



**APPROVED**

**MINUTES OF THE  
CSURMA BOARD OF DIRECTORS MEETING**

**April 27, 2015**

**SHERATON SAN DIEGO HOTEL & MARINA  
BAY TOWER (BEL AIRE BALLROOM)  
1380 Harbor Island Drive, San Diego, CA 92101**

**4:00 PM**

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**A. CALL TO ORDER**

The meeting was called to order at 4:01 PM by the CSURMA Acting Chair Linda Hawk. Those members attending the meeting via teleconference agreed to abstain from motions so that action could be taken without roll call.

**A1. Approval of the Agenda**

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

MOTION: Frank Mumford  
SECOND: Debbie Burns

Motion carried.

**B. PUBLIC COMMENTS**

There were no public comments.

**C. CONSENT CALENDAR**

- C1. Approval of Minutes – October 24, 2014**
- C2. Treasurer's Report at December 31, 2014**

A motion was made to approve each action items on the Consent Calendar as presented.

MOTION: Frank Mumford  
SECOND: Lisa Chavez

Motion carried.

**D. GENERAL ADMINISTRATION**

## **D1. Report on Primary Coverage Program for Workers' Compensation**

Daniel Howell explained that at its October 24, 2014 meeting, the CSURMA Board took action to delegate authority to the CSURMA Executive Committee to take action to join the EIA Primary and Excess Workers' Compensation Programs. The Executive Committee, at its December 5, 2014 meeting, considered the CSAC EIA proposal and took action to join the EIA Primary and Excess Workers' Compensation Programs for an 18-month period. Operational hurdles had been addressed so that participation would be transparent to the campuses and auxiliary organizations. Howell noted that CSURMA generally takes the approach of retaining risk when it can do so at a lower cost than risk transfer. CSURMA will transfer to CSAC EIA the first \$2,500,000 of each claim for the campuses and the first \$500,000 of each claim for the auxiliary organizations. CSAC EIA's cost for the reinsurance is less than CSURMA's actuarial estimated losses at a discounted "expected" confidence level. Therefore, based on current CSURMA funding guidelines the campus and auxiliary programs will have savings that will be added to each program's reserves and may be returned in the form of a dividend.

Zachary Gifford, CSU's Director of Systemwide Risk Management has been appointed to serve as an alternate on the EIA's Underwriting Committee. Gifford reiterated that CSAC EIA also has seven staff members who are devoted to loss control and that CSAC EIA offers many loss control services that the CSURMA can utilize.

## **D2. Campus Risk Pools Program Funding Status**

Rob Leong summarized the risk pool exhibits which are prepared annually in accordance with the CSURMA's adopted funding policy for its self-funded pooling programs. The exhibits provide an analysis of the pooled program's funding position relative to the actuary's projection for CSURMA's minimum funding requirements and expected cash expenditures for program administration through June 30, 2015. The green section on the exhibit represents the amount of funds in excess of the outstanding losses at a 70% confidence level.

Leong noted that the estimated funding projection for the workers' compensation program indicates that this program has no unencumbered reserves. This is due to loss development and prior dividends and updated actuarial studies.

The Executive Committee will review the funding status upon completion of the financial audit at June 30, 2015, and will determine if there are opportunities to release any excess funds to its members as dividends. Dividends, if any, will reduce fund balances. A request was made by Ronald Cortez to provide a multi-year projection. Leong agreed to provide trending for additional years when this exhibit is presented to the Executive Committee in September, 2015.

## **D3. Adoption of the FY 2015/2016 CSURMA Operating Budget**

Rob Leong summarized the FY 15/16 CSURMA Operating Budgets features. Systemwide Risk Management, Enterprise Accounting and the Program Administrators worked together to develop the proposed budget for FY 15/16.

Major features of the proposed Campus Programs budget include:

- Projected increase in Total contributions from \$72,397,277 to \$77,026,163.
- Projected increase in Liability contributions from \$13,434,901 to \$13,514,960 due to actuarial projected claim trend.
- Projected increase in Workers' Compensation contributions from \$33,196,159 to \$37,744,986 due to actuarial projected claim trend.
- Projected increase in IDL/NDL/UI contributions from \$12,500,000 to \$13,500,000 due to claims trend.
- Projected decrease in Property contributions from \$9,000,000 to \$8,000,000 due to change in Property rates. Premiums are subject to adjustment based on final reported total insured values (TIV).
- No change in AIME contributions of \$3,577,749 - pending recommendation of the AIME Committee.
- No change in Auto Liability contributions of \$688,468. Leong explained that the auto liability program costs actually increased by 23%, but the Executive Committee decided to fund the program at the FY 14/15 costs. This decision was made due to the Executive Committee's decision to recommend funding at an undiscounted basis.

The proposed Campus programs operating budget would develop Total Revenues of \$72,441,157 (net of reinsurance premiums), Total Operating Expenses of \$76,580,082, and Total Non-Operating Revenues of \$2,155,798, generating Net Deficit of \$1,983,127 to be funded by retained earnings. The preceding does not include projected Dividend Distributions during FY 2015/16, which, if any, will increase expenditures and decrease fund reserves.

Major features of the proposed **AORMA Programs** budget include:

- Projected decrease in Total contributions from \$14,716,434 to \$13,895,979.
- Projected decrease in Liability contributions from \$3,823,115 to \$3,747,378 due to actuarial projected claim trend and projected reinsurance premiums.
- Projected increase in Workers' Compensation contributions from \$4,382,449 to \$4,486,750 due to actuarial projected claim trend and projected excess insurance premium.
- Projected decrease in Property contributions from \$3,179,019 to \$2,357,000 due to change in total insured values and expected insurance premiums. Premiums are subject to adjustment based on final reported total insured values (TIV) and final negotiated rates.
- Projected decrease in Crime from \$337,000 to \$310,000 due to claims experience.

The proposed AORMA programs operating budget would develop Total Operating Revenues of \$11,366,979 (net of reinsurance premiums), Total Operating Expenses of \$13,158,079, and Total Non-Operating Revenues of \$342,933, generating a deficit \$1,448,887 to be funded by retained earnings.

Leong also noted that pursuant to California Government Code Section 53607, the Board is requested to delegate authority for a one-year period to the Treasurer to invest or to reinvest funds, or to sell or exchange securities so purchased, and to assume full responsibility for those transactions until the delegation of authority is revoked or expires, and to make a report of those transactions to the Board. Subject to review, the Board may renew the delegation of authority pursuant to this section each year.

A motion was made to adopt Resolution No. 01-15 (BOD) as presented.

MOTION: Guy Dalpe  
SECOND: Mike Thorpe

Motion carried.

#### **D4. Nominating Committee Report and Executive Committee Elections**

At the February 8th Executive Committee meeting, Linda Hawk appointed a Nominating Committee of George Ashkar, Lori Gentles and Michael Thorpe. Hawk asked Ashkar to provide the Nominating Committee's report.

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 Thorpe will have served his maximum three consecutive two-year terms. Since Matson's departure, CSURMA Vice Chair, Hawk, has served as the Acting Chair as provided in CSURMA's governing documents.

Ashkar explained that the Nominating Committee has nominated Kevin Saunders from California State University, Monterey Bay and Jody Van Leuven from California State University, Northridge to fill the two vacant sets. Hawk asked for nominations from the floor. Hearing none, Hawk asked for a motion to close the nominations.

A motion was made to close nominations as there were no nominations from the floor.

MOTION: Frank Mumford  
SECOND: Guy Dalpe

Motion carried.

The Board of Directors elected by acclamation the proposed slate of candidates for the term July 1, 2015 to June 30, 2017:

- Chair – Linda Hawk
- Vice Chair – Mike Lee
- Seat #1 - Lisa Chavez (up for reelection)

- Seat #2 – Jody Van Leuven
- Seat #4 – Kevin Saunders

#### **D5. Amendment of Policies and Procedures**

Linda Hawk asked Daniel Howell to review the recommended revisions to the CSURMA Policies and Procedures. Howell explained that the Executive Committee adopted Resolution No. 04-13 (EC) which specifies that CSURMA's policies and procedures will be reviewed on a regular basis to ensure administrative tasks remain relevant and effective for its operations. The resolution defines the process for the Executive Committee to review even-numbered policies and procedures in even-numbered calendar years, and odd-numbered policies and procedures in odd-numbered calendar years.

Howell noted that the Executive Committee reviewed the odd-numbered policies and procedures at its meeting on March 19, 2015 and is recommending revisions to Policy and Procedures No. 5, 7 and 13 as noted below:

- Policy and Procedure No. 5 – Wording has been added which allows the Executive Committee to adjust the audit schedule based on business needs such as an RFP or the need to monitor a vendor's performance.
- Policy and Procedure No. 7 – The language stating that the program is transitioning from a cash funding basis to an accrual funding basis has been removed as this has been achieved.
- Policy and Procedure No. 13 – The workers' compensation reserve to retention ratio was changed from 1 to 1 to 2 to 1 as it would be desirable for the workers' compensation risk pool to retain at least two times the workers' compensation retention in reserves.

A motion was made to approve the revisions to Policy and Procedures No. 5, 7 and 13.

MOTION: Mike Lee

SECOND: George Ashkar

Motion carried.

#### **D6. FY 15/16 Long Range Planning Goals**

Daniel Howell explained that the Executive Committee held its long range planning session on March 20, 2015. The planning session consisted of a review of the FY 14/15 Long Range Action Plan and the development of new long range goals for FY 15/16 and beyond. The FY 15/16 Long Range Action Plan will be finalized and approved by the Executive Committee at its meeting on May 8th.

Howell summarized the FY 15/16 Long Range Action Plan goals:

1. Form 700 Electronic Filing
2. Workers' Compensation Claims Closure Initiative
3. Agility Recovery Property Loss Recovery Program
4. Additional Covered Party – Policy and Procedure
5. On-Line Education Multi-State Initiative
6. Student Placement Agreements
7. CSU / UC Workers' Compensation Summit
8. Campus and AORMA Risk Program Benchmarking and Trending Analysis
9. Special Events Risk Management Manual
10. Insurance Policy Database

#### **D7. Campus Coverage Programs FY 2015/2016 Rates and Gross Funding**

Daniel Howell confirmed that at its October 24, 2014 meeting, the Board of Directors adopted rates and funding for FY 15/16 with estimated claims liability for Campus Liability and Campus Workers' Compensation programs funded on an undiscounted basis as respects investment income. Staff noted that the State of CA vehicle rates had an increase due to claims and this will be collected in arrears in the FY 16/17 rates and funding proposal. The Executive Committee was directed to finalize the FY 15/16 funding on either an undiscounted or discounted basis. The Executive Committee met on March 19, 2015 and determined the appropriate funding strategy based upon a review of the fiscal climate, and finalize program rates to be on an undiscounted basis as projected by the Actuary. As a result, rates will be as approved at the Fall Board.

#### **D8. Review of CSURMA Operational Review Report**

Daniel Howell summarized this item. At its September 2014 meeting, the CSURMA Executive Committee determined that it would have a consultant perform an operational review along the lines of a California Association of Joint Powers Authorities (CAJPA) accreditation review. It has been three years since the last review and the Executive Committee's practice has been to perform the review every three years, as if CSURMA were seeking CAJPA accreditation. The Executive Committee determined that the scope of this year's review would be limited to an operational review of the Program Administration and not include CSURMA accounting services since those services are already audited on an annual basis. Robin Johnson was retained to perform the review and presented a report to the Executive Committee at their March 20, 2015 meeting. The Board reviewed the Operational Review Report. The Executive Committee will be tracking close out of the recommendations.

#### **D9. Adoption of Amendments to CSURMA Joint Exercise of Powers Agreement and Bylaws**

Daniel Howell summarized the recommended revisions to the CSURMA Joint Exercise of Powers Agreement (JEPA) and Bylaws. Changes to the JEPA require 30 days' advance notice and changes to the Bylaws require 15 days' notice which all members receive via email.

The CSURMA Joint Exercise of Powers Agreement was amended as follows:

1. Section 7, Powers of Entity, Item (a) (vi) is modified to cite section CA Government Code 6505.5 rather than 6505.
2. Section 8, Board of Directors, is revised to clarify that the Executive Vice Chancellor / CFO may delegate appointment of directors to the campus President.
3. Section 11, Officers of the Entity, is amended to provide (1) that the CSURMA Board Chair and Vice Chair may serve up to three consecutive terms; (2) that the Treasurer is a member of the Board and (3) that the Executive Vice Chancellor / CFO may appoint officers to fill vacancies until the next CSURMA Board election.
4. Section 20, Development, Implementation and Funding of Coverage Programs, Item (b) (iii) is amended to clarify that the Board may declare an assessment when liabilities exceed the assets of a Coverage Program.
5. Section 22, Withdrawal of Members, Item (c) is amended to add a provision describing that the University may withdraw from the Joint Exercise of Powers Agreement upon 90 days' written notice to CSURMA.

The CSURMA Bylaws was amended as follows:

1. Article III, Board of Directors, Section 3.1 – Conform appointment of Directors to new language proposed for Joint Exercise of Powers Agreement above.
2. A provision is added to Article IV, Executive Committee, Section 4.4(h) allowing the CSURMA Chair to appoint interim replacements to fill Executive Committee vacancies.
3. Article VIII is amended to have the Secretary-Auditor review and recommend to the Treasurer payment reimbursement of travel expenses as provided in CSURMA Policy and Procedure No. 17.
4. The additional language related to the signature block at the end of Article XII, Section 13.3 is being removed as it is not necessary.

A motion was made to approve the amendments to the CSURMA Joint Exercise of Powers Agreement and Bylaws and to adopt Resolution No. 02-15 (BOD).

MOTION: Frank Mumford

SECOND: Lisa Kao

Motion carried.

#### **D10. Liability Claims Administration Audit Results**

Zachary Gifford summarized this item. CSURMA engaged Dennis Mitchell of Bickmore Risk Services to conduct a performance review of its liability claims administration provided by the Systemwide Office of Risk Management for the Campus Liability Program and Carl Warren and Company for the AORMA Liability Program. Bickmore found an overall performance level of

96% which indicates a superior performance level for Campus Liability Program and 97% for the AORMA Liability Program.

#### **D11. Integrated CSU Administrative Manual**

Daniel Howell summarized this agenda item. The Executive Committee resolved to review annually applicable sections of the Integrated CSU Administrative Manual (ICSUAM) and any updates thereto, as well as CSURMA's data security policies. CSU Accounting reviews all updates to the ICSUAM and if applicable will recommend adoption by CSURMA. The Executive Committee, as its March 20, 2015, meeting adopted two new policies – 1001.00 - Delegation of Authority to Obligate the University and 7100.00 – Identity Access Management.

#### **D12. CSURMA Master Investment Policy and Related Investment Policies**

Daniel Howell explained that in accordance with Resolution 02-14 (BOD), at its March 19th meeting, the Executive Committee reviewed and approved amendments to the CSURMA Master Investment Policy.

#### **D13. Workers' Compensation Program Claims Closure Initiative Update**

Zachary Gifford updated the Board on the progress of the Workers' Compensation Claims Closure Initiative. The project began on a pilot basis, focusing on Southern California files. This project known as Double Play is a collaborative effort that engages a team of Workers' Compensation professionals to evaluate and strategize old, costly or problematic Workers' Compensation claims for resolution and/or enhanced employee care.

The Executive Committee will discuss at its May 8, 2015, meeting a recommendation to continue this program. It will be recommended that subsequent legal fees from the consulting counsel be allocated directly to the claim file for reimbursement. To date \$31,775 has been incurred in additional legal fees.

### **E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS**

#### **E1. AORMA Programs Status Report**

Robert de Wit updated the Board on the recent activities of the AORMA Committee. The criterion for the AORMA Matching Grant Program was revised to be more innovative in nature. Dividends were approved for both the liability and workers' compensation programs of \$464,087 and \$714,802, respectively. Half of AORMA's policies and procedures were reviewed and revised, as necessary. The Shoes for Crews program was created. The contract service with Praesidium for Prevention of Sexual Abuse of Minors was launched. The Auxiliaries Multiple Employer VEBA trust was added to the AORMA liability program as an insured. Rocketry coverage was purchased.

### **F. CLOSED SESSION**



**APPROVED**

There were no items scheduled for closed session.

**G. INFORMATION ITEMS**

- G1. Agility Recovery**
- G2. CSU / UC Workers' Compensation Summit**
- G3. Status of Form 700 Filings**
- G4. Review of Auxiliary Service Provider Report**
- G5. CSURMA Administrative Service Calendar**
- G6. CSURMA Board of Directors and Staff Contact List**

The Board reviewed the information items.

**H. PRESENTATIONS**

There were no presentations scheduled for this meeting.

**I. ADJOURNMENT**

A motion was made to adjourn the meeting at 5:26 PM.

MOTION: George Ashkar  
SECOND: Tyson Hill

Motion carried.



**APPROVED**

**CSURMA BOARD OF DIRECTORS MEETING  
ATTENDANCE**

**April 27, 2015**

**SHERATON SAN DIEGO HOTEL & MARINA  
BAY TOWER (BEL AIRE BALLROOM)  
1380 Harbor Island Drive, San Diego, CA 92101**

**4:00 PM**

**Board Representative or Alternate Present:**

<b>Representative /Alternate</b>	<b>Member</b>	<b>Organization</b>	<b>Present</b>
Representative	Kellie Garcia	California State University, Bakersfield	
Alternate	Tim Ridley	California State University Bakersfield	X
Representative	George V. Ashkar	CSU Office of the Chancellor	X
<i>Alternate</i>	<i>Vacant</i>	<i>CSU Office of the Chancellor</i>	
Representative	Katharine Hullinger	California State University, Channel Islands	X
Alternate	Caroline J. Doll	California State University, Channel Islands	
Representative	Michael Thorpe	California State University, Chico	X
Alternate	Lorraine B. Hoffman	California State University, Chico	
Representative	Stephen J. Mastro ( <i>Via Teleconference</i> )	California State University, Dominguez Hills	X
Alternate	Jeff Wood ( <i>Via Teleconference</i> )	California State University, Dominguez Hills	X
Representative	Nyassa Love	California State University, East Bay	X
Alternate	Brad Wells	California State University, East Bay	
<i>Representative</i>	<i>Vacant</i>	<i>California State University, Fresno</i>	
Alternate	Lisa Kao	California State University, Fresno	X
AORMA Rep	Keith Kompsi	Fresno Association Inc., CSU Fresno	
Representative	Lori Gentles ( <i>Via Teleconference</i> )	California State University, Fullerton	X
Alternate	Michael Coughlin	California State University, Fullerton	
AORMA/EC	Frank Mumford	CSU Fullerton Auxiliary Services Corporation	X
AORMA Rep	Kurt Borsting	Titan Student Union, CSU Fullerton	
Representative	Michael Burghart	Humboldt State University	X
Alternate	Joyce Lopes	Humboldt State University	
Representative	Mary Stephens	California State University, Long Beach	
Alternate	Felissa Waynick, ARM-P	California State University, Long Beach	X
AORMA/EC	Robert de Wit	Forty-Niner Shops, Inc., CSU, Long Beach	X
AORMA Rep	Brian Nowlin	California State University, Long Beach Foundation	
Representative	Lisa Chavez	California State University, Los Angeles	X
Alternate	Kevin Brady ( <i>Non-Voting</i> )	California State University, Los Angeles	X

Representative	Vineeta Dhillon	California Maritime Academy	X
Alternate	Franz Lozano	California Maritime Academy	
Representative	Kevin Saunders	California State University, Monterey Bay	X
Alternate	Lenore Reed	California State University, Monterey Bay	
AORMA Rep	Gigi Kiama	University Corporation, CSU Monterey Bay	X
Representative	Jody Van Leuven	California State University, Northridge	X
Alternate	Jason Wang	California State University, Northridge	
Alternate	Ron Norton	California State University, Northridge	
Representative	Sharon Reiter	California State Polytechnic University	
Alternate	Valerie Eberle	California State Polytechnic University	X
AORMA Rep	Haleh Minakary	The Cal Poly Pomona Foundation, Inc.	
Representative	Mike Lee	California State University, Sacramento	X
Alternate	Kirtland Stout	California State University, Sacramento	
AORMA Rep	Leslie Davis	University Union Operation of CSUS, Inc.	X
Representative	Debbie Burns	California State University, San Bernardino	X
Alternate	Douglas R. Freer	California State University, San Bernardino	
Representative	Thomas McCarron	San Diego State University	
Alternate	Jessica Rentto	San Diego State University	
AORMA Rep	Melinda Coil	San Diego State University Research Foundation	
Representative	Ronald Cortez	San Francisco State University	X
Alternate	Michael Martin ( <i>Non-Voting</i> )	San Francisco State University	X
AORMA Rep	Guy Dalpe	Cesar Chavez Student Center, San Francisco	X
Representative	Mark Loftus	San Jose State University	X
Alternate	Josee Larochelle	San Jose State University	
Representative	Dru Zachmeyer	California Polytechnic State University, San Luis Obispo	X
Alternate	David Ragsdale	California Polytechnic State University, San Luis Obispo	
AORMA Rep	Dwayne Brummett	Associated Students, Inc., Cal Poly San Luis Obispo	
Representative	Linda Hawk	California State University, San Marcos	X
Alternate	<i>Vacant</i>	<i>California State University, San Marcos</i>	
Representative	Tyson Hill	Sonoma State University	X
Alternate	Nathan Johnson	Sonoma State University	
Representative	Amy Thomas	California State University, Stanislaus	X
Alternate	Julie Benevedes	California State University, Stanislaus	

**Staff, Guests and/or Consultants Present:**

Jesse Converse – The CSU, Chico Research Foundation  
 Melissa Diaz - Alliant Insurance Services, Inc.  
 Regina Frasco – California State University, San Marcos  
 Zachary Gifford - CSU Office of the Chancellor  
 Jacki Graf - Alliant Insurance Services, Inc.  
 Daniel Howell - Alliant Insurance Services, Inc.  
 Robert Leong - Alliant Insurance Services, Inc.  
 Mimi Long - Alliant Insurance Services, Inc.  
 Janice Ramos – California State University, San Marcos



California State University Risk Management Authority

**APPROVED**

Victoria Ramos-Sponza – San Francisco State University  
Steve Relyea - CSU Office of the Chancellor  
Joe Risser – Risk Management Design  
Katy Thoma – The CSU, Chico Research Foundation  
Rebecca Skidmore - CSU Office of the Chancellor  
Melissa Swanson – Cal Poly, San Luis Obispo