

**MINUTES OF THE CSURMA
EXECUTIVE COMMITTEE MEETING
JANUARY 12, 2014
SACRAMENTO, CALIFORNIA**

MEMBERS PRESENT

George V. Ashkar, CSU Office of the Chancellor, Treasurer
Dwayne Brummett, California Polytechnic State University
Lisa Chavez, CSU Los Angeles
Robert DeWit, CSU Long Beach
Robert Eaton, CSU Office of the Chancellor, Secretary-Auditor
Lori Gentles, CSU Fullerton
Linda Hawk, CSU San Marcos, Vice-Chair
Mike Lee, Sacramento State University
Cynthia Teniente-Matson, CSU Fresno, Chair
Michael Thorpe, CSU Chico

MEMBERS ABSENT

None

STAFF, GUESTS & CONSULTANTS

Zachary Gifford, CSU Office of the Chancellor
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, CSU Office of General Counsel
Myron Leavell, Alliant Insurance Services, Inc.
Robert Leong, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order at 3:02 p.m. by Chair, Dr. Cynthia Teniente-Matson.

A.1. Approval of the Agenda

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

MOTION: Mike Lee **SECOND:** Lisa Chavez **MOTION CARRIED**

AYES: Ashkar/Brummett/Chavez/DeWit/Gentles/Hawk/Lee/Teniente-Matson

NAYS: None

ABSTAINS: None

B. PUBLIC COMMENTS - None

C. CONSENT CALENDAR

C.1 Approval of Minutes – November 6, 2013

C.2 Receipt and Review of the Draft Financial Statements at November 30, 2013

A motion was made to approve the items on the consent calendar as discussed at today's meeting with the noted corrections on pages 3 and 5 of the minutes.

MOTION: Robert Dewit **SECOND:** Michael Thorpe **MOTION CARRIED**

AYES: Ashkar/Brummett/Chavez/DeWit/Hawk/Lee/Teniente-Matson

NAYS: None

ABSTAINS: Gentles

D. GENERAL ADMINISTRATION

D.1 Trustee's Audit Update

Daniel Howell reviewed the item with the Executive Committee. The CSU Office of the University Auditor has completed its report on CSURMA and management's response has been accepted. The Chair and Vice-Chair had participated in the review of the preliminary findings and the CSURMA Executive Committee has taken action at prior meetings to address expected findings from the preliminary reports. Ten of the 12 items have been closed. The two remaining open items (item 10 – Travel Expenses and Item 12 – Campus Settlement Authorities) have been completed by CSURMA and Chancellor's Office staff and submitted for closure.

The majority of the University Auditor's recommendations were resolved through the adoption of policy and procedures or by providing documentation that the recommendation was satisfied.

No action was taken on this item at today's meeting.

D.2 Underwriter Meetings Report

Robert Eaton reviewed the item with the Executive Committee. CSURMA's practice of direct communication with underwriters by CSU leadership continued with underwriter meetings in London on November 25-26. CSU representatives Chancellor White, CSURMA Chair Teniente-Matson, Secretary-Auditor Eaton and CSURMA Program Director Daniel Howell conducted 11 meetings with 22 London market participants over the course of two days to initiate discussions on the 2014-2015 program renewal.

Secretary-Auditor Eaton reviewed his report highlighting those meetings with the Executive Committee. His memo stressed the main goals of the meetings which were: 1) Demonstration of CSU's leadership's commitment to risk management and discussion of the leadership change and transition plan; 2) Reinforcement of the depth of personnel expertise; 3) Introduction of a direct

relationship to CSURMA's leadership, and 4) Discussion on the technical points of insurance placements and renewal expectations.

No action was taken at today's meeting.

D.3. Pollution Liability Insurance Coverage

Daniel Howell reviewed this item with the Executive Committee. CSURMA purchased supplemental insurance from ACE Environmental Risk to increase/broaden the coverage for pollution liability offered through Alliant's Public Entity Environmental Liability (APEEL) covering the period January 1, 2013 to January 1, 2014. ACE Environmental Risk offered to extend the policy for six months to expire on July 1, 2014 at a cost of \$61,463.86 (taxes and fees included), which is pro-rata of the annual \$123,918.43 total cost. This will align the expiration date of this coverage with that of the pollution coverage afforded by PEPiP, which provides excess coverage.

Chair Teniente-Matson would like to take the topic to CABO at its next meeting for their awareness of the additional expense.

A motion was made to ratify the decision of the Secretary-Auditor to bind the extension of the pollution liability coverage at a cost of \$61,463.86 including TRIA for the period January 1, 2014 through July 1, 2014; with the cost of the additional coverage to be allocated to the Campuses and AORMA based on the present allocation structure.

MOTION: Lisa Chavez **SECOND:** Dwayne Brummett **MOTION CARRIED**

AYES: Ashkar/Brummett/Chavez/DeWit/Gentles/Hawk/Lee/Teniente-Matson

NAYS: None

ABSTAINS: None

D.4 Program Administration Service Agreements

Robert Eaton, Secretary- Auditor, reported that the agreement with Alliant for Program Administration and Brokerage Services has been negotiated and executed. CSURMA Counsel Willie Hsu advised that the contract requires that it be reviewed annually. The Program Administration team was asked to add this item to the CSURMA Administrative Service Calendar.

No action was needed or taken at this time.

D.5 Rating Plans Task Groups

Rob Leong reviewed the item with the Executive Committee. The Executive Committee established Rating Plans Task Groups (RPTG) to review and recommend modifications, if any, to the cost allocation formulae for the Campus Risk Pools and the Student Insurance Programs.

The Campus RPTG met on November 7 and December 17, 2013. Student Insurance Programs RPTG met on December 19, 2013. Both RPTG's are scheduled to meet again later this month.

The RPTG will prepare a report for the Executive Committee's review at their March 2014 Long Range Planning Session. A final report would then be presented to the Board of Directors at the May 2014 meeting. Any rating plan changes would likely be implemented with the FY 15/16 coverage year.

Rob reported that the Campus RPTG recommended no longer funding years prior to July 1, 1999; freeing up cash in excess of \$1 million, thereby reducing deposit requirements for future funding. For General Liability, the RPTG also conducts a review of deductible credit factors. As part of that review, other metrics, other than payroll, are considered to ensure fairness of costs across all members. Another part of the process, is to survey campuses to see if they would like to remain at their current deductible level.

Rob further reported that the ORIM/Automobile Liability coverage has a couple of issues hindering the evaluation process – a lack of meaningful data available and that the funding amount is unknown until late March, with the clear alternative being leave as is for next year. Currently, a percentage of vehicle count is the rating basis.

Linda Hawk thanked Rob Leong for stepping the committee through the process.

Mike Thorpe reviewed the Student Insurance Program coverages under analysis. The RPTG reviewed coverage summaries and conducted a needs assessment. All students are paying the same rate for all club sports. In the review of the Student Travel Accident Insurance Program, it was found that it did not cover programs lasting more than 7 days. The Foreign Travel Insurance Program is fairly complex, as there is sometimes the need for duplicative coverage in order for student to be in compliance with program. Possibly a bridge program could be put in place for those cases. There is also investigation of the need for professional liability component for FTIP participants. Additional information will be provided to the Executive Committee to round out the summaries as available.

The next meeting of the Task Group is scheduled for January 21, 2014.

No action was taken at this time.

D.6 Resolution No. 01-14 (EC) Amending CSURMA Conflict of Interest Code

Myron Leavell reviewed the item with the Executive Committee. CSURMA's most recently filed Conflict of Interest Code was revised by the Fair Political Practices Commission as part of their code modernization project. The draft presented showed the changes requested.

As a joint powers authority, CSURMA must comply with provisions of the Political Reform Act. Compliance is administered by the Fair Political Practices Commission. The Program Administrator administers CSURMA's Conflict of Interest Code, requesting, filing and retaining documents as required under the code.

A motion was made to adopt the revised Conflict of Interest Code as presented and to file the revised code with the FPPC as appropriate.

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

AYES: Ashkar/Brummett/Chavez/DeWit/Gentles/Hawk/Lee/Teniente-Matson

NAYS: None

ABSTAINS: None

D.7 Schools Excess Liability Fund Excess Workers' Compensation Program Assessment

Daniel Howell reviewed the item with the Executive Committee. The CSU participated in the Schools Excess Liability Fund's (SELF's) Excess Workers' Compensation Program (EWCP) from July 1, 1995 to June 30, 2004. SELF has previously reported that the EWCP is substantially underfunded and notified members of assessments. CSU has paid previous assessments and CSURMA has carried a liability for future assessments. Recently SELF adopted a policy and procedure with a 10 year plan to fund the remaining outstanding liability. CSURMA's current outstanding liability in the SELF EWCP is approximately \$12 million.

At the September 13, 2013 meeting, the Executive Committee reviewed the Schools Excess Liability Fund's (SELF's) Excess Workers' Compensation Program (EWCP) assessment policy and calculation for the CSU. At that time, the Executive Committee approved requesting information from SELF and established a budget of \$4,500 for the data request and possible review by CSURMA's independent actuary to evaluate its position in the program and opportunities to reduce the cost of the assessment.

Staff was successful in obtaining the requested information and continues to evaluate other possible options for resolution.

No action was taken at this time.

D.8 Foreign Travel Software

Zachary Gifford reviewed the item with the Executive Committee. It was determined that the Horizons product met CSURMA's requirements with the limited deployment of the Horizons software, Simplicity as proposed. The Executive Committee authorized an amount not to exceed \$13,750 to implement the software for an initial 18 months; delegating authority to the Secretary-Auditor to execute the contract.

The Board approved a budget for the current fiscal year that includes a cost for travel management software.

No action was taken at this time.

D.9 Training for Programs Involving Minors on Campus

Mimi Long reviewed the item with the Executive Committee. The AORMA Committee determined that it needed more help with policies and procedures than training.

This year, we are only paying for those programs that actually do the self-assessment. The cost for the online self-assessment, the resulting report, and 3 Armatus online training sessions is \$2,000 per program; up to a maximum of \$50,000. Each youth program will have access to three different online courses. The total number of users may not exceed 20,000 annually.

The self-assessment process takes approximately 2 hours per program and should be performed by someone with the big picture view. This is a two-step process – Access and implement changes then reassess to check for efficacy of those changes. Daniel Howell remarked that this is more about getting the policies and procedures in place.

It was pointed out that it is not possible to print out a manual as part of the process, as that increased the risk of it becoming a cookie cutter document that would be copied, rather than one being developed.

Chair Teniente-Matson believes that CABO support is needed on this issue. There should be a campus mandate to ensure that all are using the program. Chair Teniente-Matson and Vice-Chair Hawk will briefly discuss with the CABO group.

CSURMA Counsel Willie Hsu remarked that we should be testing for maximum exposure to check the program for performance. The AORMA Committee recommended the program to the Executive Committee who then recommended adoption. This exposure is more than Auxiliary Organizations and extends to campus activities as well.

A motion was made delegating authority to the Secretary-Auditor to execute an agreement once CABO support is gained.

MOTION: Dwayne Brummett **SECOND:** Lori Gentles **MOTION CARRIED**

AYES: Ashkar/Brummett/Chavez/DeWit/Gentles/Hawk/Lee/Teniente-Matson

NAYS: None

ABSTAINS: None

D.10 Executive Committee Nominations

Daniel Howell reviewed this item with the Executive Committee. Members of the Executive Committee serve two year terms, with half the seats up for election in odd-numbered years, and half in even-numbered years. This year, four seats are up for election at the May 9, 2014 Board of Directors meeting.

A nominating committee was formed consisting of Michael Thorpe, Lisa Chavez and George Ashkar. They have been tasked with proposing a slate of potential candidates to the Executive Committee at the March Long Range Planning Session.

A motion was made to form a Nominating Committee consisting of Michael Thorpe, Lisa Chavez and George Ashkar.

MOTION: Dr. Cynthia Teniente-Matson **SECOND:** Linda Hawk **MOTION CARRIED**

AYES: Ashkar/Brummett/Chavez/DeWit/Gentles/Hawk/Lee/Teniente-Matson

NAYS: None

ABSTAINS: None

D.11 Service Provider Performance Survey

Zachary Gifford introduced the item to the Executive Committee. An on-line Service Provider Performance Questionnaire was developed for distribution and completion by campuses and auxiliary organizations and is tailored to meet their interests. The Service Provider Performance Survey assists CSURMA with information to support strategic planning.

The survey process is currently open with follow-ups scheduled later this month.

No action was taken at this time.

D.12 Student Health Insurance

Zachary Gifford reviewed the item with the Executive Committee. After many unsuccessful attempts to gather underwriting data from the incumbent carrier, a response was received from the incumbent broker with data shipped to Alliant for compilation and analysis.

Alliant will process the information provided and transmit to the WICHE and University of CA program managers to see if a competitive proposal can be obtained.

No action was taken at this time.

D.13 Update on Concussive Injuries Initiatives

Daniel Howell introduced the item to the Executive Committee. Recently the CSU Council of Presidents received a presentation on the CSU Concussive Injury Initiative. As a result, the Executive Vice-Chancellor and Chief Financial Officer has reviewed a proposal for the Humboldt State University program as a systemwide resource for preventing and responding to concussive injuries and has agreed to fund 50% at a systemwide level with participating campuses paying the remaining 50%. The Program Director discussed with the HSU representatives the possibility of developing in addition to the Systemwide resources, an online training program for coaches and athletic participants, possibly with the support of CSURMA.

It was suggested that this item be discussed at the upcoming Long Range Planning Session. There was discussion of two key elements: Develop the protocol and then train coaches. There needs to be tight tracking of the training with the possibility of utilizing the Learning Management Systems available through David Kervella's group.

Campuses with NCAA Division 1 will meet the minimum requirements. The AIME Committee is also reviewing HSU's proposal to avoid duplication of efforts as many campuses have concussive injury management protocols in place. There was some question as to whether they would be charged as well if there is already a better training solution in place.

No action was taken at this time.

D.14 Review of FY 2013/2014 CSURMA Long Range Planning Goals

Daniel Howell reviewed the FY 2013/2014 Long Range Planning Goals with the Executive Committee. The majority of items are on target or have been completed.

No action was taken at this time.

D.15 2014 Long Range Planning Meeting Date, Location, and Agenda

Daniel Howell reviewed the item with the Executive Committee. It was determined by a survey of hotel accommodations throughout the state that Newport Beach would again be an affordable location to host the Long Range Planning Session, as it worked out well for its proximity to an airport with reasonably priced hotels. All meetings will be held at Alliant's Newport Beach offices to further reduce meeting costs.

Chair Teniente-Matson advised the Executive Committee that she would not physically in attendance but participating via teleconference.

Direction was provided to the Program Administrators.

F. CLOSED SESSION

Sanchez-Graves v. CSU, Northridge

A motion was made to enter Closed Session.

Motion: Cynthia Teniente-Matson **Second:** Mike Lee **MOTION CARRIED**

The Executive Committee entered Closed Session at 5:03 p.m.

The Executive Committee Chair excused all staff other than General Counsel.

A motion was made to leave Closed Session.

Motion: Mike Lee **Second:** Michael Thorpe **MOTION CARRIED**

The Executive Committee left Closed Session at 5:10 p.m.

The Chair reported that no action was taken.

F. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

F.1 AORMA Programs Update

Dwayne Brummett, AORMA Chair was in attendance at the meeting and offered the following highlights from the AORMA meeting earlier today:

- Revisions to Policy and Procedure L-7 – Employment Practices Liability Deductible Options – documenting the new “one level annual increase” limit.
- Amendment of the Liability Program Memorandum of Coverage to extend coverage to employee welfare benefits trusts and their Boards of Trustees.
- Review of the Praesidium contract for Managing the Risk of Minors on Campus
- Expansion of Risk Management Innovation Grant criteria.

G. INFORMATION ITEMS

G.1 2014 PARMA Conference Announcement

The Executive Committee reviewed the conference announcement for the Public Agency Risk Managers Association ‘conference being held in San Jose February 9-12, 2014. Daniel Howell reminded the Executive Committee that funds are available for their attendance at one risk management conference per year.

G.2 Workers’ Compensation Program Claims Audit

Daniel Howell reviewed this item with the Executive Committee. CSURMA engages Sedgwick Claims Management Services (Sedgwick CMS) to serve as third-party administrator (TPA) for Campus and AORMA Workers’ Compensation Risk Pool claims. A regular performance audit is conducted by Alliant to review services delivered by Sedgwick, particularly in regards to the standards of performance for the industry and the specific requirements as outlined in the service agreement.

The draft report and Sedgwick’s response were reviewed by the Executive Committee. Sedgwick’s response showed that some of the recommendations were already being implemented.

Chair Teniente-Matson requested a presentation to the Executive Committee at the Long Range Planning Session.

G.3 CSURMA Administrative Service Calendar

Daniel Howell reviewed the item with the Executive Committee. The document sets out the administrative scope of work in a calendar format. Daniel Howell added that the Executive Committee and AORMA portions of the service calendar will be more aligned going forward.

G.4 CSURMA Executive Committee & Staff Contact List

The Executive Committee reviewed the Contact List and was advised to inform the Program Administrators of any needed updates or corrections to the information presented.

H. ADJOURNMENT

A motion was made to adjourn the meeting.

The meeting adjourned at 5:18 PM.