

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING**

MARCH 5-6, 2020

**ALLIANT INSURANCE SERVICES
701 B STREET, 6TH FLOOR • SAN DIEGO, CA**

2:30 PM

MEMBERS PRESENT

Scott Apel, California State University Long Beach
Lisa Chavez (Chair), California State University Los Angeles
Thom Davis, California State University, Bakersfield
Robert Eaton (Treasurer), California State University, Office of the Chancellor
Lisa Kao, California State University, Fresno
Dave Nakamura (AORMA First Vice Chair), Humboldt State University Center (*attendance on day two only*)
Kevin Saunders (Vice-Chair), California State University, Monterey Bay
Amy Thomas, California State University, Monterey Bay

MEMBERS ABSENT

Dwayne Brummett (AORMA Chair), Associated Students, Inc. at San Luis Obispo

STAFF, GUESTS & CONSULTANTS

Zachary Gifford, CSU Office of the Chancellor – Systemwide Risk Management
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, CSU Office of the Chancellor – General Counsel (*via teleconference*)
Susan Leung, Alliant Insurance Services
Amy Lightner, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.
Jody Van Leuven, CSU Office of the Chancellor
Lilian Vanvieldt, Alliant Insurance Services, Inc. (*attendance on second day only*)
Robin Webb, CSU Office of the Chancellor – General Counsel (*via teleconference*)

A. CALL TO ORDER

The meeting was called to order at 2:31 PM by the Chair, Lisa Chavez.

A1. Approval of the Agenda

A motion was made to approve the agenda as presented.

MOTION: Kevin Saunders

SECOND: Robert Eaton

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.

C. CONSENT CALENDAR

C1. Approval of Minutes – January 12, 2020

C2a. Financial Report – Draft Financial Statement at December 31, 2019

C2b. Treasurer’s Quarterly Investment Report at December 31, 2019

The minutes from the January 12, 2020 meeting were pulled from the consent calendar.

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

MOTION: Thom Davis

SECOND: Robert Eaton

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

The minutes from the January 12, 2020 meeting were revised to show that Amy Thomas attended the meeting via teleconference and chose to abstain from voting on all action items.

A motion was made to accept the minutes from the January 12, 2020 meeting.

MOTION: Robert Eaton
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

D. GENERAL ADMINISTRATION

D1. CSURMA Master Investment Policy and Related Investment Policies

The Treasurer of CSURMA is directed to adopt the CSURMA Investment Policy and related policies, as the Master Investment Policy of the CSURMA. As noted within Resolution 02-14 (BOD), the Executive Committee will annually review the Master Investment Policy and approve amendments as necessary.

The Executive Committee approved changes to the investment policy at its meeting in September. Staff confirmed that per their recent review, the master investment policy is acceptable and does not require additional modification.

A motion was made to accept the CSURMA Master Investment Policy and Related Investment Policies as presented.

MOTION: Robert Eaton
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. Annual Review of the CSURMA’s Data Security Policies

The Executive Committee resolved to annually review CSURMA’s data security policies. The Committee reviewed the iVOS and Blackbaud user policies. Staff confirmed that per their review, the user policies are acceptable and do not require modification.

A motion was made to accept the iVos and Financial Edge (Blackbaud) System user security policies as presented.

MOTION: Scott Apel
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

D3. Conversion of Accounting Software - Transition of Accounting Software from Financial Edge to Common Financial System

The Committee discussed the upcoming conversion of accounting software from Financial Edge (Blackbaud) to the CSU Common Financial System (CFS) effective July 2020.

D4. Annual Review of the Applicable Integrated CSU Administrative Manual Policies

Staff completed its annual review of all sections of the Integrated CSU Administrative Manual (ICSUAM) and all updates thereto. The following sections have already been adopted by CSURMA. Staff is not recommending adoption of any additional policies.

- Section 1101.....Delegation of Authority to Obligate the University
- Section 1301..... Hospitality, Payment or Reimbursement of Expenses
- Section 2002..... Budget Oversight

- Section 3000..... General Accounting
- Section 3103.02..... Outgoing Disbursements (revised)
- Section 3103.05..... Payroll Payments Issued by Accounts Payable (revised)
- Section 3130.01..... Accounts Receivable Management (revised)
- Section 3601.01..... Travel Policy (revised)
- Section 6000..... Financing, Treasury, and Risk Management
- Section 7100..... Identity Access Management
- Section 8000..... Information Security
- Section 13175..... Auxiliary Organizations External Auditor Firms Qualifications (revised)
- Section 13680..... Placement and Control of Receipts for Campus Activates and Programs (revised)

A motion was made to accept and adopt the revisions to the previously adopted ICSUAM policies shown above.

MOTION: Kevin Saunders
SECOND: Robert Eaton

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

Items D5 and D7 were discussed out of order.

D6. Chancellor’s Office Services Budget Proposals for FY 2020/21

CSURMA obtains services from the Chancellor’s Office under three memoranda of understanding. Each year, the CSURMA Executive Committee considers the services and budget proposals as a part of the budget adoption process. Enterprise Accounting, Office of General Counsel and have developed proposals for FY 2020/21 and include the renewal pricing as follows:

Chancellor's Office Service	FY 19/20	FY 20/21	% Change	\$ Change
Financial Services Administration & Accounting	412,000	424,360	3%	12,360
Office of General Counsel	608,363	626,615	3%	18,252
Systemwide Risk Management	1,159,500	TBD	TBD	TBD

The Systemwide Risk Management budget proposal will be presented for the Committee’s approval at the next meeting in May as the new Director of Systemwide Emergency Management and COOP position salary will not be finalized until April and there may be a slight adjustment in other salary ranges as a consequence.

The amounts proposed are included in the draft CSURMA FY 20/21 Budget. Financial Services and Systemwide Risk Management costs are allocated proportionately across all funds. With respect to the Office of General Counsel, \$469,961 is allocated to the Campus Risk Pool Liability Program for claims legal expense, and \$156,654 is allocated across all funds for CSURMA General Counsel.

A motion was made to approve the Financial Services Administration and Accounting, and the Office of General Counsel Services Budget Proposals for FY 20/21 as 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

D8. CSU Affinity Groups Biennial Mini-Conference and/or Workshops

The concept of rescheduling the Fitting the Pieces Together Conference (FTPT) to take place every-other-year while providing funding for affinity groups (RM, EHS, WC & EM/COOP) workshops, conferences and trainings in the off-FTPT years was discussed. The average net cost of the FTPT, which currently takes place every 18 months, is \$58,930. Over a three-year period, this averages out to an annual cost of \$39,287. Should CSURMA provide up to \$10,000 apiece to each of the aforementioned affinity groups (\$40K every other year) CSURMA would end up

potentially seeing an initial small increase in the yearly cost, i.e. \$40,000 versus \$39,287 annual prorated average. Over time, CSURMA should realize some modest savings. The Committee reviewed the estimated future costs exhibit.

Biennial Fitting the Pieces Conference and WERCS Training Support								
Estimated Costs	20/21	21/22	22/23	23/24	24/25	25/26	26/27	Total
Current:								
FTPT Every 18 Months +8% per conference	63,644	68,736		74,234	80,173		86,587	\$373,374
Proposed:								
FTPT Every 24 Months - +8% per conference		63,644		68,736		74,235		206,615
WERCS Training/Meeting Support	40,000		40,000		40,000		40,000	160,000
Total Cost:	40,000	63,644	40,000	68,736	40,000	74,235	40,000	\$366,615

Staff was directed to create and present to the Executive Committee for approval at its next meeting in May, 2020, the Affinity Group approval process for training support.

A motion was made to approve the \$40,000 biennial funding for the Affinity Group hosted workshops, conference and/or training.

MOTION: Amy Thomas

SECOND: Robert Eaton

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. Excess Insurance Renewals and Underwriter Meetings Report

The Committee discussed the projected renewal cost estimates for FY 20/21. Daniel Howell reported on the state of the insurance market and concerns related to excess liability capacity and potential restrictions in coverage terms. Howell reported that the property insurance market remains firm and CSURMA’s recent claims history will further impact rates.

Projected Renewal Cost Change Estimates

Program	AORMA Percent Change	Campus Percent Change
Excess Liability	+20%	+20%
Property	+20%	+20%
Worker's Compensation	Flat to 5% Increase	Flat to 5% Increase
Builder's Risk	N/A	+5%
Fine Arts	N/A	+10%
SPLIP & SAFECLIP	Flat Rate	Flat Rate
FTIP	Flat Rate	Flat Rate
Aviation	+5%	+5%
Medical Malpractice	N/A	Flat Rate to 10% Increase
Fidelity	+5%	+5%

Currently 100% of the Fine Arts costs are allocated to the Campus property program. Staff will allocate a percentage of the total costs to the FY 21/22 AORMA property program.

D10. CSU International Programs Funding

The Committee reviewed and discussed the proposed per participant cost for the CSU International Program (IP).

**CSU INTERNATIONAL PROGRAM
Foreign Travel Insurance Program**

Coverage Period	Premium Expense	CSU IP Contribution	Deficit	# Participants	CSU IP Paid per Participant	Actual Cost per Participant
01/15/12 - 06/30/13	\$132,400	\$95,710	(\$36,690)	563	\$170	\$235
07/01/13 - 06/30/14	\$125,000	\$89,250	(\$35,750)	525	\$170	\$238
07/01/14 - 06/30/15	\$209,250	\$119,050	(\$90,200)	530	\$225	\$395
07/01/15 - 06/30/16	\$277,983	\$137,225	(\$140,758)	500	\$274	\$556
07/01/16 - 06/30/17	\$289,135	\$187,500	(\$101,635)	500	\$375	\$578
07/01/17 - 06/30/18	\$310,929	\$214,800	(\$96,129)	537	\$400	\$579
07/01/18 - 06/30/19	\$291,225	\$214,800	(\$76,425)	500	\$430	\$582
07/01/19 - 06/30/20	\$291,225	\$212,100	(\$79,125)	470	\$430	\$582
Total Deficits:			(\$656,712)			
<i>Estimated Renewal Terms:</i>						
07/01/20 - 06/30/21	\$231,000	\$210,000	(\$21,000)	420	\$500	\$550

CSU IP students departed in August/September 2019 and approximately 25 students departed in January/February 2020. Staff began renewal discussions for the July 2020 renewal in February 2020, so that the cost can be known to CSU IP in March 2020 for the annual rate per student to be included in enrollment documents.

Currently, the IP program includes an annual minimum premium of \$210,000 in anticipation of 420 travelers. Staff was directed obtain assurance from the insurer that the minimum premium

would be renegotiated should the number of travelers drop significantly due to the COVID-19 virus.

A motion was made to approve the FY 20/21 rate of \$500 per IP traveler, and to write off the anticipated deficit of \$21,000, and for CSURMA to continue to fund the rate difference as long as the rate charged per traveler) is at least 85% of the total cost being charged by the insurer.

MOTION: Kevin Saunders

SECOND: Robert Eaton

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

D11. Owner Controlled Insurance Program (OCIP) – Cash Recovery Progress

The Committee reviewed the OCIP quarterly true up exhibit. The Committee directed staff to provide a similar report at all future EC meetings.

The next item was discussed out of order.

D13. CSAC EIA Proposed Amendments to its Joint Powers Agreement

At its January 9, 2020 meeting, the EIA’s Executive Committee approved the circulation of draft revisions to the Joint Powers Agreement for review and comment. The Agreement was last updated in 2006. The primary reason for amending the Agreement is because the EIA is proposing to change its name. Attached to this item is the memorandum summarizing the proposed revisions and explaining the rationale behind the proposed changes.

As a public entity member of the EIA, CSURMA will not be voting on the proposed amendments to the Agreement. Instead, the seven voting Public Entity Board members will have the authority to cast a vote on the amendments on behalf of the public entity membership.

E. STANDING COMMITTEE REPORTS

E1. AIME Program Update

Lisa Kao provided an overview of current activity within the AIME program.

E2. AORMA Programs Update

Mimi Long reported on the recent activities of the AORMA Committee.

The next item was discussed out of order.

G. LONG RANGE ACTION PLANNING ITEMS

G1. Review of CSURMA FY 2019/ 20 Long Range Action Plan

The Executive Committee reviewed the items on the current FY 2019/20 Long Range Action Plan.

The next item was discussed out of order.

F. CLOSED SESSION

- F1.** CSU Maritime Academy Wildfire Loss
- F2.** Freeman v. CSU (San Bernardino)
- F3.** Chavez v. CSU (Northridge)
- F4.** DOE (Class Action) v. CSU
- F5.** Dennis and Susan Payne adv. CSU (Maritime)

A motion was made to enter closed session at 4:11 PM.

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			

MOTION CARRIED

The Committee came out of closed session at 4:35 PM. The Chair reported that action was taken on the CSU Maritime Academy wildfire loss during the closed session.

D5. FY 2019/20 Midterm Budget Amendments and Adoption of Resolution No. 01-20 (EC)

The Committee reviewed the mid-term amendments to the FY 19/20 CSURMA budget for each CSURMA coverage programs. The Committee directed Staff to review the allocation of the RSS expense with both SRM and Accounting. The Committee questioned why the CSURMA budget is amended mid-term. They agreed that a review of the budget variances was prudent, but felt that the continuation of the current practice should be examined.

Staff was directed to add to the FY 20/21 Long Range Action Plan, a review and revamp of the mid-term budget amendment practice with a goal of developing a process of reviewing mid-term budget variances and year end projections in a way that provides the Executive Committee insight on the performance and standing of the programs.

D7. FY 2020/21 Operating Budget

CSURMA's next fiscal year begins on July 1, 2020. The FY 2020/21 operating budget is to be approved by the Board of Directors at its May 8, 2020. The Chancellor's Office Enterprise Accounting Services and the Program Administrators worked together to develop a draft FY 2020/21 budget for the Executive Committee to review at today's meeting. Susan Leung provided a detailed review of the draft budget on a fund by fund basis.

This item was tabled to the May 8, 2020 Executive Committee meeting.

The meeting was adjourned for the day.

The meeting was reconvened and called to order at 8:30 AM.

D12. CSAC-EIA Workers' Compensation Renewal Options

Lilian Vanvieldt from Alliant Insurance Services, Inc., joined the meeting to present the revised FY 20/21 and FY 21/22 CSAC-EIA workers' compensation program proposal. CSURMA has been participating in the CSAC EIA primary workers' compensation program since January 1, 2015. Upon review of CSURMA's collective loss experience and the actuary's projections, staff asked EIA to revise its renewal terms for FY 20/21, and extend the two-year plan to FY 21/22.

The proposed WC rate was lowered from .8350 to .7979 for the Campus WC program and from .9407 to .8077 for the AORMA WC program.

The Committee directed Staff to have CSAC EIA attend an upcoming CSURMA meeting to review all of the services available to its members.

The Committee discussed the Cost Options chart below.

CSAC-EIA Workers' Compensation Coverage Program		
Cost Options for FY 20/21		
Campus	at Expected	at 70%
Estimated Payroll	4,124,759,000	4,124,759,000
Excess Insurance	3,118,318	3,118,318
Pooled Layer Funding (w/ XS insurance)	32,404,107	34,054,010
Current Two-Year Rate - CSAC-EIA Reinsurance (w XS insurance)	34,441,932	34,441,932
(Current Savings) or additional costs above pool layer funding	2,037,825	387,922
Revised Two-Year Rate - CSAC-EIA Reinsurance (w XS insurance)	32,913,509	32,913,509
(Revised Rate Savings) or additional costs above pool layer funding:	509,402	(1,140,501)
AORMA	at Expected	at 75%
Estimated Payroll	414,771,315	414,771,315
Excess Insurance	580,680	580,680
Pooled Layer Funding (w/ XS insurance)	3,318,171	3,815,896
Current Two-Year Rate - CSAC-EIA Reinsurance (w XS insurance)	3,901,725	3,901,725
(Current Savings) or additional costs above pool layer funding	583,555	85,829
Revised Two-Year Rate - CSAC-EIA Reinsurance (w XS insurance)	3,350,157	3,350,157
(Revised Rate Savings) or additional costs above pool layer funding:	31,986	(465,739)
<i>Actuarial Confidence Level (Present Value)</i>		

A motion was made to approve CSAC EIA’s revised program terms and to extend CSURMA’s commitment to participate in the CSAC EIA primary workers’ compensation program for FY 20/21 and 21/22.

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

G. LONG RANGE ACTION PLANNING ITEMS
G2. Campus Risk Pools Funding Status

In accordance with the CSURMA’s adopted funding policy for its self-funded pooling programs, Staff prepares an analysis of the risk pools funding position relative to the actuary’s projection in

accordance with CSURMA’s minimum funding requirements and expected cash expenditures as of December 31, 2019 projected to June 30, 2020. The Committee reviewed the Risk Pools Funding Status Exhibit.

G3. Further Development of Youth Protection Programs

Youth protection is a priority for the California State University. In an effort of continuous improvement, the partnership with Praesidium continues and increases. Systemwide Risk Management appointed a workgroup which worked to create the Managing Risk in Youth Program Resource Guide. The Committee reviewed the draft version. The resource guide will be reviewed by legal counsel and the Campus Risk Managers prior to finalizing. Once finalized, the resource guide will be available for distribution to all of the campuses and will be a dynamic guide that will be updated regularly.

G4. Foreign Travel Program Review Update

A Task Group was been formed with representatives from the Chancellors Office and various campuses. The Task Group evaluated the current processes and determined where new processes were needed. The group is recommending the purchase of a systemwide contract through Terra Dotta for Travel Registry. The systemwide cost is \$83,503, or between \$3,000 and \$5,000 per campus. The Task Group also recommends upgrading travel services through AXA or ISOS for a cost to be determined for additional services. The campuses are not satisfied with the current AXA services.

A motion was made to delegate authority to the Secretary-Auditor to enhance the Travel Registry and Travel Services as a part of the program renewal proposal.

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

G5. Development of New Programs, Services and Projects

G6. Development of CSURMA Goals for Next One to Three Years

The above two items were discussed together.

The Committee reviewed the items discussed during the meeting and compiled the following list of Long Range Action Plan items for FY 20/21:

1. Revamp Mid-Term Budget Analysis
2. Affinity Group Mini Conference Support Policy
3. Roof Assessment and Fall Protection
4. Enhancement of Youth Protection Policies
5. Annual Review of Digital ADA Compliance
6. CSURMA AORMA Campus Outreach and Presentation Update
7. Implementation and Education of the Foreign Travel Insurance Program Enhancements

Staff was directed to draft the FY 20/21 Long Range Action Plan to include the items noted above and to develop steps for completion.

H. INFORMATION ITEMS

- H1. CSURMA Committee Member Professional Development**
- H2. CSURMA Meeting Calendar**
- H3. CSURMA Administrative Service Calendar**
- H4. CSURMA Executive Committee & Staff Contact List**

The Committee reviewed and discussed the information items.

I. ADJOURNMENT

The meeting was adjourned at 10:30 AM.