



APPROVED

**MINUTES OF THE CSURMA AORMA
PROGRAMS COMMITTEE MEETING**

AUGUST 8, 2013

**TELECONFERENCE MEETING
2:00 PM**

MEMBERS PRESENT

Guy Dalpe, Cesar Chaves Student Center (San Francisco State University)
Haleh Minakary, The Cal Poly Pomona Foundation, Inc. (Cal Poly Pomona)
Mark Day, Santos Manual Student Union (CSU San Bernardino)
Gigi Kiama, University Corporation (CSU Monterey Bay)

MEMBERS ABSENT

Kurt Borsting, Associated Students, Inc. (CSU Fullerton)

STAFF, GUESTS AND CONSULTANTS

David Prenovost, The Cal Poly Pomona Foundation, Inc. (Cal Poly Pomona)
Mimi Long, Alliant Insurance Services, Inc.
Tevea Him, Alliant Insurance Services, Inc.

A. CALL TO ORDER

The meeting was called to order by Guy Dalpe at 2:02 PM.

B. PUBLIC COMMENTS

There were no public comments.

C. GENERAL ADMINISTRATION

C1. Approval of Minutes – June 27, 2013

The Committee reviewed the minutes from the June 27th meeting.

A motion was made to approve the minutes from the June 6, 2013 meeting as presented.

First: Gigi Kiama
Second: Haleh Minakary

MOTION CARRIED

Because David Prenovost joined the teleconference to discuss the VEBA Trust, the committee agreed to discuss item C4 immediately after item C1.

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting				X
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary	X			
Mark Day	X			

C4. Auxiliaries Multiple Employer VEBA Trust

David Prenovost from Cal Poly Pomona Foundation, Inc. explained the Auxiliaries Multiple Employer VEBA Trust (trust) to the committee. Currently forty auxiliary organizations participate in the trust. The purpose of the trust is for investment of funds to be used for retiree health and welfare benefits. The trust program coordination is provided by Keenan and the trust investment is provided by Benefit Trust who hires Morgan Stanley.

The committee reviewed AORMA policy and procedure L-5 which allows an auxiliary organization to extend its AORMA liability coverage to other related entities. The policy and procedure requires that the member exercise substantial control over all events, activities and operations and that it holds substantial financial control over the entity. Mimi Long expressed concern that the trust did not fit within the guidelines of policy and procedure L-5 because the day to day operations of the trust were run by an outside entity. David Prenovost agreed to forward the trust contracts with Keenan and Benefit Trust so the committee could review the activities of these outside agencies.

The committee discussed possible claims against the trust and what effect they would have on AORMA’s self-insured layer. The trust currently purchases a stand-alone fiduciary liability policy with a \$1,000,000 limit and a \$1,000 deductible. If AORMA’s liability program (including fiduciary liability) is extended to cover the trust, AORMA’s self-insured layer would respond first to any claim against the trust. As the trust is an investment vehicle for retiree health and welfare benefits, it is conceivable that a claim could be made against the trust for not adhering to the trust’s investment policy. Depending on the circumstances of the claim, AORMA would at a minimum owe a defense to the trust.

The committee also discussed the fact that the trust essentially acts as a pass-through; and therefore, the fiduciary responsibility of the employer (the AORMA member) still may reside with the AORMA member rather than the trust.

The committee members also discussed a possible conflict of interest in approving the extension of coverage for the trust as many of the programs committee members are also part of the VEBA trust. It was felt that the extension of coverage to the trust benefitted the VEBA trust members but did not benefit AORMA as an entity.

The MSLCTC will meet again on October 3, 2013, to discuss this issue further.

Under \$2,000,000	\$250	\$264	\$514	\$383
Between \$2,000,001 and \$6,000,000	\$1,250	\$264	\$1,514	\$1,876
Between \$6,000,001 and \$10,000,000	\$2,250	\$264	\$2,514	\$2,608
Between \$10,000,001 and \$20,000,000	\$2,750	\$264	\$3,014	\$4,108
Expenditures over \$20,000,000	\$3,250	\$264	\$3,515	\$11,739

The committee felt confidence with the recommended minimum premiums and did not recommend a change.

A motion was made to recommend approval of the FY 14/15 Crime Program Rating and Allocation Method to the AORMA Committee.

First: Haleh Minakary

Second: Gigi Kiama

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting				X
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary	X			
Mark Day	X			

D. ADJOURNMENT

A motion was made to adjourned the meeting

First: Mark Day

Second: Guy Dalpe

MOTION CARRIED

NAME	AYE	ABSTAIN	NAY	ABSENT
Kurt Borsting				X
Guy Dalpe	X			
Gigi Kiama	X			
Haleh Minakary	X			
Mark Day	X			

The meeting was adjourned at 3:39 PM.