

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING**

MARCH 10, 2016

**ALLIANT INSURANCE SERVICES
100 Pine Street, 11th Floor • San Francisco, CA**

2:30 PM

MEMBERS PRESENT

Scott Apel, California State University Long Beach (*arrived at 2:55 PM*)
Lisa Chavez, California State University Los Angeles
Guy Dalpe (AORMA Vice-Chair), Associated Students, Inc., San Francisco State University
Robert Eaton (Treasurer), California State University, Office of the Chancellor (*via Teleconference*)
Linda Hawk (Chair), California State University, San Marcos
Ming Tung (Mike) Lee, California State University, Sacramento (*via Teleconference*)
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation
Kevin Saunders, California State University, Monterey Bay

MEMBERS ABSENT

Jody Van Leuven, California State University, San Bernardino

STAFF, GUESTS & CONSULTANTS

Kelly Cox – CSU, Office of the Chancellor
Zachary Gifford (CSURMA Secretary/Auditor), 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.
Rob Leong - Alliant Insurance Services, Inc.
Mimi Long - Alliant Insurance Services, Inc.
Rebecca Skidmore – CSU, Office of the Chancellor

A. CALL TO ORDER

The meeting was called to order by the Chair, Linda Hawk at 2:34 PM. Mike Lee and Robert Eaton expressed their desire to abstain from voting on all motions.

A1. Approval of the Agenda

A motion was made to approve the agenda as presented.

MOTION: Frank Mumford

SECOND: Lisa Chavez

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from the public.

C. CONSENT CALENDAR

- C1. Approval of Minutes – January 10, 2016**
- C2a Financial Report: Draft Financial Statement at December 31, 2015**
- C2b. Financial Report: Treasurer’s Quarterly Investment Report at December 31, 2015**
- C3. FY 2015/2016 Midterm Budget Amendments and Adoption of Resolution No. 01-16 (EC)**
- C4. Adoption of Final 2016 CSURMA Meeting Calendar**

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

MOTION: Frank Mumford

SECOND: Guy Dalpe

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED

D. GENERAL ADMINISTRATION

The next item was discussed out of order.

D8. Insurance Policy Database

Rebecca Skidmore summarized the activity surrounding the insurance policy database project. Chancellor’s Office and Program Administrator Staff have been reviewing the products available and have attended vendor capability presentations. A capabilities and needs discussion was conducted on December 17, 2015, and a proposal is being prepared by Ventiv Technologies, the vendor of CSURMA’s current claims management software to expand existing claims modules to include insurance policy management. Ventiv offers a package of services that includes exposure modules, claims benchmarking, etc. The cost to include the extra services is in the \$100,000 to \$150,000 range the first year, and \$75,000 to \$100,000 for additional years. To just store CSURMA’s insurance policies, the cost would be \$30,000 the first year and \$20,000 for additional years.

A motion was made to table this item until the May 6, 2016, meeting and to request that Ventiv provide a demonstration of the services available.

MOTION: Frank Mumford
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED

D1. Chancellor’s Office Services Budget Proposal for FY 2016/2017

The Chancellor’s Office Services proposals for FY 16/17 were reviewed by the Committee. As noted by Kelly Cox, the Financial Services Administration & Accounting cost would increase from \$345,000 to \$350,000. Cox notes that the fee increase was mitigated by George Ashkar’s retirement, but increased slightly because of the mandatory salary adjustments. William Hsu confirmed that the services provided by the Office of General Counsel would continue with an anticipated increase from \$438,043 to \$453,000 for mandatory salary increase and staff training.

Zachary Gifford noted that the services provided by Systemwide Risk Management will continue with an increase from \$1,004,914 to \$1,013,000 for mandatory CSU salary increase. Robert Eaton did request that the Systemwide Risk Management services be discussed at the May 6th Executive Committee meeting as the Public Safety services may change per discussions with Mike Redmond. The Committee discussed the three Chancellor’s Officer Services proposals.

A motion was made to approve all three Chancellor’s Office Services proposals.

MOTION: Kevin Saunders
SECOND: Lisa Chavez

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED

D2. Campus Risk Pool Rating Plan for Bond Funded Facilities

Robert Eaton explained that the new capital financing legislation eliminated the annual adjustments for debt service or cost for State Public Works Board (SPWB) bond funded facilities. Instead, CSU will be allocated a fixed amount going forward. The current rating plan for the Property and the Liability Risk Pools does separate the SPWB facilities from the campus schedules; the premium for the SPWB facilities is then paid by “Systemwide”. Eaton stated that there have been discussions at the Chancellor’s Office about possibly taking the amount of annual funding from the State that had been used to pay the Property insurance premiums on projects funded by the SPWB and using it for capital needs instead. Campuses that had benefitted from these funds would then be billed similar to any other project.

The Committee discussed the issue surrounding the bond funded facilities and recommended that the Rating Plan Task Group (RPTG) which will report out at the September, 2016 EC meeting, propose a rating plan for the bond funded facilities.

Linda Hawk appointed the Rating Plan Task Group to include Kevin Saunders, Lisa Chavez, Robert Eaton and Mike Lee. The Program Administrator will arrange meetings so that the RPTG will complete its review and report for the September 2016 EC meeting.

D3. University’s Business Personal Property Program (Campus 86)

Rob Leong explained that the Committee approved a plan to offer campuses the option to insure the University’s Business Personal Property under the “Campus 86” plan. At its initial launch, Campus 86 provided coverage up to \$1,000,000 in contents value with a \$100,000 deductible. This layer of coverage (\$900,000 excess of \$100,000) is funded by the Campus Property risk pool. Values over \$1,000,000 would require underwriting approval by the insurers supporting CSU’s Master Property Insurance program (APIP). Staff was directed to develop a plan and finalize rates to offer deductible options below \$100,000. Leong reviewed the different rates for the lower deductible options of \$5,000, \$10,000, \$25,000, \$50,000 and \$100,000. Similar to the AORMA Property Program, the rates for the Business Personal Property are 20% higher than the rates for the Real Property. This is because losses to Personal Property tend to occur with greater frequency.

A motion was made to approve the rate structure to offer deductibles below \$100,000 for Campus 86.

MOTION: Frank Mumford
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED

D4. FY 2016/2017 Operating Budget

Rob Leong discussed the proposed FY 16/17 CSURMA Operating Budget. CSURMA’s next fiscal year begins on July 1, 2016. The FY 2016/17 operating budget is to be approved by the Board of Directors at its May 6, 2016 meeting. The Chancellor’s Office Enterprise Accounting Services and the Program Administrators worked together to develop a draft FY 2016/17 budget for the Executive Committee to review at today’s meeting.

AORMA separately develops a budget for its coverage programs. The AORMA Committee met earlier today and finalized its proposed budget for FY 2016/17 and has recommended adoption to the Executive Committee. Leong explained the Major features of the proposed Campus Programs budget:

- Increase in Total contributions from \$77,345,917 to \$78,818,221 (or \$78,496,771 if Liability is discounted).
- Increase in Liability contributions from \$13,514,960 to \$14,240,860 (undiscounted) or \$13,919,410 (discounted) due to actuarial projected claim trend.
- Slight increase in Workers' Compensation contributions from \$37,744,986 to \$37,823,215 (discounted) due to actuarial projected claim trend.
- No change in IDL/NDI/UI contributions from \$13,500,000 due to claims trend.
- Increase in Property contributions from \$8,000,000 to \$8,250,000 for new Fine Arts, Archives & Artifacts program (FAAAP). Premiums are subject to adjustment based on final reported total insured values (TIV).
- Increase in Auto Liability contributions from \$688,468 to \$845,823 per current Motor Vehicle Self-Insurance Account (MVIA) allocation for FY 15/16. Actual 2016/17 MVIA will be issued by DGS later this month.
- Increase in AIME contributions from \$3,897,503 to \$4,158,323 (discounted) per recommendation of the AIME Committee due to claims trend.

The proposed Campus programs operating budget would develop Total Revenues of \$78,818,221 or \$78,496,771 if Liability is discounted (net of reinsurance premiums), Total Operating Expenses of \$74,082,230, and Total Non-Operating Revenues of \$2,127,765, generating Net Surplus of \$2,278,749 additions to retained earnings. If Campus Liability is funded on a discounted basis, Net Surplus is estimated to be \$1,958,652. The FY 16/17 CSURMA Budget does not ~~not~~ include projected Dividend Distributions during FY 2016/17, which, if any, will increase expenditures and decrease fund reserves.

A motion was made to recommend approval of the draft FY 2016/17 CSURMA budget to the Board of Directors.

MOTION: Guy Dalpe
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED

D5. Campus Coverage Programs FY 2016/2017 Rates and Gross Funding

As explained by Rob Leong, at its October 23, 2015 meeting, the Board of Directors adopted rates and funding for FY 2016/17. Campus Liability was adopted with estimated claims liability funded on an “undiscounted” basis in respect of projected investment income, and the Board asked the Executive Committee to review Campus Liability rates again when it meets in March 2016. Upon consideration of the actuary’s projected rates, program funding strategy and fiscal climate, the Executive Committee has the option to finalize FY 2016/17 funding for Campus Liability on either an undiscounted or discounted basis at today’s meeting. The Program Administrator prepared the FY 2016/17 draft calculations using the final actuarial reports dated September 16, 2015 and February 2, 2016 (updated AIME funding for FY 2016/17 as approved by the AIME Committee).

The Committee reviewed the total program costs as well as the individual Campus costs which were presented as an attachment.

Campus Coverage Programs Funding Comparison

Program	FY 15/16	FY 16/17			
	Actual Costs	Adopted by BOD ¹	% Change	Option for EC ²	% Change
Liability	\$13,514,960	\$14,240,860	5.4%	\$13,919,410	3.0%
Workers' Compensation	37,744,986	37,823,215	0.2%	37,823,215	0.2%
IDL NDI UI	13,500,000	13,500,000	0.0%	13,500,000	0.0%
Property	8,000,000	8,250,000	3.1%	8,250,000	3.1%
Auto Liability	688,468	845,823	22.9%	845,823	22.9%
AIME ³	3,897,503	4,158,323	6.7%	4,158,323	6.7%
Total	\$77,345,917	\$78,818,221	1.9%	\$78,496,771	1.5%

A motion was made to leave the FY 16/17 Campus Liability rates and funding on an undiscounted basis as adopted by the Board of Directors at its October 23, 2015 meeting.

MOTION: Lisa Chavez
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED

D6. Report of Nominating Committee on Executive Committee Elections

Robert Eaton, the Chair of the Nominating Committee, reported that the Nominating Committee had met via teleconference and reviewed the four seats that are currently up for reelection. At the May 6th Board of Directors meeting, the Nominating Committee will nominate Linda Hawk for the Chair seat, Mike Lee for the Vice Chair seat, Kevin Saunders for seat #3 and Scott Apel for seat #4.

Scott Apel arrived to the meeting and was introduced to the Executive Committee by Linda Hawk.

D7. Progress of the Master Insurance and Indemnity Student Placement Agreements

Zachary Gifford explained that Systemwide Risk Management has recently completed negotiation and implementation of a master agreement template with the insurance JPAs representing over 50 school districts in the Sacramento and San Francisco Bay Area. Gifford has initiated conversations with County placement partners as a result of his role on the Underwriting Committee of CSAC EIA and will continue to advise CSU risk management and procurement professionals of the option to implement master indemnity and insurance agreements in lieu of multiple campuses negotiating separate agreements with the same hosting partners. An additional 130 different entities, mostly Cities, Counties, School Districts and Hospitals have been targeted for master insurance and indemnity agreements.

D9. Policies and Procedure #18, Board of Directors Participation and Executive Committee Nominations and Elections Process.

The Committee reviewed the proposed changes the Policy and Procedure No. 18. The following wording was added to clarify CSURMA's policy and process of CSURMA representation on outside committees and boards:

Other than the AORMA Chair representing the CSURMA AORMA programs to the Auxiliary Organizations Association, no member or alternate of a CSURMA Executive Committee or Board of Directors shall represent the CSURMA without the prior written approval of the CSURMA Chair and that any proposal to do so shall be submitted to the CSURMA Secretary-Auditor for review and recommendation to the CSURMA Chair at least 30 days prior to such proposed representation. Costs of representing CSURMA will be subject to CSURMA Policy and Procedure and any other requirements established by the CSURMA Executive Committee or Board of Directors.

A motion was made to recommend approval of the revisions to Policy and Procedure #18 to the Board of Directors.

MOTION: Frank Mumford
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED

E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS

E1. AIME Programs Update

Rob Leong provided a brief report of the activities of the AIME Committee.

E2. AORMA Programs Update

Frank Mumford provided a brief report of the activities of the AORMA Committee.

F. CLOSED SESSION

1. CSU v. SELF
2. Carlson Lynch ADA Letter

A motion was made to enter closed session at 3:41 PM.

MOTION: Frank Mumford
 SECOND: Lisa Chavez

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel				X
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		
Frank Mumford	X			
Kevin Saunders	X			

Jody Van Leuven				X
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MOTION CARRIED

The Committee left closed session at 4:11 PM. The Chair reported that direction was given during closed session.

G. INFORMATION ITEMS

The Committee reviewed and discussed the information items.

G1. Review of the Praesidium Utilization Report.

Mimi Long noted that the Committee will review the Praesidium contract at tomorrow’s meeting as well as a more detailed utilization report.

G2. Agility Recovery Utilization Report

G3. Service Provider Performance Evaluation of CSURMA Vendors

G4. 2016 Fitting the Pieces Together Conference

G5. Concussion Mitigation Training Program Status.

Zachary noted that this training is expected to be completed by tomorrow.

G6. Review of FY 2015/2016 Long Range Planning Goals.

Daniel Howell provided a brief summary of the LRP items.

G7. 2016 CSURMA Meeting Calendar

G8. CSURMA Administrative Service Calendar

G9. CSURMA Executive Committee & Staff Contact List

H. ADJOURNMENT

A motion was made to adjourn the meeting at 5:00 PM.

MOTION: Lisa Chavez

SECOND: Frank Mumford

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Guy Dalpe	X			
Robert Eaton		X		
Linda Hawk	X			
Mike Lee		X		



California State University Risk Management Authority

APPROVED

Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven				X

MOTION CARRIED