

**MINUTES OF THE  
CSURMA EXECUTIVE COMMITTEE MEETING**

**MAY 3, 2019  
CSU CHANCELLOR'S OFFICE, MUNITZ ROOM  
401 GOLDEN SHORE • LONG BEACH, CA  
8:30 AM**

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**MEMBERS PRESENT**

Scott Apel, California State University, Long Beach  
Dwayne Brummett (AORMA Chair), Associated Students, Inc., San Luis Obispo  
Lisa Chavez (Chair), California State University, Los Angeles  
Thom Davis, California State University, Bakersfield  
Lisa Kao, California State University, Fresno  
Dave Nakamura (AORMA First Vice Chair), Humboldt State University Center (*via Teleconference; arrived at 9:18am*)  
Kevin Saunders (Vice-Chair), California State University, Monterey Bay  
Amy Thomas, California State University, Stanislaus

**MEMBERS ABSENT**

Thom Davis, California State University, Bakersfield  
Robert Eaton (Treasurer), CSU Financing, Treasury & Risk Management

**STAFF, GUESTS & CONSULTANTS**

Scott Bourdon, CSU Office of the Chancellor, Systemwide Risk Management  
Mary Ek, CSU Financial Services  
Andrew Gaspari, Alliant Insurance Services, Inc.  
Zachary Gifford, CSU Office of the Chancellor, Systemwide Risk Management  
Tevea Him, Alliant Insurance Services, Inc.  
Daniel Howell, Alliant Insurance Services, Inc.  
William Hsu, CSU Office of General Counsel  
Alice Kim, CSU Systemwide Financial Standards & Reporting  
Robert Leong, Alliant Insurance Services, Inc.  
Susan Leung, Alliant Insurance Services  
Amy Lightner, Alliant Insurance Services, Inc.  
Jessica Liu Tanaka, CSU Systemwide Financial Standards & Reporting  
Mimi Long, Alliant Insurance Services, Inc.  
Mike Thorpe, California State University, Chico  
Jody Van Leuven, CSU Office of the Chancellor, Systemwide Risk Management  
Robin Webb, CSU Office of General Counsel

**A. CALL TO ORDER**

The meeting was called to order by the CSURMA Chair, Lisa Chavez at 8:31 AM.

**A1. Approval of the Agenda**

Lisa Chavez noted that the AIME and AORMA Program Update will be removed from the agenda as the same update will be provided at the Board meeting later in the day. Daniel Howell noted that Item C2a and C2b should be moved out of the consent calendar as he will provide an update on recent activities.

A motion was made to approve the revised agenda.

**MOTION:** Kevin Saunders

**SECOND:** Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura				X
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**B. PUBLIC COMMENTS**

There were no comments from the public.

Zachary Gifford introduced Scott Bourdon, the new Senior Manager of Risk and EH&S at Chancellor’s Office.

**C. CONSENT CALENDAR**

**C1. Approval of Minutes - March 7 and March 8, 2019**

The Chair noted that item C2a and C2b were removed from the consent calendar.

A motion was made to approve the remaining item within the consent calendar.

**MOTION:** Dwayne Brummett

**SECOND:** Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura				X
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**C2b. Financial Report – Treasurer’s Quarterly Investment Report at March 31, 2019**

**C2a. Financial Report – Draft Financial Statement at March 31, 2019**

Daniel Howell provided an update. Due to CSURMA’s deficit cash flow, \$35MM in long-term investments will be sold and added to CSURMA’s short-term cash and investments. Howell notes that CSURMA has a positive fund balance, but cash flow has become an issue due to the prefunding of the workers’ compensation reinsurance program and the OCIP II program.

A motion was made to accept the report presented.

**MOTION:** Kevin Saunders

**SECOND:** Lisa Kao

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura				X
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**D. GENERAL ADMINISTRATION**

**D1. Master Investment Policy and Related Investment Policies**

Daniel Howell stated that the Treasurer of CSURMA recommends adopting the current CSURMA Investment Policy and related policies, as the Master Investment Policy of the CSURMA with no revisions. As soon as the \$35MM in long-term investments are moved into cash and short-term investments, CSURMA will be back in compliance with its investment policy.

A motion was made to adopt the current CSURMA Master Investment Policy.

**MOTION:** Amy Thomas  
**SECOND:** Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura				X
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**D2. CSURMA Cash Flow Exhibit**

Daniel Howell noted that the CSURMA two-year cash flow projection has been updated to include information from the March 31<sup>st</sup> financial statement. The cash flow deficit keeps increasing year-over-year, and Staff speculates its due to; (1) the workers’ compensation reinsurance costs which are paid upfront, and therefore, CSURMA is prefunding potential workers’ compensation claims while at the same time paying off old claims, (2) CSURMA is funding the OCIP II and only receives reimbursement at the mid-point and completion of the projects, and (3) liability claim costs are trending up.

The Committee discussed solutions to its cash flow deficit concerns, and felt that continuing to front the money for the OCIP II projects was no longer feasible.

A motion was made to recommend to the Executive Vice Chancellor and Chief Financial Officer that effective October 1, 2019, CSURMA will be removed as the funding source for new projects with the OCIP II.

**MOTION:** Kevin Saunders  
**SECOND:** Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura				X
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**D3. FY 2019/20 Long Range Action Plan**

The Committee reviewed the draft FY 19/20 Long Range Action Plan and Daniel Howell provided an overview of each item.

**D4. Excess Insurance Renewals and Underwriter Meetings Report**

Daniel Howell provided a status of the upcoming program renewals. The excess liability program has seen loss development in the first excess layers for both the AORMA and Campus programs. Staff anticipates rate increases in the lower layers and possible rate increases in the excess layers due to catastrophic losses impacting the entire marketplace. The property losses to both the AORMA and Campus programs have increased over the past three years. While CSU performed well in the wet winter and recent wildfires, related losses and other losses continue to mount. Significant rate decreases in recent years will likely be again partially eroded by increases this coming renewal. CSURMA approved a two-year rate agreement with CSAC-EIA for workers' compensation. The builders risk program is stable. The fine arts program was launched in 2016 and Staff anticipates underwriters will require a rate increase this year due to the high loss ratio. The SPLIP and SAFECLIP programs are performing exceptionally well with no losses. Rates will likely be stable and possibly drop. The losses within the foreign travel insurance program have stabilized at a level acceptable to underwriters. Staff expects a flat rate renewal. There have been no losses within the aviation program. Staff expects a flat renewal. The medical malpractice program is at a minimum premium. Staff expects a flat renewal. Fidelity claims remain low and therefore staff expects a premium decrease on renewal unless new claims materialize prior to renewal.

Dave Nakamura joined in the call at 9:18 AM and expressed his desire to abstain from voting on all action items.

**D5. Extension of the Veoci Agreement**

The Committee reviewed the Veoci utilization report and discussed the services and scheduled trainings.

A motion was made to extend the existing contract for one additional year to expire on June 30, 2020.

**MOTION:** Amy Thomas  
**SECOND:** Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura				X
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**D6. Agility Master Recovery**

The Committee reviewed the Agility utilization report and discussed the services available. The Committee agreed that the services were valuable, but that members needed additional training to fully utilize the services and to be prepared should a crisis on campus occur.

A motion was made to approve a one-year contract renewal.

**MOTION:** Kevin Saunders  
**SECOND:** Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura		X		
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**D7. Revisions to Policy & Procedure No. 20 – Owner Controlled Insurance Program (OCIP)**

This item was tabled to the September 6, 2019 meeting.

**D8. Development of Scooters Accidental Medical Expense Program**

Willy Hsu recommends not creating a systemwide coverage program, but allowing each campus to decide independently how to treat the exposure.

A motion was made to not support a systemwide coverage program for scooters being ridden on campus.

**MOTION:** Kevin Saunders

**SECOND:** Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura		X		
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**D9. CSURMA Renewal of Parametric Earthquake Insurance**

The Committee reviewed the revised earthquake proposal for the term July 1, 2019 to July 1, 2022 which uses the new payout trigger of Peak Spectral Acceleration.

A motion was made to approve the final Parametric Earthquake Insurance proposal as well as the limits and payouts within the proposal.

**MOTION:** Amy Thomas

**SECOND:** Dwayne Brummett

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura		X		
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**D10. Proposed Amendment: FY 2019/20 Rates and Gross Funding Campus Coverage Programs**

Robert Leong noted that the Board of Directors adopted rates and funding for FY 2019/20 on October 26, 2018. However, after reviewing anticipated expenditures for FY 2019/20 along with the March 31, 2019 financial statements, Staff recommended amending the funding for IDL/NDI/UI and Campus Property.

Leong reviewed the proposed change:

**Campus Coverage Programs  
FY 2019/20 Amended Gross Funding**

Coverage Program	FY 19/20 Approved	FY 19/20 Proposed	\$ Change	% Change
Liability *	18,605,268	18,605,268	0	0.0%
Workers' Compensation **	40,781,992	40,781,992	0	0.0%
IDL/NDI/UI	15,316,000	16,800,000	1,484,000	9.7%
Property	10,388,000	11,381,659	993,659	9.6%
AIME	4,760,949	4,760,949	0	0.0%
Auto Liability	1,408,547	1,408,547	0	0.0%
<b>Total</b>	<b>91,260,756</b>	<b>93,738,415</b>	<b>2,477,659</b>	<b>2.7%</b>

\* Liability funding is undiscounted for anticipated investment income.

\*\* Workers' Compensation is discounted for anticipated investment income.

The proposed increase for IDL/NDI/UI is based on claims trends as defined by the average annual expenditures, which has been increasing every year since FY 2014/15. The proposed increase in Property results from an anticipated 20% rate increase due to market trend, and the need to fund Earthquake coverage that was added on October 1, 2017.

A motion was made to approve the Campus coverage programs funding for FY 2019/20 as amended above, and recommend adoption of the proposed amendments to the Board of Directors.

**MOTION:** Dwayne Brummett

**SECOND:** Amy Thomas

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura		X		
Kevin Saunders	X			
Amy Thomas	X			

**MOTION CARRIED**

**F. CLOSED SESSION**

1. Freeman v. CSU (San Bernardino)
2. Summer v. CSU (San Diego)
3. Mackey v. CSU (San Marcos)
4. Sargent v. CSU (Sonoma)
5. Shepler v. CSU
6. Moed adv. CSU (San Francisco)
7. Marshall v. CSU (SLO)

A motion was made to enter closed session at 9:50 AM.

**MOTION:** Scott Apel

**SECOND:** Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Dwayne Brummett	X			
Lisa Chavez	X			
Thom Davis				X
Robert Eaton				X
Lisa Kao	X			
Dave Nakamura		X		
Kevin Saunders	X			

Amy Thomas	X			
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**MOTION CARRIED**

The Committee came out of closed session 10:20 AM. The Chair reported that no action was taken during the closed session.

- G. INFORMATION ITEMS**
- G1. CSURMA Committee Member Professional Development**
- G2. CSURMA Administrative Service Calendar**
- G3. 2019 CSURMA Meeting Calendar**
- G4. CSURMA Executive Committee & Staff Contact List**

This Committee review the information items.

**H. ADJOURNMENT**

The meeting was adjourned at 10:22 AM.