



## MINUTES

### FIRST 2014 CSEA BOARD OF DIRECTORS MEETING

June 14, 2014

CSEA Headquarters Building  
1108 O Street, 3<sup>rd</sup> Floor Valley Quail Conference Room  
Sacramento, Ca 95814

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  
Patrick N. Gantt, CSUEU President  
Yvonne Walker, SEIU Local 1000 President  
Tim Behrens, CSR President  
Arlene Espinoza, ACSS, Inc. President  
Loretta Seva'aetasi, CSUEU Vice President Finance  
Alisandra Brewer, CSUEU Vice President Representation  
(Sitting in for Michael Geck, CSUEU Vice President Organizing)  
Cora Okumura, SEIU Local 1000 VP/Secretary-Treasurer  
Tamekia Robinson, SEIU Local 1000 Vice President Organizing/Representation  
(Sitting in for Margarita Maldonado, SEIU Local 1000 VP for Bargaining)  
Fritz Walgenbach, CSR Executive Vice President  
Gus Lease, CSR Vice President  
Frank P. Ruffino, ACSS, Inc. Vice President of Governmental Affairs  
Todd D'Braunstein, ACSS, Inc. Vice President of Membership Development  
(Sitting in for Elnora Hunter-Fretwell, ACSS, Inc. Executive Vice President)

Board Alternates present:

Harold Rose, CSR/CFO, Secretary

CSEA and Affiliate Staff Present: Lee King, Lisa Fong and Lao Sok  
Rocco Paternoster (ACSS), Phil Sherwood (CSR), Brian Lee (CSUEU), Felix De La Torre (SEIU Local 1000 Chief Counsel), Pam Robison (ACSS), Caryl Cole (CSR)

### COMMUNICATIONS

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

**REPORT OF CLOSED SESSION**

Secretary-Treasurer David Okumura reported that legal, management and staff issues were reviewed and discussed.

**REPORT OF AGENDA COMMITTEE**

Secretary-Treasurer David Okumura deferred the report of the Agenda Committee to Pat Gantt. Pat Gantt reported that there were no new Agenda Items to report.

The Board approved to have the following Member Benefits and Fiscal Items on the consent agenda

- BEN 1/14/1 (Russell Kilday-Hicks) Discount Drug Prescription Card
- BEN 2/14/1 (Russell Kilday-Hicks) CSEA Insurance Program Third Party Administrator Request for Proposal (RFP)
- BEN 3/14/1 (Russell Kilday-Hicks) CSEA Bylaws and Policy File  
Part II: Procedures  
Section 901.03 – Administration  
Section 903.07 – Actuarial Evaluation
- FIS 1/14/1 (David Okumura) Approval of 2013 Audit Report
- FIS 2/14/1 (David Okumura) Approval of renewing Line of Credit with Wells Fargo

**READING AND APPROVAL OF THE OCTOBER 19, 2013 BOARD OF DIRECTORS MINUTES**

BD 1/14/1 MOTION: That the Board of Directors approve the Minutes from the October 19, 2013 and November 25, 2013 Board of Directors Meetings. Motion was adopted by general consent. CARRIED.

**READING AND APPROVAL OF THE NOVEMBER 25, 2013 BOARD OF DIRECTORS MINUTES**

BD 2/14/1 MOTION: That the Board of Directors approve the Minutes from the November 25, 2013 Board of Directors Meetings. Motion was adopted by general consent. CARRIED.

**REPORT OF PRESIDENT**

President Marilyn F. Hamilton reported that for the 2015 General Council Jerry Fountain has been assigned as Chair person for Sergeant-at-Arms. Jenny Hayden (CSR, Chapter 34 President) will be in charge of having the Color Guard for the opening session of 2015 General Council.

## **REPORT OF VICE PRESIDENT**

Vice-President Russell Kilday-Hicks reported that the projected income from Member Benefits was looking very good for the next fiscal year and wanted to make sure credit was given to CSEA Member Benefits Manager Lisa Fong, under the direction of General Manager Lee King. Russell is also working on extracurricular activity outside his board duties, helping the Divest California group, associated with 350.org, on convincing CalPERS to stop investing in fossil fuels. He said that this divestment movement was comparable to the effort to disinvest in apartheid and tobacco and was important to building a response to the challenge of global climate change. Communications on this issue will be going out to CalPERS members and he would like each affiliate board to consider resolutions of support in the future.

## **REPORT OF SECRETARY-TREASURER**

Secretary-Treasurer Dave Okumura reported as follows:

- CSEA's audit for 2013 has been completed. A clean (unmodified) opinion was issued which is the highest level of opinion that an outside auditor can render. In addition, there was no management letter issued by the auditors or any findings reported that suggested internal control weaknesses or significant deficiencies. The audit report was issued on April 17, 2014 which is an extremely quick turnaround time for a calendar year end. Additionally, ACSS, CSR and CSUEU's audits were completed with clean opinions and issued on April 2, 2014. Kudos to our controller, Mike Carr, and his team.
- The financial statements for the 4 months ending April 30, 2014 reflect no items of concern. We are currently projecting a surplus of approximately \$1,400,000 for 2014. The principal reasons for this projected surplus are due to increased profits of approximately \$900,000 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, travel and insurance costs.
- The payroll implementation project was successfully implemented effective January 1, 2014. CSEA is able to process payroll without a dedicated payroll person due to the efficiencies of the new system. Additionally, the month cost of the payroll service is less than what we paid the previous provider.
- The CSEA PAC has been closed down with the small balance of remaining funds being distributed to the 4 Affiliate PACs.

## **REPORT OF GENERAL MANAGER**

### **OPERATIONAL ISSUES**

- New payroll system went effective January 1, 2014. It is not only cheaper than our previous payroll provider, but also is more user friendly. Some of the features it has are as follows:
  - For example, vacation requests pre-populate the appropriate time sheet, holidays are pre formatted also. For the Affiliates ACSS and CSR (that are not subject to Hudson reporting) their activity codes are prepopulated and literally all they have to do is enter hours for the day with no other selections necessary.
  - Employees can get all their leave history, pay statements and W-2's on line.
  - Payroll is literally done by one of our existing accountants and it takes them less than 8 hours each week. We have thus eliminated the need for a dedicated payroll person.

- We set a deadline for timecard completion—if not completed by that time automatic emails go out to offenders.
  - Vacation requests are submitted on line—the approver can view the employees leave balance and also see who is also scheduled to be out during that same time frame
  - Employees see a pie chart that shows all element of compensation (i.e. their salary and cost of each one of the benefits they get).
- All staff have prepared detailed desk procedures manuals that outline their duties and are illustrated with applicable screen shots.
  - All rank and file staff have received annual evaluations with specific goals to achieve in the upcoming year.
  - CRM is now live for all 3 Affiliates—enhancements are being made and “bad data” is being methodically purged.
  - As a result of the RFP for the Third party Administrator for our Member Benefits Program and negotiation with other vendors, we estimate that annual profits will increase by approximately \$400,000 next year. We were also able to negotiate with an insurance carrier to increase the profit participation for the reserves held on behalf of our policyholders to the tune of over \$200,000 annually.
  - Annual audits for CSEA, CSR, ACSS and CSUEU were completed in record time with “clean” opinions. These reports were received on April 2 for CSR, CSUEU and ACSS. CSEA received its signed audit report on April 17.
  - A third floor conference room was created out of excess space in the Accounting Department. This should allow CSEA and Affiliates to make use of this space and decrease their dependency on outside locations.
  - We have hired a new HR person (Laura Sandbank) to replace Vicki Cichocki (who left June 2).
  - The CSEA PAC has been closed and all remaining funds have been distributed to the 4 Affiliate PACs.
  - All remaining History Project files have been picked up by State Archives.
  - The SEBC Board approved having an engineer retained to determine how best to deal with the continuing problems we are experiencing with the HVAC system.
  - I am currently involved in restructuring the contracts our Member Benefits Department has with our insurance carriers and our Third party Administrator in order to address a future tax issue. Our Net Operating Loss Carry forwards will, at the current rate, be exhausted by the end of this year. What this means is that approximately 40 cents of every dollar will be lost to income taxes unless we can demonstrate that the revenue we receive from our insurance programs qualifies as

royalties and thus exempt from taxes. Besides revamping contract language to represent what CSEA versus our Third party Administrator actually do in connection with generating revenue, it may also cause some personnel issues that we must address.

## **AFFILIATES REPORTS**

### **(CSUEU)**

Mr. Gantt reported that CSUEU was working on improvement in the contract at the bargaining table and that CSUEU is continuing to gain membership as CSUEU is bargaining. CSUEU is putting a lot of time and energy in support of the budget and hoping that Governor Brown does not change the funding that was originally proposed last January. CSUEU is continuing to work with the Board of Directors on strategic planning and leadership development. Brian Lee, the new CSUEU Executive Director, is overseeing the chapter assessment program.

### **(SEIU Local 1000)**

Ms. Walker reported that SEIU Local 1000 members would see the first general salary increase on July 1, 2014. The last salary increase for SEIU Local 1000 members was back in July 1, 2006. SEIU Local 1000 is currently participating in recruiting membership by conducting COPE Drives. SEIU Local 1000's goal is to gain more membership in defense of the potential outcome of the Harris vs Quinn case. SEIU Local 1000 is shooting for 95% rate in membership.

SEIU Local 1000 is continuing the work on income inequality. SEIU Local 1000 Board voted unanimously to support the low-wage workers campaign-Fight for 15, currently on going. Ms. Walker highlighted the city of Seattle as a great example in this movement. Other cities partaking in the Fight for 15 include: San Francisco, San Diego, Oakland, Berkeley and Davis. McDonald's restaurant had a worldwide strike last month in efforts to bring awareness to the no protection on the job issue.

SEIU Local 1000 is supporting the early-childhood education program known as Organizing Childcare Worker. SEIU Local 1000 is participating in a campaign to organize an adjunct professor program which is turning out to be very successful primarily here in California. SEIU Local 1000 is also involved in getting the first member of the Hmong community to be elected to the Board of Supervisor in Fresno, California.

Ms. Walker encourages the affiliate to participate in the Fight for 15 as it has a great impact on California workers and our economy as well.

### **(ACSS, Inc.)**

Mrs. Espinoza reported this was a successful political year for ACSS. ACSS wants to thank our Vice-President of Governmental Affairs, Frank Ruffino and ACSS legislative advocate Ted Toppin of Blanning and Baker for steering ACSS through this process. ACSS has had great success with meeting and interviewing candidates. ACSS' current primary election success rate is at 97% and possibly going to 99%. This is important to ACSS because ACSS doesn't have collective bargaining or bargaining rights. The Benefits received by Excluded Employees are through the Administration or Legislation.

ACSS is working on SB216 – Compaction. ACSS met with the Administration on June 5, 2014 to pursue having the bill removed from the suspense file to the floor for a vote. ACSS is determined to find a solution to pay compaction experienced by our members.

ACSS has hired a new organizer, Charlotte Hoar. She will focus on member outreach. ACSS has lost our communication specialist, Kevin Glidden. He has moved to Guatemala to work for a non-profit organization. He did a great job for ACSS and we wish him continued success. Amy Jaramillo from CSEA IT department shadowed Kevin Glidden for two weeks so that she can help fill this important roll.

ACSS goal is to continue to increase membership and get BP1 passed at General Council.

**(CSR)**

Mr. Behrens reported that California State Retiree is in the process of finding a replacement for Dr. Phil Sherwood, who is retiring on August 20, 2014. California State Retiree did well in terms of political action. California State Retiree had one loss out of all the candidates that California State Retiree endorsed. Mr. Behrens attended the first Republican Convention along with ACSS representative and had his picture taken with Connelly Rice.

California State Retiree is working on increasing their membership. California State Retiree wants to thank Yvonne Walker for allowing California State Retiree communication staff to meet with SEIU Local 1000 communication staff to establish a link on the SEIU Local 1000 webpage to the CSR website. This will allow access to Local 1000 members on retirement issues. California State Retiree is hoping that ACSS, and CSUEU would consider the same; having a link to California State Retiree from their own website.

California State Retiree launched the Ambassador Program. To help increase membership, California State Retiree is delivering its newspaper to state agencies. California State Retiree is also attending CSUEU, SEIU Local 1000 and other state employee's events to promote membership with California State Retiree.

California State Retiree Board of Directors voted to give Senior California Legislator \$15,000.00. California State Retiree is encouraging the affiliates to participate.

**BEN 1/14/1 (Russell Kilday-Hicks) Discount Drug Prescription Card**

**BD 3/14/1 MOTION:** That the Board of Directors adopt the Paramount Rx as the CSEA Member Benefits Discount Drug Prescription Program. Motion was adopted by general consent. CARRIED.

**BEN 2/14/1 (Russell Kilday-Hicks) CSEA Insurance Program Third Party Administrator Request for Proposal (RFP)**

**BD 4/14/1 MOTION:** That the Board of Directors adopt the Addendum 9 to the CSEA/AGIA Administrative Service Agreement and that CSEA continues to utilize AGIA Insurance Services, Inc. as its third party administrator for the CSEA Insurance Program contingent upon AGIA providing CSEA with their business continuity plan. Motion was adopted by general consent. CARRIED.

**BEN 3/14/1 (Russell Kilday-Hicks) CSEA Bylaws and Policy File  
Part II: Procedures  
Section 901.03 – Administration  
Section 903.07 – Actuarial Evaluation**

**BD 5/14/1**      **MOTION:** That the Board of Directors accept the recommended changes to Policy File Sections 901.03 (b) and 903.07: Motion was adopted by general consent. CARRIED.

901.03 (b)

Audits shall be made at such intervals ~~and by such persons as the actuary and/or the appropriate committee if recommended by the Member Benefits Committee or affiliate(s)/division(s) recommended~~ and by action of the Board of Directors. (BD 19/11/2, BD 24/11/2)

903.07 ~~Actuarial~~ Annual Evaluation

The Association ~~consulting actuary~~ shall review all benefit plans and report on each with recommendations; these reports shall be submitted to headquarters office for review by the appropriate committee at its meeting prior to, but in sufficient time to report to, the last Board of Directors meeting each year. (BD 2/91/1, BD 24/11/2)

~~(a) Actuarial evaluations of Association sponsored life insurance plans shall be based on experience by age groups disregarding status of employment (active vs. retired). (BD 84/82/3, BD 24/11/2)~~

**FIS 1/14/1**      **(David Okumura) Approval of 2013 Audit Report**

**BD 6/14/1**      **MOTION:** That the Board of Directors adopt the 2013 Audit Report of CSEA. Motion was adopted by general consent. CARRIED.

**FIS 2/14/1**      **(David Okumura) Approval of renewing Line of Credit with Wells Fargo**

**BD 7/14/1**      **MOTION:** That the Board of Directors approves CSEA to renew Line of Credit with Wells Fargo in the amount of \$250,000.00. Motion was adopted by general consent. CARRIED.

#### **MEETING ADJOURNMENT**

The meeting was adjourned by President Marilyn F. Hamilton in the memory of John Williams at 1:40 PM.

Respectfully submitted,  
Lao Sok