



**APPROVED**

**MINUTES OF THE  
CSURMA BOARD OF DIRECTORS MEETING**

**May 5, 2017**

**CSU CHANCELLOR'S OFFICE, DUMKE ROOM  
401 Golden Shore • Long Beach, CA**

**10:30 AM**

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**A. CALL TO ORDER**

The meeting was called to order at 10:30 AM by Mike Lee.

All Board of Directors and guests introduced themselves.

**A1. Approval of the Agenda**

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

**MOTION:** Lisa Chavez

**SECOND:** Michael Thorpe

**MOTION CARRIED**

**B. PUBLIC COMMENTS**

There were no public comments.

**C. CONSENT CALENDAR**

**C1. Approval of Minutes – November 2, 2016**

**C2. CSURMA Treasurer's Report**

**C3. Adoption of the CSURMA's Conflict of Interest Code**

**C4. CSURMA October 2017 Meeting Date Proposed Change**

A motion was made to approve or accept each item on the Consent Calendar as presented.

**MOTION:** Kevin Saunders

**SECOND:** Lisa Chavez

**MOTION CARRIED**

**D. GENERAL ADMINISTRATION**

**D1. Adoption of the FY 2017/18 CSURMA Operating Budget**

Rob Leong summarized the FY 2017/18 CSURMA Operating Budget's features. Systemwide Risk Management, Enterprise Accounting and the Program Administrators worked together to develop the proposed budget for FY 2017/18.

Major features of the proposed **Campus Programs** budget include:

- Increase in Total Operating Revenues from \$72,064,962 to \$73,508,962.
- Decrease in Total Operating Expenses from \$97,537,384 to \$83,729,764.
- Decrease in Non-Operating Revenue \$2,127,765 to \$2,096,464.
- Reduce Net Operating Deficit from \$23,344,657 to \$8,124,338.
- Retained Earnings is estimated to be reduced from \$35,522,548 to \$27,398,210 at June 30, 2018.
- The preceding does not include Dividend Distributions during FY 2017/18, which, if any, will increase expenditures and decrease fund reserves.

Major features of the **AORMA Programs** budget include:

- Decrease in Total Operating Revenues from \$10,713,992 to \$9,856,592.
- Increase in Total Operating Expenses from \$11,156,126 to \$13,576,386.
- Increase in Non-Operating Revenue \$350,975 to \$400,594.
- Increase Net Operating Deficit from \$91,158 to \$3,319,200.
- Retained Earnings is estimated to be reduced from \$20,716,643 to \$17,397,443 at June 30, 2018.
- The preceding includes a Dividend Distributions totaling \$1,712,755 on July 1, 2017.

The proposed operating budget would develop Total Operating Revenues of \$90,279,072 (net of reinsurance premiums), Total Operating Expenses of \$100,477,816 and Total Non-Operating Revenues of \$2,500,000, generating Net Operating Deficit of \$7,698,744. Retained Earnings is estimated decrease from \$67,372,983 to be \$59,674,239 at June 30, 2018.

A motion was made to approved the Resolution No. 01-17 (BOD) as presented and to authorized the Treasurer to invest or reinvest funds of CSURMA, or to sell or exchange securities so purchased and may also delegate responsibilities, as appropriate, to the Assistant Vice Chancellor of Financing, Treasury and Risk Management of the CSU (Assistance Vice Chancellor) in his/her capacity as staff to CSURMA.

**MOTION:** Robert Eaton

**SECOND:** Kevin Saunders

**MOTION CARRIED**

## **D2. Campus Risk Pools Program Funding Status**

Rob Leong summarized the risk pool exhibits which are prepared annually in accordance with the CSURMA's adopted funding policy for its self-funded pooling programs. The exhibits provide an analysis of the pooled program's funding position relative to the actuary's projection for CSURMA's minimum funding requirements and expected cash expenditures for program administration through June 30, 2017. The green section on the exhibit represents the amount of funds in excess of the outstanding losses at a 70% confidence level.

In accordance with the CSURMA's adopted funding policy for its self-funded pooling programs, Staff prepared an analysis of the pooled programs funding position relative to the actuary's projection for CSURMA's funding requirements and expected expenditures as of December 31, 2016 projected to June 30, 2017. The Executive Committee reviewed the risk pools' funding position at its March 10, 2017 long range planning meeting, and determined there are sufficient funds to meet anticipated needs, including a confidence margin for unexpected expenditures. The Executive Committee will meet again on September 8, 2017 and, upon its review of the audited financial statements for fiscal year ending June 30, 2017, determine if there is ample surplus to release dividends to members.

## **D3. Nominating Committee Report and Executive Committee Elections**

Linda Hawk has retired from CSU San Marcos creating a vacancy in the position of the CSURMA Chair. The CSURMA Joint Exercise of Powers Agreement allows Steve Relyea as the CSU's Executive Vice Chancellor and Chief Financial Officer to appoint an interim successor until the CSURMA Board of Directors holds an election. Mr. Relyea appointed Mike Lee as interim Chair and Lisa Chavez as interim Vice Chair. Mike Lee, as the Interim Chair, appointed Thom Davis, Vice President of Business and Administrative Services at CSU, Bakersfield to fill the seat vacated by Lisa Chavez.

The Nominating Committee comprised of Robert Eaton, Kevin Saunders and Scott Apel made the following nominations:

1. (Chair) Mike Lee
2. (Vice-Chair) Lisa Chavez
3. (CSU Executive Committee Seat #1) Thom Davis
4. (CSU Executive Committee Seat #2) Jody Van Leuven

Lee asked for nominations from the floor. Hearing none, Lee asked for a motion to close the nominations.

A motion was made to close nominations as there were no nomination from the floor.

**MOTION:** Michael Thorpe

**SECOND:** Kevin Saunders

## **MOTION CARRIED**

The Board of Directors elected by acclamation the proposed slate of candidates.

1. Chair, Mike Lee – For the current term ending on June 30, 2018
2. Vice Chair, Lisa Chavez – For the current term ending on June 30, 2018
3. Seat #1, Thom Davis – For the term July 1, 2017 to June 30, 2019
4. Seat #2, Jody Van Leuven – For the term July 1, 2017 to June 30, 2019

### **D4. CSURMA Policy & Procedure No. 21 – Risk Management Innovation Grants**

At its March 10, 2017 Long Range Planning meeting, the Executive Committee approved changes to the Risk Management Innovation Grant program to revise the focus from Campus safety projects to Systemwide safety projects. Grant applications are to be submitted by WERCS affinity groups. A budget of \$150,000 was approved for FY 2017/18 grant awards. The Executive Committee directed staff to amend Policy & Procedure No. 21 accordingly.

### **D5. CSURMA Policy & Procedure No. 26 – Allocation of Property Program Loss Limits**

Daniel Howell noted that at its meeting on March 9, 2017, the Executive Committee adopted new Policy & Procedure No. 26 - Allocation of Property Program Loss Limits. Because the Property Coverage Program limits are finite, Policy & Procedure No. 26 addresses the method of members' sharing of the available coverage should the limits of coverage be exhausted by a single loss event which exceeds the "per loss" limit and/or any applicable "aggregate" limit of the reinsurance or excess insurance policies.

The Master Property Program insures all of the state university's real property (buildings and related structures) through a combination of reinsurance and excess insurance policies. The program is blanket insurance, insuring all state-owned structures for all twenty-three campuses and the Chancellor's Office. The program provides a single coverage limit of \$1 billion per loss event, with a \$1 million deductible per loss, \$2,000,000 deductible aggregate, and \$100,000 maintenance deductible thereafter. With the exception of specific business personal property (i.e., building contents) where bond covenants require insurance, the University chose to insure its buildings only. Damages caused by earth movement are not covered as the University deemed the cost of earthquake insurance as too expensive, and the minimum deductible required by earthquake underwriters too high. The program insures damage caused by floods per the policy terms. Participating campuses in the Campus Property Risk Pool are covered within the deductible from \$100,000 per loss to \$1,000,000 per loss.

### **D6. Excess Insurance Renewals Update and Writer Meeting Report**

Daniel Howell provided an update for the Board Members.

- **Excess Liability** – This program has seen loss development in the first excess layers for both the AORMA and Campus programs. The Program Administrator anticipates rate increases in the lower layers and flat renewals in the excess. Due to favorable market conditions, the Treasurer and Secretary-Auditor have asked the Bermuda market to price additional excess capacity above the expiring.
- **Property** - AORMA’s property loss experience is at 55% in the primary excess layer and the campus program is at 88%. The Program administrator expects a slight reduction in rate for AORMA and a 5% increase for the campuses. Insured values have risen by 3%. Rates have declined over 38% during the past 5 years.
- **Workers’ Compensation** – CSURMA has an existing two year rate agreement and the Executive Committee is considering a new agreement that would reduce rates and extend the rate guarantee to FY 18/19 as well.
- **Builders Risk** – This program is stable and the Program Administrator expects a 5% rate reduction at renewal. Rates are down 25% in recent years.
- **Fine Arts** – This program was launched in 2016 and the Program Administrator anticipates underwriters will agree to a flat renewal despite losses.
- **SPLIP & SAFECLIP** – This program has performed exceptionally well with no losses and rates will continue to drop.
- **FTIP** – The loss ratio has stabilized at a level acceptable to underwriters. The Program Administrator expects a flat rate renewal.
- **Aviation** – This program has no losses and the market is soft. The Program Administrator expects a flat rate renewal or slight decrease; however, we may enhance the program to include blanket drone coverage, moving the current coverage from the Liability Program.
- **Medical Malpractice** – This program is at minimum premiums and we expect a flat renewal with same underwriting team now at Ascot.
- **Fidelity** – Claims are down, despite social engineering (phishing) losses. The Program Administrator expects a premium decrease on renewal.

#### D7. FY 2017/18 Long Range Planning Goals

Daniel Howell explained that the Executive Committee held its long range planning session on March 9, 2017. The planning session consisted of a review of the FY 16/17 Long Range Action Plan, a report on its status, an evaluation on where efforts should be focused for the next one to three years, and the development of new long range goals for FY 17/18 and beyond. Based on the discussions during the long range planning session, Staff drafted the FY 17/18 Long Range Action Plan and was approved by the Executive Committee as its meeting today. Howell reviewed the FY 17/18 Long Range Action Plan goals:

- LRP-1 Special Events Resources Guide
- LRP-2 RMIS Reporting
- LRP-3 Captive Insurer
- LRP-4 Campus Visits
- LRP-5 Accessing and Communicating EIA Resources
- LRP-6 Member Loan Policy

- LRP-7 Allocation of Investment
- LRP-8 Earthquake Coverage
- LRP-9 Risk Management Grant Program
- LRP-10 Workers' Compensation Projects Based on CWCI Data
- LRP-11 Marine Program
- LRP-12 Auxiliary Organization Employee Benefits
- LRP-13 Student Health and UC Ship
- LRP-14 Workers' Compensation Experience Modification Factor

## **E. OTHER INSURANCE PROGRAMS**

### **E1. AORMA Programs Update**

Gigi Kiama provided a brief report of the activities of the AORMA Committee.

### **E2. AIME Programs Update**

Jody Van Leuven provided a brief report of the activities of the AIME Committee.

## **F. CLOSED SESSION**

There were no items scheduled for closed session.

## **G. INFORMATION ITEMS**

### **G1. Agility Recovery**

The Board reviewed the contract with Agility Recovery for temporary space, power, communication and computer systems after a declared disaster.

### **G2. Praesidium**

The Board reviewed the contract with Praesidium for Prevention of Sexual Abuse of Minors.

### **G3. CSAC EIA Member Services and Resources**

As a member of CSAC EIA, the CSURMA, and its members, are eligible to participate in the many loss prevention, and claims and risk management services offered through CSAC EIA. The Board reviewed the CSAC EIA brochure which lists the services provided.

### **G4. Witt O'Brien Consulting**

The Board reviewed the Witt O'Brien agreement. Witt O'Brien's provides emergency services consulting for the California State University System under an agreement dated July 1, 2012

between Witt Group Holdings, LLC and CSURMA. The agreement is renewable for successive two-year periods. The current service term is July 1, 2016-18. The scope of work during the period July 1, 2016 and June 30, 2017 is as follows:

- Task 1: Chancellor's Office Emergency Plans, Training and Exercises
- Task 2: Presidents and Senior Emergency Management Training Seminar
- Task 3: CSU System Emergency Management and Business Continuity Affinity Groups Support
- Task 4: System-Wide Coordination Resource Guide
- Task 5: CSU System Public Information Officer Training
- Task 6: CSU Campuses Preparedness, Response, and Recovery Program Review and Recommendations; Assistance to the CSU Chancellor's Office Workgroup on Campus Safety
- Task 7: System-Wide Emergency Management Program Review – Follow-up
- Task 8: CSU Risk Management Association (CSURMA) Support
- Task 9: Provide strategic advisory, representation, and technical services as needed

#### **G5. Unemployment Insurance Claims Cost Summary Charts**

The Board reviewed the Unemployment Insurance Claims report showing a quarter by quarter comparison of claims costs and also a nine-year cost history.

#### **G6. Phishing: Don't take the Bait**

The Board reviewed the CSU fraud report entitled "Phishing, Don't Take the Bait".

#### **G7. Review of the Service Provider Performance Survey Report**

The Board reviewed the Service Provider Performance Survey Report. CSURMA strives to provide consistency and reliability over time. One key component to accomplishing this goal is evaluating those organizations that provide services to CSURMA. On an annual basis CSU Systemwide Risk Management contacts CSURMA members who regularly use vendor services and asks them to complete an on-line vendor survey. The complete 2016 Vendor Survey Report will be posted on the CSURMA website.

#### **G8. CSURMA Administrative Service Calendar**

The Board reviewed the CSURMA Administrative Services Calendar.

#### **G9. CSURMA Board of Directors and Staff Contact List**

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

#### **H. ADJOURNMENT**



**APPROVED**

A motion was made to adjourn the meeting at 11:50 A.M.

**MOTION:** Lisa Chavez

**SECOND:** Thom Davis

**MOTION CARRIED**



**APPROVED**

**CSURMA BOARD OF DIRECTORS MEETING  
ATTENDANCE**

**May 5, 2017**

**CSU CHANCELLOR'S OFFICE, DUMKE ROOM  
401 Golden Shore • Long Beach, CA**

**10:30 AM**

Board of Directors:

| <b>Campus</b>   | <b>Primary</b>         | <b>Present</b> | <b>Alternate</b>     | <b>Present</b>   |
|-----------------|------------------------|----------------|----------------------|------------------|
| Bakersfield     | Thom Davis             | In Person      | Tim Ridley           | In Person        |
| Channel Islands | Katharine Hullinger    | x In Person    | Caroline Doll        | x Teleconference |
| Chico           | Michael Thorpe         | In Person      | Robbi Stivers        | Teleconference   |
| Dominguez Hills | Stephen J. Mastro      | Teleconference | Jeff Wood            |                  |
| East Bay        | Nyassa Love Johnson    | Teleconference | Debbie Chaw          |                  |
| Fresno          | Debbie Adishian-Astone |                | Lisa Kao             | In Person        |
| Fullerton       | Michael Coughlin       | In Person      | John Beisner         |                  |
| Humboldt        | Kimberly Comet         | In Person      | Joyce Lopes          |                  |
| Long Beach      | Scott Apel             | In Person      | Felissa Waynick      | In Person        |
| Los Angeles     | Lisa Chavez            | In Person      | Kevin Brady          | Teleconference   |
| Maritime        | Marianne Spotorno      | Teleconference | Franz Lozano         | Teleconference   |
| Monterey Bay    | Kevin Saunders         | In Person      | Lenore Reed          | Teleconference   |
| Northridge      | Edith Winterhalter     | Teleconference | Lisa Telles          | Teleconference   |
| Pomona          | Whitney Fields         | In Person      | Valerie Eberle       | In Person        |
| Sacramento      | Ming-Tung (Mike) Lee   | In Person      | Kirtland Stout       | In Person        |
| San Bernardino  | Jody Van Leuven        | In Person      | Douglas Freer        |                  |
| San Diego       | Tom McCarron           |                | Jessica Rentto       | In Person        |
| San Francisco   | Ann Sherman            | Teleconference | Michael Beatty       | In Person        |
| San Jose        | Marla Perez-Guerra     | Teleconference | Charlie Faas         | Teleconference   |
| San Luis Obispo | Dru Zachmeyer          | In Person      | Cindy Vizcaino Villa |                  |
| San Marcos      | Erin Fullerton         | In Person      | Vacant               |                  |
| Somona          | Tyson Hill             | Teleconference | Stan Nosek           |                  |
| Stanislaus      | Amy Thomas             |                | Darrell Haydon       |                  |



| <b>AORMA Committee</b>  | <b>Members</b>  | <b>Present</b> |
|---|-----------------|----------------|
| CSU Fullerton Auxiliary Services Corporation  | Frank Mumford   |                |
| Associated Students, Inc., California Polytechnic State University at San Luis Obispo | Dwayne Brummett |                |
| The University Corporation at Monterey Bay  | Gigi Kiama      | In Person      |
| Humboldt State University Center  | Dave Nakamura   |                |
| Channel Islands University Auxiliary Services, Inc.                                   | Dave Nirenberg  |                |
| California State University, Long Beach Research Foundation                           | Brian Nowlin    | In Person      |
| University Auxiliary and Research Services Corporation                                | Bella Newberg   | In Person      |
| University Enterprises, Inc. (UEI)  | Jim Reinhart    |                |
| Cal Poly Corporation, San Luis Obispo   | Starr Lee       | In Person      |
| Forty-Niner Shops, Inc., CSU Long Beach   | Robert de Wit   | In Person      |

**Staff, Guests and/or Consultants Present:**

Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor  
 Tevea Him – Alliant Insurance Services, Inc.  
 Daniel Howell - Alliant Insurance Services, Inc.  
 Theresa Jackson – CSU, San Marcos  
 Alice Kim – CSU, Office of the Chancellor  
 Rob Leong - Alliant Insurance Services, Inc.  
 Jessica Liu – CSU, Office of the Chancellor  
 Mimi Long - Alliant Insurance Services, Inc.  
 Rebecca Skidmore – CSU, Office of the Chancellor