

MINUTES

FIRST 2011 CSEA BOARD OF DIRECTORS MEETING

January 29, 2011

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

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 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
Cora Okumura, SEIU Local 1000 Vice President/Secretary-Treasurer
Jim Hard, SEIU Local 1000 Vice President for Organizing/Representation
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
Elнора Hunter-Fretwell, ACSS, Inc. Vice President

Headquarters office was represented by: Janis Mickel Szichak, Karen Jensen, Kay Thomas, Lao Sok, Lee King, Paula McClarin, Philip Sherwood, Rocco Paternoster, and Sherrie Golden.

Mr. Gantt introduced CSUEU's new board alternate, Joseph Dobzynski, Vice President for Member Engagement, and welcomed him to the board.

REPORT OF AGENDA COMMITTEE

Secretary-Treasurer David Okumura reported that there were no new Agenda Items to report. The board was in general consensus with adopting the Agenda as printed.

READING AND APPROVAL OF THE SECOND 2010 BOARD OF DIRECTORS MINUTES

BD 1/11/1 MOTION: Okumura, second by Gantt – That the Board of Directors approve the Minutes from the Second 2010 Board of Directors Meeting. CARRIED.

REPORT OF EXECUTIVE SESSION

Secretary-Treasurer David Okumura reported that the board met in Executive Session on January 28, 2011, and it was moved without dissent that the CSEA President direct the General Manager to begin the process to close the print shop. This decision was unanimous.

COMMUNICATIONS

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

WOMEN'S COMMITTEE REPORT

Nancy Kobata reported that the Women's Conference will be held on October 8, 2011, at the Manhattan Beach Marriott. She stated that the Women's Conference will be done differently than the previous years, and to cut costs, the Women's Conference will be a single-day event. Ms. Kobata commented that there would be a "no host" cocktail reception for those arriving on Friday evening. Ms. Kobata reported that there will be nine workshops to choose from and ten speakers that include: Sarah Granger (key speaker during lunch), Dr. Ana Nogales (Love, Sex and Relationships), Justin Crane with Crane Financial Solutions (How to Make the Right Decisions), Barbara Mathew-Scott (How to Negotiate and Make Elder Care Decisions), Dr. Vicki Hufnagle (Things Your Doctor Doesn't Want You to Know), Dr. Jean Dacosta (Conflict Resolutions), Jane Yow (EQ and Generational Values), Kathy Mathews (Women and the Spirit of Money), and Dr. Cindy Madson (Maximizing Your Potentials). Ms. Kobata concluded that the registration fee was \$125, and should be open next month. The room rates were negotiated at \$109/per night, for up to four people, per room. She encouraged everyone to pick up a Save-the-Date flyer and asked that all the Affiliates contribute seed money for this event.

HISTORICAL PROJECT POWER POINT PRESENTATION/REPORT

Janis Mickel Szichak showed a Power Point Presentation to the CSEA Board of Directors and asked them to provide startup funding for this project to preserve and make accessible, important documents, photos and other materials covering the history of CSEA from its beginnings in 1931, through the incorporation of the Affiliates.

Ms. Mickel Szichak explained that it's really the history of the state worker, the beginnings of public employee collective bargaining, the history of CalPERS, the formation of Golden 1, the history of the eight-hour day, and the history of how we came to be what we are today.

Ms. Mickel Szichak stated that one issue is that CSEA has several boxes of historical photos and memorabilia housed at headquarters and in Iron Mountain Storage. There are 47 boxes of photos, and 34 boxes of subject files at the CSEA Headquarters, with three times that many at Iron Mountain, waiting to be brought over. She stated that some Affiliates have equal amounts of boxes with photos and memorabilia, and some members have their own personal collections housed in their garage and attics. Ms. Mickel Szichak commented that she personally houses some of these old documents and photos in her office and that these valuable publications are worn and crumbling from handling. She stated that we can either do something with these materials, or they will be lost, destroyed or disintegrate on their own.

This is considered a very large project and will help make the public understand who we are and what we do. She commented that we are not professional archivists and need to learn the best practices for preservation, and the best way to access valuable documents.

Ms. Mickel Szichak reported that CSEA has looked into institutions to find out who could take over the physical possession of the materials and professionally archive them. She added that the preliminary conversations have taken place with the California State University, the San Francisco Labor Archives, United UC Davis, and with the California State Archives. These contacts have not been pursued, pending further discussion with the board on how they want to proceed with this.

The presence and participation of outside experts is also of importance if we want additional funding in the form of grants. Ms. Mickel Szichak suggested that this project would need a governing and/or advisory group of both outside experts and inside representatives of the Affiliates.

The 4 phases to this project are as follows:

- Phase 1 – The Gathering, Scoping and Phase Scanning
- Phase 2 – Website Development and Photo Identification
- Phase 3 – Oral Histories
- Phase 4 – Ongoing Archives, Publication of CSEA History

Ms. Mickel Szichak reported that some of Phase 1 has been done already. Many boxes have been culled and got rid of unnecessary duplications. She stated that the correct software for this project has been purchased so that the photos are stored in the correct format and easily identifiable.

She reported that CSEA has met informally with some of the Affiliates and some of the interested staff members, elected leaders, and CSEA wants to continue these discussions as well.

Ms. Mickel Szichak asked the Affiliates what they were interested in and how they see members using these materials, and determine the degree of involvement the Affiliates want to participate in the project.

After scanning, identifying and indexing as many photos as possible, CSEA wants to post them on a website and ask members to help identify people in the photos. Ms. Mickel Szichak showed various photos of importance such as breaking ground for the CSEA building, flu shots clinic, and other photos that “someone” could identify if these photos were posted onto a website. This would give members the opportunity to identify photos of people and events, and post something about them. She stated that these photos could be entered onto the website by decade, for easier indentifying.

The Oral History, Phase 3 is important because everyone has a story to tell behind the photos. Ms. Mickel Szichak referred to this as the “meat and potatoes” of this project.

In Phase 4 we produce and distribute our history. The method of doing this has not been determined. Some possibilities include: publishing a coffee table book, producing a documentary, posting a CSEA Historical Website; also, creating an on-going program to manage future donations of historical items as they become available.

The Board of Directors were asked to approve \$19,000, for Phase 1 and 2. Ms. Mickel Szichak’s proposal was to hire a student from the CSU or UC or community college with some feeling of history, for labor, for working people, and for photo and scanning technology.

Currently, there are about 20 applications from community and state colleges. As soon as we get an okay from the board, we will be ready to interview.

The candidates would be used on a part-time basis during the school year and full-time during vacations and off-school time. She stated that temporary IT help may be hired to develop and populate the website.

Lastly, she stated if this project was approved by the board and goes well, we would get back to the board at a future board meeting, to seek funding for Phases 3 and 4.

PRINT SHOP CLOSURE

Some members of the print shop showed up to address the board regarding the print shop closure. Lois Kugelmass, UAW President, Local 2350, asked the Board of Directors to hold off on making this decision until the next board meeting. In addition, Ms. Kugelmass submitted a letter to the Board of Directors.

BENEFITS ITEMS

Rosmaire Duffy reported on the following amendments to BEN 1/11/1 and BEN 2/11/1.

BEN 1/11/1 (Snodgrass) Separate Stabilization Reserve for Special Member Groups – Anthem Life Insurance Company

BD 2/11/1 MOTION: That the Board of Directors adopt the recommendation to amend the Guaranteed Retention Agreement between CSEA and Anthem Life to:

- Allow multiple stabilization reserve arrangements under CSEA's Anthem Life insurance plan,
- Allow Special Member Groups to be placed under separate stabilization reserve arrangements if agreed to by CSEA and Anthem Life,
- Benefit offerings to Special Member Groups will vary based on actuarial underwriting of insurance company,
- Provide Special Member Groups with the CSEA benefit plans and rate discounts without comingling experience and potentially, negatively impacting the current CSEA members, and
- Allow experience of Special Member Groups to be monitored for several years for later consideration of integrating reserves and experience.

BACKGROUND:

One of CSEA's strategies for growing membership is to allow Special Member Groups to participate in CSEA's benefit program. Special Member Groups, **approved by Anthem Life**, are eligible to:

- Participate in available CSEA's insurance plans. Current plans are Group Ordinary Life, Group Supplemental Ordinary Life and Group Term Life insurance plans.

- Purchase certain amounts of coverage without providing proof of good health.
- Take advantage of CSEA's life insurance rate discounts.

Establishing a separate stabilization reserve will enable CSEA to grow its membership without **negatively** impacting CSEA's current stabilization reserve. A sufficient stabilization reserve allows CSEA premium discounts to remain in effect even though incurred claims and other charges are greater than the expected charges reflected in the premium.

This recommendation is being made to:

- Provide Special Member Groups with the CSEA benefit plans and rate discounts without comingling experience and potentially, negatively impacting the current CSEA members.
- Allow experience of Special Member Groups to be monitored for several years for later consideration of integrating reserves and experience.

ESTIMATED COST/SAVINGS: ~~None.~~ The Special Member Groups will incur start-up costs associated with marketing, printing and other administrative expenses. Start-up costs will not include Life Insurance claims.

FUNDING SOURCE: Currently Anthem Life's legal counsel is reviewing options for covering these expenses:

- Accruing a deficit position in the Special Member Groups Premium Stabilization Fund, or
- Borrowing from the CSEA Premium Stabilization Fund to pay for the Special Member Groups start-up costs.

Motion was adopted as amended by general consent. CARRIED.

BEN 2/11/1 (Snodgrass) Separate Stabilization Reserve Fund for Special Member Groups – AGIA Insurance Services

BD 3/11/1 MOTION: That the Board of Directors adopt the recommendation to amend the Premium Stabilization Fund between CSEA and the insurance carrier(s) to:

- Allow multiple ~~stabilization reserve~~ Premium Stabilization Reserve Fund arrangements under the appropriate insurance plan(s), and
- Allow Special Member Groups to be placed ~~under separate~~ in a combined Premium Stabilization Reserve Fund arrangements with the existing CSEA Group Insurance Program if agreed to by CSEA, and the insurance carrier(s) AEGON or New York Life,
- Benefit offerings to Special Member Groups will vary based on actuarial underwriting of insurance company.

BACKGROUND:

One of CSEA's strategies for increasing membership is to allow Special Member Groups to participate in CSEA's Group Insurance Program.

Special Member Groups, **approved by the insurance carriers** (AEGON and New York Life), are eligible to:

- Participate in available CSEA Group Insurance Plans. Current plans are Accidental Death and Dismemberment, Cancer Care, Cancer CarePlus, Comprehensive Accident Plan, Disability Income and Group Travel Accident.
- Purchase coverage based upon the same requirements as current CSEA members.

Establishing a Separate Premium Stabilization reserve will enable CSEA to increase its membership without **negatively** impacting CSEA's current Premium Stabilization Reserve Fund. A sufficient Premium Stabilization Reserve Fund allows existing CSEA insurance premiums and benefits to remain in effect even though claims and other charges are greater than the amount collected in premium.

This recommendation is being made to:

- Provide Special Member Groups access to the CSEA Group Insurance Program benefits and rates without comingling financial experience and potentially, negatively impacting the current CSEA block of business.
- Allow experience of Special Member Groups to be monitored for later consideration of integrating Premium Stabilization Reserves and financial experience with the current CSEA block of business.
- * Please note the Emergency Assistance Plus, Long Term Care and Pet Insurance Plans are not included in this recommendation as they do not participate in a Premium Stabilization Fund arrangement.

ADDITIONAL BACKGROUND:

The Member Benefits Committee made the following motion at its December 5, 2010 meeting:

MB 31/10/3 MOTION: McGee, second by Robinson - that the Member Benefits Committee recommends that the Board of Directors adopt the recommendation to amend the Premium Stabilization Fund between CSEA and the insurance carrier(s) to:

- Allow multiple stabilization reserve arrangements under the appropriate insurance plan(s).
- Allow Special Member Groups to be placed under separate Premium Stabilization Reserve Fund arrangements if agreed to by CSEA and the insurance carrier(s), and
- Benefit offerings to Special Member Groups will vary based on actuarial underwriting of insurance company.

CARRIED.

The above motion was relayed back to the insurance carriers. Since then, AGIA insurance carriers AEGON and New York Life relayed that they will not offer insurance to approved Special Member Groups if a separate stabilization reserve fund is to be established.

The insurance carriers will only offer insurance to approved Special Member Groups if the stabilization reserve fund is combined and in addition:

- Insurance carriers will need to review all new groups approached and basic demographic information needs to be provided so that assumptions about the potential risk can be determined before agreeing to take on the new group.
- AEGON and New York Life will combine the financial experience of both the new Special Member Groups and the existing CSEA Group Insurance Program in the CSEA Premium Stabilization Reserve Fund and the financial experience may be positive or negative accordingly. If the financial experience is not combined, both insurance companies would be unwilling to provide insurance coverage to the new Special Members Groups as they would be considered a “stand alone” or new start up group.

Attached is a chart of motion options for Separate vs. Combined Stabilization Reserve Funds. The AEGON and New York Life product offerings will be a result of the motion made on either a separate or combined stabilization reserve fund.

ESTMATED COST/SAVINGS: ~~None.~~ The Special Member Groups will incur start-up costs associated with marketing, printing and other administrative expenses.

FUNDING SOURCE: Costs will be deducted from the CSEA Premium Stabilization Reserve Fund.

Motion was adopted as amended by general consent. CARRIED.

BEN 3/11/1 (Snodgrass) JC Insurance

BD 4/11/1 MOTION: That the Board of Directors sanction referring members to the JC Insurance Kaiser Health Insurance Plan contingent upon a non-compete agreement between CSEA/AGIA, and JC Insurance.

*Donna Snodgrass amended the motion at the same time she moved it. The following correction was made on page six. The first paragraph should read as follows:

JC Insurance offers ~~discounted~~ guaranteed issue medical programs for FACC members.

Motion was adopted as amended by general consent. CARRIED.

SPECIAL RECOGNITION ANNOUNCEMENT

A special announcement was made by President Hart, recognizing Sherrie Golden of Governmental Affairs, for her many years of service. Mr. Hart presented Sherrie Golden with an appreciation plaque, and thanked her for her services.

BYLAWS, POLICIES, PROCEDURES AND PROGRAMS COMMITTEE REPORT

Marilyn Ferrasci reported on the following:

Thank you, President Hart, for allowing me to bring this report to the board. First though, I would like to compliment each of the Affiliate Presidents for appointing such capable members to this committee.

I have been on many bylaws committees and these members measure up highly to any of the people I have worked with previously. I hope that this practice continues and that the people you recommend shall be appointed to the committee. On the day before our last meeting, President Hart suggested reviewing the necessity of the entire Part III of the Policy File. He offered some criteria for the committee to use in deciding if Policy File language needed to be retained, moved to the Bylaws or included elsewhere in CSEA process manuals. These questions were posed by legal counsel and staff as well as President Hart.

- If this is this important enough to be mentioned, should it be part of the corporate Bylaws?
- Is the language actually necessary as it might be already covered in corporate law?
- Are the comments just dealing with-day-to day operational issues that could be referred to in a process manual maintained by staff?

One of my goals has been to clean up Part III of the Policy File and to try to eliminate Part II. I have felt that Part II is really affiliate business and that the Association is not in the business of Broad Goals and Specific Objectives. I felt that the strategic plan set the goals for CSEA. I assigned sections of Part II to the committee members with an eye on eliminating what they felt was unnecessary and superfluous. I am glad that this assignment was made because it carried well into the change of agenda we gave the committee at our meeting. By explaining what we planned to do with Part III, the committee members were able to take a second look at their recommendations and the final result was elimination of Part II. I want to particularly thank Rosmaire Duffy and her committee for the diligence they performed in either eliminating language or moving language to Part III.

When I advised our committee that we had a new agenda for our meeting and President Hart, Rocco Paternoster, Anne Giese, and I explained what we hoped to accomplish, they understood. I gave them their assignments and recommendations from the attorneys and they went to work. In a few hours they accomplished their assignments, reported back to the committee, and the results were the 1st draft of the proposed new policy file, with the exception of the divisions assigned to specific committees, i.e., Finance and Member Benefits. This proposed draft will be reviewed at the next B&P Committee meeting. The committee's recommendations will be finalized at that meeting and will go to the next CSEA Board of Directors meeting on April 30th. Again, progress was made because of you, the Affiliate Presidents, who appointed people who are astute enough to understand why we needed to do what we asked them to do.

Before the next meeting of the B&P Committee on April 2-3, 2011, I have a request for each of you. Please review the agenda packet you will be sent in mid-March for the April B&P Committee meeting. Look carefully to see what additional things you think should be deleted, things you feel should be put back in, or any *new* language you feel is needed to further your agenda. Please meet with your committee members and give them your opinions and suggestions.

I will have each member of the committee report at our next meeting the comments of the affiliates. We hope to present to you at the next Board meeting on April 30th a final version of the policy file for your approval.

B&P 1/11/1 (Snodgrass) Deletion of CSEA Policy File Part II: Broad Goals and Specific Objectives

BD 5/11/1 MOTION: That the Board of Directors adopt the deletion of Part II: Broad Goals and Specific Objectives of the CSEA Policy File, and that Part III: Procedures be renumbered as Part II: Procedures.

Motion was adopted by general consent. CARRIED.

B&P 2/11/1 (Hart) CSEA History Project

BD 6/11/1 MOTION: Hart, second by Walker – that the president direct the general manager to take the following steps in order to preserve the Associations historical documents, photos, and memorabilia, formerly under the custodial oversight of the Retired Division:

- 1) Consolidate and organize photos and subject files, dispose of excessive duplicates and irrelevant materials.
- 2) Scan photos and subject materials of historical and organizational importance.
- 3) Create a website to make the historical materials accessible, and make it possible for members to participate in the process of identification.
- 4) Partner with educational and archival institutions, such as the CSU-San Francisco Labor Archive, CSU-Sacramento, UC Davis archives or the UC Berkeley Bancroft Library to determine the costs and feasibility of preserving and housing these materials, and explore alternative sources of funding, such as grants.
- 5) Preserve and house the Association archives. Work with partner organizations to access grant funds for this project. Partner with the Affiliates, if possible, to manage historical records now in the Affiliates' possession.
- 6) Investigate the feasibility and cost of conducting an oral history program among the membership.

Motion was adopted by general consent as printed. CARRIED.

PRESIDENT'S AWARD/EMPLOYEE RECOGNITION

Steve Aunan, CSEA Webmaster in the IT Department, was recognized by President Hart for being selected to receive the Annual President's Award for his innovation, engagement, collaboration, teamwork, leadership and excellence.

(REPORTS OF OFFICERS)

REPORT OF PRESIDENT

President Dave Hart reported on the following:

I want to express my regret that this is John Williams' last board meeting. John has been great to work with and I am going to miss him on our board. I just want to wish John all the best and ask him to take care of himself.

(Bylaws and Policy File)

A couple of days prior to the last meeting of the B&P Committee here in Sacramento during the first week of January, I was discussing our accounting processes with General Manager, Lee King. The conversation had to do with how accounting goes about tracking different sets of travel expense claim rules for our affiliates. Those comments touched on the role of the Policy File and the piecemeal way that changes to it are made by the CSEA Board of Directors, often long after an actual change in practice has occurred. In light of the B&P Committee meeting that was to occur in just a couple of days, we paused to consider, from a high level, what value Part III, Procedures provides to staff as well as those of us in elected positions in interpreting board policy and how much of the accounting processes are better monitored in an accounting manual. At that point I asked Mr. King to discuss with our legal advisers on the B&P Committee if there was any reason why the committee should not take the same approach to review the entire Policy File including eliminating entire sections. Anne Giese and Rocco Paternoster conferred and agreed that with some exceptions, much of the Part III is covered adequately in the Bylaws, State of California Corporate Code or could be contained in process manuals that are maintained and more quickly updated by staff to help them do their jobs. The CSEA Board will continue to have the authority to instruct the general manager to change policies and procedures. When I met with Marilyn Ferrasci, our CSEA B&P committee chair and briefed her on the possibility of taking this new approach to the Policy File, she was already thinking along the same lines in her work with Part II Broad Goals and Specific Objectives, and was enthusiastic about charging the committee with taking a similar fresh look at Part III Procedures. You have already heard Marilyn's report, but I want to say that I really appreciate the willingness of the committee members from all four affiliates for the way they took on this assignment in such an open-minded and non-judgmental manner. I encourage each of you on the board to recognize your affiliate appointees for their can-do attitude and thank them for the work they are doing on the CSEA B&P Committee the next time you meet with them.

(CMAC Status)

I have prepared a status paper on CMAC for the board and any member who is interested. I did this for a couple of reasons. I find that when I write about something, I am forced to understand it more clearly than by just talking about it. Also, I discovered that because the history and mechanics of CMAC processes were not written down in one place, there were multiple interpretations of reality that took a lot of time to sort out. I spent time talking to multiple parties, comparing answers, and circling back multiple times to confirm that I wasn't the only person who had an incomplete or erroneous understanding. All that talking and meeting is useful in achieving clarity, but failing to produce a written record of it is terribly inefficient for those who come behind us in time. There is nothing really new in here but I meant this to be a comprehensive report on what CMAC is, how it works, what it is and is not. So, please feel free to read this and forward your comments. If you have questions that aren't answered in this document, it probably needs to be included. There are no dumb questions.

I have submitted this to Lee King, Sherrie Golden and Rocco Paternoster for fact checking. I have also spent some time reviewing this with Richard Rios, the attorney with Olsen Hagel & Fishburn with whom we contract for accounting and political campaign legal compliance. This CMAC status paper may change. It is my goal to have a written description of this program that can be referred to for the benefit of the board and whoever is president after me. It seems like it has taken me far too long to understand CMAC from the affiliates' view and I would like all the meetings and discussions to be consolidated in one place so the next president doesn't have to spend so much time on the issues involved.

As long as there are CMAC contributors, I believe that CSEA should utilize the CMAC Issues Account exclusively for coalition membership contributions, like CHCRS (Californians for Health Care and Retirement Security), ballot initiatives and for GOTV campaigns. I anticipate annual revenues to the CMAC Issues Account in 2011 to be about \$8,900 per month or \$107,000 annually.

At the last board meeting, I made some comments that need correcting. It turns out CSUEU does have their own PAC in which they deposit their "per caps" and therefore have no need of the CMAC account as a place to house their affiliate political action funds. Also, as of March 1, members of the CSEA Retirees, Inc. will no longer be CMAC contributors. This demonstrates the gradual shift from CMAC to the individual affiliate PACs. The percentage of contributions will be 59% CSUEU, 28% ACSS and 13% SEIU Local 1000.

To correct another statement I made at the last meeting, I said that the CSUEU president would be the primary decision-maker for the use of CMAC funds based on the heavy percentage of dollars from our CSUEU Affiliate.

I have since learned that policy could endanger the tax status of both CSUEU and CSEA accounts, a fact that I was unaware of at the time. So, for the record, the CSEA Board of Directors will continue to advise the president of CSEA on the expenditure of funds with the goal of satisfying affiliate objectives as well as retaining a clean record with the FPPC and the IRS.

REPORT OF VICE PRESIDENT

Vice President Donna Snodgrass reported on the following:

Donna Snodgrass reported that the Member Benefits Department will be paying dividends to Central Support between \$200,00 and \$250,00, and reports that this is up from \$120,000 last year. Ms. Snodgrass reported that sometime, within a year, the Member Benefits Committee will be looking at excess premium reserves. Ms. Snodgrass stated that she would have an exact dollar amount at the next meeting that the actuary attends, but the approximate value of those reserves are in the neighborhood of four million dollars.

The Special Membership Program that they have been working on finally got through all the insurance laws and insurance company policies, and they have been working with them to get this rolled out. Ms. Snodgrass reported that the first mailing to the Special Member Program has been accomplished. Employee Benefits Representatives are meeting one-on-one with members to either change insurance policies to the CSEA policy, or to sign up new policy holders.

Ms. Snodgrass reported that they have complete membership lists from two of the associations who have signed on. Ms. Snodgrass passed out a tri-fold information piece that came from Member Benefits and Alliance Print and Design, of CDF Firefighters.

This was their inaugural visit with them at their convention in December. In addition, Ms. Snodgrass reported that the EBR's now have invitations to go to chapter meetings for the firefighters. Kay Thomas, Athena Summers and Bob Wright spent the entire week there with the firefighters and reported that this was a very successful event. The firefighters were very happy to have the offerings offered to them because even though they have been available to them through another insurance trust, there's no marketing and they can't even find the information for those products. Not all of those insurance products are being offered to them, but because of the high risk groups, an effort has been made to push their product forward so they know how to go and find it.

Lastly, Ms. Snodgrass announced that she retired December 30, 2010 and is now a member of CSEA Retirees, Inc., Chapter 6.

REPORT OF SECRETARY-TREASURER

Secretary-Treasurer David Okumura reported on the following financial highlights:

Although the year end results are not finalized, we are able to make observations on how Central Support operations for 2010 compared to budget:

- We are currently projecting that Central Support costs will be approximately \$600,000 below budget based on our initial soft closing of CSEA's books for the year ending December 31, 2010. Despite incurring the unplanned (i.e. non-budgeted costs incurred in the Membership RFP), we have been able to remain under budget due to budgeted increases that did not actually occur in the area of health care, Worker's Compensation and other general insurance along with unfilled staff positions. Additionally, other favorable variances included pension savings due to the merger of our retirement plan into the SEIU Plan, as well as governance meeting costs.
- We are in the midst of our audit season and well prepared for the 3 separate CPA firms that will be in our offices during the next 3 months.
- We are currently at 5 days 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. Print Shop projected loss for 2010 is expected to be approximately \$400,000. This loss is totally due to the decline in top line (i.e. revenue) due to the decline in demand for printing work by the affiliates and outside customers.
 2. The Member Benefits Department is expected to realize a year-end profit of approximately \$200,000 to \$250,000.
- We face challenges in 2011, as we expect to have higher health care costs, approximately **17% and increased worker's comp rates of 35%**. We will also not have any significant savings in pension costs as 2010 was budgeted at the rate of 40% of direct payroll, but 2011 is only budgeted at 25%. Currently, the combined rate (that includes the 14% annual contribution along with payment of the unfunded pension loan and the unbudgeted 401K contribution) amounts to approximately 23% and as such we would expect minimal savings during 2011 in this budget line item.

REPORT OF GENERAL MANAGER/DIRECTOR of ORGANIZATIONAL DEVELOPMENT

General Manager Lee King reported on the following operational highlights:

(Audits)

Mr. King reported that the audits and tax returns for 2010, for CSEA and the three Affiliates, are underway. Audits for the benefit plans (pension and 401K plan) will occur later in the year.

(401K Plan)

Mr. King stated that they are currently looking at changing the investment platform/advisors for the 401K plan. On Tuesday, January 25, 2011, there were three firms who presented proposals. Mr. King stated that the goal is to drive down plan expenses, internal fees and increase our fiduciary compliance to evaluate current offerings.

(Staff Updates)

Mr. King announced that Betty Matthews was leaving at the end of the month, after completing the Accounting Procedures Manual. In addition, he reported that Tammy Pittman was promoted from a Program Specialist, to Accounting Manager.

(Print Shop)

Mr. King reported that at the January 28, 2011 board workshop, consultant Scott Keilhotz gave a report regarding the challenges that we are being faced with. Based on the board's decision to close the print shop, Mr. King will be developing a plan to maximize the return we can get for the underlying assets of the print shop, and will be working with the Finance Committee on the specifics of this plan.

(Member Benefits)

With respect to the other for-profit operations, Mr. King reported that Member Benefits are on-track to generate profits of approximately \$250,000 for 2010. As a result, this department having reached the benchmark of obtaining six months of accumulated reserves will return a dividend to the Affiliates in the same amount. Mr. King stated that this was a tremendous achievement for a department that seven years ago was losing approximately \$328,000 a year. In terms of the Special Member Program, Mr. King stated that we are struggling with the implementation process that involves not only our partners, but also our third-party administrator, as well as the carriers themselves.

Mr. King stated that we underestimated the regulatory hurdles that had to be satisfied and the lack of staff support from the organizations that want to partner with us. He stated that we are still in the discovery stage of whether there is a viable business model to be had.

Member Benefits will continue to work through the contract issue with the life insurance provider (Anthem) that hampers their ability to effectively go out to bid on these products because of contract language that would allow Anthem to cancel the insurance of the current policyholders and pay them the accumulated cash value of the policy. This would mean that some policyholders would be put in the position of trying to secure new coverage from another carrier and they may no longer be insurable because of health considerations.

We have retained an attorney to deal with this issue and continue to negotiate with Anthem. We expect to have to report to the Board at the next meeting.

(Strategic Planning)

Mr. King stated that there is continued progress being made on CSEA's recently adopted strategic plan.

He reminded 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 four Affiliates

(Departmental Highlights)

Administration

Started, at the request of CSEA Retirees, a CSEA History project. We will be digitally saving memorabilia (publications, photos, etc.) so that the materials will be available to Affiliates and members.

Human Resources

- Developed a revised Employee and Manager Evaluation Form
- Negotiated new Kaiser premium rates for 2011 and evaluated other alternatives to the existing worker's compensation carrier
- Sent out applications to conform Healthcare Reform Act
- Negotiated LTD savings of \$74,000
- VSP-5% savings
- Conducted open enrollment processing

Legal

- Dealt with the UAW on the accounting department layoffs

Communications

- Served as project manager for Alliance marketing program to improve competitiveness
- Served as project manager to increase the attractiveness and user friendliness of the member Benefit 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 legislative pages for CSEA Retirees, CSUEU and ACSS
- Initiated the CSEA History Project
- Implemented a project to introduce project management techniques throughout central support

Governmental Affairs

- Worked with Affiliates and membership to achieve a successful November General Election
- Streamlined and improved our internal California budget data collection process that is specifically organized by Affiliate. Continue to watch the current budget by attending budget hearings, monitoring bills and analysis and commenting to the Legislature on behalf of ACSS, CSUEU and CSEA Retirees
- Improved the communication process with Affiliates' Legislative and PAC Committees by designating a point person to correspond with
- Served as staff support for the CSEA's Women Conference for 2011
- Pursued sponsored legislation on behalf of our three Affiliates (ACSS, CSUEU and CSEA Retirees)

Accounting

- Expense claim processing– Changed the process due to the beta testing; Continue to use manual forms but will scan documents and allow for online approval; automated and streamlined turnaround time, despite a reduction of four staff
- Currently going through some customization of our payroll system with Ceridian to be able to assign labor dollars to specified event codes
- Remodeled the floor plan layout
- Audit preliminary testing ahead of schedule by 2 days
- Accounting procedure and process manual near completion
- Continue to have issues with service from SEIU on the pension plan for our retirees; Yvonne Walker has carried our concerns to the elected Secretary-Treasurer, Eliseo Medina

Membership

- Hired a new member data technician, Maria Juarez (replacement for Carlos Simental)
- Defined and documented a process to manage PAC deductions

- Coordinated SEIU Leadership report
- Coordinated addition of CSUEU BU 13 employees with SCO
- Coordinated addition of SEIU seasonal employees with SCO
- Automated retiree and CSUEU membership card process
- Developed and implemented additional data exceptions report

IT

- Created a new user interface for Local 1000 which allowed for reporting on Fall 2010 organizing activities
- Remapped ACSS chapters and reported on the impacted members
- Implemented a new PAC reporting and management tool to assure no contributions exceed PAC thresholds
- Created and rolled out a new PAC management user interface for the Retirees and ACSS
- Implemented new CSUEU Chapter Finance reporting
- Ordered new infrastructure components
- Helped create and manage member file history tool

Member Benefits

- Redesign of website with the goal of making it more user friendly and attractive and to include a basic shopping cart
- Developed for offering numerous new offerings in the areas of theme park tickets, entertainment offerings, hotels and restaurants
- In the Affiliates partnership program, revised power point presentation, revised information packets and worked with carriers on revision of application forms; mailing went out on January 24, 2011, for 60-day guaranteed issued for SRCA

Print Shop

- Installed new voice and data lines
- Installed an industry specific estimating system (Franklin)
- Developed management analysis reports to evaluate profitability of jobs
- Fulfilled over \$325,000 in print orders from the California Democratic Party during a six-week period leading up to the fall elections

Other

Employee of the Month awards to those that exemplify teamwork, customer service and initiative. Recipients since the last board meeting were:

- Thomas Chaimongkol (IT)
- Mike Long (HR)
- Gerardo Reyes (Print Shop)
- Stacy Brant (Accounting)

The Annual President's Award went to Steve Aunan (IT), as mentioned in the president's report.

REPORT OF AFFILIATE ADMINISTRATORS

(ACSS, Inc.)

Arlene Espinoza reported that at their October board meeting, they focused on political activity. They had five legislative candidates speak with them and even had a mini rally out on the streets, for Jerry Brown. ACSS members worked hard on running an internal campaign to elect Jerry Brown as governor. Ms. Espinoza reported there were many activists who walked precincts and phone banked.

Ms. Espinoza reported that there were several executives who attended the Election Day events to celebrate their 92.4% victory in candidate endorsements. In addition, there were several officers and members attend legislative swearing-ins. In January, several executive officers and board members attended the five Constitutional Officer inaugural events that included Governor Jerry Brown's inaugural.

At the January board meeting, ACSS staff provided detailed audits on their operations. These audits included the questions: What do we do? What works? What does not, and what do we have to change? With this information, the board voted to start a membership awareness and activation campaign.

Ms. Espinoza reported that ACSS decided to turn April's board meeting into a two-day workshop for their committees to focus on moving their board decision forward.

(CSEA Retirees, Inc.)

Roger Marxen reported that Retirees hired a new administrator last year, and formally introduced, Dr. Philip Sherwood. Mr. Marxen announced that Phil Sherwood was a long-term state employee, that he's a member of Chapter 2, and worked at CalSTRS for several years. Mr. Marxen stated that retirees have a new attitude, and that he's very pleased to have Mr. Sherwood aboard.

Mr. Marxen stated that Retirees was facing changes within their organization. He announced that John Williams will no longer be serving on the board, but would still be an active employee. In addition, Mr. Marxen stated that Max Turchen will be greatly missed.

Mr. Marxen reported that they had elections in several of their districts and that they had three openings therefore, there will be a change in the board when they meet next month. The elected members were: Gus Lease, from the Bay Area; Donna Hernandez, Southern California, and Jerry Evans, representing the Central Coast. Elections for the board will take place in February, when they meet in Burlingame.

Mr. Marxen announced that the Retirees are planning a General Assembly next summer and there will be approximately 300 delegates meeting in Southern California. He stated that they were going to utilize the skills from the new Administrator, Phil Sherwood, as far as setting up all the workshops. They are looking forward to having various workshops, as well as a business session. Mr. Marxen believes that conducting both will generate more interests.

Mr. Marxen stated that Retirees is currently trying to set up a Membership Committee, which he added is sadly lacking because they have not received a state-wide commission that's been set aside for enhancing their membership. They meet next month to select a membership chair and committee. The goal is to enhance the membership from 31,000 to 60,000.

Mr. Marxen stated that Retirees is facing the same issues as CSEA with their policy file, and they will be addressing their policy file as well.

In addition, Mr. Hart announced that Retirees held an Open House on January 25, 2011, and encouraged those who didn't get a chance to stop by to do so.

(CSUEU)

Pat Gantt reported that CSUEU is basically in a preparation and reaction mode in and around the state budget and they are preparing for a full contract, as their current contract expires at the end of June, 2011.

Mr. Gantt stated that he felt Governor Brown has taken an honest approach to the state's fiscal problem, with working out a budget, on tax extensions, but with deep cuts. The deep cuts that Governor Brown has identified in his proposal on January 10, 2011, saddles the CSU System with a \$500 million dollar cut, equivalent to 18 percent of their operating budget, general fund.

Mr. Gantt explained, If the CSU System was uniform, had the same size campuses, had the same number of students, and the same budgets, the cut would be easy, they would close four campuses.

However, the system is not constructed that way and each campus has different programs, a different number of students, and a different budget. Mr. Gantt stated that so far, the CSU System, the Trustees, and the Chancellor have no idea, nor have they shown leadership in how to do this yet. Mr. Gantt stated that this year their job is a real challenge on how to protect their members' interests from cuts and potential layoffs, and at the same time, try to protect their contract and keep it in place.

Mr. Gantt stated that we also have to prepare for a General Election, and added that it's in the Affiliates' common interest to have the five year tax extension because without this, the Public Sector would shrink even more, and the cuts will double. He stated that these are dire times and they are preparing for this.

Mr. Gantt stated that they want an unallocated cut in the budget, but they also want to hold management accountable as far as reporting back how they do these cuts because if there was a targeted cut because they represent four bargaining units, it would hurt their members more than the cuts being evened out through an unallocated cut. Last year they had budget cuts and there were nine campuses with layoffs. Mr. Gantt added that the potential this year is greater.

(SEIU Local 1000)

Yvonne Walker reported that SEIU Local 1000 was very involved in the November Election and that she was proud to have maintained a “blue” California. In December, 2010, SEIU held their annual planning meeting for 2011, in San Diego. Ms. Walker stated that she was excited to have come up with their strategic goals for 2011.

In December, 2010, Ms. Walker announced that they hired a new Chief of Staff, Nolice Edwards, formally Chief of Staff for the Assembly Speaker, Karen Bass.

On February 2, 2011, SEIU will hold their Annual Legislative Reception in the Capitol and will get to meet the Legislators at that time. Ms. Walker stated as for the budget, the governor has the realignment proposal out and they will try to find out what this all means. She added that the governor proposed a very difficult budget, but thinks after having eight years of constant attacks, that at least there is a balanced approach to it. She stated that she doesn't know how it will end up, but knows that there are layoffs, and will be more layoffs in the state workforce.

Ms. Walker announced that a special election for revenue will take place in June and that every state and public worker is going to have to be engaged. Coalitions are being put together and she stated that this is a priority not just for our organization, but for all organizations out there.

On January 31, SEIU will have a State of the State watch party so that folks could come together and have discussions afterwards. Ms. Walker invited and encouraged people to come to this.

In dealing with our International at the last board meeting, they approved our fight in the coming years. They are calling it “A Fight for a Fair Economy”. The overall approach to this is “How do we get jobs? How do we increase the number of organized working people. This is what will make the difference. Organized labor is down by 7 percent and as long as the numbers are that low, we will always have an attack on our pensions, on Public Sector Services.”

Lastly, Ms. Walker closed with stating that she was looking forward to working this year on various areas such as the budget and special elections.

UNFINISHED BUSINESS

There was no unfinished business.

MEETING ADJOURNMENT

The meeting was adjourned by President Hart at 12:30 a.m.

Respectfully submitted,

Paula McClarin
CSEA Board Secretary