

**MINUTES OF THE CSURMA  
EXECUTIVE COMMITTEE MEETING  
MAY 9, 2013  
LONG BEACH, CALIFORNIA**

**MEMBERS PRESENT**

George V. Ashkar, CSU Office of the Chancellor, Treasurer  
Kurt Borsting, Associated Students, CSU Fullerton  
Dwayne Brummett, Associated Students, California Polytechnic State University  
Lori Gentles, San Francisco State University (Arrived 4:37 p.m.)  
Mary Ann Rodriguez, CSU Dominguez Hills, Vice-Chair  
Cynthia Teniente-Matson, CSU Fresno, Chair  
Michael Thorpe, CSU Chico

**MEMBERS ABSENT**

Linda Hawk, CSU San Marcos  
Tom McCarron, CSU Northridge

**STAFF, GUESTS & CONSULTANTS**

Kelly Cox, CSU Office of the Chancellor  
Zachary Gifford, CSU Office of the Chancellor  
Daniel Howell, Alliant Insurance Services, Inc.  
William Hsu, CSU Office of General Counsel  
Alice Kim, CSU Office of the Chancellor  
Myron Leavell, Alliant Insurance Services, Inc.  
Robert Leong, Alliant Insurance Services, Inc.  
Charlene Minnick, CSU Office of the Chancellor

**A. CALL TO ORDER**

The meeting was called to order at 4:06 p.m. by Chair, Cynthia Matson.

**A.1. Approval of the Agenda**

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

**MOTION:** Mary Ann Rodriguez    **SECOND:** Dwayne Brummett    **MOTION CARRIED**

**B. PUBLIC COMMENTS**

None.

**C. CONSENT CALENDAR**

**C.1 Approval of Minutes – March 21 & 22, 2013**

A motion was made to approve the meeting minutes of March 21 & 22, 2013 as discussed at today's meeting with the noted corrections.

**MOTION:** George Ashkar                      **SECOND:** Michael Thorpe                      **MOTION CARRIED**

**D. GENERAL ADMINISTRATION**

**D.1 Update on Status of University Auditor's Report**

Charlene Minnick reviewed the item with the Executive Committee. She explained that we are awaiting the final audit report. Cynthia Teniente-Matson, Chair and Mary Ann Rodriguez, Vice Chair attended the exit interview and were able to have some items removed entirely and others reduced. Zachary Gifford remarked that there may be an opportunity for presentation of a management letter rather than to accept an audit finding.

**D.2 Financial Report**

**D.2.a. Receipt and Review of the Draft Financial Statements at 03/31/2013**

Kelly Cox reviewed this item with the Executive Committee. Per GASB 61, CSURMA is now set up as a discrete component of CSU for accounting treatment, as opposed to a blended component. George Ashkar commented that CSURMA will now show up in the second column, with the auxiliaries. Mark Thomas, KPMG, is still working on final approach. This fund previously operated under GASB 10 but switched to an internal services fund. No change to governing documents was needed at that time.

Going forward, the Member Loan Report will be included in Investments.

Daniel Howell remarked that not showing the funds separately in the financial statements as before, the claims to budget ratio is not as apparent. Kelli Cox responded that it is prepared quarterly but currently only included in the mid-year adjustment.

Daniel Howell commented on the OCIP Program. He explained that CSURMA loaned the money to the program to get it going but some projects are slow to get started. The administrators feel that we can get it back on track with some long term projects in the mix, provided they are not longer than 24 months out.

Currently, only two campuses have projects in the program. Daniel Howell suggests that the EC direct the Program Administrators to have the OCIP Administrators attend the September 13th meeting and provide a report on the program's structure and effectiveness. There was extensive discussion on the slow rate of construction projects entering into the OCIP while other programs are unduly subsidizing the OCIP program.

Charlene Minnick and George Ashkar were asked by Chair Matson to approach Executive Vice Chancellor Quillian to get assistance from the CSU to move more projects into pipeline.

A motion was made to accept the Draft Financial Statements at March 31, 2013 as presented.

**Motion:** Dwayne Brummett                      **Second:** Mary Ann Rodriguez                      **MOTION CARRIED**

**D.2.b. Treasurer's Report – March 31, 2013**

George Ashkar reviewed the Treasurer's Report at March 31, 2013 with the Executive Committee and noted that CSURMA has sufficient funds to meet its expenditure requirements for the next six months.

A motion was made to accept the Treasurer's Report at March 31, 2013 as presented.

**Motion:** Michael Thorpe                      **Second:** Kurt Borsting                      **MOTION CARRIED**

**D.3. MOU's for Services Provided by CSU Chancellor's Office**

Daniel Howell reviewed the three memoranda prepared for today's meeting with the Executive Committee.

Kelli Cox made a presentation to the Executive Committee outlining the services provided by Accounting to CSURMA. George Ashkar commented that the relationship between the Program Administrators and Accounting has improved the operation overall. Chair Matson asked if there is a methodology for the cost of accounting services. Kelli responded that three employees are dedicated to CSURMA, with Alice and Kelly being part-time. The KPMG charges are above and beyond these expenses. The Chancellor's Office does fixed billings and George Ashkar explained that the accounting expense is billed to the campuses. These costs are capped and other sources are found to pay any overages.

Chair Matson asked that the Office of General Counsel make a presentation to the Executive Committee at its next meeting. The increase in OGC costs is related to health insurance costs being passed through.

Zachary Gifford reviewed the Systemwide Risk Management presentation with the Executive Committee illustrating the risk management and public safety services provided. In October 2011, CSURMA brought the management of approximately 300 campus liability claims in house for servicing. Additionally, Charlene Minnick pointed out that Dr. Nathan Johnson provides security for every Trustees meeting.

The vetting of this item will clear another audit finding.

A motion was made to accept the report and to delegate authority to the Chair to execute the MOU's on the behalf of CSURMA for the 2013-2014 costs as presented and for ratification of the 2012-2013 costs.

**Motion:** Mary Ann Rodriguez      **Second:** Michael Thorpe      **MOTION CARRIED**

**D.4. Recommendation for Approval of the FY 2013/2014 Operating Budget**

Robert Leong introduced the item to the Executive Committee and stepped through the major points outlined below:

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

- Projected decrease in Total contributions from \$73,981,577 to \$69,700,749.
- Projected decrease in Liability contributions from \$14,573,913 to \$13,670,600 due to actuarial projected claim trend.
- Projected decrease in Workers' Compensation contributions from \$29,652,429 to \$29,448,933 due to actuarial projected claim trend.
- Projected decrease in IDL/NDI/UI contributions from \$15,216,515 (inclusive of UI assessment) to \$13,500,000.
- Projected decrease in Property contributions from \$10,900,000 to \$9,500,000 due to change in Property rates. Premiums are subject to adjustment based on final reported total insured values (TIV).
- Projected decrease in AIME contributions from \$2,955,384 to \$2,932,489 due to actuarial projected claim trend.
- Projected decrease in Auto Liability contributions from \$683,336 to \$648,727 per the state allocation for VELSIP approved by the DGS Office of Risk & Insurance Management (ORIM).

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

- Projected increase in Total contributions from \$12,962,681 to \$14,293,685.
- Projected increase in Liability contributions from \$3,546,798 to \$3,665,132 due to actuarial projected claim trend and projected reinsurance premiums.
- Projected increase in Workers' Compensation contributions from \$4,179,283 to \$4,444,743 due to actuarial projected claim trend and projected excess insurance premium.
- Projected increase in Property contributions from \$3,028,727 to \$3,539,254 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 increase in Crime from \$290,404 to \$351,104 due to claims experience.
- Projected increase in Unemployment Insurance contributions from \$1,917,469 to \$2,293,452 due to claims experience.

Additionally, CSURMA added a new fund in August 2012 for Club Sports Insurance Program for the University's inter-mural, intra-mural & recreational sports.

Daniel Howell commented on new costs in the budget presented, at Dr. Quillian's direction. The proposed budget for FY 2013/14 includes a planned increase for Loss Control Expenses from

\$558,125 to \$1,178,125 for on-site training related to Safety of Minors on Campus (\$60,000 shared with AORMA), Theater Risk Management (\$40,000 shared with AORMA), Risk Reduction Funding Grants (\$100,000 Campus only), IT Security Awareness Training (\$20,000 Campus only), and Teradata's Studio Abroad, specialized software for International Travel Tracking which includes a geo-tracking component (\$400,000 Campus only).

Charlene Minnick explained the IT security awareness training is a joint project and that the costs will be split between Human Resources, CSURMA and IT. The Studio Abroad software is for eighteen campuses. Three campuses already have Teradata in place; while two others have selected other products.

Charlene will present the new safety initiatives outlined above to CABO at their June teleconference.

Willie Hsu, Office of General Counsel suggests that they review the software licensing agreement.

A motion was made that the Executive Committee recommend adoption of the 2013/14 budget to the Board of Directors.

**Motion:** George Ashkar                      **Second:** Michael Thorpe                      **MOTION CARRIED**

**D.5. Adoption of Revised P&P No. 10 – Member Loans**

Daniel Howell introduced the item. Investment Task Group developed the draft P&P. This incorporates edits requested at that time. George Ashkar pointed out the major change from the prior version - instead of being able to renew loans for up to 15 years, this new P&P allows for only one extension. Edits were suggested to **Section 3 - Member Loan Request** that will make the intent clearer.

Kurt Borsting asked what happens in the event a member defaults on their agreement. There was consensus that that couldn't happen as there is collateral on account and a repayment schedule in place.

A motion was made to adopt the revised Member Loan Policy and Procedure with the edits provided.

**Motion:** Michael Thorpe                      **Second:** George Ashkar                      **MOTION CARRIED**

**D.6. Program Administration Request for Proposal Evaluation Task Group**

Alliant attendees were excused from the room for this item discussion. Charlene Minnick reviewed the item with the Executive Committee. The Request for Proposal may be issued as early as next week. Zachary Gifford spoke to new items included since the last Request for Proposal. If the Program Administration Request for Proposal Evaluation Task Group is in place now, and can make a decision quickly, we can have the new agreement in place for July 1, 2013.

Oral Interviews are tentatively scheduled for the week of June 17<sup>th</sup>.

The task group should consist of an odd number of members to facilitate the process. Michael Thorpe, Mary Ann Rodriguez, Kurt Borsting have agreed to serve on the task group with George Ashkar as alternate.

A motion was made to recommend Michael Thorpe, Mary Ann Rodriguez, Kurt Borsting and George Ashkar as alternate to the task force for the Program Administration Request for Proposal process.

**Motion:** Michael Thorpe                      **Second:** Dwayne Brummett                      **MOTION CARRIED**

**D.7. Access to iVOS Policy and Procedure**

Zachary Gifford reviewed this item with the Executive Committee. As a part of its services to CSURMA, the Systemwide Office of Risk Management and Public Safety administers the claims information system for the Campus Risk Pool Liability Program system, known as “iVOS,” and it is used to track liability claims data. The system administrator for iVOS is designated in the Systemwide Office, and the administrator is responsible for maintaining current access logs and eligibility. The attached User Policy documents how the system administrator will perform this role. While this User Policy is not a policy and procedure of CSURMA, it is recommended that the Executive Committee review and accept it as appropriate.

A motion was made to accept the CSURMA iVos User Policy be adopted with the adjustment to document title as discussed in the meeting.

**Motion:** George Ashkar                      **Second:** Mary Ann Rodriguez                      **MOTION CARRIED**

**D.8. Delegation of Authority to Engage Risk Control Consultants**

Daniel Howell introduced the item to the Executive Committee. As mentioned in the earlier proposed budget item, there is a need to hire consultants to carry out the Performing Arts Risk Management and Minors on Campus training programs.

Zachary Gifford reviewed some of the theater safety issues that have come up and why it is needed. Charlene Minnick discussed two areas of exposure for minors - Athletics and Camps.

Chair Matson requested that Lori Gentles raise this topic at the next Human Resources Officers’ meeting.

Daniel Howell remarked that the auxiliaries are clamoring for tools. Lori Gentles commented that the auxiliaries will need to incorporate this into all of the other training programs to create a cohesive approach.

A motion was made to delegate authority to the Secretary-Auditor to engage risk control consultants to provide additional safety training programs.

**Motion:** Dwayne Brummett

**Second:** Michael Thorpe

**MOTION CARRIED**

**D.9. Campus Liability Program Claims Audit Report**

Zachary Gifford reviewed the item with the Executive Committee. The claims audit performed by Dennis Mitchell of Bickmore Risk Services. He reviewed files for three days and was impressed with two things: Rebecca's claims handling manual and Martha Guiditta's talent. A score of 96 of 100 was received. By bringing the claims handling in-house CSURMA saved over \$350k and Martha's job.

Charlene remarked that points were lost due to external factors.

**D.10. Nominating Committee Report**

Mary Ann Rodriguez reported that the slate will be presented to the Board of Directors.

No action was taken. Mary Ann Rodriguez will report out at tomorrow's Board of Directors' meeting.

**D.11. Executive Committee and Board of Directors Orientation, Participation, Roles & Responsibilities.**

Daniel Howell reviewed the item. The first Board of Directors' Orientation to CSURMA via webinar was successfully presented today by Rob Leong and Myron Leavell. Charlene Minnick noted that there were over 40 people on today's orientation webinar.

Chair Matson commented that these trainings help clear up the audit findings as the body of information that the Executive Committee and Board of Directors are responsible for is vast.

The Board of Directors is charged with adoption of the operating budget, campus rates and to approve Executive Committee elections. Although, the Board of Directors has delegated authority to the Executive Committee, the Board of Directors still has fiduciary responsibility. Charlene Minnick pointed out that the Board of Directors gets the information embedded in the agenda items presented.

**D.12. Adoption of Applicable Administrative Policies**

Daniel Howell commented the internal audit brought out that CSURMA had not adopted some policies and procedures. CSURMA should be adopting those CSU policies that CSURMA is using as a standard practice, and create any when there is a need for a more specific policy.

George Ashkar reiterated that the ICSUAM is the master policy of policies for the CSU.

Willie Hsu, Office of General Counsel, advises that CSURMA should be careful in drafting our policies and procedures as we are not an insurer, although we may appear to be operating as one.

George Ashkar commented that we haven't seen the final audit report as yet, and we will then have an opportunity to respond.

No action was taken at this time. Direction was provided to the Program Administrators to bring this item back to the Executive Committee at their September meeting.

**D.13. Adoption of Revised Meeting Calendar**

Daniel Howell introduced the item to the Executive Committee. The October meetings have been moved to coincide with the November “Fitting the Pieces Together” Conference. However, the September and December meetings still planned for San Francisco will have to be evaluated for cost effectiveness and possibly changed to less expensive locales.

Direction was provided to the Program Administrators to research hotel and meeting room accommodations for the following: 1) San Francisco (hotel located outside of downtown, possibly meet at SFSU’s Library); 2) Chancellor’s Office (nearby hotel, meet at the Chancellor’s Office); 3) Newport Beach (nearby hotel, meet at the Alliant offices), and 4) San Diego (nearby hotel, meet at the Alliant offices).

A motion was made to change the October Executive Committee meeting date to November 6, 2013 to coincide with the “Fitting the Pieces Together” Conference in Sacramento.

**Motion:** Mary Ann Rodriguez      **Second:** Lori Gentles      **MOTION CARRIED**

**D.14. Review of 2013/2014 Long Range Action Plan**

Daniel Howell introduced this item to the Executive Committee. The Committee stepped through the Draft Long Range Action Plan and made the following suggested edits.

- LRP 1 – DELETE - Not a CSURMA issue
- LRP 2 – Revise Deadlines
- LRP 5 – DELETE – Not enough interest
- LRP 8 – Revise title to Periodic Review of CSURMA Policies & Procedures

A motion was made to adopt the 2013/2014 Long Range Action Plan reflecting the edits discussed in the meeting.

**Motion:** Kurt Borsting      **Second:** Michael Thorpe      **MOTION CARRIED**

**E. AUXILIARY ORGANIZATIONS INSURANCE PROGRAMS**

**E.1 AORMA Programs Update**

Kurt Borsting presented the AORMA Program update to the Executive Committee.

- Brent Escubas reviewed AORMA's loss control activities.
- Risk Reduction Grant Program
- Binding Authority for renewals
- Website overview
- Auxiliary Visits

Kurt Borsting thanked the Executive Committee for their support over the last two years. He is now passing the baton to Dwayne Brummett.

**F. CLOSED SESSION**

**NONE**

**G. INFORMATION ITEMS**

**G.1. CSURMA Executive Committee & Staff Contact List**

The Executive Committee reviewed the Contact List was advised to inform the Program Administrators of any needed updates or corrections.

**H. ADJOURNMENT**

A motion was made to adjourn the meeting.

**Motion:** George Ashkar

**Approved by Affirmation**

The meeting adjourned at 7:12 p.m.