

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING
OCTOBER 23, 2015
CSU CHANCELLOR'S OFFICE, MUNITZ ROOM
401 Golden Shore • Long Beach, CA
9:00 AM**

MEMBERS PRESENT

Lisa Chavez, California State University Los Angeles
Guy Dalpe (AORMA Vice-Chair), Associated Students, Inc., San Francisco State University
Robert Eaton (Treasurer), California State University, Office of the Chancellor
Linda Hawk (Chair), California State University, San Marcos
Ming Tung (Mike) Lee, California State University, Sacramento
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation
Kevin Saunders, California State University, Monterey Bay
Jody Van Leuven, California State University, San Bernardino

MEMBERS ABSENT

Lori Gentles, California State University, Fullerton

STAFF, GUESTS & CONSULTANTS

Kelly Cox, CSU Office of the Chancellor
Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
Tevea Him, Alliant Insurance Services, Inc.
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, CSU Office of General Counsel
Alice Kim, CSU Office of the Chancellor
Rob Leong, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.
Liezl Sangalang, KPMG
Rebecca Skidmore, CSU, Office of the Chancellor
Kirtland Stout, California State University, Sacramento
Mark Thomas, KPMG

A. CALL TO ORDER

The meeting was called to order by the Chair, Linda Hawk at 9:05 AM.

A1. Approval of the Agenda

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

MOTION: Mike Lee

SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Lori Gentles				X
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from the public.

C. CONSENT CALENDAR

- C1. Approval of Minutes – September 11, 2015**
- C2a. Review and acceptance of the draft financial statement at September 30, 2015**
- C2b. Treasurer’s Certification dated October 12, 2015**
- C3. Cancellation of December 4, 2015 CSURMA Executive Committee Meeting**

A motion was made to approve or accept the items on the consent calendar.

MOTION: Frank Mumford
SECOND: Jody Van Leuven

NAME	AYE	ABSTAIN	NAY	ABSENT
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Lori Gentles				X
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Report on Independent Auditor’s Financial Audit as of June 30, 2015

Kelly Cox introduced Mark Thomas, KPMG’s Systemwide Engagement Partner, and Liezl Sangalang, KPMG’s Engagement Senior Manager. Thomas stated that the Independent’s Auditors Report includes an unmodified opinion on the financial statements as well as the supplementary information. Thomas noted that the areas of the audit emphasis were the member contribution revenues, accounts payable and operating expenses, as well as claims losses and loss adjustment expenses, which are reviewed by KPMG’s actuary. KPMG also reviewed the CSURMA investments with regard to the Fair Value Testing. KPMG’s audit includes the required communication to the board of directors.

Daniel Howell asked about the SOC 1 report (formerly the SAS 70 report), for Sedgwick, CSURMA’s third party workers’ compensation claims administrator. Sedgwick also retains KPMG as its financial auditor. Sedgwick has a September 30 fiscal year, so the SOC 1 report that was completed by KPMG in September, 2014 was not acceptable by KPMG in June, 2015 within CSURMA’s audit. Thomas noted that the SOC 1 report is out of date after six months. KPMG has worked out this issue internally with Sedgwick, and it will not be a problem at June 30, 2016.

Cox pointed out that the Governmental Accounting Standards Board (GASB) considers the management discussion and analysis (MD&A) to be a recommended part of the financial reporting. However, it is not a legal requirement, just a recommendation. The CSURMA Executive Committee has historically decided not to complete the MD&A because the audit includes comparative statements as well as footnotes which address the seven recommended topics to be included in the MD&A. This practice is consistent with the independent audits for other similar CSU related entities as their financial reports are included within the California State University audited financial statement.

The Committee directed Cox to complete an analysis for FYE June 30, 2016, of the seven recommended MD&A items of discussion compared to the comparative statements as well as footnotes. This will be added to the Executive Committee’s LRP meeting agenda in March, 2016 for further discussion.

A motion was made to accept the audited financial report ending June 30, 2015, without the management discussion and analysis, and recommend approval to the Board of Directors.

MOTION: Frank Mumford

SECOND: Robert Eaton

NAME	AYE	ABSTAIN	NAY	ABSENT
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Lori Gentles				X
Linda Hawk	X			

Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D2. CSU International Programs Funding

Daniel Howell explained that the Chancellor’s Office International Programs (IP) selected CSURMA’s Foreign Travel Insurance Program (FTIP) in 2012 to provide coverage for students who study abroad. The decision resulted in broader coverage for the students, including coverage for liability while in foreign countries. Because of FTIP’s broader coverage, FTIP’s rates were more than IP’s insurance rates at the time. In 2012, the Executive Committee approved a funding strategy which allowed the Campus Liability Program to subsidize the additional cost for the enhanced coverage and included a plan for IP to increase the rate it charges students over time.

Currently, the actual FTIP insurance rates are more than the rate IP rates currently charged to students. Also, FTIP’s insurer (ACE) has been increasing rates for IP due to claims experience, including two large medical evacuation claims and heavy use of the travel assist benefits for routine medical referrals. The Committee reviewed the IP premiums, contributions and deficits as shown below:

CSU INTERNATIONAL PROGRAMS						
CSURMA Foreign Travel Insurance Program (FTIP)						
Coverage Period	Premium Expense	IP Contribution	Deficit	# Ptcpt	IP Paid per Ptcpt	Actual Cost per Ptcpt
1/15/12 - 6/30/13	\$132,400	\$95,710	(\$36,690)	563	\$170	\$235
7/1/13 - 6/30/14	\$125,000	\$89,250	(\$35,750)	525	\$170	\$238
7/1/14 - 6/30/15	\$209,250	\$119,050	(\$90,200)	530	\$225	\$395
7/1/15 - 6/30/16	\$277,983	\$145,750	(\$132,233)	530	\$275	\$524
TOTAL	\$744,633	\$449,760	(\$294,873)	2,148	\$209	\$347

Ptcpt: Total Number of Participants including Staff (Resident Directors) and Students

Howell notes that thirty students are expected to leave in January, 2016. The Executive Committee directed staff to bring back a proposal for review at the January, 2016 meeting. Options to explore are, (1) reducing the “Cadillac” benefits to decrease IP costs, (2) increasing IP cost over time, or (3) having students pay the additional costs. Howell confirmed that the call center operation has been moved from Europe Assist and the new call center only charges \$125 per call rather than \$300.

A motion was made to honor the current rates for the students traveling in January, 2016 and to review Staff proposal in January, 2016 for students starting travel in summer, 2016.

MOTION: Frank Mumford

SECOND: Guy Dalpe

NAME	AYE	ABSTAIN	NAY	ABSENT
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton	X			
Lori Gentles				X
Linda Hawk	X			
Mike Lee	X			
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E1. AORMA Programs Update

This item was deferred to the full Board of Directors meeting at 10:30 AM.

E2. AIME Programs Update

Jody Van Leuven reported on the activities of the AIME Committee. The AIME Program has recently moved claims administration from A-G Administrators to HSR and the transition is currently being managed by the AIME Committee. AIME is discussing coverage for mental health training as a treatment option. Daniel Howell advises to be aware of the NCAA coverage. AIME and NCAA coverages should be consistent. Van Leuven states that the proposals received will be vetted. AIME is working on their own AIME 101 presentation similar to the CSURMA and AORMA 101 presentations.

F. CLOSED SESSION

The closed session item was removed from the agenda as the scheduled matter did not need to be discussed at this meeting.

G. INFORMATION ITEMS

The Committee reviewed the information items, but there was no discussion.

G1. Review of FY 2015/2016 Long Range Planning Goals

- G2. CSURMA Administrative Service Calendar**
- G3. CSURMA Executive Committee & Staff Contact List**
- G4. 2016 CSURMA Meeting Calendar**

H. ADJOURNMENT

The meeting was adjourned at 10:01 AM.