

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING**

MARCH 9, 2017

**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 (Vice-Chair), California State University Los Angeles
Thom Davis, California State University, Bakersfield
Robert Eaton (Treasurer), California State University, Office of the Chancellor (*via Teleconference*)
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation
Kevin Saunders, California State University, Monterey Bay
Jody Van Leuven, California State University, San Bernardino

MEMBERS ABSENT

Mike Lee (Chair), California State University, Sacramento

STAFF, GUESTS & CONSULTANTS

Mary Ek – CSU, Office of the Chancellor
Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
Jacki Graf - Alliant Insurance Services, Inc.
Tevea Him – Alliant Insurance Services, Inc.
Daniel Howell - Alliant Insurance Services, Inc.
William Hsu – CSU, Office of General Counsel (*via Teleconference*)
Rob Leong - Alliant Insurance Services, Inc.
Mimi Long - Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order by the Vice-Chair, Lisa Chavez at 2:30 PM. Robert Eaton expressed his 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: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		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 8, 2017
- C2a Financial Report: Draft Financial Statement at December 31, 2016
- C2b. Financial Report: Treasurer’s Quarterly Investment Report at December 31, 2016
- C3. FY 2016/2017 Midterm Budget Amendments and Adoption of Resolution No. 01-17 (EC)
- C4. CSU EHS Professionals Conference

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

MOTION: Frank Mumford
 SECOND: Jody Van Leuven

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Annual Review of the CSURMA’s Data Security Policies

As explained by Daniel Howell, the Executive Committee resolved to annually review CSURMA’s data security policies. The Executive Committee is being asked to review the iVOS and Blackbaud user policies. CSURMA uses many electronic data systems, but iVOS and Blackbaud are the only electronic data systems maintained by CSURMA and for which CSURMA is responsible for the security of the electronic data.

The Committee reviewed the data security policies and accepted them as presented with no additional changes.

D2. Annual Review of the Applicable Integrated CSU Administrative Manual Policies

Daniel Howell noted that the Executive Committee resolved to annually review applicable sections of the Integrated CSU Administrative Manual (ICSUAM) and any updates thereto.

Staff reviewed all sections of the Integrated CSU Administrative Manual and determined that the following sections continue to be relevant and beneficial to the operation of CSURMA:

- Section 1101..... Delegation of Authority to Obligate the University
- Section 1301..... Hospitality, Payment or Reimbursement of Expenses
- Section 3000..... General Accounting
- Section 6000..... Financing, Treasury, and Risk Management
- Section 7100..... Identity Access Management
- Section 8000..... Information Security
- Section 13175..... Auxiliary Organizations External Auditor Firms Qualifications
- Section 13680..... Placement and Control of Receipts for Campus Activities and Programs

The Committee accepted the ICSUAM sections and recommended no additional changes.

D3. CSURMA Master Investment Policy and Related Investment Policies and Adoption of Resolution No. 02-17 (EC)

Daniel Howell stated that 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 Treasurer is not recommending changes to the investment policy at this time.

A motion was made to adopt Resolution No.02-17 (EC) – CSURMA Master Investment Policy and Related Investment Policies.

MOTION: Frank Mumford
SECOND: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D4. Chancellor’s Office Services Budget Proposal for FY 2017/2018

Daniel Howell notes that 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. The Committee reviewed the cost proposals for FY 2017/18. **Financial Services Administration & Accounting** increased its costs from \$350,000 to \$367,500 which takes into account salary increases as well as other estimated adjustments in cost recovery. **Office of General Counsel** is requesting a 3% increase in overhead funding. The 3% increase is based on an assumption regarding the salary increases which may be approved FY 17/18. The total overhead funding for FY 17/18 would be \$473,743. (\$108,150 for CSURMA General Counsel services, and \$365,593 for Campus Liability Claims services. \$5,000 for annual training funds would remain the same.) **Systemwide Risk Management** is requesting an increase of \$121,500 to an annual fee of \$1,034,500 in order to account for the filling of the Systemwide EH&S Manager position. Also, \$100,000 is earmarked for Public Safety/Policy Services.

A motion was made to approve the proposed Chancellor’s Office service proposals and to include the costs in the CSURMA budget for FY 17/18.

MOTION: Kevin Saunders
 SECOND: Frank Mumford

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D5. Underwriter Meetings Report

Robert Eaton, Zachary Gifford, Daniel Howell and Amy Lightner met with CSURMA's program underwriters in New York and Bermuda on February 20-24, 2017. Over the five day period there were 11 meetings with over 20 market participants. The meetings focused on CSURMA's BRIP, Excess Liability, SAFECLIP, SPLIP, and Medical Malpractice coverage programs. Important discussions included:

- Review of the rates, losses and coverages for the Builder's Risk Insurance Program (BRPIP);
- Potential for CSURMA to retain more risk on the very well performing SAFECLIP and SPLIP Programs;
- Meeting with CSURMA's lead excess liability underwriters for the AORMA first layer reinsurance program (Markel);
- Meeting with the lead underwriter for the first joint excess layer, Ironshore;
- Meeting with AWAC who set the first layer following form pricing that carries up the coverage tower; and,
- Discussion of the impact of the move of CSURMA's SPLIP, SAFECLIP and Medical Malpractice coverage underwriting from Hiscox to Ascot in Bermuda for the upcoming renewals.

In February 2017 Ironshore consolidated its public entity liability underwriting in its home office. CSURMA leadership has a direct relationship with senior management. Howell is determining the impact this move may have on upcoming renewals and plan accordingly.

D6. FY 2017/2018 Operating Budget

Rob Leong summarized the updates to CSURMA's FY 2017/18 operating budget. Major features of the proposed **Campus Programs** budget include:

- Increase in Total Operating Revenues from \$72,064,962 to \$73,503,528.
- Decrease in Total Operating Expenses from \$97,537,384 to \$83,877,001.
- Decrease in Non-Operating Revenue \$2,127,765 to \$2,096,464.
- Reduce Net Operating Deficit from \$23,344,657 to \$8,277,009.
- Retained Earnings is estimated to be reduced from \$35,522,548 to \$27,245,539 at June 30, 2018.

The preceding does not include projected Dividend Distributions during FY 2017/18, which, if any, will increase expenditures and decrease fund reserves. The proposed budget will also be amended to include \$40,000 for Theater Safety Inspections by UCOP and to increase Systemwide Risk Management costs to \$1,034,500. The AORMA Committee recommended the inclusion of their approved dividends to be paid in FY 17/18.

A motion was made to recommend approval of the proposed budget, with the amendments proposed, for FY 2017/18 to the Board of Directors for adoption.

MOTION: Frank Mumford
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D7. CSURMA Policy and Procedure No. 26 – Allocation of Property Program Loss Limits

The Master Property Program insures all of the state university’s real property (buildings and related structures) through a combination of reinsurance and excess insurance policies. The program is blanket insurance, insuring all state-owned structures for all twenty-three campuses and the Chancellor’s Office. The program provides a single coverage limit of \$1 billion per loss event, with a \$1 million deductible per loss, \$2,000,000 deductible aggregate, and \$100,000 maintenance deductible thereafter. The program insures damage caused by floods per the policy terms. Participating campuses in the Campus Property Risk Pool are covered within the deductible from \$100,000 per loss to \$1,000,000 per loss.

Because the coverage limits are finite, Policy and Procedure No. 26 addresses the method of members’ sharing of the available coverage should the limits of coverage be exhausted by a single loss event which exceeds the “per loss” limit and/or any applicable “aggregate” limit of the reinsurance or excess insurance policies.

The Committee reviewed Policy and Procedure No. 26.

A motion was made to approve and adopt Policy and Procedure No. 26 – Allocation of Property Program Loss Limits as presented.

MOTION: Kevin Saunders
 SECOND: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D8. Risk Management Innovation Grant Program

The Committee reviewed and discussed the four Risk Management Innovation Grant applications submitted for approval.

1. SJSU submitted an application in October, 2016 for data encryption software for laptop computers. The final decision was tabled to this meeting so that Systemwide Risk Management could collaborate with Systemwide IT. William Perry and Ed Hudson note that the CSU campuses already has access to WinMagic data encryption software. \$10,000 was requested.
2. Fullerton submitted an application for a cloud-based web and mobile EH&S data management framework for tracking chemicals, radioactive isotopes and biological agents used on campus for instructional and research purposes. The Committee felt it was important to survey the other campuses first to see what types of tracking systems were already being used. \$9,000 was requested.
3. The Emergency Managers Affinity Group submitted an application for a systemwide integration of the VEOCI Emergency Management software to expand interoperability between Campuses and Chancellor’s Office during a major disaster or incident. \$49,800 was requested.
4. Los Angeles submitted an application for electrical safety hazards training and safe work practices. \$2,843.50 was requested.

A motion was made to deny application #1, table application #2 until the May, 2017 meeting in order to ascertain what other chemical tracking systems are being used, approve #3 and approve #4.

MOTION: Kevin Saunders
 SECOND: Thom Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez		X		

Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven		X		

MOTION CARRIED

D9. Agility Recovery

The current contract with Agility Recovery will expire on June 30, 2017. Two renewal options have been proposed – a one-year contract for \$6,589 per month (\$79,068 per year) and a two-year contract for \$5,990 per month (\$71,880 per year).

A motion was made to approve a one-year renewal with Agility Recovery for the period July 1, 2017 to June 30, 2018.

MOTION: Scott Apel
 SECOND: Jody Van Leuven

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D10. Praesidium Proposal

The contract with Praesidium for Prevention of Sexual Abuse of Minors will expire on June 30, 2017. Praesidium has provided a renewal proposal which includes the following:

1. Three-year contract (7/1/17 to 6/30/20)
2. All Praesidium products and services remain available to the campuses and auxiliaries at the same discount rates
3. CSURMA funds \$140,000 (or \$46,667 per year), which includes:

- a. \$69,000 (\$3,000 per campus credits over the lifetime of the contract)
- b. Six on-site leadership training workshops (two per year, valued at \$9,000 total)
- c. Two California-based Certified Praesidium Guardian Workshops over the life of the contract (valued at \$62,000)

The proposed three-year contract includes a fiscal impact of \$140,000 (\$46,667 per year). The proposed pricing of \$46,667 is lower than the pricing for FY 16/17 which was \$60,000. The services above and beyond what is listed above would be paid by the campus or auxiliary organization and would not be paid by CSURMA.

A motion was made to approve the renewal proposal as presented above and to delegate authority to the CSURMA Secretary-Auditor to finalize the renewal contract.

MOTION: Thom Davis
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

D11. Workers’ Compensation Experience Modification Calculation for FY 2018/2019

In accordance with the rating plan adopted by the Board of Directors, the Campus Workers’ Compensation program employs an Experience Modification Factor (X-Mod) to provide incentives for members to actively manage their claims, and thereby improve the cost of claims over time. Recently, a few campuses have avoided utilizing compromise & release settlements (C&Rs) on some claims because of its consequential impact in their X-Mod. Accordingly, staff recommends a refinement to the X-Mod calculation to address the disincentive for members to negotiate claim settlements, while perpetuating incentives for members to manage claims.

The Committee reviewed Staff’s recommended refinement to the X-Mod formula. The Committee felt additional work was needed on the formula.

Lisa Chavez appointed a Workers’ Compensation Experience Calculation Task Group to include Lisa Chavez, Kevin Saunders, Thom Davis and Scott Apel. The Task Group will work with Staff to finalize the modifications to the X-Mod formula and to recommend changes at the September, 2017 Executive Committee meeting.

D12. Campus Liability Coverage Deductible Selections

Campuses have the opportunity to select a new liability deductible for the next three coverage periods beginning FY 2017/18. The proposed liability costs have been calculated at present campus deductibles and sent to the Campus Vice Presidents for Business, Finance and Administration with a copy to the Campus Risk Managers on November 17, 2016. The letter included the campus’ respective cost for each deductible option, along with an analysis and recommendation by staff. The letter also invited the campuses to call upon staff to meet on campus or via WebEx to further review deductible options and staff’s recommendation. All campuses except SFSU have submitted their Liability Deductible Selection. SFSU is pending review by its new VP & CFO.

D13. Review of the CSURMA’s Conflict of Interest Code

CSURMA is required to review and approve its Conflict of Interest Code every even numbered year. The FPPC rejected CSURMA’s last filing because it did not include within each Disclosure Category, the statement, “investments and business positions in and income including the receipt of loans, gifts, and travel payment from sources of ...”

The Conflict of Interest Code has been updated to include these changes.

A motion was made to approve the revisions to the CSURMA Conflict of Interest Code.

MOTION: Frank Mumford

SECOND: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		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

Jody Van Leuven 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. Sargent v. CSU (Sonoma)
2. Benjamin v. CSU (Sonoma)
3. CalPERS Appeal
4. San Francisco State (Science Building) Coverage Claim

A motion was made to enter closed session at 3:56 PM.

MOTION: Jody Van Leuven
 SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED

The Committee left closed session at 4:35 PM. The Vice-Chair reported that no action was taken during closed session.

G. INFORMATION ITEMS

The Committee reviewed and discussed the information items.

- G1. Service Provider Performance Evaluation of CSURMA Vendors**
- G2. 2017 CSURMA Meeting Calendar**
- G3. CSURMA Administrative Service Calendar**
- G4. CSURMA Executive Committee & Staff Contact List**

H. ADJOURNMENT

A motion was made to adjourn the meeting at 4:39 PM.

MOTION: Lisa Chavez



California State University Risk Management Authority

APPROVED

SECOND: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Scott Apel	X			
Lisa Chavez	X			
Thom Davis	X			
Robert Eaton		X		
Mike Lee				X
Frank Mumford	X			
Kevin Saunders	X			
Jody Van Leuven	X			

MOTION CARRIED