

**MINUTES OF THE CSURMA
BOARD OF DIRECTORS MEETING
NOVEMBER 6, 2013
SACRAMENTO, CALIFORNIA**

A. CALL TO ORDER

The meeting was called to order at 3:32 p.m. by the Chair, Cynthia Teniente-Matson.

A1. Approval of the Agenda

A motion was made to approve the order of the agenda as presented.

MOTION: Mike Neal **SECOND:** David Carroll **MOTION CARRIED**

B. PUBLIC COMMENTS

Chair Teniente-Matson welcomed everyone to the 2013 Fitting The Pieces Together Conference.

C. CONSENT CALENDAR

- C1. Approval of Minutes – May 10, 2013**
- C2. Treasurer’s Report**
- C3. Adoption of CSURMA 2014 Meeting Calendar**

A motion was made to approve each action on the Consent Calendar as presented.

MOTION: George Ashkar **SECOND:** Ron Cortez **MOTION CARRIED**

D. GENERAL ADMINISTRATION

D1. Trustees Audit Status Report

Daniel Howell reviewed the item with the Board of Directors. The CSU Office of the University Auditor has completed its report on CSURMA and management’s response has been accepted. The audit was published in July. The Chair and Vice Chair had participated in review of the preliminary findings and the CSURMA Executive Committee has taken action at prior meetings to address expected findings from the preliminary report. All of the items have been addressed by CSURMA and submitted for closure. It is expected that the University Auditor will report to the CSU Trustees at their November meeting that all items have been closed. Attached to this item are the University Auditor’s Report, staff’s matrix report on the status of the progress to close out audit findings as well as Executive Order 1087 reauthorizing CSURMA.

No action was taken at today's meeting.

D2. Proposed Amendments to the Joint Exercise of Powers Agreement (JEPA)

Chair Teniente-Matson introduced the item to the Board of Directors. Daniel Howell reported that at this year's Long Range Planning meeting the Executive Committee received a report from the committee's appointed Investment Task Group. Among the items was a discussion about whether CSURMA's governing document, the Joint Exercise of Powers Agreement (JEPA) allowed certain investments to be managed as per the Government Code sections that apply to local governments or the sections that apply to the University.

Staff has reviewed the applicable sections and issues with CSURMA's General Counsel and is recommending that the JEPA be amended in order to clarify that CSURMA's original intent was to allow for maximum flexibility in making investment decisions, including the decision as to whether or not to invest in the securities and other investments identified in Government Code section 53601. In addition, the investment policy would be amended to affect this intent.

Secretary-Auditor Robert Eaton explained that the proposed amendment would eliminate the ambiguity between State agencies and Local Government agencies as related to the application of the CSURMA Investment Policy.

As has been the delegated practice, the Executive Committee has adopted the amendment to the investment policy and the Board of Directors is requested to ratify the amended investment policy as well as delegate authority to the Executive Committee to make future amendments to the policy.

In addition, the Section 11(b) of the JEPA limits the Chair and Vice Chair to two consecutive complete terms of office. It is recommended that the Board extend the maximum terms of office for the Chair and Vice Chair to three consecutive terms of office.

A motion was made to 1) ratify the amended investment policy as well as delegate authority to the Executive Committee to make future amendments to the policy; and 2) extend the maximum terms of office for the Chair and Vice Chair to three consecutive terms of office.

MOTION: Mike Neal **SECOND:** Kevin Brady **MOTION CARRIED**

D3. Election of Vice Chair and Executive Committee Member

Chair Teniente-Matson reviewed the item with the Board of Directors. As a result of the departure of Mary Ann Rodriguez, and vacancy of Tom McCarron's position, the CSURMA Executive Committee has vacancies to fill. The Chair has recommended that the Executive Committee nominate the following candidates for election by the Board of Directors:

- CSURMA Vice Chair: Linda Hawk to replace Mary Ann Rodriguez effective November 6, 2013 for term expiring June 30, 2014.
- CSURMA EC Member: Mike Lee to replace Tom McCarron effective July 1, 2013 for term expiring June 30, 2014.
- CSURMA EC Member: Lisa Chavez to replace Linda Hawk effective November 6, 2013 for term expiring June 30, 2015.

As per CSURMA's prior practice, the CSURMA Chair appointed Mike Lee to Tom McCarron's seat and the Board was asked to ratify that appointment as a part of the election.

It was also announced at this time that Robert Eaton has been appointed to the position of Secretary-Auditor, and that George Ashkar is now assuming general oversight for all of CSURMA.

A motion was made to ratify the Executive Committee appointments as presented as follows: 1) Linda Hawk to the position of Vice-Chair, effective November 6, 2013 for a term expiring June 30, 2014; 2) Mike Lee, effective July 1, 2013 for a term expiring June 30, 2014; and 3) Lisa Chavez, effective November 6, 2013 for a term expiring June 30, 2015.

MOTION: Cynthia Teniente-Matson **SECOND:** George Ashkar **MOTION CARRIED**

D4. Independent Auditor's Financial Audit Report as of June 30, 2013

Mr. Chris Roy of KPMG reviewed the financial audit report with the Board of Directors. It presented a clean opinion with no significant communication issues noted. Mr. Roy stepped through the Management Discussion & Analysis, the Statement of Net Position, Statement of Changes in Revenues, Expenses and Changes in Net Position; ending with the Statement of Cash Flows. The audit process provides reasonable assurance that the Financial Statement is free of material issues.

There were no questions from the floor.

A motion was made to accept the Independent Auditor's Financial Report as of June 30, 2013 as presented.

MOTION: Frank Mumford **SECOND:** Mike Thorpe **MOTION CARRIED**

D5. Campus Risk Pool Funding Program year 2014/2015

D5.a Review of Draft Actuarial Reports for General Liability, Workers' Compensation and Athletic Injury Medical Expense (AIME) Programs

Robert Leong reviewed this item with the Board of Directors. CSURMA retains the services of an independent actuary to evaluate the liabilities of its major self-insured programs - Campus General and Errors & Omissions Liability, Workers' Compensation, and Athletic Injury Medical Expense (AIME) risk pools. The information provided by the actuary is used to establish fiscal year-end financial reports, and as the starting point in consideration of rates and funding for FY 2014/15 as well as evaluating potential campus dividends or assessments.

The Actuary's findings and recommendations include:

Campus Liability

1. Change in Projected Ultimate Limited Losses from last year's to this year's study decreased by 6.5%.
2. Loss Funding at 70% actuarial confidence increases slightly from \$13,461,600 (FY 13/14) to \$13,953,600 (FY 14/15).

Campus WC

1. Change in Projected Ultimate Limited Losses from last year's to this year's study increased by 1.5%.
2. Loss Funding at 70% actuarial confidence increases from \$21,151,900 (FY 13/14) to \$26,808,100 (FY 14/15).

AIME

1. Change in Projected Ultimate Limited Losses from last year's to this year's study increased by 13.1%. Note, however, last year's study did not include East Bay, who joined AIME on 8/1/12. The real net change is about +10%.
2. Loss Funding at 70% actuarial confidence increases from \$2,912,150 (FY 13/14) to \$3,246,100 (FY 14/15). This also did not include CSUEB in last year's study.

D5b. Recommendation of FY 2014/2015 Campus Coverage Programs Pooled Program Gross Funding

Robert Leong reviewed the item with the Board of Directors. Upon recommendation of the Executive Committee, the Board of Directors adopts rates and funding for the upcoming fiscal year at its Fall meeting. The Program Administrators prepared FY 2014/15 draft calculations using the final actuarial reports dated July 29, 2013 reviewed in the previous agenda item.

The following chart summarizes total program costs:

Campus Coverage Programs Funding Comparison

	FY 13/14 Adopted	FY 14/15 Proposed	% Chg	% Chg
Liability	\$13,670,600	\$14,217,698	\$547,098	4.0%
Workers' Compensation	29,448,933	34,752,679	5,303,746	18.0%
IDL NDI UI	13,500,000	13,500,000	0	0.0%
Property	9,500,000	9,500,000	0	0.0%
<i>AIME</i>	2,932,489	2,932,489	0	0.0%
<i>Auto Liability</i>	648,727	648,727	0	0.0%
Total	\$69,700,749	\$75,551,593	\$5,850,844	8.4%

- This is a projection based on market assessment at this time.
- AIME Committee to recommend final funding for FY 2014/15.
- Auto Liability cost to be issued by DGS ORIM in March 2014.
- Final Rates to be presented to the Board at its May 2014 Meeting.

A motion was made to accept the Campus Coverage Programs Funding as presented in the table above and to accept the actuarial reports for use in CSURMA's financial reporting, rate setting, and funding evaluations.

MOTION: Mike Neal **SECOND:** Mike Lee **MOTION CARRIED**

D6. Campus Risk Pool Dividends and Assessments

Daniel Howell reviewed this informational item with the Board of Directors. Per CSURMA Policy and Procedure No. 14-JPA, the Executive Committee has evaluated and approved dividends and assessments for the Campus Risk Pools. The practice has been to declare a dividend of up to fifty percent (50%) of unencumbered program funds where available and an assessment to cover existing and anticipated funding shortfalls for funds that have a negative fund balance.

PROPOSED CAMPUS RISK POOLS DIVIDENDS

Program	FY 12/13 Dividend	FY 13/14 Dividend
Liability	\$0	\$7,097,512
Workers' Compensation	7,504,717	0
IDL/NDL/UI	(2,716,515)	0
Total	\$4,788,202	\$7,097,512

Last year, the Executive Committee declared a simultaneous dividend and assessment that resulted in a \$0 net return to most campuses with some being assessed an additional

contribution. An assessment is not needed this year as the IDL/NDL/UI fund has been restored. CPOs will be issued on the Liability amount based on the five most recent years of participation.

D7. Review of FY 2013/2014 Long Range Planning Goals

Daniel Howell reviewed with the BOD . The Long Range Action Plan was initially presented to the Board of Directors at their May meeting. Chair Teniente-Matson remarked that the Executive Committee reviews the action plan at each meeting in addition to the time spent at the Long Range Planning Session developing items for the next year.

This year's Long Range Action Plan draft presented eleven (11) items that will be worked by the Executive Committee and Program Administrators this year, as below:

1. CSURMA Website Enhancements
2. Intramural/Recreational Sports Coverage
3. Student Personal Property & Liability Insurance Program
4. Service Animals on Campus
5. Bicycles/Skateboards on Campus
6. Periodic Review of CSURMA Policies & Procedures
7. New Member Orientation for Executive Committee and Board of Directors
8. Theater Risk Management & Safety
9. Minors on Campus Training
10. Enterprise Risk Management
11. Sponsored Training for Employees

A Theatre Safety seminar will be presented during the Fitting The Pieces Together Conference in partnership with University of California.

D8. Resolution Recognizing the Contributions of Thomas McCarron

Chair Teniente-Matson reviewed this item with the Board of Directors. Thomas McCarron has diligently served the California State University Risk Management Authority as a member of its Executive Committee and the Board of Directors since July 2010. He served as a member of the Executive Committee from July 2010 – June 2013. CSURMA has a practice of acknowledging exceptional service by resolution.

A motion was made to pass Resolution No. 02-13 (BOD), recognizing the valued contributions of Thomas McCarron.

MOTION: Mike Lee **SECOND:** George Ashkar **MOTION CARRIED**

D9. Resolution Recognizing the Contributions of Mary Ann Rodriguez

Chair Teniente-Matson reviewed this item with the Board of Directors. Mary Ann Rodriguez has diligently served the California State University Risk Management Authority as a member of its Executive Committee and the Board of Directors since July 2009.

A motion was made to pass Resolution No. 03-13 (BOD), recognizing the valued contributions of Mary Ann Rodriguez.

MOTION: Mike Neal **SECOND:** George Ashkar **MOTION CARRIED**

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E1. AORMA Programs Status Report

Robert de Wit, AORMA Vice Chair was in attendance at the meeting and offered the following highlights from the AORMA meeting earlier today:

- AORMA’s long range action plan for FY 13/14.
- Election of the AORMA Committee Vice-Chair for the one-year term beginning on July 1, 2014.
- Recipients of the free AOA conference registrations.
- Revisions to Policy and Procedure A-5 – Calendar of Reports, Audits, Filings and Reviews – documenting that all policies and procedures are required to be reviewed every two years.
- Revisions to Policy and Procedure L-7 – Employment Practices Liability Deductible Options – documenting the new “one level annual increase” limit.
- Review and approval of Policy and Procedure P-1 – Property Program Member Allocation Formula – which documents in detail the newly approved member allocation formula.
- Review and approval of Policy and Procedure C-1 – Crime Program Member Allocation Formula – which documents in detail the newly approved member allocation formula.

E2. AOA Annual Conference Update

AORMA Vice-Chair Robert De Wit reported that AORMA will provide AOA an increased sponsorship this year of \$20,000.

F. CLOSED SESSION

There were no items scheduled for closed session.

G. INFORMATION ITEMS

G1. Program Administrator’s Stewardship Report

Chair Teniente-Matson reviewed the item with the Board of Directors. Each year the Program Administrators prepare a Stewardship Report for the CSURMA Board of Directors. The Stewardship Report describes the activities and accomplishments of CSURMA and its Program Administrators.

Daniel Howell stepped through the Stewardship Report, directing the Board's attention to the CSURMA Milestones listed on page 164 of the agenda packet.

G2. Coverage for State Houses

Daniel Howell reviewed the item with the Board of Directors. At many campuses, CSU owns State Houses which serve as gathering places for campus events and residences for the campus Presidents. A recent review of the funding for state houses indicated that there would be difficulty funding the deductible for a major loss.

The cost to reduce the deductible to a maximum of \$10,000 via the "Campus 99" location schedule was approximately \$3,000 for all the state houses systemwide and the CSURMA Chair directed the Program Administrator to effect the reduced deductible.

Because the deductible change was effected late in the renewal process, staff was not able to amend the previously approved campus renewal invoices. At their September 12, 2013 meeting, the CSURMA Executive Committee took action to absorb the cost in the Campus Risk Pool Property fund and the cost of the change will not be allocated to the campuses for coverage year 13/14, but will be allocated for FY 14/15 and thereafter.

G3. CSURMA Pending Projects

Chair Teniente-Matson reviewed the item with the BOD. She introduced Mike Lee as Chair of the Campus Risk Pools Rating Plans Task Group, and Michael Thorpe, who is chairing the Student Insurance Programs Task Group.

G4. CSURMA Administrative Services Calendar

Chair Teniente-Matson directed Board of Directors attention to the CSURMA Administrative Services Calendar on pages 186 – 189. She encouraged everyone to review the Administrative Services Calendar as part of their fiduciary responsibility as Board of Directors members.

This document is a result of the audit and the Chair's urging for its creation. This listing will appear in every agenda packet.

G5. CSURMA Board of Directors and Staff Telephone, Postal Address and E-mail List

The Board was asked to review the attached Board of Directors contact information and provide Staff with revisions.

APPROVED

I. ADJOURNMENT

A motion was made to adjourn the meeting.

The meeting was adjourned at 5:04 p.m.

MEMBERS PRESENT

George Ashkar, CSU Office of the Chancellor
Kurt Borsting, CSU Fullerton, Associated Students, Inc.
Kevin Brady, CSU Los Angeles
Michael Burghart, Humboldt State University
David Carroll, California Polytechnic State University, SLO
Lisa Chavez, CSU Los Angeles
Ronald Cortez, San Francisco State University
Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach
Tyson Hill, Sonoma State University
Lisa Kao, CSU Fresno
Gigi Kiama, University Corporation, CSU Monterey Bay
Keith Kompasi, CSU Fresno, Fresno Association, Inc.
Dr. Mike Lee, CSU Sacramento
Mark Loftus, San Jose State University
Nyassa Love, CSU East Bay
Cynthia Matson, CSU Fresno
Frank Mumford, CSU Fullerton Auxiliary Services Corporation
Michael A. Neal, CSU Bakersfield
Ron Norton, CSU Northridge
Kirtland Stout, CSU Sacramento
Amy Thomas, CSU Stanislaus
Michael Thorpe, CSU Chico

MEMBERS ABSENT

Dr. Ed Barnes, California State Polytechnic University, Pomona
William Barrett, CSU Fullerton Auxiliary Services
John Beisner, CSU Fullerton Auxiliary Services
Dwayne Brummett, Associated Students, Inc., Cal Poly SLO
Debbie Burns, CSU, San Bernardino
Guy Dalpe, Cesar Chavez Student Center, San Francisco State University
Vineeta Dhillon, California Maritime Academy
Valerie Eberle, California State Polytechnic University, Pomona
Lawrence Furukawa-Schlereth, Sonoma State University
Kellie Garcia, CSU Bakersfield
Robert Gardner, CSU San Bernardino
Marna Genes, CSU San Jose State University
Lori Gentles, San Francisco State University
Russell Giambelluca, CSU Stanislaus
John Griffin, The University Corporation, CSU Northridge
Linda Hawk, CSU San Marcos
Nancy Hayes, San Francisco State University
Lorraine Hoffman, CSU Chico
Katharine Hullinger, CSU Channel Islands
William Kupfer, CSU Channel Islands

Kurtis Lohide, California Maritime Academy
Joyce Lopes, Humboldt State University
Michael Martin, San Francisco State University
Peter Neville, Sonoma State Student Union
Brian Nowlin, CSU Long Beach Foundation
David Prenovost, Cal Poly Pomona Foundation
Dr. Ben Quillian, CSU Office of the Chancellor
David Ragsdale, California Polytechnic State University
Lenore Reed, CSU Monterey Bay
Jessica Rentto, San Diego State University
Sally Roush, San Diego State University
Kevin Saunders, CSU Monterey Bay
Mary Stephens, CSU Long Beach
Sharon Swart-Reiter, California State Polytechnic University, Pomona
Bill Thomas, CSU San Marcos
Jody Van Leuven, CSU Northridge
Brad Wells, CSU East Bay
Stephanie Williams, CSU Long Beach
Jeff Wood, CSU Dominguez Hills
Pat Worley, Associated Students, CSU Sacramento

STAFF, GUESTS AND CONSULTANTS

Kelly Cox, CSU Office of the Chancellor
Zachary Gifford, CSU Office of the Chancellor
Jacki Graf, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
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