Kilday-Hicks, Vice President
David Okumura, Secretary-Treasurer
Yvonne Walker, SEIU Local 1000 President
Patrick N. Gantt, CSUEU President
Tim Behrens, CSR President
Arlene Espinoza, ACSS Inc. President
Loretta Seva'aetasi, CSUEU Vice President Finance
Michael Geck, CSUEU Vice President Organizing
Cora Okumura, SEIU Local 1000 Vice President/Secretary-Treasurer
Tamekia Robinson, SEIU Local 1000 Vice President Organizing/Representation
(Sitting in for Margarita Maldonado, SEIU Local 1000 Vice President Bargaining)
Fritz Walgenbach, CSR Executive Vice President
Gus Lease, CSR Vice President
Frank P. Ruffino, ACSS Inc. Vice President Governmental Affairs
Elnora Hunter-Fretwell, ACSS Inc. Executive Vice President

Board Alternates present:

Alisandra Brewer, CSUEU Vice President Representation
Todd D'Braunstein, ACSS, Inc. Vice President of Membership Development
Harold Rose, CSR/CFO, Secretary

CSEA and Affiliate Staffs Present: Lee King, Rocco Paternoster (ACSS), Phil Sherwood (CSR), Paul Harris (SEIU Local 1000), Lao Sok, Lisa Fong, Rosmaire Duffy, Joan Kennedy, Pam Robison,

Developers: David Taylor and Roger Kittredge

COMMUNICATIONS

Secretary-Treasurer David Okumura reported that there were no communications.

REPORT OF CLOSED SESSION

Secretary-Treasurer David Okumura reported that administrative, legal and bargaining update was discussed.

REPORT OF AGENDA COMMITTEE

Secretary-Treasurer David Okumura reported that the Agenda Committee approved the following items for the Consent Calendar:

- BEN 1/13/2 Group 10-Year Level Term Life Insurance Plan
Anthem Life Insurance Company – Annual Review
- BEN 2/13/2 Group Term Life Insurance Plan
Anthem Life Insurance Company – Annual Review
- BEN 3/13/2 Group Ordinary Life Insurance Plan
Anthem Life Insurance Company – Annual Review
- BEN 4/13/2 Accidental Death and Dismemberment Insurance Plan
New York Life Insurance Company – Annual Review
- BEN 5/13/2 Disability Income Insurance Plans (Short Term and Long Term)
New York Life Insurance Company – Annual Review
- BEN 6/13/2 Cancer Insurance Plans Monumental Life Insurance
Company – Annual Review
- BEN 7/13/2 Legal/Identity Theft Plan Legal Club of America –
Annual Review
- BEN 8/13/2 Auto and Homeowners Insurance Plan
Kemper Select – Annual Review
- BEN 9/13/2 Emergency Assistance Plan (EA+)
On Call International – Annual Review
- BEN 10/13/2 Pet Insurance Plan
Hartville Group, Incorporated – Annual Review
- BEN 11/13/2 Comprehensive Accident Plan (CAP)
Hartford Life and Accident Insurance Company – Annual Review
- BEN 12/13/2 Emergency Roadside Assistance Plan (ERS)
Road America – Annual Review
- BEN 13/13/2 Hearing Aid Benefit
Epic Hearing Service Plan – New Benefit Endorsement

- B&P 5/13/2 Policy Governance

- FIS 4/13/2 Approval of 2012 401K Audit Report

Secretary-Treasurer David Okumura reported that the Agenda Committee added one item to the agenda.

B&P 6/13/2 That the affiliates form a coalition to plan for addressing the proposed retirement initiative.

The Agenda was adopted as reported by general consent.

**READING AND APPROVAL OF THE FIRST 2013 BOARD OF DIRECTORS MINUTES
JUNE 14, 2013.**

BD 9/13/2 MOTION: That the Board of Directors approves the Minutes from the First 2013 Board of Directors Meeting. Motion was adopted by general consent. CARRIED.

CLOSED/EXECUTIVE SESSION

Presentation by David Taylor and Roger Kittredge from David S. Taylor Interests, Inc. Potential project was discussed. Please reference the developer's package.

REPORT OF PRESIDENT

President Marilyn Hamilton stated, in the interest of time, that she had given most of her reports in the Board workshop earlier today. She did mention that she gave up her office at CSEA HQ's building in order to allow the Affiliates to accommodate their need for additional space.

REPORT OF VICE PRESIDENT

Vice President Russell Kilday-Hicks reported that he had been in the position a little over a year and enjoys his limited duties and will work to make sure he is the last VP. As the officer assigned to the Member Benefits Committee, he has attended two committee meetings. He feels that there are more potential opportunities in making even more money in the Member Benefits Department. Vice President Russell encourages and promotes Member Benefits.

Vice President Russell also participates in CSEA/UAW bargaining. He is willing to help wherever help is needed.

Vice President Russell reported that the affiliates have common interests and there is room for growth. ACSS has lots of potential in the CSU. Many of the newly retired don't understand the rollover. Vice President Russell's affiliate would like to join with Local 1000 to increase political coordination to share in the renewal of the labor movement and the continued fight for the dignity and respect for California's public service workers.

REPORT OF SECRETARY-TREASURER

The last audit for 2012 has been completed. The 401K audit has been completed and is on the agenda to be approved in this Board session. Additionally all tax filings for CSEA have been completed.

The financial statements for the 9 months ending September 30, 2013 reflect no items of concern. We are currently projecting a surplus of approximately \$1,400,000 for 2013. The principal reasons for this projected surplus are due to increased profits of approximately \$800,000 from the Member Benefits Program that has resulted from a combination of increased revenues and decreased staffing costs. Additionally we have achieved favorable budget variances in the area of unfilled positions and lower than expected medical premium increases.

We recently went thru an RFP process to select a new payroll provider and time and attendance software. After our search, we selected One Point, which is a vendor of Kronos (a timekeeping and payroll system that is currently providing support to more than 30 million people a day worldwide). This system not only makes the time reporting function easier for employees, it has a robust ad hoc reporting capability that will facilitate management reports, regulatory filings and HR functions. In addition, the annual cost

was less than what we are paying now and was the cheapest as compared to the other 2 finalists we interviewed (ADP and Paychex)

REPORT OF GENERAL MANAGER

OPERATIONAL ISSUES

Bargaining status—we last met with the UAW in the latter part of August. This was after the UAW members rejected the Tentative Agreement that had been negotiated with their bargaining team. As you recall that tentative agreement called for a pool of money (\$205,000 in total to be used over 3 years) to offset employees' share of health care premiums. In this last meeting, the UAW asked for one-year deal (with one-third of the \$205,000) and also to allow for newly hired employees in CSR to be offered retiree health care. Another bargaining session is scheduled for the afternoon of October 22.

As mentioned at the last Board meeting, I have met with a local developer to discuss potential opportunities concerning the real estate held by CSEA in its partnership with the Golden 1 Credit Union. We have representatives present today that will be making a presentation. The Board will be faced with deciding if they go forward with a project how equity would be divided among the Affiliates. There can be a lot of interesting options among the Affiliates concerning ownership of the parking lot project and the Headquarters Building. With regards to the parking lot, SEBC has entered into a lease with Priority Parking that grants SEBC 30% of the parking revenue generated on 24 spaces. This lease is cancellable after the one year term with 60 days notice. At full occupancy, this lease will provide SEBC with approximately \$2,000 of revenue per month.

Besides the new payroll system implementation you heard mentioned by our Secretary Treasurer, other significant projects in the works are:

1. Completion of desk reviews and procedure manuals for all positions in Central Support.
2. Conducting an RFP for the TPA that we utilize for Member Benefits. The TPA conducts the marketing and administration of most of our insurance plans and has been in this position since 1995. Even though we have had no service issues with our current TPA, the Member Benefit Committee decided that it was appropriate to go out to bid given the length of our current relationship. This will be a significant endeavor that could result in a change of the TPA in March 1, 2016 (end of the current contract).

We have completed significant office relocations in the Headquarters Building. ACSS is now occupying what used to be CSEA Administration, HR and Governmental Affairs. CSR has moved into ACSS' old office space and CSEA Administration and HR have moved into CSR' old office space. Additionally, CSUEU has converted the break room on the 5th floor into a conference room for themselves and as a result a new break room for the building has been created on the 3rd floor. Finally, part of the accounting department has been sectioned off and a large conference room has been created that will allow Affiliates to conduct Committee and Board meetings in that space and offset offsite charges.

Kaiser has announced the premium increases for 2014 for CSEA. Northern California rates will increase 5.6% and Southern California rates will increase 11%.

On a positive note I want to update the Board on the recovery situation regarding the Gail Jones embezzlement. As you recall, Ms. Jones embezzled approximately \$925,000. When I came on Board, we had only recovered \$100,000 from our employee dishonesty insurance policy. Since then, we have recovered another \$743,000 thru a combination of the sales proceeds from her house, a suit against our former auditors and attachment of her pension check. In approximately 57 months we will have made a

full recovery of the loss and will actually begin to recover in excess of the loss due to the attachment of her monthly pension check.

REPORT OF MEMBER BENEFITS

The CSEA Member Benefits Committee was charged with the task of obtaining a hearing aid program for its affiliate members. The committee directed the insurance administrator, American Group Insurance Administrator (AGIA), with sending out a Request for Information (RFI) to see which companies offered hearing aid programs that would coincide with State employee health plans. The committee then directed AGIA to send out a Request for Proposal (RFP) to the two companies that responded to the RFI (AXIA Strategies, Inc. and EPIC Hearing Service Plan). After receiving the RFP responses, the Committee did its due diligence in reviewing the responses and asking for additional information.

At its September meeting, the CSEA Member Benefits Committee made the motion to recommend to the CSEA Board of Directors to endorse and offer EPIC Hearing Service Plan as a new CSEA Member benefit and to take all precautions on member data protection. The Committee chose EPIC Hearing Service Plan because they were able to provide discount information/examples, specifically device/product discounts. They were able to describe how the EPIC plan would work in conjunction/supplement the existing CalPERS hearing coverage. All of EPIC's hearing aids include a three year warranty and 1st year supply of batteries at no charge.

The coordination of the allocated benefit can work one of two ways: 1) At time of payment EPIC coordinates the allocated benefit so that the benefit portion is paid directly to EPIC and the member is only responsible for any out of pocket portion if it applies (depending on the benefit, the member may not have any out-of-pocket expense) OR 2) The member pays the full amount upfront and EPIC provides the member with a claim to submit to CalPERS for reimbursement.

EPIC has access to name brand hearing devices such as Siemens, Sonic, Unitron and Phonak. Depending on the hearing device, there are three levels (Premium, Advanced, Standard and Basic) with savings ranging between 35% - 60% of the MSRP.

EPIC will provide all marketing materials which include flyers, brochures, e-blasts, etc. Member Benefits is a self-funding operation. Member Benefits will not be generating income on the EPIC Hearing Service Plan. There is no cost to the membership; business is based on the buying power of referrals. For any representatives, Chapter/DLC Presidents, job stewards, etc. that would like information on the EPIC Hearing Service Plan, please contact Member Benefits.

On another note, at its September Member Benefits Committee meeting, the Committee had a closed session to discuss CSEA's Third Party Insurance Administrator. CSEA has been utilizing American Group Insurance Administrators, Inc. (AGIA) since 1995. The Committee is doing its due diligence by going out to bid in the marketplace for Third Party Insurance Administrators. The Committee wants to be sure that Member Benefits is offering the best group products for its affiliate members as well as maximizing profits to assist the affiliates in offsetting general costs and unforeseen contingencies.

REPORT OF CSEA FOUNDATION

Joan Kennedy presented the CSEA Foundation's Strategic Plan to the Board of Directors including mission, values, and vision of the Foundation as well as the goals and objectives. CSEA Foundation announced that they will be amending their bylaws to address the Foundation Board structure and elections. The Foundation will continue to give updates on its goals and objectives at future CSEA Board meetings.

AFFILIATES REPORTS

There was no affiliates report.

- B&P 5/13/2 (Hamilton) Policy Governance**
BD 10/13/2 MOTION: That the Board of Directors approves the updated policy governance methodology for governing CSEA. Motion was adopted by general consent. CARRIED.
- B&P 6/13/2 (Hamilton)**
BD 11/13/2 MOTION: Moved by Kilday-Hicks, second by Behrens that the affiliates form a coalition to plan for addressing the proposed retirement initiative. 6 (yes), 3 (no), 2 (abstain). CARRIED.
- BEN 1/13/2 (Kilday-Hicks) Group 10-Year Level Term Life Insurance Plan – Anthem Life Insurance Company – Annual Review**
BD 12/13/2 MOTION: That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that there is no contingency reserve surplus; (2) discuss the possibility of setting up a retention agreement with the carrier. Motion was adopted by general consent. CARRIED.
- BEN 2/13/2 (Kilday-Hicks) Group Term Life Insurance Plan – Anthem Life Insurance Company – Annual Review**
BD 13/13/2 MOTION: That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that there is substantial surplus in the contingency reserve; (2) continue working with the carrier to increase member participation; (3) monitor the impact of the new plan designs on the contingency reserve. Motion was adopted by general consent. CARRIED.
- BEN 3/13/2 (Kilday-Hicks) Group Ordinary Life Insurance Plan – Anthem Life Insurance Company – Annual Review**
BD 14/13/2 MOTION: That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that there is a small surplus in the contingency reserve; (2) monitor the impact of plan restructuring on member participation. Motion was adopted by general consent. CARRIED.
- BEN 4/13/2 (Kilday-Hicks) Accidental Death and Dismemberment Insurance Plan New York Life Insurance Company – Annual Review**
BD 15/13/2 MOTION: That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that there is a surplus in the contingency reserve; (2) continue the plan with New York Life at current rates; (3) continue efforts to increase plan participation, particularly among active members. Motion was adopted by general consent. CARRIED.

- BEN 5/13/2 (Kilday-Hicks) Disability Income Insurance Plans (Short Term and Long Term)
New York Life Insurance Company – Annual Review**
- BD 16/13/2 MOTION:** That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that there is a surplus in the contingency reserve; (2) continue the plans with New York Life at current rates; (3) continue to market both plans to rebuild plan membership. Motion was adopted by general consent. CARRIED.
- BEN 6/13/2 (Kilday-Hicks) Cancer Insurance Plans Monumental Life Insurance Company –
Annual Review**
- BD 17/13/2 MOTION:** That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that the plans have generated a surplus in the contingency reserve; (2) continue the plans with Monumental Life at current premium rates. Motion was adopted by general consent. CARRIED.
- BEN 7/13/2 (Kilday-Hicks) Legal/Identity Theft Plan Legal Club of America – Annual Review**
- BD 18/13/2 MOTION:** That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that there is no contingency reserve surplus; (2) continue the plan with Legal Club of America at current rates. Motion was adopted by general consent. CARRIED.
- BEN 8/13/2 (Kilday-Hicks) Auto and Homeowners Insurance Plan Kemper Select – Annual
Review**
- BD 19/13/2 MOTION:** That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude there is no contingency reserve surplus; (2) continue the plan with Kemper at current rates; (3) continue marketing to increase plan participation. Motion was adopted by general consent. CARRIED.
- BEN 9/13/2 (Kilday-Hicks) Emergency Assistance Plan (EA +) On Call International – Annual
Review**
- BD 20/13/2 MOTION:** That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that there is no contingency reserve surplus; (2) continue the plan with the current carrier. Motion was adopted by general consent. CARRIED.
- BEN 10/13/2 (Kilday-Hicks) Pet Insurance Plan Hartville Group, Incorporated – Annual Review**
- BD 21/13/2 MOTION:** That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that there is no contingency reserve surplus; (2) continue the plan with the current carrier; (3) request additional data for purposes of reviewing plan experience. Motion was adopted by general consent. CARRIED.
- BEN 11/13/2 (Kilday-Hicks) Comprehensive Accidental Plan (CAP) Hartford Life and Accidental
Insurance Company – Annual Review**
- BD 22/13/2 MOTION:** That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) conclude that the plan has generated a profit; (2) continue marketing to increase plan participation; (3) discuss potential for a retention agreement with the carrier. Motion was adopted by general consent. CARRIED.

BEN 12/13/2 (Kilday-Hicks) Emergency Roadside Assistance Plan (ERS) Road America Annual Review

BD 23/13/2 MOTION: That the Member Benefits Committee recommends that the Board of Directors adopt the following recommendations: (1) continue marketing to increase plan participation; (2) continue the plan with the current carrier. Motion was adopted by general consent. CARRIED.

BEN 13/13/2 (Kilday-Hicks) Hearing Aid Benefit Epic Hearing Service Plan New Benefit Endorsement – Annual Review

BD 24/13/2 MOTION: That the Member Benefits Committee recommends to the Board of Directors to endorse and offer EPIC Hearing Service Plan as a new CSEA member benefit and to take all precautions on member data protection. Motion was adopted by general consent. CARRIED.

FIS 4/13/2 (Okumura) Approval of 2012 401K Audit Report

BD 25/13/2 MOTION: That the Board of Directors adopts the 2012 401K Audit Report. Motion was adopted by general consent. CARRIED.

MEETING ADJOURNMENT

The meeting was adjourned by President Marilyn F. Hamilton at 3:05 PM.

Respectfully submitted,
Lao Sok