

No. 10-1121

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IN THE  
**Supreme Court of the United States**

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DIANNE KNOX, *et al.*  
*Petitioners,*  
v.  
SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 1000,  
*Respondent.*

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**On Petition for Writ of Certiorari  
to the United States Court of Appeals  
for the Ninth Circuit**

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**MOTION TO DISMISS AS MOOT**

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October 2011

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## INTRODUCTION

This case is moot. The dispute between the parties involves a temporary increase in the dues paid by members of Respondent Service Employees International Union, Local 1000 (hereinafter the “Union”), and a corresponding increase in the fees paid by employees represented by, but not members of, the Union. That increase was collected from September 2005 through December 2006. Petitioners assert that the Union failed to provide the non-members with adequate notice of the basis for that temporary increase and an opportunity to object to paying for any portion of the temporary increase that would be used for political purposes. The District Court held that the Union had failed to provide adequate notice for the period from September 1, 2005 through June 30, 2006, awarded nominal damages, and ordered the Union to permit non-members who paid the temporary increase during that period to request a refund of the portion of the increase not chargeable to objecting non-members.

As explained herein, the Union is providing Petitioners and the class they represent with all of the relief that the District Court ordered in this case, and indeed more. There is no further relief that Petitioners and the class members could obtain through a favorable decision by this Court, and Petitioners and the class they represent thus no longer “have a ‘personal stake in the outcome’ of the lawsuit.” *Lewis v. Continental Bank Corp.*, 494 U.S. 472, 478 (1990) (quoting *Los Angeles v. Lyons*, 461 U.S. 95, 101 (1983)). As such, the case is moot, and the appeal must be dismissed. *See, e.g., Brownlow v. Schwartz*, 261 U.S. 216, 217-18 (1923) (“To adjudicate a cause which no longer exists is a proceeding which this [C]ourt uniformly has declined to entertain.”).

## BACKGROUND AND PROCEDURAL POSTURE

This case arose after the Union enacted a temporary increase in dues and fair share fees on or about August 27, 2005. Petition Appendix (“Pet. App.”) A at 5a-6a, *Knox v. California State Employees Ass’n, Local 1000*, 628 F.3d 1115, 1118-19 (9th Cir. 2010). Collection of the temporary increase commenced on September 1, 2005 and ran through December 31, 2006, a period of sixteen months. Pet. App. A at 5a, *Knox*, 628 F.3d at 1118. For California state employees who were represented in collective bargaining by the Union and who chose to become Union members and to pay Union dues, the amount of the temporary increase was set at 0.25 percent of gross wages. *Id.*

Pursuant to California Government Code §§ 3513(k) and 3515.7, California state employees who are represented in collective bargaining by the Union and who choose not to become Union members pay fair share fees in lieu of Union dues. The fair share fee increase was set at two different rates. The first rate was 99.1 percent of 0.25 percent of gross wages, that is, 0.24775 percent of gross wages. Pet. App. B at 62a n.5. This rate was paid by non-members who failed to submit a timely objection to paying for expenditures not germane to collective bargaining in response to the Union’s May 2005 fair share fee notice (the so-called “*Hudson* notice”) for the 2005-2006 fee payer year. *Id.*<sup>1</sup> The second rate was set at 56.35 percent of 0.25 percent of gross wages, that is, 0.140875 percent of gross wages. Pet. App. B. at 62a. That rate was paid by non-members who submitted timely objections in response to the May 2005 *Hudson* notice. *Id.*

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<sup>1</sup> The term “*Hudson* notice” refers to the fee notice required by this Court in *Chicago Teachers Union, Local No. 1 v. Hudson*, 475 U.S. 292 (1986).

On November 1, 2005, Petitioners sued the Union in the United States District Court for the Eastern District of California. Joint Appendix (“J.A.”) at 4. Petitioners sought to represent classes including all non-members who were paying the increase. J.A. at 9-12, 21. Petitioners alleged that the funds generated by the increase were intended to be spent solely on political activities, and that the Union was not entitled to collect the increase from the non-members unless and until it provided them with a new *Hudson* notice that separated the spending from the increase into chargeable and non-chargeable categories and permitted non-members to object to paying the non-chargeable portion of the increase. J.A. at 4-24. (The Union’s May 2005 fair share fee notice did not discuss the increase, as the increase was enacted several months later.) Petitioners sought damages and an injunction prohibiting the Union from continuing to collect the temporary increase without providing adequate notice and an opportunity to object. J.A. at 20-23. They did not seek any relief limiting the Union’s enactment of additional dues increases in the future. *Id.*

The Union responded by denying that the funds generated by the increase were intended to be spent solely for political, much less non-chargeable, activities, and by denying that it had a legal obligation to issue a new *Hudson* notice to non-members or to afford them a new opportunity to object to paying for non-germane expenditures. J.A. at 36-37.

After denying Petitioners’ motion for a preliminary injunction, the District Court certified the case as a class action and subsequently resolved the case on summary judgment. J.A. at 33-38, 55-62; Pet. App. B at 50a-74a. It held that the Union was legally obligated to provide all non-members with advance notice of the fee increase and an opportunity to object to paying for non-germane

expenditures. J.A. at 71a-72a. The District Court also held that the Union had failed to provide such a notice for the period between September 1, 2005 and June 30, 2006, but that the Union had done so for the period between July 1 and December 31, 2006 by providing non-members with an annual *Hudson* notice that encompassed the temporary increase in May 2006. *Id.* at 73a.

The District Court ordered the Union to issue a new notice to all class members and to provide them with an opportunity to claim a refund, with interest, of any portion of the fee increase that they paid between September 1, 2005 and June 30, 2006 that was attributable to non-germane expenditures. *Id.* at 72a-74a. Following an unopposed motion for reconsideration, the District Court further ordered the Union to pay nominal damages in the amount of one dollar (\$1.00) to each class member. Record (“R.”) 141, 142, 145, 146, 150. Petitioners did not request, nor did the District Court grant, any relief – including any forward-looking injunctive relief – relating to future fee increases. J.A. at 20-23; Pet. App. B. at 73a-74a.

The Union appealed the District Court’s decision to the United States Court of Appeals for the Ninth Circuit. R. 155, 161. Petitioners did not appeal any aspect of the District Court’s decision. The Ninth Circuit subsequently reversed the District Court, holding that the Union had no legal obligation, beyond the annual *Hudson* notice it had issued in May 2005, to provide non-members with advance notice of the fee increase and an opportunity to object to paying for any non-germane expenditures funded thereby. Pet. App. 16a; *Knox*, 628 F.3d at 1123. This Court granted Petitioners’ petition for a writ of certiorari on June 27, 2011.

**FACTS**

On September 29, 2011, the Union caused to be mailed to each of the class members a notice entitled, “Notice to All Persons Employed by the State of California in Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20 and 21 between September 1, 2005 and June 30, 2006 Who Were Represented in Collective Bargaining by, But Were Not Members of SEIU Local 1000.” Motion to Dismiss Appendix (“Mot. App.”) at 2a, ¶ 3. A true and correct copy of that Notice, and the rest of the package mailed to the class members with the Notice, is reproduced in the Appendix hereto, as Exhibit A to the Declaration of Yvonne Walker. Mot. App. at 7a-37a. That Notice informed all class members about the fee increase and the subsequent litigation, and permitted them to obtain a refund, with interest, of the fee increase they paid between September 1, 2005 and June 30, 2006. *Id.* at 8a-10a. Although the District Court had only ordered the Union to refund, upon request, that portion of the increase that was attributable to non-germane expenditures (Pet. App. B at 72a-74a), the Notice permitted class members to obtain refunds of 100 percent of the fee increase they paid during the remedial period, that is, both the germane and non-germane portions (Mot. App. at 10a). The Notice informed class members that, in order to obtain such a refund, they merely had to send the Union a letter requesting a refund and providing basic identifying information, postmarked by November 18, 2011. Mot. App. at 9a-10a.<sup>2</sup> The Notice informed class members that such refunds would be automatically issued to those class members who submitted a timely

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<sup>2</sup> The District Court’s decision required the Union to provide a 45-day response period within which class members could request a refund. Pet. App. B at 73a. The Union’s Notice provided class members with a 50-day response period.

objection in response to the Union's June 2005 *Hudson* notice, without any need to request a refund. Mot. App. at 10a.

The Notice was accompanied by two independent auditors' reports regarding the germane and non-germane expenditures funded by the increase. *Id.* at 12a-37a. Those same reports had previously been provided to non-members as part of the Union's May 2006 and May 2007 *Hudson* notices. *Id.* at 2a-3a, ¶ 3. Finally, a one dollar (\$1.00) bill was affixed to the margin of the first page of each copy of the Notice with a dot of clear, removable glue designed not to tear the page or deface any print when removed. *Id.* at 2a, ¶ 3, & 38a (Exh. B). The dollar bill provided each class member with the nominal damages awarded by the District Court. R. 150.

As stated in the Notice, the Union "is providing all class members with all of the relief they could obtain if they were fully successful in the lawsuit, specifically, nominal damages and the opportunity to obtain a refund, with interest, of their payment of the fee increase during the period between September 1, 2005 and June 30, 2006 . . . ." Mot. App. at 9a. The Union is proceeding to issue automatic refunds to those non-members who filed timely objections in response to the May 2005 *Hudson* notice, and will promptly issue refunds to all other non-members who provide timely refund requests in response to the September 29 notice. *Id.* at 5a, ¶ 7. The Union will issue the non-automatic refunds on a rolling basis, as the requests are received, and intends to do so within ten (10) days of receiving each request. *Id.* The postmark deadline for requesting a refund is November 18, 2011. *Id.* & 10a. Therefore, all refunds will be paid by the end of the first full week of December 2011. *Id.* at 5a, ¶ 7.

Finally, although not sought by Petitioners in this action and not ordered by the District Court, the Union

has enacted a resolution amending its internal policies to require that non-members be given advance notice of any future assessment implemented after the issuance of an annual *Hudson* notice, and an opportunity to object to paying the non-germane portion and to challenge the Union’s calculation of the germane amount. *Id.* at 5a-6a, ¶ 8, & 49a-52a (Exh. F).

## ARGUMENT

Article III limits the jurisdiction of all federal courts to resolving actual “Cases” and “Controversies.” U.S. Const. art. III, §2; *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 559-60 (1992). “To qualify as a case fit for federal-court adjudication, ‘an actual controversy must be extant at all stages of review, not merely at the time the complaint is filed.’” *Arizonans for Official English v. Arizona*, 520 U.S. 43, 67 (1997) (citing *Preiser v. Newkirk*, 422 U.S. 395, 401 (1975)); *see also Lewis*, 494 U.S. at 477 (“This case-or-controversy requirement subsists through all stages of federal judicial proceedings, trial and appellate.”). “[I]t is not enough that a dispute was very much alive when suit was filed, or when review was obtained in the Court of Appeals. The parties must continue to have a ‘personal stake in the outcome’ of the lawsuit” throughout the time that the case is pending before this Court. *Lewis*, 494 U.S. at 477-78 (1990) (quoting *Lyons*, 461 U.S. at 101).

An “actual controversy” ceases to exist, and the underlying case therefore becomes moot while an appeal is pending, if it becomes “impossible for this court, if it should decide the case in favor of the plaintiff, to grant him any effectual relief whatever . . .” *Mills v. Green*, 159 U.S. 651, 653 (1895). In *Mills*, this Court held that a lawsuit in which the plaintiff challenged the denial of his right to vote in a one-time election became moot when that election was held. 159 U.S. at 657-58. Likewise, in

*Brockington v. Rhodes*, 396 U.S. 41 (1969), the Court dismissed an appeal as moot when it became “impossible to grant the appellant the limited, extraordinary relief he sought” – an order requiring that his name be placed on the ballot for a particular congressional election – because the election had taken place and the appellant never sought declaratory relief, class-wide relief, or any other form of prospective relief regarding future elections. *Id.* at 43-44.

This mootness principle applies not only where the relief sought by a plaintiff has become impossible to obtain, but also where the plaintiff has already obtained all the relief that would be available following a favorable decision by this Court. This is true because “[o]nce the defendant offers to satisfy the plaintiff’s entire demand, there is no dispute over which to litigate. . . .” *Rand v. Monsanto Co.*, 926 F.2d 596, 598 (7th Cir. 1991) (Easterbrook, J.). Thus, in *Brownlow v. Schwartz*, this Court held that a lawsuit challenging the denial of a building permit became moot on appeal when the building inspector, believing himself bound by the Court of Appeals’ opinion, issued the permit. 261 U.S. at 217. The Court found that the case was moot because “[a]n affirmation would ostensibly require something to be done which had already taken place. A reversal would ostensibly avoid an event which had already passed beyond recall. One would be as vain as the other.” *Id.* The Court stated that it “[would] not proceed to a determination when its judgment would be wholly ineffectual for want of a subject matter on which it could operate.” *Id.*

In this case, as in *Brownlow*, Petitioners and the class they represent have received all of the relief that would be available to them following any decision in their favor by this Court. The September 29, 2011 Notice sent by the Union permits class members to obtain refunds of the full

amount of the temporary fee increase paid between September 1, 2005 and June 30, 2006, the remedial period ordered by the District Court, and the Union is automatically issuing such refunds to all class members who filed timely objections in response to the Union's May 2005 *Hudson* notice. Furthermore, each member of the class has been paid the nominal damages awarded by the District Court, in the form of a one-dollar bill attached to the Notice. The Union is thereby providing the class with all of the relief required by the District Court – indeed more, because the Union is refunding the full amount of the fee increase paid between September 1, 2005 and June 30, 2006, not only (as the District Court ordered) that portion attributable to non-germane expenditures.

Because Petitioners did not file a cross-appeal or challenge any aspect of the District Court's decision in the court of appeals or in the opening brief filed with this Court, they have waived any objections to that decision, and the only relief available to them following a favorable decision by this Court would be the relief provided by the District Court. *United States v. Am. Ry. Exp. Co.*, 265 U.S. 425, 435 (1924) (party that has not filed a cross-appeal “may not attack the decree with a view either to enlarging his own rights thereunder or of lessening the rights of his adversary, whether what he seeks is to correct an error or to supplement the decree with respect to a matter not dealt with below”); *Morley Const. Co. v. Maryland Cas. Co.*, 300 U.S. 185, 191 (1937) (describing “inveterate and certain” rule that, absent cross-appeal, appellate courts may not provide appellee with a form of relief different from that provided by judgment on appeal); see also *Greenlaw v. United States*, 554 U.S. 237, 244-45 (2008) (describing “unwritten but longstanding rule” that “an appellate court may not alter a judgment to benefit a nonappealing party” and “that it takes a cross-appeal to justify a remedy in favor of an appellee”); *Bath*

*Iron Works Corp. v. Director*, 506 U.S. 153, 162 n.12 (1993) (argument waived where not raised in Court of Appeals).

Petitioners have received all the relief they could possibly obtain through appellate review and no opinion issued by this Court on appeal could have any effect on the parties' dispute. For that reason, as in *Mills*, *Brownlow*, and *Brockington*, the case must be dismissed as moot. There is no longer any "controversy" between the parties, and any decision by this Court would constitute an "advisory opinion[] . . . decid[ing] moot questions or abstract propositions" in contravention of Article III and of this Court's longstanding practices. *North Carolina v. Rice*, 404 U.S. 244, 245-46 (1971).<sup>3</sup>

To be sure, Petitioners or their counsel may desire a Supreme Court ruling for reasons other than achieving all of the relief the class can obtain in this case. However, a party "claiming only harm to his and every citizen's interest in proper application of the Constitution and laws, and seeking relief that no more directly and tangibly benefits him than it does the public at large [] does not state

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<sup>3</sup> Because Petitioners did not challenge the District Court's failure to provide them with any declaratory relief, they cannot seek such relief before this Court. *Morley Const. Co.*, 300 U.S. at 190-91. In any event, a claim for declaratory relief cannot prevent a case from becoming moot where the actual controversy between the parties ceases to exist. See, e.g., *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239-40 (1937) (explaining that the Declaratory Judgment Act "is operative only in respect to controversies which are such in the constitutional sense" and that "the operation of the Declaratory Judgment Act is procedural only"); see also *Preiser*, 422 U.S. at 401-02 (case became moot notwithstanding claim for declaratory relief).

And, as this Court has held, an outstanding claim for attorneys' fees likewise "is, of course, insufficient to create an Article III case or controversy where none exists on the merits of the underlying claim." *Lewis*, 494 U.S. at 480.

an Article III case or controversy.” *Lujan*, 504 U.S. at 574-75. “[F]ederal courts are without power to decide questions that cannot affect the rights of litigants in the case before them,” *Rice*, 404 U.S. at 246 – no matter how strong the parties’ desire to have the Court resolve particular legal issues.

Finally, Petitioners may assert that the “voluntary cessation” exception saves their appeal from dismissal on grounds of mootness. But because Petitioners do not seek prospective relief of any kind, that exception is inapplicable here.

The purpose of the “voluntary cessation” exception is to prevent a defendant from temporarily altering his conduct so that he will remain “free to return to his old ways” after the case is dismissed for mootness. *Friends of the Earth, Inc. v. Laidlaw Environmental Servs.*, 528 U.S. 167, 189 (2000) (quoting *City of Mesquite v. Aladdin’s Castle, Inc.*, 455 U.S. 283, 289 n.10 (1982)). Where the plaintiffs do not seek prospective relief, however, such concerns are irrelevant. *See Greenlaw*, 554 U.S. at 243 (“[I]n the first instance and on appeal, we follow the principle of party presentation. That is, we rely on the parties to frame the issues for decision and assign to courts the role of neutral arbiter of matters the parties present.”). Thus, a plaintiff must have a claim for prospective relief on appeal if the “voluntary cessation” exception is to apply. Eugene Gressman et al., *Supreme Court Practice*, ch. 19.3(c), at 931 (9th ed. 2007) (“Mere voluntary cessation of allegedly illegal conduct . . . does not render moot a suit for an *injunction* . . .”) (emphasis added). The *Laidlaw* Court recognized as much: its determination that the case had not become moot rested upon its conclusion that the plaintiffs were seeking prospective relief, in the form of civil penalties, specifically designed to deter *future* violations of the Clean

Water Act. *Laidlaw*, 528 U.S. at 192-93 (“The District Court denied injunctive relief, but expressly based its award of civil penalties on the need for deterrence.”).<sup>4</sup>

Unlike the plaintiffs in *Laidlaw*, who sought prospective relief in the form of deterrent civil penalties, the only relief available to and sought by Petitioners here is *retrospective* relief – namely, nominal damages and a refund of the non-germane portion of the temporary fee increase assessed by the Union from September 2005 through December 2006. Throughout this litigation, Petitioners have sought only to remedy purported constitutional violations arising from that now-expired fee increase; they have never sought a prohibition against future fee increases by the Union. J.A. at 20-23. Because Petitioners do not seek any prospective relief, whatever speculative concerns about future fee increases they might raise in opposition to this motion are irrelevant to the issues before the Court and cannot prevent a finding of mootness.

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<sup>4</sup> Before addressing mootness, the *Laidlaw* Court held that the plaintiffs had standing to seek civil penalties for the defendant’s violations of the Clean Water Act precisely because of the prospective, deterrent nature of such penalties. In recognizing the prospective nature of such penalties, the Court explained:

[F]or a plaintiff who is injured or faces the threat of future injury due to illegal conduct ongoing at the time of suit, a sanction that effectively abates that conduct and prevents its recurrence provides a form of redress. Civil penalties can fit that description. To the extent that they encourage defendants to discontinue current violations and deter them from committing future ones, they afford redress to citizen plaintiffs who are injured or threatened with injury as a consequence of ongoing unlawful conduct.

*Laidlaw*, 528 U.S. at 185-86.

In any event, even if the voluntary cessation exception to mootness were applicable here, this case would have to be dismissed as moot because there is no reasonable probability that the Union will again engage in conduct similar to that at issue here. Petitioners challenge a one-time temporary fee increase that expired more than four and a half years ago and that has not been renewed. No similar fee increase is likely to be implemented in the future. Moreover, the Union recently amended its internal policies to require that, before collecting any future special assessments (as Petitioners have always insisted the challenged increase constituted a “special assessment”), it will provide non-members with notice of the assessment and an opportunity to object to paying for the portion of the assessment attributable to non-germane expenditures. Under these circumstances, the case is moot because it would be unreasonable to expect any recurrence of the practice challenged by Petitioners. *S.E.C. v. Medical Committee for Human Rights*, 404 U.S. 403, 406 (1972) (case moot because defendant not “likely to repeat its allegedly illegal conduct”). “[S]uch speculative contingencies afford no basis for [this Court’s] passing on the substantive issues the appellants would have [it] decide . . . .” *Hall v. Beals*, 396 U.S. 45, 49 (1969).

**CONCLUSION**

For the foregoing reasons, the instant motion should be granted and the case should be dismissed as moot. The Union has no objection to vacatur of the decision below, if this Court finds that to be appropriate. *See, e.g.,* *Arizonans for Official English*, 520 U.S. at 71-72.

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**On Petition for Writ of Certiorari  
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**DECLARATION OF YVONNE WALKER IN SUP-  
PORT OF MOTION TO DISMISS AS MOOT**

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October 2011

(2a)

I, Yvonne Walker, hereby declare as follows:

1. I am the President and principal officer of Respondent Service Employees International Union, Local 1000 (hereinafter the "Union"). I give this declaration in support of the Union's motion to dismiss as moot.

2. At all times relevant to this case, the Union has represented California state employees in State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20 and 21 in collective bargaining. A majority of those employees are voluntary members of the Union and pay Union dues. A minority of those employees have exercised their right not to become members of the Union and, pursuant to California Government Code §§ 3513(k) and 3515.7, pay fair share fees to the Union.

3. On September 29, 2011, the Union caused an envelope to be mailed to each non-member who was employed in State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20 and/or 21 at any time between September 1, 2005 and June 30, 2006, and who paid fair share fees to the Union during that time. Inside the envelope was a printed booklet, consisting of several documents. The first document in the booklet was a two-page notice entitled, "Notice to All Persons Employed by the State of California in Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20 and 21 between September 1, 2005 and June 30, 2006 Who Were Represented in Collective Bargaining by, But Were Not Members of SEIU Local 1000." A one dollar (\$1.00) bill was affixed to the margin of the first page of each copy of the Notice with a dot of clear, removable glue that is designed not to tear the page or deface any print when removed. The remainder of the booklet, after the Notice, consisted of two independent auditors' reports regarding the germane and non-germane expenditures funded by a temporary dues and fee increase that was in effect in 2005 and 2006. The two reports had previously been provided

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to non-members with the Union's May 2006 and May 2007 annual fair share fee notices.

4. A true and correct copy of the booklet described in Paragraph 3, above, without the dollar bill, is attached hereto as Exhibit A, and is incorporated herein by this reference. A true and correct copy of the first page of the booklet, showing the dollar bill affixed, is attached hereto as Exhibit B, and is incorporated herein by this reference.

5. The booklets were mailed to non-members under my direction as the Union's President. The Union could not itself mail the booklets to the non-members because, pursuant to California law, it does not have all of their mailing addresses. When, as here, the Union wishes to send information to the non-members it represents, it requests that the State Controller's office (which has the non-members' mailing addresses as the payroll agent of the state employer) send an electronic file containing each non-member's name and address to a third-party mailing company, which then prints the names and addresses from that file onto the envelopes containing the information that the Union wishes to mail to non-members, and deposits the envelopes with the United States Postal Service, all without disclosing the non-members' mailing addresses to the Union. That is the process the Union follows to mail its annual fair share fee notice to non-members, and is the process it followed here.

6. In order to mail the booklet to the non-members, the Union arranged for the following events to occur:

(a) First, on September 28, 2011, the State Controller's office delivered to the mailing company, Admail West, an electronic file listing the names and addresses of every fair share fee payer who was employed by the State of California in a bargaining unit represented by SEIU Local

(4a)

1000 at any time between the beginning of September 2005 and the end of June 2006, and who had fair share fees deducted from his or her wages during that period. A true and correct copy of a certification of that delivery is attached hereto as Exhibit C, and is incorporated herein by this reference.

(b) Second, a third-party printing company, Commerce Printing Services, printed the booklets and the mailing envelopes, affixed the dollar bills thereto, as described above in Paragraph 3, stuffed the booklets into the envelopes, and sealed the envelopes. On September 27, 2011, Commerce Printing Services delivered to Admail West 36,000 sealed envelopes, each of which contained one copy of the booklet with the dollar bill affixed to it. Each of the envelopes contained a pre-printed postal permit number assigned exclusively to the Union, eliminating the need to individually affix postage to each envelope. A true and correct copy of a certification regarding the booklets, the dollar bills, the envelopes and the delivery of the same to Admail West is attached hereto as Exhibit D, and is incorporated herein by this reference.

(c) Third, on September 28, 2011, Admail West printed the names and addresses from the file received from the State Controller's office onto the envelopes containing the booklets received from Commerce Printing Services, and pre-sorted the envelopes by zip code to facilitate faster delivery by the Postal Service. On September 29, 2011, Admail West deposited those envelopes with the United States Postal Service for mailing. A true and correct copy of a certification regarding the addressing and mailing of the envelopes is attached hereto as Exhibit E, and is incorporated herein by this reference.

7. The Notice that the Union sent to the non-members (Exhibit A hereto) concerns refunds of a portion of a temporary fee increase paid by non-members between the

(5a)

beginning of September 2005 and the end of December 2006. That temporary fee increase expired on December 31, 2006, and the Union has not implemented any temporary fees increases since that time. The Notice states that the Union will automatically provide refunds of the full amount of the temporary fee increase paid from September 1, 2005 through June 30, 2006, with interest, to those non-members who responded to the Union's May 2005 fair share fee notice by objecting to paying for expenses that are not germane to collective bargaining. The Notice also states that the Union will, upon written request, provide full refunds with interest for the same period to those non-members who did not respond to the Union's May 2005 fair share fee notice by objecting to paying for expenses that are not germane to collective bargaining. The Union is proceeding to issue automatic refunds to those non-members who filed timely objections in response to the Union's May 2005 fair share fee notice. The Union will issue all other refunds on a rolling basis, as the written requests are received, and intends to do so within ten days of receiving each request. Since the postmark deadline for requesting a refund is November 18, 2011, as set forth in the Notice, I anticipate that all of the refunds will have been paid by the first full week of December 2011.

8. On September 16-19, 2011, the primary governing body of the Union that serves as its corporate Board of Directors, the SEIU Local 1000 Council, held its regularly scheduled quarterly meeting. I attended that meeting in my capacity as President of the Union. At that meeting, the Union, acting through the Council, enacted a resolution amending its internal policies to require that non-members receive advance notice of any assessment implemented after the issuance of the Union's annual fair share fee notice, and an opportunity to object to paying the non-germane portion thereof and to challenge the

(6a)

Union's calculation of the germane amount. A true and correct copy of the official minutes of that meeting, redacted to show only the portions relevant to the resolution and its adoption, is attached hereto as Exhibit F, and is incorporated herein by this reference. Page 1 of those minutes reflects that resolution as "Agenda Item 5(N)," pages 4-6 set forth the full text of the resolution and amendment, and page 6 reflects the adoption of the resolution by the notation, "CARRIED."

9. The Union enacted this change to its internal policies even though it is not currently considering implementing any assessment after the issuance of the Union's annual fair share fee notice.

I declare under penalty of perjury that the foregoing is true and correct. Executed at Sacramento, California, on September 29, 2011.

  
\_\_\_\_\_  
Yvonne Walker

(7a)

**EXHIBIT A**

**NOTICE TO ALL PERSONS EMPLOYED BY THE  
STATE OF CALIFORNIA IN BARGAINING UNITS  
1, 3, 4, 11, 14, 15, 17, 20 AND 21 BETWEEN  
SEPTEMBER 1, 2005 AND JUNE 30, 2006 WHO  
WERE REPRESENTED IN COLLECTIVE  
BARGAINING BY, BUT WERE NOT MEMBERS  
OF, SEIU LOCAL 1000**

THIS NOTICE CONTAINS IMPORTANT INFORMATION  
REGARDING YOUR RIGHTS. PLEASE READ IT CARE-  
FULLY.

*Background.* You are receiving this notice because you were employed by the State of California in Bargaining Unit 1, 3, 4, 11, 14, 15, 17, 20 and/or 21 at some point between September 1, 2005 and June 30, 2006, and were represented in collective bargaining by SEIU Local 1000 (hereinafter “Local 1000” or the “Union”), but were not a member of Local 1000. As an employee in one or more of those bargaining units who chose not to join Local 1000, you paid fair share fees to Local 1000, rather than union dues, pursuant to the Dills Act, Gov’t Code Sections 3512-3524 and the union security provisions of the memorandum of understanding between Local 1000 and the State Employer covering your bargaining unit. We are writing to you to inform you of your rights concerning a dues and fair share fee increase (hereinafter the “fee increase”) that was in effect between September 1, 2005 and December 31, 2006. The fee increase was set at 99.1 percent of 0.25 percent of gross wages (that is, 0.24775 percent of gross wages) for non-members who did not submit a timely objection to paying for non-germane expenditures in response to Local 1000’s annual fair share fee notice for the 2005-2006 fee payer year (issued in May 2005), and 56.35 percent of 0.25 percent of gross wages (that is, 0.140875 percent of gross wages) for non-mem-

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bers who did submit such a timely objection in response to that annual notice. Local 1000's actual spending of the funds raised by the increase (both from dues and fees) is set forth in the independent audits enclosed with this notice.

Following the commencement of the fee increase, several non-members of Local 1000 who were subject to the fee increase filed a class action lawsuit against Local 1000, contending that the fee increase would be solely devoted to funding political activities and that Local 1000 was legally obligated to provide all non-members with advance notice of the fee increase and an opportunity to opt out of paying for it. *Knox, et al. v. Westly, et al.*, E.D. Cal. Case No. 2:05-cv-02198-MCE-KJM. Local 1000 responded to the lawsuit by denying that the fee increase would be solely devoted to funding political, much less non-germane, activities and by denying that Local 1000 was legally obligated to provide all non-members with advance notice of the fee increase and an opportunity to opt out of paying for non-germane expenditures. The district court certified the case as a class action and subsequently resolved the case on summary judgment. The district court held that Local 1000 was legally obligated to provide all non-members with advance notice of the fee increase and an opportunity to opt out of paying for non-germane expenditures. It also held that Local 1000 had failed to do so for the period between September 1, 2005 and June 30, 2006, but had done so for the period between July 1 and December 31, 2006 in its annual fee notice issued in May 2006. The district court ordered Local 1000 to issue a new notice to all class members and provide them with an opportunity to claim a refund, with interest, of that portion of the fee increase they paid during the period between September 1, 2005 and June 30, 2006 that was attributable to non-germane expenditures. The district court also ordered Local 1000 to pay "nominal dam-

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ages” to each class member in the amount of one dollar (\$1.00) per class member.

Local 1000 appealed the district court’s decision to the United States Court of Appeal for the Ninth Circuit; the Plaintiffs did not appeal any aspect of the district court’s decision. The Ninth Circuit subsequently overturned the district court’s decision, holding that Local 1000 had no legal obligation, apart from the annual fair share fee notice it had issued to non-members in May 2005, to provide non-members with advance notice of the fee increase and an opportunity to opt out of paying for any non-germane expenditures funded by the fee increase. *Knox v. California State Employees Ass’n, Local 1000*, 628 F.3d 1115 (9th Cir. 2010). The Plaintiffs then filed a petition for a writ of *certiorari* to the United States Supreme Court, which subsequently granted review in the case. The case is now pending before the Supreme Court.

*Notice of Opportunity to Claim Refund.* By issuing this notice to all class members in the pending case, Local 1000 is providing all class members with all of the relief they could obtain if they were fully successful in the lawsuit, specifically, nominal damages and the opportunity to obtain a refund, with interest, of their payment of the fee increase during the period between September 1, 2005 and June 30, 2006 (hereinafter the “refund period”). You may claim a refund by sending a letter requesting a refund of your payment of the fee increase during the refund period to Member Records Unit, SEIU Local 1000, 1108 “O” Street, Suite 410, Sacramento, CA 95814. The request for a refund must include your name, original signature, address, department and bargaining unit, and should include, for identification purposes, your social security number. Refund requests sent by facsimile or e-mail transmittal will not be accepted. You are requested,

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but not required, to send the refund request by certified mail in order to have proof that your request was timely made and received by Local 1000. You need not use any particular words to request your refund, as long as your intent to do so is clear from your letter; one example of appropriate language is, "Please refund to me the payments I made of the fair share fee increase between September 1, 2005 and June 30, 2006."

To obtain a refund, your request must be postmarked on or before **November 18, 2011**. Please note that you must respond by the postmark deadline set forth above to receive a refund; if you do not, you will not receive a refund. However, non-members who previously submitted a timely objection to paying for non-germane expenditures in response to the Union's June 2005 annual fee notice will automatically receive a refund of their payments of the fee increase during the refund period, without any need to claim a refund.

The refund shall consist of all payments of the fee increase you made during the refund period, regardless of whether they funded chargeable or non-chargeable activities, plus interest at the rate established by the district court's decision for the period between your payments and the issuance of the refund. Since the fee increase was not a flat dollar amount, but rather a percentage of a percentage of gross wages, the amount of each non-member's contribution and, hence, the amount of each non-member's refund, will vary from person to person. For that reason, Local 1000 cannot tell you in this notice how much your refund would be, should you timely claim it. But Local 1000 will refund to you the entire payment of the fee increase you made during the refund period, with interest, whatever amount that was, if you timely request a refund.

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Also inclosed with this notice is one dollar (\$1.00), corresponding to the district court's order with regard to nominal damages. This is yours to keep whether or not you request a refund of your payments of the fee increase.

If you have any questions about the rights and/or procedures discussed above, please write to SEIU Local 1000's Member Records Unit, at the address set forth above, or call (916) 326-4300.

(12a)

# HOOD & STRONG LLP

CERTIFIED PUBLIC ACCOUNTANTS  
[Letterhead omitted in printing]

## **Independent Auditors' Report**

THE 1000 COUNCIL  
UNION OF CALIFORNIA STATE WORKERS  
S.E.I.U. LOCAL 1000 (dba S.E.I.U. Local 1000)  
Sacramento, California

We have audited the accompanying Statement of Identified Expenses and the Allocation Between Chargeable and Non-Chargeable Expenses (the Financial Statement) for the **UNION OF CALIFORNIA STATE WORKERS S.E.I.U. LOCAL 1000 (dba S.E.I.U. Local 1000) Special Assessment Fund (the Fund)** for the period from inception on September 1, 2005 through December 31, 2005. This statement is the responsibility of the Local's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The total identified expenses reflected in the Financial Statement are based on the identified expenses of the

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Fund for the period from inception on September 1, 2005 through December 31, 2005, with regard to the accounting policies based in Note 1. The allocation of identified expenses between chargeable and non-chargeable expenses is based on the definitions and significant factors and assumptions described in Note 2. The accompanying statement is not intended to be a complete presentation of the financial statements of Union of California State Workers S.E.I.U. Local 1000.

In our opinion, the Financial Statement presents fairly, in all material respects, the identified expenses of the Fund for the period from inception on September 1, 2005 through December 31, 2005 and the allocation of identified expenses between chargeable and non-chargeable expenses, on the basis of the definitions and significant factors and assumptions described in Note 2, on the basis of accounting as discussed in Note 1.

This report is intended solely for the information and use of the Union of California State Workers S.E.I.U. Local 1000 and its agency fee payers and is not intended to be and should not be used by anyone other than these specified parties.

HOOD & STRONG LLP

April 21, 2006

(14a)

**Union of California State Workers  
S.E.I.U. Local 1000 (dba S.E.I.U. Local 1000)  
Special Assessment Fund**

**Statement of Identified Expenses and  
the Allocation of Identified Expenses Between  
Chargeable, and Non-Chargeable Expenses**

*For the Period from Inception on September 1, 2005 through December 31, 2005*

	<u>Identified Cash Disbursements</u>		
	Total	Chargeable	Non-Chargeable
Salaries and Wages			
Staff and Management Salaries	\$358,175	\$179,087	\$179,088
Overtime Labor	11,085	5,542	5,543
Health Insurance Waiver	750	375	375
Union Business Leave	24,420	12,210	12,210
Campaign Expenses			
Member Travel and Campaign Expenses	117,136	58,568	58,568
Staff Travel	10,080	5,040	5,040
Division Officer Activity	521	260	261
Division Council Meeting	15,039	7,519	7,520
Bargaining Activity Meeting	8,428	4,214	4,214
Fringe Benefit Contributions and Employment Taxes	89,582	44,791	44,791
Supplies and Materials			
Miscellaneous Office Equipment	5,775	2,887	2,888
Operating Expenses and Services			
Legal	26,289	26,289	—
Survey	32,500	26,000	6,500
Computer Services	60		60
Printing Labor	47,228	13,008	34,220
Printing Labels	1,834	680	1,154
Printing Postage	1,157		1,157
Printing Supplies	34,001	10,186	23,815
Political Action Fund	2,560,000	622,350	1,937,650
Donations	382,249		382,249
	<u>\$3,726,309</u>	<u>\$1,019,006</u>	<u>\$2,707,303</u>
Percentages		27.35%	72.65%

The accompanying notes are an integral part of this statement.

(15a)

**Union of California State Workers  
S.E.I.U. Local 1000 (dba S.E.I.U. Local 1000)**

**Notes to Statement of Identified Expenses and the  
Allocation between Chargeable and Non-  
Chargeable Expense**

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[Header omitted in printing succeeding pages]

**Note 1 - Summary of Significant Accounting Policies:**

a. Nature and Purpose of the Local

The purpose of the Union of California State Workers S.E.I.U. Local 1000 (the Local) is to represent employees and retired employees of the State of California in the following matters: salary, benefits and working conditions, assistance in filing and pursuing employee grievances, legal representation on both an individual and class basis, technical assistance in matters of job classification, and legislative advocacy in support of programs beneficial to state employees and retirees.

The Local represents State of California Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20 and 21.

This statement sets forth the Local's expenditures associated with the "Fight Back" fund. This fund was established under a temporary dues and fees assessment and is used to account for expenses for specific initiatives and other political campaigns and issues related to the terms and conditions of employment of members and fee payers and the preservation of bargaining unit work.

(16a)

b. Affiliation

On January 23, 2004, the Local entered into an affiliation agreement with the Service Employees International Union. The Local has been designated as “Union of California State Workers Local 1000, SEIU.” The Local pays per capita taxes to SEIU International.

The Local is also affiliated with the California State Employees Association (the Association). The Local reimburses the Association for its allocated share of Central Support costs.

c. Basis of Presentation

The accompanying statement was prepared for the purpose of determining the fair share cost of services rendered by the Local for employees represented by, but not members of, the Local and only relates to the identified expenses included in the special assessment “Fight Back” fund. The accompanying statement is not intended to be a complete presentation of the Local’s financial position, changes in its net assets, or its cash flows in accordance with accounting principles generally accepted in the United States.

d. Basis of Accounting

The books of account and the financial statements of the Local reflect the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. The expenses detailed herein are from the special assessment “Fight Back” fund. and does not include

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expenses from separate segregated net assets or general operating net assets.

e. Property and Equipment

Depreciation expense is computed using the straight-line method over the estimated useful life of the assets ranging from three to fifteen years.

f. Federal and State Income Taxes

The Local is organized pursuant to the General Non-Profit Law of the State of California and is exempt from State and Federal income taxes under I.R.C. Section 501(c)(5) and California Revenue and Taxation Code Section 23701a.

g. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. Background - Non-Member Fees

In 1986, the United States Supreme Court issued a decision regarding certain procedures that must be followed by a local union that is collecting fair share fees from non-members under a collective bargaining agreement with a public employer. In *Chicago Teachers Union vs. Hudson*, the United States Supreme Court reaffirmed the constitutionality of such fair share fee agree-

(18a)

ments, originally upheld in *Abood vs. Detroit Board of Education*. In another earlier case, *Ellis vs. Railway Clerks*, the United States Supreme Court had held that certain union expenditures could be charged to fair share fee payers, but that certain others could not be charged.

In 1988, the United States Supreme Court issued a decision holding that unions covered under the National Labor Relations Act (NLRA) may not charge non-members fees for nonrepresentational activities when the non-members are covered by collective bargaining agreements and object to such fees for nonrepresentational activities. This decision, known as *Communications Workers of America vs. Beck*, applies to the standard union shop, where the board and courts have long held that any bargaining unit employee may opt to be classified as a “financial core status employee” if he/she does not wish to join the union.

**Note 2 - Summary of Significant Allocation Assumptions:**

The significant allocation assumptions made by the Union are as follows:

a. General Assumptions Used for All Categories

Based upon the opinion of the Local's management and after consultation with the Local's legal counsel, the following assumptions are used to allocate the categories listed below.

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Proposition 76 – Chargeable to fee payers

Proposition 75 and all other propositions on the November 2005 ballot – Nonchargeable to fee payers

General campaign expense – 50% Proposition 75, 50% Proposition 76

The Union's campaign on Proposition 75 and 76 during this time had a dual focus on both initiatives and activities arising out of the campaign had the primary objective of targeting both initiatives.

b. Salaries and Wages

Based upon the nature of the campaign during this time and dual objective of the activities, salaries and wages are allocated based on the assumption that 50% of the employee's time would have been spent working on Proposition 75 and 50% of the time would have been spent working on Proposition 76.

c. Union Business Leave

Union business leave is allocated based on the same allocation as salaries and wages.

d. Campaign Expenses

Travel is allocated based on the same allocation as salaries and wages with the exception of campaign expenses. Campaign expenses were specifically identified and determined to be chargeable or nonchargeable based on the general assumptions above.

(20a)

e. Fringe Benefit Contributions and Employment Taxes

Benefits and employment taxes are allocated based on the same allocation as salaries and wages.

f. Supplies and Materials

Supplies and materials were considered a general campaign expense and were allocated 50%/50% between chargeable and non-chargeable.

g. Operating Expenses and Services

Generally, operating expenses were determined to be chargeable or nonchargeable, based upon review of the nature of the expenditure. Expenditures for litigation were determined to be 100% chargeable as they related to defense of the Fight Back Fund after consultation with legal counsel. However, a phone survey expense of \$32,500 was determined to be 80% chargeable since 80% of the questions related to collective bargaining related matters or the preservation of bargaining unit work. Political action fund expenses were specifically identified and determined to be chargeable or non-chargeable based on the general assumptions above. Donations were specifically identified and determined nonchargeable based on the general assumptions above.

(21a)

**Note 3 - Explanation of Certain Line Items:**

Most line item descriptions are self-explanatory. However, the following additional explanations are provided:

a. Health Insurance Waiver

Compensation for employees who waive employer-provided health coverage because coverage is provided by a spouse.

b. Member Travel and Campaign Expenses

This category of campaign expenses includes expenditures for consultants, promotional items and telephone usage. Member travel includes expenses for member meetings.

c. Political Action Fund

This category consists mainly of contributions to ballot measure committees and a general purpose campaign committee whose purpose was to take positions on initiatives including opposing Proposition 75 and Proposition 76.

d. Donations

This consisted of in-kind printing services contributed to political parties and/or committees (nonchargeable).

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# HOOD & STRONG LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditors' Report**

THE BOARD OF DIRECTORS  
UNION OF CALIFORNIA STATE WORKERS  
S.E.I.U. LOCAL 1000 (dba S.E.I.U. Local 1000)  
Sacramento, California

We have audited the accompanying Statement of Identified Expenses and the Allocation Between Chargeable and Non-Chargeable Expenses (the Financial Statement) for the **UNION OF CALIFORNIA STATE WORKERS S.E.I.U. LOCAL 1000 (dba S.E.I.U. Local 1000) Special Assessment Fund (the Fund)** for the year ended December 31, 2006. This statement is the responsibility of the Local's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The total identified expenses reflected in the Financial Statement are based on the identified expenses of the

(23a)

Fund for the year ended December 31, 2006, with regard to the accounting policies based in Note 1. The allocation of identified expenses between chargeable and non-chargeable expenses is based on the definitions and significant factors and assumptions described in Notes 2 and 3. The accompanying statement is not intended to be a complete presentation of the financial statements of Union of California State Workers S.E.I.U. Local 1000.

In our opinion, the Financial Statement presents fairly, in all material respects, the identified expenses of the Fund for the year ended December 31, 2006 and the allocation of identified expenses between chargeable and non-chargeable expenses, on the basis of the definitions and significant factors and assumptions described in Notes 2 and 3, on the basis of accounting as discussed in Note 1.

This report is intended solely for the information and use of the Union of California State Workers S.E.I.U. Local 1000 and its agency fee payers and is not intended to be and should not be used by anyone other than these specified parties.

HOOD & STRONG LLP

May 24, 2007

(24a)

**Union of California State Workers  
S.E.I.U. Local 1000 (dba S.E.I.U. Local 1000)  
Special Assessment Fund**

**Statement of Identified Expenses and  
the Allocation Between Chargeable  
and Non-Chargeable Expenses**

*Year Ended December 31, 2006*

Activity Code	Activity	Total Expenses	Non-Chargeable Expenses	Chargeable Expenses
100	Contract Proposals, Negotiations Ratification	\$ 976,111	\$ 976,111	
110/114	Contract Administration Enforcement and Grievance Adjustment	62,367	62,387	
	Litigation:			
143	Fair Share Fee Litigation and arbitration	121,698	121,698	
150	Conferences, discussion or background reading concerning wages, hours, employee rights, representational skills, etc.	2,571	2,571	
210	Other Activity (Job Related)	218	218	
220-226 245-248	Political Activity and Local 1000 PAC Activities	5,443,721		\$5,443,721
	Communications:			
232	Public and media relations	41,829	34,726	7,103
	Legislative:			
244	Legislative activities not tied to particular legislation	307		307
	Meetings and Governance:			
252	Local and BUC meetings and activities	46,283	46,283	
254	DLC meetings, administration and leadership training	296	260	36
258	Other meetings or activities regarding Local governance	1,442	1,442	

The accompanying notes are an integral part of this statement.

(25a)

**Union of California State Workers  
S.E.I.U. Local 1000 (dba S.E.I.U. Local 1000)  
Special Assessment Fund**

**Statement of Identified Expenses and  
the Allocation Between Chargeable  
and Non-Chargeable Expenses**

*Year Ended December 31, 2006*

<u>Activity Code</u>	<u>Activity</u>	<u>Total Expenses</u>	<u>Non-Chargeable Expenses</u>	<u>Chargeable Expenses</u>
	Staff and Local Administrative Activities:			
260	General administration	7,940	7,884	56
261	Accounting/Financial management	6,289	4,965	1,324
262	Fair Share Fee administration	1,613	1,613	
263	Other administrative expenses/ office and equipment services	162	161	1
	<b>Total operating expenses</b>	<b>\$6,712,867</b>	<b>\$1,260,319</b>	<b>\$5,452,548</b>
		100.00%	18.77%	81.23%

The accompanying notes are an integral part of this statement.

(26a)

**Union of California State Workers  
S.E.I.U. Local 1000 (dba S.E.I.U. Local 1000)  
Special Assessment Fund**

**Notes to Statement of Identified Expenses and the  
Allocation between Chargeable and  
Non-Chargeable Expenses**

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[Header omitted in printing succeeding pages]

**Note 1 - Summary of Significant Accounting Policies:**

a. Nature and Purpose of the Local

The purpose of the Union of California State Workers S.E.I.U. Local 1000 (the Local) is to represent employees of the State of California in the following matters: salary, benefits and working conditions, assistance in filing and pursuing employee grievances, legal representation on both an individual and class basis, technical assistance in matters of job classification, and legislative advocacy in support of programs beneficial to state employees and retirees.

The Local represents State of California Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20 and 21.

This statement sets forth the Local's expenditures associated with the "Fight Back" fund. This fund was established under a temporary dues and fees assessment and is used to account for expenses for specific initiatives and other political campaigns and issues related to the terms and conditions of employment of members and fee payers and the preservation of bargaining unit work.

(27a)

b. Affiliation

On January 23, 2004, the Local entered into an affiliation agreement with the Service Employees International Union. The Local has been designated as "Union of California State Workers Local 1000, SEIU." The Local pays per capita taxes to SEIU International.

The Local is also affiliated with the California State Employees Association (CSEA). The Local has a service agreement with CSEA to receive support services including administration, accounting services, legal services, communications, member benefits, governmental relations, and access to the CSEA print shop. The Local reimburses CSEA for its usage of these support services. The service agreement also requires the Local to pay its allocated share of the above services when such services are for the benefit of CSEA. These services are known as "CSEA central support". CSEA central support costs incurred by the Local totaled \$3,590,669 for 2006. The Local also reimburses CSEA for payroll costs, related overhead items, and any other Local costs paid by CSEA. These reimbursements totaled \$12,744,426 for 2006.

c. Basis of Presentation

The accompanying statement was prepared for the purpose of determining the fair share cost of services rendered by the Local for employees represented by, but not members of, the Local and only relates to the identified expenses included in the special assessment "Fight Back" fund. The accompanying

(28a)

statement is not intended to be a complete presentation of the Local's financial position, changes in its net assets, or its cash flows in accordance with accounting principles generally accepted in the United States.

d. Basis of Accounting

The books of account and the financial statements of the Local reflect the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. The expenses detailed herein are from the special assessment "Fight Back" fund and do not include expenses from separate segregated net assets or general operating net assets.

e. Property and Equipment

Depreciation expense is computed using the straight-line method over the estimated useful life of the assets ranging from three to fifteen years.

f. Federal and State Income Taxes

The Local is organized pursuant to the General Non-Profit Law of the State of California and is exempt from State and Federal income taxes under I.R.C. Section 501(c)(5) and California Revenue and Taxation Code Section 23701(a).

g. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect cer-

(29a)

tain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. Background - Non-Member Fees

In 1986, the United States Supreme Court issued a decision regarding certain procedures that must be followed by a local union that is collecting fair share fees from non-members under a collective bargaining agreement with a public employer. In *Chicago Teachers Union vs. Hudson*, the United States Supreme Court reaffirmed the constitutionality of such fair share fee agreements, originally upheld in *Abood vs. Detroit Board of Education*. In another earlier case, *Ellis vs. Railway Clerks*, the United States Supreme Court had held that certain union expenditures could be charged to fair share fee payers, but that certain others could not be charged.

In 1988, the United States Supreme Court issued a decision holding that unions covered under the National Labor Relations Act (NLRA) may not charge non-members fees for nonrepresentational activities when the non-members are covered by collective bargaining agreements and object to such fees for nonrepresentational activities. This decision, known as *Communications Workers of America vs. Beck*, applies to the standard union shop, where the board and courts have long held that any bargaining unit employee may opt to be classified as a "financial core status employee" if he/she does not wish to join the union.

(30a)

**Note 2 - Definitions:**

This statement sets forth the Local's activities and the expenditures associated with each activity. The numbering of each activity is from a coding system used by the Local to keep track of the time and expenses associated with each activity. Following each activity is a brief description of the nature of that activity and the type of expenditures included. These activities are grouped into three categories for this report: a) those activities determined by the Local to be fully chargeable for all fee payers, b) those activities determined by the Local to be entirely non-chargeable to objecting fee payers, c) those activities determined by the Local to be partly chargeable and partly non-chargeable to fee payers.

a. Chargeable Expenses

*100 Contract Proposals, Negotiations and Ratification*

This activity encompasses the development, presentation and ratification by employees of contract proposals. Such activity includes formulation of bargaining goals, priorities and proposals, together with related research and drafting of supporting arguments; Bargaining Unit Council and other meetings devoted to discussion of contract proposals, negotiations or ratification; the process of receiving input from bargaining unit employees through surveys, worksite meetings or other means regarding matters to be negotiated, including worksite committee development and meetings in support of bargaining; education, research and training related to contract pro-

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posals, negotiations, or ratification, including training and orientation of Bargaining Unit Council members; negotiation of contracts; participation in any impasse procedures related to contract negotiations (i.e., fact finding, mediation or arbitration); ratification by the bargaining units; preparation and distribution of material such as flyers, draft contracts, reports and other publicity work (both within and outside the Local, including public and media relations) regarding the status of contract proposals, negotiations and ratification; distribution of leaflets; demonstrations and job actions related to contract proposals, negotiations and ratification; and litigation arising out of activities in support of the Local's position on contract proposals, negotiations or ratification.

*110 /114 Contract Administration, Enforcement and Grievance Adjustment*

Activities that relate to administration and enforcement of the contract once negotiated include all aspects of handling grievances or arbitrations under the contract, including preparation, participation and follow-up, internal Local arbitration appeals, and any appeals or other proceeding (including court litigation) involving enforcement of the contract; all aspects of the job steward program, including steward training supervision, activities and meetings; providing information to employees through worksite meetings, mailers or otherwise about their rights under the contract, the grievance arbitration process, and problems or questions about contract

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administration issues; handling employees' questions and complaints on contract rights, grievances and other contract administration issues; meetings, phone calls and correspondence with representatives of the State employer to discuss the interpretation of the contract generally or to discuss particular grievances or problems under the contract; BUC and other meetings devoted to discussion of problems relating to administration or implementation of the contract; and education, research and training related to grievance handling and other aspects of contract administration.

*143 Fair Share Fee Litigation and Arbitration*

This activity includes litigation regarding challenges to the Local's right to collect fees, and annual arbitrations regarding the amount of the fees the Local charges to fee payers who have filed objections to paying for any activities not germane to collective bargaining.

*150 Conferences, Discussions or Background Reading Concerning Wages, Hours, Employee Rights, Representational Skills, etc.*

This activity includes all readings, meetings, conferences, or other activities not covered by another activity which provide background information or education as opposed to research on or development of specific proposals related to wages, hours, benefits, working conditions, employee rights, industry developments in public sector employment or labor relations, representational

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skills, or other matters pertinent to improving the working lives of Local-represented employees. This activity also includes general professional reading by staff, and the purchase and maintenance of publications used in such representation, such as the research and law libraries.

*210 Other Activity (Job Related)*

This is a miscellaneous category that is used only in the rare case when none of the other more descriptive categories apply to an activity involving wages, hours, benefits, working conditions, employee rights or other matters pertinent to improving the working lives of Local-represented employees.

*252 Local and BUC Meetings and Activities*

All aspects of preparation for, participation in and follow-up to Local and Bargaining Unit Council elections, meetings and other activities not concerned with a single subject matter covered by another activity.

*258 Other Meetings or Activities Regarding Local Governance*

Meetings or activities related to Local governance that are not covered by other activities. This includes preparation for and participation in the follow-up to meetings of committees such as Bylaws, Policies and Procedures, and Operations; legal advice or other work regarding the Local's corporate status, bylaws and other governance matters; and meetings of Local-represented

(34a)

employees with Local board members, officers or other Local officials that are not on a specific subject covered by another activity.

*262 Fair Share Fee Administration*

b. Non-Chargeable Expenses

*220-226, 245-248 Political Activity and Local 1000 PAC Activities*

This category of expenditure reflects the Local's participation in political activity, including management of the Political Action Fund, a separate fund not included in the general fund account. This Fund is financed by a portion of dues and fees set by the Local's Board of Directors. Members and fee payers who inform the Local in writing that they do not wish to make such contributions to the Fund are not required to do so. Uses of this Fund include contributions to selected political candidates for California state office and to support or oppose ballot measures and initiatives. Other political activity of the Local includes the coordination of volunteer work on behalf of any political organization or candidate for political office as well as research, analysis, writing, meetings, financial contributions and other advocacy regarding ballot initiatives supported or opposed by the Local.

*244 Legislative Activities Not Tied to Particular Legislation*

Legislative meetings or contacts not concerned with particular legislation, but undertaken for the purpose of enhancing the Local's

(35a)

general effectiveness in the Legislature. Any meetings involving political action activities or support of particular legislators are included in activities 220-226 and 245-248.

c. Partially Chargeable/Non-Chargeable (Allocation methodology Note 3a)

*232 Public and Media Relations*

This activity includes all costs of the Local's media relations and public relations activities (including such matters as the distribution of leaflets, website maintenance, demonstrations, speeches, advertisements and press releases directed toward members of the general public) on matters not devoted to contract proposals, negotiations, ratification, or Local 1000 PAC or other political activities.

*254 DLC Meetings, Administration and Leadership Training*

The Local has District Labor Councils (DLCs) throughout the state that receive a portion of the Local's dues revenue for funding of state employee representation at the local level. Typical activities of the DLCs include newsletters to inform employees of Local decisions at committee and Board meetings, preparation of proposals for bargaining, preparation for the ratification decision, creation of job steward committees and social gatherings. This activity includes the cost of all DLC meetings, the administration of DLCs (including monthly dues allocations) and the training of DLC officers.

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*260 General Administration*

Includes staff meetings, discussion and staff memoranda of a general nature, including staff personnel matters, staff training (to the extent not on a single subject covered by another activity), and typical administrative matters such as opening mail.

*261 Accounting/Financial Management*

Administration of the Local's financial affairs, including budgeting, cost analysis, planning and control, computer systems development, accounting, payroll, record keeping and data processing.

*263 Other Administrative Expenses/Office and Equipment Services*

Other administrative matters not covered in activities 260-262, including expenses related to the provision of office space, office supplies, corporate insurance, the switchboard, in-house mail delivery and messengers; legal representation (including litigation) regarding the Local's leases, contracts and other obligations with respect to third parties; dealings with the State Employees Building Corporation; the purchase, assignment and maintenance of vehicles and other equipment, and any other office or equipment matters.

**Note 3 - Significant Factors and Assumptions Used in the Allocation of Identified Expenses for the Computation of Chargeable and Non-Chargeable Expenditures:**

a. Allocation - Specific Activity Codes

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*232 Public and Media Relations*

Based upon a review of the Local's publications, an allowance of 16.98% of the Local's costs are non-chargeable to reflect the portion of publications pertaining to activities that would not be chargeable to objecting fee payers.

*254 DLC Meetings, Administration & Leadership Training*

The financial information of the Local's DLCs has been audited by an external Certified Public Accountant. All expenditures allocated to these DLCs have been classified as chargeable and non-chargeable based on these audits. The expenditures of any DLCs that were not audited were classified as non-chargeable to objecting fee payers.

*260, 261, 263 General Administration, Accounting and Administrative Expense*

General administration, accounting and administrative expenses are primarily allocated based on the ratio of the combined total of chargeable and non-chargeable expenses for all other activity codes which require administrative attention.

[SEIU Local 1000 logo omitted in printing]

EXHIBIT B



**NOTICE TO ALL PERSONS EMPLOYED BY THE STATE OF CALIFORNIA IN BARGAINING UNITS 1, 3, 4, 11, 14, 15, 17, 20 AND 21 BETWEEN SEPTEMBER 1, 2005 AND JUNE 30, 2006 WHO WERE REPRESENTED IN COLLECTIVE BARGAINING BY, BUT WERE NOT MEMBERS OF, SEIU LOCAL 1000**

THIS NOTICE CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. PLEASE READ IT CAREFULLY.

*Background.* You are receiving this notice because you were employed by the State of California in Bargaining Unit 1, 3, 4, 11, 14, 15, 17, 20 and/or 21 at some point between September 1, 2005 and June 30, 2006, and were represented in collective bargaining by SEIU Local 1000 (hereinafter "Local 1000" or the "Union"), but were not a member of Local 1000. As an employee in one or more of those bargaining units who chose not to join Local 1000, you paid fair share fees to Local 1000, rather than union dues, pursuant to the Dills Act, Gov't Code Sections 3512-3524 and the union security provisions of the memorandum of understanding between Local 1000 and the State Employer covering your bargaining unit. We are writing to you to inform you of your rights concerning a dues and gross wages (that is, objection to paying for notice for the 2005-2006 gross wages (that is, objection in response increase (both from d

Following the increase would be so obligated to provide a out of paying for it. L



1000 responded to the lawsuit by denying that the fee increase would be solely devoted to funding political, much less non-germane, activities and by denying that Local 1000 was legally obligated to provide all non-members with advance notice of the fee increase and an opportunity to opt out of paying for non-germane expenditures. The district court certified the case as a class action and subsequently resolved the case on summary judgment. The district court held that Local 1000 was legally obligated to provide all non-members with advance notice of the fee increase and an opportunity to opt out of paying for non-germane expenditures. It also held that Local 1000 had failed to do so for the period between September 1, 2005 and June 30, 2006, but had done so for the period between July 1 and December 31, 2006 in its annual fee notice issued in May 2006. The district court ordered Local 1000 to issue a new notice to all class members and provide them with an opportunity to claim a refund, with interest, of that portion of the fee increase they paid during the period between September 1, 2005 and June 30, 2006 that was attributable to non-germane expenditures. The district court also ordered Local 1000 to pay "nominal damages" to each class member in the amount of one dollar (\$1.00) per class member.

Local 1000 appealed the district court's decision to the United States Court of Appeal for the Ninth Circuit; the Plaintiffs did not appeal any aspect of the district court's decision. The Ninth Circuit

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## **EXHIBIT C**

### **Declaration of Arle Simon:**

I, Arle Simon, declare as follows:

1. I am an employee of State Controller's Office of the State of California (herein referred to as "State Controller's Office") in Sacramento, California. I have worked for the State Controller's Office since June 1, 1981. Currently, my title is Staff Services Manager II. In this capacity, I am responsible for managing the State's employment and payment history databases for the purpose of providing timely and accurate data to State and public entities.
2. SEIU Local 1000 is the exclusive representative of nine bargaining units of State of California employees. As such, SEIU Local 1000 receives membership dues from its represented workers who are members, and fair share fees from those represented workers who are not members of that union. The State Controller's Office is responsible for transmitting the correct dues and fees to SEIU Local 1000.
3. SEIU Local 1000 is entitled to the home address of all rank and file SEIU employees whether dues or fair share fee payers unless the employee is in a safety or peace officer/firefighter retirement category or the employee has requested the State Controller's Office withhold their home address. The State Controller's Office mails all Hudson Notices and other mailings to fair share fee payers as it is more convenient for all parties to do the mailing for all fair share fee payers rather than only for those we are not able to release address for (safety and address withholds). The State Controller's Office has protocols in place to release their

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addresses under certain restrictions and only to pre-screened and authorized independent mailing services. Admail West, is such a pre-screened and authorized independent mailing service.

4. On September 28, 2011, I caused to be delivered to Admail West an electronic list of names and addresses of every fair share fee payer who was employed by the State of California in a bargaining unit represented by SEIU Local 1000 at any time between the beginning of September 2005 and the end of June 2006, and who had fair share fees deducted from his or her wages during that period.
5. The request for this list to be delivered to Admail West, as described above, was made by SEIU Local 1000.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I know all of the foregoing information of my own personal knowledge and could and would testify thereto in any proceeding.

Executed this 28th day of September, 2011, at Sacramento, California.



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Arle Simon

(41a)

## **EXHIBIT D**

### **Declaration of Kellie Melby:**

I, Kellie Melby, declare as follows:

1. I am an employee of Commerce Printing Services (herein referred to as "Commerce") in Sacramento, California. I have worked for Commerce since 1996. Currently, my title is VP Sales. In this capacity, I am responsible for ensuring the correct completion of printing and related services that we provide to our customers.
2. One of our customers is SEIU Local 1000, which recently requested that we provide the printing and related services indicated in the paragraph below.
3. On September 27, 2011, I caused to be delivered to Admail West, an independent mailing vendor located in the Sacramento area, 36,000 sealed envelopes, each bearing a pre-printed postal permit number assigned exclusively to SEIU Local 1000.
4. Each envelope contained a ten page booklet consisting of a two page document entitled, "NOTICE TO ALL PERSONS EMPLOYED BY THE STATE OF CALIFORNIA IN BARGAINING UNITS 1, 3, 4, 11, 14, 15, 17, 20 AND 21 BETWEEN SEPTEMBER 1, 2005 AND JUNE 30, 2006 WHO WERE REPRESENTED IN COLLECTIVE BARGAINING BY, BUT WERE NOT MEMBERS OF, SEIU LOCAL 1000," followed by an independent auditor's report issued by Hood & Strong LLP on April 21, 2006, and followed by a second independent auditor's report issued by Hood & Strong LLP on May 24, 2007.
5. The first page of each booklet, which was the first page of the notice, had a one dollar (\$1.00) bill affixed

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to it by one clear glue dot at the margin of the page using a removable glue. The bill can easily be removed from the page without defacing the print, as the glue is designed so that removal of the bill will not tear the paper and, in any event, the glue was not placed on top of any print but in the side margin which was blank.

6. My company printed the booklets and the envelopes, affixed the dollar bills, inseted the booklets into the envelopes and sealed the envelopes on September 22-27, 2011. During this time, Commerce diligently maintained safe custody and control of each part of the product which resulted in the final sealed envelope in the quantity mentioned above.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I know all of the foregoing information of my own personal knowledge and could and would testify thereto in any proceeding.

Executed this 27th day of September, 2011, at Sacramento, California



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Kellie Melby

(43a)

## **EXHIBIT E**

### **Declaration of Sonja Gomez**

I, Sonja Gomez, declare as follows:

1. I am an employee of Admail West (herein referred to as "Admail") in Sacramento, California. I have worked for Admail since 3/1/99. Currently, my title is Sr. Project Manager. In this capacity, I am responsible for managing the address labeling, zip code pre-sorting, and mail delivery services for customers of Admail.
2. One of our customers is SEIU Local 1000, recently requested that we provide the mailing and related services indicated in the paragraphs below.
3. On September 27, 2011, after preparing the project referred to herein for SEIU Local 1000, Commerce Printing Services delivered to my company, a shipment of sealed envelopes, each bearing a pre-printed postal permit number assigned exclusively to SEIU Local 1000.
4. On September 27, 2011, after the delivery of this shipment of sealed envelopes, I caused those envelopes to be secured in our facility.
5. On September 28, 2011, the State Controller's Office of the State of California delivered to Admail an electronic list of names and addresses at the request of SEIU Local 1000.
6. On September 28 2011, I caused names and addresses to be generated from the electronic file received by the State Controller's office on behalf of SEIU Local 1000, and to be printed on the sealed envelopes received from Commerce Printing Services on behalf of SEIU Local 1000. Also on the

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same day, I caused the envelopes to be pre-sorted by zip code. This pre-sorting by zip code allows for faster mailing delivery time upon delivery to the United State Postal Service.

7. On September 29, 2011, I caused all of the addressed envelopes to be deposited with the United States Postal Service for mailing from its facility located at Sacramento SCF 3775 Industrial Blvd 95799.
8. Attached hereto is a certificate of mailing.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I know all of the foregoing information of my own personal knowledge and could and would testify thereto in any proceeding.

Executed this 29th day of September, 2011, at Sacramento, California.

  
\_\_\_\_\_  
Sonja Gomez



HOME | HELP | FEEDBACK | CUSTOMER CARE | SIGN OUT

Restricted Information

Dashboard > Display

Today's Date: 09/29/2011

Mailing Group Summary Information

Mailing Group ID: 99770611	Mailer's Job #: 47503	Open Date: 09-29-11
Preparer: 333-PI-ADMAIL WEST	Finance No: 056678	Close Date:
Description:	Submission Type: Postal Wizard	

PS # 121072018, FIN - Transaction # 201127215531697M0 (processed by DQL on 09/29/2011 03:09:16 PM) [Cancel](#) | [Container List](#) | [Piece-Weight Information](#)

PS Form 3600-R - First-Class Mail - Permit Imprint

Final

Postage Summary

Permit Holder:	SERVICE EMPLOYEES INTL" UNION LOCAL 1000 UN C 1808 14TH ST SACRAMENTO, CA 95811 -7131  Contact: ROMMEL HERNANDEZ (916) 326 - 4396 rhernandez@calcsea.org	Mailing Agent:	ADMAIL WEST 521 N 10TH ST SACRAMENTO, CA 95811 -0311  Telephone: (916) 442-3613	Org. For Mailing is Prepared:	SERVICE EMPLOYEES INTL" UNION LOCAL 1000 UN C 1808 14TH ST SACRAMENTO, CA 95811 -7131  Telephone: (916) 326-4396  Email: rhernandez@calcsea.org
Permit Holder's Permit:	Permit Imprint 499	Mailing Agent's Permit:	Permit Imprint 333	Processing Category:	Flats
	CRID: 5104067		CRID: 2475977		CRID: 5104067
Post Office Of Mailing:	SACRAMENTO CA 95813	Mailer's Mailing Date:	09/29/2011	Weight of Single Piece:	0.1115 lbs.
Total Pieces:	35,642 pcs.	Total Weight:	3,974.0830 lbs.	Total Postage:	\$ 20,306.99
Sequencing Date:		Address Matching Date - Automation:	09/28/2011	Address Matching Date - Carrier Route:	
No of Containers:	1' MM Trays:	2' MM Trays:	2' EMM Trays:	Flat Trays: 164	Sacks: Pallets: Other:
Customer Reference ID.:	47503				
Move Update Method:	NCOALink				
Mailpieces contain reply card or reply envelope:	NO		Mailpieces contain Only contents that are not required to be mailed FCM: NO		
Mailpieces contain a DVD/CD or other Disk:	NO		Round Trip Only: 1 DVD/CD or other Disk: NO		
Incentive Claimed:	N/A				
Mail Arrival Date and Time:	09/29/2011 13:51		Payment Date and Time:		09/29/2011 13:53
Comments:					

Part A : Automation Prices

Line Number	Title	Description	Price	Quantity	Postage
A13	5-Digit	Flats	0.543	31095 pcs.	\$ 16,884.5850
A14	3-Digit	Flats	0.717	3720 pcs.	\$ 2,667.2400
A15	ADC	Flats	0.775	299 pcs.	\$ 231.7250
A16	Mixed ADC	Flats	0.895	253 pcs.	\$ 226.4350
				Part A Postage:	\$ 20,009.9850

Part B : Nonautomation Prices

Line Number	Title	Description	Price	Quantity	Postage
B12	Single-Piece	Flats	1.080	275 pcs.	\$ 297.0000
				Part B Postage:	\$ 297.0000

Total Postage From All Parts: \$ 20,306.9850

**Certification**

The mailer's signature certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent signs this form, the agent certifies that he or she is authorized to sign on behalf of the mailer, and that the mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control.

I hereby certify that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and that the mailing qualifies for the prices and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation.

I understand that anyone who furnishes false or misleading information on this form or who omits information requested on the form may be subject to criminal and/or civil penalties, including fines and imprisonment.

**Signature**

Signature of Mailer or Agent	Name of Mailer or Agent	Telephone
	Holly Sick	(916) 442 - 3613

Facsimile Form 3600-R

**USPS Use Only**

Weight of a Single Piece		Are figures at left adjusted from mailer's entries? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, Give Reason	
Total Pieces 35,642 pcs.	Total Weight 3,963.3904 lbs.	Date Mailer Notified	
Total Postage \$20,306.99		Contact	
Presort Verification: Check One (If Applicable) <input type="checkbox"/> Not Scheduled <input type="checkbox"/> Performed		By (Initials)	
I CERTIFY that this mailing has been inspected concerning: (1) eligibility for postage price claimed; (2) Proper preparation (and presort where required); and (3) proper completion of postage statement; and (4) payment of annual fee (if required).			
Verifying Employee's Signature		Verifying Employee's Name	
		Round Stamp Required	
Optional Procedure No	Location Code 0279A	Mailing Date	

Facsimile Form 3600-R

**No signature or round stamp required statement has been submitted electronically through the PostalOne! System.**

Verification	Request Source	Performance Status	Disposition	Performance Type	Performance Percentage	Additional Postage	Cost Avoidance
eMIR cursory review		Not Performed	N/A		N/A		
Weigh Entire Mailing	Verification not requested by system	Not Performed	N/A		N/A		
MERLIN	Verification not requested by system	Not Performed	N/A		N/A		
<b>Total:</b>						<b>\$0.00</b>	<b>\$0.00</b>

This mailing has been inspected concerning:  
(1) eligibility for postage prices claimed;  
(2) proper preparation (and presort where required);  
(3) proper completion of postage statement; and  
(4) payment of annual fee (if required).

This postage statement was verified and accepted under the PostalOne! program. No postal signature or round stamp is required.

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[Inspector General ›](#)  
[Postal Explorer ›](#)  
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**Admail West  
Daily Meter Log Sheet**

DATE: 9.29.11  
METER NO: 05

BEGINNING DESCENSION \$ 838.122  
DEPOSITS TO METER + \_\_\_\_\_  
ENDING DESCENSION - \_\_\_\_\_  
USAGE = \_\_\_\_\_

TOTAL WASTED POSTAGE: \$ \_\_\_\_\_

RECONCILED BY: \_\_\_\_\_

WORK ORDER #	DROP #	CLASS	BEGINNING DESCENSION	ENDING DESCENSION	USAGE	RATE	TOTAL COUNT	TARGET COUNT	WASTED PIECE COUNT	EMPLOYEE NAME	SUPERVISORS INITIAL
47507	1	FR	838.122	97.122	741.000	1.56	475	475	0	J.H.	[initials]
DEPOSIT	5K			5097.122							
47488	3	FR	5097.122	5037.842	59.28	2.28	26	26	0	JM	[initials]
↓	2	↓	5037.842	4990.002	47.84	2.08	23	23	0	↓	[initials]
↓	1	↓	4990.002	4925.522	64.48	2.08	31	31	0	↓	[initials]
47503	3	FR	4925.522	4922.282	3.24	1.08	3	3	0	JM	[initials]
↓	2	4N	4922.282	4920.942	1.34	1.34	1	1	0	JM	[initials]
↓	↓	↓	4920.942	4914.552	6.39	2.13	3	3	0	JM	[initials]
↓	↓	↓	4914.552	4912.382	2.17	2.17	1	1	0	JM	[initials]
47507	1	FR	4912.382	4857.782	54.60	1.56	37	37	0	JM	[initials]

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47503 - mailed 5 foreign records DCN#0096

8 total pcs for SEIU 1000  
Main Kline 9/29

(49a)

**EXHIBIT F**  
**MINUTES**  
**SEIU Local 1000 Council Meeting**  
**Oakland Airport Hilton**  
**September 16 - 19, 2011**

**CALL TO ORDER**

The meeting was called to order by Yvonne Walker, President, at approximately 9:00 am Saturday, September 17, 2011.

**ROLL CALL**

The quorum of the Local 1000 was present as determined by the roll call by Cora Okumura, Vice President and Secretary-Treasurer.

**AGENDA COMMITTEE REPORT** (Agenda Item 1)

The Agenda Committee met at approximately 8:00 a.m. on Saturday, September 11, 2010. The following agenda items were added to the agenda:

Agenda Item 5(M) - Funds for 2012 AFL-CIO Dr. Martin Luther King Jr. Holiday Observance.

Agenda Item 5(N) - Notice to Fee-Payers Prior to Temporary Assessments

**Approval of Agenda** (Agenda Item 2)

**11/11/2 MOTION:** Okumura, automatic second that the SEIU Local 1000 Council approve the agenda.

*Walker, President, tabled Agenda Item 5(J) until more research and discussions are done around the Compensation for Statewide Officers.*

Agenda Item 5(B) was moved to Sunday.

(50a)

**APPROVED**

[Material Redacted in Printing]

**14/11/2 MOTION:** Notice to Fee-Pavers Prior to Temporary Assessments

(Agenda Item 5(N))

Robinson, second Maldonado that the Council adopt the following changes to policy file:

Add a new Subsection (a)(4) to Section 10CSD0.04, stating as follows:

(4) Non-members (fair share fee pavers) of Local 1000 shall not be charged for any assessment imposed after the issuance of Local 1000's annual fair share fee notice and before the issuance of the following year's notice unless and until they are given advance notice of the assessment and an opportunity of no less than thirty (30) days after receiving that notice within which to object to paying for the nonchargeable portion of the assessment and to challenge Local 1000's calculation of the chargeable portion of the assessment. The advance notice of the assessment shall include, but not be limited to, a breakdown of the major categories of expenditure, allocated between chargeable and non-chargeable classifications, that Local 1000 anticipates will be made from the funds raised by the assessment during the remainder of the fee payer year, and information regarding the rights of non-members to object to paying for the non-chargeable portion of the assessment and to challenge Local 1000's calculation of the chargeable portion of the assessment, as well as information regarding the procedures for exercising those rights. Non-members who submit timely objections to the notice of the assessment, or who submitted a timely objection to the previous annual fair share fee notice, shall have their contribution to the assessment reduced

(51a)

to cover only the anticipated chargeable portion of the assessment, either through the advance reduction method or the advance rebate method. Any challenges submitted in response to the notice of the assessment shall be processed (including but not limited to with regard to reduction, escrow and arbitral resolution) in the same manner as challenges submitted in response to Local 1000's annual fair share fee notice. If the assessment is anticipated to continue into the following fee year, financial disclosure regarding the assessment shall also be incorporated into the annual fair share fee notice for the following fee year. This provision cannot be repealed within 180 days prior to a vote to approve the institution of an assessment.

Add a new Section 15CSD6.00 and renumber the existing section:

#### **15CSD6.00 MID-YEAR ASSESSMENTS**

Non-members (fair share fee pavers) of Local 1000 shall not be charged for any assessment imposed after the issuance of Local 1000's annual fair share fee notice and before the issuance of the following year's notice unless and until they are given advance notice of the assessment and an opportunity of no less than thirty (30) days after receiving that notice within which to object to paying for the non-chargeable portion of the assessment and to challenge Local 1000's calculation of the chargeable portion of the assessment. The advance notice of the assessment shall include, but not be limited to, a breakdown of the major categories of expenditure, allocated between chargeable and non-chargeable classifications, that Local 1000 anticipates will be made from the funds raised by the assessment during the remainder of the fee payer year, and information regarding the rights of non-members to object to paying for the non-chargeable portion of the assessment and to challenge Local 1000's calculation

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of the chargeable portion of the assessment, as well as information regarding the procedures for exercising those rights. Non-members who submit timely objections to the notice of the assessment, or who submitted a timely objection to the previous annual fair share fee notice, shall have their contribution to the assessment reduced to cover only the anticipated chargeable portion of the assessment, either through the advance reduction method or the advance rebate method. Any challenges submitted in response to the notice of the assessment shall be processed (including but not limited to with regard to reduction, escrow and arbitral resolution) in the same manner as challenges submitted in response to Local 1000's annual fair share fee notice. If the assessment is anticipated to continue into the following fee year, financial disclosure regarding the assessment shall also be incorporated into the annual fair share fee notice for the following fee year. This provision cannot be repealed within 180 days prior to a vote to approve the institution of an assessment.

Renumber prior section 15CSD6.00 as Section 15CSD7.00, and correct a typographical error:

**15CSD67.00 INTERPRETATION OF DIVISION ~~13~~ 15**

These procedures are to be interpreted and applied in accordance with the decisions of the United States Supreme Court and other controlling decisions of a court of law (BD 71/86/2)

**CARRIED**

[Material Redacted in Printing]

Local 1000 Council Meeting  
Oakland, CA  
Sept. 16-19, 2011  
sde



