

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING**

FEBRUARY 8, 2015

**THE LANGHAM HUNTINGTON
1401 South Oak Knoll • Pasadena, CA**

3:00 PM

MEMBERS PRESENT

George V. Ashkar (Treasurer) – CSU, Office of the Chancellor
 Robert de Wit (AORMA Chair) - Forty-Niner Shops, Inc., CSULB
 Lori Gentles – CSU, Fullerton
 Linda Hawk (Acting Chair) – CSU, San Marcos
 Mike Lee (Vice-Chair) – CSU, Sacramento
 Frank Mumford (AORMA Vice-Chair) – CSU, Fullerton
 Mike Thorpe – CSU, Chico

MEMBERS ABSENT

None

STAFF, GUESTS & CONSULTANTS

Ron Cortez - San Francisco State University
 Robert Eaton (Secretary/Auditor) – CSU, Office of the Chancellor
 Zachary Gifford – CSU, Office of the Chancellor
 Daniel Howell - Alliant Insurance Services, Inc.
 William Hsu – CSU, Office of General Counsel
 Rob Leong - Alliant Insurance Services, Inc.
 Mimi Long - Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order by the Acting Chair, Linda Hawk at 3:07 PM.

A1. Approval of the Agenda

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

MOTION: George Ashkar
SECOND: Mike Lee

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---------------|----------|---------|-----|--------|
| George Ashkar | X | | | |
| Lisa Chavez | X | | | |

| | | | | |
|---------------|----------|--|--|--|
| Robert de Wit | X | | | |
| Lori Gentles | X | | | |
| Linda Hawk | X | | | |
| Mike Lee | X | | | |
| Frank Mumford | X | | | |
| Mike Thorpe | X | | | |

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from the public.

C. CONSENT CALENDAR

- C1. Approval of Minutes – December 5, 2014**
- C2a. Financial Information - Draft Financial Statement at December 31, 2014**
- C2b. Financial Information - Treasurer’s Certification Letter**
- C3. Resolution 01-15 (EC) Delegating Authority of CSURMA Secretary-Auditor to act on behalf of CSURMA relative to the CSAC Insurance Authority**

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

MOTION: George Ashkar
SECOND: Mike Thorpe

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---------------|------------|----------------|------------|---------------|
| George Ashkar | X | | | |
| Lisa Chavez | X | | | |
| Robert de Wit | X | | | |
| Lori Gentles | X | | | |
| Linda Hawk | X | | | |
| Mike Lee | X | | | |
| Frank Mumford | X | | | |
| Mike Thorpe | X | | | |

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Evaluation of Campus Climate Reporting

Daniel Howell and Zachary Gifford summarized their recent activities in evaluating the options for a campus climate reporting platform. The CSU Chancellor’s Office (Academic Affairs) is currently working on a project that may indirectly address the goal of creating a campus climate

reporting portal. Gifford is in contact with the CSU Chancellor's Office staff and will keep the Executive Committee members apprised as the project parameters are finalized.

D2. High Hazard International Travel Approval Process Update

Zachary Gifford summarized the new High Hazard International Travel Approval Process steps noted below:

1. Go to www.csurma.org. Click the *Request for Foreign Travel* link.
2. Complete the *Travel Request Form*
 - A. Item No. 7 – High Hazardous/War Country Information - allows the Requestor to view and confirm if the destination appears on the High Hazardous List, the War Risk List or the US Travel Warning List.
 - 1) High Hazardous List – Requires Campus President approval
 - 2) War Risk List – Requires Campus President and Chancellor's Office approvals
 - 3) US Travel Warning List - Requires Campus President approval
 - B. The Requestor can attach up to three documents to the "Request for Foreign Travel" on-line form (i.e. President's approval; itinerary; participant list with several travelers, etc.)
3. After clicking *Submit* the Requestor will receive confirmation, via email, that the completed Travel Request Form has been forwarded to Alliant
4. Alliant reviews the form and if it is in order confirms coverage, provides the premium, and forwards the travel assist card for the participant to carry while traveling
5. If traveler's destination appears on the War Risk List, Alliant will forward the completed *Travel Request Form* and attachments to the Chancellor's Office for approval
6. Upon receipt of the Chancellor's Office approval, Alliant forwards confirmation of coverage, premium information, and the travel assist card to the Requestor

Gifford noted that the new website access still has some minor glitches, but they are currently being remedied. Gifford confirmed that Alliant will be responsible for forwarding the completed Travel Request Form to the Chancellor's Office for approval should the foreign destination appear on the War Risk list. CSURMA Staff will continue to provide training to campus staff. Gifford also noted that Auxiliary Organizations are being asked to follow the same practice when planning international travel.

D3. Executive Committee Nominations

Daniel Howell noted that as documented in Policy and Procedure No. 18, the Executive Committee members are nominated by a Nominating Committee, which is appointed by the CSURMA Chair. Elections are then held by CSURMA the Board of Directors. The Board of Directors will meet next on Monday, April, 27 at 4:00 PM in San Diego during the “Fitting the Pieces” systemwide risk management conference.

The Executive Committee currently has one vacant seat due to the departure of Cynthia Teniente-Matson and a second seat will become available July 1, 2015 because Mike Thorpe will have served his maximum three consecutive two-year terms. As provided in the Joint Powers Agreement, prior to the election by the Board of Directors, the CSURMA Vice-Chair, Linda Hawk, will serve as the Acting Chair.

Policy and Procedure No. 18 delegates authority to the CSURMA Executive Committee Chair to appoint a Nominating Committee. Linda Hawk appointed George Ashkar, Lori Gentles and Michael Thorpe to serve as the Nominating Committee. All three accepted the appointment.

D4. 2015 Long Range Planning Meeting Date, Location, and Agenda

The CSURMA Executive Committee has scheduled a Long Range Planning meeting on March 19-20, 2015 at the Alliant Office in Newport Beach. Staff recommends that the meeting be held in two sessions, as noted below:

- The Executive Committee regular business meeting from 2:30 p.m. to 5:00 p.m. on Thursday, March 19, 2015 and
- The Long Range Planning meeting from 8:00 a.m. to 2:00 p.m. on Friday, March 20, 2015.

A motion was made to approve the Long Range Planning meeting date and location.

MOTION: Lisa Chavez

SECOND: Mike Lee

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---------------|-----|---------|-----|--------|
| George Ashkar | X | | | |
| Lisa Chavez | X | | | |
| Robert de Wit | X | | | |
| Lori Gentles | X | | | |
| Linda Hawk | X | | | |
| Mike Lee | X | | | |
| Frank Mumford | X | | | |
| Mike Thorpe | X | | | |

MOTION CARRIED

D5. OCIP Renewal and Savings Matrix

Daniel Howell provided information regarding the OCIP renewal and program cost savings. The CSURMA established, effective January 1, 2012, an Owner Controlled Insurance Program (OCIP) providing casualty coverages for CSU's major capital outlay projects with a constructed value exceeding \$10 million. The initial three year term program expired December 31, 2014, and the Executive Committee delegated renewal authority to CPDC acting through the CSURMA Secretary-Auditor. The OCIP was renewed for an additional three years. Despite generally rising rates in the construction casualty market, especially for California workers' compensation risks, the program was renewed at the same rates and terms as expiring due to CSU's excellent loss performance to date.

At the request of CSU's CABO group, staff prepared a savings matrix specific to the CSU, Bakersfield projects. There was some concern that the campus was not receiving the full credit for insurance deductions and that the contractors may be reporting claims under their separate insurance programs. The claims exhibits provided by Old Republic, the General Liability and Workers' Compensation insurer for CSU's OCIP, confirm that the contractors working on the CSU Bakersfield projects had made claims under the CSU OCIP. Howell also noted that workers' compensation programs for contractors include a standard clause which states that if there is an OCIP in place, the contractor's program will automatically exclude coverage for claims otherwise covered under an OCIP. After a thorough review of the major subcontractors' insurance programs and rates, it was calculated that the premium savings is \$363,472 (2.352%) for the Art Center project and \$387,387 (1.217%) for the Student Housing project. The savings do not include any additional savings from the expected CSURMA OCIP dividend if the program continues to perform as it has to date.

The CSU OCIP includes a stop-loss limit of \$7,000,000. To date, the OCIP has incurred claims in the amount of \$400,000. The OCIP may receive a dividend of \$2,000,000, if CSU maintains its exceptional loss performance. Under the direction of the CSURMA Executive Committee, the dividend will be retained by the OCIP fund which will result in lower rates going forward.

Gifford noted in closing that the OCIP program provides for a very robust safety inspection and remediation program that appears to have had a substantive positive affect on the to date, low loss rates.

D6. Student Placement Agreement Language

As summarized by Daniel Howell, the Executive Committee directed staff to review the recommended insurance and indemnity language with the student placement agreements with the third party host organizations and to specifically review the need to cover students for workers' compensation. Staff and CSURMA General Counsel, William Hsu, researched specific case law regarding workers' compensation coverage. According to Hsu, there is specific case law that requires students to be covered under workers' compensation for certain placements. This case

law; however, may not apply to all placements including service learning, and CSU's default is that the host is in the best position to direct the student and prevent injuries.

Staff's recommendation is to continue with the current practice regarding workers' compensation requirement within the placement agreements. The Executive Committee directed Staff to close out this item on the Long Range Action plan for 2014.

D7. Unmanned Aerial Vehicle and Rocketry Insurance Update

Rob Leong discussed that G. Andrew Jones, Associate Vice Chancellor and Deputy General Counsel issued a memo to the CSU Presidents dated December 17, 2014 regarding Unmanned Aerial Vehicles (aka Drones). The memo summarized the current FAA regulations regarding UAV use. William Hsu is working on a second memo which will also be sent out to the Campus Presidents. It will give campuses procedures to follow in order to receive an FAA Certificate of Authorization (COA). It will reiterate that use of drones without an FAA COA is prohibited and that the scope of use within the FAA COA application may need to be revised to apply for all operations. The Executive Committee requested that CABO and the HRO's receive a copy of Hsu's memo as well.

D8. Review of Campus Risk Pool Rating Plan for Bond Funded Facilities

Robert Eaton and Daniel Howell summarized this item. The Campus Liability and Campus Property Risk Pools allocate the cost of coverage to bond funded facilities where the premiums are recoverable from the State of California Department of Finance (DOF). This is because these Risk Pool programs replaced the traditional insurance coverage that was formerly purchased for these facilities. The DOF maintains a budget for insurance premiums as required under bond covenants. The availability of DOF funding relieves the campus of the cost of obtaining property and liability coverage.

Now that CSU has been delegated authority to establish its own capital financing program, Eaton pointed out that there will not be any recourse to the DOF for payment of liability and property insurance premiums for debt financed facilities in the future.

Linda Hawk, the CSURMA Executive Committee Chair appointed a task group, consisting of Lisa Chavez, Mike Lee, Linda Hawk and Robert Eaton, to review the affected plans and recommend any necessary rating plan changes to the Executive Committee and Board of Directors. Their report is due for the September 2015 CSURMA Executive Committee meeting.

D9. Underwriter Meetings Report

Robert Eaton and Daniel Howell summarized the underwriter meetings which took place in New York on January 21-23, 2015. CSURMA was represented by Robert Eaton, Zachary Gifford, and Daniel Howell. The main goals of the meetings were:

- Demonstration of CSU leadership's commitment to risk management

- Update on CSU's financial and operational outlook
- Evaluation of the state of the insurance market and how changes may impact CSURMA's placements;
- Discussion of pending claims matters; and,
- Discussion on technical points of insurance placements and renewal expectations

Over the two day period there were eight meetings with 14 market participants. The meetings were primarily focused on CSURMA's Excess Liability Insurance Program. CV Starr, who currently writes the \$10MM xs \$35MM layer and the \$10MM xs \$75MM layer, has decided to stop writing California public entity liability business. These layers will need to be replaced. Ironshore, who currently writes the \$5MM xs \$5MM layer, announced that they may not attach under \$10MM at renewal, which means CSURMA may need to secure a new lead underwriter for the excess liability program.

Zachary Gifford has been appointed to the CSAC EIA Underwriting Committee and confirmed that the entire public entity market for California public entities is in a state of change.

D10. Concussion Mitigation Training Program Status

Zachary Gifford summarized the status of the Systemwide concussion mitigation training program. Materials for webcast training "Best Practices in University-Wide Concussion Management are in development. David Kervella at the Chancellor's Office is assisting with organizing the training modules in the systemwide Learning Management System. The University of Michigan has been contacted regarding licensing of their training modules as an alternative to development of CSU specific modules. Gifford is hopeful that online training materials will be available in September, 2015.

D11. Review of Policies and Procedures (Odd Numbered)

Daniel Howell noted that the Executive Committee resolved to review the CSURMA's policies and procedures on a regular basis - even-numbered policies and procedures in even-numbered calendar years, and odd-numbered policies and procedures in odd-numbered calendar years - to ensure administrative policies and procedures of CSURMA remain relevant and effective. Staff reviewed all of the odd-numbered policies and procedures and has suggested revisions to Nos. 5, 7 and 13.

In response to the ongoing servicing issues with the AIME program claims administrators, Staff added suggested language to Policy and Procedure No. 5 which allows the audit schedule to be adjusted in accordance with CSURMA's business schedules, i.e., issuance of RFP's, vendor service performance reviews, etc. Staff recommends removing legacy language from Policy and Procedure No. 7, which notes transitioning from a cash funding basis to an accrual funding basis which was completed in 2008. Within Policy and Procedure No. 13, staff recommends adding separate "Unencumbered Reserve to Pool Retention Ratios" for the liability and workers' compensation programs because each program has a separate retention. It was noted that Policy

and Procedure No. 17 has a typo in the Procedures Section. AUHORIZED should be AUTHORIZED.

The Executive Committee tabled this item until the March 19th meeting.

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E1. AIME Programs Update

Mike Thorpe, the Executive Committee Liaison for the AIME program, reported on the activities of the AIME Committee. The AIME Committee has eight members who are trainers and/or athletic directors. Similar to workers’ compensation insurance, the AIME program is experiencing a rise in claim costs due to the increasing cost of medical care and prescription medications. The AIME program provides medical expense coverage for students participating in intercollegiate sports or try-outs for intercollegiate sports. The AIME program pays a maximum of \$90,000 per accident. The AIME program is still having issues with the current claims administrator and therefore an RFP will be sent out in the spring.

E2. AORMA Programs Update

Robert de Wit, the AORMA Committee Chair, noted that the AORMA Committee has not met since the last Executive Committee meeting; therefore, de Wit did not have any recent updates to provide to the Executive Committee.

F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1)

F1. SFSU Science Building

F2. CSU v SELF

A motion was made at 4:48 AM to enter closed session.

MOTION: Frank Mumford

SECOND: Lori Gentles

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---------------|-----|---------|-----|--------|
| George Ashkar | X | | | |
| Lisa Chavez | X | | | |
| Robert de Wit | X | | | |
| Lori Gentles | X | | | |
| Linda Hawk | X | | | |
| Mike Lee | X | | | |
| Frank Mumford | X | | | |
| Mike Thorpe | X | | | |

MOTION CARRIED

The Executive Committee came out of closed session at 5:47 PM. The CSURMA Executive Committee Chair, Linda Hawk, reported that action was taken during closed session.

G. INFORMATION ITEMS

- G1. Review of FY 2014/2015 Long Range Planning Goals**
- G2. 2015 CSURMA Meeting Calendar**
- G3. CSURMA Administrative Service Calendar**
- G4. CSURMA Executive Committee & Staff Contact List**

The Executive Committee reviewed the information items. There was no discussion.

H. ADJOURNMENT

A motion was made to adjourn the meeting at 5:48 PM.

MOTION: Frank Mumford

SECOND: Lisa Chavez

| NAME | AYE | ABSTAIN | NAY | ABSENT |
|---------------|------------|----------------|------------|---------------|
| George Ashkar | X | | | |
| Lisa Chavez | X | | | |
| Robert de Wit | X | | | |
| Lori Gentles | X | | | |
| Linda Hawk | X | | | |
| Mike Lee | X | | | |
| Frank Mumford | X | | | |
| Mike Thorpe | X | | | |

MOTION CARRIED