



**CSURMA EXECUTIVE COMMITTEE AGENDA
LONG RANGE ACTION PLANNING MEETING**
“This is an Open Public Meeting”

In accordance with the requirements of the Bagley-Keene Open Meeting Act, notice of this meeting must be posted in publicly accessible places, including the Internet, at least ten (10) days in advance of the meeting.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location requires routine provision of identification to building security. However, CSURMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

1. Teleconference Location - CSU Chancellor’s Office, 401 Golden Shore, Long Beach, CA

Meeting Date: March 11, 2016
Time: 8:00 AM

Primary Location: Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111

Legend: **A** = Action
I = Information
V = Verbal
S = Separate

- 8:00 a.m.** Breakfast
- 8:30 a.m.**
 - 1. Review of CSURMA 2015/2016 Long Range Action Plan** A p. 3
The Committee will be asked to review the FY 15/16 Long Range Action Plan
 - 2. Campus Risk Pools Funding Status** A p. 7
The Committee will review the Campus estimated pool layer funding exhibits
 - 3. Review of the CSURMA’s Conflict of Interest Code** A p. 17
The Committee will be asked to review and approve the CSURMA Conflict of Interest Code
 - 4. Annual Review of the CSURMA’s Data Security Policies** A p. 21
The Committee will be asked to review the Data Security Policies of CSURMA
 - 5. Annual Review of the Applicable Integrated CSU Administrative Manual Policies** A p. 24
The Committee will be asked to review the applicable sections and updates thereto of the Integrated CSU Administrative Manual which have been adopted by CSURMA
 - 6. Analysis of the Required Information Management Discussion and Analysis (MD&A) for CSURMA** A p. 32
The Committee will be asked to discuss whether the CSURMA Financial Audit should include an MD&A
 - 7. CSURMA Master Investment Policy and Related Investment Policies and adoption of Resolution No. 02-16 (EC)** A p. 40
The Committee will be asked to review and approve the CSURMA Investment Policy
- 12:00 p.m.** Lunch



**CSURMA EXECUTIVE COMMITTEE AGENDA
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- 8. Evaluation of Captive Insurance Vehicle** A p. 67
The Committee will hear a presentation regarding the formation of a captive insurance company
- 12:30 p.m. 9. Alternative Allocation of Investable Assets** A p. 68
The Committee will be asked to discuss CSURMA investable assets
- 10. Risk Program Benchmarking and Trend Analysis** A p. 69
The Committee will review the benchmarking and trend analysis report
- 11. CAJPA Accreditation Standards as of July 1, 2015** A p. 78
The Committee will be asked to discuss the updated CAJPA accreditation standards, and will direct Staff to take action as appropriate
- 12. Agility Recovery** A p. 103
The Committee will be asked to review the usage and outcome reports and determine whether to continue to the program for FY 16/17
- 13. Praesidium Proposal** A p. 124
The Committee will be asked to review the renewal proposal and direct Staff as appropriate
- 14. Development of New Programs, Services and Projects** A p. 136
The Committee will be asked to discuss new programs, services and projects to be developed as part of the long range action plan
- 15. Development of CSURMA Goals for next one to three years** A p. 137
The Committee will discuss the items to be included on CSURMA’s long range action plan for FY 16/17
- 2:00 p.m. Adjournment**

REVIEW OF CSURMA 2015/2016 LONG RANGE ACTION PLAN

ISSUE: The Executive Committee will be asked to review the items on the FY 15/16 Long Range Action Plan to gauge progress, re-evaluate where efforts should be focused, and to establish new goals for the next one to three years.

RECOMMENDATION: It is recommended that the Executive Committee review and discuss assigned responsibilities and deadlines of the Long Range Planning Goals, taking action as appropriate.

FISCAL IMPACT: No fiscal impact is expected from action at today's meeting.

BACKGROUND: At its March 21, 2014 meeting, the Executive Committee adopted the CSURMA Long Range Planning Goals. The Committee will receive a report from Staff on the assigned responsibilities and timelines of the Long Range Planning Goals.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA's FY 15/16 Long Range Action Plan

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

Approved

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 FORM 700 ELECTRONIC FILING					
Research the ability to electronically file the CSURMA Form 700's	1	Confirm if CSURMA is able to file its Form 700's electronically	PA	May, 2015	Completed
	2	Evaluate available software options	PA, SRM	August, 2015	Completed
	3	Select appropriate software	EC	September, 2015	Completed
	4	Develop implementation plan and communications	PA	November, 2015	Completed
	5	Implement electronic filing of form 700's	PA	January, 2016	Completed
	6	Monitor roll out and report to CSURMA EC	PA	March, 2016	In Process
LRP-2 WORKERS' COMPENSATION CLAIMS CLOSURE INITIATIVE					
Develop and implement plan to reduce WC claims liability, with specific goal to	1	Report on program Progress to CSURMA Board	PA, SRM	April, 2015	Completed
	2	Identify additional claims for action, adopt strategy	PA, SRM, Sedgwick, Consultant	May, 2015	Completed
	3	Implement transition to claim filing billing of project costs	PA, SRM, Sedgwick, Consultant	July, 2015	Completed
	4	Status report to CSURMA EC	PA, SRM	September, 2015	Completed
	5	Status report to CSURMA EC, continuation evaluation	PA, SRM	May, 2016	
LRP-3 AGILITY RECOVERY PROPERTY LOSS RECOVERY PROGRAM					
Agility Recovery Program	1	Advise CSURMA BOD of Program Development	PA, SRM	April, 2015	Completed
	2	Negotiate and bind the Agility Recovery Program services as an added feature of the Campus and AORMA property Programs	PA, SRM	July, 2015	Completed
	3	Announce the roll out Agility Recovery Program through a bulletin to campus and auxiliary organization staff	PA, SRM	July, 2015	Completed
	4	Develop loss event protocol to trigger use of Agility services	PA, SRM	July, 2015	Completed
	5	Report on usage and outcomes	PA, SRM	March, 2016	In Process
	6	Determine whether to continue the program for FY 16/17	EC	March, 2016	In Process
LRP-4 ADDITIONAL COVERED PARTY - POLICY AND PROCEDURE					
Develop a Policy and Procedure that describes the underwriting criteria for granting additional insured status	1	Develop a Policy and Procedure describing the underwriting criteria for granting additional insured status, prepare draft MOC, endorsement and certificate changes	PA, SRM, OGC	September, 2015	Completed
	2	CSURMA EC review and recommendation to the BOD	EC	September, 2015	Completed
	3	CSURMA BOD review, approval and adoption	BOD	October, 2015	Completed
LRP-5 ON-LINE EDUCATION MULTI-STATE SURETY INITIATIVE					
Place a blanket surety bond for all	1	Determine scope of on-line programs and jurisdictions, research if placement of a blanket bond, or alternative Systemwide placement approach, is feasible	PA, SRM, OGC	August, 2015	Pending

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

Approved

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
CSU campuses and auxiliary organizations that provide on-line university courses	2	Present information to the CSURMA EC for direction	PA, SRM, OGC	September, 2015	Completed
	3	Report on project to CSURMA BOD	PA, SRM, OGC	October, 2015	Completed
	4	Approval of blanket or alternative surety program as appropriate	EC	December, 2015	In Process
	5	Implement program and communicate with campus stakeholders	PA	March, 2016	In Process
LRP-6 STUDENT PLACEMENT AGREEMENTS					
Implement more master insurance and indemnity agreements with key hosting partners	1	Research existing placement agreements for student internships, particularly in Teaching, Nursing/Allied Health, and Service Learning programs to identify key hosting partners	PA, SRM	August, 2015	On-going
	2	Present list of key target hosts to CSURMA EC	PA, SRM	September, 2015	Moved to October, 2016 meeting
	3	Draft proposed master insurance and indemnity language for student placement agreements and contact key hosting partners	PA, SRM, OGC	October, 2015	Completed
	4	Update CSURMA BOD on progress	PA, SRM	October, 2015	Completed
	5	Report to EC on Progress of Master Insurance and Indemnity Agreements	SRM	March, 2016	Completed
LRP-7 CSU / UC WORKERS' COMPENSATION SUMMIT					
Plan a CSU / UC Workers' Compensation Summit to share claim strategies and best practices	1	Plan the CSU / UC Workers' Compensation Summit agenda	SRM	September, 2015	On-going
	2	Update the CSURMA EC on status of the Summit development	SRM, EC	September, 2015	Completed
	3	Send out Workers' Compensation Summit invitations	PA, SRM	November, 2015	Pending
	4	Conduct the Summit	SRM	February, 2016	
	5	Report back to the CSURMA EC as to the Summit take-aways	SRM, EC	May, 2016	
LRP-8 CAMPUS AND AORMA RISK PROGRAM BENCHMARKING AND TREND ANALYSIS					
Develop a Workers' Compensation statistical industry benchmarking operation	1	Research benchmarking resources available	PA	April, 2015	Completed
	2	Develop conceptual proposal for short and long term benchmarking	PA, SRM	May, 2015	Completed
	3	Approval of initial benchmarking project scope and costs	EC	May, 2015	Completed
	4	Implement initial project	PA, SRM	September, 2015	On-going
	5	Initial report to CSURMA EC and BOD, and CSU CABO	PA, SRM	October, 2015	Completed
	6	Report to AORMA Membership at AOA Conference	PA, SRM	February, 2016	Completed
	7	Presentation of sustainable long term benchmarking program	PA, SRM	March, 2016	In Process
	8	Approval of long term benchmarking project scope and costs	EC	March, 2016	In Process
LRP-9 SPECIAL EVENTS RISK MANAGEMENT MANUAL					
Creation of a Special Events	1	Identify and engage consultant to develop Special Events Risk Management Manual and training modules	SRM	August, 2015	Completed

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

Approved

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
Manual	2	Oversee the creation of a special events risk management manual	SRM	June, 2016	
	3	Roll out manual to all campus and auxiliary organization staff	SRM	July, 2016	
	4	Post manual on the CSURMA website	PA	July, 2016	
	5	Present the Special Events Risk Management Training at Fitting the Pieces Together Conference	SRM	November, 2016	
	6	Roll out special events training on the CSU learning management system	SRM	July, 2017	
LRP-10 INSURANCE POLICY DATABASE					
Implementation of an Insurance Policy Database to assist with litigation	1	Research and identify viable software products	PA, SRM	September, 2015	Completed
	2	Approve selection of software product	EC	September, 2015	On-going
	3	Project overview report to CSURMA BOD and CABO	SRM, PA	October, 2015	Completed
	4	Populate database with Phase 1 data	PA	March, 2016	In Process
	5	Present Phase 1 project results and recommendations for Phase 2	SRM, PA	March, 2016	In Process
	6	Approve Phase 2 and ongoing database maintenance plan	EC	March, 2016	In Process

BOD: CSURMA Board of Directors
CABO: CSU Chief Administrators and Business Officers
CO: Chancellor's Office
CPDC: CO Capital Planning Design & Construction

EC: CSURMA Executive Committee
OGC: CSU Office of General Counsel
PA: CSURMA Program Administrator
SRM: CSU Systemwide Risk Management

CAMPUS RISK POOLS FUNDING STATUS

ISSUE: In accordance with the CSURMA's adopted funding policy for its self-funded pooling programs, Staff prepared an analysis of the pooled programs funding position relative to the actuary's projection for CSURMA's minimum funding requirements and expected cash expenditures for program administration through June 30, 2016. The Executive Committee, at its March meeting, reviews the pooled programs funding position and determines if there are sufficient funds to meet anticipated needs, including a confidence margin for unexpected expenditures, if an assessment is necessary, or if there is ample surplus to consider a release of dividends to the members.

RECOMMENDATION: It is recommended that the Executive Committee review CSURMA's pooled programs funding position at December 31, 2015 in light of Policy & Procedure No. 7-Self-Insured Program Funding and take action or direct Staff as appropriate.

FISCAL IMPACT: Dividends, if any, will reduce fund balances by the amount recommended by the Executive Committee in the fiscal period from which excess funds are distributed to members.

BACKGROUND: Prior to FY 1995/1996, the CSU Chancellor's Office paid all liability, Workers' Compensation and IDL/NDL/UI claims and related expenses. CSU funded these liabilities on a cash basis as the claims became payable. Beginning in FY 1995/1996, the campuses became accountable for these liabilities. The *Risk Pool* was developed as a funding mechanism so that campuses could share primary layer costs while simultaneously being encouraged to manage risks. Each campus' base budget was increased by a pro rata share of the systemwide budget for these liabilities.

The CSURMA (successor to the *Risk Pool*) inherited prior years' claim liabilities when it was formed. The CSURMA Board of Directors adopted a policy of fully funding each year's liabilities as they are incurred. That is, campuses will pay a premium to CSURMA for each fiscal year to cover all projected costs of claims attributed to that fiscal year, even though the claims will be paid over future years.

PUBLICATION: None.

ATTACHMENTS:

- a. CSURMA Policy & Procedure No. 7 – Self-Insured Program Funding
- b. Estimated Pool Funding Projected to FYE 2016
- c. Target Surplus Funding Analyses
- d. CSURMA Actuarial Reports dated September 16, 2015 and February 2, 2016 (*available at the meeting for reference*)



CSURMA

POLICY AND PROCEDURE NO. 7

EFFECTIVE: JANUARY 1, 2000

SUBJECT: SELF-INSURED PROGRAM FUNDING

ISSUE:

The CSURMA operate various self-insured coverage programs. Generally, these programs include a primary layer of pooling, with excess and reinsurance coverage. Each program is responsible for all costs generated by that program, as well as a proportionate share of the JPA's general administrative costs. It is important that each self-insured program be properly funded to satisfy its liabilities. This policy and procedure continues the policy adopted by the CSURMA Board of Directors on April 24, 1997.

POLICY STATEMENT:

It is the policy of the CSURMA that each self-insured program shall establish budgets with a goal of full funding, including a reasonable risk margin. Such funding shall be determined by the Executive Committee as a part of each year's annual budget based upon the recommendations of a professional actuary and staff.

PROCEDURE:

CSURMA staff is responsible for developing draft budgets for each of the self-insured programs for each fiscal year. As a part of the budget development, staff will work with the CSU and its actuary to determine projected liabilities for the CSURMA's self-insured programs. The actuary's reports shall be used by staff and the Executive Committee to develop recommended rates and funding for each self-insured program.

It is the policy of the CSURMA to fund fully the self-insured programs. CSURMA recognizes that its self-insured programs are transitioning from a cash funding basis to an accrual funding basis. Adopted funding shall facilitate this transition by including sufficient funds projected to pay the following cost elements:

- Administrative expenses shall be funded on a cash basis for each program year;
- Prior year cash deficits (if any) shall be funded on a cash basis;
- Prior years' claims payable shall be funded on a cash basis to the extent accrued reserves do not amount to full funding;
- Current year expected liabilities shall be funded on an accrual (incurred) basis; and
- At such time as all outstanding liabilities are fully funded, a reasonable risk margin shall be funded.



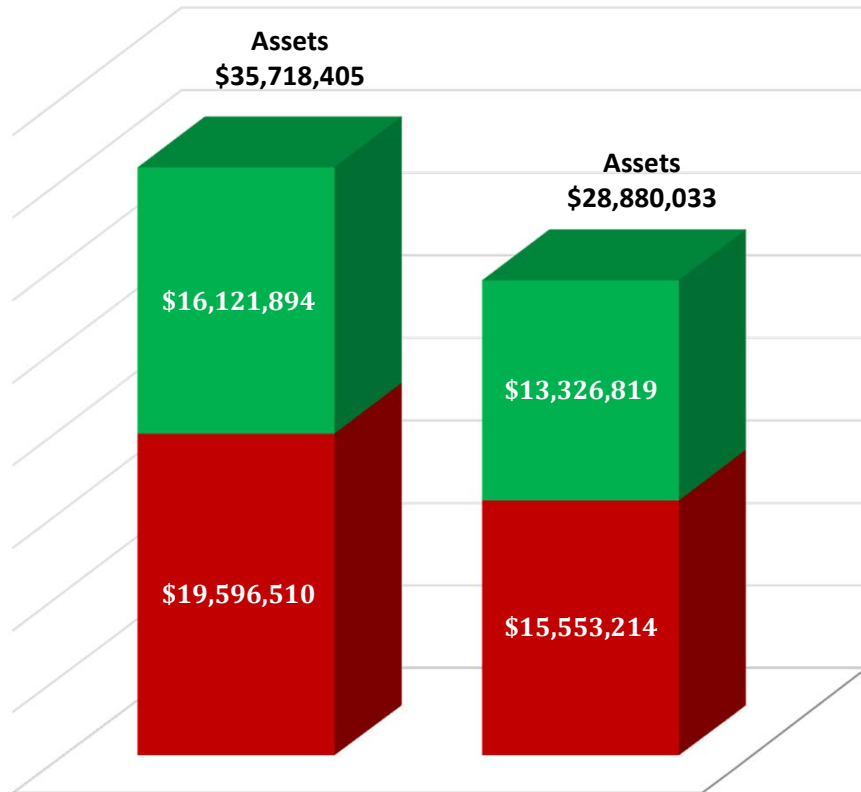
Staff and the actuary shall perform the calculations needed to establish the funding elements described above. It is expected that all outstanding liabilities will be fully funded by July 1, 2009 and staff shall make an annual report to the Board of Directors, detailing the self-insurance programs' progress toward achieving this funding policy.

Campus Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)



Campus Liability



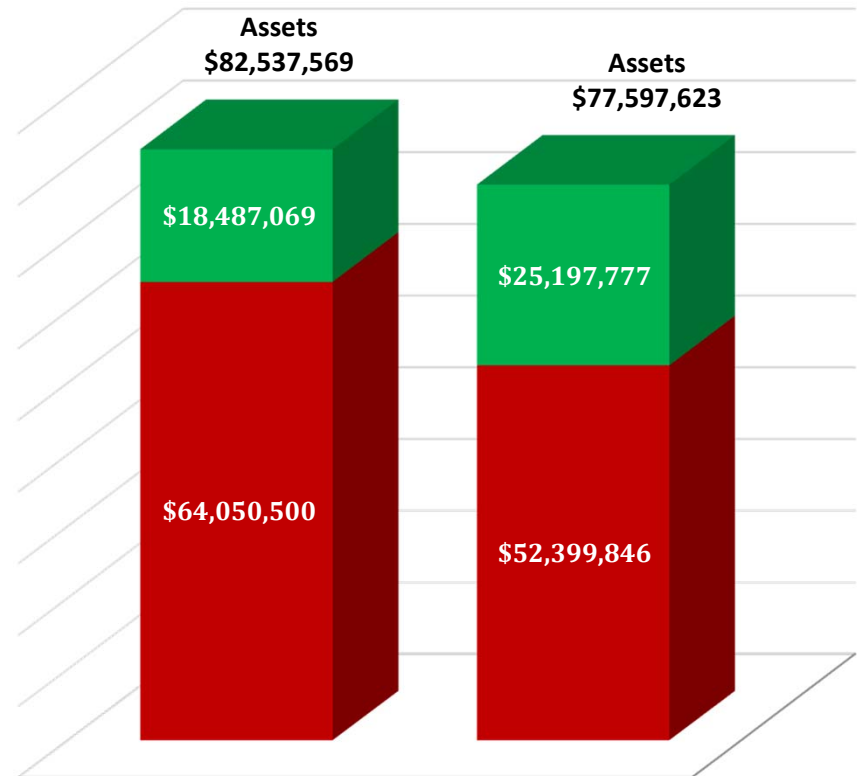
@ June 30, 2015

@ June 30, 2016

■ Unencumbered Funds

■ The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense @ 70% Confidence Level

Campus Workers' Compensation



@ June 30, 2014

@ June 30, 2015

■ Unencumbered Funds

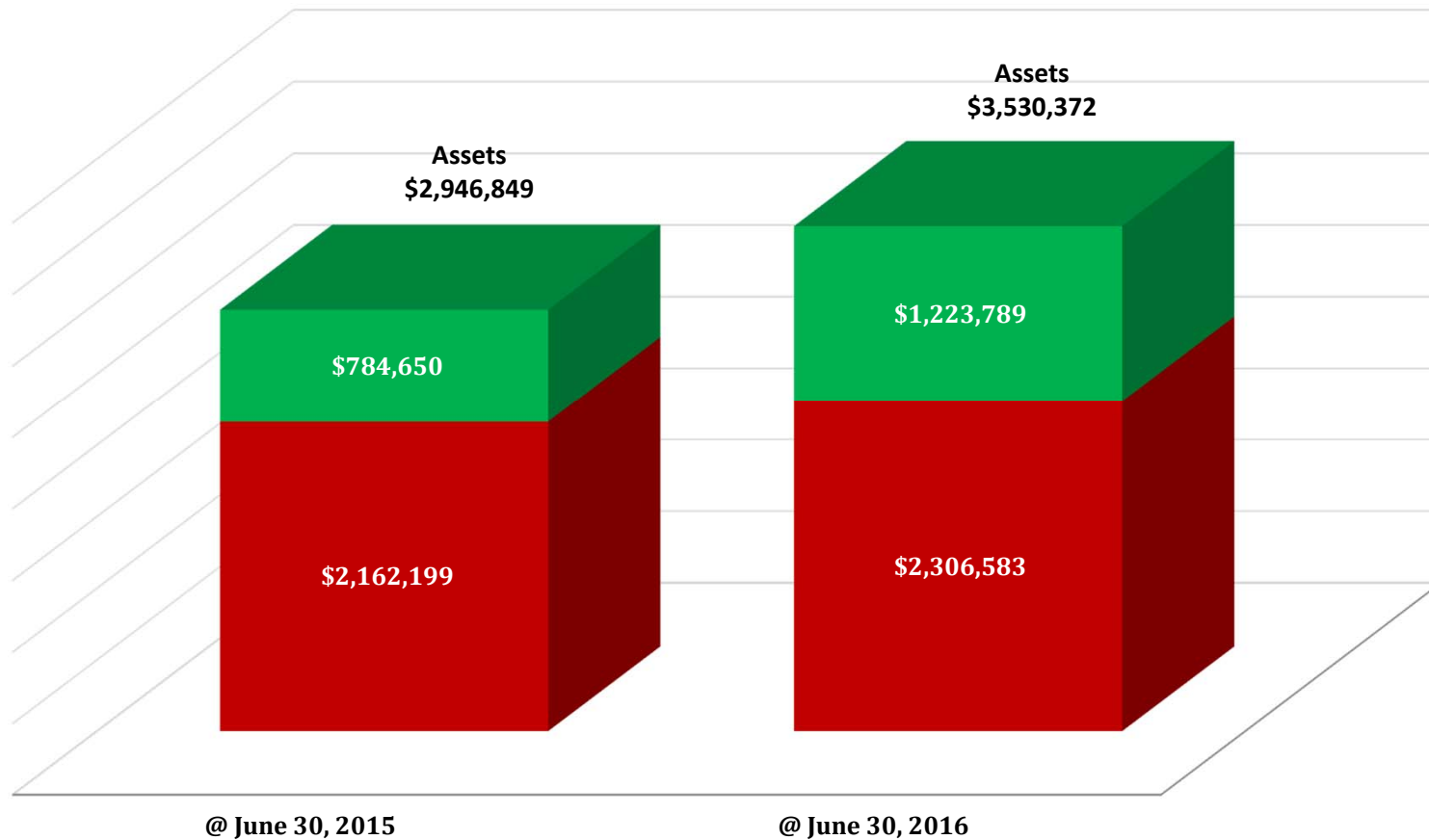
■ The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense @ 70% Confidence Level

Athletic Injury Medical Expense

Estimated Funding Projected to FYE 2016 (undiscounted)



Athletic Injury Medical Expense



■ Unencumbered Funds

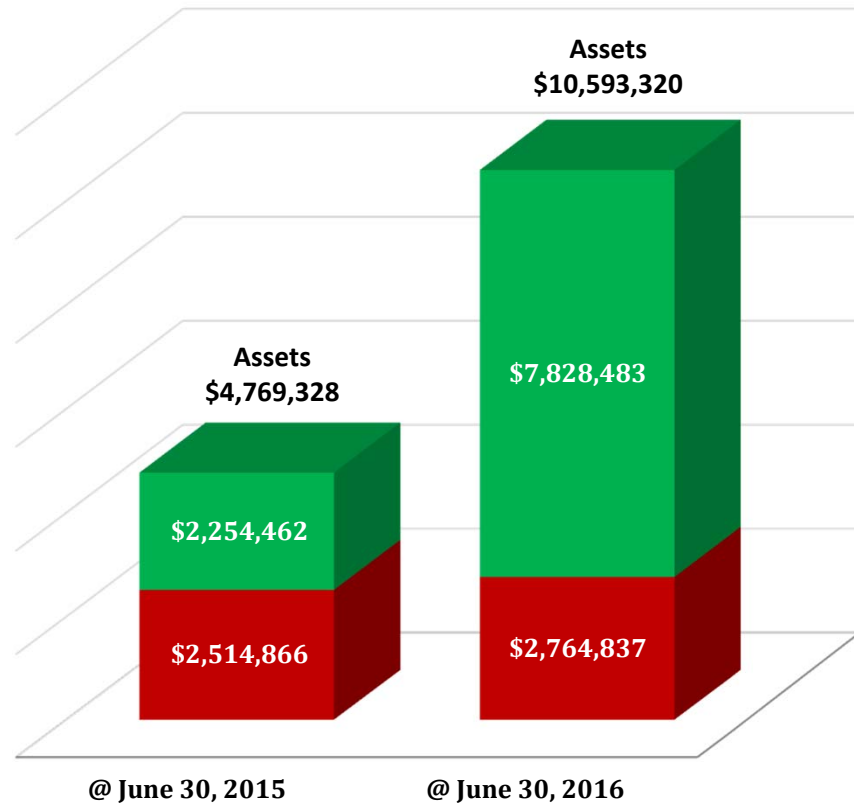
■ The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense @ 70% Confidence Level

AORMA Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)



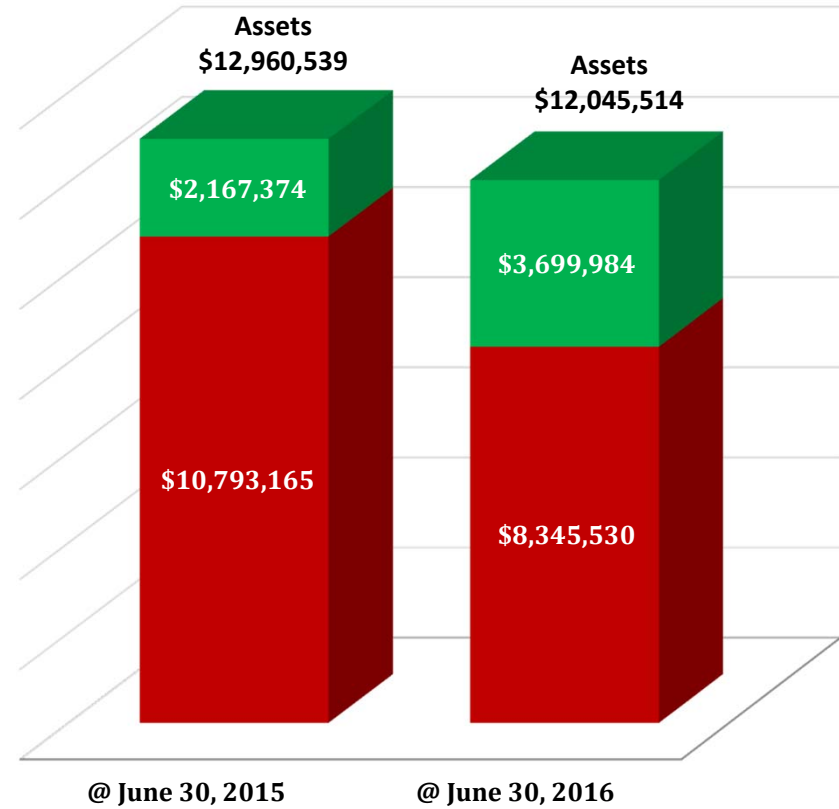
AORMA Liability



■ Unencumbered Funds

■ The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense @ 70% Confidence Level

AORMA Workers' Compensation



■ Unencumbered Funds

■ The Estimated Outstanding Liabilities are undiscounted and include the Unallocated Loss Adjustment Expense @ 80% Confidence Level

Campus Liability Coverage Fund
Target Surplus Funding Analysis at \$5,000,000 SIR
As of 12/31/15 Projected to 6/30/16

Gross Premium (FY 15/16):	\$13,514,960
Maximum Retention:	\$5,000,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$12,917,952 <i>Expected, Undiscounted, Net of Deductibles</i>
Est. Outstanding Liabilities @ 6/30/16	\$14,468,106 at 70% Confidence
Est. Fund Balance @ 6/30/16	\$28,880,033
Est. Funded Loss & ULAE @ 6/30/16	\$15,553,214 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$13,326,819

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$4,504,987	0.47
Surplus to Retention	> 1:1	\$5,000,000	5.78
O/S Reserve to Surplus	≤ 5:1	\$2,583,590	0.45

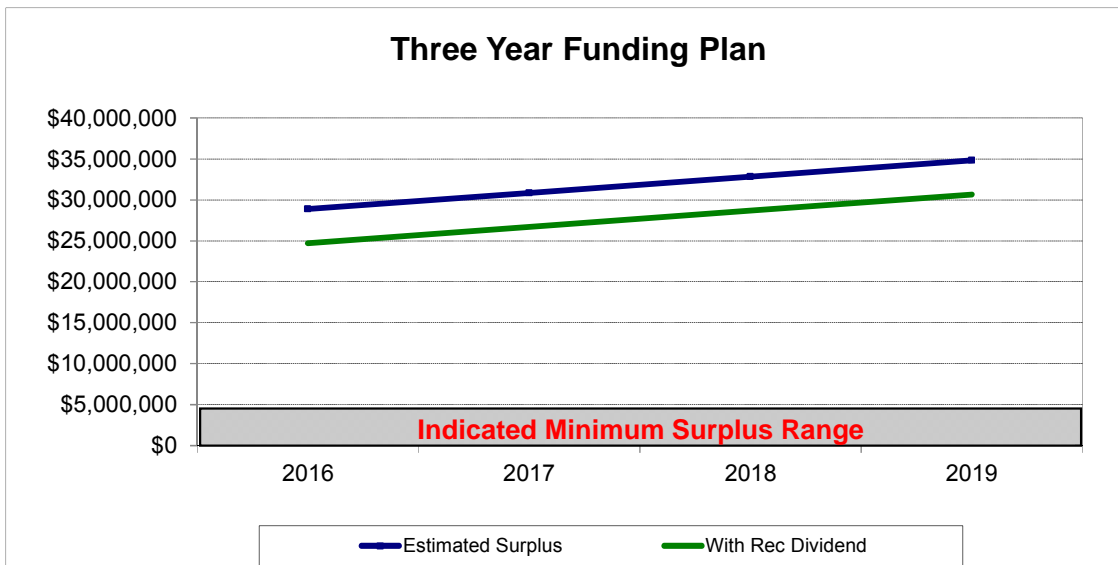
Maximum Dividend Available:	\$8,326,819
Recommended Dividend 50%:	\$4,163,410

2015/16 Pool Funding Options

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$13,196,700	-
at 70% Actuarial Confidence	1.150	\$15,176,205	\$1,979,505

Three Year Funding Plan

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/16	N/A	\$28,880,033	\$24,716,624
2016/17 - Collection @ 70% CL	\$1,979,505	\$30,859,538	\$26,696,129
2017/18 - Collection @ 70% CL	\$1,979,505	\$32,839,043	\$28,675,634
2018/19 - Collection @ 70% CL	\$1,979,505	\$34,818,548	\$30,655,139



Campus Workers' Compensation Coverage Fund
Target Surplus Funding Analysis at \$2,500,000 SIR
As of 12/31/15 Projected to 6/30/16

Gross Premium (FY 15/16):	\$37,744,986
Maximum Retention:	\$2,500,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$47,302,952 <i>Expected, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/16	\$49,668,100 at 70% Confidence
Est. Fund Balance @ 6/30/16	\$77,597,623
Est. Funded Loss & ULAE @ 6/30/16	\$52,399,846 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$25,197,777

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$12,581,662	0.49
Surplus to Retention	> 2:1	\$5,000,000	31.04
O/S Reserve to Surplus	≤ 5:1	\$9,460,590	0.61

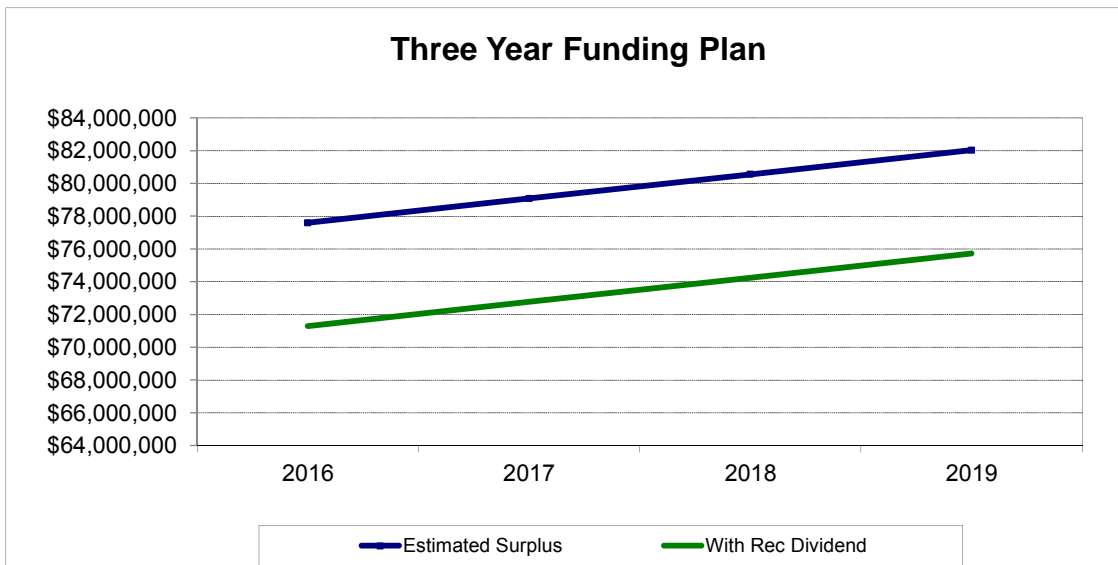
Maximum Dividend Available:	\$12,616,115
Recommended Dividend 50%:	\$6,308,058

2015/16 Pool Funding Options

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability at 70% Actuarial Confidence	1.000	\$29,505,525	-
	1.050	\$30,980,801	\$1,475,276

Three Year Funding Plan

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/16	N/A	\$77,597,623	\$71,289,565
2016/17 - Collection @ 70% CL	\$1,475,276	\$79,072,899	\$72,764,841
2017/18 - Collection @ 70% CL	\$1,475,276	\$80,548,175	\$74,240,118
2018/19 - Collection @ 70% CL	\$1,475,276	\$82,023,452	\$75,715,394



Athletic Injury Medical Expense Coverage Fund

Target Surplus Funding Analysis at \$90,000 SIR

As of 12/31/15 Projected to 6/30/16

Gross Premium (FY 15/16):	\$3,897,503
Maximum Retention:	\$90,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$1,950,599 <i>Expected, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/16	\$2,145,659 at 70% Confidence
Est. Fund Balance @ 6/30/16	\$3,530,372
Est. Funded Loss & ULAE @ 6/30/16	\$2,306,583 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$1,223,789

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 6:1	\$649,583.83	1.10
Surplus to Retention	> 5:1	\$450,000	39.23
O/S Reserve to Surplus	≤ 5:1	\$390,119.80	0.55

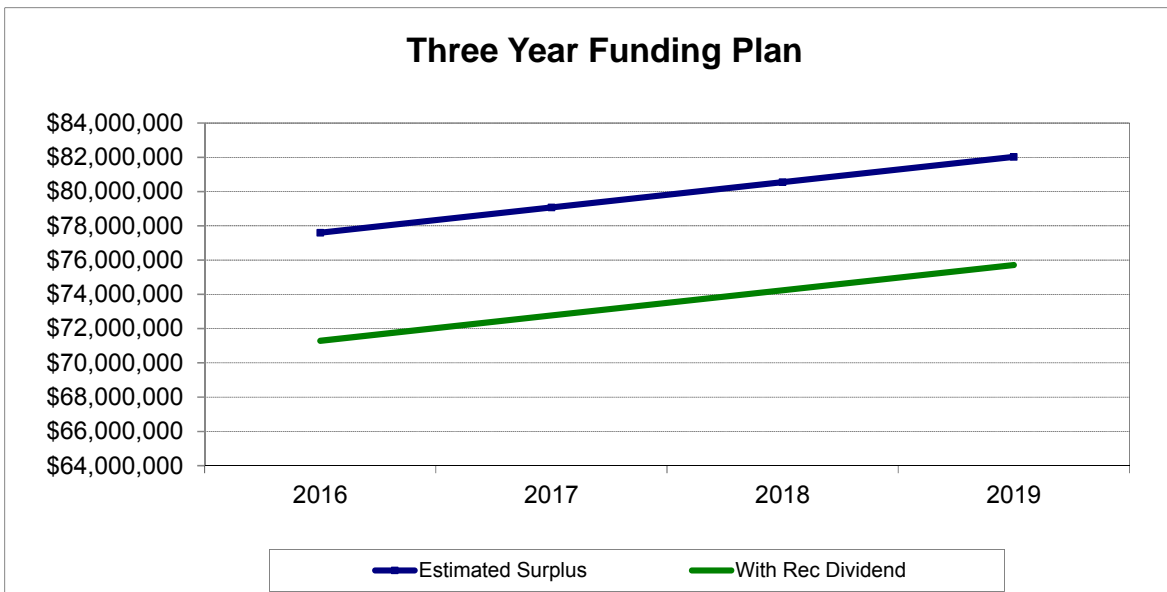
Maximum Dividend Available:	\$574,205
Recommended Dividend 50%:	\$287,102

2015/16 Pool Funding Options

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	1.000	\$29,505,525	-
at 70% Actuarial Confidence	1.050	\$30,980,801	\$1,475,276

Three Year Funding Plan

	Amount Added to Reserves	Estimated Reserve Balance	Est Reserve Balance Net of Rec'd Dividend
Estimated Balance at 6/30/16	N/A	\$3,530,372	\$3,243,270
2016/17 - Collection @ 70% CL	\$1,475,276	\$5,005,648	\$4,718,546
2017/18 - Collection @ 70% CL	\$1,475,276	\$6,480,925	\$6,193,822
2018/19 - Collection @ 70% CL	\$1,475,276	\$7,956,201	\$7,669,098



REVIEW OF THE CSURMA'S CONFLICT OF INTEREST CODE

ISSUE: The Committee will be asked to review and approve its current Conflict of Interest Code.

RECOMMENDATION: Staff recommends that the Committee approve the CSURMA Conflict of Interest Code as presented.

FISCAL IMPACT: None.

BACKGROUND: CSURMA is required to review and approve its Conflict of Interest Code every even numbered year. CSURMA's Conflict of Interest Code was amended in December, 2012 to revise the titles of those individuals required to complete the Form 700. No changes are recommended for 2016.

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The FPPC requires a biennial examination of current programs to ensure that the CSURMA's code requires disclosure by agency officials who make or participate in making governmental decisions.

PUBLICATION: None.

ATTACHMENT(S):

- a. Conflict of Interest Code for the CSURMA

CONFLICT OF INTEREST CODE FOR THE CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

The Political Reform Act (Cal. Gov. Code Sect. 81000, *et seq.*) requires that state and local government agencies adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Sec. 18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code of the CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY.

Designated positions shall file their statements with the California State University Risk Management Authority who will make the statements available for public inspection and reproduction. (Cal. Gov. Code Sect. 81000). Statements for all designated positions will be retained by the CALIFORNIA STATE UNIVERSITY MANAGEMENT AUTHORITY. Upon receipt of the statements, the **Authority** shall make and retain copies and forward the originals to the **Fair Political Practices Commission**. All original statements will be retained by the **Fair Political Practices Commission**.

**APPENDIX TO
CONFLICT OF INTEREST CODE OF THE
CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY**

Designated Positions* *:

Disclosure Category:

Members of the AORMA Committee	All
Attorney	All
Risk Management Consultant***	All
Secretary-Auditor	All
Claims Administrators* * *	All
Other Consultants * * *	All

Officials who manage public investments**:

It has been determined that the positions listed below manage public investments and will file a Statement of Economic Interest pursuant to California Government Code Section 87200:

- Members of Board of Directors
- Alternate Members of Board of Directors
- Members of Executive Committee
- Chair
- Vice-Chair
- Program Director* * *
- Treasurer

**Certain CSURMA employees and officers may hold more than one position. In the case of an employee or officer who holds two designated positions, that person need file only one economic disclosure statement covering both/all designated positions. In the case of an employee or official who holds a designated position or positions and is also classified as an official who manages public investments, that person need file only the Statement of Economic Disclosure required under California Government Code Section 57200 for both/all of his or her positions.

* * * With respect to consultants, the Chair of the CSURMA may determine in writing whether a particular consultant is hired to perform a range of duties which are limited in scope, and thus, is not required to comply with the disclosure requirements described in these categories. Such determination shall include a description of the consultant's duties, and, based on that description, a statement of the extent of disclosure requirements. The Chair shall forward a copy of this determination to the Fair Political Practices Commission. Nothing herein excuses any such consultant from any other provisions of this Conflict of Interest Code.

If these positions are held by business firms, the statement shall be filed by the individual in the firm who has primary responsibility for conducting the firm's business activities for the CSURMA.

Disclosure Categories

Persons designated to report in any of the following categories shall disclose relevant information concerning:

Category 1. Business entities which are the type to supply the CSURMA materials, products, supplies, commodities or equipment utilized by the CSURMA.

Category 2. Business entities which are the type to supply the CSURMA services, including professional services, utilized by the CSURMA.

Category 3. Business entities engaged in the business of insurance including, but not limited to, insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers and actuaries.

Category 4. Financial institutions including, but not limited to, banks, savings and loans

- (a) Investments in~
- (b) Sources of income from~ or
- (c) His or her status as a director, officer, partner, trustee, employee or any position of management in any business entities hereafter described.

associations and credit unions in which the CSURMA has deposited or invested funds during the year preceding the filing of the statement.

Category 5. Business entities which either have claims pending or during the year preceding the filing of the statement, filed a claim against the CSURMA or any member of the CSURMA.

ANNUAL REVIEW OF THE CSURMA'S DATA SECURITY POLICIES

ISSUE: The Executive Committee resolved to annually review CSURMA's data security policies.

RECOMMENDATION: It is recommended that the Executive Committee review the iVos Data Security Policy.

FISCAL IMPACT: None.

BACKGROUND: The Executive Committee is being asked to review the iVOS User Policy. CSURMA uses many electronic data systems, but the iVOS Liability System is the only electronic data system maintained by CSURMA and for which CSURMA is responsible for the security of the electronic data.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA iVOS User Policy

CSURMA iVOS User Policy

The iVOS Liability system has been operational since 2006. Beginning in 2006, CSURMA implemented the following policies and procedures designed to restrict access to the iVOS Liability system.

System Administrator(s)

Administrative access to the iVOS Liability system is limited to individuals identified by CSURMA as being a system administrator. It is the responsibility of the system administrator to activate access for users, maintain user lists, and perform security functions.

Access Authorization

User access to the iVOS Liability system is restricted. User access is granted on a “read-only” basis. Access is provided only to the Campus Risk Manager and other campus personnel who are directly involved in claims/risk management for the campus. In order to grant access to campus personnel (other than the Campus Risk Manager), a written request (e.g., an e-mail) must be received from the Campus Risk Manager requesting and approving access for that person. The Campus Risk Manager is responsible for determining and verifying that the identified person has had appropriate and adequate training and has signed all necessary and required data confidentiality agreements.

The system administrator maintains a list of all persons to whom user access has been granted. The list is updated and changed throughout the year as the system administrator receives information concerning personnel changes. The Campus Risk Manager is responsible for notifying the system administrator about any change in a user’s employment status. In addition, the system administrator independently reviews the list of users on no less than an annual basis.

Password Protocol

The password protocol described below is utilized as a means of authentication control.

CSU iVOS User Policy – Password Security Settings

Controls	11/5/2009 Minimum Settings	3/1/2011 Revisions
minimumPasswordLength	8 characters	
passwordExpirePeriod	60 days	90 days (quarterly - CSU policy)
maximumInactiveDays	90 days	
minimumUppercaseChars	1 character	
minimumLowercaseChars	1 character	
minimumNumericChars	1 character	
minimumSpecialChars	0 characters	1 character (CSU policy)
maximumDuplicateCharsWithPrior	No more than 3 duplicate characters	No more than 6 duplicate characters
minimumPriorPasswords	12 prior passwords	
maximumFailedLoginAttempts	3 failed logins	
requireInitialPasswordChange	TRUE - initial password change	

(Document Origination Date: April 2013)

**ANNUAL REVIEW OF THE APPLICABLE INTEGRATED CSU
ADMINISTRATIVE MANUAL POLICIES**

ISSUE: The Executive Committee resolved to annually review applicable sections of the Integrated CSU Administrative Manual (ICSUAM) and any updates thereto.

RECOMMENDATION: (1) The following sections of the ICSUAM have been adopted by CSURMA and therefore it is recommended that the Executive Committee review these sections:

Section 1301 – Hospitality, Payment or Reimbursement of Expenses
Section 3000 - General Accounting
Section 8000 - Information Security
Section 1101 – Delegation of Authority to Obligate the University
Section 7100 – Identity Access Management

(2) CSURMA Accounting Staff is also recommending that the following sections be adopted by CSURMA:

Section 6000 – Financing, Treasury, and Risk Management
Section 13000 – Auxiliary Organizations Administration

During the ICSUAM review, it's also noted that many sections of CSU Contract and Procurement Policies (Section 5000) have been created and updated, and CSURMA Accounting Staff recommends that the Executive Committee consider creating its own CSURMA procurement policy which will be beneficial to the operation of CSURMA.

FISCAL IMPACT: None.

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

- Section 1300 – Hospitality, Payment and Reimbursement of Expenses
- Section 3000 – General Accounting
- Section 8000 – Information Security

- Section 1101 – Delegation of Authority to Obligate the University
- Section 7100 – Identity Access Management
- Section 6000 – Financing, Treasury, and Risk Management
- Section 13000 – Auxiliary Organizations Administration

CSURMA has specifically adopted its own policies and procedures, such as travel reimbursement (CSURMA P&P No. 17), invoice payments (CSURMA P&P No. 6), use and disposition of equipment (CSURMA P&P No. 16) and it is recommended that CSURMA's adopted policies apply where they overlap with the ICSUAM.

PUBLICATION: None.

ATTACHMENT(S):

- a. ICSUAM Compliance List at February, 2016
- b. Resolution 03-16 EC – Resolution Adopting Administrative Policies and Procedures
- c. Sections 6000, 13000 and 5000 *will be available at the meeting for review*



Reviewed: Feb 2016

Section & Policy	Adopted by CSURMA (yes/no)	Review Notes	Policy Update
Section 1000 – General			
1101.00 – Delegation of Authority to Obligate the University	Yes	CSURMA follows the CO structure for delegation of authority.	No change
1201.00 – Intercollegiate Athletics Administration	No	CSURMA is not involved in intercollegiate athletic programs.	No change
1202.00 – Athletics Trade Usage (Trade Out)	No	CSURMA is not involved in intercollegiate athletic programs.	No change
1203.00 – Fringe Benefits Management	No	CSURMA is not involved in intercollegiate athletic programs.	No change
1204.00 – Cheerleading	No	CSURMA is not involved in intercollegiate athletic programs.	No change
1205.00 – Group Travel	No	CSURMA is not involved in intercollegiate athletic programs.	No change
1206.00 – Inventory Control of Athletic Equipment, Apparel and Gear	No	CSURMA is not involved in intercollegiate athletic programs.	No change
1301.00 – Hospitality, Payment or Reimbursement of Expenses	Yes	CSURMA has hospitality expenses.	No change
1401.00 – Administration of Student Organization Funds	No	CSURMA is not involved in administering student organization funds.	New*
Section 2000 – Budget			
2001.01 – Campus Reserves	No	CSURMA does not maintain reserves in the CSU funds listed.	New*
Section 3000 – General Accounting			
3101.01 – Central Management of Cash and Investment	Yes	CSURMA participates in the CSU consolidated investment pool.	No change
3101.02 – Campus Administration of Systemwide Cash Management Policy	Yes	CSURMA Accounting alerts CO Treasury of individual commercial banking transactions exceeding \$200,000, at least one business day prior to the transaction settlement date.	No change
3102.01 – Sensitive Positions and Cash Handling	Yes	CO General Accounting handles this function on behalf of CSURMA.	No change
3102.02 – Segregation of Cash Handling Duties	Yes	CO General Accounting handles this function on behalf of CSURMA.	No change
3102.03 – Acceptance of Cash and Cash Equivalents	Yes	CO General Accounting handles this function on behalf of CSURMA.	No change
3102.04 – Physical Protection of Cash and Cash Equivalents	Yes	CO General Accounting handles this function on behalf of CSURMA.	No change
3102.05 – Debit/Credit Card Payment Policy	Yes	CSURMA Accounting does not process credit card transactions, but may in the future.	No change
3102.06 – Returned Items	Yes	CO General Accounting handles this function on behalf of CSURMA	No change
3102.08 – Recording Deposits to the General Ledger	Yes	CSURMA Accounting records deposits to Blackbaud General Ledger with sufficient segregation of duties.	No change
3102.09 – Bank Reconciliations	Yes	CSURMA Accounting performs monthly bank reconciliations with sufficient segregation of duties.	No change
3102.10 – Change Funds	Yes	CSURMA Accounting does not maintain change funds, but may in the future.	No change
3102.11 – Deposits and Transfers to the Bank	Yes	CO General Accounting handles this function on behalf of CSURMA	No change
3103.01 – Disbursements - General	Yes	CSURMA Accounting issues paper & electronic disbursements upon approval by SRM.	No change
3103.02 – Outgoing Payments – Electronic and Paper	Yes	CSURMA Accounting issues paper & electronic disbursements upon approval by SRM.	No change
3103.05 – Payroll Payments Issued by AP	Yes	CO AP handles this function on behalf of CSURMA	No change
3103.11 – Petty Cash	Yes	CSURMA Accounting does not maintain a petty cash fund, but may in the future.	No change
3130.01 - Accounts Receivable Management	Yes	CSURMA adopted P&P No.6 to manage the Accounts Receivable process, which complies with this policy.	No change
3150.01 – Administration of University Property	Yes	CSURMA adopted P&P No.16, which complies with this policy.	Combined 3150.01,3151.02,3151.03,3151.04
3151.01 – Capital (Fixed) Assets Reporting to the State Controller’s Office (Superseded by Policy 3150.01)	N/A	CSURMA does not carry capital assets	Superseded by 3150.01
3151.02 – Intangible Assets (Superseded by Policy 3150.01)	N/A	CSURMA does not carry intangible assets	Superseded by 3150.01
3151.03 – Recording Gifts of Property (Superseded by Policy 3150.01)	N/A	CSURMA does not receive gifts of property	Superseded by 3150.01
3151.04 – Equipment (Superseded by Policy 3150.01)	N/A	CSURMA adopted P&P No.16, which complies	Superseded by 3150.01
3250.01 – Disposition of Lost, Unclaimed or Abandoned Property	Yes	CSURMA has no lost, unclaimed and abandoned property for disposition.	No change
3250.02 – Disposition of Unclaimed Negotiable Instruments	Yes	CSURMA reviews outstanding checks monthly and contacts payees if over 60 days.	No change
3552.01 – Cost Allocation / Reimbursement Plans for the CSU Operating Fund	Yes	CSURMA cost allocation/recovery uses the Cost Recovery Fund instead of the CSU Operating Fund.	Revised - Deletes generalized statements about direct/indirect costs, maintaining that both direct and indirect costs should be considered in developing the cost allocation plan (Section 300)
3601.01 – Travel Policy	Yes	CSURMA adopts the CSU Travel Policy.	Revised - Eliminates preapproval requirements for special travel situations, Clarifies the process for prepaid expenses and direct charges, Clarifies allowable reimbursements for those who receive a car allowance
3801.01 – Tax Administration	Yes	CSURMA tax compliance follows direction under SW Tax Administration.	No change
Section 4000 – Police Services (coming soon)			
Section 5000 – Contracts and Procurement			
5000.00 – Contracts and Procurement Policy Introduction	No	CSURMA does not engage in competitive contracting/procurement.	No change



California State University Risk Management Authority
CSURMA - Integrated CSU Administrative Manual (ICSUAM)
<https://csyu.calstate.edu/Policies/icsuam/Pages/default.aspx>

Reviewed: Feb 2016

Section & Policy	Adopted by CSURMA (yes/no)	Review Notes	Policy Update
5100.00 - Responsibility and Authority	No	CSURMA does not engage in competitive contracting/procurement.	No change
5101.00 - Delegation to the Chancellor	No	CSURMA does not engage in competitive contracting/procurement.	No change
5102.00 - Delegation to the Campus Presidents	No	CSURMA does not engage in competitive contracting/procurement.	No change
5103.00 - Role of General Counsel	No	CSURMA does not engage in competitive contracting/procurement.	No change
5104.00 - Role of the Chancellor's Office Contract Services & Procurement CS&P Department	No	CSURMA does not engage in competitive contracting/procurement.	No change
5201.00 - Fair and Open Competition	No	CSURMA does not engage in competitive contracting/procurement.	No change
5202.00 - Classification of Contract	No	CSURMA does not engage in competitive contracting/procurement.	No change
5203.00 - Solicitation Methodologies	No	CSURMA does not engage in competitive contracting/procurement.	No change
5204.00 - Strategic Sourcing Options and Alternatives	No	CSURMA does not engage in competitive contracting/procurement.	No change
5205.00 - Low-Value Purchases	No	CSURMA does not engage in competitive contracting/procurement.	New*
5206.00 - Limits on Competition	No	CSURMA does not engage in competitive contracting/procurement.	No change
5208.00 - Multi-Year Contracts	No	CSURMA does not engage in competitive contracting/procurement.	No change
5209.00 - Emergency Transactions	No	CSURMA does not engage in competitive contracting/procurement.	No change
5210.00 - Prohibited Practices	No	CSURMA does not engage in competitive contracting/procurement.	No change
5211.00 - Internal Compliance Audits (Deleted 1/24/2014)	N/A		Deleted 1/24/2014
5212.00 - Protests, Disputes, and Complaints	No	CSURMA does not engage in competitive contracting/procurement.	No change
5213.00 - Vendor Records	No	CSURMA does not engage in competitive contracting/procurement.	No change
5214.00 - Tax-Exempt Financed Acquisitions	No	CSURMA does not engage in competitive contracting/procurement.	No change
5215.00 - Disabled Veteran Business Enterprise (DVBE) Participation Goals	No	CSURMA does not engage in competitive contracting/procurement.	No change
5216.00 - Small and Micro Businesses	No	CSURMA does not engage in competitive contracting/procurement.	No change
5217.00 - Target Area Contract Preference Act (TACPA)	No	CSURMA does not engage in competitive contracting/procurement.	No change
5218.00 - Enterprise Zone Act (EZA) (Deleted 7/9/2014)	No		Deleted 7/9/2014
5219.00 - Community Rehabilitation Programs and Workshops	No	CSURMA does not engage in competitive contracting/procurement.	No change
5220.00 - Non-Discrimination	No	CSURMA does not engage in competitive contracting/procurement.	No change
5221.00 - National Labor Relations Board (NLRB) Compliance	No	CSURMA does not engage in competitive contracting/procurement.	No change
5222.00 - Audit of Contract	No	CSURMA does not engage in competitive contracting/procurement.	No change
5223.00 - Drug-Free Workplace Certification	No	CSURMA does not engage in competitive contracting/procurement.	No change
5224.00 - Prison Industry Authority	No	CSURMA does not engage in competitive contracting/procurement.	No change
5225.00 - Use of the State Department of General Services	No	CSURMA does not engage in competitive contracting/procurement.	No change
5226.00 - Use of Electronic Transmission in Bids	No	CSURMA does not engage in competitive contracting/procurement.	No change
5227.00 - Direct Payments	No	CSURMA does not engage in competitive contracting/procurement.	No change
5228.00 - Accessibility of Public Solicitations and Acquisition of Electronic and Information Technology (E&IT) Goods	No	CSURMA does not engage in competitive contracting/procurement.	New*
5229.00 - Child Support Compliance Act	No	CSURMA does not engage in competitive contracting/procurement.	No change
5231.00 - Ethnicity Race Gender and Sexual Orientation Business Enterprises Participation Contract Requirements	No	CSURMA does not engage in competitive contracting/procurement.	No change
5232.00 - Expatriate Corporations	No	CSURMA does not engage in competitive contracting/procurement.	No change
5233.00 - Risk Allocation and Performance Assurance	No	CSURMA does not engage in competitive contracting/procurement.	No change
5235.00 - CSU Buy Recycled Products Campaign	No	CSURMA does not engage in competitive contracting/procurement.	No change
5235-00-DRAFT - Sustainable Procurement	No	CSURMA does not engage in competitive contracting/procurement.	New*
5240.00 - Standard Contracting Forms and Terms	No	CSURMA does not engage in competitive contracting/procurement.	No change
5245.00 - Advertising in the California State Contracts Register (CSCR)	No	CSURMA does not engage in competitive contracting/procurement.	No change
5250.00 - Procurement Cards (University Liability Credit Cards)	No	CSURMA reimburses CO for expenses paid via the ProCard program.	No change
5251.00 - Corporate Cards (Employee Personal Liability Credit Cards)	No	CSURMA employees are not issued corporate credit cards.	No change
5300.00 - Personal Property	No	CSURMA does not engage in competitive contracting/procurement.	No change
5301.00 - Bid Thresholds for Personal Property	No	CSURMA does not engage in competitive contracting/procurement.	New*
5302.00 - Formal Bidding for Personal Property	No	CSURMA does not engage in competitive contracting/procurement.	No change
5302-00-DRAFT - Formal Bidding for Personal Property	No	CSURMA does not engage in competitive contracting/procurement.	New*
5303.00 - Commodities with Special Purchasing Requirements	No	CSURMA does not engage in competitive contracting/procurement.	No change
5400.00 - Procurement of Services	No	CSURMA does not engage in competitive contracting/procurement.	No change
5401.00 - Solicitation Thresholds for Services	No	CSURMA does not engage in competitive contracting/procurement.	New*
5402.00 - Formal Solicitation for Services	No	CSURMA does not engage in competitive contracting/procurement.	No change



Reviewed: Feb 2016

Section & Policy	Adopted by CSURMA (yes/no)	Review Notes	Policy Update
5402.00-DRAFT - Formal Solicitation for Services	No	CSURMA does not engage in competitive contracting/procurement.	New*
5403.00 - Services with Special Purchasing Requirements	No	CSURMA does not engage in competitive contracting/procurement.	No change
5404.00 - Contract Award Report to Department of Fair Employment and Housing	No	CSURMA does not engage in competitive contracting/procurement.	No change
5405.00 - Amendments to Service Agreements	No	CSURMA does not engage in competitive contracting/procurement.	No change
5406.00 - Service Orders	No	CSURMA does not engage in competitive contracting/procurement.	No change
5412.00 - Special Processing Requirements for Contracts	No	CSURMA does not engage in competitive contracting/procurement.	No change
5500.00 - Information Technology Resources (ITR) Procurement Policy	No	CSURMA does not engage in competitive contracting/procurement.	No change
5501.00 - Solicitation for ITR Goods and Services	No	CSURMA does not engage in competitive contracting/procurement.	No change
5502.00 - Formal Solicitation for ITR Goods and Services	No	CSURMA does not engage in competitive contracting/procurement.	No change
5503.00 - Information Technology Resources (ITR) Project Solicitation Plans	No	CSURMA does not engage in competitive contracting/procurement.	No change
5505.00 - Competitive Solicitation	No	CSURMA does not engage in competitive contracting/procurement.	No change
5507.00 - Special Provisions	No	CSURMA does not engage in competitive contracting/procurement.	No change
5602.00 - Sale of License of Intellectual Property	No	CSURMA does not engage in competitive contracting/procurement.	No change
5603.00 - Disposal of Vehicles	No	CSURMA does not engage in competitive contracting/procurement.	No change
5604.00 - Services Provided by the CSU	No	CSURMA does not engage in competitive contracting/procurement.	No change
5606.00 - Services Provided by Campus Auxiliary Organizations (Deleted 2/18/2014)	N/A		Deleted 2/18/2014
5700.00 - Public Agency and Auxiliary Agreements	No	CSURMA does not engage in competitive contracting/procurement.	No change
5701.00 - Interagency Agreements (Deleted 1/24/2014)	N/A		Deleted 1/24/2014
5702.00 - Intra-Agency Agreements	No	CSURMA does not engage in competitive contracting/procurement.	No change
5703.00 - Contracts with Local Government Entities	No	CSURMA does not engage in competitive contracting/procurement.	No change
5704.00 - Contracts with State Boards and Commissions	No	CSURMA does not engage in competitive contracting/procurement.	No change
5705.00 - Printing and Binding Orders	No	CSURMA does not engage in competitive contracting/procurement.	No change
5706.00 - Services Provided by Campus Auxiliary Organizations	No	CSURMA does not engage in competitive contracting/procurement.	No change
5707.00 - Interagency Agreements Administered by the Campus (Deleted 2/25/2015)	N/A		Deleted 2/25/2015
Section 6000 – Financing, Treasury, and Risk Management			
6320.00 - Petty Cash Funds and Change Funds-DRAFT	Yes	CSURMA Accounting does not maintain PCC funds, but may in the future.	Relocated - Consolidates 3102.10 and 3103.11
6330.00 - Incoming Cash and Checks-DRAFT	Yes	CO Accounting Cashier handles this function on behalf of CSURMA	Relocated - Consolidates 3102.03, 3102.04, and 3102.11
Section 7000 – Identity Access Management	Yes		
7100.00 - Identity Access Management	Yes	CO IT handles this function on behalf of CSURMA	No change
Section 8000 – Information Security	Yes		No changes
8000.00 - Introduction and Scope	Yes	CO IT handles this function on behalf of CSURMA	No change
8005.00 - Policy Management	Yes	CO IT handles this function on behalf of CSURMA	No change
8010.00 - Establishing an Information Security Program	Yes	CO IT handles this function on behalf of CSURMA	No change
8015.00 - Organizing Information Security	Yes	CO IT handles this function on behalf of CSURMA	No change
8020.00 - Information Security Risk Management	Yes	CO IT handles this function on behalf of CSURMA	No change
8025.00 - Privacy of Personal Information	Yes	CSURMA uses Blackbaud to protect the privacy of claimants/cases; certification on the confidential form is in place.	No change
8030.00 - Personnel Information Security	Yes	CSURMA uses Blackbaud to protect the privacy of claimants/cases; certification on the confidential form is in place.	No change
8035.00 - Information Security Awareness and Training	Yes	CO IT handles this function on behalf of CSURMA	No change
8040.00 - Managing Third Parties	Yes	CO IT handles this function on behalf of CSURMA	No change
8045.00 - Information Technology Security	Yes	CO IT handles this function on behalf of CSURMA	No change
8050.00 - Configuration Management	Yes	CO IT handles this function on behalf of CSURMA	No change
8055.00 - Change Control	Yes	CO IT handles this function on behalf of CSURMA	No change
8060.00 - Access Control	Yes	CSURMA uses Blackbaud to protect the privacy of claimants/cases; certification on the confidential form is in place.	No change
8065.00 - Information Asset Management	Yes	CO IT handles this function on behalf of CSURMA	No change
8070.00 - Information Systems Acquisition, Development and Maintenance	Yes	CO IT handles this function on behalf of CSURMA	No change
8075.00 - Information Security Incident Management	Yes	CO IT handles this function on behalf of CSURMA	No change
8080.00 - Physical Security	Yes	CO Public Safety handles this function on behalf of CSURMA	No change



Reviewed: Feb 2016

Section & Policy	Adopted by CSURMA (yes/no)	Review Notes	Policy Update
8085.00 - Business Continuity and Disaster Recovery	Yes	CO IT handles this function on behalf of CSURMA	No change
8090.00 - Compliance	Yes	CO IT handles this function on behalf of CSURMA	No change
8095.00 - Policy Enforcement	Yes	CO IT handles this function on behalf of CSURMA	No change
8100.00 - Electronic and Digital Signatures	Yes	CSURMA uses digital signatures for travel preapproval.	No change
8105.00 - Responsible Use Policy	Yes	CO IT handles this function on behalf of CSURMA	No change
Section 9000 – Capital Planning, Design, and Construction	No	This is not applicable to CSURMA	No changes
Section I: Capital Outlay and Public Works Contracts	No	This is not applicable to CSURMA	No change
Section II: Physical Master Plan and Off-Campus Centers	No	This is not applicable to CSURMA	No change
Section III: Land Use Planning and Environmental Review	No	This is not applicable to CSURMA	No change
Section IV: Fiscal Resources for Campus Development Programs	No	This is not applicable to CSURMA	No change
Section V: Measurement Devices for Physical Planning	No	This is not applicable to CSURMA	No change
Section VI: Standards for Campus Development Programs	No	This is not applicable to CSURMA	No change
Section VII: Five-Year Capital Improvement Program Procedures And Formats For Capital Outlay Submission	No	This is not applicable to CSURMA	No change
Section IX: Energy Conservation and Utilities Management	No	This is not applicable to CSURMA	No change
Section X: Professional Services for Campus Development - Public Works-Related Service Agreements	No	This is not applicable to CSURMA	No change
Section XI: Project Plan Development for Major Construction Projects	No	This is not applicable to CSURMA	No change
Section XII: Construction Managements	No	This is not applicable to CSURMA	No change
Section 10000 – Information Technology (coming soon)	No	No policy has been created yet.	
Section 11000 – Sponsored Programs Administration	No	This is not applicable to CSURMA	No changes
11000.00 - CSU Sponsored Programs ICSUAM Policy Announcement - Uniform Guidance Addendum	No	This is not applicable to CSURMA	No change
11001.00 - Sponsored Programs Administration Introduction	No	This is not applicable to CSURMA	No change
11002.05 - Subrecipient Monitoring	No	This is not applicable to CSURMA	No change
11003.05 - Allowable Costs	No	This is not applicable to CSURMA	No change
11003.06 - Effort Reporting	No	This is not applicable to CSURMA	No change
11003.07 - Cost Sharing	No	This is not applicable to CSURMA	No change
11005.00 - Externally Funded Equipment & Property Management	No	This is not applicable to CSURMA	No change
11008.00 - Audit Monitoring & Resolution	No	This is not applicable to CSURMA	No change
11010.02 - Financial Conflict of Interest (FCOI)	No	This is not applicable to CSURMA	No change
Section 13000 – Auxiliary Organizations Administration			
13175.00 - Auxiliary Organization External Auditor Firms Qualifications	Yes	Changed adoption from No to Yes. CSURMA is not technically Auxiliary Organization, but complies with this policy.	No change
13680.00 - Placement and Control of Receipts for Campus Activities and Programs	Yes	CSURMA is not technically an Auxiliary Organization, but complies with this policy.	New*
Section 15000 – University Advancement	No	This is not applicable to CSURMA	No changes
15401.00 - Fundraising - Matching Gifts	No	This is not applicable to CSURMA	No change
15501.00 - Naming of California State University Facilities and Properties	No	This is not applicable to CSURMA	No change
15502.00 - Naming of California State University Schools, Colleges, Programs and Other Academic and Non-Academic Units	No	This is not applicable to CSURMA	No change
15701.00 - Fundraising Events	No	This is not applicable to CSURMA	No change

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**EXECUTIVE COMMITTEE
RESOLUTION NO. 03-16 (EC)**

Resolution Adopting Administrative Policies and Procedures

The Executive Committee of the California State University Risk Management Authority (“CSURMA”) finds and determines as follows:

- (1) CSURMA has engaged the Chancellor’s Office of the California State University to perform Accounting, General Counsel and Risk Management services.
- (2) The California State University has developed an Integrated CSU Administrative Manual that includes policies and procedures that will be beneficial to the operation of CSURMA for services provided by the Chancellor’s Office.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the Executive Committee of the California State University Risk Management Authority as follows:

- (1) Except as more specifically addressed in a duly adopted CSURMA Policy and Procedure, the California State University Risk Management Authority does hereby adopt the following policies and procedures of the Integrated CSU Administrative Manual as the operating policies and procedures of the CSURMA for services provided by the CSU Chancellor’s Office:
 - a) Section 1101 *Delegation of Authority to Obligate the University*
 - b) Section 1301 *Hospitality, Payment or Reimbursement of Expenses*
 - c) Section 3000 *General Accounting*
 - d) Section 6000 *Financing, Treasury and Risk Management*
 - e) Section 7100 *Identity Access Management*
 - f) Section 8000 *Information Security*
 - g) Section 13175 *Auxiliary Organizations External Auditor Firms Qualifications*
 - h) Section 13680 *Placement and Control of Receipts for Campus Activities and Programs*
- (2) CSURMA staff shall at least annually review with the Executive Committee the applicable Integrated CSU Administrative Manual sections and any updates thereto.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Executive Committee of the California State University Risk Management Authority held on March 11, 2016 which was approved by the following vote:

AYES, and in favor thereof, members: Scott Apel, Lisa Chavez, Guy Dalpe, Linda Hawk, Mike Lee, Frank Mumford, Kevin Saunders, and Jody Van Leuven

NOES, members: None

ABSTAIN, members: Robert Eaton

ABSENT, members: None

Linda Hawk, Chair

Zachary Gifford, Secretary-Auditor

**ANALYSIS OF THE REQUIRED INFORMATION MANAGEMENT
DISCUSSION AND ANALYSIS (MD&A) FOR CSURMA**

ISSUE: During the October, 2015 Executive Committee meeting, CSU Accounting Staff was directed to complete an analysis of the recommended MD&A items of discussion compared to the comparative statement as well as the footnotes which are included in CSURMA financial audit. According to GASB Statement No. 34, Paragraph 11, at a minimum an MD&A should include eight items. The eight items have been reviewed by CSU Accounting Staff and the attached memo includes the results of the analysis.

RECOMMENDATION: Staff recommends that the Executive Committee review the attached memorandum and provide direction as appropriate.

FISCAL IMPACT: None is anticipated at this time.

BACKGROUND: The Governmental Accounting Standards Board (GASB) considers the MD&A to be a recommended part of the financial reporting. However, it is not a legal requirement. The CSURMA Executive Committee has historically decided not to complete the MD&A because the audit includes comparative statements as well as footnotes which address the recommended topics. This practice is consistent with the independent audits for other similar CSU related entities as their financial reports are included within the California State University audited financial statement.

PUBLICATION: None.

ATTACHMENT(S):

- a. Analysis of the required information MD&A for CSURMA - Memo from Kelly Cox dated February 8, 2016

Date: February 8, 2016
To: CSURMA Executive Committee
From: Kelly Cox
Associate Director, Accounting, Chancellor Office
Re: Analysis of the required information Management Discussion and Analysis (MD&A) for California State University Risk Management Authority (CSURMA).

BACKGROUND:

During the Executive Committee Meeting in September 2015, completion of an analysis to review and confirm the historical reason of why CSURMA has not completed an MD&A, and reporting back to the EC a recommendation for CSURMA's 6/30/2016 audited financial statements whether to keep the current practice or to adopt a new practice of including the MD&A was discussed.

ANALYSIS:

According to GASB Statement No. 34 Paragraph 11, at a minimum an MD&A should include 8 items. Accounting staff reviewed in detail whether or not CSURMA currently includes these items in its financial statements in one way or another. This could either be on the face of the financial statements or in a footnote disclosure. The following are the results of our review of these 8 items and our conclusion:

- 1. A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide. This discussion should include analyses that assist readers in understanding why measurements and results reported in fund financial statements either reinforce information in government-wide statements or provide additional information.***

We have included the basic financial statement information in the CSURMA financial statements. It is located in the footnote disclosure section called 'Notes to Financial Statements' specifically (2a) 'Summary of Significant Accounting Policies; Basis of Presentation'. Evidence of this is reflected in the screenshot as below.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements for the Authority have been prepared under the standards promulgated by the Governmental Accounting Standards Board (GASB) using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Authority is considered a special-purpose government. The Authority records revenues primarily from fees collected from the campuses and auxiliary organizations and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Authority to be reported in a single column in each of the financial statements.

2. Condensed financial information derived from government-wide financial statements comparing the current year to the prior year. At a minimum, governments should present the information needed to support their analysis of financial position and results of operations required in 3, below, including these elements:

- (1) Total assets, distinguishing between capital and other assets**
- (2) Total liabilities, distinguishing between long-term liabilities and other liabilities**
- (3) Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts**
- (4) Program revenues, by major source**
- (5) General revenues, by major source**
- (6) Total revenues**
- (7) Program expenses, at a minimum by function**
- (8) Total expenses**
- (9) Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers**
- (10) Contributions**
- (11) Special and extraordinary items**
- (12) Transfers**
- (13) Change in net assets**
- (14) Ending net assets**

We have partially included this information. Full financial information comparing the current year to the prior year are presented in the Statements of Net Position (SNP) and Statements of Revenues, Expenses, and Changes in Net Position (SRECNP). However, they are not presented in condensed statements. In addition, we do not present the information needed to support analysis of financial position and results of operations required, such as fluctuation analysis.

The following Condensed Financial Statements illustrate the display and disclosure requirements of an MD&A. It is presented for illustrative purposes only should an MD&A be developed.

CALIFORNIA STATE UNIVERSITY			
RISK MANAGEMENT AUTHORITY			
A Discretely Presented Component Unit of California State University			
Condensed Statements of Net Position			
June 30, 2015 and 2014			
		2015	2014
Assets:			
	Other current assets	\$ 40,301,000	45,147,000
	Capital assets	—	—
	Other noncurrent assets	134,340,000	131,941,000
	Total assets	174,641,000	177,088,000
Liabilities:			
	Current liabilities	33,115,000	39,953,000
	Noncurrent liabilities	75,465,000	76,399,000
	Total liabilities	108,580,000	116,352,000
Net position:			
	Unrestricted	66,061,000	60,736,000
	Total net position	\$ 66,061,000	60,736,000
CALIFORNIA STATE UNIVERSITY			
RISK MANAGEMENT AUTHORITY			
A Discretely Presented Component Unit of California State University			
Condensed Statements of Revenues, Expenses, and Changes in Net Position			
Years ended June 30, 2015 and 2014			
		2015	2014
	Operating revenues	\$ 88,376,000	78,555,000
	Operating expenses	84,800,000	83,314,000
	Operating income (loss)	3,576,000	(4,759,000)
	Nonoperating revenues:	1,749,000	3,754,000
	Change in net position	5,325,000	(1,005,000)
	Net position, beginning of year	60,736,000	61,741,000
	Net position, end of year	\$ 66,061,000	60,736,000

Current Financial Statement format and contents:

Statements of Net Position		
June 30, 2015 and 2014		
	2015	2014
Assets:		
Current assets:		
Investments (note 3)	\$ 6,904,000	38,118,000
Accounts receivable	800,000	294,000
Loans receivable from affiliates, current portion (note 4)	1,136,000	1,778,000
Interest receivable	4,000	8,000
Prepaid expenses	30,704,000	4,197,000
Reinsurance recoverable - workers' compensation	753,000	752,000
Total current assets	40,301,000	45,147,000
Noncurrent assets:		
Loans receivable from affiliates, net of current portion (note 4)	4,232,000	3,228,000
Other long-term investments (note 3)	130,108,000	128,713,000
Total assets	174,641,000	177,088,000
Liabilities:		
Current liabilities:		
Accounts payable	4,999,000	5,601,000
Unearned revenues	37,000	33,000
SELF assessment liability, current portion (note 8)	1,364,000	1,363,000
Claims liability for losses and loss adjustment expenses - current portion (note 5):		
Reported claims	15,058,000	19,214,000
Claims incurred but not reported	11,657,000	13,742,000
Total current liabilities	33,115,000	39,953,000
Noncurrent liabilities:		
SELF assessment liability, net of current portion (note 8)	9,545,000	10,906,000
Claims liability for losses and loss adjustment expenses - noncurrent portion (note 5):		
Reported claims	37,156,000	38,183,000
Claims incurred but not reported	28,764,000	27,310,000
Total liabilities	108,580,000	116,352,000
Net position:		
Unrestricted	66,061,000	60,736,000
Total net position	\$ 66,061,000	60,736,000

Statements of Revenues, Expenses, and Changes in Net Position		
Years ended June 30, 2015 and 2014		
	2015	2014
Operating revenues:		
Member contributions (note 6)	\$ 95,248,000	90,181,000
Reinsurance premiums (note 7)	(6,872,000)	(11,626,000)
Total operating revenues	88,376,000	78,555,000
Operating expenses:		
Claim losses and loss adjustment expenses (note 5)	39,922,000	53,198,000
Claims administration	9,000,000	8,004,000
Insurance premiums	23,877,000	10,949,000
Dividend distributions (note 6)	9,857,000	8,921,000
General and administrative	1,142,000	1,421,000
Miscellaneous services	1,002,000	821,000
Total operating expenses	84,800,000	83,314,000
Operating income (loss)	3,576,000	(4,759,000)
Nonoperating revenues:		
Investment income, net	1,664,000	3,663,000
Interest income from loans	85,000	91,000
Total nonoperating revenues	1,749,000	3,754,000
Change in net position	5,325,000	(1,005,000)
Net position, beginning of year	60,736,000	61,741,000
Net position, end of year	\$ 66,061,000	60,736,000

- 3. An analysis of the government’s overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year’s operations. The analysis should address both governmental and business-type activities as reported in the government-wide financial statements and should include reasons for significant changes from the prior year, not simply the amounts or percentages of change. In addition, important economic factors, such as changes in the tax or employment bases that significantly affected operating results for the year should be discussed.***

We currently do not include this information.

- 4. An analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net assets and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use.***

We have partially included this information. Fund Balance is discussed briefly in footnote disclosure (2j) “Net Position.” However, it does not address the reasons for significant changes in fund balances. Evidence of this is reflected in the screenshot below.

(j) Net Position

The Authority’s net position is classified as unrestricted. Unrestricted net position may be designated for use by the Authority. The Authority has adopted a policy of utilizing restricted funds, when available, prior to unrestricted funds.

- 5. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (or its equivalent). The analysis should include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity.***

This requirement is not applicable to CSURMA. According to GASB Statement No. 34, the definition of the required budget information refers to the government fund budget such as the appropriated budget created by appropriation bills or legislation.

- 6. A description of significant capital asset and long-term debt activity during the year, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services.***

This requirement is not applicable to CSURMA since CSURMA doesn’t have these activities and these are not a primary business of CSURMA. In the current ‘Notes to Financial Statements’, CSURMA has presented its own significant activities in detail, such as Investments, Loans

Receivable, Claims Liability for Losses and Loss Adjustment Expenses, and Excess Insurance and Reinsurance to provide information that affect CSURMA operations.

7. ***A discussion by governments that use the modified approach (paragraphs 23–25) to report some or all of their infrastructure assets including: (1) Significant changes in the assessed condition of eligible infrastructure assets from previous condition assessments (2) How the current assessed condition compares with the condition level the government has established (3) Any significant differences from the estimated annual amount to maintain/preserve eligible infrastructure assets compared with the actual amounts spent during the current period.***

This requirement is not applicable to the CSURMA for the same reason as stated in the above criteria #6.

8. ***A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets).***

We currently do not include this information.

The following screenshot is a sample of Los Angeles County Metropolitan Transportation Risk Management Authority (LACMTA)'s MD&A. It is presented for illustrative purposes only.

<p>Factors Impacting Future Periods</p> <p>The main economic factors affecting PRMA's financial capacity include the following:</p> <ul style="list-style-type: none">• Economic conditions influencing local sales tax revenues• Inflation <p>These are the same factors affecting LACMTA, the primary customer of PRMA.</p> <p>PRMA uses forecasts from LACMTA's various governmental sources as a basis of its future funding assumptions. The budget for FY14, based on the austere measures taken in the past two years restructuring the bus and rail system and managing the capital program and reducing costs better, takes into account challenges and opportunities in a still unstable economy. PRMA uses LACMTA's revenue sources in constructing its budget that balances anticipated revenues with an area of transportation needs.</p>
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CONCLUSION:

We performed a review of the 8 criteria and out of the required items, CSURMA had addressed 3 in its financial statements and another 3 are not applicable as stated above. The remaining 2 items, which CSURMA has not addressed, are reviewed in other venues for the readers of our financial statements. The audience for our financial statements are CSURMA members, CSU Campuses, and Auxiliary members, who attend semi-annual board meetings. At these meetings, the members receive this information from staff which include the overall financial position, results of operations, and current known facts, or conditions that are expected to have a significant effect on the financial position of operations when determining premiums for the upcoming year and when the financial statements are presented to the EC and Board.

In addition, all of the required information are included in the CSU Consolidated MD&A which includes CSURMA.

We strongly believes that CSURMA does not need to include an MD&A in the financial statements since the required criteria don't add material value to our readers, CSURMA members.

REFERENCES:

GASB 34

<http://www.gasb.org/cs/BlobServer?blobkey=id&blobwhere=1175824063624&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs>

**CSURMA MASTER INVESTMENT POLICY AND RELATED
INVESTMENT POLICIES AND ADOPTION OF
RESOLUTION NO. 02-16 (EC)**

ISSUE: 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.

RECOMMENDATION: It is recommended that the Committee review and approve the amendments to the Master Investment Policy.

FISCAL IMPACT: None.

BACKGROUND: Staff will be available at the meeting to review the recommended revisions.

PUBLICATION: The approved Resolution and Master Investment Policy will be uploaded into the CSURMA website.

ATTACHMENT(S):

- a. Master Investment Policy and related investment policies
- b. Resolution 02-16 (EC) – CSURMA Master Investment Policy and Related Investment Policies
- c. Resolution 02-14 (BOD) – Resolution to Adopt the CSURMA Master Investment Policy and Investment Policy for the Fixed Income Portfolio

**CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT
AUTHORITY (CSURMA)**

MASTER INVESTMENT POLICY

March 19, 2015

I. PURPOSE

The purpose of this master investment policy (MIP), and each of CSURMA’s other investment policies (collectively with the MIP, the “Policies”), is to provide a framework for the management of CSURMA assets. The Policies outline objectives, benchmarks, restrictions and responsibilities so that the Executive Committee of CSURMA (EC), officers, staff, consultants, investment managers, members and beneficiaries, and all CSURMA stakeholders clearly understand the objectives and policies of CSURMA’s investment program.

The Policies set forth the guidelines which the EC deems to be appropriate and prudent in consideration of the needs of and the legal requirements applicable to CSURMA’s investment program. The Policies provide criteria against which investment results will be measured and serve as a review document to guide ongoing operations and oversight. The Policies also are intended to ensure that the EC is fulfilling its fiduciary responsibilities in the management of CSURMA investments.

The EC intends for the Policies to be dynamic documents and will review them from time to time. Policies will be modified periodically to reflect the changing nature of CSURMA’s assets and investment programs, organizational objectives, and economic conditions.

In addition, within this MIP, the EC has delegated to the Treasurer of CSURMA (Treasurer) certain authorities that pertain to the ongoing management and administration of CSURMA assets and various investment programs.

II. STRATEGIC OBJECTIVES

The overall objective of the CSURMA investment program is to provide its stakeholders with an appropriate risk-adjusted return on assets available for investment. Because the primary source of CSURMA funding derives from the operations of the California State University (CSU) and because CSURMA has the authority to invest funds pursuant to California Government Code 6509.5, the EC has determined that CSURMA funds should be invested in a manner that draws from both the investment policy of the CSU, specifically, the sections labeled “Investment Policy Statement” and “Investment Authority” of the California State University Investment Policy (Attachment A), which are incorporated by reference into this MIP, as well as California Government Code 6509.5, specifically Section 53601.

Consistent with the California State University Investment Policy, when CSURMA Funds are invested, the primary objective shall be to safeguard the principal, the secondary objective shall be to meet liquidity needs, and the third objective shall be to provide an acceptable risk-adjusted return.

The EC also has the following objectives with respect to funds available for investment:

1. To ensure that CSURMA has, at all times, sufficient funds available to meet immediate liquidity needs.
2. To allow for the investment of funds not immediately needed for liquidity over a longer time horizon with the goal of providing the opportunity for greater risk-adjusted return.
3. To make periodic loans to CSU campuses or auxiliaries to mitigate potentially higher claims liability associated with certain situations.

III. INVESTMENT PORTFOLIOS

Based on the investment objectives, the EC has determined that CSURMA assets should be invested in three portfolios, each with its own investment policy. The three portfolios, along with target ranges are as follows:

<u>Portfolio</u>	<u>Target Range</u>
CSU Systemwide Investment Fund Trust (SWIFT)	25-33%
Fixed Income Portfolio (FIP)	67-75%
Loan Portfolio (to be included within the SWIFT allocation)	0-15%

The SWIFT Investment Policy is attached as Attachment B

The FIP Investment Policy is attached as Attachment C

The Loan Portfolio Policy, titled “Member Loans Policy and Procedure No. 10”, is attached as Attachment D

The EC recognizes that the SWIFT Portfolio and the SWIFT Investment Policy are under the control of the CSU and are not under the EC’s ability to modify.

IV. RESPONSIBILITIES

- A. The EC’s responsibilities include, but are not limited to:
 1. Acting as the investment committee for CSURMA.
 2. Developing and adopting policies to achieve CSURMA’s strategic objectives.
 3. Reviewing policy recommendations made by the Treasurer and staff.
 4. Periodically reviewing and amending the Policies, as appropriate.
- B. The Treasurer’s responsibilities include, but are not limited to:
 1. Recommending policies for EC consideration.
 2. Reviewing policy recommendations made by staff, investment consultants, and/or investment managers.

3. Periodically reviewing the Policies and recommending revisions, as appropriate.
4. Overseeing the engagement of CSU staff (to serve as CSURMA staff), investment consultants, investment managers, and other appropriate specialists.
5. Monitoring the portfolios' investments, risks, and performance.
6. Periodically, but at least annually, reporting to the EC on the portfolios' investments, risks, and performance.

The Treasurer may delegate responsibilities, as appropriate, to the Assistant Vice Chancellor of Financing, Treasury and Risk Management of the CSU (Assistant Vice Chancellor) in his/her capacity as staff to CSURMA.

Approved by the EC:

March 19, 2015

The California State University Investment Policy

The following investment guidelines have been developed for use when investing California State University funds.

Investment Policy Statement

The objective of the investment policy of the California State University (CSU) is to obtain the best possible return commensurate with the degree of risk that the CSU is willing to assume in obtaining such return. The Board of Trustees desires to provide the Chancellor and his designees with the greatest possible flexibility to maximize investment opportunities. However, as agents of the trustees, the Chancellor and his designees must recognize the fiduciary responsibility of the trustees to conserve and protect the assets of the portfolios, and by prudent management prevent exposure to undue and unnecessary risk.

When investing CSU funds, the primary objective of the CSU shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the CSU. The third objective shall be to return an acceptable yield.

Investment Authority

The CSU may invest monies held in local trust accounts under Education Code Sections 89721 and 89724 in any of the securities authorized by Government Code Sections 16330 and 16430 and Education Code Section 89724 listed in Section A, subject to limitations described in Section B.

A. State Treasury investment options include:

- Surplus Money Investment Fund (SMIF)
- Local Agency Investment Fund (LAIF)
- State Agency Investment Fund (SAIF)

Eligible securities for investment outside the State Treasury, as authorized by Government Code Section 16430 and Education Code Section 89724, include:

- Bonds, notes or obligations with principal and interest secured by the full faith and credit of the United States;
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States;

- Bonds or warrants of any county, city, water district, utility district or school district;
 - California State bonds, notes, or warrants, or bonds, notes, or warrants with principal and interest guaranteed by the full faith and credit of the State of California;
 - Various debt instruments issued by: (1) federal land banks, (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank Bd., (4) Federal National Mortgage Association, (5) Federal Home Loan Mortgage Corporation, and (6) Tennessee Valley Authority;
 - Commercial paper exhibiting the following qualities: (1) “prime” rated, (2) less than 180 days maturity, (3) issued by a U.S. corporation with assets exceeding \$500,000,000, (4) approved by the PMIB. Investments must not exceed 10 percent of corporation’s outstanding paper, and total investments in commercial paper cannot exceed 30 percent of an investment pool;
 - Bankers’ acceptances eligible for purchase by the Federal Reserve System;
 - Certificates of deposit (insured by FDIC, FSLIC or appropriately collateralized);
 - Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Administration;
 - Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration;
 - Student loan notes insured by the Guaranteed Student Loan Program;
 - Debt issued, assumed, or guaranteed by the Inter-American Development Bank, Asian Development Bank or Puerto Rican Development Bank;
 - Bonds, notes or debentures issued by U.S. corporations rated within the top three ratings of a nationally recognized rating service;
- B. In addition to the restrictions established in Government Code Section 16430, the CSU restricts the use of leverage in CSU investment portfolios by limiting reverse repurchase agreements used to buy securities to no more than 20 percent of a portfolio.

Furthermore, the CSU:

- Prohibits securities purchased with the proceeds of a reverse repurchase from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding;
- Limits reverse repurchase agreements to unencumbered securities already held in the purchased with the proceeds of the repurchase (but in any event not more than one year) and;
- Limits reverse repurchase agreements to unencumbered securities already held in the portfolio.

Investment Reporting Requirements

Annually, the Chancellor will provide to the Board of Trustees a written statement of investment policy in addition to a report containing a detailed description of the investment securities held by the CSU, including market values.

(Approved by the CSU Board of Trustees in January 1997; and as amended in September 2011 and November 2013)

**Investment Policy for California State University Systemwide Investment Fund
Trust (SWIFT)
REVISED March 14, 2008**

The California State University Systemwide Investment Fund Trust (CSU SWIFT) has been created to facilitate the centralization of the investment management function on behalf of the California State University (CSU) System and its campuses, departments, auxiliaries, foundations, and other related entities. The following investment guidelines have been developed for management of the CSU SWIFT.

Statement of Investment Policy and Guidelines

When investing campus funds, the primary objective of the investment managers shall be to safeguard the principal. The secondary objective shall be to meet the liquidity need of the campus. The third objective shall be to return an acceptable yield.

The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that the CSU is willing to assume in obtaining such return.

Adherence to Policy Guidelines

CSU SWIFT assets are to be managed in accordance with the policy guidelines expressed herein, or expressed by separate written instructions when deviation is deemed prudent and desirable. Written instructions amending this policy document must be signed by the chair of the Investment Committee.

Discretionary Authority

The investment managers are expected to exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement of Investment Policy and Guidelines. Such discretion includes decisions to buy, hold, or sell fixed income securities (including cash equivalents) in amounts and proportions reflective of the managers' current investment strategy.

Communication

The Committee encourages, and the investment managers are responsible for, frequent and open communication with the Committee on all significant matters pertaining to the investment of the assets for the SWIFT. These communications should generally be addressed to the Office of the Vice Chancellor, Business & Finance. In this manner, the Committee expects to be advised of any major changes in investment outlook, investment strategy, portfolio structure, or market value of the assets, and other substantive matters affecting the SWIFT. The Committee also expects to be informed of any significant

changes in the ownership, organizational structure, financial condition, or senior personnel staffing of the investment managers.

The Committee recognizes that the Statement of Investment Policy and Guidelines requires periodic examination and perhaps revision if it is to continue to serve as a working document to encourage effective investment management. Whenever the investment manager believes this Statement should be altered, it is the responsibility of the managers to initiate written communication to the Committee.

Benchmark

Returns of the portfolio will be measured against the Merrill Lynch 0-3 Year U.S. Treasury Index (G1QA).

Investment Authority

The CSU SWIFT may invest in any of the securities authorized by government Code Section 16430 listed in Section A and Code Section 53601.

Securities eligible for investment include;

- Bonds, notes or obligations with principal and interest secured by the full faith and credit of the United States; (no limitations)
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States; (no limitations)
- Bonds or warrants of any county, city, water district, utility district or school district of the state of California; No issuer with a rating below A-/A3 is allowed; (no one issuer to exceed 5% of the portfolio)
- California State bonds or bonds with principal and interest guaranteed by the full faith and credit of the State of California; (no one issue to exceed 5%); (not to exceed 25% of portfolio)
- Obligations of the campus members authorized by California Education Code Section 89760(a).
- Various debt instruments issued by: (1) Federal Land Banks (FFCB), (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank (FHLB), (4) Federal National Mortgage Association (FNMA), (5) Federal Home Loan Mtg. Corp. (FHLMC), and (6) Tennessee Valley Authority (TVA); (no one issuer to exceed 25% of the portfolio)
- Mortgage Pass-Through Securities issued by GNMA, FNMA and FHLMC; (not to exceed 20% of the portfolio)
- Collateralized Mortgage Obligations issued by GNMA, FNMA and FHLMC which at time of purchase pass the FFIEC test; (not to exceed 20% of the portfolio)

- Asset Backed Securities which are rated Aaa by Moody's, AAA by Standard and Poor's, or AAA by Fitch with no rating below the top investment rating. Issuer will be rated at least single A; (no one issuer to exceed 5% of the portfolio); (not to exceed 20% of the portfolio)
- Commercial paper exhibiting the following qualities: (1) "prime" rated, (2) less than 180 days maturity, (3) issued by a U.S. corporation with assets exceeding \$500,000,000. Investments must not exceed 10 percent of corporation's outstanding paper, and total investments in commercial paper cannot exceed 30% of an investment pool. Notwithstanding the above, no one issuer to exceed 5% of the portfolio. In addition, A-2/P-2/F-2 commercial paper will be limited to no more than 10% of the portfolio and limited in maturity to 14 days. No purchase will be made of paper rated below A-2/P-2/F-2; (not to exceed 30% of portfolio)
- Banker's acceptances eligible for purchases by the Federal Reserve System; Issuer's will be rated A-1/P-1 or F-1 with no rating below that level; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Certificates of deposit (insured by FDIC, or appropriately collateralized); (not to exceed FDIC insurance limits)
- Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Administration; (not to exceed NCUA insurance limits)
- Negotiable certificates of deposit and bank notes which are rated A-1/P-1 or F-1 if short-term or A- by S&P, A3 by Moody's or A- by Fitch in both cases with no rating below those levels; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration; (no limitations)
- Student Loan Notes insured by the Guaranteed Student Loan Program; (no limitations)
- Debt issued, assumed, or guaranteed by the Inter-American Development Bank or Puerto Rican Development Bank; (no limitations)
- Bonds, notes or debentures (including medium-term notes) issued by U.S. Corporations rated within the top three ratings of a nationally recognized rating service. No issuer with a rating below A3/A- is allowed; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Repurchase Agreements. Repurchase agreements with banks and dealers with which the CSU System, or its agents on its behalf, has entered into a master repurchase contract which specifies terms and conditions or repurchase agreements, and are fully collateralized by delivery to an independent third party custodian for the CSU's System's account or to the CSU's custodian. In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, only those marketable securities eligible for investment by the

CSU System are permitted as collateral. Treasuries, Agencies and eligible money market instruments will be collateralized at 102%. Corporates and other eligible collateral will be collateralized at 105%. Repurchase Agreements will be conducted exclusively with primary dealers. Repurchase Agreements may not exceed 90 days.

- Reverse Repurchase Agreements. The CSU limits reverse repurchase agreements to unencumbered securities already held in the portfolio. The CSU prohibits securities purchased with the proceeds of a reverse repurchase agreement from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding. Securities subject to a reverse repurchase agreement must have been owned a minimum of 30 days before being delivered in a reverse repurchase agreement. The total of all securities sold on reverse repurchase agreements will not exceed 20% of the market value of the portfolio. Reverse repurchase agreement will not exceed 92 days.
- Money Market Mutual Funds. Money market mutual funds registered with the Securities and Exchange Commission and rated AAA/Aaa by no less than two NRSROs.
- 144A Securities. 144A securities are allowed to be purchased and held in the portfolio; (not to exceed 20% of the portfolio).

Duration Guidelines

The maximum maturity of any security will be 5 years.

The maximum average duration of the portfolio will be 2 years.

For issues that trade to a weighted-average-life (WAL), the WAL will be used as the effective maturity for duration measurement and for maximum maturity constraints.

For issuers with variable interest rates, the reset date will be used as the effective maturity for duration measurement purposes and the legal final maturity date will be used for maximum maturity constraints.

All maturity and duration constraints are measured from trade date.

Concentration/Diversification Guidelines

All concentration guidelines are measured at the time of purchase with the exception of commercial paper which must be less than 30% at all times.

Concentration Limitations:

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Obligations backed by the full faith and credit of the U.S Government	100%	100%
Obligations guaranteed by a federal agency of the U.S. Government	100%	100%
California Municipal Obligations	5%	100%
Obligations of the State of California	5%	25%

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Obligations of campus members authorized under Code Section 89760a	100%	100%
Government-Sponsored Entities (FFCB, FHLB, FNMA, FHLMC, TVA)	25%	100%
Mortgage Pass-Through Securities issued by GNMA, FNMA FHLMC*	20%	20%
Collateralized Mortgage Obligations issued by GNMA, FNMA, FHLMC*	20%	20%
Asset-Backed Securities*	5%	20%
Commercial Paper	5%	30%
Banker's Acceptances	5%	30%
Certificate's of Deposit (insured by FDIC or properly collateralized)	\$100k	100%
Investment Cert. in federal or state credit unions (insured by NCUA)	\$100k	100%
Negotiable Certificates of Deposit	5%	30%
Obligations of the SBA or FHA	100%	100%
Student Loan Notes insured by the Guaranteed Student Loan Program	100%	100%
Obligations guaranteed by the Inter-Amer. Dev. Bank or Puerto Rico Dev.	100%	100%
Corporate Obligations	5%	30%
Repurchase Agreements	5%	100%
Reverse Repurchase Agreements	5%	20%
Money Market Funds	10%	20%

* Mortgage Pass-Through Securities, Collateralized Mortgage Obligations and Asset-Backed Securites may not exceed 20% of the portfolio in aggregate.

For ABS issuers, securities issued by the same originator with different collateral types will not be aggregated at the issuer level for concentration measurement purposes.

Reporting

The Committee expects the Custody Bank to provide access to daily reports of the SWIFT via its online portal to CSU Office of the Chancellor staff, the respective investment managers, and other members of the Investment Committee as directed. Additionally, monthly reports will be provided by the Custody Bank highlighting the respective portfolios of each investment manager and the aggregate portfolio. These reports will include portfolio activity, market valuations, sector metrics, affirmation of compliance, and performance relative to agreed upon benchmarks. If a meeting is scheduled with the Committee, the reports should be received at least one week in advance of the meeting date.

Compliance with Prudence and Diversification Measures

As fiduciary, the investment managers are expected to diversify the portfolio to preserve the principal of the SWIFT assets. If diversification is deemed not to be prudent, the manager must communicate this decision to the Chair of the Investment Committee immediately. The manager is expected to invest the SWIFT assets with ease, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with such aims.

All restrictions, minimum ratings requirements and diversification limitations pertain to the account at the time of purchase. In the event of a downgrade of any security to a level where the new rating would not comply with the minimum rating for new purchases of a similar asset, or a limitation being breached due to a change in portfolio size, the Investment Manager shall notify CSU.

Evaluation and Review

The objective of the evaluation and review process is to monitor the progress of the SWIFT assets in achieving the overall investment objectives. Performance will be measured and reviewed periodically by the Investment Committee. Particular attention will be directed toward determining whether:

- * the funds are achieving their stated objectives,
- * the investment managers are adhering to the guidelines set forth herein,
- * the investment managers are adhering to its stated philosophy and style,
- * the overall policies and objectives continue to be appropriate, reasonable and achievable.

**Investment Policy for the California State University Risk Management Authority
Fixed Income Portfolio
March 19, 2015**

The Organization

The California State University Risk Management Authority (CSURMA) is an association of the California State University (CSU) and auxiliary organizations joined to protect member resources by providing broad coverage and quality risk management services that stabilize risk cost in a reliable, economical and beneficial manner.

History

The Chancellor's Office staff and representatives of auxiliary organizations within the CSU have developed a systematic approach to managing risk exposures across CSU campuses.

On January 1, 1997, the CSURMA was formed by the CSU and those qualified auxiliary organizations of the CSU that opted to join with intentions to participate in the risk management programs to be offered by the CSURMA.

Scope of This Investment Policy

The assets governed by this investment policy statement are funds held for investment in the CSURMA Fixed Income Portfolio (FIP). In meeting the investment needs of the FIP, the general principles of modern portfolio theory will be followed. In doing so, the FIP will be constructed in a way that maximizes expected return for a given level of risk.

Cash flow requirements are not expected of the FIP being managed under this policy statement. However, in the event cash flow is required, it will be met on a total return basis. The following investment guidelines have been developed for management of the FIP.

Statement of Investment Policy and Guidelines

When investing CSURMA funds, the primary objective of the investment manager(s) (IM) for the FIP shall be to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the CSURMA. The third objective shall be to return an acceptable yield.

The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that the CSURMA is willing to assume in obtaining such return.

Delegation of Authority

The Executive Committee of CSURMA (EC) is a fiduciary, and is responsible for directing and monitoring the investment management of FIP assets. As such, the EC is authorized to delegate certain responsibilities to officers and/or staff of CSURMA, as well as professional experts in various fields. These include, but are not limited to:

1. **Treasurer of the CSURMA.** The Treasurer of CSURMA (Treasurer) is responsible for the ongoing general management of the FIP. The Treasurer may delegate, as appropriate, authority contained in this policy statement to the Assistant Vice Chancellor, Financing, Treasury and Risk Management of the CSU. Duties include, but are not limited to, the following:
 - Selection and retention of outside IM as the investment policy dictates. *The Treasurer acts with the EC's authority in all matters relating to IM selection.*
 - Review performance of the FIP to stated objectives. Review and monitor performance of the IM.
 - Determine if overall policies and objectives continue to be appropriate and reasonable and make recommendations to the EC as necessary.
2. **Investment Consultant.** The consultant acts as a discretionary advisor to the Treasurer and may assist the Treasurer in: establishing investment policy, objectives, and guidelines; selecting IMs; reviewing such IMs over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
3. **Investment Manager (IM).** The IM has discretion to purchase, sell, or hold the specific securities that will be used to meet the FIP's investment objectives.
4. **Custodian.** The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the FIP, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the FIP accounts.
5. **Additional specialists.** Additional specialists such as attorneys, auditors, actuaries, trust administrators, and others may be employed by the Treasurer to assist in meeting his/her responsibilities and obligations to administer FIP assets prudently.

The Treasurer will not reserve any control over the day-to-day investment decisions. The IM will be held responsible and accountable to achieve the objectives stated in this policy statement. While it is not believed that the limitations in this policy statement will hamper the IM, the IM should request modifications to this policy statement that they deem appropriate. All expenses for experts must be customary and reasonable, and will be paid out of FIP assets and deducted before returns are calculated to meet

objectives. Goals and objectives must be accomplished net of all expenses necessary to operate and manage the FIP assets.

Adherence to Policy Guidelines

CSURMA assets are to be managed in accordance with the policy guidelines expressed herein, or expressed by separate written instructions when deviation is deemed prudent and desirable. Written instructions amending this policy document must be signed by the Treasurer or his/her delegate.

Discretionary Authority

The IM is expected to exercise complete investment discretion within the boundaries of the restrictions outlined in this statement of investment policy. Such discretion includes decisions to buy, hold, or sell fixed income securities (including cash equivalents) in amounts and proportions reflective of the IM's current investment strategy.

Communication

The Treasurer encourages, and the IM is responsible for, frequent and open communication with the Treasurer and/or his/her delegate on all significant matters pertaining to the investment of the assets for the FIP. These communications should generally be addressed to the Treasurer. In this manner, the Treasurer and/or his/her delegate expects to be advised of any major changes in investment outlook, investment strategy, portfolio structure, or market value of the assets, and other substantive matters affecting the FIP. The Treasurer and/or his/her delegate also expects to be informed of any significant changes in the ownership, organizational structure, financial condition, or senior personnel staffing of the IM and/or investment consultants.

The Treasurer recognizes that this statement of investment policy requires periodic examination and perhaps revision if it is to continue to serve as a working document to encourage effective investment management. Whenever the IM believes this statement of investment policy should be altered, it is the responsibility of the IM to initiate written communication to the Treasurer or his/her delegate.

Benchmark

The benchmark of the FIP shall be the Barclays U.S. Intermediate Government / Credit (G/C) – A or Better Index.

Rating

In all instances, when the term “rating” is used, it denotes a specific rating and not a rating category.

Quality

1. The minimum quality of an asset at time of purchase should be “A-” or better by one nationally recognized statistical rating organization (NRSRO) notwithstanding particular asset rating limitations below.
2. Highest rating of at least one NRSRO shall apply in the case of split rating.
3. The weighted average quality of the portfolio should be AA or better.
4. Money Market Funds selected shall contain securities whose credit rating at purchase would be rated investment grade by Standard and Poors, Moody's, or Fitch.

Investment Authority

The FIP may invest in any of the securities authorized by Government Code Section 16430 or Government Code Section 53601. Securities eligible for investment include:

- Bonds, notes or obligations of the United States, or those with principal and interest secured by the full faith and credit of the United States; (no limitations)
- Bonds, notes or obligations with principal and interest guaranteed by a federal agency of the United States; (no limitations)
- Bonds or warrants of any county, city, water district, utility district or school district of the state of California; (no one issuer to exceed 5% of the portfolio)
- California State bonds, notes, or warrants, or those with principal and interest guaranteed by the full faith and credit of the State of California; (no one issue to exceed 5%); (not to exceed 25% of portfolio)
- Various debt instruments issued by: (1) Federal Land Banks (FFCB), (2) Central Bank for Cooperatives, (3) Federal Home Loan Bank (FHLB), (4) Federal National Mortgage Association (FNMA), (5) Federal Home Loan Mtg. Corp. (FHLMC), and (6) Tennessee Valley Authority (TVA); (no one issuer to exceed 25% of the portfolio)
- Mortgage Pass-Through Securities issued by GNMA, FNMA and FHLMC; (not to exceed 20% of the portfolio)
- Collateralized Mortgage Obligations issued by GNMA, FNMA and FHLMC which at time of purchase pass the FFIEC test; (not to exceed 20% of the portfolio)
- Asset Backed Securities up to a maximum maturity of five years that are rated at least Aa3 by Moody's, AA- by Standard and Poor's, or AA- by Fitch with no rating below that

level. Issuer will be rated at least single A; (no one issuer to exceed 5% of the portfolio); (not to exceed 20% of the portfolio)

- Commercial paper exhibiting the following qualities: (1) “prime” rated, (2) less than 181 days maturity, (3) issued by a U.S. corporation with assets exceeding \$500,000,000. Investments must not exceed 10 percent of corporation’s outstanding paper, and total investments in commercial paper cannot exceed 30% of an investment pool. Notwithstanding the above, no one issuer to exceed 5% of the portfolio. In addition, A-2/P-2/F-2 commercial paper will be limited to no more than 10% of the portfolio and limited in maturity to 14 days. No purchase will be made of paper rated below A-2/P-2/F-2; (not to exceed 30% of portfolio)
- Banker’s acceptances eligible for purchases by the Federal Reserve System; Issuer’s will be rated A-1, P-1, or F-1 with no rating below that level; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Certificates of deposit (insured by FDIC, or appropriately collateralized); (not to exceed FDIC insurance limits)
- Investment certificates or withdrawal shares in federal or state credit unions that are doing business in California and that have their accounts insured by the National Credit Union Share Insurance Fund; (not to exceed NCUSIF insurance limits)
- Negotiable certificates of deposit and bank notes issued by FDIC insured banks that are rated A-1, P-1, or F-1 if short-term, or A- by S&P, A3 by Moody’s, or A- by Fitch, in both cases with no rating below those levels; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration; (no limitations)
- Student Loan Notes insured by the Guaranteed Student Loan Program; (no limitations)
- Debt issued, assumed, or guaranteed by the Inter-American Development Bank or Government Development Bank for Puerto Rico; (no limitations)
- Bonds, notes or debentures with a maximum remaining maturity of five years or less issued by U.S. Corporations rated at least A by S&P, A2 by Moody’s, or A by Fitch, with no rating below that level; (no one issuer to exceed 5% of the portfolio); (not to exceed 30% of the portfolio)
- Repurchase Agreements. Repurchase agreements with banks and dealers with which the CSURMA, or its agents on its behalf, has entered into a master repurchase contract which specifies terms and conditions or repurchase agreements, and are fully collateralized by delivery to an independent third party custodian for the FIP’s account or to the FIP’s custodian. In order to conform with provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, only those marketable securities eligible for investment by the FIP are permitted as collateral. Treasuries, Agencies and eligible money market instruments will

be collateralized at 102%. Corporates and other eligible collateral will be collateralized at 105%. Repurchase Agreements will be conducted exclusively with primary dealers. Repurchase Agreements may not exceed 90 days.

- Reverse Repurchase Agreements. The FIP limits reverse repurchase agreements to unencumbered securities already held in the portfolio. The FIP prohibits securities purchased with the proceeds of a reverse repurchase agreement from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding. Securities subject to a reverse repurchase agreement must have been owned a minimum of 30 days before being delivered in a reverse repurchase agreement. The total of all securities sold on reverse repurchase agreements will not exceed 20% of the market value of the portfolio. Reverse repurchase agreement will not exceed 92 days.

- Money Market Mutual Funds. Money market mutual funds registered with the Securities and Exchange Commission and rated AAA/Aaa by no less than two NRSROs.

- 144A Securities. 144A securities are allowed to be purchased and held in the portfolio; (not to exceed 20% of the portfolio).

Duration Guidelines

The duration of the portfolio will be targeted within -1 or +1 of the duration of the Lehman Brothers Intermediate Government / Credit Bond Index.

For issues that trade to a weighted-average-life (WAL), the WAL will be used as the effective maturity for duration measurement and for maximum maturity constraints.

For issuers with variable interest rates, the reset date will be used as the effective maturity for duration measurement purposes and the legal final maturity date will be used for maximum maturity constraints.

All maturity and duration constraints are measured from trade date.

Concentration/Diversification Guidelines

All concentration guidelines are measured at the time of purchase with the exception of commercial paper which must be less than 30% at all times.

Concentration Limitations:

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Obligations backed by the full faith and credit of the U.S Government	100%	100%
Obligations guaranteed by a federal agency of the U.S. Government	100%	100%
California Municipal Obligations	5%	100%
Obligations of the State of California	5%	25%

<u>Security Type</u>	<u>Issuer</u>	<u>Sector</u>
Government-Sponsored Entities (FFCB, FHLB, FNMA, FHLMC, TVA)	25%	100%
Mortgage Pass-Through Securities issued by GNMA, FNMA FHLMC*	20%	20%
Collateralized Mortgage Obligations issued by GNMA, FNMA, FHLMC*	20%	20%
Asset-Backed Securities*	5%	20%
Commercial Paper	5%	30%
Banker's Acceptances	5%	30%
Certificates of Deposit (insured by FDIC or properly collateralized)	\$250k	100%
Share Certificates in federal or state credit unions (insured by NCUSIF)	\$250k	100%
Negotiable Certificates of Deposit	5%	30%
Obligations of the SBA or FHA	100%	100%
Student Loan Notes insured by the Guaranteed Student Loan Program	100%	100%
Obligations guaranteed by the Inter-Amer. Dev. Bank or Puerto Rico Dev.	100%	100%
Corporate Obligations	5%	30%
Repurchase Agreements	5%	100%
Reverse Repurchase Agreements	5%	20%
Money Market Funds	10%	20%

* Mortgage Pass-Through Securities, Collateralized Mortgage Obligations and Asset-Backed Securities may not exceed 20% of the portfolio in aggregate.

For ABS issuers, securities issued by the same originator with different collateral types will not be aggregated at the issuer level for concentration measurement purposes.

Reporting

The Treasurer expects the Custodian to provide access to daily reports of the FIP via its online portal to CSU Office of the Chancellor staff, the IM, and other members of the EC as directed. Additionally, monthly reports will be provided by the Custodian for the FIP. These reports will include portfolio activity, market valuations, sector metrics, affirmation of compliance, and performance relative to agreed-upon benchmarks. If a meeting is scheduled with the Treasurer or his/her delegate, the reports should be received at least one week in advance of the meeting date.

The Investment Consultant shall furnish the Treasurer and/or his/her delegate with a quarterly account review detailing investment performance in addition to a listing of portfolio holdings within the FIP. The Investment Consultant shall also supply timely

information concerning changes in the IM's investment philosophy, management strategy, or ownership and key personnel. In addition, the Investment Consultant must supply the Treasurer and/or his/her delegate with quarterly reports that provide information and analyses necessary for the EC to fulfill its fiduciary responsibility.

Compliance with Prudence and Diversification Measures

As fiduciary, the IM is expected to diversify the portfolio to preserve the principal of the FIP assets. If diversification is deemed not to be prudent, the IM must communicate this decision to the Treasurer or his/her delegate immediately. The IM is expected to invest the FIP assets with ease, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with such aims.

All restrictions, minimum ratings requirements and diversification limitations pertaining to the account are applicable at the time of purchase. In the event of a downgrade of any security held in the account to a level where the updated rating would not comply with the minimum rating for new purchases of a similar asset, or a limitation being breached due to a change in portfolio size, the IM shall notify the Treasurer, the Treasurer's delegate, and/or the Investment Consultant.

Evaluation and Review

The objective of the evaluation and review process is to monitor the progress of the FIP assets in achieving the overall investment objectives. Performance will be measured and reviewed periodically by the Treasurer and/or his/her delegate. Particular attention will be directed toward determining whether:

- * the FIP is achieving its stated objectives,
- * the IM is adhering to the guidelines set forth herein,
- * the IM is adhering to its stated philosophy and style,
- * the overall policies and objectives continue to be appropriate, reasonable and achievable.



CSURMA

POLICY AND PROCEDURE NO. 10

ADOPTED: MAY 13, 2011, January 10, 2016 (AMENDED)
EFFECTIVE: JULY 1, 2011
SUBJECT: MEMBER LOANS

Should there be any discrepancy between this document and either the JOINT POWERS AGREEMENT or BYLAWS, the JOINT POWERS AGREEMENT and BYLAWS will govern.

POLICY:

It is the policy of CSURMA that, upon recommendation of the Treasurer, the Executive Committee may approve a loan to a Member pursuant to the procedures described herein. No new Member Loan shall be granted without a finding by the Executive Committee that CSURMA has sufficient funds such that the proposed member loan would not impair CSURMA's ongoing operations. Member Loans shall only be granted upon a finding by the Treasurer that the Member has exhausted alternative sources of funding and that a Member Loan is in the best interests of the University.

PROCEDURE:

The following procedures shall be followed in administration of the CSURMA Member Loan program:

- 1. Amount Available for Member Loans** – The amount available for Member Loans shall not exceed 15% of the overall average fund balance for the preceding 12 months and no new Member Loan shall be initiated by the Treasurer without determining that the proposed Member Loan will fall within the 15% limit and that CSURMA will maintain adequate funds to cover its cash needs following the loan. In the interest of fairness, Member Loans to a single Member Campus (and its associated Member Auxiliary Organizations) shall not exceed 5% of the overall average fund balance for the preceding 12 months.
- 2. Member Loan Request** – A member seeking a CSURMA Member Loan shall submit to the Treasurer a written request describing the amount, purpose, proposed terms, and repayment for the requested Member Loan. The request shall describe what steps the Member has taken to secure the requested funds through alternate sources and why the Member is seeking the proposed loan from CSURMA. The Member shall describe the collateral and source of repayment funds for the proposed Member Loan. If a general obligation pledge is proposed by an Auxiliary Organization Member, then that Member must also show adequate cash flow from a specific funding source or adequate reserves to make the debt service payments during the term of the loan. Proposed Member Loans for the acquisition of real estate by an ~~A~~auxiliary organization may not pledge the real estate as collateral for the loan.

- 3. Treasurer's Review and Recommendation** - The Treasurer shall review the Member Loan request and seek additional information as necessary to make a determination. If a favorable determination is made, the Treasurer shall recommend to the Executive Committee the proposed Member Loan including the Treasurer's recommended terms and conditions. Recommended terms shall require that the frequency of interest payments shall be at least quarterly in arrears and at an interest rate at least equivalent to the investment income rate that CSURMA would have earned if the funds had instead been invested during the same calculation period.
- 4. Executive Committee Action** – At duly noticed meeting, the Executive Committee shall take action on the Treasurer's recommendation. If the proposed Member Loan is to be approved, such approval shall be memorialized by resolution directing the Treasurer to prepared the loan note for review and approval by CSURMA's General Counsel.
- 5. Administration of Member Loans** – The Treasurer shall direct the CSURMA Accountant to transfer funds, calculate interest, collect repayment proceeds and prepare reports on the status of outstanding loans. Any failure to make timely payments or proposed change in terms or conditions shall be reported by the Treasurer to the Executive Committee for review and action.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**EXECUTIVE COMMITTEE
RESOLUTION NO. 02-16 (EC)**

**Resolution to Adopt the California State University Risk Management Authority Master
Investment Policy and Related Investment Policies**

The Executive Committee of the California State University Risk Management Authority (CSURMA) finds and determines as follows:

- (a) Section 4.3 of the Bylaws of the CSURMA provides that the Executive Committee establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.
- (b) It is the desire of the Executive Committee that, when investing funds, the investment objectives, in order of importance, shall be to safeguard the principal through sufficient number and diversity of investments; provide adequate liquidity to meet normal cash needs, scheduled extraordinary cash needs, and unforeseen cash needs; and maintain a constant rate of return representative of current market yield direction.
- (c) Significant effort and energy has been expended in the creation and maintenance of the investment policies of the CSURMA, which is designed to meet those objectives.
- (d) Pursuant to California Government Code Section 53646(a)(2) the Treasurer of the CSURMA shall annually render to the Executive Committee an Investment Policy for review.
- (e) The Executive Committee has reviewed the CSURMA Master Investment Policy and related policies and finds that they reasonably set forth the procedure, guidelines, and criteria for the operation of the investment program of the CSURMA.

In consideration of the foregoing findings and determinations, IT IS RESOLVED by the Executive Committee of the California State University Risk Management Authority as follows:

- (1) Treasurer of the California State University Risk Management Authority is directed to adopt the California State University Risk Management Authority Master Investment Policy and related policies, as the Investment Policies of the California State University Risk Management Authority per the attached documents and annually present them to the Executive Committee for review and amendment as necessary.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Executive Committee of the California State University Risk Management Authority held on March 11, 2016 which was approved by the following vote:

AYES, and in favor thereof, members: Scott Apel, Lisa Chavez, Guy Dalpe, Linda Hawk, Mike Lee, Frank Mumford, Kevin Saunders, and Jody Van Leuven

NOES, members: None

ABSTAIN, members: Robert Eaton

ABSENT, members: None

Linda Hawk, Chair

Zachary Gifford, Secretary-Auditor

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**BOARD OF DIRECTORS
RESOLUTION NO. 02-14 (BOD)**

Resolution to Adopt the California State University Risk Management Authority Master Investment Policy and Investment Policy for the Fixed Income Portfolio

The Board of Directors of the California State University Risk Management Authority (CSURMA) finds and determines as follows:

- (a) Section 4.3 of the Bylaws of the CSURMA provides that the Executive Committee establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.
- (b) It is the desire of the CSURMA Board of Directors that, when investing funds, the investment objectives, in order of importance, shall be to safeguard the principal through sufficient number and diversity of investments; provide adequate liquidity to meet normal cash needs, scheduled extraordinary cash needs, and unforeseen cash needs; and maintain a constant rate of return representative of current market yield direction.
- (c) Significant effort and energy has been expended in the creation and maintenance of the investment policies of the CSURMA, which is designed to meet those objectives.
- (d) Pursuant to California Government Code Section 53646(a)(2) the Treasurer of the CSURMA shall annually render to the Executive Committee an Investment Policy for review.
- (e) The Executive Committee has reviewed the California State University Risk Management Authority Master Investment Policy and Investment Policy for the Fixed Income Portfolio and finds that they reasonably set forth the procedure, guidelines, and criteria for the operation of the investment program of the California State University Risk Management Authority.

In consideration of the foregoing findings and determinations, IT IS RESOLVED by the Board of Directors of the California State University Risk Management Authority as follows:

- (1) The Treasurer of the California State University Risk Management Authority is directed to adopt the California State University Risk Management Authority Master Investment Policy and related policies, including changing the benchmark of the Fixed Income Portfolio from Barclay's U.S. Intermediate Government-Credit Index to Barclay's U.S. Intermediate Government-Credit – A or Better Index, as the Investment Policies of the California State University Risk Management Authority per the attached documents and annually present them to the Executive Committee for review and amendment as necessary.

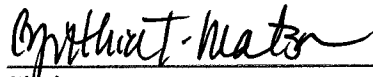
I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted and passed at a meeting of the Board of Directors of the California State University Risk Management Authority held on the 9th day of May, 2014 which was approved by the following vote:

AYES, and in favor thereof, members:

NOES, members:

ABSTAIN, members:

ABSENT, members:



Chair

Cynthia Teniente-Matson

ATTEST:



Secretary-Auditor

Robert Eaton

EVALUATION OF CAPTIVE INSURANCE VEHICLE

ISSUE: Effective January 1, 1997, CSU formed the CSURMA with its not-for-profit auxiliary organizations. CSURMA is a California public agency joint powers authority. More recently, the University of California formed Fiat Lux as a captive insurer in 2012. CSU executive management is interested in evaluating whether CSU can benefit from forming a captive. While JPA's and captives share many similarities, two key benefits from captives are:

- Ability to invest in a broader array of instruments including equity positions with the goal of earning a higher return than is earned on investments allowed for public agencies; and,
- Ability to offer insurance products to third parties such as CSU employees and alumnae, offering the opportunity to retain profits otherwise earned by commercial insurers.

At its January 10, 2016 meeting the CSURMA Executive Committee directed Staff to engage Pinnacle Actuarial Resources to prepare an initial evaluation for CSU/CSURMA captive utilization options. Robert Walling will attend at today's meeting to deliver his initial report.

RECOMMENDATION: It is recommended that the CSURMA Executive Committee evaluate the report at today's meeting and take action or provide direction on next steps.

FISCAL IMPACT: The cost of the Phase I consulting services from Pinnacle Actuarial Consultants have been included in the proposed FY 15/16 budget amendments presented to the Executive Committee. The cost of FY 16/17 consulting and/or captive development services is included in the proposed budget to be approved by the CSURMA Board at their May 6, 2016 meeting.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

ALTERNATIVE ALLOCATION OF INVESTABLE ASSETS

ISSUE: The Executive Committee in a separate item at today's meeting will be discussing utilization of a captive insurance vehicle which may offer investment alternatives. In addition, there has been some discussion about whether CSURMA in its existing structure can achieve more effective and impactful investments by segregating its short and long term capital needs. For example, CSURMA's December 31, 2015 balance sheet shows cash of \$50.6 million and invested assets of \$130.3 million. While there is a member loan program, can CSURMA be a more effective partner with the CSU community by investing in certain capital projects? Are there other ways to put these resources to work for the CSU while maintaining the needed assets and liquidity of the CSURMA?

RECOMMENDATION: It is recommended that the CSURMA Executive Committee discuss this topic at today's meeting and evaluate whether a related item should be added to the Long Range Action Plan.

FISCAL IMPACT: No financial impact is expected from action on this item at today's meeting. Financial impact would be evaluated as a part of action taken at a future meeting depending on the nature of the direction taken.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

RISK PROGRAM BENCHMARKING AND TREND ANALYSIS

ISSUE: At the March 2015 long range planning meeting, the CSURMA Executive Committee determined that CSURMA should establish a regular practice of benchmarking CSURMA performance to internal and external standards. Towards that end, the following steps have been taken:

- CSURMA has joined the California Workers' Compensation Institute (CWCI), a statewide database on claims costs that will allow CSURMA to evaluate program performance for the campuses and auxiliary organizations.
- Chancellor's Office Systemwide Risk Management has begun process of developing standards for a balanced scorecard approach that includes liability, property, workers' compensation and AIME program benchmarks.
- Chancellor's Office Systemwide Risk Management is looking to develop data sharing protocols with other universities, starting with the University of California.

The CWCI database is now populated with CSU data for comparative analysis and allows staff to identify performance measures. In addition, the University of California has agreed to join and provide their claims data to CWCI which should provide even more valuable benchmarking opportunities. Jacki Graf will be present at today's meeting for a brief presentation of the on-line database illustrating how the attached example reports are developed.

RECOMMENDATION: The Executive Committee may wish to take action at today's meeting or provide direction to staff on next steps.

FISCAL IMPACT: No cost is anticipated from action at today's meeting. If action is expected to result in additional cost, a budget will be presented to the Executive Committee at a future meeting.

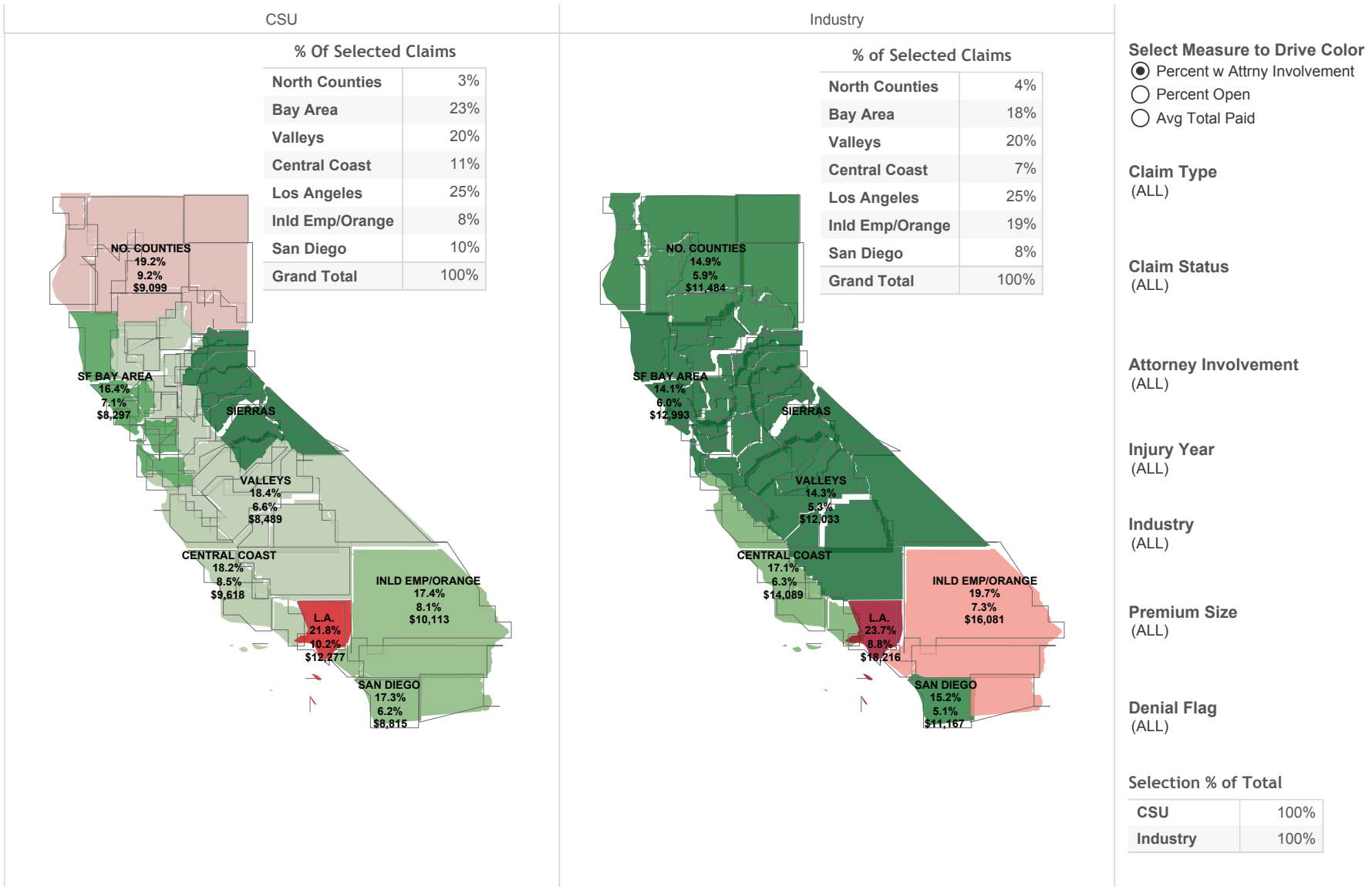
BACKGROUND: The CWCI is a not-for-profit organization supported by member contributions based on member size. Insurers and self-insurers contribute data to the CWCI data warehouse and are granted access to prepare reports comparing their own data to various comparative classes of employees, with the names of the claimants and employers kept confidential. Using this data, CSU can identify types of claims and specific geographic regions where improvement can be achieved.

PUBLICATION: None.

ATTACHMENT(S):

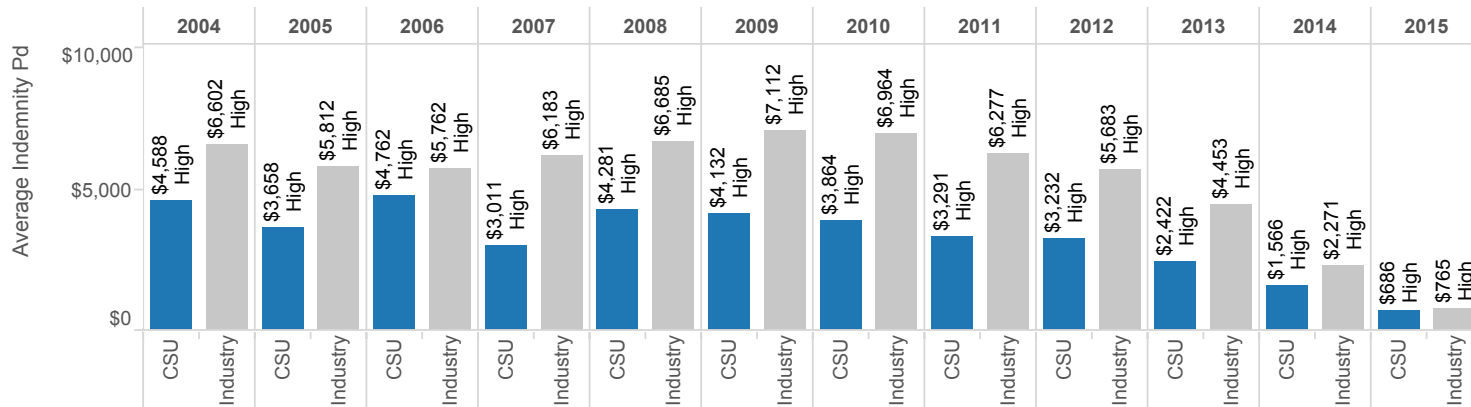
- a. Sample CWCI report information for CSU

Industry Claim System 17A (valued as of June 30, 2015)



Industry Claim System 17A (valued as of June 30, 2015)

Average Paid per Claim - Contributor v ICIS Industry by Injury Year



- Select Paid Measure
- Average Medical Paid
 - Average TD Paid
 - Average PD Paid
 - Average Total Paid
 - Average Indemnity Pd

Claim Type
All

Claim Status
All

Attorney Involvement
All

Injury Year
All

Industry
All

Region
All

Premium Size
All

Denial Flag
All

Selection % of Total

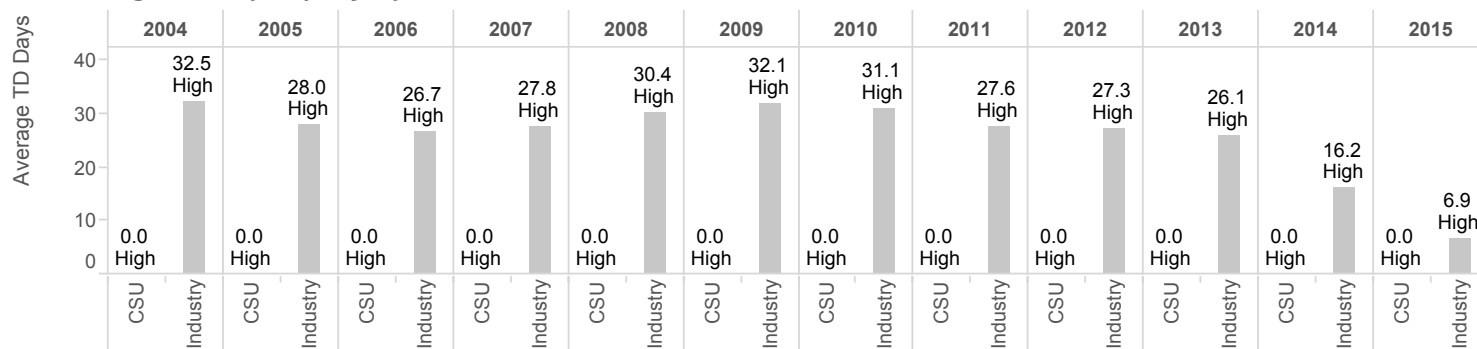
CSU	100%
Industry	100%

Average Indemnity Pd for Claims with and without Attorney Involvement by Injury Year

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
No	CSU	\$607	\$517	\$423	\$323	\$352	\$633	\$597	\$873	\$687	\$1,124	\$831	\$606
	Industry	\$663	\$687	\$736	\$773	\$877	\$1,020	\$1,219	\$1,240	\$1,364	\$1,583	\$1,316	\$662
Yes	CSU	\$18,254	\$16,939	\$20,748	\$14,258	\$19,517	\$16,029	\$14,456	\$12,868	\$14,400	\$10,411	\$9,578	\$2,718
	Industry	\$31,998	\$30,644	\$32,547	\$33,509	\$33,930	\$32,733	\$30,689	\$26,973	\$22,016	\$15,779	\$7,399	\$2,050

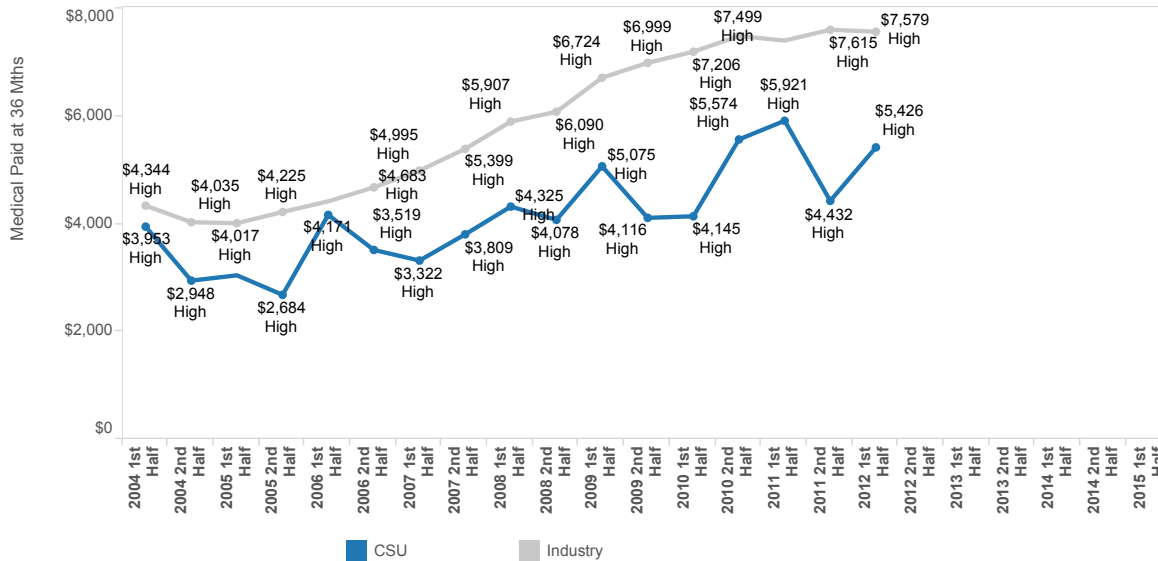
Reliability ■ High ■ Low

Average TD Days By Injury Year



Industry Claim System 17A (valued as of June 30, 2015)

Benefit Levels at 12, 24 and 36 Months Post Injury by Injury Half Year



- Select Period**
- Medical Paid at 12 Mths
 - Medical Paid at 24 Mths
 - Medical Paid at 36 Mths
 - Indemnity Paid at 12 Mths
 - Indemnity Paid at 24 Mths
 - Indemnity Paid at 36 Mths

- Claim Type**
All
- Claim Status**
All
- Attorney Involvement**
All
- Industry**
All
- Region**
All
- Premium Size**
All
- Denial Flag**
All

Medical Paid at 36 Mths for Open and Closed Claims

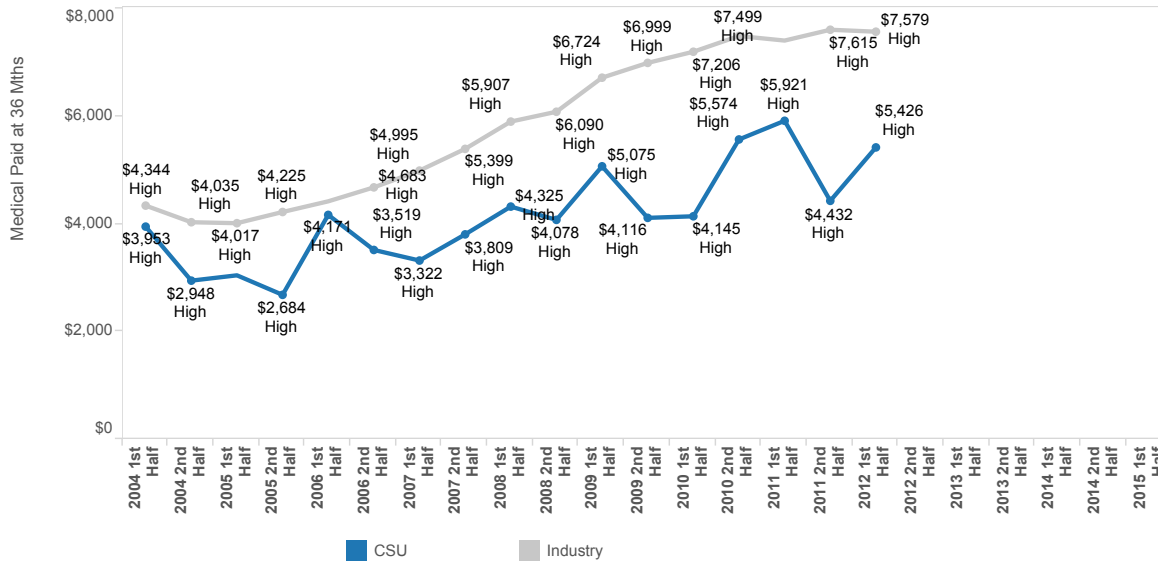
		2004 1st Half	2004 2nd Half	2005 1st Half	2005 2nd Half	2006 1st Half	2006 2nd Half	2007 1st Half	2007 2nd Half	2008 1st Half	2008 2nd Half	2009 1st Half	2009 2nd Half
Closed	CSU	3,532	2,804	2,897	2,415	3,711	2,925	3,029	3,428	3,771	3,658	4,364	3,3
	Industry	3,944	3,686	3,612	3,708	3,871	3,965	4,249	4,544	4,907	5,033	5,353	5,5
Open	CSU	46,326	11,753	12,255	22,217	33,189	22,897	17,063	22,265	21,152	23,016	25,852	16,8
	Industry	25,439	22,928	22,558	25,550	22,768	31,141	30,224	32,356	31,529	32,270	34,608	34,5

- Campus**
All
- Selection % of Total**
- | | |
|-----|------|
| CSU | 100% |
|-----|------|

Reliability ■ High ■ Moderate ■ Low

Industry Claim System 17A (valued as of June 30, 2015)

Benefit Levels at 12, 24 and 36 Months Post Injury by Injury Half Year



- Select Period**
- Medical Paid at 12 Mths
 - Medical Paid at 24 Mths
 - Medical Paid at 36 Mths
 - Indemnity Paid at 12 Mths
 - Indemnity Paid at 24 Mths
 - Indemnity Paid at 36 Mths

- Claim Type**
All
- Claim Status**
All
- Attorney Involvement**
All
- Industry**
All
- Region**
All
- Premium Size**
All
- Denial Flag**
All

Medical Paid at 36 Mths for Open and Closed Claims

		2004 1st Half	2004 2nd Half	2005 1st Half	2005 2nd Half	2006 1st Half	2006 2nd Half	2007 1st Half	2007 2nd Half	2008 1st Half	2008 2nd Half	2009 1st Half	2009 2nd Half
Closed	CSU	3,532	2,804	2,897	2,415	3,711	2,925	3,029	3,428	3,771	3,658	4,364	3,3
	Industry	3,944	3,686	3,612	3,708	3,871	3,965	4,249	4,544	4,907	5,033	5,353	5,5
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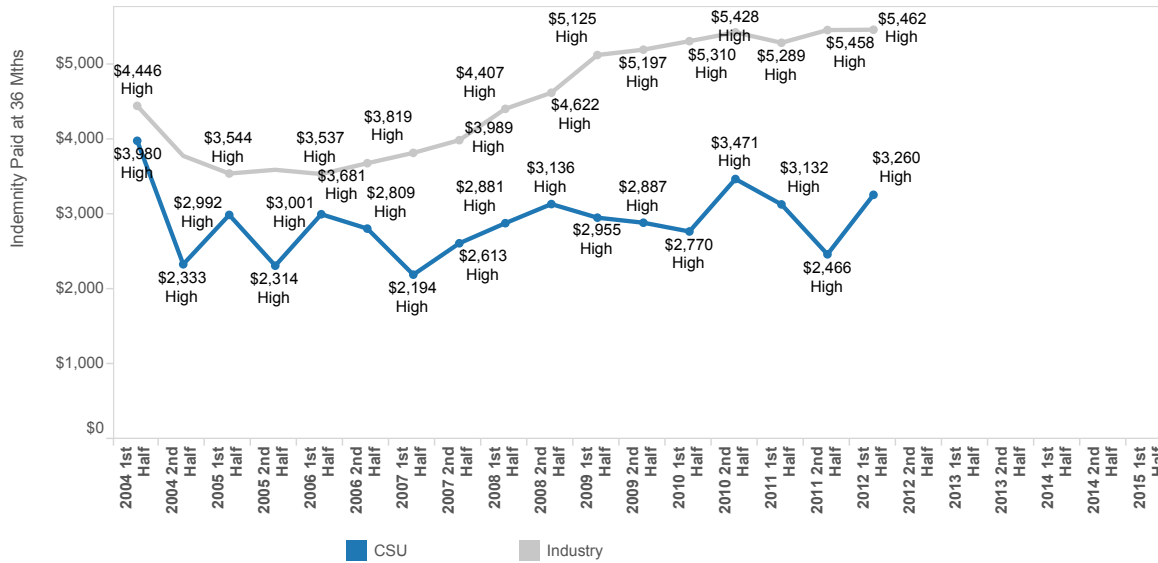
Selection % of Total

CSU	100%
-----	------

Reliability ■ High ■ Moderate ■ Low

Industry Claim System 17A (valued as of June 30, 2015)

Benefit Levels at 12, 24 and 36 Months Post Injury by Injury Half Year



- Select Period**
- Medical Paid at 12 Mths
 - Medical Paid at 24 Mths
 - Medical Paid at 36 Mths
 - Indemnity Paid at 12 Mths
 - Indemnity Paid at 24 Mths
 - Indemnity Paid at 36 Mths

Claim Type
All

Claim Status
All

Attorney Involvement
All

Industry
All

Region
All

Premium Size
All

Indemnity Paid at 36 Mths for Open and Closed Claims

		2004 1st Half	2004 2nd Half	2005 1st Half	2005 2nd Half	2006 1st Half	2006 2nd Half	2007 1st Half	2007 2nd Half	2008 1st Half	2008 2nd Half	2009 1st Half	2009 2nd Half
Closed	CSU	3,703	2,233	2,823	1,995	2,594	2,422	1,934	2,417	2,496	2,658	2,443	2,0
	Industry	4,096	3,488	3,205	3,222	3,156	3,225	3,274	3,449	3,711	3,853	4,150	4,1
Open	CSU	31,866	8,449	13,322	25,501	28,681	15,438	14,398	12,135	14,589	24,683	17,921	15,5
	Industry	22,947	19,514	19,049	18,924	16,181	20,519	22,240	21,013	22,242	23,658	24,953	24,8

Denial Flag
All

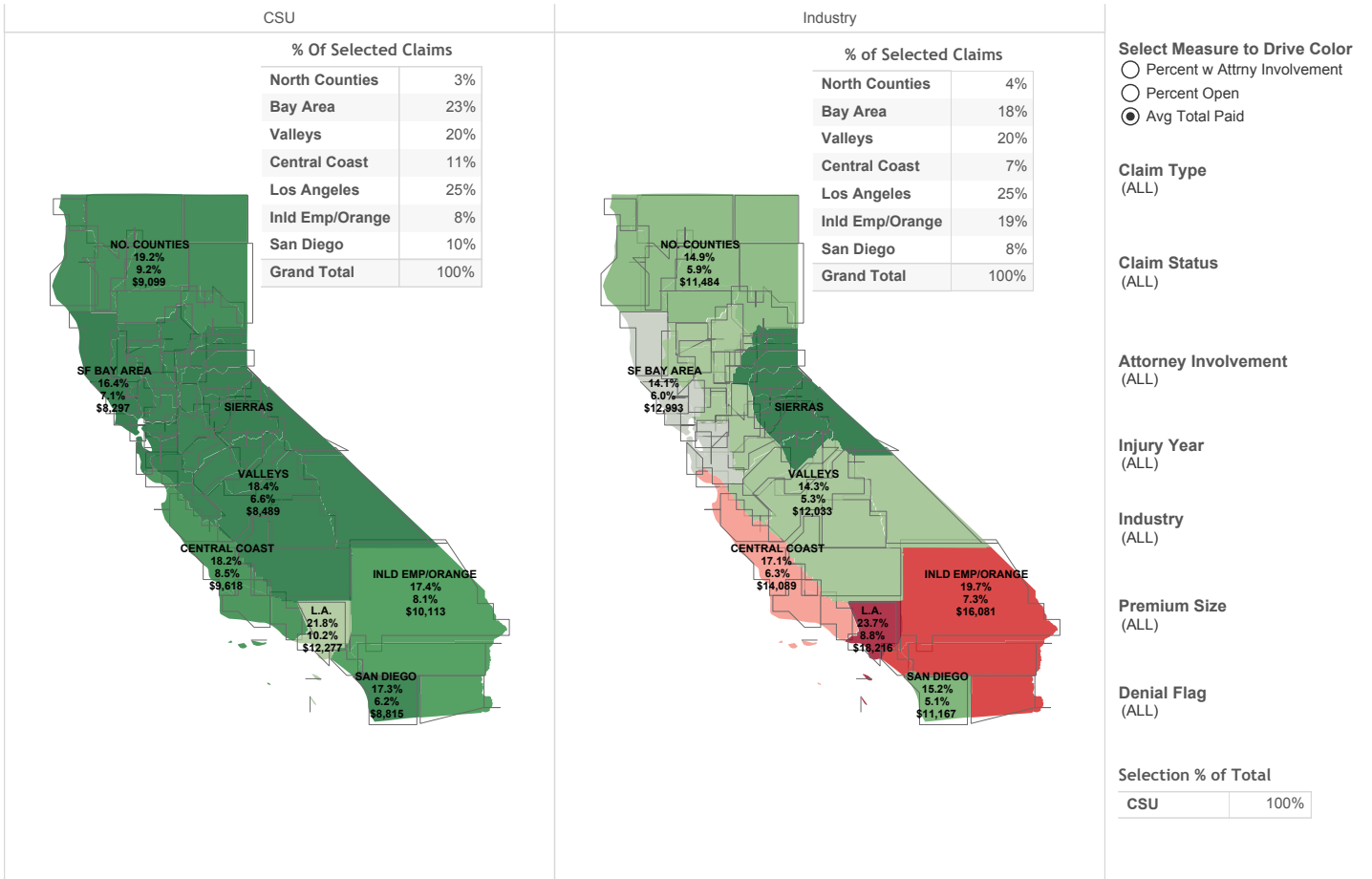
Campus
All

Selection % of Total

CSU	100%
-----	------

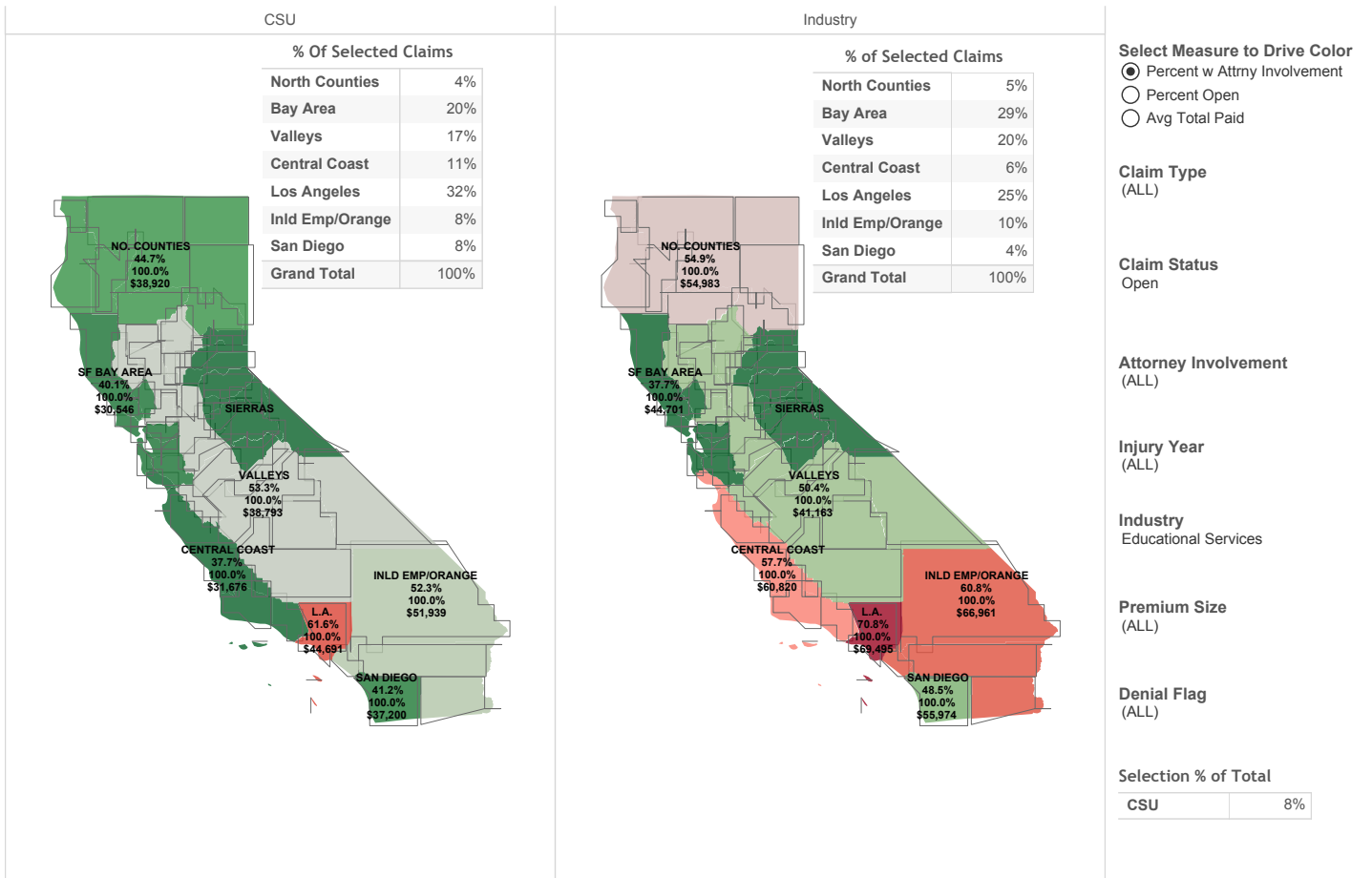
Reliability ■ High ■ Moderate ■ Low

Industry Claim System 17A (valued as of June 30, 2015)



CWCI 2015. All Rights Reserved.

Industry Claim System 17A (valued as of June 30, 2015)



CWCI 2015. All Rights Reserved.

CAJPA ACCREDITATION STANDARD AS OF JULY 1, 2015

ISSUE: The California Association of Joint Powers Authorities (CAJPA) Accreditation Program was developed to establish standards by which risk sharing California joint powers authorities (JPA) can measure their ability to provide efficient services to their member agencies. The stated purpose of the CAJPA Accreditation Program is:

1. To assist managers of JPAs in achieving standards of quality for essential elements of JPA management.
2. To assure public officials, governing board members and the public that JPAs are operating with professionalism and meet or exceed industry standards of excellence.
3. To convince state regulators and legislators that JPAs are well managed, financially secure and effectively self-regulated.

To meet these purposes the CAJPA Board of Directors has adopted standards by which JPAs are evaluated.

These accreditation standards have been recently updated to include a requirement that all JPAs have a clear process for developing and monitoring its underwriting policies and processes. Staff has developed Policy and Procedure No. 25 Underwriting Procedures in order to comply with this new CAJPA accreditation standard.

RECOMMENDATION: It is recommended that the Executive Committee review and discuss Policy and Procedure No. 25, and recommend approval to the Board of Directors, with revisions as appropriate.

FISCAL IMPACT: No fiscal impact is expected from action at today's meeting.

BACKGROUND: See the CAJPA 2015 Accreditation Standards for additional information. The standards that have been added or amended are highlighted in yellow. CSURMA is in compliance with the remaining standards.

PUBLICATION: None.

ATTACHMENT(S):

- a. CAJPA Accreditation Standards as of July 1, 2015
- b. Policy and Procedure No. 25 Underwriting Procedures



California Association of Joint Powers Authorities (CAJPA)

ACCREDITATION STANDARDS

As of July 1, 2015

These standards replace all previous versions.

California Association of Joint Powers Authorities (CAJPA)
700 R Street, Suite 200
Sacramento, CA 95811
(916) 231-2139
www.cajpa.org

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ACCREDITATION STANDARDS

The California Association of Joint Powers Authorities (CAJPA) Accreditation Program was developed to establish standards by which risk sharing California joint powers authorities (JPA) can measure their ability to provide efficient services to their member agencies.

The stated purposes of the CAJPA Accreditation Program are:

- To assist managers of JPAs in achieving standards of quality for essential elements of JPA management.
- To assure public officials, governing board members and the public that JPAs are operating with professionalism and meet or exceed industry standards of excellence.
- To convince state regulators and legislators that JPAs are well managed, financially secure and effectively self-regulated.

To meet these purposes the CAJPA Board of Directors has adopted standards by which JPAs are evaluated. The standards are reviewed and updated annually.



I. GOVERNING DOCUMENTS & ADMINISTRATIVE CONTRACTS

OBJECTIVE

To determine that the governing documents and contracts with major service providers contain all essential provisions.

STANDARDS

- A. JPA maintains in its records a signed original of the joint exercise of powers agreement or other acceptable documentation from each member agency. (Mandatory)
- B. Agreement shall contain all of the provisions required in the enabling legislation in Section 6500 et. seq. of the Government Code.
 - 1. Section 6503 - requires that the purpose or power to be exercised and the method by which the purpose will be accomplished or the manner in which the power is to be exercised is to be stated in the agreement. (Mandatory)
 - 2. Pursuant to Section 6509 of the Government Code, the agreement shall specify the member which restricts the manner of exercising the power of the JPA (Suggestion). The member has to be named by name.
 - 3. In accordance with provisions of §6505.5 or §6505.6 the agreement must designate a treasurer and an auditor. (Mandatory)
 - 4. Section 651 requires that the agreement provide for the disposition, division or distribution of any property acquired as the result of the joint exercise of powers. (Mandatory)
 - 5. Section 6512 or 6512.2 requires that the agreement provide that any surplus money on hand after the completion of its purpose shall be returned in proportion to the contributions made or, in the alternative, in proportion to contributions made and claims or losses paid. (Mandatory)
- C. The following are described in the appropriate governing document (agreement, bylaws, resolutions, master plan documents, memorandums of coverage, memorandums of understanding, adopted board policies or other similar documents):
 - 1. Eligibility criteria; (Mandatory)
 - 2. Procedure for electing officers; (Mandatory)
 - 3. Terms of office; (Mandatory)
 - 4. Record retention policy; (Excellence only)
 - 5. Power and duties of board; (Mandatory)



6. Indemnification for liability; (Excellence only)
 7. Provisions for dissolution of pool; (Mandatory)
 8. Provisions for financial audit; (Mandatory)
 9. Provisions for actuarial study; (Excellence only)
 10. Provisions for claims audits; (Excellence only)
 11. Provisions for assessments and distributions; (Mandatory)
 12. Provision for withdrawal from a program or JPA as a whole; (Mandatory)
 13. Provision for termination (such as the right to cancel for non-payment of premiums, underwriting problems, or the failure to adequately control risks); (Mandatory)
 14. Provision for a meeting of the board at least annually; (Mandatory)
 15. Provision for the resolution of coverage and claims disputes with its Members; (Excellence only)
 16. Provision for obligations of members. (Mandatory)
- D. JPA is in substantial compliance with its governing documents. (Mandatory)
- E. JPA governing board has reviewed the prior CAJPA Accreditation Report for findings and recommendations. (Excellence)
- F. JPA has written contracts with firms or individuals that provide program administration services, insurance brokerage services, claims administration services or have access to JPA funds. Such contracts shall include: (Mandatory)
1. Scope of services of the contractor;
 2. Indemnification and insurance requirements;
 3. Compensation;
 4. Term of Agreement;
 5. Contract cancellation provisions;
 6. Ownership of records;
 7. Duty to disclose conflicts of interest including but not limited to other sources of income; and



8. Language addressing how and by whom fines and penalties are to be paid. (Applies to workers' compensation third party claims administrators only).
- G. JPA has certificates of insurance on file evidencing coverage required in contracts under E., above. (Mandatory)
- H. If the JPA offers employee benefit programs to its member agencies, a written plan description must be provided to the covered employees. (Mandatory)
- I. JPA keeps minutes of all meetings of its governing body and major committees. (Mandatory)



II. GOVERNMENT RULES

OBJECTIVE

To determine that the JPA complies with the various reporting requirements and other mandates imposed by the State of California and its regulatory agencies.

STANDARDS

- A. JPA has filed a notice of its joint exercise of powers agreement and any amendments or membership changes with the California Secretary of State identifying (GC 6503.5): (Mandatory)
 - 1. Name of each member;
 - 2. Effective date;
 - 3. Purpose or power to be exercised; and
 - 4. Description of the amendment, if any.
- B. JPA has made the necessary public agency roster filing with the California Secretary of State and county clerks in the counties in which the JPA has offices. (GC 53051) (Mandatory)
- C. JPA has adopted a Conflict of Interest Code, and formally reconsiders it prior to October 1 of all even numbered years, and oversees any required filings of the Statements of Economic Interest with the Fair Political Practices Commission or the designated filing agent. (GC 87306.5) (Mandatory)
- D. If the JPA is subject to Education Code 17566(e) or 81602(e), it procures triennial actuarial studies on its employee benefit programs. (Mandatory)
- E. JPA's governing body approves the annual budget. (GC 6508) (Mandatory)
- F. JPA has filed the "Special Districts Financial Transactions Report" with the State Controller/Division of Local Government Fiscal Affairs Special District Unit. (GC 53891) (Mandatory)
- G. JPA has filed its Audited Financial Statement with each member and with the county auditor of the county where the home office of the JPA is located within 12 months of the end of each fiscal year. (GC 6505(c)) (Mandatory)
- H. JPA and/or member has a valid certificate(s) of consent to self-insure Workers' Compensation (Labor 3700) and files any changes in claims administrators (8 Cal. Code Regulations § 15402) and the necessary annual reports with the Department
 - 1. Of Industrial Relations on or before October 1 of each year. (Labor 3702.2) (Mandatory)



- I. JPA properly posts meeting notices and conducts its meetings in accordance with the Brown Act. (GC 54954.2, GC 54953.2 and 42 U.S.C. Sec. 12132) (Mandatory)
- J. JPA's that self-insure medical benefits plans annually file a copy of their audit with a declaration to the Department of Managed HealthCare as required for exemption from Knox-Keene requirements. (Code of Civil Procedure 2015.5) (Excellence only)



III. INSURANCE AND COVERAGES

OBJECTIVE

To determine the JPA properly identifies and handles its own exposures to loss, secures any insurance required by its governing documents and/or any other legal requirement, monitors the adequacy of coverages it provides to its members and maintains permanent policy files.

STANDARDS

A. JPA Internal Operations

1. JPA maintains an official bond as required by state law (GC 6505.1 and 6505.5). JPA requires fidelity coverage for person or persons that are entrusted with any property of the JPA. (Mandatory)
2. JPA insures or self-insures for the following exposures as appropriate: (Mandatory)
 - a. Public Officials Errors and Omissions;
 - b. Employee Fidelity; (insurance only, self-insurance not allowed)
 - c. Commercial General Liability;
 - d. Workers' Compensation;
 - e. Fiduciary Liability;
 - f. Auto Liability;
 - g. Property.
3. For the risk retained by the pool, the JPA provides a coverage document that includes or references a declaration page that includes:
 - a. Definitions
 - b. Insuring agreement
 - c. Conditions
 - d. Exclusions

B. Programs for Member Agencies

1. JPA evaluates its insurers, excess insurers and reinsurers and risk pools for quality, stability and financial solvency. (Mandatory)

C. JPA keeps all memoranda of coverages and insurance policies permanently on file. (Mandatory)

D. JPA maintains and distributes coverage agreements and insurance policies as appropriate. (Mandatory)



IV. ACCOUNTING & FINANCE

OBJECTIVE

To determine that the JPA complies with all applicable accounting standards and has adopted an investment policy.

STANDARDS

- A. JPA materially adheres to all applicable GAAP, GASB and other accounting standards. (Mandatory)
- B. JPA issues to its members periodic financial reports at least annually or more frequently if required by its governing documents. (Mandatory)
- C. Independent Financial Audits
 - 1. JPA has undergone annual independent financial audits conducted by a Certified Public Accountant in accordance with generally accepted auditing standards, a report of which has been made available to all members as required by its governing documents. (Mandatory)
 - 2. If JPA has received an opinion other than an unqualified opinion on the audit of its financial statements, the JPA governing board has satisfactorily addressed any such qualifications of opinion, audit exceptions or negative statements. (Mandatory)
 - 3. **The independent auditor shall include a report on internal controls. (Mandatory)** The prior version stated "every three years".
 - 4. If a management letter or report on internal controls has been issued, the JPA governing board has addressed any recommendations. (Mandatory)
- D. Sufficiency of Net Position
 - 1. JPA has assets sufficient to pay all unpaid claims liabilities and maintains a reasonable contingency margin. The determination of whether there is a reasonable margin for contingencies will include consideration of investment income, excess of loss insurance, aggregate stop loss insurance, assessability, size of program, volatility of risk, tolerance of membership, disclosure to board and any other relevant factors. (Excellence only)
 - 2. If the JPA does not currently have sufficient assets to pay unpaid claims liabilities, it has a reasonable financial plan in effect which will generate sufficient revenues to pay all unpaid claims liabilities and to establish a contingency margin. (Mandatory)
 - a. For both D (1) and (2) above, unpaid claims include:
 - (1) Case reserves for reported claims;
 - (2) Incurred but unreported claims;
 - (3) Expected loss development; and
 - (4) Allocated and unallocated loss adjusting expenses.



3. JPAs with a self-funded medical benefits plan must fund at a level sufficient to cover expected claims, including the run-out, plus a reasonable contingency for adverse experience. Absent any acceptable evidence to the contrary, the contingency for adverse experience shall be set at an amount equal to or greater than the expected run-out of claims. (Mandatory)
4. JPAs with self-funded benefit plans other than medical must fund such programs at a level sufficient to cover the expected claims and the projected run-out. (Mandatory)
- E. JPA's current contribution levels for each self-funded program is in concert with Section D above. (Mandatory)
- F. JPA has adopted a targeted equity policy and considers it when evaluating funding and dividends. (Mandatory)
- G. Any JPA with a non-risk sharing program(s) must clearly indicate in the governing documents the financial and operational structure of such program(s). (Mandatory)
 1. To be considered as a workers compensation non-risk sharing program, it must not be operating under a master workers' compensation certificate filed with the Office of Self Insurance Plans.
 2. In lieu of the funding standards contained in Section E above, a non-risk sharing program must:
- H. Calculate and communicate the individual member net assets balances and liabilities to the members annually.
- I. Be sufficiently assessable to ensure that the program's cash flow needs are met.
- J. Demonstrate that it has adequate cash on hand to meet future claims costs.
- K. JPA maintains a suitable management information system that includes premium computation methods and/or allocation formulas. (Excellence only).



V. INVESTMENT OF FUNDS

OBJECTIVE

To assure that policies and procedures are in effect to protect and preserve the JPA's financial assets.

STANDARDS

- A. JPA has a written investment policy that contains:
 - 1. A statement of objectives as required by Government Code § 53646; (Mandatory)
 - 2. Description of permitted investments, which must be in conformity with California Government Code § 53601 and reasonable under "prudent investment rule." (Mandatory)
 - 3. The written investment policy is reviewed annually by the governing body or an investment committee pursuant to California Government Code § 53646(a) (Mandatory)
- B. JPA invests its funds in conformity with Government Code § 53601. (GC § 6509.5). (Mandatory)
- C. JPA provides evidence that the governing body or an investment committee periodically considers diversification of risk as to type of investment and individual institution. (Excellence only)
- D. JPA has in place internal controls that include:
 - 1. Separation of functions (buying and selling of securities is separate from accounting and reporting of transactions) if the size of the staff can accommodate this; (Mandatory)
 - 2. Separate verification of all transactions (Mandatory)
 - 3. Written documentation of procedures. (Mandatory)
- E. If the Treasurer has the authority to reinvest, sell and exchange securities:
 - 1. JPA makes such delegation of authority annually. (Government Code §53607) (Mandatory)
 - 2. The Treasurer renders a monthly report of investment transactions to the governing board. (Government Code §53607) (Mandatory)



The following requirements (F, G, H, & I) only apply to JPAs that manage their own investments, with or without the use of investment consultants.

- F. JPA provides evidence that the Treasurer or Chief Financial Officer has submitted a quarterly report in a timely manner to the governing board containing the investment information required by California Government Code § 53646 (b) (1), a description of compliance with the statement of investment policy (Government Code § 53646 (b) (2)), and a statement of ability to meet expenditure requirements over the next six months (Government Code § 53646 (b) (3)). (Mandatory)
- G. The quarterly investment report filed with the governing body shall also contain:
1. Types of investments (Mandatory)
 2. Issuing institution (Mandatory)
 3. Dates of purchase and maturity (Mandatory)
 4. Par and dollar amount invested on all securities (Mandatory)
 5. Investments and monies held by the JPA (Mandatory)
 6. Current market value, including source (Mandatory)
 7. Coupon rate (Excellence only)
 8. Effective yield rate (Excellence only)
 9. Portfolio total rate of return (Excellence only)
 10. Cash and security transactions (Excellence only)
 11. Percentage of portfolio by issuer or security type. (Excellence only)
- H. JPAs that own investment securities shall have an independent custodian who shall not be from the same department of the financial institution or broker/dealer from whom the JPA buys or sells the security, or the investment advisor. (Mandatory)
1. There shall be a written contract between the JPA and the custodian that includes: (Mandatory)
 - a. Scope of services
 - b. Compensation
 - c. Termination
 2. Monthly reports shall be sent directly from the custodian to a specific person at the JPA. (Excellence only)



3. Custodial statements shall be reconciled with an in-house or investment advisor's report. (Mandatory)
4. Third-party custodian shall maintain adequate fidelity coverage. (Excellence only)
- I. For JPAs that engage in services of a professional investment advisor, the following safeguards are in place:
 1. A written contract between the advisor and the JPA that includes: (Mandatory)
 - a. Scope of services
 - b. Compensation
 - c. Duty to disclose conflicts of interest
 - d. Termination
 - e. Disclosure to the JPA of any investigation by a regulatory body for investment-related regulatory violations.
 2. JPA has a process to ensure the investment advisor has disclosed any conflict of interests. (Mandatory) (This may be satisfied by a provision in the contract as addressed in H (1) above, or FPPC form 700, or review of Form ADV Parts 1 and 2.)
 3. All securities are purchased in the name of JPA. (Mandatory)
 4. Advisor sends monthly reports to JPA containing information described in Section D above; and (Mandatory)
 5. Advisor reports at least quarterly an evaluation including the total rate of return and a comparison of the pool's total rate of return to reasonable benchmarks (i.e., U.S. Treasury securities, an index comprised of Treasuries, or LAIF). (Excellence only)
 6. Investment advisor carries Investment Advisor Professional Liability Insurance with a per claim/aggregate limit of at least \$1,000,000. (Mandatory)
- J. JPAs that place their investments in or through County or State investment pools, or in FDIC insured contracts will issue quarterly reports to the governing body, chief financial officer and auditor in accordance with Government Code § 53646 (e). (Mandatory)



VI. FUNDING AND ACTUARIAL STANDARDS

OBJECTIVE

To determine that the JPA has completed actuarial studies or independent evaluations on each of its self-funded programs. There may be instances in which the provisions of this section may be waived because such studies may not be considered necessary (such as for property or vehicle physical damage programs).

STANDARDS

- A. JPA has had a property or casualty (including workers compensation.) actuarial study(ies). Such study was conducted by a member of the American Academy of Actuaries and addressed all of the relevant items in Sections IV. E and IV. F. Such study(ies) shall be conducted within the last three years (Mandatory) or annually. (Excellence only)
- B. If loss reserves requirements were computed on a discounted (present value) basis, the payout pattern and projected rate of return were reasonable. (Mandatory)
- C. If the JPA has a self-funded medical benefits plan, it must conduct an independent rate study and fund level evaluation, including consideration of a reasonable contingency margin for adverse experience. Such study shall be conducted annually (Excellence only) or within the last 36 months (Mandatory).
- D. If the JPA has other miscellaneous self-funded programs (such as dental, vision, long-term disability or life), it must conduct independent rate studies and fund level evaluations within the last 36 months (Mandatory) or bi-annually (Excellence only).



VII. RISK CONTROL

OBJECTIVE

To determine that the JPA actively promotes risk control principles and practices to its members and that necessary budgetary appropriations for such services are made. An excess JPA may meet this requirement by requiring its member agencies to be responsible for having their own risk control program.

STANDARDS

- A. JPAs are active in promoting risk control principles among their member agencies. This shall include the following: (Compliance with two or more is required for Excellence.)
 - 1. Promoting a risk transfer policy that addresses additional insured's, minimum insurance limits, and proof of suitable insurance coverage;
 - 2. Establishing risk control standards for the significant exposures of its member agencies;
 - 3. Prioritizing the use of its risk control resources, based on such factors as:
 - a. Loss ratios;
 - b. Frequency rates; and
 - c. Severity rates.
 - 4. Offering risk control assistance to its member agencies including:
 - a. Conducting or facilitating risk control inspections;
 - b. Investigating large losses;
 - c. Conducting risk control training for its member agencies; and/or
 - d. Providing wellness and/or employee assistance program.
 - 5. Providing or facilitating the procurement of appraisal services, in order to maintain accurate records of its members' property components and values.
- B. JPA's budget provides for the above. (Excellence only)
- C. JPA maintains a suitable management information system that includes: (Excellence only).
 - 1. Relevant information about the type and quantity of exposures being assumed;
 - 2. Relevant information about the type, number and cause of accidents result in claims against its member agencies.



VIII. CLAIMS MANAGEMENT

OBJECTIVE

Measure the nature, scope and quality of the claims management services provided by JPA and its contractors.

STANDARDS

- A. JPA has established a claims management system. Excess JPAs must have a process to monitor primary claims handled by, or for, its member agencies. (Mandatory)
- B. JPA has established a litigation management program. (Excellence only)
- C. JPA has conducted a claims audit on each significant self-funded program, within the last two years. Significant self-funded programs shall include workers compensation, liability, and medical malpractice. (Excellence only) The audit should be conducted by a qualified claims auditor, independent of the JPA, the claims administrator and the insurers and should determine whether or not:
 - 1. Claims are handled in a timely and organized manner;
 - 2. The claims administrator adequately communicates with the JPA, its members, and the claimants;
 - 3. Case reserving practices are reasonable;
 - 4. Loss experience reports accurately reflect the case reserves and the payments. As an alternative, this determination may be made during the financial audits required in Section IV. C of these Accreditation Standards;
 - 5. The JPA is receiving quality claims services. General evidence of this may be indicated from the following:
 - a. Staffing levels are adequate in relation to caseloads;
 - b. Adjusters identify claims with subrogation potential;
 - c. Excess insurers are notified of claims with excess potential;
 - d. Litigated claims are adequately managed;
 - e. Coverage is verified; and
 - f. Adequate investigations are performed.
- D. JPA has addressed all major recommendations and significant findings included in the audit report. (Excellence only)
- E. JPA maintains a management information system that includes relevant information about the type, number and cost of claims being reported and adjusted. (Excellence only)



- F. If the JPA provides employee benefit plans for its members, it must have an appeals process for handling claims and/or coverage related disputes (Mandatory)
- G. The JPA has a written policy addressing settlement authority. (Excellence only)



IX. Underwriting

Objective

To determine that the JPA has a clear process for developing and monitoring its underwriting policies and processes.

A. Underwriting Objectives

This applies to rating individual members and overall program management

1. JPA has established a written underwriting policy. This policy should include the following (Mandatory):
 - a. A definition of the underwriting function /mission
 - b. Address suitability or fit of member
 - c. As applicable considers
 - (1) Claims
 - (2) Exposures
 - (3) Actuarial results
 - d. Defines relevant period or value of data. (For example, last five-years or capped at \$150,000)
2. There is an objective contribution allocation formula (Mandatory)
 - a. It identifies the components in writing as part of the policy
 - b. The policy identifies guidelines for credits or debits, if any
3. There is an approval process for new members by board or who they delegate this approval. (Mandatory)
4. The underwriting policy is formally reviewed periodically or at least once every three years. (a fresh look at the formulas) (Mandatory) This review should consider:
 - a. Is the process adequately measuring the risks?
 - b. Is the process adequately allocating costs?
5. Underwriting considers the target net assets (Excellence only)
May include a dividend and assessment formula



X. OPERATIONS AND ADMINISTRATIVE MANAGEMENT

OBJECTIVE

To determine that the JPA (A) has a process for developing and implementing a strategic plan setting forth its goals and objectives for the future, (B) regularly and effectively communicates with its members (C) actively involves its governing board members and staff in education and training programs offered by relevant professional associations and (D) maintains procedures and policies relating to information systems.

STANDARDS

- A. JPA conducts an effective strategic planning process and implements and periodically reviews a strategic plan or plans to guide its future efforts. This should include an analysis of the environmental trends and the organizational strengths, weaknesses, opportunities and threats. Such a process may also include the following: (Excellence only)
 - 1. A survey of member expectations and related perceptions;
 - 2. A mission statement, with supporting goals, objectives and tasks.
 - 3. Consideration of the target equity policy.
- B. JPA regularly communicates with its member entities. Such communication may include: (Excellence only)
 - 1. Annual reports, newsletters, or similar media;
 - 2. Notice of major policy issues;
 - 3. Periodic workshops, seminars, or similar educational activities;
 - 4. Surveys of its member agencies, its service providers, and staff.
 - 5. JPA website for communication with members.
- C. JPA governing board and staff are actively involved in education and training programs. Such involvement may be indicated by the following. (Excellence only)
 - 1. Participation in one or more of the following organizations:
 - a. CAJPA (California Association of Joint Powers Authorities)
 - b. PARMA (Public Agency Risk Managers Association)
 - c. PRIMA (Public Risk Management Association)
 - d. CPCU Society (Chartered Property and Casualty Underwriters)
 - e. RIMS (Risk and Insurance Management Society)
 - f. CASBO (California Association of School Business Officials)
 - g. COSIPA (Council of Self-Insured Public Agencies)



- h. CSIA (California Self-Insurers Association)
 - i. PASMA (Public Agency Safety Management Association)
 - j. AGRiP (Association of Governmental Risk Insurance Pools)
 - k. IEA (Insurance Educational Association)
 - l. ASSE (American Society of Safety Engineers)
 - m. SCIC (Society of Certified Insurance Counselors)
2. Top management has attended at least two professional conferences or seminars in the preceding 12 months.
 3. The governing body members participate in pool management and risk management training.
 4. Formal training is provided to all key personnel (as needed).
 5. JPA's budget provides for the above participation and training.
- D. JPA has developed and implemented processes and procedures relating to protection of electronic data, including:
1. A suitable security and back-up system for all stored data. (Mandatory)
 2. A written policy with respect to:
 - a. Disaster recovery (Excellence only)
 - b. Data backup retention and recovery (Excellence only)
 - c. Physical and electronic data security (Excellence only)
 - d. Electronic data retention (Excellence only)
 - e. Protection of electronic data as required by Health Insurance
 - f. Portability and Accountability Act of 1996 (HIPAA), as applicable. (Excellence only)

ADOPTED: May 6, 2016

EFFECTIVE: May 6, 2016

SUBJECT: Pooled Programs Underwriting Procedures

Should there be any discrepancy between this documents and either the JOINT POWERS AGREEMENT or BYLAWS, the JOINT POWERS AGREEMENT and BYLAWS will govern.

PURPOSE:

The California State University Risk Management Authority (CSURMA) may develop and implement **Coverage Programs** which CSURMA deems necessary, advisable and beneficial to its **Members**. CSURMA has established underwriting rules and other qualifying conditions for its **Coverage Programs**. Underwriting information is used for determination of rates and **Member** pool deposits as well as deductible selection and dividends. Underwriting standards and guidelines are outlined in various governing documents, including the JPA Agreement, By-Laws and CSURMA Policies and Procedures.

POLICY:

1. Underwriting Function/Mission

Establishing underwriting criteria ensures that all CSURMA Coverage Programs are analyzed for risk exposures, funding requirements, dividend and deductible selection.

Adherence to these underwriting standards and guidelines provides confidence for Members regarding the continued financial viability and security of CSURMA.

2. New Members

The guidelines for admittance of new members to CSURMA are set forth in the Joint Powers Agreement and By-Laws. Membership eligibility requires the entity be an **Auxiliary Organization**. Approval by the **Executive Committee** may be contingent upon the proposed **Member's** ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any **Coverage Program** in which the **Auxiliary Organization** wishes to participate.

3. Underwriting Guidelines / Rate Setting / Funding Requirements

Rates are established based upon multiple factors including, but not limited to, the following:

- ✓ Payroll Exposure
- ✓ Loss Rates
- ✓ Excess Insurance Rates
- ✓ Administrative Expenses

✓ Contingency Margin

4. Periodic Review

The Underwriting Guidelines are reviewed by the **Board of Directors** at least every three years. This review may be delegated to the **Executive Committee** or other ad hoc committee established for the sole purpose of addressing underwriting issues.

DEFINITIONS:

“Auxiliary Organization” shall mean an organization described in California Education Code § 89901 *et seq.*, which is on the approved list of Auxiliary Organizations of the University Chancellor’s Office.

“Board of Directors” or “Board” shall mean the governing body of the CSURMA.

“Coverage Programs” shall consist of Coverages Programs provided directly by CSURMA under a Risk Pooling Program pursuant to a memorandum of Coverage and/or provided by a Purchased Insurance Program. These may include, but are not limited to, Property, Workers’ Compensation and Liability coverage as may be determined by the Board of Directors. “Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss. “Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.

“Executive Committee” shall mean the Executive Committee of the CSURMA Board of Directors.

“Member” shall mean the signatory to the CSURMA Joint Powers Authority.

AGILITY RECOVERY

ISSUE: The Executive Committee will be asked to review the Agility Recovery 2015/16 CSURMA Member Experience Report with the goal of determining whether to continue the program for FY 16/17.

RECOMMENDATION: It is recommended that the Committee review the Agility Recovery report and the current contract attached and provide direction to Staff as appropriate.

FISCAL IMPACT: The current contract price of \$5,990 per month, or \$71,880 per year is currently included in the FY 15/16 CSURMA Budget and has been included in the draft FY 16/17 CSURMA Budget.

BACKGROUND: As summarized in the attached Agility Recovery member experience report, 51 members attended the membership orientation (either in person, or via the webinar.) 10% of CSURMA members have used their myAgility accounts. No members have placed Agility on alert status or declared a disaster since inception of this contract.

PUBLICATION: None at this time.

ATTACHMENT(S):

- a. Agility Recovery 2015/16 CSURMA Member Experience report
- b. Agility Recovery contract July 1, 2015 to June 30, 2016



2015-2016
California State University Risk Management Authority
Member Experience

Josh Smith
Enterprise Account Manager

Summary

2015-2016 was the first year of CSURMA's partnership with Agility recovery. So far in this first year, Agility has begun work with CSURMA representatives to spread the word about Agility, the membership in place for all CSURMA members and the ways to take advantage of this membership benefit. While these efforts are still in their infancy, there has already been engagement displayed by several member organizations. The following report outlines activity in each area of interaction with Agility.

Education & Awareness

- ▶ Agility presented two sessions of a membership orientation webinar in August 2015:
 - 14 member organization representatives attended the sessions live
 - 37 member organization representatives have viewed a recording of one of the sessions
 - 51 total representatives gained exposure to the program through these webinars
- ▶ Agility's 52 Disaster Recovery Tips campaign provides weekly quick-access preparedness tips.
- ▶ Agility's 12 Months of Preparedness campaign in 2016 provides monthly preparedness education in a variety of topical areas.

myAgility

- ▶ 10% of CSURMA members have used their myAgility accounts.
- ▶ Member Summary
 - Recovery Profile Complete
 - n/a
 - Recovery Profile Mostly Complete (missing 1 or 2 sections)
 - CSU SAN FRANCISCO STATE UNIV
 - The remainder of the 10% have logged in, and some have completed portions, but they need more work
 - CSU STANISLAUS
 - CSU SONOMA STATE UNIVERSITY
 - CSU LONG BEACH
 - CSU SAN MARCOS
 - CSU NORTHRIDGE UNIV STUDENT UN
 - CSU CAL POLY POMONA
 - CSU CHICO
 - CSU SAN JOSE ST UNIV RES FOUND
 - CSU SAN JOSE STATE UNIV

Alerts & Recoveries

No CSURMA members have placed Agility on Alert status or declared a disaster to date.

2016-2017 Outlook

- ▶ Member Awareness and Engagement
 - Agility will coordinate with CSURMA staff to ensure we are leveraging available opportunities to reach members and further education and awareness of the program.
- ▶ Ongoing Member Support
 - Agility will continue to assist members with whom it comes into contact to help get them started with myAgility and ensure that they have an understanding of the continuity of operations and recovery solution available through their valuable Agility membership provided by CSURMA.
 - Agility will continue program of monitoring threats and events in CA and engaging in Member Care Calls when appropriate.
 - Agility will support all members who place us on alert and/or need to declare and have Agility's resources deployed in the face of an interruption.
- ▶ Educational Opportunities
 - Agility will continue to provide CSURMA with weekly Disaster Recovery Tips.
 - Agility will present webinars on a variety of disaster recovery and continuity of operations topics (12 Months of Preparedness, as well as other events).

MASTER RECOVERY SERVICES AGREEMENT

BETWEEN

Agility Recovery Solutions, Inc.
("Agility")

AND

California State University Risk Management Authority (CSURMA)
("Customer")

DATED

July 1, 2015

By the signatures of their duly authorized representatives below, Agility and the CSURMA, intending to be legally bound, agree to all of the provisions of this Agreement.

CSURMA



Signature

ROBERT EATON

Name

SECRETARY - AUDITOR

Title

6/15/15

Date Signed

AGILITY RECOVERY SOLUTIONS, INC.



Signature

PAUL SULLIVAN

Name

VP of GM

Title

JUNE 12/15

Date Signed

DEFINITION OF TERMS

Agreement	This Master Recovery Services Agreement together with any Schedule(s) that may be attached hereto from time to time, as any of the same may be amended or supplemented from time to time by the written agreement of the parties.
Alternate Recovery Facility	A facility selected by the Customer, which can include the Customer's Facility to which the Recovery System(s) may be shipped to conduct business operations.
Business Day	Are the days between and including Monday to Friday and do not include public holidays and weekends.
Business Hours	The hours between 9 am and 5 pm on a Business Day
Commercial Space	Real estate for business use, used at time of recovery to house end users.
Customer's Facility	The Customer's existing primary facility at the location identified in a Schedule to this Agreement.
Daily Test Fee	The daily fee set forth on an applicable Schedule to this Agreement payable by the Customer, for each day in which the Recovery System(s) are in use for a Test.
Daily Usage Fee	The fee set forth on an applicable Schedule to this Agreement payable for each full or partial calendar day during which the Recovery System(s) is used by Customer after Disaster Declare.
Disaster	Any unplanned event that prevents the Customer from providing essential or business services at the Customer's Facility.
Disaster Alert	A notice given by the Customer to Agility by way of a telephone call to the Hot Line that an event has occurred that may result in a Disaster being declared.
Disaster Declare	The notice given by the Customer to Agility, by way of a telephone call to the Hot Line, declaring that a Disaster has occurred at a Customer's Facility.
Hardout	Configuration item on a Schedule that will need to be acquired by Agility in order to meet Customer's requirements. A configuration identified as Hardout cannot be removed from the contract prior to the agreed upon termination date unless otherwise agreed upon by both parties.
Hot Line	Agility shall maintain and list in the Subscriber Manual a Customer support telephone service or paging system, on a 24 (twenty-four) hours per day, 365 (three hundred and sixty-five) days per year basis, which the Customer shall use to inform Agility of a Disaster Alert or Disaster Declare.
In Lieu of	Equipment supplied which is not specific or identical to the requested Recovery System(s) in which Agility has identified that they will meet the Customers' needs, by either matching the equipment or by providing an equivalent solution.
Mobile Recovery Unit	A mobile facility owned and/or operated by Agility, which may be outfitted with any equipment as defined in the Schedule - and provided to the Customer for the purposes of conducting a Test or providing recovery services hereunder.
Multiple Disasters	One or more Disasters being experienced by the Customer and one or more Users, entitling the Customer and such User(s) to access to and use of all or part of the same Recovery System(s) for the same or an overlapping period of time.

Locator Site	Location where testing or recovery will take place in a pre-arranged site that Agility has contracted for on behalf of the customer
Other Disaster Fees	Required reimbursements associated with Disaster recovery services, such as transportation, long distance charges, engineering fees, travel expenses and living expenses.
Other Test Fees	Required reimbursements for additional services associated with a Test, such as transportation, long distance charges, engineering fees, travel expenses and living expenses.
QuickShip	The temporary replacement technology equipment, described in an applicable Schedule(s) to this Agreement, that may be provided by Agility to the Customer at the Test Center or an Alternate Recovery Facility, in the event of a Disaster affecting the Customer's Facility referred to in the Schedule.
Recovery System(s)	Includes QuickShip and/or Mobile Recovery Unit(s).
Retail Space	Real estate for store front or shopping centre, used at time of recovery to house end users.
Schedule	Document that outlines the Customer configurations, pricing and other relevant details. Such a document is reviewed in conjunction with the Agreement and can be amended or supplemented from time to time by the written agreement of the parties.
Seat	A connection point within a Mobile Recovery Unit with adequate space for the associated Recovery System(s), including a voice and/or data port.
Start Up Operating System	An Agility operating system meant to validate the operability of the components. Not to replace the Customer's working operating system.
Subscriber Information Guide	Information guide that outlines operational and procedural information. Agility will provide Customer with one electronic copy of the manual per contracted facility and all applicable updates and revisions, as and when issued.
Subscription Fee	The monthly fee payable by the Customer, as set forth in each Schedule to this Agreement, for the right to obtain the basic services provided hereunder in respect of each such Schedule.
Test	A Recovery System(s) Test conducted at an Alternate Recovery Facility or Agility Test Centre.
Test Centre	A facility operated by Agility at its business premises that may be equipped with all or a subset (portion) of any equipment that may be defined in a Customer Schedule.
User	Another recovery services Customer of Agility who has entered into an agreement with Agility similar to this Agreement.
MyAgility	Online portal provided by Agility providing a template business continuity plan, Alert notification system and Asset Management tool

A. RECOVERY SERVICES

In consideration of payment by the Customer to Agility of the Subscription Fee and the other fees stated in each of the Schedules to this Agreement, Agility shall provide the following services to the Customer 24 (twenty-four) hours per day, 365 (three hundred and sixty-five) days per year during the term of this Agreement.

The Customer shall provide Agility with a list of individuals who are authorized on behalf of the Customer to provide Disaster Alert, Disaster Declare or Test notification. The Customer shall review and update the list on a regular basis. Agility will not respond to a Disaster Alert, Disaster Declare or Test notification given by any other person.

1. DISASTER NOTIFICATION

1.1 Disaster Alert

Upon receipt of a Disaster Alert Agility will:

- i. Record all Disaster Alerts in the order in which they are received; and
- ii. Inform the Customer of other User Disaster Alerts.

In the event that Agility receives more than one Disaster Alert from Users, the Customer and each such User will be given the option of escalating to a Disaster Declare status. If the Customer does not exercise such option within 24 (twenty-four) hours after receiving notice thereof, the Customer's Disaster Alert will be cancelled.

1.2 Disaster Declare

The Customer shall notify Agility of the occurrence and nature of a Disaster by telephoning Agility using the Hot Line. The Customer shall confirm the Disaster Declare by written notice or email to Agility within 24 (twenty-four) hours of the telephone notification. Any verbal Declare, once confirmed by Agility will be subject to the minimum Daily Usage Fee as detailed in the corresponding Schedule(s) and any incurred Other Disaster Fees. The Daily Usage Fee will continue to be charged until the Recovery System(s) are no longer required and are returned to a designated Agility location.

For a Mobile Recovery Unit Declare, Customer is responsible for all charges related to; Mobile Recovery Unit(s) installation, setup and de-installation charges, and all shipping charges to and from the Customer's Alternate Recovery Facility. Transportation charges for Mobile Recovery Unit(s) are from closest yard available at time of Declare.

Agility will provide estimate of costs for approval by Customer prior to deployment and a timeline for delivery.

2. EQUIPMENT AVAILABILITY – DISASTER OCCURRENCE

Upon receipt of a Disaster Declare from the Customer, Agility shall, deliver the Recovery System(s) to an Alternate Recovery Facility designed by the Customer or a location sourced by Agility.

The Customer will have the option of declaring on a single hardware configuration (power, communications, technology or space) as opposed to all contracted configurations. Should the Customer opt to declare on a single Recovery System configuration then only the unit's Daily Usage Fee will apply if applicable.

"Agility Technical Engineer(s) shall, upon Customer request at time of disaster for a mobile declare, be available on site, at no-charge to the Customer during the initial 48 (forty-eight) hours following the delivery of equipment to the Alternate Recovery Facility, or until completion of set-up, configuration and preparation of the Recovery System(s) for use by the Customer. Additional technical support is available at the current per diem rates and Customer is responsible for all out of pocket expenses including reasonable Travel and Living costs for Agility personnel"

The Customer may use the Recovery System(s) until the Customer no longer requires their use. The Customer shall also pay to Agility the Daily Usage Fee for the Recovery System(s) as noted in the Schedule(s) when delivered to the

Alternate Recovery Facility and/or made available to the Customer until and including the day they are returned to a designated Agility location.

3. TESTS

The Customer acknowledges that regular Testing of the recovery capability of their production environment is an important element in ensuring the validity of a business continuity plan and that inadequate Testing may result in the Customer's inability to recover in the event of a Disaster.

If the Customer requests a Test, the Customer shall pay to Agility the Daily Test Fee. The Customer will be responsible for all shipping charges associated with such Test, inclusive and including up to two days transit time.

For a QuickShip Test, Customer is responsible for all charges related to; all shipping charges to and from the Customer's Alternate Recovery Facility. Upon request an estimate of shipping costs will be provided when the Test is scheduled. Plus a one-time test event fee applies per test, unless otherwise stated in the applicable schedule.

For a Mobile Recovery Test, Customer is responsible for all charges related to; Mobile Recovery Unit(s) installation, setup and de-installation charges, and all shipping charges to and from the Customer's Alternate Recovery Facility. Upon request an estimate of shipping costs will be provided when the Test is scheduled. Transportation charges for Mobile Recovery Unit(s) are from closest yard, available at time of Test. The Customer is responsible for reasonable travel and living expenses of Agility personnel participating in the Test.

Agility will provide estimate of costs for approval by Customer prior to deployment.

Recovery System(s) Test shall be subject to immediate cancellation or termination by Agility, and shall be rescheduled as soon as possible, if the Customer or any User notifies Agility of a Disaster Declare.

If a Recovery System(s) Test needs to be rescheduled as a result of another User's Disaster the Customer will not be responsible for shipping charges associated with the cancelled Test. In addition, Agility will credit the Customer's Test account for the cancelled test.

The Customer may schedule a Test, at its convenience with a minimum of four to six weeks prior notification and is subject to availability.

If Customer fails to provide written notice at least twenty (20) business days prior to the cancellation of a previously scheduled Test, the booked Test time will be forfeited and Customer will remain liable for all out of pocket expenses incurred including reasonable Travel and Living costs for Agility personnel. Agility agrees to give Customer notice of 7 (seven) business days in the event a test needs to be cancelled for reasons other than if the Customer or any User notifies Agility of a Disaster Declare"

4. SOFTWARE

All systems and utility software which Agility owns and has installed at the Test Centre or on the equipment supplied hereunder may be used by the Customer during a Recovery System(s) Test or during a Disaster subject to the Customer complying at all times with the terms and conditions of all license agreements relating to software supplied by Agility. Customer represents that it owns, is lawfully using or may lawfully use all software that it directs Agility to install. Customer understands that it shall be responsible for ensuring and covenants that it shall ensure that Agility has permission to install and test all software requested by Customer at the Test Centre or on the equipment supplied hereunder.

5. RISK OF LOSS

When all or any part of the Recovery System(s) is at a Customer's Facility, the Customer shall bear the risk of loss of the Recovery System(s) until Agility or an Agent of Agility retakes possession of it for transportation back to a designated Agility location.

The Customer shall provide appropriate protection and security for the Recovery System(s) and other property of Agility while in the Customer's possession or under its control.

In the event that some or all of the Recovery System(s) is lost or damaged the Customer shall have the option of repairing the damage, replacing the affected units or paying Agility for the loss of any or all of the equipment.

B. MAINTENANCE OF RECOVERY SYSTEM (S)

1. MAINTENANCE

Agility shall adhere to manufacturer's recommended procedures and policies for proper maintenance of the applicable Recovery System(s) and components, including remedial maintenance as applicable and regularly scheduled preventive maintenance. Agility warrants to the Customer that: (1) the Recovery System(s) shall be maintained in a state of readiness at all times, subject to and consistent with Agility and the Customer's respective obligations under this Agreement. In the event of a Recovery System(s) malfunction at the Recovery Facility, Agility's objective is to provide on-site support within 4-6 hours for a generator, network or a mobile unit issue in a single declare event and in a regional event on-site support within a maximum of 24 (twenty-four) hours of receiving notice of the malfunction. For Technology Agility's objective is to provide telephone support within 1-2 hours in a single declare event and in a regional event, alternatively Agility will supply replacement technology within a maximum of 24 (twenty-four) hours of Agility being notified of the issue; (2) the Services will be provided in a professional and competent manner, conforming to generally accepted standards applicable to nationally recognized firms specializing in the area of services that Agility is providing under this Agreement; and (3) Agility possesses all right, power and authority to provide the Services (including, without limitation, all necessary third party software licenses).

2. HARDWARE CHANGES

Agility may upgrade and otherwise enhance the Recovery System(s) provided that the Recovery System(s) shall be equal to or better than (in all material respects, including equipment quality, operating system/network compatibility, data storage and processing capacity) the Recovery System(s) described in the Schedule(s) to this Agreement. At any time Customer may alter the recovery requirements as it pertains to technology and mobile components. Agility will re-quote monthly fees associated with the changes. If the resulting monthly fees are less than the then current fees, Customer shall continue to pay the original monthly fees to the end of the contract term, and the difference between the fees shall accrue in a pool of funds available to Customer to upgrade the contract and/or extend the contract past the original expiration date.

3. RECORDS AND AUDIT

During the Term and for a period of one (1) year thereafter, Agility will keep all usual and proper records related to the Deliverables and this Agreement. Customer may, upon one (1) weeks' notice, audit Agility's records and consult with Agility's accountants for the purpose of verifying Agility's compliance with the terms of this Agreement, provided that any such audits will be conducted during normal business hours in such a manner as to not unreasonably interfere with the normal business operations of Agility. Any such audit will be paid for by Customer unless such audit reveals an over-billing of one percent (1%) or more between amounts billed to Customer and Agility's records, in which case Agility will reimburse Customer for the costs associated with the audit. Agility agrees to promptly correct any deficiencies detected in the audit and will promptly refund any overpayments disclosed by such an audit, or Customer may, at its election, set off any such overpayment against any amounts subsequently due by Customer to Agility.

4. STANDARD PROCEDURES

Agility shall maintain, and provide in writing to the Customer, uniform rules regarding security, safety, and scheduling and other procedures for accessing and using the Recovery System(s), at Customer site or at Agility site, which may be subject to change. The rules are described in a Subscriber Manual that is supplied to the Customer after signing the Agreement. Agility and the Customer shall comply with these rules in all material respects.

Once Agility recovery space has been turned over to the Customer and Customer has possession of that space, Agility personnel who have been assigned to support that recovery space will abide by the Customer policies and standards set forth by Customer.

5. OPERATING SYSTEM(S)

The Subscription Fee(s) also includes a Start Up PC Operating System pre-load at time of Disaster or Test on PC technology provided by Agility. The Start Up Operating System will be a basic Start Up Operating System pre-load unless specified otherwise in the Schedule(s). In the case of other hardware platforms a basic operating system (excluding maintenance patches) will be pre-loaded. The Start Up Operating System is intended to validate the correct operation of the contracted configuration and provide enough functionality to provide the capability of loading the Customer's own licensed software.

6. SPECIAL PROCEDURES

Agility shall implement any written procedures specified by the Customer regarding special data protection or other security requirements. The Customer shall be responsible for any reasonable additional expenses incurred by Agility in implementing such special procedures, only upon written notification through a statement of work or change order which is mutually agreed upon and executed by both parties.

C. MULTIPLE DISASTERS

1. MULTIPLE DISASTER PROCEDURES

Agility will use commercially reasonable efforts to co-ordinate and arrange for access to and use of Recovery System(s) when a Multiple Disaster is declared. Agility, in its sole discretion, believes it to have sufficient equipment to accommodate the demand for the same asset that it reasonably anticipates. However, the availability of the Recovery System(s) shall be on a first-come, first-served basis and Agility shall not under any circumstance be liable to the Customer for any lack of availability.

2. MULTIPLE DISASTER PROTECTION

2.1 Preventative Measures

To reduce the likelihood that the Recovery System(s) may be unavailable to provide recovery services for the Customer due to Multiple Disasters, Agility agrees not to enter into a new Agreement in respect of the Recovery System(s) at a time when a prospective Customer's Facility or area housing the equipment to be replaced is then experiencing a Disaster.

2.2 Daily Usage Fee(s)

To discourage unnecessary use of the Recovery System(s), a minimum Daily Usage Fee as provided in the applicable Schedule(s) maybe be charged whenever the Customer issues a Disaster Declare. Following a Disaster Declare, should the Customer decide to acquire all or some of the units that comprise the Recovery System(s) Agility shall, in good faith, negotiate a purchase price for the applicable Recovery System(s) based on a mutually accepted quote from Agility that outlines how the final costs are derived.

Agility will provide estimate of costs for approval by Customer prior to deployment.

D. OTHER PROVISIONS

1. AGREEMENT TERM

Unless otherwise provided herein, the term of this Agreement shall continue in respect of each Schedule for the full term specified on the particular Schedule(s), notwithstanding the termination or expiry of any other Schedule(s). The Customer may not terminate this Agreement except as expressly permitted herein.

This Agreement will be automatically renewed for one year at the end of the current term or any renewal term, unless either party provides written notice of non-renewal at least 60 (sixty) days prior to the end of the then-current term. Agility reserves the right to increase fees at its sole discretion after expiry of the initial one year term.

2. FEES AND EXPENSES

Agility shall invoice monthly, in advance, all subscription fees set forth in this Agreement. Payments shall be due 30 (thirty) days after receipt of invoice. The Customer shall reimburse Agility for any applicable taxes (excluding taxes on income), customs, duties and government impositions incurred in connection with this Agreement.

Should such payment not be received by due date, the Customer will be responsible for all late payment charges, as outlined in the invoice(s). The Customer shall pay to Agility any applicable taxes, customs and duties incurred as a direct result of this Agreement.

3. TRANSITION

Agility reserves the right to take up to 45 (forty-five) days (i) after receipt of signed Schedule(s) to procure and make available any equipment identified as Hardout, and (ii) from the commencement of the term of this Agreement to develop and implement any system(s), including, without limitation, satellite and ACD systems, for which information, approvals or other assistance from Customer are required.

4. LIMITATION OF DAMAGES

Under no circumstances shall Agility be liable for special, exemplary or consequential damages (including, but not limited to, lost profits, loss of business or other economic loss) in connection with the services to be rendered under this Agreement. Agility shall not be responsible for any application or the results obtained from the use of any computer programs or for results (foreseen or unforeseen) obtained by the Customer in the use of such programs.

Agility shall have no liability for damages resulting from personal injury, or property damage except to the extent such injury or damages directly result from the gross negligence or wilful misconduct of an employee of Agility.

EXCEPT FOR THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE AND AS SPECIFICALLY STATED IN THIS AGREEMENT, AGILITY MAKES NO REPRESENTATIONS OR WARRANTIES EXPRESS, STATUTORY OR IMPLIED, INCLUDING WITHOUT LIMITATION IN RESPECT OF MERCHANTABILITY

5. FORCE MAJEURE

To the extent and for the period of time that Agility is delayed or prevented from performing any obligation under this Agreement because of circumstances beyond reasonable control, including but not limited to acts of God, acts of terrorism that would prevent or delay delivery, civil or military authority and severe inclement weather, such performance shall be excused. Agility is required and expected to use commercially-reasonable efforts to restore and provide contracted services under this Agreement as soon as it is feasible after an event has impacted Agility's ability to service the Customer. Agility shall provide Customer with reasonable notice of the onset and removal of any force majeure event, provided Agility discovers or is made aware of the event.

6. TERMINATION

The Customer may, upon ninety (90) days written notice to Agility terminate this Agreement, Schedule A and any other schedules then agreed to between the parties for the Customer's convenience, after the initial 12 (twelve) month term of the agreement.

In the event Agility or Customer breaches or defaults in the performance of its duties and obligations under the terms of this Agreement or any Schedule(s), and the breach or default is not be cured within seven (7) days after written notice identifying the breach or default, then the non-breaching party may terminate this Agreement by delivering a written notice of termination.

In the event the breach or default concerns Customer's payment obligations, and the breach or default is not be cured within 30 (thirty) days after written notice from Agility, then Agility may terminate this Agreement by delivering a written notice of termination.

Notwithstanding anything herein to the contrary, in the event that Agility fails to deliver services as described, Agility shall pay Member, as liquidated damages, the total value of all subscription fees paid by Member for the previous 12 (twelve) months and Member shall be entitled to end the term of this Agreement without penalty.

If Agility effects any change to the Recovery System(s) which adversely affects the Customer to the extent that, in the Customer's reasonable judgement after subsequent Testing, it cannot use the resulting configuration for the purposes of its business continuity plan, the Customer may give written notice to Agility of its intent to terminate this Agreement, together with sufficient documentation of the Customer's inability to use the configuration. If Agility fails to cure the failure described therein to Customer's satisfaction within 90 (ninety) days after it's receipt of Customer's notice, then the Customer may terminate the Agreement retroactive to the date of the Customer's notice and Agility will refund the prorated portion of any fees paid.

7. ASSIGNMENT

This Agreement may be assigned by Agility in conjunction with a sale of all or substantially all of the assets of the assigning party. Agility will notify Customer of any such assignment. Customer may, with or without cause and for any reason, terminate this Agreement within 30 (thirty) days of receiving notice of the assignment. Assignment of this agreement for any other reason by either party will need prior written agreement which shall not be unreasonably withheld. No assignment shall relieve either party of its obligations hereunder with respect to payments due prior to the assignment. This Agreement shall be binding upon the parties' respective successors and assigns. A party has the option to terminate this agreement upon notification of assignment and said assignment creates a conflict.

8. INDEMNIFICATION

Agility agrees to defend, indemnify and hold Customer and its Affiliates, and the officers, directors, employees, agents, affiliates, successors and assigns of both, harmless from and against any and all claims, demands, actions, liabilities, damages, or expenses (including reasonable attorneys' fees) arising out of or relating to: (a) Agility's or its Subcontractor's negligent performance of the Services; (b) a defect in any Work Product; (c) any breach by Agility or a Subcontractor of any of the agreements made by Agility or a Subcontractor under this Agreement; (d) any personal injury (including death) or property damage occurring wholly or in part due to acts or omissions to act by Agility or a Subcontractor or any person directly or indirectly employed by Agility or a Subcontractor in connection with the Services; or (e) any improper disclosure of Customer Information resulting from an act or omission to act by Agility or its Subcontractor and/or Agility's or its Subcontractor's breach of this Agreement. Customer agrees to give Agility prompt notice of any such claim, demand, or action and shall, to the extent Customer is not adversely affected, cooperate fully with Agility in the defense and settlement thereof. Agility shall not be liable for any settlement amount unless approved in writing by Agility.

9. INSURANCE

At its own expense Agility will maintain the following types and minimum amounts of insurance:

1. Commercial General Liability
 - a. \$1,000,000 per occurrence
 - b. \$2,000,000 general aggregate
 - c. \$2,000,000 products/completed operations aggregate
2. Workers Compensation per applicable state law(s) and Employers Liability
 - a. \$1,000,000 each accident
 - b. \$1,000,000 disease, each employee
 - c. \$1,000,000 disease policy limit
3. Commercial Umbrella Liability
 - a. \$2,000,000 each occurrence
 - b. \$10,000,000 aggregate

All insurance companies must be licensed or approved in the state(s) where the services are being performed and must maintain an A.M. Best rating of at least A-.

10. MISCELLANEOUS

10.1 Jurisdiction; Modifications; Entire Agreement; Headings; Governing Law.

This Agreement, which includes all Schedule(s), contains the entire understanding of the parties and there are no promises, covenants or undertakings other than those expressly set forth herein. This Agreement, together with any Schedule(s) attached hereto, contains the entire understanding of the parties relating to the subject matter contained herein and therein and supersedes all prior agreements and understandings relating to the subject matter hereof, including without limitation, any proposals or RFP's between the Customer and Agility.

This Agreement cannot be changed or terminated orally. This Agreement may not be modified or amended except by a written document signed by authorized representatives of both parties.

Section headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

This Agreement shall be governed and construed in all respects by the laws of the State of California, without regard to conflicts of law provisions

Any action, suit or proceeding arising out of or under or in connection with this Agreement, whether brought for equitable relief or money damages, shall be brought in either state or federal court in Los Angeles County, California and no other forum. The Parties irrevocably and unconditionally submit to the exclusive jurisdiction and venue of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts. The Parties irrevocably waive any objection they have to the venue of any suit, action or proceeding brought in any such court.

10.2 Order of Precedence

In the event of a conflict between the Master Recovery Services Agreement and a Schedule, the Schedule will have precedence.

10.3 Notices

All notices in connection with this Agreement will be deemed given: (a) three (3) days after they are deposited in the U.S. mails, postage prepaid, certified or registered, return receipt requested; (b) one (1) days after they are sent by air express courier, charges prepaid, (c) on the date sent by facsimile (with confirmation of transmission); (d) when received by the addressee if sent by a nationally recognized courier from outside the US (receipt requested), in each case to the address set forth above or to such other address as the party to receive the notice or request so designates by written notice to the other.

10.4. Use of Customer Name

Neither party shall, except as required by applicable Law or as otherwise agreed to by the other party in writing: (a) use in advertising, publicity or otherwise, the name, trade name, trademark, service mark, or logo of the other party; (b) represent, directly or indirectly, that any product or any service provided by one party has been approved or endorsed by the other party; or (c) make any information concerning this Agreement or Schedules public or available to third parties except as required by applicable Law or regulatory requirement.

10.5. Non-Solicitation

Non-Solicitation of Employees. So long as Agility shall be rendering Services to Customer under any Schedule, and for a period of twelve (12) months after Agility ceases to provide Services to Customer for any reason whatsoever, Agility shall not, directly or indirectly, recruit, solicit or hire any employee of Customer or its affiliates, or induce or attempt to induce any employee of Customer or its affiliates to terminate his or her employment with, or otherwise cease his or her relationship with, Customer or any such affiliate.

10.6. Data Use, Restrictions and Security.

Agility does not have any right in the course of providing Services to (a) access Customer networks (including without limitation, by way of data feed from or to Customer via the Internet) or facilities; (b) access or use any personal data of Customer employees other than in the normal course of providing the Services; (c) access or use any personal data of Customer customers; or (d) access or use any Customer sensitive business information. In the event that Agility gains access to any of the foregoing data/information, Agility shall not review, use, process, disclose or otherwise handle the data/information and such review, use, processing, disclosure or handling shall constitute a material breach of this Agreement. In the event that Agility gains access to any of the foregoing data/information, Agility shall immediately notify Customer of that fact.

Agility shall not utilize any information made available to it by reason of this Agreement for pecuniary gain not contemplated by the terms of this Agreement, regardless of whether Agility is or is not under contract at the time such gain is realized.

11 COMPLIANCE WITH CUSTOMER POLICIES.

11.1 Laws Defined. As may be used in this Agreement, "Laws" mean all US and non-US federal, state, provincial and local law, rules and regulations; and the term "applicable law" mean all Laws applicable to Agility's performance and or delivery of Recovery Services as noted in any Schedule. Agility represents and warrants that its performance and or delivery of Recovery Services does and will comply with all applicable federal and state privacy and data protection laws, as well as all other applicable regulations.

11.2 Other Policies. Agility shall comply, subject to applicable Law, with all additional Customer policies that the parties agree in the Schedule or applicable documentation.

11.3 Updates to Policies. Notwithstanding anything in this Agreement to the contrary, and subject to applicable Law, Customer may, at any time and in its sole discretion, update, amend or supersede any Customer Policy attached hereto or incorporated into this Agreement by reference, provided Customer notifies Agility in writing. If any updated, revised or replacement policy would require Agility to provide materially new services or additional resources under any then-current Schedule or incur any additional costs or expenses in connection therewith, the parties shall confer in good faith to address this situation.

11.4 Confidential Information.

11.4.1 Confidential Information. Agility shall treat as confidential any information made available to it by reason of this Agreement ("Confidential Information"). Such information includes, but is not limited to, data and information relating to the operations of Customer. Agility will not release or disclose any such information without the express approval of Customer. Confidential Information does not include any information that Agility is able to prove by documents or other competent evidence: (a) was or becomes publicly known and generally available in the public

domain prior to or after the time of disclosure; (b) was in its possession at the time of disclosure; (c) is obtained by Agility from a third party without a breach of such third party's obligations of confidentiality; or (d) is independently developed by Agility without use of or reference to the Confidential Information.

11.4.2 Duty to Maintain Confidentiality. Agility shall protect Customer's Confidential Information against unauthorized use or disclosure using at least those measures that it takes to protect its own Confidential Information of a similar nature, but no less than reasonable care, and shall not use or disclose the Confidential Information for any purpose except in connection with its performance of this Agreement.

11.4.3 Use and Disclosure. Notwithstanding the foregoing, Agility may disclose Confidential Information to its directors, officers, employees and agents who have a bona fide need to know to such information in order perform the Services, administer this Agreement, Schedule or any Statement of Work and/or manage the relationship between the parties; provided, however, each person to whom such Confidential Information is disclosed is subject to confidentiality obligations comparable in scope to those herein, and Agility shall be liable for any breach of confidentiality by any such person.

11.4.4 Duration of Confidentiality Obligation. The obligations of this Section 11.4 shall be continuing and binding until the earlier of: (a) three (3) years from the date Agility receives the Confidential Information; or (b) the date on which the Confidential Information is no longer confidential other than by a breach of this Agreement; provided; however, protection of trade secrets shall extend for as long as the relevant information qualifies as a trade secret under applicable Law. Absent written consent of Customer ~~the~~, the burden of proving that Confidential Information is no longer confidential or a trade secret shall be with Agility.

11.4.5 Ownership of Confidential Information. Agility acknowledges that all Confidential Information it receives from Customer, including all copies thereof in its possession or control, in any media, is proprietary to and exclusively owned by Customer, and nothing in this Agreement grants Agility any right, title or interest in or to any of Customer's Confidential Information. Agility's incorporation of the Disclosing Party's Confidential Information into any of its own Property shall not render Confidential Information non-confidential.

11.4.6 Third Party Rights. Customer represents that it may lawfully disclose its Confidential Information to Agility, and that such disclosure will not infringe, misappropriate or otherwise constitute an improper disclosure of a third party's trade secrets or confidential information.

11.4.7 Return of Confidential Information. Upon termination of this Agreement, Schedule or any Statement of Work for any reason or Customer's earlier written request, Agility promptly shall use commercially reasonable efforts to: (a) return to Customer or destroy all tangible Confidential Information of Customer in its possession or control; and (b) delete all electronic copies of the Customer's Confidential Information residing on the Agility's computers and other electronic storage devices; provided, however, Agility shall have the right, subject to its continuing confidentiality obligations, to retain copies of the Customer Confidential Information as required by applicable Law or regulatory requirement.

11.4.8 Compelled Disclosure. Should Agility be compelled by court decree, subpoena or other legal or regulatory requirement to disclose any of Customer's Confidential Information, it shall promptly notify Customer in writing, unless prohibited from doing so, and use reasonable good faith efforts to: (a) disclose only the specific Confidential Information required to be disclosed; and (b) assist Customer (if and to the extent requested by Customer) in obtaining a protective order or other appropriate assurances that the confidential nature of the Confidential Information shall be protected and preserved.

11.4.9 Remedies. Agility acknowledges that any actual or threatened violation of this Section 11 may cause irreparable, non-monetary injury to Customer the extent of which may be difficult to ascertain, and therefore agrees that Customer shall be entitled to seek injunctive relief in addition to all other remedies available at law and/or in equity.

E. CONTACT INFORMATION

Company Name:	Agility Recovery Solutions, Inc.	Customer Name:	CSURMA
Address:	2101 Rexford RD Suite 350E Charlotte, NC 28211 U.S.A.	Address:	
Attention:	Paul Sullivan	Attention:	
Telephone:	704-927-7926	Telephone :	
Fax:	704-341-9099	Fax :	
Email:	<u>Paul.Sullivan@agilityrecovery.com</u>	Email:	
Mobile	704-299-8156	Mobile:	

SCHEDULE A

As per the Master Recovery Services Agreement
California State University Risk Management Authority (CSURMA)

Summary of Fees and Term

Schedule Term:	12-MONTHS
Schedule Commencement Date:	July 1, 2015
Schedule End Date:	June 30, 2016
Total Monthly Subscription Fees:	\$5,990.00

Invoices will be sent to Customer at:

Customer Name: CSURMA
Address:

Attention:
Telephone:
Email:

By the signatures of their duly authorized representatives below, Agility and the Customer, intending to be legally bound, agree to all of the provisions of the Master Recovery Services Agreement including this schedule.

Agility Recovery Solutions, Inc.



Customer CSURMA

 Contact/Title *ROBERT LIPPON, SECRETARY - AUDITOR*

 Signature *Robert Lippon*

 Date Signed *6/15/15*

Bryan Bristow
 Agility Representative

 Signature *[Signature]*

 Accepted and Approved By *PAUL SULLIVAN VP of GM.*

 Date Signed *JUNE 12, 2015*

SCHEDULE A

As per the Master Recovery Services Agreement
 California State University Risk Management Authority (CSURMA)

1. Summary of Services

Upon signing this Schedule, should your pool Member experience an interruption, Agility will provide the resources necessary to rescue their business providing the following capabilities:

SPACE	Office space with desks and chairs
POWER	Emergency generator for your office
COMMUNICATION	Telephone and Internet access
COMPUTER SYSTEM	Computers, printer(s) and fax machine(s)

With this Agreement Agility will work with each of the pool Members to develop a customized recovery plan via MyAgility, our secure online planning portal. The functionality of MyAgility portal will include:

PREPAREDNESS PLAN	Build an implementation plan, access via any web browser, develop a communications strategy
ALERT NOTIFICATION SYSTEM	Send text and email messages to employees and vendors
DOCUMENT MANAGEMENT SYSTEM	Store critical business documents
ASSET MANAGEMENT TOOL	Document and manage assets

**TO DECLARE A DISASTER OR PUT AGILITY ON ALERT, CUSTOMER AND/OR CSURMA CAN CALL AGILITY'S 24-HOUR RECOVERY HOTLINE: 877-364-9393
 ALTERNATES: 888-242-3740 OR 866-894-3336.**

2. Mobile Recovery Equipment Chart

2.1 Facility

- Mobile Unit(s) as required
 - Wired for voice and data
 - 10/100/1000TX access layer switch for LAN connectivity
 - HVAC
 - Diesel generator(s)
 - 200 ft. Gb Fibre Connectivity between mobile units and/or hitching post.

2.2 Mobile Requirements

Total Number of Seats: 48 including

- User Seats: up to 48
 - Intel Based PC's
 - Dual-core Processor
 - 4 GB of Memory
 - 120 GB of Hard Disk
 - DVD-ROM Drive
 - 10/100/1000 Ethernet Adapter
 - Keyboard, Monitor & Mouse
 - Table, chair and phone

SCHEDULE A

As per the Master Recovery Services Agreement
California State University Risk Management Authority (CSURMA)

2.3 Network Connectivity

- 512/256 kbps of Satellite bandwidth to Teleport facility.
 - Internet access
 - VPN connectivity from teleport to Customer site.
- Up to 10 simultaneous voice services total will be support over satellite:
 - Up to 48 Desktop phones
- 4G/LTE Solution for Data:
 - As part of the recovery solution Agility will provide a CradlePoint Router with a 4G/LTE stick from one of AT&T, Verizon or Sprint, based on coverage available.
 - Speed range from 5 to 40 Mbps down and 2 to 5 Mbps up.
 - Data usage fee of \$15.00 per GB will apply.

Note: Network engineering and/or set up fees of voice and/or ACD/IVR charges will apply, based on the complexity of the required recovery environment.

3. Covered Location(s)

Customer has put in place with Agility, coverage for 114 CSURMA locations, which will be identified in a duly executed Addendum, which must be put in place no later than 30 (thirty) days after execution of this Schedule.

Agility will provide recovery services to a maximum of ten (10) CSURMA covered location(s), at any one time. Customer is responsible for managing the declaration process and identifying which locations are allowed to declare and Agility will inform CSURMA when they have reached their limit for simultaneous recoveries.

SCHEDULE A

**As per the Master Recovery Services Agreement
California State University Risk Management Authority (CSURMA)**

4. Terms & Conditions

4.1 Technology

- In the event of a disaster, there will be no daily usage fee for the first sixty (60) days. Day sixty-one (61) and each day thereafter, a daily usage fee as noted in the chart below will apply.
- The daily test fee per unit is noted in the chart below, Customer is responsible for all shipping costs related to the test.

Equipment	Daily Test/Usage	Equipment	Daily Test/Usage
Desktop PC	\$2.00	Printer/Fax Machine	\$2.00
Router	\$25.00	Switch	\$10.00

4.2 Mobile

- In the event of a disaster, there will be no daily usage charge for the first 60 (sixty) days. Day 61 (sixty-one) and each day thereafter, a daily usage fee will apply per mobile recovery unit.
- Customer may allow its individual pool Members to test the recovery solution, and a onetime test event fee will apply per pool Member’s test event.

4.3 Other

- All equipment provided will be equivalent or better, unless otherwise identified.
- For a QuickShip test Customer may allow its individual pool Members to test the recovery solution, a onetime test event fee applies per pool Member test event.
- All pricing is based on a firm term contract.
- Pricing and Terms & Conditions are valid for forty-five (45)-DAYS

PRAESIDIUM PROPOSAL

ISSUE: The contract with Praesidium for Prevention of Sexual Abuse of Minors will expire on June 30, 2016. Praesidium has provided a renewal proposal with expanded services.

RECOMMENDATION: Staff recommends that the Committee review and discuss the proposal and then provide direction as appropriate.

FISCAL IMPACT: The proposal includes the following pricing:

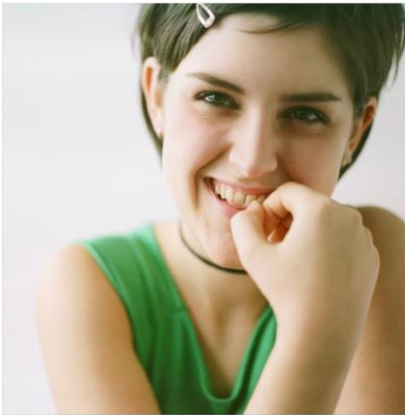
Praesidium Proposal		
Service	Per Service Cost	Annual Cost
Online Self-Assessment and access to Praesidium’s full library of online training courses	\$6,000 Per Campus	\$138,000
On-Site Training Solutions for Leadership Presentations or Abuse Prevention Training	\$2,000 Per Day; \$1,500 per day for additional on-site events	\$24,000
General Consultation	Block of six hours at \$215 per hour	\$1,290
Crisis Management and On-Site Victim’s Assistance	\$2,000 Per Day On-Site; \$250 per hour for off-site consultation	Optional Service
Total		\$163,290

BACKGROUND: See the proposal attached for details regarding the services noted in the table above.

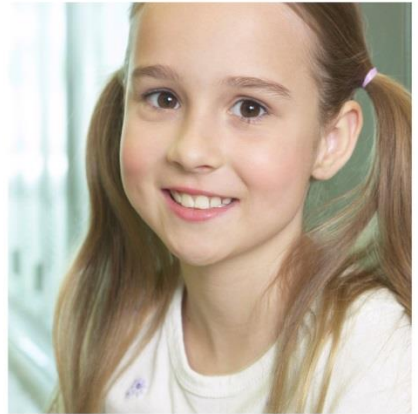
PUBLICATION: When the renewal services are finalized, notice will be sent out to all members.

ATTACHMENT(S):

- a. Praesidium’s Higher Education Abuse Risk Management Proposal for CSURMA – February 26, 2016
- b. Praesidium’s utilization report



Praesidium's Higher Education
Abuse Risk Management Proposal
for California State University
Risk Management Authority
February 26, 2016



PRAESIDIUM

Our Passion. Your Protection.

800.743.6354 • 817.261.7864 fax
www.PraesidiumInc.com

Information contained in this proposal is confidential and proprietary to Praesidium, Inc. and should not be disclosed to anyone not a designated recipient or reviewer.

BACKGROUND

In the recent past, Forbes magazine likened the sexual molestation litigation of this decade to that of the asbestos litigation of the previous decade. Million dollar settlements are not uncommon, statutes of limitations for child sexual abuse have been altered in many states, and all organizations entrusted with the care of minors and vulnerable adults are expected to have in place adequate standards to prevent incidents of abuse. Failure to do so can cause the ruin of a life and the financial and reputational downfall of programs and organizations designed to help.

ABOUT PRAESIDIUM

Since 1991, Praesidium’s mission is “to help you protect those in your care from abuse and to help preserve trust in your organization.” Praesidium works with organizations across the world to prevent the sexual abuse of children and vulnerable adults, to prevent false allegations of abuse against innocent employees and volunteers, and to prevent the loss of reputation and revenue for organizations serving vulnerable populations. The founders of Praesidium have over 30 years of experience working in abuse risk management. For the past two decades Praesidium has served more than 4,000 clients and offers a full range of risk management and loss control services. Praesidium’s clients include higher education institutions, public and private schools, churches, camps, youth development organizations, water parks, long-term care facilities, hospitals, luxury resorts, social service programs, sports programs, fitness clubs, and child care centers.

PRAESIDIUM’S SCIENTIFIC METHODOLOGY

Using root cause analysis, Praesidium developed its own abuse risk management model, The Praesidium Safety Equation.[®] Root cause analyses of several thousand incidents of abuse across industries demonstrated that risks fell into eight organizational operations: Policies, Selection and Screening, Training, Monitoring and Supervision, Internal Feedback Systems, Consumer Participation, Responding, and Administrative Practices. By implementing best practices in each of these operations, Praesidium determined that risks could be reduced or eliminated.



PRAESIDIUM'S RECOMMENDED PRODUCTS AND SERVICES

Overview of Praesidium's recommendations:

- Maintain access to the *Know Your Score!* Online Self Assessment
- Expand the training resources to include:
 - On-site presentations for senior campus leadership
 - On-site general abuse prevention training for anyone who works with minors
 - More online training courses for programs that complete a *KYS!* assessment
- Provide access to general and crisis management consulting

Know Your Score! Online Self Assessment

Praesidium recommends that the CSU-customized *KYS!* Online Self Assessment tool remain available to all CSU campus and auxiliary programs that serve minors, including the availability of all existing sample written resources and the six online training courses (currently available through Praesidium's Armatus[®] Learn to Protect System and CSU's SkillPort platform).

The *KYS!* tool helps each program that serves minors to identify *program-specific* strengths and potential gaps in each of eight operations of Praesidium's Safety Equation.[®] This in-depth questionnaire asks a program about its existing abuse prevention policies and procedures. Once completed, the self assessment provides programs with a blue print and sample resources to address identified exposures.

Expanded Training Solutions

On-Site Leadership Presentations. To fully integrate the CSURMA Minors on Campus initiatives and create cultural changes at the campus level, senior leadership on each campus should have a fundamental understanding of the scope of the risk, how abuse of minors happens in youth serving programs, and best practice standards designed to reduce the likelihood of an incident and effectively mitigate harm. Leadership should also understand and embrace their responsibilities and contributions to these initiatives. Because this information is best delivered in face-to-face meetings with leadership teams (i.e., CSU Campus Presidents / Provosts, Cabinet Members, Vice Presidents, Department Leaders, etc.), Praesidium recommends a one-hour initial leadership meeting on each CSU campus.

On-Site Abuse Prevention Training. To continue the blended learning environment and facilitate a campus-specific application of the key learning points, Praesidium recommends at least one on-site abuse prevention training for all CSU campuses. Target audiences include all individuals who work with minors, including campus and auxiliary employees, staff, faculty, students, interns, volunteers, and chaperones.

Praesidium offers an array of on-site workshops and seminars for front-line employees and volunteers, supervisors, administrators, and board members covering screening and selection, best practices in abuse risk management, how to prevent peer-to-peer sexual abuse, legal issues

in abuse risk management, and many others. Workshops can be tailored to meet the needs of each audience.

Armatus[®] Learn to Protect System. The *KYS!* tool currently includes the following six online courses: *Meet Sam*, *It Happened to Me*, *A Day at Day Camp*, *Keeping Your School Safe*, *Preventing Bullying*, and *Preventing Sexual Activity Between Young Children*. Given the diversity of CSU's youth programs across its campuses, Praesidium recommends that CSU expand the available online courses in the Armatus[®] system for programs that complete a *KYS!* online self assessment to include Praesidium's full course listing. Praesidium can then provide consultation with individual Program Directors and/or campus Risk Mangers upon completion of an assessment to determine the best course(s) for a particular program.

Adults directly involved in providing services to minors, those who supervise others directly involved with minors, and those who manage or oversee programs serving minors must know how offenders operate, how to recognize warning signs, when and how to intervene to interrupt interactions that may foretell of abuse, mandated reporting requirements, and how to manage high risk situations in their own programs. This training can be provided online where participants must demonstrate mastery and completion can be documented.

At the core of the Armatus[®] system is a range of online courses, 25-45 minutes in length, designed to ignite the learning process and provide learners with the tools they need to implement best practices in abuse prevention. Armatus[®] online courses include actionable learning objectives, research-validated content, engaging graphics, frequent interactivity and a content mastery quiz. In addition to the online courses, learners are supported with a variety of tools including:

- *Action Plans* that are printed and used with the online course. Action Plans summarize the key learning points and prompt learners to take notes throughout the course. They provide a great reference after the course.
- *Coaching Guides* provide supervisors a high-level summary of the course, including learning objectives and key learning points. The coaching guide gives supervisors practical steps they can take to reinforce the learning, with specific things they can say, do, and reinforce.
- *Discussion Guides* are developed for small group and classroom discussions. A facilitator is able reinforce important content and remind learners of what they learned in the online course. The group is able to discuss practical application of the learning for their work group and organization.
- *Mini Minders* (coming soon!) are 30 second to 3 minute learning segments that reinforce or remind learners of content from an Armatus course. These can range from a short interactive segment, to a standalone video clip, a scenario(s) to apply skills, a PDF (Ready Reference or Pocket Card) or an offline worksheet. The goal is to remind learners of and review with them key content that they have previously learned.
- *Guide Posts* (coming soon!) are signs that you can post around your facility to remind learners of key policies, practices, and principles. Guide Posts have QR codes that can be scanned with a smart phone to pop-up a Mini Minder interaction.

Armatus[®] comes with a robust database that allows organizations to confirm in real time who has completed training, as well as other useful user information such as criminal background check completions.

Consultation Services

General Consultation. Praesidium recommends the availability of general abuse prevention consultation for all CSU campuses and auxiliaries. Praesidium can work closely with CSURMA to determine the best manner in which to make such consultation available, including whether and to what extent a Campus Risk Manager may need to approve such consultation.

Does one of your campuses have concerns about a summer applicant? Does a Risk Manager need advice on how to manage a particular youth program's interactions with minors? Want to discuss their screening and selection practices? Not sure how to respond to a report of suspicious interactions between an employee and a program participant? Praesidium can be available over the phone to discuss anything that may forewarn of an incident or lead to an abuse claim. Our experts include psychologists, social workers, attorneys, private investigators, policy analysts, doctoral level educators, and human resource professionals, all with extensive experience in organizational abuse risk management.

Crisis Management and On-Site Victim's Assistance. In the event that a campus has an allegation or incident of suspicious or inappropriate interactions or suspected abuse, a member of Praesidium's team can be available to provide a range services, including on-site consultation, response coordination, investigation, and victim's assistance.

PRICING^{1,2}

Praesidium Deliverable

Pricing

CSU-customized *Know Your Score!* Online Self Assessment

Includes:

Existing written sample resources
Existing six online training courses via Armatus and SkillPort
plus expanded courses in the Armatus system
KYS! Demonstrative and Marketing Webinars
On-Site Campus Marketing Efforts and *KYS!* Presentations

\$6,000 per campus

This price applies to any campus (regardless of the number of programs) that initiates an assessment in the *KYS!* tool (regardless of whether an assessment is completed, archived, or repeated) and any campus that utilizes the online training resources within the contract period.

On-Site Training Solutions³ Leadership Presentations / Abuse Prevention Training

Includes: Block of 12 on-site events (at \$2,000 per day)

\$24,000

\$1,500 per day for additional on-site events

General Consultation

Includes: Block of 6 hours (at \$215 per hour)

\$1,290

\$200 per hour for additional consultation

Crisis Management and On-Site Victim's Assistance

\$2,000 per day on-site

\$250 per hour for off-site consultation

ADDITIONAL PRICING NOTES:

1. Pricing does not include reasonable travel costs and expenses.
2. Unless otherwise discussed, pricing for products and services will be billed on a quarterly basis.
3. Only one on-site price per day will be charged, regardless of the number of training events. *As an example, if one Praesidium team member conducts an on-site leadership presentation and an on-site abuse prevention training in the same day at the same campus, only one \$2,000 per-day fee (plus reasonable travel costs and expenses) will be assessed.*

Pricing for additional products and services available upon request.

CONTACT

Aaron Lundberg, LMSW
President and CEO
ALundberg@PraesidiumInc.com

Candace Collins, JD
Director of Higher Education
CCollins@PraesidiumInc.com

PRAESIDIUM
624 Six Flags Drive, Suite 110
Arlington, TX 76011
817-801-7773 main
800-743-6354 toll-free
www.PraesidiumInc.com

California State University
Know Your Score! Online Self Assessment Data
current as of 2/10/2016

Assessment Data	
California State University Stanislaus	22
California State University Dominguez Hills	14
San Francisco State University	10
California State University Los Angeles	6
California State University Fresno	5
California State University San Bernardino	4
California Polytechnic State University San Luis Obispo	3
California State Polytechnic University Pomona	3
California State University, Chico	2
California State University Channel Islands	1
Humboldt State University	1
No. of assessments started	71
No. of CSU campuses using KYS!	11
No. of individual users registered on KYS!	73
Average program assessment score	37%

Praesidium Overview

	Know Your Score!™ Online Self Assessment					Other Contracts <i>or Interest in Other Services</i>
	Campus Using KYS!	On-Site Presentation or Consultation	Webinar	Substantive Phone or Email Consultation*	No. of Training Users	
Chancellor's Office					4	
Bakersfield	✓	✓		✓		
Channel Islands	✓					
Chico	✓		✓	✓	1	
Dominguez Hills	✓	✓		✓	7	<p>CSUDH Contract: One day of on-site abuse prevention training, included three sessions for the President's Cabinet, Deans and Directors, and Individuals working with minors in programs</p> <p>CSUDH Foundation Contract: On-site risk assessment of the infant / toddler center</p>
East Bay						
Fresno	✓	✓				
Fullerton					1	CSUF Contract: On-site risk assessment of the child development center
Humboldt State University	✓			✓		<i>interested in on-site training</i>
Long Beach					820	<p>CSULB Contract: Additional online training course (<i>Abuse Prevention Refresher</i>)</p> <p>CSULB ASI Contract: On-site risk assessment of all ASI programs serving minors</p>
Los Angeles	✓			✓	1	
Maritime Academy				✓	1	
Monterey Bay						
Northridge			✓	✓		<i>interested in on-site KYS! presentation</i>

Praesidium Overview

	Know Your Score!™ Online Self Assessment					Other Contracts <i>or Interest in Other Services</i>
	Campus Using KYS!	On-Site Presentation or Consultation	Webinar	Substantive Phone or Email Consultation*	No. of Training Users	
California Polytechnic State University, Pomona	✓	✓		✓		<i>ASI interested in on-site risk assessment</i>
Sacramento		✓		✓	3	
San Bernardino	✓	✓		✓	1	
San Diego State University				✓	1	
San Francisco State University	✓	✓		✓	1	
San José State University						
California Polytechnic State University, San Luis Obispo	✓			✓	4	<i>interested in on-site training</i>
San Marcos			✓	✓		<i>interested in on-site KYS! presentation</i>
Sonoma State University						
Stanislaus	✓		✓	✓	516	

* While Praesidium reached out to all CSU campuses, this column reflects more substantive discussions regarding KYS, how to rollout the services, and/or specific program matters.

Know Your Score!TM Online Self-Assessment Details

Assessment Data	
California State University Stanislaus	22
California State University Dominguez Hills	16
San Francisco State University	10
California State University Los Angeles	6
California State University Fresno	5
California State University San Bernardino	5
California Polytechnic State University San Luis Obispo	3
California State Polytechnic University Pomona	3
California State University Chico	2
California State University Channel Islands	1
Humboldt State University	1
No. of assessments started	74
No. of campuses using KYS!	11
No. of individual users registered on KYS!	83
No. of minors identified as served in programs	21,284
Percentage of points earned by operation <i>based on system-wide cumulative data</i>	
Policies	34%
Screening and Selection	45%
Training	27%
Monitoring and Supervision	55%
Internal Feedback Systems	31%
Consumer Participation	31%
Responding	27%
Administrative Practices	49%
Overall Score	37%

DEVELOPMENT OF NEW PROGRAMS, SERVICES AND PROJECTS

ISSUE: At the annual Long Range Planning Meeting, the Executive Committee evaluates potential for developing new coverages, services and projects. Staff has listed the new projects discussed at today's meeting, and the Executive Committee may find other items for consideration.

- ✓ Analysis of Management Discussion and Analysis (MD&A)
- ✓ Evaluation of Captive Insurance Vehicle
- ✓ Alternative Allocation of Investable Assets

RECOMMENDATION: It is recommended that the Executive Committee evaluate potential programs, services and projects and take action or provide direction as appropriate.

FISCAL IMPACT: Program development costs may be incurred at the direction of the Executive Committee. Costs will be allocated to the CSURMA fund as appropriate.

BACKGROUND: None.

PUBLICATION: No specific publication from action on this item is anticipated. Potential program development may result in published documents.

ATTACHMENT(S): None.

**DEVELOPMENT OF CSURMA GOALS FOR NEXT
ONE TO THREE YEARS**

ISSUE: The Long Range Planning session offers the Executive Committee the opportunity to consider the direction CSURMA should take in the development of potential programs. The 2015/16 Long Range Action Plan developed last year is attached for the Committee's review.

RECOMMENDATION: It is recommended that the Executive Committee review the attached 2015/16 Long Range Action Plan and develop a new Long Range Action Plan for 2016/17.

The Executive Committee and staff may have other ideas for potential CSURMA programs for discussion at today's meeting that will result new items.

FISCAL IMPACT: No fiscal impact is anticipated by action that may be taken at today's meeting.

BACKGROUND: The Long Range Action Plan establishes the Executive Committee's vision for CSURMA, and assigns responsibilities and tasks to staff in order to accomplish its vision.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA 2015/16 Long Range Action Plan

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

Approved

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
LRP-1 FORM 700 ELECTRONIC FILING				
Research the ability to electronically file the CSURMA Form 700's	1 Confirm if CSURMA is able to file its Form 700's electronically	PA	May, 2015	Completed
	2 Evaluate available software options	PA, SRM	August, 2015	Completed
	3 Select appropriate software	EC	September, 2015	Completed
	4 Develop implementation plan and communications	PA	November, 2015	Completed
	5 Implement electronic filing of form 700's	PA	January, 2016	Completed
	6 Monitor roll out and report to CSURMA EC	PA	March, 2016	In Process
LRP-2 WORKERS' COMPENSATION CLAIMS CLOSURE INITIATIVE				
Develop and implement plan to reduce WC claims liability, with specific goal to	1 Report on program Progress to CSURMA Board	PA, SRM	April, 2015	Completed
	2 Identify additional claims for action, adopt strategy	PA, SRM, Sedgwick, Consultant	May, 2015	Completed
	3 Implement transition to claim filing billing of project costs	PA, SRM, Sedgwick, Consultant	July, 2015	Completed
	4 Status report to CSURMA EC	PA, SRM	September, 2015	Completed
	5 Status report to CSURMA EC, continuation evaluation	PA, SRM	May, 2016	
LRP-3 AGILITY RECOVERY PROPERTY LOSS RECOVERY PROGRAM				
Agility Recovery Program	1 Advise CSURMA BOD of Program Development	PA, SRM	April, 2015	Completed
	2 Negotiate and bind the Agility Recovery Program services as an added feature of the Campus and AORMA property Programs	PA, SRM	July, 2015	Completed
	3 Announce the roll out Agility Recovery Program through a bulletin to campus and auxiliary organization staff	PA, SRM	July, 2015	Completed
	4 Develop loss event protocol to trigger use of Agility services	PA, SRM	July, 2015	Completed
	5 Report on usage and outcomes	PA, SRM	March, 2016	In Process
	6 Determine whether to continue the program for FY 16/17	EC	March, 2016	In Process
LRP-4 ADDITIONAL COVERED PARTY - POLICY AND PROCEDURE				
Develop a Policy and Procedure that describes the underwriting criteria for granting additional insured status	1 Develop a Policy and Procedure describing the underwriting criteria for granting additional insured status, prepare draft MOC, endorsement and certificate changes	PA, SRM, OGC	September, 2015	Completed
	2 CSURMA EC review and recommendation to the BOD	EC	September, 2015	Completed
	3 CSURMA BOD review, approval and adoption	BOD	October, 2015	Completed
LRP-5 ON-LINE EDUCATION MULTI-STATE SURETY INITIATIVE				
Place a blanket surety bond for all	1 Determine scope of on-line programs and jurisdictions, research if placement of a blanket bond, or alternative Systemwide placement approach, is feasible	PA, SRM, OGC	August, 2015	Pending

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

Approved

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
CSU campuses and auxiliary organizations that provide on-line university courses	2	Present information to the CSURMA EC for direction	PA, SRM, OGC	September, 2015	Completed
	3	Report on project to CSURMA BOD	PA, SRM, OGC	October, 2015	Completed
	4	Approval of blanket or alternative surety program as appropriate	EC	December, 2015	In Process
	5	Implement program and communicate with campus stakeholders	PA	March, 2016	In Process
LRP-6 STUDENT PLACEMENT AGREEMENTS					
Implement more master insurance and indemnity agreements with key hosting partners	1	Research existing placement agreements for student internships, particularly in Teaching, Nursing/Allied Health, and Service Learning programs to identify key hosting partners	PA, SRM	August, 2015	On-going
	2	Present list of key target hosts to CSURMA EC	PA, SRM	September, 2015	Moved to October, 2016 meeting
	3	Draft proposed master insurance and indemnity language for student placement agreements and contact key hosting partners	PA, SRM, OGC	October, 2015	Completed
	4	Update CSURMA BOD on progress	PA, SRM	October, 2015	Completed
	5	Report to EC on Progress of Master Insurance and Indemnity Agreements	SRM	March, 2016	Completed
LRP-7 CSU / UC WORKERS' COMPENSATION SUMMIT					
Plan a CSU / UC Workers' Compensation Summit to share claim strategies and best practices	1	Plan the CSU / UC Workers' Compensation Summit agenda	SRM	September, 2015	On-going
	2	Update the CSURMA EC on status of the Summit development	SRM, EC	September, 2015	Completed
	3	Send out Workers' Compensation Summit invitations	PA, SRM	November, 2015	Pending
	4	Conduct the Summit	SRM	February, 2016	
	5	Report back to the CSURMA EC as to the Summit take-aways	SRM, EC	May, 2016	
LRP-8 CAMPUS AND AORMA RISK PROGRAM BENCHMARKING AND TREND ANALYSIS					
Develop a Workers' Compensation statistical industry benchmarking operation	1	Research benchmarking resources available	PA	April, 2015	Completed
	2	Develop conceptual proposal for short and long term benchmarking	PA, SRM	May, 2015	Completed
	3	Approval of initial benchmarking project scope and costs	EC	May, 2015	Completed
	4	Implement initial project	PA, SRM	September, 2015	On-going
	5	Initial report to CSURMA EC and BOD, and CSU CABO	PA, SRM	October, 2015	Completed
	6	Report to AORMA Membership at AOA Conference	PA, SRM	February, 2016	Completed
	7	Presentation of sustainable long term benchmarking program	PA, SRM	March, 2016	In Process
	8	Approval of long term benchmarking project scope and costs	EC	March, 2016	In Process
LRP-9 SPECIAL EVENTS RISK MANAGEMENT MANUAL					
Creation of a Special Events	1	Identify and engage consultant to develop Special Events Risk Management Manual and training modules	SRM	August, 2015	Completed

FY 2015/16 CSURMA LONG RANGE ACTION PLAN

Approved

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
Manual	2	Oversee the creation of a special events risk management manual	SRM	June, 2016	
	3	Roll out manual to all campus and auxiliary organization staff	SRM	July, 2016	
	4	Post manual on the CSURMA website	PA	July, 2016	
	5	Present the Special Events Risk Management Training at Fitting the Pieces Together Conference	SRM	November, 2016	
	6	Roll out special events training on the CSU learning management system	SRM	July, 2017	

LRP-10 INSURANCE POLICY DATABASE

Implementation of an Insurance Policy Database to assist with litigation	1	Research and identify viable software products	PA, SRM	September, 2015	Completed
	2	Approve selection of software product	EC	September, 2015	On-going
	3	Project overview report to CSURMA BOD and CABO	SRM, PA	October, 2015	Completed
	4	Populate database with Phase 1 data	PA	March, 2016	In Process
	5	Present Phase 1 project results and recommendations for Phase 2	SRM, PA	March, 2016	In Process
	6	Approve Phase 2 and ongoing database maintenance plan	EC	March, 2016	In Process

BOD: CSURMA Board of Directors

CABO: CSU Chief Administrators and Business Officers

CO: Chancellor's Office

CPDC: CO Capital Planning Design & Construction

EC: CSURMA Executive Committee

OGC: CSU Office of General Counsel

PA: CSURMA Program Administrator

SRM: CSU Systemwide Risk Management