

## **MINUTES**

### **SECOND 2010 BOARD OF DIRECTORS MEETING**

**SEIU Local 1000 Field Office  
1325 S Street  
Sacramento, CA 95811**

**September 11, 2010**

The meeting was called to order at 9:15 a.m. by President Dave Hart. The Pledge of Allegiance was led by Vice President Donna Snodgrass.

Members present were:

Dave Hart, President  
Donna Snodgrass, Vice President  
David Okumura, Secretary-Treasurer  
Pat N. Gantt, CSUEU President  
Yvonne Walker, SEIU Local 1000 President  
Roger Marxen, CSEA Retirees, Inc. President  
Arlene Espinoza, ACSS, Inc. President  
Russell Kilday-Hicks, CSUEU Vice President for Representation  
Loretta Seva'aetasi, CSUEU Vice President for Finance  
Kathleen Collins, SEIU Local 1000 Vice President for Bargaining  
(Sitting in for Cora Okumura, SEIU Local 1000 Vice President and Secretary-Treasurer)  
Jim Hard, SEIU Local 1000 Vice President for Organizing/Representation  
(Excused)  
John A. Williams, CSEA Retirees, Inc. Executive Vice President  
Harold Rose, CSEA Retirees, Inc. Chief Financial Officer/Secretary  
(Sitting in for Max Turchen, CSEA Retirees, Inc. Vice President)  
Frank Ruffino, ACSS, Inc. Director at Large  
Elnora Hunter-Fretwell, ACSS, Inc. Vice President

Headquarters office was represented by: Janis Mickel Szichak, Karen Jensen, Kay Thomas, Lao Sok, Lee King, Paula McClarin, and Scott Burns.

#### **MOMENT OF SILENCE**

President Hart asked for a moment of silence and dedicated this meeting in memory of Robert "Bob" Carlson, past president and CalPERS board member for 37 years.

#### **COMMUNICATIONS**

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

#### **REPORT OF EXECUTIVE SESSION**

Secretary-Treasurer David Okumura reported that there were no legal or Executive Session actions to report.

## READING AND APPROVAL OF THE FIRST, 2010 BOARD OF DIRECTORS MINUTES

BD 5/10/2 MOTION: Okumura, second by Rose – That the Board of Directors approve the minutes from the First, 2010 Board of Directors Meeting. CARRIED.

## REPORT OF AGENDA COMMITTEE

Secretary-Treasurer David Okumura reported that the Agenda Committee approved the following items for the **consent calendar**:

- BEN 1/10/2 (Snodgrass) Group Term Life Plan – Anthem Life Insurance Company – Annual Review
- BEN 2/10/2 (Snodgrass) Group Ordinary Life Insurance Plan – Anthem Life Insurance Company – Annual Review
- BEN 3/10/2 (Snodgrass) Accidental Death and Dismemberment Insurance Plan – New York Life Insurance Company – Annual Review
- BEN 4/10/2 (Snodgrass) Disability Income Insurance Plans – (Short Term and Long Term) – New York Life Insurance Company – Annual Review
- BEN 5/10/2 (Snodgrass) Cancer Insurance Plans – Monumental Life Insurance Company – Annual Review
- BEN 6/10/2 (Snodgrass) Family Life Insurance Plan – American United Life Insurance Company – Annual Review
- BEN 7/10/2 (Snodgrass) Legal Plan – Legal Club of America – Annual Review
- BEN 8/10/2 (Snodgrass) Auto and Homeowners Insurance Plan – Unitrin Direct *preferred insurance* – Annual Review
- BEN 9/10/2 (Snodgrass) Emergency Assistance Plan (EA+) – OnCall International – Annual Review
- BEN 10/10/2 (Snodgrass) 24PetWatch Pet Insurance Plan – Pethealth Incorporated – Annual Review
- BEN 11/10/2 (Snodgrass) Comprehensive Accidental Plan (CAP) – Hartford Life and Accident Insurance Company – Annual Review
- B&P 6/10/2 (Snodgrass) Charitable Contributions
- FIS 3/10/2 (Okumura) CSEA 401(k) Plan Amendment
- FIS 4/10/2 (Okumura) CSEA Retirement Plan Amendments
- FIS 5/10/2 (Okumura) Adoption of 2009 CSEA Audit Report

Secretary-Treasurer David Okumura reported that the following be pulled from the agenda:

B&P 1/10/2 ~~(Gantt) Bylaws Article II: Purpose and Objectives~~

B&P 2/10/2 ~~(Marxen) Bylaws Article IX: General Council~~

B&P 3/10/2 ~~(Espinoza) Bylaws Article X: Committees~~

B&P 4/10/2 ~~(Walker) Bylaws Article XVI: Meetings~~

The board removed B&P 5/10/2 from the consent calendar for further discussion. BEN 12/10/2 was left on the agenda for discussion.

The board adopted the agenda, including the consent calendar unanimously.

## **REPORT OF PRESIDENT**

Mr. Hart reported on the following:

I want to begin my remarks by recognizing the loss of Robert Carlson, past president of CSEA from 1968-69. I'm told an in-depth obituary will run in the Sacramento Bee tomorrow, Sunday, September 12. Bob was on the CalPERS Board of Directors for 37 years until he stepped down in 2008. He made his mark as an effective advocate for state employees and as a model of integrity on the CalPERS Board. I'm sure we all extend our condolences to his family.

### **Strategic Planning**

You'll hear a detailed report from General Manager Lee King on the status highlights of our Strategic Plan a little later, but I want everyone to know that we will continue to review and revise the plan to develop more specific measures of progress. That work was put on hold since our last meeting while Lee worked with staff and leadership of the affiliates to review the business needs of each affiliate. The results of his review were shared with the entire board yesterday. CSEA will continue to evolve and respond to the needs of the affiliates. CSEA belongs to the affiliates. It doesn't belong to me or the officers. It's not the property of the staff. It belongs to the affiliates and it is the job of the officers and the staff to listen to and advise the affiliates with their interests in mind when conducting business as CSEA. I think we are making great progress in doing this.

I spend about half of my time dealing with issues around Central Support services. The focus of my effort is to improve customer service and that is a major thrust of the strategic plan adopted by this board in 2008. Customer satisfaction is the ultimate measure of success. To achieve real customer satisfaction, our affiliate customers must have trust in both the quality of the services they pay for as well the value they get in return for the price they pay. I want the affiliates to see themselves as active partners when they come to Central Support to get work done or to solve a problem. I want the affiliates to become better educated about what we are doing for them and to be a part of finding better ways to serve their needs. I want the affiliates to have confidence that CSEA can find the best solutions, the best advice, and provide the highest value for their dollar.

Because we are producing services, the emphasis has to be on raising the skill level of staff through training and hiring and on managing and improving processes to result in more successful outcomes (cheaper, better, faster) and avoid pitfalls for our affiliates. We have good staff who are worth investing in. What we are lacking, in my opinion, is a consistently disciplined and systematic approach to how we offer services to the affiliates.

Under the new affiliate autonomy, the affiliates have to trust CSEA to give them professional advice. We have to be honest with them if we can't satisfy the demand or provide the service at a competitive price. CSEA needs to know how and when to pursue external business opportunities, which is not traditionally an area of endeavor for CSEA. We, CSEA staff and the CSEA Board of Directors, need to develop a culture of insisting on project feasibility and return on investment before investing affiliate dollars. This includes having an open mind until a rigorous review of any new project is completed and basing our decisions on data and an understanding of the risks of failure. This does not mean we take no risks; it does mean we take informed risks with a plan for minimizing the potential for failure. As a start on a more rigorous approach to efficient operation, we invested in Project Management training for our management team in February and again in May in which our entire management team and all four affiliates participated. This was a conscious attempt to develop a common language and common understanding of all the components of successful project management. Most of our successes have included project management planning principles even before we took this training. Most of our failures have lacked adherence to basic project management principles. The implementation of the new accounting platform, the Alliance Print and Design marketing plan, the RFP stage of our membership database, are examples of successes. So, I will assert one more time for emphasis, all of us, CSEA staff, and CSEA Board of Directors need to develop a culture of insisting on a more systematic and rigorous approach to any major initiative or affiliate service problems or we will all miss the opportunity to learn and improve.

### **Political Action**

In consultation with the affiliate presidents, we pursued a tightly focused approach to the use of CMAC funds for this 2010 election cycle. Our strategy is to devote most of our candidate fund dollars to the Governor's race either through direct contributions to the Jerry Brown campaign (\$51,800) or by using the "issues" account to boost voter turnout that will support a Brown victory. We committed \$250K to the Alliance for a Better California 2010 to support union member voter turnout and \$65,000 for the California Democratic Party voter turnout projects. By Election Day, there will be just enough money in the CMAC issues account to take care of the accounting and auditing bill. We will have given everything we can to this election.

Once again, and as a reminder, all four affiliates have set up their own political action accounts and two have aggressive "resign and sign" campaigns to move their voluntary CMAC members' donations from CMAC to their respective affiliate PAC. At this time, 70% of the funds coming in to CMAC originate from CSUEU members.

In consultation with the CSEA Board of Directors, and pending a legal review by Olson, Hagel and Fishburn, as of December 1, 2010, all CSUEU political action money will be housed in the CMAC Candidates Account and all other affiliate voluntary contributions will go to the issues account. From then on, CSUEU will have 100% control and oversight for the "CMAC Candidates" account and CSEA will utilize the CMAC issues account only for coalition membership contribution, most notably CHCRS (Californians for Health Care and Retirement Security). I anticipate annual revenues into the CMAC issues account to be about \$3,000 per month.

## REPORT OF VICE PRESIDENT

Vice President Donna Snodgrass reported on the following:

**Cal PERS Announcement** – Ms. Snodgrass reported that if you want to purchase extra service credit from 1-5 years, do this now because it's going to increase by 17-22% starting December 2010, or January 2011. Any members who are considering this you should get the word out to them now. Ms. Snodgrass stated that this does not affect the retirees.

**Affiliate Partnership Program** – The CDF Fire Fighters, who have 7,200 members, recently approached us and have joined as special members for five years. Ms. Snodgrass stated that we now have full permission to market all of our products to their members by email. The CDF Fire Fighters have also agreed to help talk with the CHP, to talk to their board.

**Stone Soup** – Ms. Snodgrass stated that there has been a change to the approach to the Member Benefits Program that began as the "Stone Soup" project. The full-range of CSEA Member Benefits are being offered outside to participating affiliates, as long as they do not negatively impact the rate structure for insurance products currently available to CSEA affiliate members.

Lastly, Ms. Snodgrass announced that she can no longer work fulltime for the state and pursue the Affiliates Participation Program on behalf of CSEA as an officer, therefore, effective December 30, 2010, she will retire from state employment.

## REPORT OF SECRETARY-TREASURER

Mr. Okumura reported on the following financial highlights:

As we are now 7 months into the year, we can start to project budgeted results with some degree of certainty. Some observations are as follows:

- We are currently projecting that Central Support costs will be approximately \$500,000 below budget. Despite incurring the unplanned (i.e. non-budgeted costs incurred in the Membership RFP), we have been able to keep under budget due to budgeted increases that did not actually occur in the area of health care, workmen's compensation, and other general insurance as well as pension savings due to the merger of our retirement plan into the SEIU Plan.
- We successfully transitioned our accounting platform on January 1 of this year to INTACCT from our 15 year old legacy system. We have already realized some time savings from this implementation as well as having increased access to information for our Affiliate customers. We still have on-going implementation projects in the area of scanning outside vendor invoices as well as implementing an on-line travel and expense claim process.
- In a later Fiscal item motion, we will be approving the audit report for CSEA for the year ending December 31, 2010. I am happy to report that we again received a "clean" or "unqualified" opinion (which is the highest level of report that we could receive.) Additionally, the auditors noted that we had no material deficiencies in our internal controls.

We would like to acknowledge the work of the accounting department for this work as well as the implementation of the new accounting system at the same time preparing for the audits of CSEA and the 4 Affiliates.

- We replaced our previous controller, Derek Hill, with Will Burnette. Will has made great strides at improving the timeliness of the financial reporting as well as the turnaround time on member and staff expense claims.
- The results on our 2 for-profit departments, Member Benefits and Print Shop, are as follows:
  1. The print shop operated at a loss for the first 7 months in the amount of \$125,000. This loss is totally due to the decline in top-line (i.e. revenue) due to decline in demand for printing work by the affiliates and outside customers. It is important to note, however, that this loss is not passed on to the affiliates, but rather is financed through the existing reserves built up by the print shop from prior years' operating profits. Additionally, we remain cautiously optimistic due to the recent increase in political printing and the efforts of the outside salesman that was hired in June and has started to produce results. It will still be a struggle to achieve any net profit for 2010.
  2. The Member Benefits Department has generated a profit through July of approximately \$232,000 and is expected to realize a year-end profit of approximately \$350,000. This is in despite of incurring some expenses related to attracting new public employee groups that have yet to generate significant income. We are hopeful that these up-front expenditures will bear fruit in upcoming years.

Lastly, Mr. Okumura thanked Lee King for the outstanding work he has done as General Manager of CSEA.

## **REPORT OF GENERAL MANAGER**

Mr. King reported on the following operational highlights:

### **OPERATIONAL ISSUES**

- The audits for 2009 for CSEA and the 3 Affiliates and tax returns have all been issued. The Pension Plan and 401(k) are in progress. We have completed our arbitration hearings for our two union Affiliates with respect to the new Hudson rates.
- Staff changes—William Burnette has been hired as the Director of Financial Reporting. Derek Hill has left CSEA and Betty Matthews will be leaving upon completion of our new accounting and procedures manuals.
- The Secretary Treasurer has reported the progress of our two departments that are charged with breaking even (print shop and member benefits departments). Status of print shop—our print shop has had good success into transforming itself from a money losing in-house captive to a profitable operation that now does 20% of its total business for outside customers. This year has been a challenge, however with the depressed state of our economy. You have heard the Secretary Treasurer mention that we are projecting a loss for this year in the amount of \$125,000.

We are fortunate in that we were able to retain prior year profits to help weather this current economic downturn. Total print shop sales were down slightly from the prior year (approximately 6 %).

Our expenses have increased due to the addition of equipment and the debt service related to the equipment purchased and other deferred maintenance issues that needed to be addressed. We also spent money sprucing up the appearance of the print shop and ramping up our marketing efforts (direct mailings, open house, etc). We are hopeful that this investment will return dividends once the economy starts to recover. We have finally filled our outside sales position (Larry Britain) who has been here for approximately 3 months. We have received our "Green Certification" from FSC. Our marketing efforts since we last met included appearances at the California Democratic Convention, the UAW Convention, and a print industry trade show (called PINC). With respect to the other for-profit operation, Member Benefits, they are on-track to generate profits of approximately \$350,000 for 2010. As a result, this department has reached the benchmark of obtaining 6 months of accumulated reserves and as such will return a dividend to the Affiliates in the same amount. This is a tremendous achievement for a department that 7 years ago was losing approximately \$328,000 a year.

- We continue to make progress on CSEA's recently adopted strategic plan. I would like to remind the board and the audience of the three major goals in our strategic plan:
  1. Improve customer satisfaction.
  2. Increase the Value and use of services by central support programs to the affiliates.
  3. Expand central support services beyond the current 4 affiliates.

(DEPARTMENTAL REPORTING)

### **Administration**

- Completed the selection of GC site (Bonaventure) - great rates!
- Initiated a project management process to conduct GC.
- Started, at the request of CSEA Retirees, a CSEA History Project where we will be digitally saving memorabilia (publications, photos, etc), so that the materials will be available to Affiliates and members.

### **Human Resources**

- Implemented the HR module for Ceridian (our payroll provider).
- Eliminated multiple databases and sources for employee information so that it was housed in one maintained database.
- Audited benefit enrollments that resulted in recovering \$24,000 in overpayments. Analyzed the composite rate for dental insurance and negotiated to have 3 tiers that will save approximately \$120,000 over the life of the contract.
- Participated in a salary survey with other "like organizations" that will help us benchmark our compensation.

## **Legal**

This department has been deleted as a staffed department with our Chief Counsel, Rocco Paternoster, taking on the role of the ACSS Administrator. CSEA entered into an agreement with ACSS to “use” a certain number of Mr. Paternoster’s time for an agreed-upon reimbursement rate. CSUEU has similarly entered into a cost sharing arrangement with ACSS for the use of Rocco’s time.

## **Communications**

- Assisted in the development of a marketing plan for Alliance.
- Enhanced the attractiveness and user-friendliness of the Member Benefits website.
- Worked on the feasibility plan for the Membership “Affiliate Partnership Program”.
- Developed and circulated the new CSEA legislative update website, as well as affiliate specific legislatives pages for CSEA Retirees, Inc., CSUEU and ACSS.

## **Governmental Affairs**

- Coordinated Lobby Days for CSUEU and ACSS.
- Assisted in PAC set-up for ACSS, Retirees and CSUEU.
- Reviewed over 4,000 pieces of new and amended legislation.
- Prepared weekly position letters and distributed to committee members.
- Affiliate coordination on current bill positions (Watch 57, Support 37 and Oppose 1).
- Creation of weekly website updates specific to each affiliate.
- Assisted in the upcoming CSEA Women’s Conference for October 2011.

## **Accounting**

- Converted the legacy accounting software to INTACCT as of January 1<sup>st</sup>.
- Completed audit work for all Affiliates and CSEA. Financial statement turnaround has been reduced to 25 days after month end.
- Expense claim turnaround is now 2-3 days.

Four new employees have been added, of which 3 are degreed accountants. We are currently undergoing a test group to assess the canned version of on-line travel and expense claim submission. The end result will be a decision to implement the canned version or to customize a version that is more user-friendly.

CSEA is currently investigating software for document retention so that we can scan vendor invoices and have them available on-line as users drill down to the expense line items on their financial statements.

CSEA is going through some customization of the payroll system with Ceridian to be able to assign labor dollars to specified event codes.

The Pension Plan was successfully merged into the SEIU Plan on June 1<sup>st</sup>. For a transition of this magnitude, it went pretty smoothly (from management perspective) - SEIU is having some issues in responding to retiree questions in a timely manner, but Mr. King believes this will resolve itself over time as they become more proficient with the differences between our Plan and the SEIU Plan.



A fiscal motion will be before this board later in the meeting to approve changes to the 401(k) Plan to reflect changes that were collectively bargained in the pension merger, namely the matching contribution. As a result of the employer match, the enrolled employees went from 123 to 215.

### **Membership**

We reduced the OT needed during the Hudson period of collecting objector challenges from 170 hours in 2009, to 3.25 hours in 2010. We processed, scanned, and updated over 12,600 records in a 30-day window.

### **IT**

- Membership RFP has been completed and sent to the vendors. Responses are due this week.
- An upgraded backup system was installed in March.
- Closed over 1,500 Helpdesk tickets since the first of the year.
- Created new tools and processes for Hudson Notice scanning, Hudson review tool, for audit purposes, membership record merge and membership lookup tool.
- All pc's were reviewed due to a virus attack in February.

### **Member Benefits**

- EBR's attended in excess of 20 new Employee Orientations.
- Responsible for signing up 44 new members for Affiliates.
- Hired attorney to engage our life carrier to remove onerous language that prevents an effective RFP.
- Performed the annual review of CSEA sponsored and endorsed Insurance plans.
- Prepared RFP's for the Auto/Home Insurance.
- Redesigned website.
- Developed for offering numerous new offerings in the areas of theme park tickets, entertainment offerings, hotels, and restaurants.

In the Affiliates partnership program, the Power Point Presentation and information packets were revised and worked with the carriers on revision of the application forms.

### **Print Shop**

Effective May 1, 2010, we hired a part-time business manager for a six-month trial period. This individual has owned, operated, and consulted with the printing industry for over 30 years.

June 1, 2010 - Hired an outside salesman and he has already generated numerous bid opportunities and brought in excess of \$25,000 in new business.

Alliance Print & Design attended and was an exhibitor at the California Democratic Party in April, the Printing Industries of Northern California in May, and the UAW Convention in June. Each of these events generated sales leads with potential long-term benefits.

An enhancement of the on-line “request a quote” process has been completed, as well as publishing an Affiliates’ price list.

A customer service representative position has been started to give a more direct touch for the Affiliates in coordinating their print projects.

### **Employee Recognition Program – (ERP)**

Employee of the month awards have been given to those that exemplify teamwork, customer service, and initiative. Recipients so far have been:

- Alex Velasco – January
- Crystal Mora – February
- Kervonda Sampson – March
- Alex Velasco – March, (1<sup>st</sup> Quarter Award)
- Steve Aunan – April
- Chris Fields – May
- Lisa Fong – June
- Steve Aunan – June, (2<sup>nd</sup> Quarter Award)
- John Lane – July
- Paula McClarin – August

### **REPORT OF AFFILIATE ADMINISTRATORS**

(CSEA Retirees, Inc.)

Roger Marxen reported that the retirees have lost their long-time Administrator, Carol Viegas, and that they’ve hired a new Administrator, Dr. Philip Sherwood. Mr. Marxen stated that the Human Resources Director, Vicki Cichocki, did an excellent job in putting together the ad for the Administrator position, and that the Retiree’s Division is very impressed with Mr. Sherwood’s presentation and background.

Mr. Sherwood is planning what the retirees should do next. Retired Division is in the process of setting up their own affiliate meeting next summer so that their delegates get involved, which will be a prelude to the next General Council. The retirees felt that they needed a day of information, and Mr. Sherwood will have 5 or 6 different workshops for their members.

Mr. Marxen reported that the political atmosphere is amongst us and that retirees has hired an outside consultant. The Retired Division received help from Sherrie Golden and they have already made endorsements.

Lastly, Mr. Marxen stated that the retirees current membership is at 30,000, and that Mr. Sherwood’s goal is to have 60,000 members.

## **(CSUEU)**

Pat Gantt reported that CSUEU's furlough program from last year ended on June 30, 2010, and currently has no furloughs in the CSUEU. However, they are facing approximately nine layoffs on campuses that have initially affected three hundred employees, and they've been working hard to mitigate that. Their bargaining team, headed up by Russell Kilday-Hicks, has knocked that figure in half and it's still decreasing. CSUEU has posted a spreadsheet of their progress on their Website. Mr. Gantt stated that 4.2% of their members are affected by the budget cuts.

CSUEU has finished its endorsements this week in a conference call and endorsed Jerry Brown. On the chapter level, Mr. Gantt reported that they need to get their members involved and turn out the vote. The full contract expires next June, 2011 and they are already thinking about this. The next step they will be working on is "Stop the Cuts" campaign. In addition, commitment cards will be sent out to get more people involved in the election.

Mr. Gantt recognized two of his board members that were present at the board meeting: Joan Kennedy, and Joseph Dobzynski.

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

Arlene Espinoza reported that ACSS, Inc. has hired Rocco Paternoster as the Executive Director, and he joined the legal action for the TRO on new furloughs. Ms. Espinoza commented that everyone knows the decision was stayed; however, this gave ACSS great visibility. As a result of this political action, ACSS has appeared in the New York Times. Ms. Espinoza appeared on MSNBC on furlough related issues. ACSS has had requests from other news agencies including German National Radio.

Ms. Espinoza announced that ACSS has launched their "ACSS for Jerry Brown campaign". Several of their Republican members will meet with Jerry Brown on September 12<sup>th</sup> to launch the ACSS Republican for Brown Campaign. ACSS is currently working on a get-out-the-vote campaign.

Lastly, Ms. Espinoza commented that ACSS has an aggressive political campaign lead by Frank Ruffino and the PAC Committee.

## **(SEIU Local 1000)**

Yvonne Walker reported that SEIU is still adhering to their real-time, strategic change goals that were developed in December 2008, modified in December 2009, and Ms. Walker was pleased to announce that they're marching forward.

Ms. Walker was pleased to report that SEIU currently has over 35,000 members that have been involved in some activity with the Local over the last year. In November, SEIU launched their Listening Campaign, where they went out and spoke to their members. Ms. Walker believes this will pay huge dividends for the Local, and has already seen this by having 35,000 members involved.

SEIU is fully engaged and involved in the 2010 election, and their training both North and South areas today for their member leaders and staff. Their phone bank kick-off starts Monday, September 13<sup>th</sup>, and Ms. Walker invited everyone to join them and participate to get Jerry Brown elected.

SEIU has joined the coalition Alliance for a Better California 2010. Ms. Walker commented that they were the drivers in defeating Prop 75, 76, and the other Propositions, and they hope to duplicate that effort.

Ms. Walker reported that they are still in contract negotiations, and it's their belief that they could settle the contract tomorrow, but the governor just doesn't have the will to get it done.

Lastly, Ms. Walker stated that state workers are working more overtime than they ever have because of the Governor's furloughs, and unemployment is up over 12%.

**BEN 1/10/02 (Snodgrass) Group Term Life Plan – Anthem Life Insurance Company – Annual Review**

BD 6/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent.  
CARRIED.

1. Conclude that there is a substantial surplus in the contingency reserve.
2. Continue the plan with Anthem at current rates.
3. Work with the carrier to improve plan design to increase member participation.
4. Develop a plan to use the surplus in the contingency reserve for the benefit of the insured members.

**BEN 2/10/2 (Snodgrass) Group Ordinary Life Insurance Plan – Anthem Life Insurance Company – Annual Review**

BD 7/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent.  
CARRIED.

1. Conclude that there is a small surplus in the contingency reserve.
2. Continue the plan with Anthem at current rates.
3. Consider whether to change the plan or market a new group ordinary product.

**BEN 3/10/2 (Snodgrass) Accidental Death and Dismemberment Insurance Plan – New York Life Insurance Company – Annual Review**

BD 8/10/2 MOTION: That the Board of Directors adopt the following recommendation made by the Member Benefits Committee. Motion was adopted by general consent.  
CARRIED.

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.

**BEN 4/10/2 (Snodgrass) Disability Income Insurance Plans – (Short Term and Long Term) – New York Life Insurance Company – Annual Review**

BD 9/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent. CARRIED.

1. Conclude that there is a modest 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.

**BEN 5/10/2 (Snodgrass) Cancer Insurance Plans – Monumental Life Insurance Company – Annual Review**

BD 10/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent. CARRIED.

1. Conclude that the plans have begun to generate surplus in the contingency reserve.
2. Continue the plans with Monumental Life at existing premium rates.

**BEN 6/10/2 (Snodgrass) Family Life Insurance Plan – American United Life Insurance Company – Annual Review**

BD 11/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent. CARRIED.

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with American United at current rates.

**BEN 7/10/2 (Snodgrass) Legal Plan – Legal Club of America – Annual Review**

BD 12/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent. CARRIED.

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with Legal Club of America at current rates.

**BEN 8/10/2 (Snodgrass) Auto and Homeowners Insurance Plan – Unitrin Direct preferred insurance – Annual Review**

BD 13/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent. CARRIED.

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with Unitin Direct *preferred insurance* at current rates, pending the outcome of RFP discussions.
3. Continue marketing to increase plan participation.
4. Negotiate a retention agreement or improved premium rates.

**BEN 9/10/2 (Snodgrass) Emergency Assistance Plan (EA+) – OnCall International – Annual Review**

BD 14/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent. CARRIED.

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with OnCall International at current rates.

**BEN 10/10/2 (Snodgrass) 24PetWatch Pet Insurance Plan – Pethealth Incorporated – Annual Review**

BD 15/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent. CARRIED.

1. Conclude that there is no contingency reserve surplus.
2. Continue the plan with Pethealth at current rates.

**BEN 11/10/2 (Snodgrass) Comprehensive Accidental Plan (CAP) – Hartford Life and Accident Insurance Company – Annual Review**

BD 16/10/2 MOTION: That the Board of Directors adopt the following recommendations made by the Member Benefits Committee. Motion was adopted by general consent. CARRIED.

1. Conclude there is no contingency reserve surplus.
2. Continue the plan with Hartford Life and Accident Insurance Company at current rates.
3. Continue marketing to increase plan participation.

4. Discuss potential for a retention agreement with the carrier as the plan grows.

**BEN 12/10/2 (Snodgrass) Aspen University**

BD 17/10/2 MOTION: Ruffino, second by Snodgrass – That the Board of Directors refer BEN 12/10/2 back to the Member Benefits Committee for further research and analysis. CARRIED.

*\* Please submit all questions or research regarding BEN 12/2/10 to Donna Snodgrass within 30 days from the September 11, 2010 Board meeting.*

**~~B&P 1/10/2 (Gantt) Bylaws Article II: Purpose and Objectives~~**

BD 18/10/2 MOTION: The Board of Directors withdrew B&P 1/10/2 from the agenda. Motion was adopted by general consent. CARRIED.

**~~B&P 2/10/2 (Marxen) Bylaws Article IX: General Council~~**

BD 19/10/2 MOTION: The Board of Directors withdrew B&P 2/10/2 from the agenda. Motion was adopted by general consent. CARRIED.

**~~B&P 3/10/2 (Espinoza) Bylaws Article X: Committees~~**

BD 20/10/2 MOTION: The Board of Directors withdrew B&P 3/10/2 from the agenda. Motion was adopted by general consent. CARRIED.

**~~B&P 4/10/2 (Walker) Bylaws Article XVI: Meetings~~**

BD 21/10/2 MOTION: The Board of Directors withdrew B&P 4/10/2 from the agenda. Motion was adopted by general consent. CARRIED.

**B&P 5/10/2 (Okumura) Policy File Division 9: Association Travel Expense**

BD 22/10/2 MOTION: That the Board of Directors adopt the amendments recommended by the Fiscal Committee to Policy File Division 9: Association Travel Expense, and that the following amendments be effective immediately. Motion was adopted unanimously. CARRIED.

- Assign committee cost directly to the affiliates;
- Provide uniform out-of-state travel for anyone traveling on Association business;
- Streamline language for reimbursement of automobile expenses for the president.

### **B&P 6/10/2 (Snodgrass) Charitable Contributions**

BD 23/10/2 MOTION: That the Board of Directors adopt that CSEA make a donation of \$3,000 to the CSEA Foundation and \$2,000 to the American Cancer Society, in memory of Fran Dillon, CSEA Past President. Additionally, CSEA shall send a letter to the family of Fran Dillon advising them that the donations were made. Motion was adopted by general consent. CARRIED.

### **FIS 3/10/2 (Okumura) CSEA 401(k) Plan Amendment**

BD 2410/2 MOTION: That the Board of Directors approve the following amendments to the California State Employees Association 401(k) Salary Investment Retirement Savings Plan and the California State Employees 401(k) Salary Investment Retirement Savings Trust. Motion was adopted by general consent. CARRIED.

#### **The plan shall be amended to the following:**

- Allow for matching contributions to be made to all employees hired prior to June 1, 2010. Such matching contributions will equal 200% of the first 1.5% of each eligible participant's compensation deferred. The maximum deferral that is matched shall not exceed 1.5% of compensation.
- Include a vesting schedule for matching contributions which vests eligible participants 100% after completion of 36 consecutive months of service and allows those employees hired on or before January 1, 2008 to be 100% vested even if they terminate employment prior to completing 36 months of services.

### **FIS 4/10/2 (Okumura) CSEA Retirement Plan Amendments**

BD 25/10/2 MOTION: That the Board of Directors adopts the attached amendments to the CSEA Retirement Plan. Motion was adopted by general consent. CARRIED.

#### **Amendments A and B have a number of technical changes required to keep the Plan IRS qualified in accordance with changing federal laws.**

Amendment A addresses the following IRS requirements:

- A lump sum payment made following a participant's death to a beneficiary who is not the participant's spouse may be rolled over to an IRA, effective January 1, 2010, under the Worker, Retiree and Employer Recovery Act of 2008 (P.L. 110-458).
- Survivor or death benefits with respect to a participant who dies while in military service with reemployment rights under federal law must be paid as though the participant returned to CSEA service and then died, under the Heroes Earnings Assistance and Relief Tax Act of 2008 (P.L. 110-245). This provision is effective January 1, 2007.



With respect to the period beginning June 1, 2010, benefits will be accrued, determined and paid under the Affiliates Plan.

Amendment B addresses the issue of participants working past normal retirement date (“NRD” age 63). The IRS regards such an actuarial increase as required, although the CSEA Retirement Plan has received a number of favorable determination letters from the IRS (most recently in 2007) without such a provision.

In connection with the merger of the CSEA Plan into the SEIU Affiliates Officers and Employees Pension Plan (“Affiliates Plan”), the Affiliates Plan identified this matter as one that would prevent the merger from being consummated unless it was resolved. It was agreed that to resolve the matter, CSEA will submit before the June 1, 2010 merger date a request to the IRS’s Voluntary Compliance Program (VCP). In its submission to the IRS, CSEA includes a detailed correction procedure, along with a plan amendment reflecting that procedure. The plan’s actuary estimated that corrections will be required for approximately 4 participants at a cost of \$12,000.

IRS review of the submission is expected to occur after approximately one year, due to its backlog. The IRS will review the request and issue a Compliance Statement, which is expected to approve the correction as proposed in the submission.

To avoid the need to amend the Plan long after the merger when the Compliance Statement is issued, the amendment has been prepared so it can be adopted now, with its effectiveness conditioned upon IRS approval of the submission without any change to the amendment. In the event that the IRS requires modifications to the amendment, the version currently being adopted will not become effective, and Board action will be required at that time to adopt an appropriate version of the amendment.













**FIS 5/10/2 (Okumura) Adoption of 2009 CSEA Audit Report**

BD 26/10/2 MOTION: That the Board of Directors adopt the attached 2009 Audit Report.  
Motion was adopted by general consent. CARRIED.

**MEETING ADJOURNMENT**

The meeting was adjourned by President Hart at 11:15 a.m.

Respectfully submitted,

Paula McClarin  
CSEA Board Secretary