

**MINUTES OF THE CSURMA
EXECUTIVE COMMITTEE MEETING
NOVEMBER 6, 2013
SACRAMENTO, CALIFORNIA**

MEMBERS PRESENT

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

MEMBERS ABSENT

Dwayne Brummett, California Polytechnic State University
Lori Gentles, CSU Fullerton

STAFF, GUESTS & CONSULTANTS

Kelly Cox, CSU Office of the Chancellor
Zachary Gifford, CSU Office of the Chancellor
Jacki Graf, Alliant Insurance Services, Inc.
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.
Rebecca Skidmore, CSU Office of the Chancellor
Chris Roy, KPMG

A. CALL TO ORDER

The meeting was called to order at 1:02 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:** Mike Thorpe **MOTION CARRIED**

B. PUBLIC COMMENTS

C. CONSENT CALENDAR

C.1 Approval of Minutes – September 12 & 13, 2013

C.2 Financial Information

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

A motion was made to pull Item C.2.b from the consent calendar for additional discussion.

Chair Matson directed the Executive Committee’s attention to the Travel Expense Report now included in the draft financial statements for review. Mike Thorpe requested that more detail as to the purpose of the travel be included in future reports.

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

MOTION: Linda Hawk **SECOND:** Robert Dewit **MOTION CARRIED**

C.2 Financial Information

- b. Treasurer’s Report**

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

Chris Roy of KPMG, CSU’s financial auditor, reviewed the audited financials at June 30, 2013 with the Executive Committee. The audit presented a clean opinion with no management issues in delivering the audit.

A motion was made to accept the draft Financial Audit and to approve the Treasurer’s Report as discussed at today’s meeting.

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

D. GENERAL ADMINISTRATION

D.1 Trustee’s Audit Status Report

Daniel Howell reviewed the item with the Executive Committee. Daniel Howell and Chair Teniente-Matson have been working in concert on the outstanding issues to bring them to resolution. Zachary Gifford and Daniel Howell met with the CSU Office of the University Auditor in early August and, at that time, proposed responses to the items still open but find that Items 10 and 12 are still under review.

All items will be handled by the CSURMA with the exception of Item 10, relating to travel expenses, which will be handled as a separate matter by the Chancellor’s Office.

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 Appointment of Acting Secretary-Auditor

Chair Matson introduced the item to the Executive Committee. At its last meeting, the Executive Committee delegated authority to CSURMA Chair Cynthia Teniente-Matson to appoint Vice Chair, Mary Ann Rodriguez as Acting Secretary-Auditor for an additional sixty (60) days.

Unfortunately, Mary Ann Rodriguez left the CSU on October 31, 2013. To facilitate the continued smooth operation of the Authority, Chair Teniente-Matson has recommended that Robert Eaton temporarily be appointed to fill the position until which time formal action could be taken.

George Ashkar reviewed the shifting of responsibilities within Systemwide Risk Management with George overseeing all aspects of the Authority, Robert managing Risk Management with all else the same as usual.

A motion was made to appoint Robert Eaton as Acting Secretary-Auditor for the period October 31, 2013 through November 6, 2013 and then formally naming him as Secretary-Auditor by resolution.

MOTION: Mike Lee

SECOND: Linda Hawk

MOTION CARRIED

D.3. Student Insurance Programs

D.3.a CSURMA Student Insurance Programs Coverage and Rating Task Group

Mike Thorpe reviewed the plan for the sub-committee with the Executive Committee. The Task Group will be reviewing the following programs that directly impact students: Foreign Travel Insurance Program, Club Sports Insurance Program, Student Travel Accident Insurance, Student Professional Liability Insurance Program (SPLIP), and Student Academic Field Experiential for Credit Liability Insurance Program (SAFECLIP). Mike Thorpe suggested adding an Alliant service team member and possibly an International Students representative to round out the committee with additional insights.

The committee will present a report at the Long Range Planning session in March 2014.

No action was taken at this time.

D.3.b Student Health Insurance Program

Zachary Gifford reviewed the item with the Executive Committee. Wells Fargo is impeding development. The Western Interstate Compact for Higher Education WICHE is working to provide an option to the CSU.

The Chancellor's Office continues to follow up with campuses to get census data as Wells Fargo believes that each campus is a standalone client that is not part of a larger system. The Office of General Counsel has also been trying to gather the needed data but Wells Fargo has been resistant to those requests as well. It appears that the auxiliary organizations have a proprietary view of the program, although there are no real contracts in place with AO's. Due to new HIPAA issues, WellsFargo wanted the auxiliary organizations to sign new agreements for this cover; although this has been discouraged by the Office of General Counsel.

Understandably, WellsFargo is trying to protect their program. It may well be that the WellsFargo product is perfectly fine but we are not sure due to protection of coverage information.

WellsFargo has set up a meeting on December 9, 2013 with the campus contacts to "discuss" the plan and its options.

No action was taken at this time.

D.3.c Approval of Student Travel Accident Policy Renewal

Daniel Howell reviewed this item with the Executive Committee. The CSU provides coverage for injuries to students (including Extended Education Program students) during travel to and from campus to participate in school sponsored activities.

The insurer presented two renewal options: a \$15,000 coverage limit at \$21,000 (same as expiring) and a higher limit of \$25,000 at a cost of \$23,330. Staff recommended the higher limit option.

A motion was made to renew the Student Travel Accident coverage with QBE for the period December 31, 2013/14 with a \$25,000 limit for off-campus activities at a cost not to exceed \$23,330.

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

D.4 Campus Risk Pool Rating Plans Task Group

Chair Teniente-Matson reviewed the item with the Executive Committee. There has been a practice of reviewing the rating plans used by CSURMA for the Campus Risk Pool programs every three years for their continued appropriateness. The expected timeline for the next review would be for a Task Group to review the rating plans and prepare a report for the Executive Committee's review at the March 2014 Long Range Planning Session. A final report would 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.

The Chair has appointed a task group consisting of Linda Hawk, Lisa Chavez, Mike Lee and George Ashkar with additional support from Robert Eaton, Zachary Gifford and the Program Administration staff.

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

D.5 Adoption of Revised Policy & Procedure No. 20 Owner Controlled Insurance Program and Builder's Risk Insurance Program

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 for most of CSU's capital projects.

At the September 13, 2013 meeting, the Executive Committee adopted Policy and Procedure No. 20 implementing a funding rate and invoicing process for the programs. Later in the September 13, 2013 meeting, the Executive Committee took action to transfer \$2 million of Campus Risk Pool Liability Program dividend funds to the OCIP fund as a way of equalizing the financial burden of the new program for campuses with initial projects that would not benefit from future program savings. As a result, the additional funding reduces the program charge from 2.376% to 2.072% of the Initial Construction Contract Value. This amounts to a 15% reduction in the OCIP cost to the projects.

A motion was made to adopt Resolution 08-13 (EC) amending the Policy & Procedure No. 20 Owner Controlled Insurance Program and Builders' Risk Insurance Program as written and to issue payments to those affected.

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

D.6 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 carried a liability for future assessments. Recently SELF adopted a policy and procedure with a 10 year plan to fund the remaining outstanding liability.

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. The EC approved requesting information from SELF on the assessments of other members so that CSURMA could evaluate its position in the program and opportunities to reduce the cost of the assessment. Action taken at that time established a budget of \$4,500 for the data request and possible review by CSURMA's independent actuary.

Staff was successful in obtaining the requested information but found some anomalies and is continuing its review

No action was taken at this time.

D.7 Foreign Travel Software

Zachary Gifford reviewed the item with the Executive Committee. Upon Staff's recommendation, the Executive Committee discussed needs for a software package to facilitate enrolling, tracking and communicating with CSU's travelers abroad. Systemwide Risk Management evaluated various options and recommended a solution involving Simplicity's Horizons software that is in currently use by several campuses. Staff was directed to assess user satisfaction from among the campuses that currently use the software.

The Horizons product meets or exceeds CSURMA requirements with a shorter go live timetable possible due to limited access by users.

For the limited deployment of the Horizons software, Simplicity has provided a quote of \$7,500 (recurring fees) and \$2,500 (non-recurring fees) with optional professional services ranging from \$500-\$4,500. In subsequent years, there will be a 4% bump at renewal through an escalator clause. The Board approved a budget for the current fiscal year that includes a cost for travel management software.

A motion was made authorizing an amount not to exceed \$13,750 to implement the Horizons product for initial 18 months delegating authority to Robert Eaton to execute a contract.

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

D.8 Executive Committee Nominations

Chair Teniente-Matson reviewed this item with the Executive Committee. With the departure of Mary Ann Rodriguez, and vacancy of Tom McCarron's position, the CSURMA Executive Committee has vacancies to fill. The Chair recommended that the Executive Committee nominate the following candidates for election by the Board of Directors:

- CSURMA Vice Chair: Linda Hawk to replace Mary Ann Rodriguez effective November 6, 2013 for term expiring June 30, 2014.
- CSURMA EC Member: Mike Lee to replace Tom McCarron effective July 1, 2013 for term expiring June 30, 2014.
- CSURMA EC Member: Lisa Chavez to replace Linda Hawk effective November 6, 2013 for term expiring June 30, 2015.

As per CSURMA's prior practice, the CSURMA Chair has appointed Mike Lee to Tom McCarron's seat and the Board will be asked to ratify that appointment as a part of the election at their November 6, 2013 meeting.

A motion was made to nominate the above slate of Executive Committee candidates to the Board of Directors.

MOTION: Cynthia Teniente-Matson **SECOND:** George Ashkar **MOTION CARRIED**

Linda Hawk abstained from the vote.

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E.1 AORMA Programs Update

Robert de Wit, AORMA Vice Chair was in attendance at the meeting and offered the following highlights from the AORMA meeting earlier today:

- AORMA’s long range action plan for FY 13/14.
- Election of the AORMA Committee vice-chair for the one-year term beginning on July 1, 2014.
- Who will receive the free AOA conference registrations.
- Revisions to Policy and Procedure A-5 – Calendar of Reports, Audits, Filings and Reviews – documenting that all policies and procedures are required to be reviewed every two years.
- Revisions to Policy and Procedure L-7 – Employment Practices Liability Deductible Options – documenting the new “one level annual increase” limit.
- Review and approval of Policy and Procedure P-1 – Property Program Member Allocation Formula – which documents in detail the newly approved member allocation formula.
- Review and approval of Policy and Procedure C-1 – Crime Program Member Allocation Formula – which documents in detail the newly approved member allocation formula.

E.2 AOA Annual Conference Update

AORMA Vice-Chair Robert DeWit reported that AORMA will provide AOA an increased sponsorship this year of \$20,000.

F. CLOSED SESSION

F.1 Sanchez-Graves v. CSU, Northridge

F.2 Personnel Matters

A motion was made to enter Closed Session.

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

The Executive Committee entered Closed Session at 2:22 p.m.

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

A motion was made to leave Closed Session.

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

The Executive Committee left Closed Session at 3:09 p.m.

The Chair reported that action was taken in the Sanchez-Graves matter.

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 Update on Risk Management Practices Related to Service Animals and Skateboards on Campus

Zachary Gifford reviewed these Long Range Planning Session items with the Executive Committee. Because management of service animals and skateboards is a policy issue for the University and campuses, it was suggested that the Executive Committee review the attached information and provide direction to staff.

There are several ADA / Department of Rehabilitation / Department of Fair Housing issues complicating this matter for campuses. The ADA is limited to dogs, while the Rehabilitation Act allows for any animal that provides emotional support without training.

Ten campuses provided bicycle and/or skateboard policies, with Risk Management following up with an additional thirteen campuses for information. The information gathered thus far was reviewed by the Executive Committee.

G.3 Excess Liability Program Underwriter Meeting Report

Daniel Howell reviewed the item. CSURMA's Chair encouraged a special meeting at the SDSU campus on October 3, 2013 to take advantage of the gathering of excess liability underwriters for a national convention.

The meeting on October 3, 2013 was hosted by Tom McCarron, SDSU's Vice President for Business and Financial Affairs, and included presentations from Systemwide Financing and Risk Management by George Ashkar, Robert Eaton and Zachary Gifford. Linda Hawk represented the CSURMA Executive Committee. The meeting was very well received by the underwriters and viewed as a positive outreach as the CSURMA works through leadership personnel changes.

CSURMA's practice of direct communication with underwriters by CSU leadership will continue with underwriter meetings in London on November 25-26. Chancellor White will be joined by Robert Eaton and CSURMA Chair Cynthia Teniente-Matson as we initiate discussions for the 2014-2015 program renewal.

G.4 CSURMA Administrative Service Calendar

Chair Matson reviewed the item with the Executive Committee. The document laid out the administrative scope of work in a calendar format. Daniel Howell added that the service calendar provides information to the board members for a better understanding of the work done, and when.

G.5 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 3:18 PM.