

**MINUTES OF THE CSURMA
EXECUTIVE COMMITTEE MEETING
SEPTEMBER 12 & 13, 2013
CARSON, CALIFORNIA**

MEMBERS PRESENT

George V. Ashkar, CSU Office of the Chancellor, Treasurer
Dwayne Brummett, California Polytechnic State University
Robert DeWit, CSU Long Beach
Lori Gentles, CSU Fullerton
Linda Hawk, CSU San Marcos
Mike Lee, Sacramento State University
Mary Ann Rodriguez, CSU Dominguez Hills, Vice-Chair
Cynthia Teniente-Matson, CSU Fresno, Chair
Michael Thorpe, CSU Chico

MEMBERS ABSENT

None

STAFF, GUESTS & CONSULTANTS

Kelly Cox, CSU Office of the Chancellor
Jacki Graf, Alliant Insurance Services, Inc.
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, CSU Office of General Counsel
Alice Kim, CSU Office of the Chancellor (*teleconference*)
Myron Leavell, Alliant Insurance Services, Inc.
Robert Leong, Alliant Insurance Services, Inc.
Benjamin F. Quillian, CSU Office of the Chancellor
Rebecca Skidmore, CSU Office of the Chancellor

A. CALL TO ORDER

The meeting was called to order at 4:35 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: George Ashkar **SECOND:** Mike Lee **MOTION CARRIED**

B. PUBLIC COMMENTS

The Chair thanked Mary Ann Rodriguez, Acting Secretary–Auditor for all of her efforts to complete the additional duties of the role.

C. CONSENT CALENDAR

C.1 Approval of Minutes – June 25, 2013

C.2 Financial Information

- a. Receipt and Review of the Draft Financial Statements at June 30, 2013**
- b. Treasurer’s Report**

George Ashkar, Treasurer, reported that investments are in compliance with the investment policy and that CSURMA has sufficient funds to meet its expenditures for the next six months.

A motion was made to approve the consent calendar as discussed at today’s meeting.

MOTION: Dwayne Brummett **SECOND:** Michael Thorpe **MOTION CARRIED**

D. GENERAL ADMINISTRATION

D.1 Trustee’s Audit Status Report

Chair Teniente-Matson introduced the item to the Executive Committee. 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 and has been reviewed by the Executive Committee. The CSURMA Chair and Vice Chair participated in the review of the preliminary findings and the CSURMA Executive Committee had taken action at prior meetings to address findings from the preliminary report.

All items will be handled by the CSURMA with the exception of Items 2 and 10, which will be handled as a separate matter by the Chancellor’s Office.

The majority of the University Auditor’s recommendations are in the process of resolution via the adoption of policy and procedures or by providing documentation that the recommendation was satisfied.

A motion was made to receive the report and management response and to direct staff to complete the closure process on outstanding audit items as appropriate.

MOTION: George Ashkar **SECOND:** Linda Hawk **MOTION CARRIED**

D.2 Appointment of Acting Secretary-Auditor

Chair Teniente-Matson introduced the item to the Executive Committee. As the CSURMA Secretary-Auditor is on leave for an undetermined duration, and to facilitate the smooth operation of the Authority during the Secretary-Auditor’s absence, CSURMA Chair Cynthia

Teniente-Matson recommended that the Executive Committee continue the appointment of Vice Chair, Mary Ann Rodriguez as Acting Secretary-Auditor for an additional sixty (60) days.

A motion was made to delegate authority to the Chair to appoint an Acting Secretary-Auditor for an additional sixty (60) days.

MOTION: George Ashkar **SECOND:** Michael Thorpe **MOTION CARRIED**

D.3 Resolution Establishing Periodic Review of CSURMA Policies and Procedures

Daniel Howell reviewed this item with the Executive Committee. The CSURMA has established policies and procedures for the purpose of guiding the operation of CSURMA and its programs. While these policies and procedures are drafted with a long term vision, it is appropriate that they be reviewed periodically to ensure they remain valid and effective.

Staff is recommending that all policies and procedures be reviewed at least biennially at the Executive Committee's Long Range Planning Session with odd numbered P&P's reviewed in odd calendar years and even numbered P&P's reviewed in even years. The AORMA Committee is being asked to adopt the same review period and timing for their P&Ps.

A motion was made to adopt Resolution 04-13 (EC) establishing the guidelines for the periodic review of CSURMA Policies and Procedures on an ongoing basis.

MOTION: George Ashkar **SECOND:** Lori Gentles **MOTION CARRIED**

D.4 Insurance Renewal Report

Chair Teniente-Matson introduced the item to the Executive Committee. Chair Teniente-Matson and Program Director Howell met with New York and Bermuda underwriters prior to CSURMA's renewal. Daniel Howell reviewed the renewal report included in the agenda packet.

CSURMA has found that these annual underwriter meetings build trust by providing the opportunity to discuss coverages and how the risk control processes and programs in place help mitigate claims.

Chair Teniente-Matson provided a report to the Executive Committee regarding the meetings; commenting that the meetings have helped her better understand how the coverage renewal process works, enabling her to serve as CSURMA chair from a stronger position of knowledge.

F. CLOSED SESSION

F.3 Personnel Matters

The Executive Committee excused all staff other than General Counsel to receive a report from the CSU Executive Vice Chancellor and Chief Financial Officer.

A motion was made to enter Closed Session.

Motion: Mary Ann Rodriguez **Second:** Michael Thorpe **MOTION CARRIED**

The Executive Committee entered Closed Session at 5:50 p.m.

A motion was made to leave Closed Session.

Motion: Mary Ann Rodriguez **Second:** George Ashkar **MOTION CARRIED**

The Executive Committee left Closed Session at 7:10 p.m.

The Chair reported that no action had been taken by the Executive Committee in Closed Session.

D.5 Property Coverage for State Homes

Daniel Howell reviewed the item with the Executive Committee. A recent review of the funding for state houses, which may serve as gathering places for campus events and residences for the campus Presidents, indicated that there would be difficulty funding the \$100,000 standard deductible for a major loss. The cost to reduce the deductible to a maximum of \$10,000 via the “Campus 99” location schedule was \$2,596 for the houses scheduled in the agenda packet and the 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. Staff has recommended that the additional cost of \$2,596 be charged to the Campus Property Insurance Program fund without invoicing members for the current FY 2013/14 and with the renewal cost of the lower deductible allocated to the campuses and Chancellor’s Office in future renewals.

A motion was made to reduce the Campus Property Fund reserves by \$2,596 to effect the deductible change to a maximum of \$10,000 for state homes.

Motion: Michael Thorpe **Second:** Dwayne Brummett **MOTION CARRIED**

D.6 Member Loan Extension

Chair Teniente-Matson introduced the item to the Executive Committee. Chair Teniente-Matson subsequently recused herself from the discussion as CSU Fresno requested a five-year loan extension. Vice-Chair Mary Ann Rodriguez led the discussion on this item.

CSU Fresno requested a loan extension of five years for repayment with a remaining balance of \$2,542,000. The loan will be partially amortized, with a balloon payment in five years. George Ashkar recommended that the loan be approved.

A motion was made to accept the Treasurer’s recommendation and approve CSU Fresno’s five year loan extension request with a remaining balance of \$2,542,000, with a balloon payment in

five (5) years and the Treasurer was directed to effect the loan with a note on the terms described in the agenda materials.

Motion: Linda Hawk **Second:** Michael Thorpe **Abstention:** Cynthia Teniente-Matson

MOTION CARRIED

D.7 Student Insurance Programs

D.7.a CSURMA Student Insurance Programs Coverage and Rating Task Group

Daniel Howell reviewed the item with the Executive Committee. He suggested that operation of the SAFECLIP, SPLIP and FTIP be reviewed by a task group.

There was discussion on setting up a Task Group to determine best rates and coverages. Chair Teniente-Matson suggested making a task group of members at large from the campus community, with Michael Thorpe suggesting the addition of some Study Abroad coordinators and Risk Managers.

A motion was made to delegate authority to Michael Thorpe to chair and appoint a Task Group to conduct program reviews with Task Group costs not to exceed \$2,500.

Motion: Mike Lee **Second:** Dwayne Brummett **MOTION CARRIED**

D.7.b Student Health Insurance Program

Daniel Howell reviewed the item with the Executive Committee. The CSURMA Board of Directors approved the development of a Student Health Insurance Program (SHIP). CSURMA staff attempted to gather the underwriting information necessary to evaluate options but was stymied by efforts of the incumbent broker. The Chancellor requested that the Executive Vice Chancellor Business and Finance/CFO evaluate the student health program called MHECare offered by the Western Interstate Compact for Higher Education (WICHE) in association with the Midwest Higher Education Compact (MHEC).

With the implementation of the Affordable Care Act, the domestic CSU students have mostly left the program since many could extend coverage under their parent's plans until age 26. Effective January 1, 2014, many students will benefit from subsidized coverage offered under the California Health Benefits Exchange, called "Covered California." Incoming foreign national students will not be eligible for subsidized coverage through Covered California. For academic year 2012-13 there were approximately 1,000 domestic students and 10,000 international students covered under campus/auxiliary organization offered plans.

There are expected benefits to a systemwide approach to marketing student health coverage. Currently, most campus plans are placed with Anthem. MHECare is placed with United Healthcare. Staff will report back on developments at a future meeting.

RECESS

The meeting went into recess on September 12, 2013 at 7:44 p.m.

RECONVENEMENT

The meeting reconvened on September 13, 2013 at 8:31 a.m. by Chair, Dr. Cynthia Teniente-Matson.

MEMBERS PRESENT

George V. Ashkar, CSU Office of the Chancellor, Treasurer
Dwayne Brummett, California Polytechnic State University
Robert DeWit, CSU Long Beach
Linda Hawk, CSU San Marcos
Mike Lee, Sacramento State University
Mary Ann Rodriguez, CSU Dominguez Hills, Vice-Chair
Cynthia Teniente-Matson, CSU Fresno, Chair
Michael Thorpe, CSU Chico

MEMBERS ABSENT

Lori Gentles, CSU Fullerton (Audited via Teleconference)

STAFF, GUESTS & CONSULTANTS

Kelly Cox, CSU Office of the Chancellor
Robert Eaton, CSU Office of the Chancellor
Zachary Gifford, CSU Office of the Chancellor
Jacki Graf, Alliant Insurance Services, Inc.
Jim Holobaugh, Alliant Insurance Services
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.
Elvyra (Vi) San Juan, CSU Office of the Chancellor
Jim Sowerbrower, CSU Office of the Chancellor

D.8 Review of Policy & Procedure No. 16 – Use of CSURMA Equipment

Daniel Howell reviewed the item with the Executive Committee. There was a review of the current of holders of equipment since the inception of the electronic tablet program, including a review of the inventory and a review of the sale process. There was discussion on the equipment refresh rate, which is currently every 3 years as per P&P No. 16; and whether other brands of devices should be supported. Staff is preparing an itemized schedule of equipment and disposals.

No action was taken at this time.

D.9 Reporting of Travel Expenses

Chair Teniente-Matson reviewed this item with the Executive Committee. The Chair recommended that CSURMA consider regular reporting to the committee of the administrative travel expenses incurred by CSURMA for Chancellor's Office personnel providing services to CSURMA under the established memoranda of understanding. The presented draft memorandum requested that the Executive Vice Chancellor and CFO arrange for the CSURMA Accountant to include travel expense reporting as a part of the financial information package.

The new quarterly expense report would be included in the agenda packet for the Executive Committee's review. The Accounting team would be asked to create a sample report for review at the next Executive Committee Meeting.

A motion was made to authorize the Chair to send the draft memorandum and, upon approval by the CSU Executive Vice Chancellor/Chief Financial Officer, direct the CSURMA Accounting Team to create a quarterly travel expense report to be presented to the Executive Committee as a part of the regular financial report.

Motion: Michael Thorpe **Second:** Dwayne Brummett **MOTION CARRIED**

D.10 Campus Liability and AIME Claims Audits

Rob Leong introduced the item with the Executive Committee. Zachary Gifford described the Liability Audit with the Committee. The CSURMA Liability Claims were brought in-house in 2011. At that time Martha Guiditta was hired to assist Zachary and Rebecca Skidmore in managing the claims inventory. Overall, the Systemwide Office of Risk Management received a score of 96%. This is impressive as Martha is fairly new to claims but has gotten up to speed quickly. She is currently working on her Associate in Claims (AIC) designation.

Rob Leong stepped through the A-G Administrators claims audit of the AIME Program. The audit found issues with reserves not set on these files. A-G Administrators is performing well except for noted documentation issues. Two years ago, as a result of the RFP process, A-G Administrators upgraded its computer/claims system to a newer technology. At that time, they were awarded a three (3) year contract plus a two (2) year optional extension, all subject to a 90 day cancellation provision.

Daniel Howell suggested that the AIME Committee review the results and A-G's response, and report back to Executive Committee.

A motion was made to accept the Campus Liability and AIME Claims Audits reports as presented.

Motion: George Ashkar **Second:** Linda Hawk **MOTION CARRIED**

The Program Administrators were directed to develop with the AIME Committee an AIME Program Report Card to monitor responsiveness and documentation by A-G.

D.11 Adoption of Campus Risk Pool Risk Reduction Grant Policy & Procedure

Rob Leong reviewed the item with the Executive Committee. At this year's LRP session on March 21-22, 2013, Staff was directed to develop a Risk Management Innovation Funding Grant program to supplement cost to campuses for implementing effective risk management controls, and thereby reduce loss exposures. The grants would serve to incentivize members to identify, evaluate, and develop innovative risk mitigation strategies with loss prevention and reduction as primary goals, and to supplement member costs for implementing effective risk management strategies.

Staff developed two risk management funding grant programs for the Campus Liability and Campus Workers' Compensation Risk Pools with an initial funding of \$100,000 (\$50,000 each for Safety & Risk Control and Employee Health & Wellness). The Risk Management Innovation Funding Grants were included in the FY 2013/14 operating budget for Campus Liability and Campus Workers' Compensation respectively. This was setup as a matching grant system of \$4,000 per campus.

Zachary Gifford provided an overview of the grant approval process: The Campus VP or designee approves the grant application prior to submission to the Chancellor's Office. CSURMA did not want to be in the position of approving grants without campus management's support. The Chancellor's Office then reviews the submitted applications. Since the CSURMA Executive Committee meeting schedule may hold up the processing of grants requests, the Chancellor's Office asked that the Executive Committee provide authority to approve reasonable items with a review at the next Executive Committee meeting.

George Ashkar, Treasurer, suggested the creation of a template to streamline the approval process; quantifying the dollars saved for each item. Chair Teniente-Matson asked that Daniel Howell make a report on the grant program at the November CABO meeting.

AORMA has developed and implemented its own risk management and safety incentive plan.

A motion was made to adopt the proposed Policy & Procedure for managing the Risk Management Innovation Funding Grant program.

Motion: Robert DeWit

Second: Michael Thorpe

MOTION CARRIED

D.12 Campus Risk Pool Property Program Memorandum of Coverage

Daniel Howell reviewed the item with the Executive Committee. Alliant's Public Entity Property Insurance Program (PEPIP) has been providing Property insurance to CSU and its auxiliary organizations for several years. CSURMA is a member of PEPIP's Master Property Program for higher education.

Beginning July, 1, 2013, the PEPiP underwriters offered CSURMA an option to purchase coverage on a reinsurance basis, thereby creating additional savings to members. The resultant savings to CSURMA is approximately \$346,344 by the elimination of certain premium taxes and fees that are otherwise payable under the prior insurance structure.

As a result of the new reinsurance structure, CSURMA needs to adopt a Memorandum of Coverage for its Property Program, which is referenced by the Reinsurance Agreement. The proposed MOC follows PEPiP's Higher Education Form.

A motion was made to adopt the PEPiP Higher Education property insurance policy form as the CSURMA Property Memorandum of Coverage.

Motion: George Ashkar **Second:** Mary Ann Rodriguez **MOTION CARRIED**

D.13 Adoption of Meeting Dates and Locations

Chair Teniente-Matson reviewed the item with the Executive Committee. The CSURMA Executive Committee has traditionally held a meeting in October in conjunction with the Board of Director's meeting. This year's Board of Director's meeting has been moved to November 6th, to coincide with the CSU Fitting the Pieces Together risk management conference in Sacramento. In addition, the Executive Committee has historically held a meeting in December, though there was discussion of deferring that meeting to coincide with the AOA's annual conference in Sacramento, January 12-14, 2014. As the Chancellor will be speaking at the AOA dinner on Sunday, January 12 and CABO will be meeting on Monday January 13, staff suggested an EC meeting on Sunday at 3 PM prior to the dinner.

The calendar review resulted in the following changes to the Executive Committee meeting schedule:

1. November 6, 2013, 1:00 PM, Sacramento, CA
2. December 6, 2013, 8:30 AM, Location TBD (**CANCELLED**)
3. January 12, 2014, 3:00 PM, Sacramento, CA. (**NEW**)

A motion was made to adopt the proposed meeting dates and changes and delegate authority to the Chair to determine whether additional meetings are needed and their location.

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

D.14 CSURMA Conflict of Interest Code Reporting

Daniel Howell introduced the item to the Executive Committee. The University Auditor recommended that CSURMA determine which individuals at the Program Administrator should be required to file the Statement of Economic Interest (Form 700). Over 20 individuals at Alliant perform services for CSURMA.

At its December 7, 2012 meeting Alliant reported to the Executive Committee that the Program Director, Campus Risk Pool Administrator, AORMA Pool Administrator would submit Form 700 documents to CSURMA. As a result, Daniel Howell, Robert Leong and Mimi Long, respectively; completed the Form 700.

A motion was made to adopt the program administrator roles of Program Director, Campus Risk Pool Administrator and AORMA Pool Administrator as those at Alliant required to annually file the Statement of Economic Interest (Form 700) for the CSURMA.

MOTION: George Ashkar **SECOND:** Linda Hawk **MOTION CARRIED**

D.15 Recommendation of Proposed Amendment to the Joint Exercise of Powers Agreement and Adoption of Investment Policy

Robert Eaton reviewed the item with the Executive Committee. At the Long Range Planning meeting on March 22, 2012, 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 reviewed the applicable sections and issues with CSURMA's General Counsel and is recommending that the JEPA be amended to clarify CSURMA's original intent 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 effect this intent.

CSURMA's Joint Exercise of Powers Agreement describes in general terms how investments are to be made. Legal counsel has proposed the edits to Section 7(a)(vii) in bold italics below:

(vii) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code § 6509.5. ***The Entity may exercise this power to invest monies pursuant to Government Code § 6509.5, notwithstanding Section 7(b), below. Section 7(b) is not intended to, and shall not, preclude or limit the Entity from investing monies pursuant to Government Code § 6509.5, if it determines such an investment is in the best interests of the Members.***

Willy Hsu, CSURMA counsel, remarked that he regards this as a clarification of an existing policy. George Ashkar, Treasurer added that these are very minor differences that will clarify the operation of the funds.

A motion was made to recommend the changes to the Joint Exercise of Powers Agreement to the CSURMA Board of Directors for action at their meeting on November 6, 2013 and to adopt Resolution No. 05-13 (EC) which adopts CSURMA's investment policies.

MOTION: Mary Ann Rodriguez **SECOND:** George Ashkar **MOTION CARRIED**

It was noted that staff will also include a proposed amendment to the Joint Exercise of Powers Agreement that would foster continuity by allowing the Chair and Vice-Chair to serve an additional two-year term.

D.18 Adoption of Policy & Procedure for OCIP and BRIP Programs *(This item was taken time-certain)*

Daniel Howell introduced the item to the Executive Committee. CSURMA established an Owner Controlled Insurance Program (OCIP) and a Builder's Risk Insurance Program (BRIP), providing property and casualty insurance to most of CSU's major capital projects. At the May meeting, the Executive Committee requested a report on the status of the OCIP program, and as a part of that review with the Chancellor's office Capital Planning, Design and Construction Department (CPDC), the proposed policy and procedure was developed.

The proposed policy and procedure clarifies the funding amounts and processes for the OCIP and BRIP. The proposal reduces the up-front campus project cost for OCIP by CPDC guaranteeing to fund a deficit that may occur if losses in the program are higher than projected. It was proposed that CSURMA will not charge the OCIP fund for missed investment income while the program was in development.

CPDC pledged up to \$1,519,400 in funds from the Seismic Trust Fund to cover the maximum deductible for the program. This revision provides better value and helps existing and future projects realize expected program savings sooner.

CPDC and the Program Administrator also reviewed the Builders' Risk Insurance Program. The proposed policy and procedure documents the process of covering projects, paying and allocating premiums.

A motion was made to adopt Resolution 07-13 (EC) adopting the Owner Controlled Insurance Program and Builders' Risk Insurance Program Policy & Procedure.

Motion: George Ashkar

Second: Mike Lee

MOTION CARRIED

D.16 Fiscal Year 2014/15 Campus Risk Pool Program Funding

D.16.a Review and acceptance of the Campus Programs Actuarial Reports for General Liability, Workers' Compensation, and Athletic Injury Medical Expense (AIME) Programs

Daniel Howell reviewed the item with the Executive Committee. CSURMA's retains the services of an independent actuary to evaluate the liabilities of its major self-insured programs. 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.

A motion was made to accept the General Liability, Workers' Compensation and Athletic Injury Medical Expense (AIME) actuarial reports as presented at today's meeting.

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

D.16.b Campus Pooled Programs Funding Status at June 30, 2013

Rob Leong reviewed the item with the Executive Committee. Rob stepped through the charts presented on pages 227 of the agenda packet showing the campus program estimated funding projected to FYE 2013.

The tables on pages 230-231 of the agenda packet show the Target Surplus Funding Analysis. The Liability Program, with a \$5,000,000 self-retention, has \$29,195,024 in unencumbered reserves at the 70% confidence level. The maximum available for dividend is \$24,195,024; the indicated dividend with a 50% payout is \$12,097,512. The Workers' Compensation Program, with a \$2.5 million SIR, has \$7,488,169 in unencumbered reserves at the 70% confidence level, with no funds available for a dividend at this time.

Rob Leong also presented an alternative that would increase the Target Funding ratio because of the high level of claims retention for the Campus Liability Risk Pool; i.e., the \$5,000,000 SIR. The proposed alternative would reduce the amount of the recommended dividend from \$12,097,512 to \$7,097,512.

D.16.c Recommendation for Campus Pool Programs FY 2014/2015 Rates and Gross Funding

Robert Leong reviewed the item with the Executive Committee. CSURMA employs an independent actuarial firm, Aon Risk Solutions to project claim costs for its Campus Liability, Campus Workers' Compensation and Athletic Injury Medical Expense coverage programs. Aon's draft actuarial reports dated July 29, 2013 were used to calculate the recommended funding for FY 2014/15.

The table included in the agenda item presents a 6.2% increase in recommended rates and gross funding for FY 14/15 or \$4,350,844 over the current year.

A motion was made that the Executive Committee recommend to the Board of Directors adoption of the FY 2014/2015 Rates and Gross Funding of \$74,051,593 as presented.

MOTION: Michael Thorpe **SECOND:** Mike Lee **MOTION CARRIED**

D.16.d Evaluation of Potential Campus Risk Pool Dividends and Assessments

Rob Leong reviewed the item with the Executive Committee. Per CSURMA Policy and Procedure No. 14-JPA, the Executive Committee evaluates and approves 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.

Per the review of Item D.16.b, there are funds available to declare a Campus Liability Risk Pool dividend of up to \$12,097,512. The Executive Committee also considered the alternative to recommend a dividend up to \$7,097,512. There was discussion on transferring an additional \$2 million of the Campus Liability Program dividend to the OCIP Program to help backfill the current deficit, and thereby spread the value of OCIP to all campuses systemwide. CSURMA's governing documents allow for intra-fund borrowing and adoption of an assessment plan to fund the deficits going forward.

A motion was made to declare a Campus Liability Program dividend of \$7,097,512 allocated to the campuses as shown in the handout with an additional funding of \$2 million be transferred from the Campus Liability Program to the OCIP Program.

MOTION: Mike Lee **SECOND:** Linda Hawk **MOTION CARRIED**

D.17 Resolution Adopting Administrative Policies & Procedures

Daniel Howell reviewed the item with the Executive Committee. The recent University Auditor's report recommended that CSURMA determine which CSU policies and procedures should apply to operation of CSURMA. Management concurred and directed staff to evaluate what sections of the Integrated CSU Administrative Manual would be beneficial to operation of CSURMA. Staff reviewed all sections of the Integrated CSU Administrative Manual and determined that the following sections are relevant and beneficial to operation of CSURMA:

- Section 1300.00 – Hospitality, Payment and Reimbursement of Expenses
- Section 3000 – General Accounting
- Section 8000 – Information Security

Kelly Cox stated that the ICSUAM sections were fully reviewed and that CSURMA can comply with the sections listed. Additionally, the ICSUAM will be monitored for changes and other items for inclusion.

A motion was made to adopt Resolution 06-13 (EC) adopting the sections of Integrated CSU Administrative Manual to CSURMA.

MOTION: Mary Ann Rodriguez **SECOND:** Dwayne Brummett **MOTION CARRIED**

D.19 Schools Excess Liability Fund Excess Workers' Compensation Program

Zachary Gifford 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 accrued a liability for future assessments. Recently SELF adopted a policy and procedure with a 10 year plan to fund the remaining outstanding liability. A number of former members had concerns with SELF's plan. Zachary Gifford and Daniel Howell attended a meeting of concerned former members on August 20, 2013 to review and discuss possible actions.

The supporting information provided by SELF does not provide enough detail to see a clear path to resolution. SELF has resisted disclosure of member specific allocations which would assist CSURMA in evaluating the situation. Staff suggested making a public records request to gather information for review and analysis and potentially reduce CSURMA's overall exposure.

A motion was made to direct staff to conduct a project to obtain additional information from SELF, utilizing a Public Records Act request as necessary, as well as to conduct an actuarial review, with a cost not to exceed \$5,300 for the project.

Motion: Mike Lee **Second:** Linda Hawk **MOTION CARRIED**

D.20 Foreign Travel Software

Zachary Gifford reviewed the item with the Executive Committee. At previous meetings, staff discussed with the Executive Committee the need for a software package that would facilitate enrolling, tracking and communicating with CSU's travelers abroad. Previously Systemwide Risk Management had evaluated purchasing licenses for all campuses for a systemwide software solution.

Two options have emerged as likely solutions that would resolve Systemwide Risk Management and CSURMA's needs without imposing new software on the campuses:

1. Purchase additional Studio Abroad licenses for Systemwide Risk Management and CSURMA under the Chancellor's Office International Programs' agreement with Terra Dotta; or,
2. Purchase a more limited product, Simplicity, from Horizons that is likely to meet our needs.

Staff was given direction to research the Simplicity product more thoroughly and to set up a webinar demonstration for those interested reporting, back to the Executive Committee at a future meeting for action and direction.

D.21 Program Administration Request for Proposal

Vice Chair Mary Ann Rodriguez reviewed the item with the Executive Committee. CSURMA engages its Program Administrator following a request for proposals (RFP) solicitation. The most recent RFP was in the Fall of 2008. Zachary Gifford in the Systemwide Office of Risk Management worked with Dawn Locher in the Chancellor's Office Department of Contract Services and Procurement to conduct the RFP for CSURMA Program Administration. The CSURMA Executive Committee appointed a task group to review the RFP responses, conduct interviews as necessary and make a recommendation to the Executive Committee.

Oral interviews were conducted on August 1, 2013. The Program Administration RFP Evaluation Task Group recommended moving forward with Alliant for an initial two (2) year term with eight (8) optional years.

A motion was made to accept the recommendation of the RFP Task Group and delegate authority to the Chair and Secretary-Auditor to execute the necessary agreements effective January 1, 2014.

Motion: Linda Hawk

Second: George Ashkar

MOTION CARRIED

General Counsel was directed to work with staff to prepare the agreements.

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E.1 AORMA Programs Update

Dwayne Brummett, incoming AORMA Chair, and Robert de Wit, AORMA Vice Chair were in attendance at the meeting. Dwayne offered the following highlights from the AORMA meetings earlier this week:

- Alliant has been busy visiting all campuses with only 5 remaining to review programs.
- Exploring a step deductible for EPLI at \$25,000; \$50,000; \$75,000; and \$100,000.
- Accepted the draft actuarial reports for AORMA Liability and AORMA Workers' Compensation.

- Declared a Workers' Compensation Program dividend of \$845,387 and Liability Program dividend of \$978,346.
- Revised loss funding for AORMA Liability to a 70% actuarial confidence level; AORMA WC funding to remain at 80% confidence.
- Reviewed program rating methodology.
- Setting minimum deductibles for property.
- Approved 2014-15 program funding with a 2% increase overall.
- Crime: 5% increase.
- Review GL rating methodology.
- Risk Reduction Grant Program.
- Long Range Planning goals include Smartphone apps for risk control and claims reporting.

E.2 AOA Annual Conference Update

AORMA Chair Dwayne Brummett reported that AORMA will provide AOA an increased annual conference sponsorship this year of \$20,000.

G. INFORMATION ITEMS

G.1 Review of 2013/2014 Long Range Planning Goals

The Executive Committee reviewed and discussed the FY 2013-14 Long Range Planning items.

G.2 Public Safety Crowd Control Project Update

Daniel Howell reviewed the item with the Executive Committee. Funding for this project was approved last Fall. The training began earlier this year and has been completed at a total cost of \$146,857.83. The budgeted amount for this project is \$175,000.

G.3 CSURMA Website and other technology

Daniel Howell reported that the new CSURMA website is up and running. There will be additional content added over the next few months.

G.4 Update on Concussive Injuries

Zachary Gifford reviewed the item. CSU's approach to preventing and managing concussive injuries was a significant topic during the Liability Insurance Program renewal negotiations with underwriters. While operating plans are in place and reviewed as a part of compliance with the NCAA, CSU has been considering proactive and innovative approaches to preventing and assessing injuries. The creation of a minimum policy for campuses is in discussion.

G.5 Listing of CSURMA Policies & Procedures

The Executive Committee reviewed the listing of current CSURMA Policies & Procedures. The CSURMA Policies and Procedures are available on the website for reference.

G.6 CSURMA Administrative Service Calendar

Chair Teniente-Matson reviewed the item with the Executive Committee. The document laid out the major administrative scope of work in a calendar format. Daniel Howell added that the service calendar provides information to the committee members for a better understanding of the work performed, and its timing. The Administrative Service Calendar will be continuously updated and included in each agenda packet.

The Chair left the meeting to attend a conference call.

G.7 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.

F. CLOSED SESSION

F.1 Sanchez-Graves v. CSU, Northridge

F.2 CSU v. Schools Excess Liability Fund

A motion was made to enter Closed Session.

Motion: Linda Hawk **Second:** Michael Thorpe **MOTION CARRIED**

The Executive Committee entered Closed Session at 12:25 p.m.

A motion was made to leave Closed Session.

Motion: Michael Thorpe **Second:** George Ashkar **MOTION CARRIED**

The Executive Committee left Closed Session at 12:49 p.m.

The Vice-Chair reported that no action had been taken by the Executive Committee in Closed Session.

H. ADJOURNMENT

A motion was made to adjourn the meeting.

The meeting adjourned at 12:50 PM.