



CSURMA BOARD OF DIRECTORS MEETING AGENDA

“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 a publicly accessible place, including the internet, at least ten days in advance of the meeting. This meeting agenda shall also be posted at the address of the teleconference location with access for the public via phone/speaker phone.

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 may require routine provision of identification to building security. However, CSURMA AORMA 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.

Meeting Date: November 2, 2016 **Location:** Holiday Inn Capitol Plaza
Time: 4:00 PM 300 J Street
Sacramento, CA 95814

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

A. CALL TO ORDER

- 1. **Approval of the Agenda** A p. 4

B. PUBLIC COMMENTS

C. CONSENT CALENDAR

The Board is asked to take action on the consent calendar items as a group, except a member may request an item be withdrawn from the Consent Calendar for discussion and action.

- 1. **Approval of Minutes – May 6, 2016** A p. 5
The Board will be asked to approve minutes from their last meeting.
- 2. **Treasurer’s Report at June 30, 2016** A p. 18
The Board will be asked to accept the Treasurer Report at June 30, 2016.
- 3. **Adoption of Meeting Dates for Calendar Year 2017** A p. 25
The Board will be asked to adopt the CSURMA 2017 Meeting Calendar.

D. GENERAL ADMINISTRATION

- 1. **Independent Auditor’s Financial Audit Report as of June 30, 2016** A p. 27
The Board will receive a report on the Independent Auditor’s Audit at June 30, 2016.

- 2. **FY 17/18 Pooled Program Funding Status**
 - a. **Campus Risk Pools - Actuarial Reports for Campus Liability, Campus Workers' Compensation and Athletic Injury Medical Expense (AIME) Programs** I p. 102
The Board will be asked to review the actuarial reports.
 - b. **Campus Risk Pools - Funding Status at June 30, 2016** I p. 118
The Board will receive a report on the pooled program funding status at June 30, 2016.
 - c. **Campus Risk Pools – Dividends and Assessments** I p. 124
The Board will be asked to approve the proposed dividends and delegate authority to the AIME committee to distribute in accordance to the policies and procedures.

- 3. **Campus Risk Pools Rating Plans Task Group Report** A p. 137
The Board will be asked to approve changes to the campus risk pool rating plans

- 4. **FY 2017/2018 Rates and Gross Funding Campus Coverage Programs** I p. 163
The Board will be asked to review and adopt the Campus coverage program rates and funding for the program year 17/18.

- 5. **Review of FY 2016/2017 Long Range Planning Goals** I p. 172
The Board will be asked to review the FY 16/17 Long Range Planning Goals.

- 6. **Resolution Recognizing the Contributions** A
The Board will be asked to adopt the BOD resolutions recognizing the contributions.
 - a. Dwayne Brummett – Resolution No. 02-16 p. 176
 - b. Keith Kompsi – Resolution No. 03-16 p. 178

- E. **OTHER INSURANCE PROGRAMS**
 - 1. **AIME Program Update** I p. 180
The Board will receive a verbal report on the AIME program.
 - 2. **AORMA Programs Update** I p. 181
The Board will receive a verbal report on the AORMA programs.

- F. **CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1)**
Action may be taken per Government Code Section 11126(e)(1) & 11126(f)(1). Please refer to the below list of claims that may be discussed. The Committee may assess and evaluate pending claims and related issues and take action or provide direction to Staff regarding the litigation described below.

No items are scheduled for closed session.

G. INFORMATION ITEMS

- | | |
|--|-----------------|
| 1. Program Administrator’s Stewardship Report
<i>Staff will present the Stewardship Report to the Board.</i> | I p. 182 |
| 2. CSURMA Administrative Service Calendar
<i>The Board will be asked to review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.</i> | I p. 215 |
| 3. CSURMA Board of Directors and Staff Contact List
<i>The Board will be asked to review the CSURMA Board of Directors contact information and provide Staff with revisions.</i> | I p. 223 |

H. ADJOURNMENT

The next Board of Directors meeting is scheduled for Friday, May 5, 2017, in Long Beach, CA

If you have questions regarding the agenda package, please contact

Mimi Long at mlong@alliant.com / (415) 403-1423 or Tevea Him at thim@alliant.com / (415) 403-1416

Teleconference Locations:

1. CSU Chancellor’s Office, 401 Golden Shore, Long Beach, CA
2. California State University, Dominguez Hills, 1000 East Victoria Street, Carson, CA
3. Humboldt State University Center, 1 Harpst Street, Arcata, CA
4. California State University, Long Beach, 1250 Bellflower Blvd. MS 0123 BH-370, Long Beach, CA
5. San Jose State University, Administrative & Finance, One Washington Square, CL 500, San Jose, CA

APPROVAL OF THE AGENDA

ISSUE: The Board of Directors will be asked to approve the agenda for today's meeting.

RECOMMENDATION: The Board of Directors is asked to review and approve the proposed agenda before discussion of any business.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

APPROVAL OF MINUTES – MAY 6, 2016

ISSUE: The Board of Directors will be asked to review and approve the draft minutes from its May 6, 2016 meeting.

RECOMMENDATION: It is recommended that the Board of Directors approve the minutes from its May 6, 2016 meeting, including corrections as necessary.

FISCAL IMPACT: None.

BACKGROUND: The minutes reflect the actions taken by the Board of Directors at its last meeting.

PUBLICATION: The approved minutes will be uploaded to the CSURMA website.

ATTACHMENT(S):

- a. CSURMA Board of Directors Meeting Minutes – May 6, 2016

**MINUTES OF THE
CSURMA BOARD OF DIRECTORS MEETING**

May 6, 2016

**CSU CHANCELLOR'S OFFICE, DUMKE ROOM
401 Golden Shore • Long Beach, CA**

10:30 AM

A. CALL TO ORDER

The meeting was called to order at 11:00 a.m. by Linda Hawk

All Board of Directors and guests introduced themselves.

A1. Approval of the Agenda

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

MOTION: Jody Van Leuven

SECOND: Guy Dalpe

MOTION CARRIED

B. PUBLIC COMMENTS

There were no public comments.

C. CONSENT CALENDAR

C1. Approval of Minutes – October 23, 2015

C2. CSURMA Treasurer's Report

C3. Adoption of the CSURMA's Conflict of Interest Code

A motion was made to approve or accept each item on the Consent Calendar as presented.

MOTION: Frank Mumford

SECOND: Kevin Saunders

MOTION CARRIED

D. GENERAL ADMINISTRATION

D1. Adoption of the FY 2016/17 CSURMA Operating Budget

Rob Leong summarized the FY 2016/17 CSURMA Operating Budgets features. Systemwide Risk Management, Enterprise Accounting and the Program Administrators worked together to develop the proposed budget for FY 2016/17.

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

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

The proposed Campus programs operating budget would develop Total Revenues of \$74,233,215, Total Operating Expenses of \$74,538,120, and Total Non-Operating Revenues of \$2,127,765, generating Net Surplus of \$1,822,859 additions to retained earnings.

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

- Slight decrease in Total contributions from \$13,427,580 to \$13,210,576.
- Increase in Liability contributions from \$3,831,957 to \$3,880,956 due to actuarial projected claim trend and projected reinsurance premiums.
- Liability Program Reinsurance Premiums increased from \$850,000 to \$1,400,000 based on marketing results (the reinsurance premiums are shown as negative operating revenues within the budget)
- Increase in Workers' Compensation contributions from \$4,496,250 to \$4,523,000 due to actuarial projected claim trend and projected excess insurance premium.
- Increase in Property contributions from \$2,204,231 to \$2,368,714 due to change in total insured values and expected insurance premiums. Premiums are subject to adjustment based on final reported total insured values (TIV) and final negotiated rates.
- Increase in Crime from \$299,468 to \$310,552 due to claims experience.
- Decrease in Unemployment Insurance contributions of \$2,595,674 to \$2,127,354 due to claims trend.

The proposed AORMA programs operating budget would develop Total Operating Revenues of \$10,131,576 Total Operating Expenses of \$11,494,635, and Total Non-Operating Revenues of \$350,975, generating a deficit \$1,012,083 to be funded by retained earnings.

Leong also noted that pursuant to California Government Code Section 53607, the Board is requested to delegate authority for a one-year period to the Treasurer to invest or to reinvest funds, or to sell or exchange securities so purchased, and to assume full responsibility for those transactions until the delegation of authority is revoked or expires, and to make a report of those transactions to the Board. Subject to review, the Board may renew the delegation of authority pursuant to this section each year.

A motion was made to adopt Resolution No. 01-16 (BOD) as presented.

MOTION: Jody Van Leuven

SECOND: Frank Mumford

MOTION CARRIED

D2. Campus Risk Pools Program Funding Status

Rob Leong summarized the risk pool exhibits which are prepared annually in accordance with the CSURMA's adopted funding policy for its self-funded pooling programs. The exhibits provide an analysis of the pooled program's 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 green section on the exhibit represents the amount of funds in excess of the outstanding losses at a 70% confidence level.

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 10, 2016 meeting, reviewed the pooled programs funding position to determine if there are sufficient funds to meet anticipated needs, including a confidence margin for unexpected expenditures. The Executive Committee will again review CSURMA's funding position in light of the year-end audited financial statements when completed, and determine at that time if there are ample surplus to consider a release of dividends to the members, or if an assessment is necessary.

D3. Nominating Committee Report and Executive Committee Elections

At its January meeting, the Executive Committee Chair, Linda Hawk, appointed a nominating committee of Robert Eaton, Lisa Chavez and Jody Van Leuven. As shown below, four seats are up for election at today's meeting.

- Chair, Linda Hawk currently holds this seat

- Vice Chair, Mike Lee currently holds this seat
- Seat #3, Kevin Saunders currently holds this seat
- Seat #4, Scott Apel currently holds this seat as an interim Executive Committee member. Apel was appointed by Linda Hawk as an interim member to fill the vacancy due to Lori Gentles' departure.

Hawk asked for nominations from the floor. Hearing none, Hawk asked for a motion to close the nominations.

A motion was made to close nomination as there were no nominations from the floor.

MOTION: Guy Dalpe

SECOND: Stephen Mastro

MOTION CARRIED

The Board of Directors elected by acclamation the proposed slate of candidates for the term July 1, 2016 to June 30, 2018:

- Chair, Linda Hawk
- Vice Chair, Mike Lee
- Seat #3, Kevin Saunders
- Seat #4, Scott Apel

D4. Amendment of Policies and Procedures

Linda Hawk asked Daniel Howell to review the recommended revisions to the CSURMA Policies and Procedures. Howell explained that the Executive Committee adopted Resolution No. 04-13 (EC) which specifies that CSURMA's policies and procedures will be reviewed on a regular basis to ensure administrative tasks remain relevant and effective for its operations. The resolution defines the process for the Executive Committee to review even-numbered policies and procedures in even-numbered calendar years, and odd-numbered policies and procedures in odd-numbered calendar years.

The Executive Committee reviewed all of the even-numbered policies and procedures at its meetings on January 11, 2016 and March 11, 2016. Most of the proposed changes are minor and intended to establish formatting conformance. However, substantive revisions are recommended to policy and procedure nos. 14, 18 and 20, and a new policy and procedure, no. 24, is being recommended. Howell summarized the changes.

1. Policy and Procedure 14 – *Campus Risk Pool Dividends and Assessments* – was revised to grant authority to the Executive Committee to declare a dividend if overall funding is sufficient to support such action. Howell reiterated that the dividend would need to be within the established guidelines. Assessment will still need Board approval.

2. Policy and Procedure 18 – *Board of Directors Participation and Executive Committee Nominations and Elections Process* – Amended to clarify the policy and process of CSURMA representation on outside committees and boards.
3. Policy and Procedure 20 and 24 – *Owner Controlled Insurance Program (OCIP) and Builder’s Risk Insurance Program (BRIP)* – As recommended by CPDC and Systemwide Risk Management, the OCIP and BRIP sections of the policy and procedure were separated into two policies and procedures.

A motion was made to approve the revisions to Policies and Procedures 14, 18, 20 and 24.

MOTION: Frank Mumford

SECOND: Kevin Saunders

MOTION CARRIED

D5. Insurance Renewals Update and Underwriter Meetings Report

Daniel Howell provided information regarding CSURMA’s insurance and reinsurance programs renewals. In April 2016, CSURMA’s Treasurer, Robert Eaton and Secretary-Auditor, Zachary Gifford, completed meetings with insurance underwriters in preparation for final renewal negotiations. The AORMA primary excess liability program will experience a substantial increase due to recent losses. The University excess tower will be stable with possibly an increase that follows the increase in full time equivalent students. Howell notes that Staff is negotiating with underwriters to expand the use of reinsurance into the excess layers. The property program will likely see a flat rate renewal for AORMA and an increase for the University program due to a recent large loss. The initial 18 month primary coverage program with CSAC EIA for workers’ compensation is up for renewal and initial terms are showing that the renewal cost should come in below CSU and AORMA’s expected loss costs as calculated by CSURMA’s actuary. The Foreign Travel Insurance Program may see an increase in cost due to claims experience. The new Fine Arts, Artifacts and Archives insurance program is being expanded to a Systemwide offering. The sublimit for unscheduled items is being negotiated.

D6. Master Enabling Agreement for Transportation

Zachard Gifford noted that the Executive Committee, at its meeting earlier today, approved a master enabling agreement with GoGround for the University’s transportation management services. All GoGround transportation carriers are TSX safety certified and carry insurance limits of between \$5MM and \$20MM. GoGround carries \$11MM in excess insurance. Because of the standardization of service, GoGround is able to provide cost savings.

D7. Revised Liability Memorandum of Coverage Effective July 1, 2016

As summarized by Daniel Howell, a Memorandum of Coverage (MOC) is a contract between the members and the JPA. It is not an insurance policy. Insurance companies regularly review their policy forms and make revisions to reflect industry trend and claims experience. Similarly, it is prudent for CSURMA to review its coverage forms and make amendments to clarify and enhance coverage as appropriate. Robert Lowe, from Alliant Insurance Services, summarized the revisions to the MOCs for the AORMA Liability Program as well as the Campus Liability Risk Pool and notes that the revised MOCs are more in line with the standard public educators form.

A motion was made to delegate authority to the Executive Committee and the AORMA Committee to adopt revisions to the MOC's to be effective July 1, 2016.

MOTION: Frank Mumford

SECOND: Kevin Saunders

MOTION CARRIED

D8. FY 2016/17 Long Range Planning Goals

Daniel Howell explained that the Executive Committee held its long range planning session on March 11, 2016. The planning session consisted of a review of the FY 2015/16 Long Range Action Plan, a report on its status, an evaluation on where efforts should be focused for the next one to three years, and the development of new long range goals for FY 2016/17 and beyond. Based on the discussions during the long range planning session, Staff drafted the FY 2016/17 Long Range Action Plan which was approved by the Executive Committee as its meeting today. Howell reviewed the FY 16/17 Long Range Action Plan goals:

1. Master Out-of State On-Line Education Surety
2. Special Events Resource Guide
3. Benchmarking and Trend Analysis
4. Insurance Policy Database
5. Captive Insurer
6. Loan Policy and Investment Options
7. On-Campus Visits with Vice Presidents
8. CSURMA Communications and Outreach Plan
9. Master Enabling Agreement for Transportation

D9. Adoption of Final 2016 CSURMA Meeting Calendar

The Board reviewed the CSURMA meeting dates for 2016 shown below. Daniel Howell noted that the Fall Board meeting has been schedule for November 2, 2016 at 4:30 PM during the Fitting the Pieces Together Conference in Sacramento. A CABO meeting in San Diego was scheduled for Friday, September 9, 2016, which conflicts with the CSURMA Executive Committee meeting on the same date; therefore, the Executive Committee moved its September 9th meeting to September 23rd.

January 10, 2016 at 3:00 PM (AOA Conference, Sacramento).....	EC
March 10, 2016 at 2:00 PM (Chancellor’s Office).....	EC
March 11, 2016 at 8:30 AM (Chancellor’s Office)	EC LRP
May 6, 2016 at 8:00 AM (Chancellor’s Office)	EC
May 6, 2016 at 10:30 AM (Chancellor’s Office)	BOD
September 23, 2016 at 8:30 AM (Location TBD)	EC
November 2, 2016 at 1:30 PM (Sacramento, FTPC).....	EC
November 2, 2016 at 4:00 PM (Sacramento, FTPC).....	BOD
December 2, 2016 at 8:30 AM (Chancellor’s Office)	EC

A motion was made to accept and approved the final 2016 CSURMA meeting dates as presented.

MOTION: Jody Van Leuven

SECOND: Guy Dalpe

MOTION CARRIED

D10. Third Party Workers’ Compensation Claims Administrator Service Performance Audit Presentation

The Board reviewed the results of the Workers’ Compensation Claims Administration service performance review. CSURMA engages Sedgwick Claims Management Services (Sedgwick CMS) to serve as third-party administrator (TPA) for Campus and AORMA Workers’ Compensation Risk Pool claims. Pursuant to CSURMA Policy and Procedure No. 5, a regular performance audit is performed to review services delivered by Sedgwick, particularly in regards to the standards of performance for the industry and the specific requirements outlined in the Service Agreement between CSURMA and Sedgwick CMS. A service performance audit for 2015 was completed by Jacki Graf, CSURMA’s Senior Workers’ Compensation Claims Consultant in October and November of 2015. Graf summarized the results of the audit.

D11. Risk Program Benchmarking and Trend Analysis

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, CSURMA 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. 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 presented some of the on-line comparison charts.

E. OTHER INSURANCE PROGRAMS

E1. AORMA Programs Update

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

E2. AIME Programs Update

Jody Van Leuven provided a brief report of the activities of the AIME Committee.

F. CLOSED SESSION

There were no items scheduled for closed session.

G. INFORMATION ITEMS

G1. CSU IIPP Work Group

The Board reviewed the “Movement Motivation: The Case for Promoting Movement in Office Workers at CSU Campuses” white paper which has been uploaded to the CSU LMS.

G2. CSURMA Insurance Requirement in Contracts Manual – Version 9.0

The Insurance Requirements in Contracts Manual has been updated and edited. CSU has developed specific Executive Orders, standard agreements and practices that take precedence over the discussion in the manual. Note for example that CSU has promulgated standard waiver, informed consent and indemnification language that should be the basis of agreements entertained by Campus and auxiliary organization personnel. Also, the Office of General Counsel has longstanding experience in matters regularly encountered and Campus University Counsel should be consulted as appropriate. Finally, and perhaps as a starting point when questions arise, the Systemwide Office of Risk Management has a wealth of experience and depth of resources to assist in efforts to establish agreements that protect the University community. The IRIC Manual - version 9.0 has been uploaded onto the CSURMA website.

G3. Integrated CSU Administrative Manual

The Board reviewed the listing of the sections of the Integrated CSU Administrative Manual (ICSUAM) that have been adopted by CSURMA

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

Section 6000 – Financing, Treasury, and Risk Management – *adopted March 11, 2016*

Section 13000 – Auxiliary Organizations Administration – *adopted March 11, 2016*

G4. CSURMA Master Investment Policy

The Board reviewed the CSURMA Investment Policy and related policies which were adopted by the Executive Committee as the Master Investment Policy of the CSURMA.

G5. Review of the Service Provider Performance Survey Report

The Board reviewed the Service Provider Performance Survey Report. CSURMA strives to provide consistency and reliability over time. One key component to accomplishing this goal is evaluating those organizations that provide services to CSURMA. On an annual basis CSU Systemwide Risk Management contacts CSURMA members who regularly use vendor services and asks them to complete an on-line vendor survey. The complete 2015 Vendor Survey Report will be posted on the CSURMA website.

G6. CSURMA Administrative Service Calendar

The Board reviewed the CSURMA Administrative Services Calendar.

G7. CSURMA Board of Directors and Staff Contact List

The Board was asked to review the attached Board of Directors contact information and provide Staff with revisions.

G8. Unemployment Insurance Claims Cost Summary Charts

The Board reviewed the Unemployment Insurance Claims report showing a quarter by quarter comparison of claims costs and also a nine-year cost history.

H. ADJOURNMENT

The meeting was adjourned at 12:49 P.M.

**CSURMA BOARD OF DIRECTORS MEETING
ATTENDANCE**

May 6, 2016

**CSU CHANCELLOR'S OFFICE, DUMKE ROOM
401 Golden Shore • Long Beach, CA**

10:30 AM

Board of Directors:

Campus Name	Representative	Present ✓	Alternate	Present ✓
CSU Bakersfield	Thom Davis	✓ <i>In Person</i>	Tim Ridley	✓ <i>In Person (non-voting)</i>
CSU Office of the Chancellor	Robert Eaton	✓ <i>In Person</i>	Vacant	
CSU Channel Islands	Katharine Hullinger	✓ <i>In Person</i>	Caroline J. Doll	
CSU Chico	Michael Thorpe	✓ <i>In Person</i>	Lorraine B. Hoffman	
CSU Dominguez Hills	Stephen J. Mastro	✓ <i>In Person</i>	Jeff Wood	✓ <i>In Person (non-voting)</i>
CSU East Bay	Nyassa Love Johnson	<i>Teleconference</i>	Debbie Chaw	
CSU Fresno	Debbie Adishian-Astone		Lisa Kao	
CSU Fullerton	Michael Coughlin		John Beisner	
Humboldt State University	Michael Burghart	<i>Teleconference</i>	Joyce Lopes	<i>Teleconference (non-voting)</i>
CSU Long Beach	Scott Apel	✓ <i>In Person</i>	Felissa Waynick	✓ <i>In Person (non-voting)</i>
CSU Los Angeles	Lisa Chavez	✓ <i>In Person</i>	Kevin Brady	✓ <i>In Person (non-voting)</i>
California Maritime Academy	Marianne Spotorno	<i>Teleconference</i>	Franz Lozano	<i>Teleconference (non-voting)</i>
CSU Monterey Bay	Kevin Saunders	✓ <i>In Person</i>	Lenore Reed	<i>Teleconference (non-voting)</i>
CSU Northridge				
Cal Poly Pomona	Sharon Reiter		Valerie Eberle	✓ <i>In Person</i>
CSU Sacramento	Mike Lee	✓ <i>In Person</i>	Kirtland Stout	✓ <i>In Person (non-voting)</i>



California State University Risk Management Authority

DRAFT

CSU San Bernardino	Jody Van Leuven	<i>✓ In Person</i>	Douglas R. Freer	
San Diego State University	Thomas McCarron		Jessica Rentto	<i>Teleconference</i>
San Francisco State University	Ronald Cortez		Michael Beatty	<i>✓ In Person</i>
San Jose State University	Mark Loftus	<i>Teleconference</i>	Josee Larochelle	
Cal Poly (San Luis Obispo)	Dru Zachmeyer		Cindy Vizcaino Villa	
CSU San Marcos	Linda Hawk	<i>✓ In Person</i>	Erin Fullerton	<i>✓ In Person (non-voting)</i>
Sonoma State University	Tyson Hill	<i>Teleconference</i>	Nathan Johnson	
CSU Stanislaus	Amy Thomas	<i>Teleconference</i>	Douglas Dawes	

Auxiliary Name	Representative	Present ✓
University Glen Corporation	Dave Nirenberg	<i>✓ In Person</i>
Fresno Association Inc., CSU Fresno	Keith Kompsi	
Humboldt State University Center	Dave Nakamura	
California State University, Long Beach Foundation	Brian Nowlin	
Forty-Niner Shops, Inc., CSU, Long Beach	Robert de Wit	
University Corporation, CSU Monterey Bay	Gigi Kiama	
University Enterprises, Inc. (UEI)	Jim Reinhart	
University Union Operation of CSUS, Inc.	Leslie Davis	
San Jose State University Research Foundation	Cheree Aguilar	
Associated Students, Inc., Cal Poly San Luis Obispo	Dwayne Brummett	
CSU Fullerton Auxiliary Services Corporation	Frank Mumford	<i>✓ In Person</i>
Cesar Chavez Student Center, San Francisco	Guy Dalpe	<i>✓ In Person</i>



Staff, Guests and/or Consultants Present:

Rufus Gant – Cal Poly Pomona
Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
Jacki Graf - Alliant Insurance Services, Inc.
Tevea Him – Alliant Insurance Services, Inc.
Daniel Howell - Alliant Insurance Services, Inc.
William Hsu – CSU, Office of General Counsel
Alice Kim – CSU, Office of the Chancellor
Rob Leong - Alliant Insurance Services, Inc.
Jessica Liu – CSU, Office of the Chancellor
Mimi Long - Alliant Insurance Services, Inc.
Robert Lowe – Alliant Insurance Services
Rebecca Skidmore – CSU, Office of the Chancellor
Editha Winterhalter – CSU, Northridge

CSURMA TREASURER'S REPORT

ISSUE: California Government Code Section 53646(b)(1) requires that the CSURMA Treasurer submit a Quarterly Investment Report stating that all investments are in compliance with the current investment policy and that CSURMA has sufficient funds to meet its expenditure requirements for the next six months. The Board is asked to review the Quarterly Investment Report ending June 30, 2016. The CSURMA Treasurer will be on hand to answer questions.

RECOMMENDATION: Staff recommends the Board accept the Treasurer's Report, as presented at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: The objective of reviewing the investment of funds is to assure that policies and procedures are in effect to protect and preserve the JPA's financial assets.

PUBLICATION: None.

ATTACHMENT(S):

- a. Certification of Funds Letter - September 8, 2016
- b. CSURMA Investment Report - April 1, 2016 to June 30, 2016



California State University Risk Management Authority

Officers

Linda Hawk
Chair - 760-750-4950

Dr. Ming Tung (Mike) Lee
Vice Chair - 916-278-6312

Robert Eaton
Treasurer - 562-951-4572

Zachary Gifford
Secretary-Auditor - 562-951-4568

To: Executive Committee
CSU Risk Management Authority

From: Robert Eaton
Treasurer
CSU Risk Management Authority

Re: Quarterly Investment Report
Ending June 30, 2016

Date: September 8, 2016

Government Code Section 53646(b)(1) requires the Authority's Treasurer to submit to the legislative body (Executive Committee), a quarterly investment report. Attached is the quarterly investment report ending June 30, 2016. The report contains a portfolio summary which includes market value, return, yield, weighted average maturity (WAM), and duration for each of CSURMA Investment Portfolios: Fixed Income Portfolio with TCW (Met West) and CSU's SWIFT Portfolio.

The funds held in investments are sufficient to meet the Authority's cash-flow needs for the following six (6) months. The investments are in accordance with the investment policy of the Authority, as duly authorized by the Executive Committee.

Robert Eaton
Treasurer
CSU Risk Management Authority

CSURMA

Quarterly Investment Report

April 1, 2016 - June 30, 2016

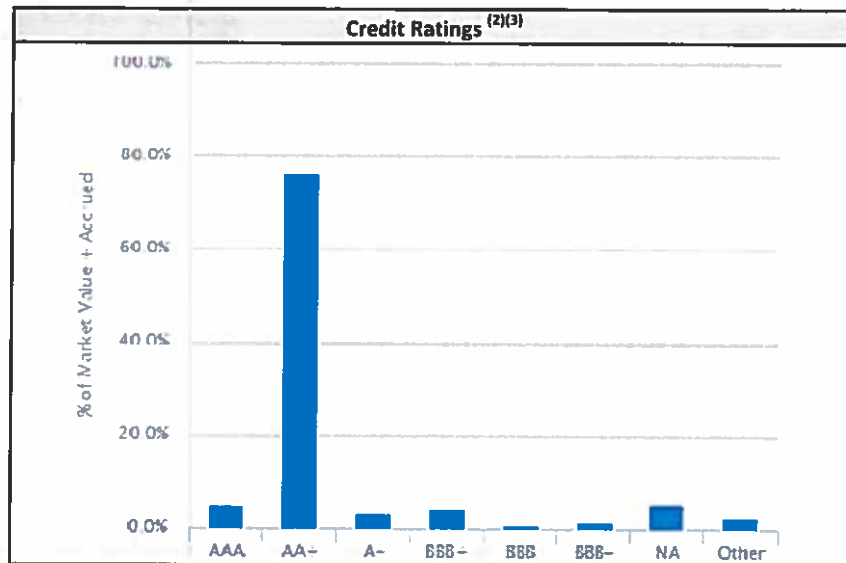
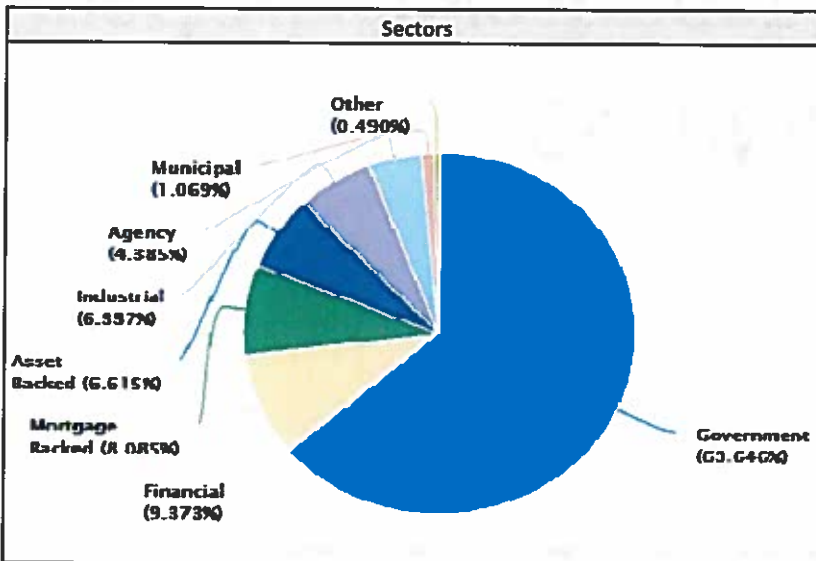
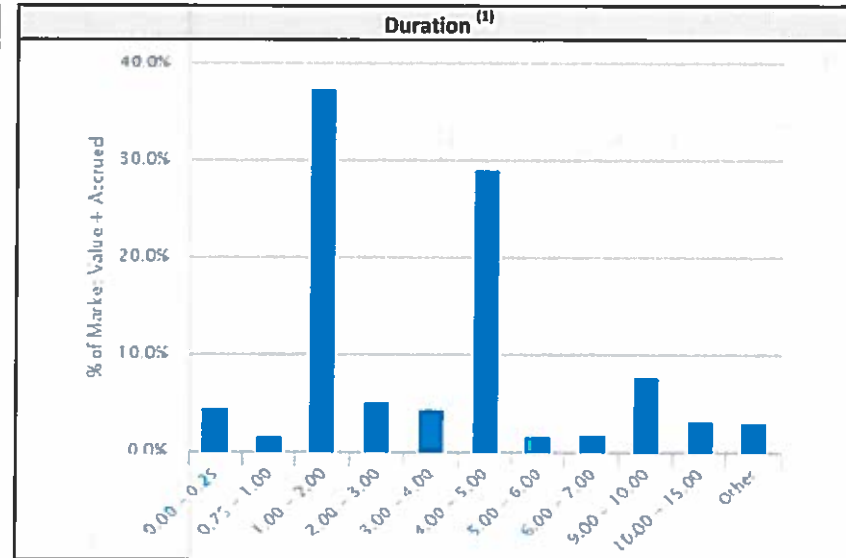
Prepared by Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 06/30/2016

Portfolio Summary Total	
Total Assets	134,144,150
Duration	3.736
Yield	1.224
Avg Credit Rating	AA-/Aa3
QE Performance	1.169%



⁽¹⁾ The Other category combines duration ranges and in aggregate equals 3.084% of the portfolio.

⁽²⁾ The Other category contains assets that do not fall within the top seven specific credit ratings. These assets make up 2.913% of the portfolio.

⁽³⁾ The NA category contains assets that do not have credit ratings available. These assets make up 5.351% of the portfolio.

California State University Risk Management Authority

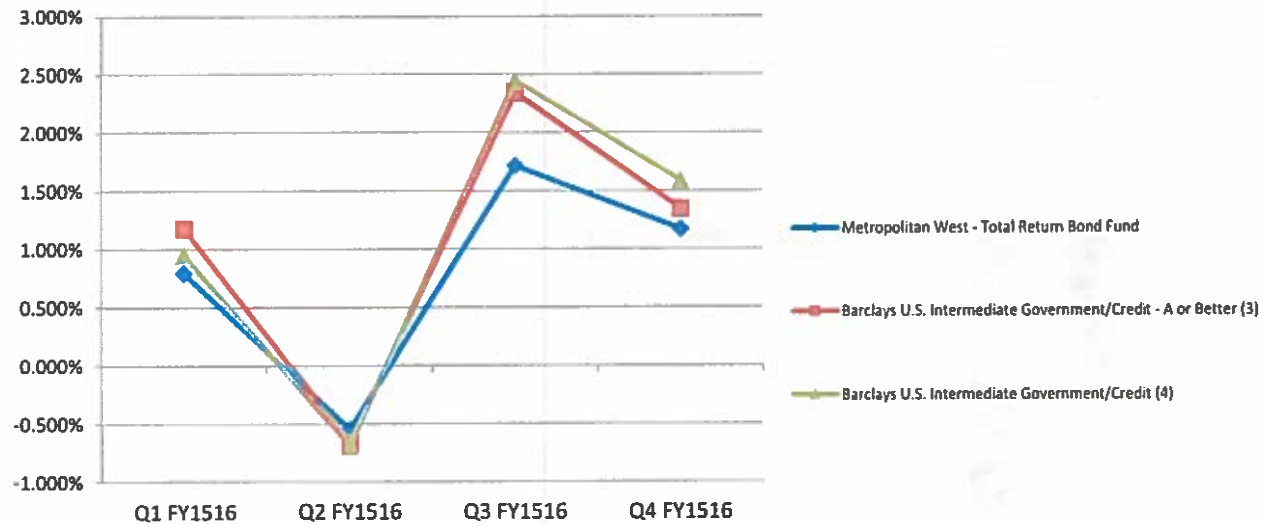
Fixed Income Portfolio (Auxiliary Investment Platform)

Performance Summary

Period Ending 06/30/2016

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	06/30/2016	04/01/16 - 06/30/16	07/01/15 - 06/30/16	07/01/13 - 06/30/16	07/01/11 - 06/30/16	07/01/07 - 06/30/16			
Metropolitan West - Total Return Bond Fund	134,144,150	1.169%	3.148%	2.265%	2.333%	4.092%	1.224	6.127	3.736
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾		1.344%	4.243%	2.739%	2.651%	3.337%	1.133	4.252	3.970
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾		1.585%	4.332%	2.948%	2.895%	3.706%	1.406	4.408	4.084

Account / Index	Q1 FY1516	Q2 FY1516	Q3 FY1516	Q4 FY1516	Trailing 12 Month ⁽¹⁾
	07/01/15 - 09/30/15	10/01/15 - 12/31/15	01/01/16 - 03/31/16	04/01/16 - 06/30/16	07/01/15 - 06/30/16
Metropolitan West - Total Return Bond Fund	0.794%	-0.554%	1.716%	1.169%	3.148%
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾	1.177%	-0.664%	2.343%	1.344%	4.243%
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾	0.949%	-0.691%	2.446%	1.585%	4.332%



(1) Represents Total Return on the portfolio (Income Return plus Price Return)

(2) Weighted Average Maturity

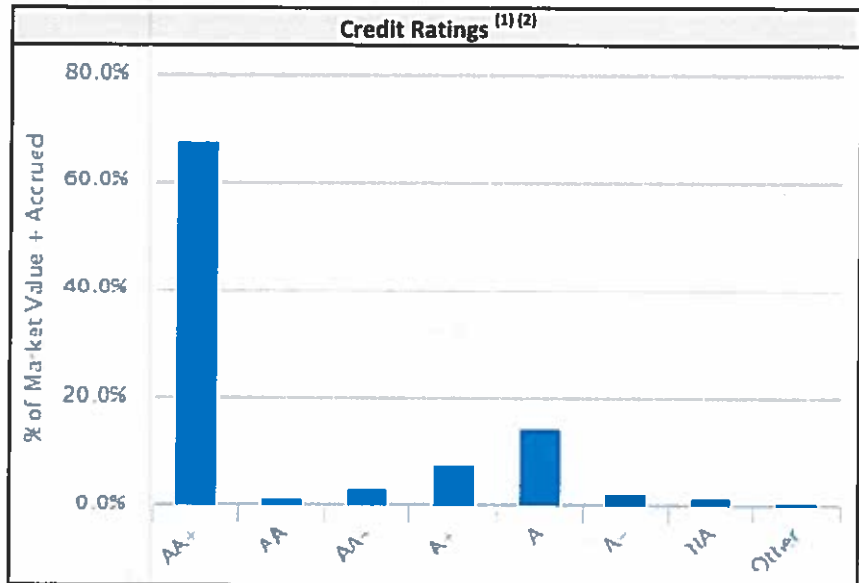
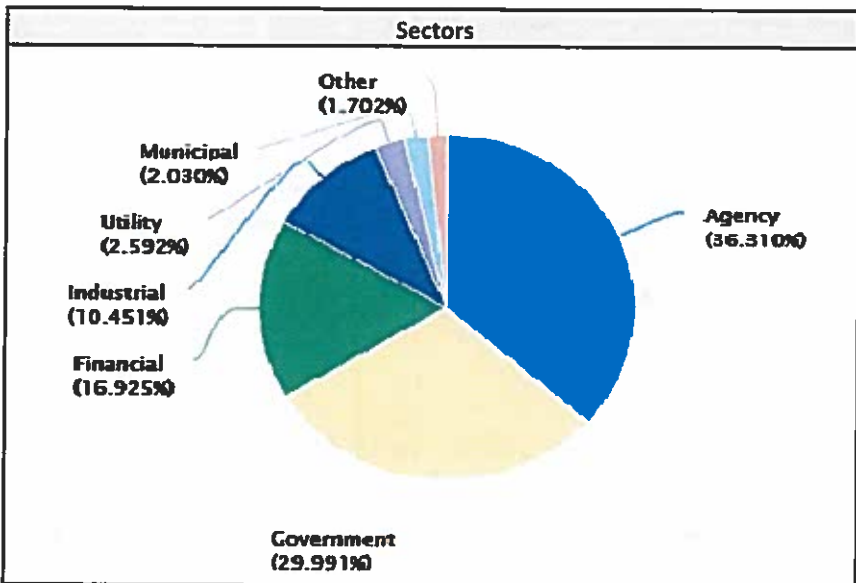
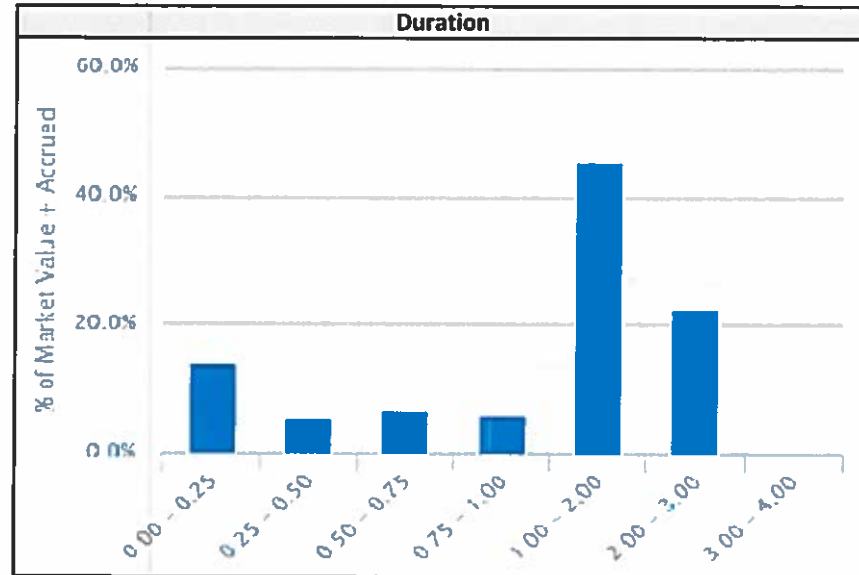
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

California State University SWIFT Portfolio

As of 06/30/2016

Portfolio Summary Total	
Total Assets	35,588,177
Duration	1.238
Yield	0.802
Avg Credit Rating	AA-/Aa3
QE Performance	0.424%



(1) The other bucket contains assets that do not fall within the top seven credit ratings.

(2) Clearwater grouped short term A-1+ securities with long term securities into the AAA which they deemed comparable credit rating groupings. This has been requested to be parsed out for future reports

California State University Risk Management Authority

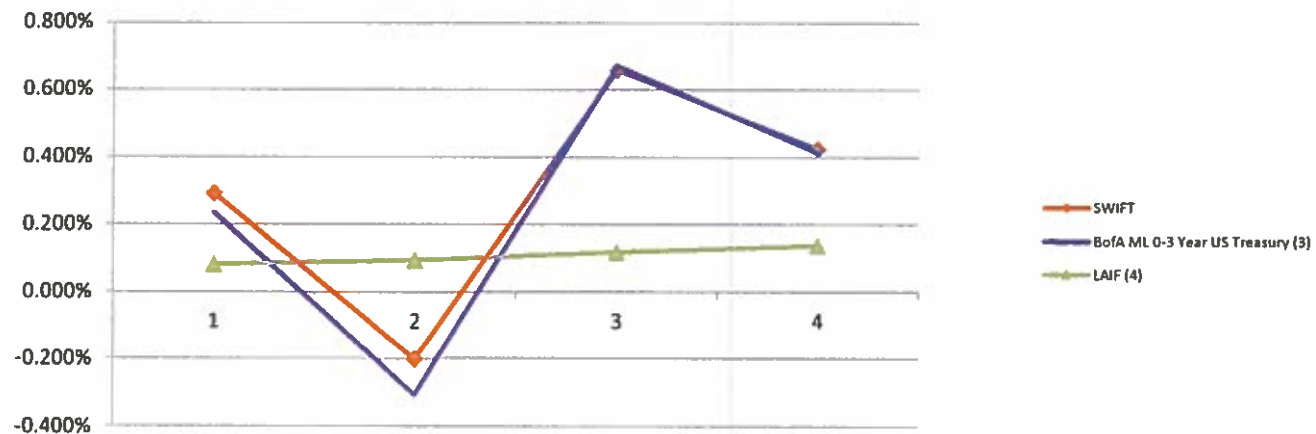
SWIFT Portfolio

Performance Summary

Period Ending 06/30/2016

Account / Index	Market Value	3 Month ⁽¹⁾	Trailing 12 Month ⁽¹⁾	Trailing 3 Year ⁽¹⁾	Trailing 5 Year ⁽¹⁾	Since Inception ⁽¹⁾	Yield	WAM ⁽²⁾	Duration
	06/30/16	04/01/16 - 06/30/16	07/01/15 - 06/30/16	07/01/13 - 06/30/16	07/01/11 - 06/30/16	07/01/07 - 06/30/16			
SWIFT - CSU Systemwide Investment Fund Trust	35,588,177	0.424%	1.177%	0.916%	0.782%	1.353%	0.802	1.530	1.238
BofA ML 0-3 Year US Treasury ⁽³⁾		0.412%	1.012%	0.744%	0.623%	1.755%	0.538	1.458	1.430
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.138%	0.433%	0.317%	0.328%	1.040%	0.552		

Account / Index	Q1 FY1516	Q2 FY1516	Q3 FY1516	Q4 FY1516	Trailing 12 Month ⁽¹⁾
	07/01/15 - 09/30/15	10/01/15 - 12/31/15	01/01/16 - 03/31/16	04/01/16 - 06/30/16	07/01/15 - 06/30/16
SWIFT	0.293%	-0.200%	0.657%	0.424%	1.177%
BofA ML 0-3 Year US Treasury ⁽³⁾	0.235%	-0.306%	0.670%	0.412%	1.012%
LAIF ⁽⁴⁾	0.082%	0.094%	0.118%	0.138%	0.433%



(1) Represents Total Return on the portfolio (Income Return plus Price Return)

(2) Weighted Average Maturity

(3) SWIFT Portfolio Benchmark

(4) LAIF returns calculated by CSUCO Treasury

ADOPTION OF MEETING DATES FOR CALENDAR YEAR 2017

ISSUE: The CSURMA has adopted a Meeting Calendar for the period of January 2017 - December 2017. The attached calendar records the dates of all Executive Committee and Board meetings, various conferences, and special events.

January 8, 2017 at 3:00 PM (AOA Conference, San Diego).....	EC
March 9, 2017 at 2:00 PM	EC
March 10, 2017 at 8:30 AM.....	EC LRP
May 3, 2017 at 2:00 PM.....	BOD NMO
May 5, 2017 at 8:30 AM.....	EC
May 5, 2017 at 10:30 AM	BOD
September 8, 2017 at 8:30 AM.....	EC
October 18, 2017 at 2:00 PM.....	BOD NMO
October 20, 2017 8:30 AM.....	EC
October 20, 2017 10:30 AM.....	BOD

RECOMMENDATION: It is recommended that the Board of Directors adopt these meeting dates for calendar year 2017 as recommended by the Executive Committee, per the attached calendar.

FISCAL IMPACT: Staff continues to consolidate meetings to reduce travel time and expenses.

BACKGROUND: CSURMA's Joint Powers Agreement establishes a Board and Executive Committee structure for governance. The CSURMA Board meets twice per year.

PUBLICATION: The approved calendar will be posted on the CSURMA website and will be included in all of the agenda packets

ATTACHMENT(S):

- a. CSURMA Proposed Meeting Dates for Calendar Year 2017



California State University Risk Management Authority

2017 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
8	3:00 PM	EC (AOA Conference)	San Diego	23	1:00 PM	PC	Teleconference	9	10:00 AM	AORMA	TBD
8 - 11		AOA Annual Conference	San Diego					9	2:00 PM	EC	TBD
TBD		AIME	TBD					10	8:30 AM	EC LRP	TBD
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
				3	2:00 PM	BOD Orientation	Teleconference	TBD		AOA EC	TBD
				4	10:00 AM	AORMA	Long Beach	22	1:00 PM	PC	Teleconference
				5	8:30 AM	EC	Long Beach				
				5	10:30 AM	BOD	Long Beach				
				TBD		AIME	TBD				
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
TBD	11:00 AM	AORMA Officers Retreat	TBD	TBD		AOA EC	TBD	6	9:00 AM	AORMA New Member	TBD
								6	10:00 AM	AORMA LRP	TBD
								7	9:00 AM	AORMA	TBD
								7	4:00 PM	EC Orientation	TBD
								8	8:30 AM	EC	TBD
								28	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
18	2:00 PM	BOD Orientation	Teleconference	TBD		AOA EC	TBD	7	10:00 AM	AORMA	TBD
19	10:00 AM	AORMA	Long Beach	30	8:00 AM	PC	San Francisco	8	8:30 AM	EC	TBD
20	8:30 AM	EC	Long Beach					7	8:00 AM	PC	San Francisco
20	10:30 AM	BOD	Long Beach								
TBD		AIME	TBD								

AORMA = Auxiliary Organizations Risk Management Alliance Committee
 AIME = Athletic Injury Medical Expense Committee
 MSLCTC = AORMA Member Services, Loss Control & Training Committee

PC = AORMA Programs Committee
 AORMA LRP = AORMA Long Range Planning Meeting
 AOA = CSU Auxiliary Organizations Association

EC = CSURMA Executive Committee
 EC LRP = EC Long Range Planning Meeting
 BOD = CSURMA Board of Directors

INDEPENDENT AUDITOR'S FINANCIAL AUDIT
AT JUNE 30, 2016

ISSUE: Pursuant to Section 16(d) of the CSURMA Joint Exercise of Powers Agreement, CSURMA contracted the independent audit firm KPMG to conduct an annual fiscal year audit (as of June 30, 2016) of the financial position of CSURMA. The CSURMA Treasurer and Accounting Staff will be present at today's meeting to review the report.

RECOMMENDATION: Staff recommends that the Board review and accept the audited financial reports, as appropriate.

FISCAL IMPACT: None.

BACKGROUND: Section 16(d) of the California State University Risk Management Authority Joint Exercise of Power Agreement requires that an annual audit be completed for all accounts and financial statements of CSURMA.

PUBLICATION: The Financial Audit will be uploaded to the CSURMA website.

ATTACHMENT(S):

- a. The Independent Auditor's Financial Audit Report as of June 30, 2016



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

September 22, 2016

The Board of Directors
California State University Risk Management Authority
401 Golden Shore
Long Beach, California 90802

Ladies and Gentlemen:

We have audited the financial statements of the California State University Risk Management Authority (the Authority) as of and for the years ended June 30, 2016 and 2015, and issued our report thereon under date of September 22, 2016. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audits.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements, that have been prepared by management with the oversight of the Board of Directors (the Board), are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audits do not relieve management or the Board of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the Board in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.



The Board of Directors
California State University Risk Management Authority
September 22, 2016
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Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Authority's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in Authority's financial statements, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Accounting Practices and Alternative Treatments

Significant Accounting Policies

The significant accounting policies used by the Authority are described in note 2 to the financial statements. As described in note 2, in order to comply with the requirements of U.S. generally accepted accounting principles, the Authority adopted GASB 72 – *Fair Value Measurements and Applications* effective July 1, 2015.

Unusual Transactions

We encountered no significant unusual transactions during the performance of our audits.

Qualitative Aspects of Accounting Practices

We have discussed with the Board and management our judgments about the quality, not just the acceptability, of the Authority's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the Authority's accounting policies and their application, and the understandability and completeness of the Authority's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Authority to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Management's estimate of the claims liability for losses and loss adjustment expense is based on analysis of historical claims. We evaluated the key factors and assumptions used to develop the liability, including possible management bias in developing the estimate and, in determining that the claims liability is reasonable in relation to the financial statements as a whole.

Management's estimate of the amounts recoverable related to reinsurance agreements are based on paid claims and claim adjustment expense. We evaluated the assumptions used to develop the



The Board of Directors
California State University Risk Management Authority
September 22, 2016
Page 3 of 4

estimated amounts due from reinsurers in determining that the estimated amounts recoverable were reasonable in relation to the financial statements taken as a whole.

Management's estimates of the fair values of various accounts are described in the notes to the financial statements.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements

In connection with our audit of the Authority's financial statements, we have discussed with management certain financial statement misstatements that have not been corrected in the Authority's books and records as of and for the year ended June 30, 2016. We have reported such misstatements to management on a Summary of Audit Misstatements and have received written representations from management that management believes that the effects of the uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Attached is a copy of the summary that has been provided to, and discussed with, management.

Corrected Misstatements

None noted.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditors' reports on the Authority's financial statements.

Management's Consultation with Other Accountants

None noted.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters with the Board and management each year prior to our retention by the Board as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



The Board of Directors
California State University Risk Management Authority
September 22, 2016
Page 4 of 4

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Engagement letter
2. Management representation letter

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Other Significant Findings or Issues

None noted.

Independence

Our professional standards and other regulatory requirements specify that we communicate all relationships between our firm and the Authority and persons in financial reporting oversight roles at the Authority that may reasonably be thought to bear on auditor independence.

Confirmation of Audit Independence

We hereby confirm that as of the date of this letter, we are independent accountants with respect to the Authority under relevant professional and regulatory standards.

* * * * *

This letter to the Board is intended solely for the information and use of the Board and management, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Irvine, California
September 22, 2016



KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Telephone +1 949 885 5400
Fax +1 949 885 5410
Internet www.us.kpmg.com

April 26, 2016

California State University
401 Golden Shore, 5th Floor
Long Beach, California 90802-4210

Attention: Mary Ek, Assistant Vice Chancellor and Controller

Ladies and Gentlemen:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to California State University (CSU).

Objectives and Limitations of Services

Financial Statement Audit Services

You have requested that we audit CSU's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, with the objective of expressing an opinion as to whether the presentation of the financial statements that have been prepared by management with the oversight of those charged with governance, conforms with U.S. generally accepted accounting principles.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, based on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to provide a reasonable basis for our opinion on the financial statements. We also will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements will be planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the



California State University
April 26, 2016
Page 2 of 11

United States of America and *Government Auditing Standards*. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to detect abuse.

We will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, we will not express an opinion or provide any assurance on the information. Our report relating to the financial statements will include our consideration of required supplementary information.

Subject to the remainder of this paragraph, we will issue a written report upon completion of our audit of CSU's financial statements addressed to the Board of Trustees of CSU. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement. If, during the performance of our audit procedures such circumstances arise, we will communicate to the audit committee our reasons for modification or withdrawal.

Internal Control over Financial Reporting and Compliance and Other Matters

In making our risk assessments as part of planning and performing our audit of the financial statements, we will consider CSU's internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the CSU's internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CSU's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, our objective is not to provide an opinion on compliance with such provisions.

In accordance with *Government Auditing Standards*, we will prepare a written report, *Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS report), on our consideration of internal control over financial reporting and tests of compliance made as part of our audit of the financial statements. While the objective of our audit of the financial statements is not to report on CSU's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements, this report will include any material weaknesses and significant deficiencies to the extent they come to our attention. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. This report will also include instances of:



- Fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance;
- Noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or
- Abuse that is material, either quantitatively or qualitatively.

The report will describe its purpose and will state that it is not suitable for any other purpose.

In accordance with *Government Auditing Standards*, we will also issue a management letter to communicate instances of noncompliance with provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but warrant the attention of those charged with governance.

In accordance with *Government Auditing Standards*, we are also required in certain circumstances to report fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the auditee.

Uniform Guidance Audit Services

We will also perform audit procedures with respect to CSU's major federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("the Uniform Guidance"). The Uniform Guidance includes specific audit requirements, mainly in the areas of internal control and compliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of CSU's major federal programs that exceed those required by *Government Auditing Standards*.

As part of our audit procedures performed in accordance with the provisions of the Uniform Guidance, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of CSU's major federal programs. The tests of internal control performed in accordance with the Uniform Guidance are less in scope than would be necessary to render an opinion on internal control.

In relation to compliance with the program requirements applicable to its federal programs, management acknowledges and understands its responsibility for:

- Identifying the CSU's government programs and understanding and complying with the compliance requirements.



- Establishing and maintaining effective controls that provide reasonable assurance that the CSU administers government programs in compliance with the compliance requirements.
- Evaluating and monitoring the CSU's compliance with the compliance requirements.
- Taking corrective action when instances of noncompliance are identified, including corrective action on audit findings of the compliance audit.

We will perform tests of CSU's compliance with federal statutes, regulations, and the terms and conditions of federal awards we determine to be necessary based on the *OMB Compliance Supplement*. The procedures outlined in the *OMB Compliance Supplement* are those suggested by each federal agency and do not cover all areas of regulations governing each program. Program reviews by federal agencies may identify additional instances of noncompliance.

As required by the Uniform Guidance, we will prepare a written report which provides our opinion on the schedule of expenditures of federal awards in relation to CSU's financial statements. In addition, we will prepare a written report (single audit report) which 1) provides our opinion on CSU's compliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major federal programs and 2) communicates our consideration of internal control over major federal programs. The single audit report will describe its purpose and will state that it is not suitable for any other purpose.

The Federal Audit Clearinghouse requires the single audit reporting package, which includes the audited financial statements, to be submitted in a PDF format which is text searchable, unencrypted, and unlocked. This letter serves as CSU's authorization for the submission of the reporting package in this format.

Offering Documents

Should CSU wish to include or incorporate by reference these financial statements and our audit reports thereon into an offering of exempt securities, prior to our consenting to include or incorporate by reference our reports on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, reading other information incorporated by reference in the offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future offering documents will be determined at the time the services are to be performed.



California State University
April 26, 2016
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Should CSU wish to include or incorporate by reference these financial statements and our audit reports thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our reports on such financial statements, and we are not otherwise associated with the offering document, then CSU agrees to include the following language in the offering document:

“KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement.”

Our Responsibility to Communicate with the Board of Trustees

We will report to the audit committee or those charged with governance, in writing, the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditor’s report, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the audit committee and determine that the audit committee has received copies of all material written communications between ourselves and management. We will also determine that the audit committee has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any illegal acts, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the audit committee illegal acts, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.



Management Responsibilities

The management of CSU acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that CSU complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing us of any known material violations of such laws and regulations and provisions of contracts and grant agreements. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of CSU also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements and the compliance requirements applicable to its federal programs such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audits; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

In addition to the Uniform Guidance requirements to maintain internal control and comply with the compliance requirements applicable to federal programs as discussed above, the Uniform Guidance also requires CSU to prepare a:

- Schedule of expenditures of federal awards;
- Summary schedule of prior audit findings;
- Corrective action plan; and
- Data collection form (Part I).

While we may be separately engaged to assist you in the preparation of these items, preparation is the responsibility of CSU.



Certain provisions of the Uniform Guidance allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. CSU agrees to notify KPMG LLP (KPMG) of any such request by a granting agency and to work with KPMG to modify the terms of this letter as necessary to accommodate such a request.

To facilitate our audit planning, in accordance with *Government Auditing Standards*, management agrees to identify and provide copies of reports, if applicable, of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented, prior to June 30, 2016.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of our services, CSU will release KPMG and its personnel from any claims, liabilities, costs and expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

Management is also responsible for providing us with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS or single audit report within 14 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the reports, the reports will indicate the status of management's responses.

Management is responsible for the distribution of the reports issued by KPMG.

Non-audit service - Assistance in Preparing Financial Statements

We will assist management in preparing the financial statements and related notes in accordance with U.S. generally accepted accounting principles. We will use information from the trial balance and/or other source documents provided by management to assist management in preparing the financial statements and related notes.

Our responsibility is to assist management in preparing the financial statements and related notes using the information provided by management. We will not assume management responsibilities on behalf of CSU. However, we will provide advice and recommendations to assist management of CSU in performing its responsibilities.

CSU agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.



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- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.

Dispute Resolution

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to CSU or at its request, shall be ruled by the provisions set forth in the MEA #4422 dated December 17, 2014.

Other Matters

In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

This letter shall serve as CSU's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and CSU and between KPMG and outside specialists or other entities engaged by either KPMG or CSU. CSU acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, CSU hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of CSU solely for presentations or reports to CSU or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

KPMG, as an accounting firm, has an obligation to comply with applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1.700, "Confidential Client Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. KPMG represents to CSU that KPMG will treat CSU's confidential information in accordance with applicable professional standards.

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or



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more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to CSU. In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third party service providers within or outside of the United States to complete the services under this Engagement Letter. KPMG Firms and such third parties may have access to your confidential information from offshore locations. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use.

You also understand and agree that the KPMG Firms, with the assistance of third parties as outlined above, may use your confidential information obtained to complete this engagement for other purposes, such as improving the delivery of audit and other services to you and to other clients and for use in presentations to you, other clients and non-clients. When your confidential information is used outside of the KPMG Firms or third parties discussed above for any purpose other than the provision of audit or other services to you, back-office administrative and clerical services to KPMG or service quality improvement, it will be de-identified so that CSU cannot be attributed as the source of the information.

Except as otherwise provided for in this Engagement Letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Engagement Letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void.

The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request; or other legal process requiring it to disclose CSU's confidential information ("Legal Demand"), KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to CSU of such Legal Demand in order to permit it to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by CSU, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG's documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or CSU, CSU shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys' fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.



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Pursuant to *Government Auditing Standards*, we are required to make certain audit documentation available in a full and timely manner to Regulators upon request for their reviews of audit quality and for use by their auditors. In addition, we may also be requested to make certain audit documentation available to Regulators pursuant to authority provided by law or regulation. If so requested, access to such audit documentation will be provided. Furthermore, Regulators may obtain copies of selected audit documentation. Such regulators may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.

As required by *Government Auditing Standards*, we have attached a copy of KPMG's most recent peer review report.

Additional Reports and Fees for Services

Appendix I to this letter lists the additional reports we will issue as part of this engagement and our fees for professional services to be performed under this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

* * * * *

Our engagement herein is for the provision of annual audit services for the financial statements and the Uniform Guidance for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this letter we will provide the services set forth in Appendix I as a single engagement for each of CSU's subsequent fiscal years until either those charged with governance or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by those charged with governance.

This Engagement Letter and any exhibits, attachments and appendices hereto, and amendments thereto agreed in writing by the parties, shall constitute the entire agreement between KPMG and CSU with respect to the subject matter hereof and thereof, and supersede all other previous oral and written representations, understandings or agreements relating to the subject matter of this agreement.



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We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

Mark T. Thomas
Partner

Enclosures

MTT:ls:glb:T1501_v3

ACCEPTED:

California State University

Authorized Signature

Interim Associate Director

Title

Jul 26, 2016

Date

Fees for Services

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

Audit of the financial statements of CSU as of and for the year ended June 30, 2016 per the billing schedule \$2,100,000

The reports that we will issue as part of and upon completion of this engagement are as follows:

Report

CSU Combined Financial Statements
CSU Combined Financial Statements with
Supplementary Information
Revenue Bond Programs Financial Statements
Federal Funds (A-133 Single Audit)

Other Reports to be issued:

CSU Risk Management Authority
California State University Institute
Stockton Center Site Authority

Other Required Tasks:

GAAP Manual and Year End Workshop

Additional procedures, subject to the CSU's advance approval, \$ 100,000
including the review of Auxiliary Organization financial information, implementation of GASB pronouncements of unusual complexity, and other additional procedures as necessary (to be billed based on the number of hours incurred and approved by the CSU).

The above estimates are based on the level of experience of the individuals who will perform the services. Our fees are based on significantly discounted hourly rates and include all out-of-pocket expenses.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be CSU's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.

December 11, 2014

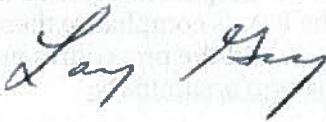
John B Veihmeyer, CPA
KPMG LLP
345 Park Ave
New York, NY 10154

Dear Mr. Veihmeyer:

It is my pleasure to notify you that on December 11, 2014 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2017. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Larry Gray
Chair, National Peer Review Committee
nprc@aicpa.org 919 402.4502

cc: Keith Robert Rowden; Thomas W Whittle

Firm Number: 10054128

Review Number 359579

Letter ID: 945097



System Review Report

To the Partners of KPMG LLP
And the National Peer Review Committee of the AICPA Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the Firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended March 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, an audit performed under FDICIA, audits of a carrying broker-dealers, and examinations of services organizations [Service Organizations Control (SOC 1) engagements].

In our opinion, the system of quality control for the accounting and auditing practice of KPMG LLP, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. KPMG LLP has received a peer review rating of *pass*.

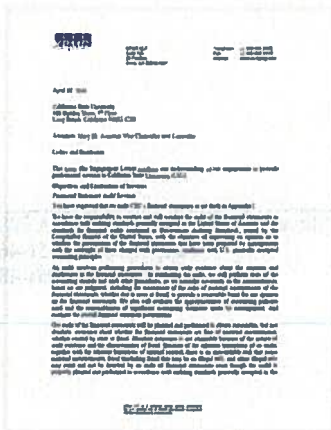
PricewaterhouseCoopers LLP

December 5, 2014

CSU Engagement letter




Adobe Sign Document History

07/26/2016



Created:	07/26/2016
By:	Darryl Dearborn (ddearborn@calstate.edu)
Status:	SIGNED
Transaction ID:	CBJCHBCAABAAPh8Ob5TRMI_3Zuosip8CWug4-X-QdQ4p

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-  Document created by Darryl Dearborn (ddearborn@calstate.edu)
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-  Signed document emailed to Darryl Dearborn (ddearborn@calstate.edu) and Isangalang@kpmg.com
07/26/2016 - 4:33:17 PDT



California State University Risk Management Authority

401 Golden Shore-5th Floor, Long Beach, CA 90802
Telephone: 562-951-4621
Facsimile: 562-951-4865

September 22, 2016

KPMG LLP
20 Pacifica, Suite 700
Irvine, California 92618

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of California State University Risk Management Authority (the Authority), a discretely presented component unit of the California State University, and the related notes to the financial statements, as of and for the years ended June 30, 2016 and 2015, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial positions, changes in financial positions, and cash flows of the Authority are in accordance with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of September 22, 2016, the following representations made to you during your audits:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 26, 2016, for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.

- d. All minutes of the meetings of the Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
 4. There are no:
 - a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62, paragraphs 96 – 113.
 - d. Material transactions, for example, grants and other contractual arrangements, that have not been properly recorded in the accounting records underlying the financial statements.
 - e. Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
 - f. Events that have occurred subsequent to the date of the statement of net position and through the date of this letter that would require adjustment to or disclosure in the financial statements.
 5. All known actual or possible litigation and claims have been accounted for and disclosed in accordance with GASB Statement No. 62, paragraphs 96 – 113.
 6. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements for each respective opinion unit.
 7. We acknowledge our responsibility for the design, implementation and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements

whether due to error or fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

8. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Authority's ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies and material weaknesses in internal control over financial reporting, in accordance with the definitions in AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*.
9. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
10. We have no knowledge of any fraud or suspected fraud affecting the Authority's financial statements involving:
 - a. Management,
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, or others.
12. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
13. We have no knowledge of any officer or Board Member of the Authority, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audits.
14. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions of which we are aware in accordance with the requirements of U.S. generally accepted accounting principles, including

sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties. The term "related party" refers to government's related organizations, joint ventures, and jointly governed organizations, as defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other parties with which the government may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

- b. Guarantees, whether written or oral, under which the Authority is contingently liable.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - d. Agreements to repurchase assets previously sold, including sales with recourse.
 - e. Changes in accounting principle affecting consistency.
 - f. The existence of and transactions with joint ventures and other related organizations.
15. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
16. The Authority has complied with all aspects of laws, regulations, and contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
17. Management is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Authority. Management has identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.
18. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
19. Amounts advanced to related entities represent valid receivables and are expected to be recovered at some future date in accordance with the terms of related agreements.

20. Receivables reported in the financial statements represent valid claims against debtors arising on or before the date of the statement of net position and have been appropriately reduced to their estimated net realizable value.
21. Deposits and investment securities are properly classified and reported.
22. The Authority is responsible for making the fair value measurements and disclosures included in the financial statements in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, including determining the fair value of assets and liabilities for which there has been a significant decrease in the volume and level of activity in relation to the normal market activity for those assets or liabilities (or similar assets or liabilities) or for which transactions are deemed not orderly. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, in accordance with the fair value techniques included in GASB 72, considered the appropriateness of valuation techniques including circumstances in which a practical expedient may be used to estimate fair value, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with U.S. generally accepted accounting principles, including the disclosure requirements of GASB 72. We believe the assumptions and techniques used by us, including those used by specialists engaged by us, are in accordance with the definition of fair value in GASB 72 and the disclosures adequately describe the level of the inputs used in the fair value measurement, in accordance with the fair value hierarchy in GASB 72.
23. The Authority is responsible for determining the fair value of certain investments as required by GASB 72, and paragraph 11 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. The amounts reported represent the Authority's best estimate of the fair value of investments required to be reported under the Statement. The Authority has also disclosed the methods and significant assumptions used to estimate the fair value of its investments, and the nature of investments reported at amortized cost.
24. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:
 - a. The extent, nature, and terms of financial instruments with off-balance-sheet risk;
 - b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and
 - c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

25. The Authority has no:
 - a. Commitments for the purchase or sale of services or assets at prices involving material probable loss.
 - b. Loss to be sustained as a result of other-than-temporary declines in the fair value of investments.
26. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
27. Revenues are appropriately classified as operating or nonoperating in the statements of revenues, expenses, and changes in net position.
28. The Authority has identified and properly accounted for all nonexchange transactions.
29. Expenses have been appropriately classified in the statements of revenues, expenses, and changes in net position.
30. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Authority's current period financial statements and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements and our assessment of internal control over financial reporting is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
31. We agree with the findings of specialists in evaluating the loss reserve and incurred but not reported estimates related to claims and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
32. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria and:
 - a. Believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria.
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period.

- c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.
33. We acknowledge our responsibility for the presentation of the required supplementary information, which includes management's discussion and analysis and a schedule of claims development information, in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
- a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the supplementary information have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the supplementary information are reasonable and appropriate in the circumstances.
34. The Authority has complied with all applicable laws and regulations in adopting, approving, and amending budgets.
35. The Authority has presented management's discussion and analysis that U.S. generally accepted accounting principles (GAAP) requires to supplement, although not to be part of, the financial statements.
36. The Authority was formed pursuant to California Government Code Section 6500 et seq. and, as a government entity is not subject to federal or state income taxes under §115 of the Internal Revenue Code of 1986.
37. KPMG LLP assisted management in drafting the financial statements and notes. In accordance with *Government Auditing Standards*, we confirm that we have reviewed, approved, and accept responsibility for the financial statements and notes.
36. There are no representations provided in connection with your audit of the financial statements as of June 30, 2015 and for the year then ended that requires modification.

Further, we confirm that we are responsible for the fair presentation in the financial statements including the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows of the Authority, and the related notes to the financial statements, in accordance with U.S. generally accepted accounting principles.

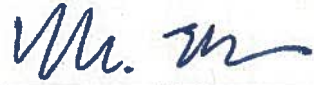
Respectfully yours,

California State University Risk Management Authority



Robert Eaton

*Treasurer
CSU Risk Management Authority*



Mary Ek

*Assistant Vice Chancellor/Controller, Financial Services
CSU Chancellor's Office*



CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY

A Discretely Presented Component Unit of the California State University

Financial Statements

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Financial Statements and Supplementary Schedules

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

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KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Board of Directors
California State University Risk Management Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the California State University Risk Management Authority (the Authority), a component unit of the California State University (University), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California State University Risk Management Authority as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3 through 7 and the claims development information on Schedule 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules 1 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 through 13 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 through 13 are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Irvine, California
September 22, 2016

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

The following discussion and analysis provides an overview of the financial position and performance of the California State University Risk Management Authority (the Authority) as of and for the years ended June 30, 2016 and 2015. It is designed to assist the readers in focusing on financial overview and analysis of the financial activities of the Authority. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The financial statements of the Authority as of and for the years ended June 30, 2016 and 2015 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. For reporting purposes, the Authority is considered a special-purpose government engaged in business-type activities.

The Authority's financial statements consist of the independent auditors' report, management's discussion and analysis, the basic audited financial statements, notes to the financial statements, supplementary information, and required supplementary information. The Authority's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

Statement of Net Position – The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year and includes all assets and liabilities of the Authority. The difference between total assets and total liabilities, net position, is one indicator of the current financial condition of the Authority, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2016 and 2015
(Unaudited)

A summary of the Authority's assets, liabilities, and net position at June 30, 2016 and 2015 is as follows:

Condensed Schedules of Net Position

June 30, 2016, 2015 and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:			
Current assets	\$ 43,574,000	40,301,000	45,147,000
Noncurrent assets	137,713,000	134,340,000	131,941,000
Total assets	<u>181,287,000</u>	<u>174,641,000</u>	<u>177,088,000</u>
Liabilities:			
Current liabilities	29,769,000	33,115,000	39,953,000
Noncurrent liabilities	64,063,000	75,465,000	76,399,000
Total liabilities	<u>93,832,000</u>	<u>108,580,000</u>	<u>116,352,000</u>
Net position:			
Unrestricted	87,455,000	66,061,000	60,736,000
Total net position	<u>\$ 87,455,000</u>	<u>66,061,000</u>	<u>60,736,000</u>

Assets

The Authority's assets totaled \$181,287,000 on June 30, 2016, an increase of \$6,646,000, or 4% as compared to the previous year. The increase is mainly attributed to the increase in investments and other long-term investments (note 3) of \$28,675,000 and 4,036,000, respectively, due to the timing of the prepayment for California State Association of Counties Excess Insurance Authority (CSAC EIA or the EIA). Prepaid expenses decreased by \$26,552,000 due to the timing of payment as previously noted. The Authority's investments represent 94% and 78% of total assets as of June 30, 2016 and 2015, respectively, and consist of the Authority's share of the CSU Consolidated Investment Pool and investments held in Morgan Stanley Smith Barney. There were no significant changes in 2015 compared to 2014.

Liabilities

The Authority's liabilities totaled \$93,832,000 on June 30, 2016, a decrease of \$14,748,000, or 14% as compared to the previous year. This is primarily due to the enrollment in the EIA, effective January 1, 2015, resulting in a decrease in claims liability, current and noncurrent, in the amount of \$13,708,000. The EIA is responsible for all covered losses within the amount of the self-insurance layer for the campus and Auxiliary Organizations Risk Management Alliance (AORMA) workers' compensation program (note 7), thus, the Authority is not liable for the layers covered by the EIA. Claims liability, current and noncurrent, represents 84% and 85% of the total liabilities

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

as of June 30, 2016 and 2015, respectively. As explained above, during 2015 the Authority joined the EIA, which resulted in decreased liability between 2015 and 2014 (note 7). There were no other significant events during 2015.

Net Position

Net position may serve over time as a useful indicator of the Authority's financial position. Net position represents the residual measure of assets net of liabilities. Net position fluctuates annually due to the Authority's operating results for a given fiscal year as well as investment income. The Authority's net position is all classified as unrestricted. Unrestricted net position may be designated for use by the Authority.

The Authority's net position totaled \$87,455,000 on June 30, 2016, an increase of \$21,394,000, or 32%, as compared to the previous year. This is primarily due to a decrease in claim losses and loss adjustment expenses and a decrease in claims liabilities, current and noncurrent, as discussed above. There were no significant changes in 2015 compared to 2014.

Statement of Revenues, Expenses, and Changes in Net Position – The Statement of Revenues, Expenses, and Changes in Net Position is the Authority's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating or nonoperating. It presents the results of the Authority's operations and changes in its net position over the course of the fiscal year.

A summary of the Authority's statement of revenues, expenses, and changes in net position is as follows:

Condensed Schedules of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2016, 2015 and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 93,477,000	88,376,000	78,555,000
Operating expenses	<u>76,716,000</u>	<u>84,800,000</u>	<u>83,314,000</u>
Operating income (loss)	16,761,000	3,576,000	(4,759,000)
Nonoperating revenues	<u>4,633,000</u>	<u>1,749,000</u>	<u>3,754,000</u>
Change in net position	21,394,000	5,325,000	(1,005,000)
Net position, beginning of year	<u>66,061,000</u>	<u>60,736,000</u>	<u>61,741,000</u>
Net position, end of year	\$ <u><u>87,455,000</u></u>	<u><u>66,061,000</u></u>	<u><u>60,736,000</u></u>

Operating Revenues and Expenses

During fiscal year 2016, the operating revenues totaled \$93,477,000, an increase of \$5,101,000, or 6% which is primarily due to an increase in member contributions (note 6). The increase in contributions is mainly due to

**CALIFORNIA STATE UNIVERSITY
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Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

recommended funding for the campus covered programs and is calculated by an independent actuarial firm employed by the Authority (note 2 g). During fiscal year 2015, the operating revenues totaled \$88,376,000, an increase of \$9,821,000, or 13%, which is primarily due to an increase in member contributions and a decrease in reinsurance premiums. Member contributions increased during 2015 consistent to the increase during 2016, as previously noted. Reinsurance premiums decreased during 2015 due to the reduced payments of campus and AORMA property premiums from \$10,636,000 to \$5,852,000.

During fiscal year 2016, operating expenses totaled \$76,716,000, a decrease of \$8,084,000 or 10% as compared to the previous year. The decrease is primarily due to a decrease in claim losses and loss adjustment expenses in the amount of \$22,747,000 which is offset by an increase in insurance premiums of \$14,799,000. The increase in insurance premiums is primarily due to excess insurance premiums paid to the EIA.

Operating expenses consist of claim losses and loss adjustment expenses of \$17,175,000, claims administration of \$8,717,000, insurance premiums of \$38,676,000, dividend distributions of \$9,672,000, general and administrative of \$1,415,000, and miscellaneous services of \$1,061,000. Claim losses and loss adjustment expenses include actual claim payments made as well as adjustments for reserves on claims. Claim case reserves are adjusted as claims develop and mature and more information about potential loss amounts is known. Reserves for claims incurred but not reported (IBNR), as determined by independent actuaries, are also included in this expense category. Claims administration includes expenses incurred by the Authority for claims administrative fees, program administrator, and brokerage commissions. Dividend distributions represent the return of contributions to CSU campuses and Auxiliary Organization members. In providing insurance coverage and risk management services to its members, the Authority incurs general and administrative and miscellaneous services expenses that are budgeted and approved by the Board of Directors annually.

Nonoperating Revenues

During fiscal year 2016, the nonoperating revenues totaled \$4,633,000, an increase of \$2,884,000, or 165% which is primarily due to the increase in investment income from the investment portfolio where the Authority's investments are held (note 3). During fiscal year 2015, nonoperating revenues totaled \$1,749,000, a decrease of \$2,005,000 or 53% which is primarily due to a decrease in investment income earned.

Factors Impacting Future Periods

With respect to current facts, conditions, or decisions that may impact the financial position of the Authority, there are no known issues either internal to the Authority nor the external environment that are expected to materially impact the organization. However, there are trends that may influence the membership and developments in the commercial insurance market that warrant notice.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

The Authority has a limited pool of membership consisting of the California State University (the CSU or University) and its not-for-profit Auxiliary Organizations. The University and Auxiliary Organizations are subject to economic trends which impact funding, operations, and grants and contracts. To the extent the CSU experiences a negative fiscal environment this can impact the funding of certain Auxiliary Organizations. In addition, a negative fiscal environment does not necessarily reduce the cost of Authority's programs and may actually result in higher claims, such as unemployment insurance claims. The Authority has adopted conservative funding practices to protect the organization from a negative fiscal environment.

The California workers' compensation operating environment continues to be challenging due primarily to increases in the cost of medical care and prescription drugs combined with an aging workforce. To combat increasing costs to settle workers' compensation claims, the Authority has implemented a Workers' Compensation Claims Management and Return to Work Program, as well as an ongoing claims closure initiative.

Generally, the commercial insurance and reinsurance market is stable with a favorable outlook due in large part to catastrophic property claims being well below the average for the past ten years. However, weather extremes, catastrophic loss and investment earnings are areas of concern for commercial insurance carriers. The market for excess liability for California public entities has begun to firm following several years of softening. This is largely due to a significant rise in the cost of claims, especially those involving employment practices and injuries to minors. The Authority has managed this risk by developing long term underwriting relationships and attracting new markets to the program.

Funds are invested by the Authority to pay expected claims in the pooled programs. The valuation of claims liabilities is discounted based on assumed investment earning rates. A divergence in the rate assumed for discounting claims liabilities and investment earnings can affect the ultimate claims liability recorded in the financial statements. To guard against possible divergence, the dividend calculations utilized to return excess funds to the membership use a more conservative calculation of equity.

The rates charged by the Authority for member contributions for the future year are generally not expected to change significantly; however, the Auxiliary Organization Liability Program membership may see a larger rate increase due to an increased employment loss trend and the impact of two catastrophic claims incurred in fiscal year 2014 (both claims are paid and closed with no outstanding liability). In the May 2016 Board of Director's meeting, the fiscal year 2017 budget was approved for operating revenues of \$91,123,000 and operating expenses of \$89,432,000.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of California State University

Statements of Net Position

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 88,000	—
Investments (note 3)	35,579,000	6,904,000
Accounts receivable	2,505,000	800,000
Loans receivable from affiliates, current portion (note 4)	1,048,000	1,136,000
Interest receivable	5,000	4,000
Prepaid expenses	4,152,000	30,704,000
Reinsurance recoverable – workers' compensation	197,000	753,000
Total current assets	<u>43,574,000</u>	<u>40,301,000</u>
Noncurrent assets:		
Loans receivable from affiliates, net of current portion (note 4)	3,569,000	4,232,000
Other long-term investments (note 3)	134,144,000	130,108,000
Total noncurrent assets	<u>137,713,000</u>	<u>134,340,000</u>
Total assets	<u>181,287,000</u>	<u>174,641,000</u>
Liabilities:		
Current liabilities:		
Accounts payable	5,319,000	4,999,000
Unearned revenues	40,000	37,000
SELF assessment liability, current portion (note 9)	1,364,000	1,364,000
Claims liability for losses and loss adjustment expenses – current portion (note 5):		
Reported claims	13,672,000	15,058,000
Claims incurred but not reported	9,374,000	11,657,000
Total current liabilities	<u>29,769,000</u>	<u>33,115,000</u>
Noncurrent liabilities:		
SELF assessment liability, net of current portion (note 9)	8,182,000	9,545,000
Claims liability for losses and loss adjustment expenses – noncurrent portion (note 5):		
Reported claims	33,152,000	37,156,000
Claims incurred but not reported	22,729,000	28,764,000
Total noncurrent liabilities	<u>64,063,000</u>	<u>75,465,000</u>
Total liabilities	<u>93,832,000</u>	<u>108,580,000</u>
Net position:		
Unrestricted	87,455,000	66,061,000
Total net position	<u>\$ 87,455,000</u>	<u>66,061,000</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of California State University
Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Member contributions (note 6)	\$ 100,363,000	95,248,000
Reinsurance premiums (note 7)	(6,886,000)	(6,872,000)
Total operating revenues	<u>93,477,000</u>	<u>88,376,000</u>
Operating expenses:		
Claim losses and loss adjustment expenses (note 5)	17,175,000	39,922,000
Claims administration	8,717,000	9,000,000
Insurance premiums	38,676,000	23,877,000
Dividend distributions (note 6)	9,672,000	9,857,000
General and administrative	1,415,000	1,142,000
Miscellaneous services	1,061,000	1,002,000
Total operating expenses	<u>76,716,000</u>	<u>84,800,000</u>
Operating income	<u>16,761,000</u>	<u>3,576,000</u>
Nonoperating revenues:		
Investment income, net	4,570,000	1,664,000
Interest income from loans	63,000	85,000
Total nonoperating revenues	<u>4,633,000</u>	<u>1,749,000</u>
Increase in net position	<u>21,394,000</u>	<u>5,325,000</u>
Net position, beginning of year	<u>66,061,000</u>	<u>60,736,000</u>
Net position, end of year	<u>\$ 87,455,000</u>	<u>66,061,000</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of California State University

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Receipts of member contributions	\$ 99,076,000	94,745,000
Payments to providers	(31,147,000)	(69,717,000)
Payments of claims	(30,743,000)	(45,736,000)
Dividend distribution to pool participants	(9,770,000)	(10,502,000)
Net cash provided by (used in) operating activities	27,416,000	(31,210,000)
Cash flows from noncapital and related financing activities:		
Loans disbursed to related entities	(1,000,000)	(2,339,000)
Payments received on loans to related entities	1,751,000	1,979,000
Loan interest income received	63,000	89,000
Net cash provided by (used in) noncapital and related financing activities	814,000	(271,000)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	651,608,000	653,665,000
Purchases of investments	(683,418,000)	(624,206,000)
Investment income, net	4,570,000	1,664,000
Unrealized (gains) losses	(902,000)	358,000
Net cash (used in) provided by investing activities	(28,142,000)	31,481,000
Net change in cash and cash equivalents	88,000	—
Cash and cash equivalents at beginning of year	—	—
Cash and cash equivalents at end of year	\$ 88,000	—
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 16,761,000	3,576,000
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	26,552,000	(26,507,000)
Increase in accounts receivable	(1,705,000)	(506,000)
Decrease (increase) in reinsurance recoverable – workers' compensation	556,000	(1,000)
Increase (decrease) in accounts payable	320,000	(602,000)
Increase in unearned revenues	3,000	4,000
Decrease in SELF assessment liability	(1,363,000)	(1,360,000)
Decrease in claims liability for losses and loss adjustment expenses	(13,708,000)	(5,814,000)
Net cash provided by (used in) operating activities	\$ 27,416,000	(31,210,000)

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

(1) Organization

On January 1, 1997, the University and certain Auxiliary Organizations of the University established the California State University Risk Management Authority pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes the CSU and Auxiliary Organizations to establish and operate pooled coverage programs and to provide related services. The Authority provides entity risk pooling programs for workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, property, construction, and other risk-related programs for its member organizations (the Members). Members participating in the Authority's coverage programs at June 30, 2016 and 2015 are as follows:

Campus location	Members
Bakersfield	California State University, Bakersfield
Bakersfield	Associated Students, California State University, Bakersfield, Inc.
Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs Administration
Bakersfield	California State University, Bakersfield Foundation
Bakersfield	California State University, Bakersfield Student Union, Inc.
Chancellor's Office	Office of the Chancellor
Chancellor's Office	California State University Foundation
Chancellor's Office	California State University Institute
Channel Islands	California State University, Channel Islands
Channel Islands	Associated Students of California State University, Channel Islands, Inc.
Channel Islands	California State University Channel Islands Foundation
Channel Islands	University Glen Corporation
Chico	California State University, Chico
Chico	Associated Students of California State University, Chico
Chico	Auxiliary Organization Associations
Chico	The CSU, Chico Research Foundation
Chico	The University Foundation, California State University, Chico
Dominguez Hills	California State University, Dominguez Hills
Dominguez Hills	Associated Students, California State University, Dominguez Hills
Dominguez Hills	California State University, Dominguez Hills Foundation
Dominguez Hills	CSU Dominguez Hills Philanthropic Foundation*
Dominguez Hills	Loker University Student Union, Incorporated
East Bay	California State University, East Bay
East Bay	Associated Students, California State University, East Bay
East Bay	Cal State East Bay Educational Foundation
East Bay	California State University, East Bay Foundation, Inc.
Fresno	California State University, Fresno
Fresno	Associated Students, Inc. of California State University, Fresno
Fresno	California State University, Fresno Association, Inc.
Fresno	California State University, Fresno Foundation

**CALIFORNIA STATE UNIVERSITY
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A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

<u>Campus location</u>	<u>Members</u>
Fresno	Fresno State Programs for Children, Inc.
Fresno	The Agricultural Foundation of California State University, Fresno
Fresno	The California State University, Fresno Athletic Corporation
Fullerton	California State University, Fullerton
Fullerton	Associated Students, California State University, Fullerton, Inc.
Fullerton	Cal State Fullerton Philanthropic Foundation
Fullerton	CSU Fullerton Auxiliary Services Corporation
Humboldt	Humboldt State University
Humboldt	Associated Students, Humboldt State University
Humboldt	Humboldt State University Advancement Foundation
Humboldt	Humboldt State University Center Board of Directors
Humboldt	Humboldt State University Sponsored Programs Foundation
Long Beach	California State University, Long Beach
Long Beach	Associated Students, California State University, Long Beach
Long Beach	California State University, Long Beach Research Foundation
Long Beach	CSULB 49er Foundation
Long Beach	Forty-Niner Shops, Inc., CSU Long Beach
Los Angeles	California State University, Los Angeles
Los Angeles	Associated Students, California State University, Los Angeles, Inc.
Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
Los Angeles	California State University, Los Angeles Foundation
Los Angeles	University-Student Union Board, California State University, Los Angeles
Maritime Academy	California Maritime Academy
Maritime Academy	California Maritime Academy Foundation, Inc.
Maritime Academy	The Associated Students of the California Maritime Academy
Monterey Bay	California State University, Monterey Bay
Monterey Bay	Foundation of California State University, Monterey Bay
Monterey Bay	The University Corporation at Monterey Bay
Northridge	California State University, Northridge
Northridge	Associated Students, California State University, Northridge, Inc.
Northridge	California State University, Northridge Foundation
Northridge	North Campus University Park Development Corporation
Northridge	The University Corporation, CSU Northridge
Northridge	University Student Union of California State University, Northridge
Pomona	California State Polytechnic University, Pomona
Pomona	Associated Students Inc., California State Polytechnic University, Pomona
Pomona	The Cal Poly Pomona Foundation, Inc.
Sacramento	California State University, Sacramento
Sacramento	Associated Students of California State University, Sacramento
Sacramento	Capital Public Radio, Inc., CSU Sacramento
Sacramento	The University Foundation at Sacramento State
Sacramento	University Enterprises, Inc., CSU Sacramento
Sacramento	University Union Operation of CSUS, Inc.

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Campus location	Members
San Bernardino	California State University, San Bernardino
San Bernardino	Associated Students Inc., California State University, San Bernardino
San Bernardino	CSUSB Philanthropic Foundation
San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
San Bernardino	University Enterprises Corporation at CSUSB
San Diego	San Diego State University
San Diego	Associated Students, San Diego State University
San Diego	Aztec Shops, Ltd., San Diego State University
San Diego	San Diego State University Research Foundation
San Diego	The Campanile Foundation
San Francisco	San Francisco State University
San Francisco	Associated Students, Inc., San Francisco State University
San Francisco	San Francisco State University Foundation
San Francisco	The University Corporation, San Francisco State
San Jose	San Jose State University
San Jose	Associated Student, San Jose State University
San Jose	San Jose State University Research Foundation
San Jose	Spartan Shops, Inc., San Jose State University
San Jose	The Student Union of San Jose State University
San Jose	The Tower Foundation, San Jose State University
San Luis Obispo	California Polytechnic State University, San Luis Obispo
San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
San Luis Obispo	Cal Poly Corporation
San Luis Obispo	California Polytechnic State University Foundation
San Marcos	California State University, San Marcos
San Marcos	California State University San Marcos Foundation
San Marcos	San Marcos University Corporation
San Marcos	The Associated Students of California State University, San Marcos
San Marcos	University Auxiliary and Research Services Corporation
Sonoma	Sonoma State University
Sonoma	Associated Students of Sonoma State University
Sonoma	Sonoma State Enterprises, Inc.
Sonoma	Sonoma State University Academic Foundation, Inc.
Stanislaus	California State University, Stanislaus
Stanislaus	Associated Students, Inc., California State University, Stanislaus
Stanislaus	California State University, Stanislaus Auxiliary and Business Services
Stanislaus	California State University, Stanislaus Foundation
Stanislaus	University Student Union of California State University, Stanislaus

* New member beginning fiscal year 2016

The accompanying financial statements are also included in the CSU financial statements.

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The Authority is managed by a board of directors, which is composed of 30 directors appointed by the CSU Executive Vice Chancellor, Business and Finance, and 10 directors elected by the Auxiliary Organizations, which are members of the Authority. The Executive Vice Chancellor may also appoint alternate representatives who shall serve in the absence of the primary representatives. Directors elected by the Auxiliary Organizations serve subject to terms and conditions adopted by the Auxiliary Organizations for election and replacement of the same. Each director of the Authority must be an officer, director, or employee of the University or an Auxiliary Organization.

The Authority assumed the losses of the University's risk pool on January 1, 1997 (inception date) in exchange for a commitment from the University to fund incurred losses. In addition, the University has made the commitment to provide sufficient cash flows to the Authority to meet its operating needs.

All post-development costs of the Authority's programs are funded by annual premiums charged to members participating in the program each policy year and by interest earnings on the accumulated funds. Premiums are based on a cost allocation plan and rating formula developed by the Authority with the assistance of an actuary, risk management consultant, and other qualified persons. The premium for each member participating in the shared risk programs includes the member's share of expected program losses, program reinsurance costs, and program administrative costs for the year. If the Authority experiences unusually large losses in one of the aforementioned programs during a policy year, those pooled funds for the program may be exhausted or depleted before the next annual premiums are due. The board of directors may, upon consultation with an actuary, impose assessments on all participating members in the respective program, which in total amount, will assure adequate funds to the Authority for the payment of all incurred losses.

The Authority coordinates the claims process in conjunction with various agencies processing the claims. These agencies include the State of California Attorney General's Office (AG), Sedgwick Claims Management Services, Inc. (Sedgwick), Carl Warren & Company, CSU's Office of General Counsel, Systemwide Risk Management, Alliant Insurance Services (Alliant), the CSU Office of the Chancellor, and the 23 CSU campuses. Sedgwick is the third-party administrator (TPA) for all workers' compensation claims involving campuses and Auxiliary Organizations. Carl Warren & Company is the TPA for Auxiliary Organization liability claims. Health Special Risk, Inc and AG Administrator are the TPAs for Athletic Injury Medical Expense (AIME) and Club Sports Insurance Program (CSIP) claims. Alliant administers all entity risk pooling programs provided by the Authority.

(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.

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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.

(b) *Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities*

The Authority considers assets to be current when they can be reasonably expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statements of Net Position date. Liabilities that can be reasonably expected, as part of normal Authority business operations, to be liquidated within 12 months of the Statements of Net Position date are considered to be current. All other assets and liabilities are considered to be noncurrent. For classification of current and noncurrent investments, refer to note 2 d.

(c) *Cash and Cash Equivalents and Statements of Cash Flows*

The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The Authority considers amounts included in the Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool to be investments. Certain transactions recorded as revenues or expenses in the accompanying Statements of Revenues, Expenses and Changes in Net Position include transactions between entities that are also participants in the Investment Pool. The Authority considers changes in the respective participants' equity in the Investment Pool resulting from these transactions to represent cash flows of the Authority in the accompanying Statements of Cash Flows.

(d) *Investments*

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statements of Revenues, Expenses, and Changes in Net Position as a component of investment income, net.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, or restricted as to the liquidity of the investments are classified as other long-term investments.

(e) *Accounts Receivable*

Accounts receivable represents amounts due from the members as of June 30, 2016 and 2015.

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(f) Reinsurance Recoverable

Reinsurance recoverable represents estimated amounts due from reinsurers, who reinsured the CSU's workers' compensation claims liability for claims incurred during the fiscal year. The reported amounts represent recoverable estimates related to paid claims and claim adjustment expenses as of June 30, 2016 and 2015. The estimated amounts recoverable from the reinsurers that are related to the liabilities for unpaid claims and claim adjustment expenses are deducted from those claims liabilities for losses and loss adjustment expenses; refer to note 2 h.

(g) Member Contributions

The Authority reports contributions in the Statements of Revenues, Expenses, and Changes in Net Position for those revenues received from its members. The contribution calculation for the campuses is based on program funding policies and procedures, and a rating plan to meet their pro rata share of the anticipated claims liabilities for losses and loss adjustment expenses. The contribution calculation for auxiliary organizations is based on various rating plans, such as the actuary's projections and loss rates. Contributions are recorded as revenues for the policy year in which coverage is provided.

(h) Claims Liability for Losses and Loss Adjustment Expenses

The claims liability for losses and loss adjustment expenses included in the accompanying financial statements reflects the estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2016 and 2015. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liability is for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liability is recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In estimating unpaid losses and loss adjustment expenses, the Authority has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

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(i) Dividend Distributions

The Authority reports dividends in the Statements of Revenues, Expenses, and Changes in Net Position for the return of contributions to members. Dividends to CSU campuses are based on the review of the funding status report by the Executive Committee and are distributed to each member by their pro rata contributions over the past five completed fiscal years. Dividends to any participating auxiliary organization are calculated and distributed in accordance with the Dividends and Assessment Policy. Dividend distributions are accrued as dividend expense once they are approved and declared by the Executive Committee and the Auxiliary Organizations Risk Management Alliance (AORMA) Committee.

(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.

(k) Classification of Revenues and Expenses

The Authority considers operating revenues and expenses in the Statements of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Authority's primary functions. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB requirements. These nonoperating activities include the Authority's investment income, net, and interest income from loans.

(l) Income Taxes

The Authority was formed pursuant to California Government Code Section 6500 et seq. and, as a governmental entity, is not subject to federal or state income taxes under §115 of the Internal Revenue Code of 1986.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

(n) New Accounting Pronouncements

In February 2015, GASB issued statement No. 72 *Fair Value Measurements and Applications*, effective for the Programs' fiscal year beginning July 1, 2015. This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

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(3) Cash and Cash Equivalents, Investments, and Investment Income, Net

The Authority's cash, cash equivalents, and investments as of June 30, 2016 and 2015 are classified in the accompanying Statements of Net Position as follows:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 88,000	—
Short-term investments	35,579,000	6,904,000
Other long-term investments	<u>134,144,000</u>	<u>130,108,000</u>
Total investments	<u>\$ 169,811,000</u>	<u>137,012,000</u>

(a) Cash and Cash Equivalents

The Authority maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

At June 30, 2016 and 2015, the Authority's cash and cash equivalents consist of demand deposits held at a financial institution. The carrying amount of the cash in demand deposit accounts were \$188,000 and \$178,000 at June 30, 2016 and 2015, respectively. The primary difference between the book and bank balance is due to outstanding checks and cash awaiting investment in the CSU Consolidated Investment Pool.

(b) Investments

At June 30, 2016 and 2015, the Authority's investment portfolio consists of investments held in Morgan Stanley Smith Barney and the CSU Consolidated Investment Pool. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

Investment Policy

State law and regulations require that surplus monies of the Authority must be invested. The primary objective of the Authority's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Authority. The third objective is to return an acceptable yield.

The Authority's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Sections 16430 and 53601, and Education Code Section 89724, subject to certain limitations. In general, the Authority's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed income securities, and certain other investment instruments.

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Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian the investments or deposits may not be returned to the Authority. Substantially all of the Authority's securities are registered in the Authority's name by the custodial bank as an agent for the Authority. The Authority's deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured. As a result, custodial credit risk for such investments and deposits is remote.

Interest Rate Risk

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to fluctuations in market interest rates. The Authority's investment guidelines measure interest rate risk by limiting an eligible investment to a maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than its final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates.

Durations of the Authority's investment portfolio for each investment type as of June 30, 2016 are presented in the table below.

Investment type	Fair value	Duration (in years)
Asset-backed securities	\$ 9,161,000	3.00753
Certificates of deposit	2,710,000	0.22407
Commercial paper	101,000	0.32250
Corporate bonds	32,995,000	2.70329
International bonds	1,291,000	6.05772
Money market funds	294,000	—
Mortgage-backed securities	10,853,000	3.59848
Municipal bonds	1,795,000	1.55822
Repurchase agreements	205,000	0.00272
U.S. Agency securities	18,407,000	2.27217
U.S. Treasury securities	91,911,000	3.65904
Total investments	\$ <u>169,723,000</u>	

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Durations of the Authority's investment portfolio for each investment type as of June 30, 2015 are presented in the table below.

Investment type	Fair value	Duration (in years)
Asset-backed securities	\$ 10,252,000	0.67187
Certificates of deposit	320,000	0.19372
Corporate bonds	27,680,000	3.52937
Money market funds	6,879,000	—
Mortgage-backed securities	15,908,000	4.00097
Municipal bonds	2,110,000	1.97063
Repurchase agreements	18,000	0.00274
U.S. Agency securities	24,487,000	2.55879
U.S. Treasury securities	48,107,000	3.88601
International bonds	1,251,000	6.69269
Total investments	\$ 137,012,000	

Another way the Authority manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

By law, the Authority invests in low credit risk securities such as: U.S. government securities; securities of federally sponsored agencies; highly rated domestic corporate bonds; prime-rated commercial paper; repurchase and reverse repurchase agreements; banker's acceptances; and negotiable certificates of deposit. Therefore, occurrence of credit risk is remote.

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Ratings of the Authority's investment portfolio for each investment type as of June 30, 2016 are presented in the table below.

Investment type	Fair value	Rating as of year-end					
		AAA	AA	A	BBB	BB	Not rated
Asset-backed securities	\$ 9,161,000	8,948,000	213,000	—	—	—	—
Certificates of deposit	2,710,000	—	353,000	2,357,000	—	—	—
Commercial paper	101,000	—	—	101,000	—	—	—
Corporate bonds	32,995,000	2,724,000	3,378,000	15,150,000	9,338,000	—	2,405,000
International bonds	1,291,000	—	1,291,000	—	—	—	—
Money market funds	294,000	—	—	30,000	—	—	264,000
Mortgage-backed securities	10,853,000	—	10,853,000	—	—	—	—
Municipal bonds	1,795,000	—	1,795,000	—	—	—	—
Repurchase agreements	205,000	—	—	49,000	—	—	156,000
U.S. Agency securities	18,407,000	—	16,022,000	338,000	—	—	2,047,000
U.S. Treasury securities	91,911,000	—	84,085,000	—	—	—	7,826,000
Total investment \$	169,723,000	11,672,000	117,990,000	18,025,000	9,338,000	—	12,698,000

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2015 are presented in the table below.

Investment type	Fair value	Rating as of year-end					
		AAA	AA	A	BBB	BB	Not rated
Asset-backed securities	\$ 10,252,000	10,007,000	245,000	—	—	—	—
Certificates of deposit	320,000	—	23,000	297,000	—	—	—
Corporate bonds	27,680,000	2,684,000	2,388,000	12,027,000	7,250,000	576,000	2,755,000
Money market funds	6,879,000	—	—	—	—	—	6,879,000
Mortgage-backed securities	15,908,000	—	15,908,000	—	—	—	—
Municipal bonds	2,110,000	—	1,551,000	559,000	—	—	—
Repurchase agreements	18,000	—	—	11,000	—	—	7,000
U.S. Agency securities	24,487,000	—	14,574,000	7,970,000	—	—	1,943,000
U.S. Treasury securities	48,107,000	—	—	—	—	—	48,107,000
International bonds	1,251,000	—	1,251,000	—	—	—	—
Total investment \$	137,012,000	12,691,000	35,940,000	20,864,000	7,250,000	576,000	59,691,000

Concentration Risk

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counter-party, or sovereign nation and is best mitigated by diversification. The Authority's investment policy has concentration limits that provide sufficient diversification. As a result, the occurrence of concentration risk is remote.

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As of June 30, 2016, there were no investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of the Authority's total investment portfolio. As of June 30, 2015, the following investments of the CSU Consolidated Investment Pool and CSU Risk Management Authority of SB FAM Program (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Authority's total investment portfolio: Federal National Mortgage Association (Fannie Mae) totaling \$11,283,000, or 8%; and Federal Home Loan Banks totaling \$9,641,000, or 7%.

Fair Value Measurements

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Authority's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Authority groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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The following table presents assets that are measured at fair value on a recurring basis at June 30, 2016:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Asset-backed securities	\$ 9,161,000	—	9,161,000
Certificates of deposit	2,710,000	—	2,710,000
Commercial paper	101,000	—	101,000
Corporate bonds	32,995,000	—	32,995,000
International bonds	1,291,000	—	1,291,000
Money market funds	294,000	294,000	—
Mortgage-backed securities	10,853,000	1,862,000	8,991,000
Municipal bonds	1,795,000	—	1,795,000
Repurchase agreement	205,000	—	205,000
U.S. Agency securities	18,407,000	—	18,407,000
U.S. Treasury securities	91,911,000	91,911,000	—
Total investments	\$ 169,723,000	94,067,000	75,656,000

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2015:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Asset-backed securities	\$ 10,252,000	—	10,252,000
Certificates of deposit	320,000	—	320,000
Corporate bonds	27,680,000	—	27,680,000
Money market funds	6,879,000	6,879,000	—
Mortgage-backed securities	15,908,000	5,258,000	10,650,000
Municipal bonds	2,110,000	—	2,110,000
Repurchase agreement	18,000	—	18,000
U.S. Agency securities	24,487,000	—	24,487,000
U.S. Treasury securities	48,107,000	48,107,000	—
International bonds	1,251,000	—	1,251,000
Total investments	\$ 137,012,000	60,244,000	76,768,000

The following discussion describes the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

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Securities such as asset-backed, mortgage-backed, U.S. agency and U.S. treasury are valued at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the University's external investment managers or their custodians.

For investments that include money market funds, municipal bonds, repurchase agreements, international bonds, and corporate bonds, the carrying value is similarly calculated using valuations that include observable market quoted prices. However, observable inputs other than quoted prices such as price services or indexes, estimates, appraisals, assumptions and other methods that are reviewed by management. Change in market conditions and economic environments may impact the net asset value of the funds and consequently the fair value of the University's interests in the funds.

Securities such as Commercial Paper and Certificate of Deposit with short maturities and infrequent secondary market trades are typically priced via mathematical calculations.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2016 and 2015.

(c) Investment Income, Net

Investment income, net, included within the Statements of Revenues, Expenses, and Changes in Net Position is comprised of unrealized gains and losses of \$902,000 and \$(358,000), realized gains of \$1,427,000 and \$169,000, and interest and dividend income of \$2,241,000 and \$1,853,000 for the years ended June 30, 2016 and 2015, respectively.

(4) Loans Receivable from Affiliates

In November 2008, the Authority entered into a loan agreement with California State University, Fresno, in the amount of \$4,500,000. The loan term is for a 5-year period that amortizes based on a 20-year amortization schedule, with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The initial maturity date of the loan was October 31, 2013. On September 12, 2013, Executive Members approved California State University, Fresno's loan extension request in the amount of \$2,542,000 for an additional 5 years, extending the maturity date to September 30, 2018. The amounts outstanding on the loan were \$264,000 and \$1,028,000 as of June 30, 2016 and 2015, respectively. Due to an additional pay-down of the loan principal on November 9, 2015, the loan will be paid off June 30, 2017.

In August 2008, the Authority entered into a loan agreement with Humboldt State University Advancement Foundation in the amount of \$2,535,000. The loan is nonamortizing, with interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The initial maturity date of the loan was October 31, 2013. On December 6, 2012, Executive Members approved Humboldt State University Advancement Foundation's loan extension request for an additional 5 years in

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the amount of \$2,000,000. The new extended maturity date of the loan is October 31, 2017. The amounts outstanding on the loan were \$2,000,000 as of June 30, 2016 and 2015.

In May 2014, the Authority entered into a line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, and \$2,353,000 of which was drawn against the line as of June 30, 2016. The line-of-credit will be available for a 5-year period with principal and interest due and payable quarterly, payable 30 days following the end of each calendar quarter. The interest rate is equal to the stated CSU Consolidated Investment Pool rate of return earned by the Authority (0.086% at June 30, 2016). The maturity date of the line-of-credit is June 1, 2019. The amounts outstanding on the loan were \$2,353,000 and \$2,340,000 as of June 30, 2016 and 2015, respectively.

The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
California State University, Fresno	\$ 264,000	1,028,000
Humboldt State University Advancement Foundation	2,000,000	2,000,000
California State University, Sacramento	<u>2,353,000</u>	<u>2,340,000</u>
Total loans receivable from affiliates	4,617,000	5,368,000
Less current portion	<u>(1,048,000)</u>	<u>(1,136,000)</u>
Loans receivable from affiliates, net of current portion	<u>\$ 3,569,000</u>	<u>4,232,000</u>

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Notes to Financial Statements

June 30, 2016 and 2015

(5) Claims Liability for Losses and Loss Adjustment Expenses

The Authority establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related loss adjustment expenses. Although considerable variability is inherent in such estimates, Management believes that the liability is reasonable at June 30, 2016 and 2015.

Changes in the Authority's claims liability for the years ended June 30, 2016 and 2015 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2014	\$ 98,449,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	60,386,000
Decrease in provision for reinsured events of the current fiscal year	(14,527,000)
Decrease in provision for insured events of prior fiscal years	<u>(5,937,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>39,922,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,478,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	6,178,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(31,436,000)</u>
Total payments	<u>(45,736,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2015	92,635,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	56,800,000
Decrease in provision for reinsured events of the current fiscal year	(24,959,000)
Decrease in provision for insured events of prior fiscal years	<u>(14,666,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>17,175,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(18,993,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	9,335,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(21,225,000)</u>
Total payments	<u>(30,883,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2016	78,927,000
Less current portion	<u>(23,046,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2016, net of current portion	<u>\$ 55,881,000</u>

**CALIFORNIA STATE UNIVERSITY
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Notes to Financial Statements

June 30, 2016 and 2015

(6) Related-Party Transactions

The following represents a summary of the accounts receivable, contributions (premiums), dividend distribution, for the years ended June 30, 2016 and 2015, and general liability insurance deductibles for the policy period detailed by campus:

Members	June 30, 2016			
	Accounts receivable	Contributions for the fiscal year	Dividend distribution	General liability insurance deductibles per occurrence
Bakersfield	\$ —	1,582,000	(207,000)	35,000
California Maritime Academy	—	554,000	(72,000)	35,000
Chancellor's Office	1,385,000	10,662,000	(156,000)	100,000
Channel Islands	—	1,576,000	(173,000)	35,000
Chico	—	2,638,000	(325,000)	250,000
Dominguez Hills	—	2,560,000	(388,000)	100,000
East Bay	—	3,468,000	(296,000)	500,000
Fresno	—	3,308,000	(739,000)	250,000
Fullerton	—	4,021,000	(405,000)	250,000
Humboldt	—	2,334,000	(287,000)	50,000
Long Beach	—	6,389,000	(672,000)	250,000
Los Angeles	—	4,083,000	(389,000)	250,000
Monterey Bay	—	1,481,000	(196,000)	35,000
Northridge	—	5,429,000	(484,000)	750,000
Pomona	—	3,974,000	(441,000)	250,000
Sacramento	—	3,671,000	(386,000)	900,000
San Bernardino	—	2,851,000	(361,000)	50,000
San Diego	—	5,773,000	(481,000)	900,000
San Francisco	—	4,934,000	(554,000)	500,000
San Jose	—	4,928,000	(464,000)	750,000
San Luis Obispo	—	4,659,000	(364,000)	250,000
San Marcos	—	1,637,000	(230,000)	50,000
Sonoma	—	2,005,000	(264,000)	100,000
Stanislaus	—	1,818,000	(167,000)	35,000
Auxiliary Organizations	394,000	14,028,000	(1,171,000)	—
	<u>\$ 1,779,000</u>	<u>100,363,000</u>	<u>(9,672,000)</u>	

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Notes to Financial Statements

June 30, 2016 and 2015

June 30, 2015				
Members	Accounts receivable	Contributions for the fiscal year	Dividend distribution	General liability insurance deductibles per occurrence
Bakersfield	\$	1,431,000	(256,000)	35,000
California Maritime Academy	—	561,000	(80,000)	35,000
Chancellor's Office	—	9,827,000	(157,000)	100,000
Channel Islands	—	1,533,000	(153,000)	35,000
Chico	—	2,543,000	(354,000)	250,000
Dominguez Hills	—	2,566,000	(425,000)	100,000
East Bay	—	2,975,000	(191,000)	500,000
Fresno	—	3,900,000	(1,050,000)	250,000
Fullerton	—	3,993,000	(363,000)	250,000
Humboldt	—	2,101,000	(339,000)	50,000
Long Beach	—	5,808,000	(700,000)	250,000
Los Angeles	—	3,590,000	(320,000)	250,000
Monterey Bay	—	1,310,000	(263,000)	35,000
Northridge	—	4,580,000	(392,000)	750,000
Pomona	—	3,929,000	(352,000)	250,000
Sacramento	—	3,547,000	(377,000)	900,000
San Bernardino	—	2,411,000	(446,000)	50,000
San Diego	—	4,909,000	(380,000)	900,000
San Francisco	—	4,752,000	(563,000)	500,000
San Jose	—	4,745,000	(444,000)	750,000
San Luis Obispo	—	3,990,000	(264,000)	250,000
San Marcos	—	1,563,000	(340,000)	50,000
Sonoma	—	1,957,000	(310,000)	100,000
Stanislaus	—	1,653,000	(158,000)	35,000
Auxiliary Organizations	490,000	15,074,000	(1,180,000)	—
	<u>\$ 490,000</u>	<u>95,248,000</u>	<u>(9,857,000)</u>	

(7) Excess Insurance and Reinsurance

(a) Excess Insurance

For the years ended June 30, 2016 and 2015, the Authority purchased excess insurance to protect the members from catastrophic losses. The Authority maintained excess public entity liability insurance coverage provided by School Excess Liability Fund (SELF), a Joint Powers Authority, with coverage for individual claims above \$5,000,000 and up to \$45,000,000 per occurrence until December 2009.

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June 30, 2016 and 2015

The Authority maintained excess general liability insurance coverage provided by Ironshore Specialty Insurance Company and various other insurers with coverage for individual claims above \$5,000,000 up to \$200,000,000 per occurrence. The Authority purchased excess workers' compensation insurance provided by Safety National to statutory limits in excess of the \$2,500,000 self-insured retention for the years ended June 30, 2016 and 2015. For the AORMA workers' compensation program, the Authority purchased excess workers' compensation insurance provided by Safety National for the years ended June 30, 2016 and 2015 to statutory limits in excess of the \$500,000 self-insured retention. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

Effective January 1, 2015, the Authority joined the CSAC Excess Insurance Authority Excess Workers' Compensation Program, covered pursuant to the memorandum of coverage issued by the EIA. The EIA is responsible for all covered losses within the amount of the self-insured retention layer of \$2,500,000 for the campus workers' compensation program and \$500,000 for the AORMA workers' compensation program. The estimated amounts that are recoverable from the EIA and that reduce the liabilities as of June 30, 2016 and 2015 were \$27,717,000 and \$12,362,000 for the Campus workers' compensation program and \$2,943,000 and \$1,248,000 for the AORMA workers' compensation program, respectively.

(b) Reinsurance

For the years ended June 30, 2016 and 2015, the Authority did not enter into the CSU's workers' compensation reinsurance contract. From the years ended June 30, 2008 through June 30 2012, the Authority entered into a reinsurance contract with the Insurance Company of the State of Pennsylvania (the Reinsurer). This transaction reinsured the CSU's workers' compensation claims liability for claims incurred within the \$2,500,000 self-insured retention up to aggregate limits. The estimated amounts that are recoverable from the reinsurer and that reduce the liabilities as of June 30, 2016 and 2015 were \$21,967,000 and \$26,145,000, respectively. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in this reinsurance transaction.

For the years ended June 30, 2016 and 2015, the Authority purchased reinsurance for the Campus and AORMA liability programs provided by the General Reinsurance Corporation. This transaction reinsured the AORMA claims liability for individual claims incurred in excess of \$350,000 and up to \$5,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2016 and 2015 were \$1,070,000 and \$1,020,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2016 and 2015, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEPPIP). This transaction reinsured the Campus and AORMA property programs for individual claims in excess of \$100,000 for the AORMA program and \$1,000,000 for the Campus program and up to \$1,000,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2016 and 2015 were \$5,816,000 and \$5,852,000, respectively. The coverage terms and conditions are the same as provided by the PEPPIP in prior years.

**CALIFORNIA STATE UNIVERSITY
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A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2016 and 2015

(8) SELF Assessment Liability

Prior to July 1, 2004, the Authority maintained excess workers' compensation insurance coverage provided by SELF, a public entity risk pool. The Authority remains liable for assessments from SELF in settlement of claims incurred prior to July 1, 2004. The assessment liabilities as of June 30, 2016 and 2015 were \$9,546,000 and \$10,909,000, respectively.

(9) Subsequent Event

Subsequent events have been evaluated through September 22, 2016, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Workers' Compensation Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's Workers' Compensation contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 61,000,000	65,301,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	24,837,000	28,840,000
Decrease in provision for reinsured events of current fiscal year	(22,528,000)	(13,185,000)
Decrease in provision for insured events of prior fiscal years	<u>(6,424,000)</u>	<u>(8,084,000)</u>
Total incurred claims and claim adjustment expenses	<u>(4,115,000)</u>	<u>7,571,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(2,120,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	8,887,000	6,084,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(17,278,000)</u>	<u>(15,836,000)</u>
Total payments	<u>(8,391,000)</u>	<u>(11,872,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u><u>48,494,000</u></u>	<u><u>61,000,000</u></u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of General Liability Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's General Liability contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 18,429,000	19,038,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	7,384,000	7,496,000
(Decrease) increase in provision for insured events of prior fiscal years	<u>(3,060,000)</u>	<u>71,000</u>
Total incurred claims and claim adjustment expenses	<u>4,324,000</u>	<u>7,567,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,971,000)</u>	<u>(8,176,000)</u>
Total payments	<u>(1,971,000)</u>	<u>(8,176,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>20,782,000</u>	<u>18,429,000</u>

See accompanying independent auditors' report.

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Supplementary Information

**Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment
Insurance (IDL/NDL/UI) Claims Liabilities**

The schedule below presents the changes in claims liabilities for the Authority's IDL/NDL/UI contracts for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,341,000</u>	<u>12,774,000</u>
Total incurred claims and claim adjustment expenses	<u>14,341,000</u>	<u>12,774,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,341,000)</u>	<u>(12,774,000)</u>
Total payments	<u>(14,341,000)</u>	<u>(12,774,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Property Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's Property contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>1,590,000</u>	<u>2,465,000</u>
Total incurred claims and claim adjustment expenses	<u>1,590,000</u>	<u>2,465,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,590,000)</u>	<u>(2,465,000)</u>
Total payments	<u>(1,590,000)</u>	<u>(2,465,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's AIME contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,966,000	1,912,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,584,000	3,010,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>496,000</u>	<u>(78,000)</u>
Total incurred claims and claim adjustment expenses	<u>4,080,000</u>	<u>2,932,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,759,000)	(1,416,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,073,000)</u>	<u>(1,462,000)</u>
Total payments	<u>(3,832,000)</u>	<u>(2,878,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>2,214,000</u>	<u>1,966,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of Club Sports Claims Liabilities

The schedule below presents the changes in claims liabilities for the Authority's Club Sports contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	—
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>14,000</u>	—
Total incurred claims and claim adjustment expenses	<u>14,000</u>	—
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,000)</u>	—
Total payments	<u>(14,000)</u>	—
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of AORMA Workers' Compensation Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA Workers' Compensation contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 8,995,000	9,070,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	2,714,000	3,321,000
Decrease in provision for reinsured events of current fiscal year	(2,431,000)	(1,342,000)
(Decrease) increase in provision for insured events of prior fiscal years	<u>(1,553,000)</u>	<u>45,000</u>
Total incurred claims and claim adjustment expenses	<u>(1,270,000)</u>	<u>2,024,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(238,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	448,000	94,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,229,000)</u>	<u>(1,955,000)</u>
Total payments	<u>(1,781,000)</u>	<u>(2,099,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>5,944,000</u>	<u>8,995,000</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA General Liability Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA General Liability contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,245,000	3,128,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	1,181,000	1,124,000
(Decrease) increase in provision for insured events of prior fiscal years	<u>(4,125,000)</u>	<u>2,109,000</u>
Total incurred claims and claim adjustment expenses	<u>(2,944,000)</u>	<u>3,233,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(134,000)	(109,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,326,000</u>	<u>(4,007,000)</u>
Total excess recoveries (payments)	<u>2,192,000</u>	<u>(4,116,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>1,493,000</u>	<u>2,245,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Supplementary Information

Reconciliation of AORMA Property Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA Property contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	\$ —
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>238,000</u>	<u>252,000</u>
Total incurred claims and claim adjustment expenses	<u>238,000</u>	<u>252,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(238,000)</u>	<u>(252,000)</u>
Total payments	<u>(238,000)</u>	<u>(252,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	\$ <u>—</u>

See accompanying independent auditors' report.

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Supplementary Information

Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities

The schedule below presents the changes in claims liabilities for the AORMA UIP contract for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ —	\$ —
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	<u>917,000</u>	<u>1,104,000</u>
Total incurred claims and claim adjustment expenses	<u>917,000</u>	<u>1,104,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(917,000)</u>	<u>(1,104,000)</u>
Total payments	<u>(917,000)</u>	<u>(1,104,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	\$ <u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Schedule of Net Position

June 30, 2016

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 88,083
Short-term investments	35,579,452
Accounts receivable, net	2,705,134
Notes receivable, current portion	1,048,465
Prepaid expenses and other assets	4,152,405
Total current assets	<u>43,573,539</u>
Noncurrent assets:	
Notes receivable, net of current portion	3,568,903
Other long-term investments	134,144,151
Total noncurrent assets	<u>137,713,054</u>
Total assets	<u>181,286,593</u>
Liabilities:	
Current liabilities:	
Accounts payable	6,684,040
Unearned revenue	39,245
Claims liability for losses and LAE – current portion	23,045,838
Total current liabilities	<u>29,769,123</u>
Noncurrent liabilities:	
Claims liability for losses and LAE, net of current portion	55,880,623
Other liabilities	8,181,789
Total noncurrent liabilities	<u>64,062,412</u>
Total liabilities	<u>93,831,535</u>
Net position:	
Unrestricted	87,455,058
Total net position	<u>\$ 87,455,058</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2016

(for inclusion in the California State University)

Revenues:

Operating revenues:

Other operating revenues

\$ 93,476,839

Total operating revenues

93,476,839

Expenses:

Operating expenses:

Instruction

10,905,258

Research

136,058

Public service

156,851

Academic support

2,561,568

Student services

2,570,721

Institutional support

48,587,712

Operation and maintenance of plant

1,564,354

Auxiliary enterprise expenses

562,932

Total operating expenses

67,045,454

Operating income

26,431,385

Nonoperating revenues (expenses):

Investment income, net

4,634,508

Other nonoperating expenses

(9,671,883)

Net nonoperating expenses

(5,037,375)

Increase in net position

21,394,010

Net position:

Net position, beginning of year

66,061,048

Net position, end of year

\$ 87,455,058

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
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Other Information

June 30, 2016

(for inclusion in the California State University)

	<u>Current unrestricted</u>	<u>Total current</u>	<u>Noncurrent unrestricted</u>	<u>Total noncurrent</u>	<u>Total</u>
Asset-backed securities	\$ 2,192,563	2,192,563	6,968,118	6,968,118	9,160,681
Certificates of deposit	2,710,040	2,710,040	—	—	2,710,040
Commercial paper	100,515	100,515	—	—	100,515
Corporate bonds	10,666,135	10,666,135	22,329,124	22,329,124	32,995,259
International bonds	—	—	1,291,729	1,291,729	1,291,729
Money market funds	165,451	165,451	128,745	128,745	294,196
Mortgage-backed securities	7,134	7,134	10,845,846	10,845,846	10,852,980
Municipal bonds	361,274	361,274	1,434,405	1,434,405	1,795,679
Repurchase agreements	204,617	204,617	—	—	204,617
U.S. agency securities	11,345,942	11,345,942	7,060,994	7,060,994	18,406,936
U.S. Treasury securities	7,825,781	7,825,781	84,085,190	84,085,190	91,910,971
Total investments	\$ 35,579,452	35,579,452	134,144,151	134,144,151	169,723,603

Fair value hierarchy in investments at June 30, 2016:

	Fair value measurements using				Net asset value (NAV)
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Asset-backed securities	\$ 9,160,681	—	9,160,681	—	—
Certificates of deposit	2,710,040	—	2,710,040	—	—
Commercial paper	100,515	—	100,515	—	—
Corporate bonds	32,995,259	—	32,995,259	—	—
International bonds	1,291,729	—	1,291,729	—	—
Money market funds	294,196	294,196	—	—	—
Mortgage-backed securities	10,852,980	1,861,503	8,991,477	—	—
Municipal bonds	1,795,679	—	1,795,679	—	—
Repurchase agreements	204,617	—	204,617	—	—
U.S. Agency securities	18,406,936	—	18,406,936	—	—
U.S. Treasury securities	91,910,971	91,910,971	—	—	—
Total investments	\$ 169,723,603	94,066,670	75,656,933	—	—

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
Claims Development Information

(In thousands)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net earned required contribution and investment revenues:										
Earned	\$ 101,489	\$ 92,065	\$ 85,769	\$ 90,247	\$ 96,364	\$ 104,726	\$ 91,560	\$ 93,935	\$ 96,997	\$ 104,997
Ceded	—	—	18,469	19,024	18,879	16,149	3,005	11,626	6,872	6,886
Net earned	\$ 101,489	\$ 92,065	\$ 67,300	\$ 71,223	\$ 77,485	\$ 88,577	\$ 88,555	\$ 82,309	\$ 90,125	\$ 98,111
Unallocated expenses	\$ 31,358	\$ 49,872	\$ 43,306	\$ 52,578	\$ 39,257	\$ 48,776	\$ 41,755	\$ 30,116	\$ 44,878	\$ 60,194
Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 41,023	\$ 41,474	\$ 28,604	\$ 57,959	\$ 63,416	\$ 57,994	\$ 59,095	\$ 59,313	\$ 60,386	\$ 56,800
Ceded	—	—	17,996	17,118	19,834	19,575	—	—	14,527	24,959
Total	\$ 41,023	\$ 41,474	\$ 10,608	\$ 40,841	\$ 43,582	\$ 38,419	\$ 59,095	\$ 59,313	\$ 45,859	\$ 31,841
Paid (cumulative) as of:										
End of policy year	\$ 12,032	\$ 12,301	\$ 12,022	\$ 19,615	\$ 18,972	\$ 20,541	\$ 11,400	\$ 13,019	\$ 14,300	\$ 9,658
One year later	20,627	19,767	14,801	22,697	20,457	22,295	28,965	27,949	24,260	—
Two years later	28,585	25,324	20,511	23,082	23,664	23,853	35,942	32,559	—	—
Three years later	34,565	28,175	19,458	24,863	28,733	25,063	38,432	—	—	—
Four years later	36,060	26,667	20,063	25,543	29,004	25,282	—	—	—	—
Five years later	34,064	28,062	20,385	29,061	29,461	—	—	—	—	—
Six years later	35,201	29,240	20,624	29,370	—	—	—	—	—	—
Seven years later	35,983	30,032	20,762	—	—	—	—	—	—	—
Eight years later	36,373	31,033	—	—	—	—	—	—	—	—
Nine years later	36,827	—	—	—	—	—	—	—	—	—
Reestimated ceded claims and expenses	\$ —	\$ —	\$ 18,767	\$ 17,996	\$ 22,643	\$ 21,685	\$ —	\$ —	\$ 14,527	\$ 24,959
Reestimated incurred claims and expenses:										
End of policy year	\$ 41,023	\$ 41,474	\$ 10,608	\$ 40,841	\$ 43,582	\$ 38,419	\$ 59,095	\$ 59,313	\$ 45,859	\$ 31,841
One year later	40,392	38,704	23,692	34,160	30,986	27,064	50,697	48,463	36,014	—
Two years later	41,316	38,858	24,655	29,484	28,962	27,864	50,636	49,235	—	—
Three years later	42,254	38,264	20,456	28,725	30,268	26,082	31,868	—	—	—
Four years later	42,727	33,553	20,742	28,024	30,168	25,906	—	—	—	—
Five years later	38,318	33,778	20,858	32,595	30,201	—	—	—	—	—
Six years later	38,458	34,125	21,110	32,595	—	—	—	—	—	—
Seven years later	38,643	35,327	21,154	32,360	—	—	—	—	—	—
Eight years later	38,873	42,337	—	—	—	—	—	—	—	—
Nine years later	30,074	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ (10,949)	\$ 863	\$ 10,546	\$ (8,481)	\$ (13,381)	\$ (12,513)	\$ (27,227)	\$ (10,078)	\$ (9,845)	\$ —

See accompanying independent auditors' report.

CAMPUS RISK POOLS
ACTUARIAL REPORTS FOR CAMPUS LIABILITY,
CAMPUS WORKERS' COMPENSATION AND
ATHLETIC INJURY MEDICAL EXPENSE PROGRAMS

ISSUE: CSURMA retains the services of an independent actuary to evaluate the liabilities of its major self-insured risk pools. The complete draft reports for Campus General / Errors & Omissions Liability, Workers' Compensation, and Athletic Injury Medical Expense (AIME) are included separately with the agenda packet. Staff has highlighted herein and in attachments to this item key findings and exhibits. The information provided by the actuary is used to establish fiscal year-end financial reports, and serves as the starting point to develop rates and funding for FY 2016/17, as well as evaluating potential dividends or assessments.

The Actuary's findings and recommendations, undiscounted for investment income, include:

Campus Liability

1. Projected Ultimate Limited Losses increased slightly by +0.14% for FY 17/18.
2. Loss Funding at 70% actuarial confidence increased from \$14,045,000 (FY 16/17) to \$14,065,000 (FY 17/18).

Campus Workers' Compensation

1. Projected Ultimate Limited Losses decreased by 6% for FY 17/18.
2. Loss Funding at 70% actuarial confidence decreased from \$31,607,000 (FY 16/17) to \$29,691,000 (FY 17/18).

AIME

1. Projected Ultimate Limited Losses increased by 7.0% for FY 17/18.
2. Loss Funding at 70% actuarial confidence increased from \$3,529,000 (FY 16/17) to \$3,764,880 (FY 17/18).

RECOMMENDATION: No action is requested; this item is for information only. The Executive Committee reviewed and accepted these reports at its meeting on August 7, 2016 for use in CSURMA's financial reporting, rate setting, and funding evaluations.

FISCAL IMPACT: The actuary's findings and recommendations are the basis for establishing premium deposits (member contributions) and potential dividends for FY 2017/18.

BACKGROUND: The complete actuarial reports include a discussion on the methodology used by the actuary to establish the financial projections for the self-insured risk pools. Staff will be present at today's meeting to summarize and comment on the actuary's findings and recommendations.

PUBLICATION: None.

ATTACHMENT(S):

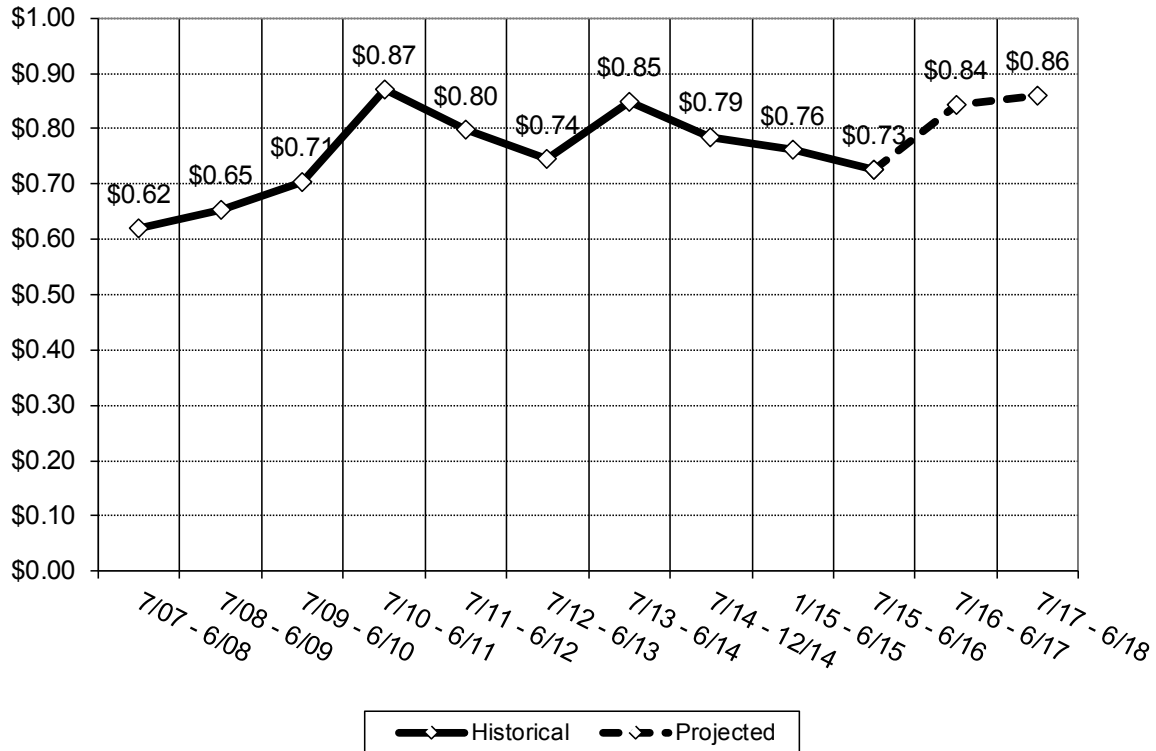
- a. Charts and exhibits from the Liability, Workers' Compensation and AIME draft actuarial reports valued at June 30, 2016.
- b. Complete copies of the actuarial reports are included separately with the Agenda packet.

Campus WC

Loss Experience Trends

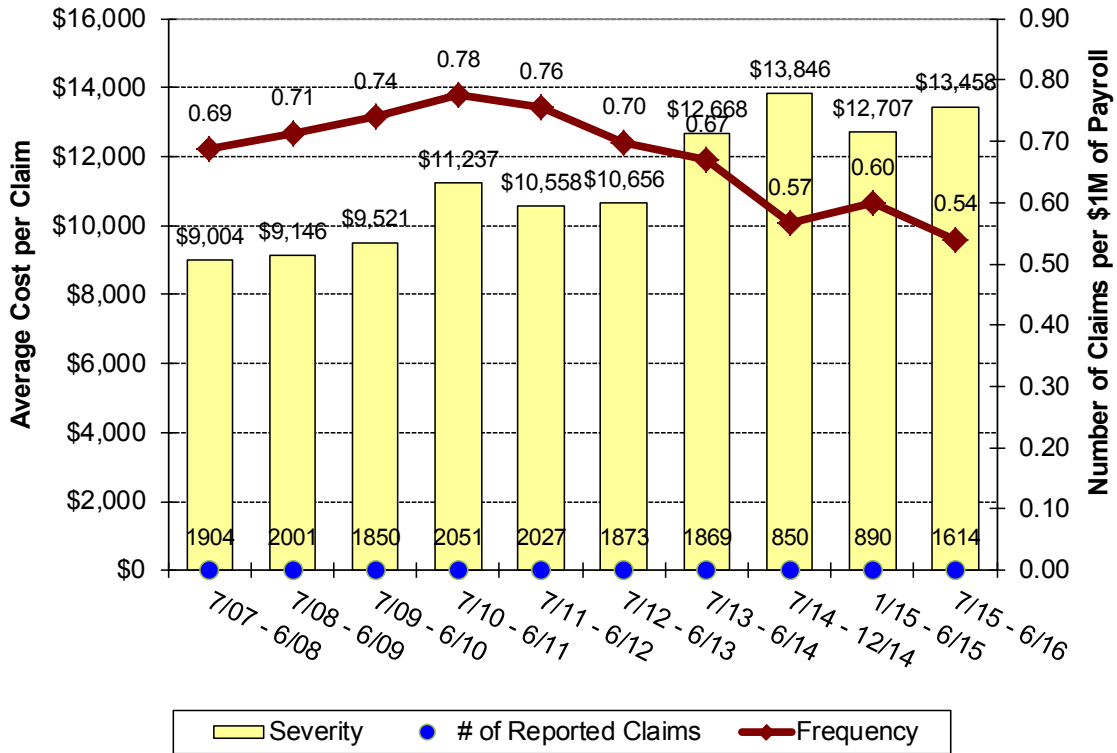
Graphs I-1 and I-2 show loss experience trends for workers' compensation as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

Graph I-1
Loss Rate per \$100 of Payroll



Note: Loss rates are from Exhibit WC-10, columns (4) and (7).

**Graph I-2
Frequency and Severity**

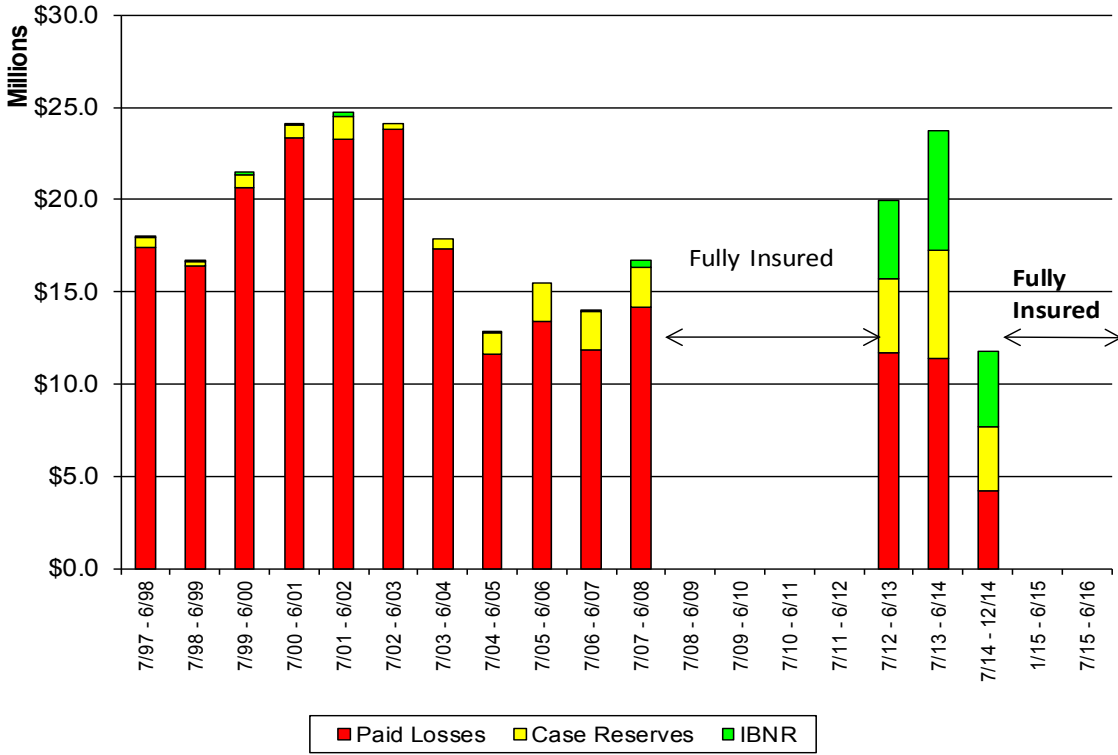


Note: Frequency amounts are from Exhibit WC-8, Section I, column (7).
Severity amounts are based on the projected claim counts in Exhibit WC-8 and the projected ultimate losses in Exhibit WC-9.

Historically, about 30% of reported claims have had \$0 incurred. Excluding such claims, the average severities shown in Graph I-2 would be about 43% higher.

Graph I-3 shows the composition of the projected ultimate limited losses for the self-insured workers' compensation claims.

**Graph I-3
Composition of Projected Ultimate Limited Losses**

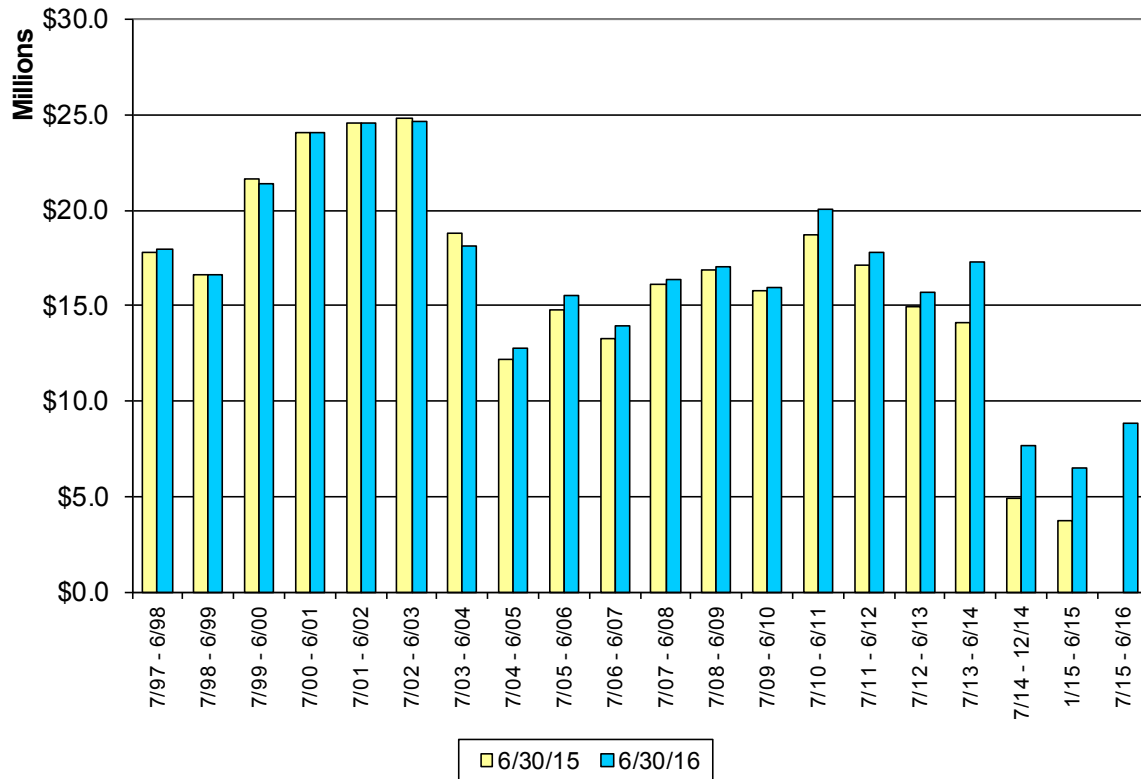


Note: All amounts are from Exhibit WC-11. The 7/14-12/14 period includes six months of claims.

Compare to Previous Actuarial Study

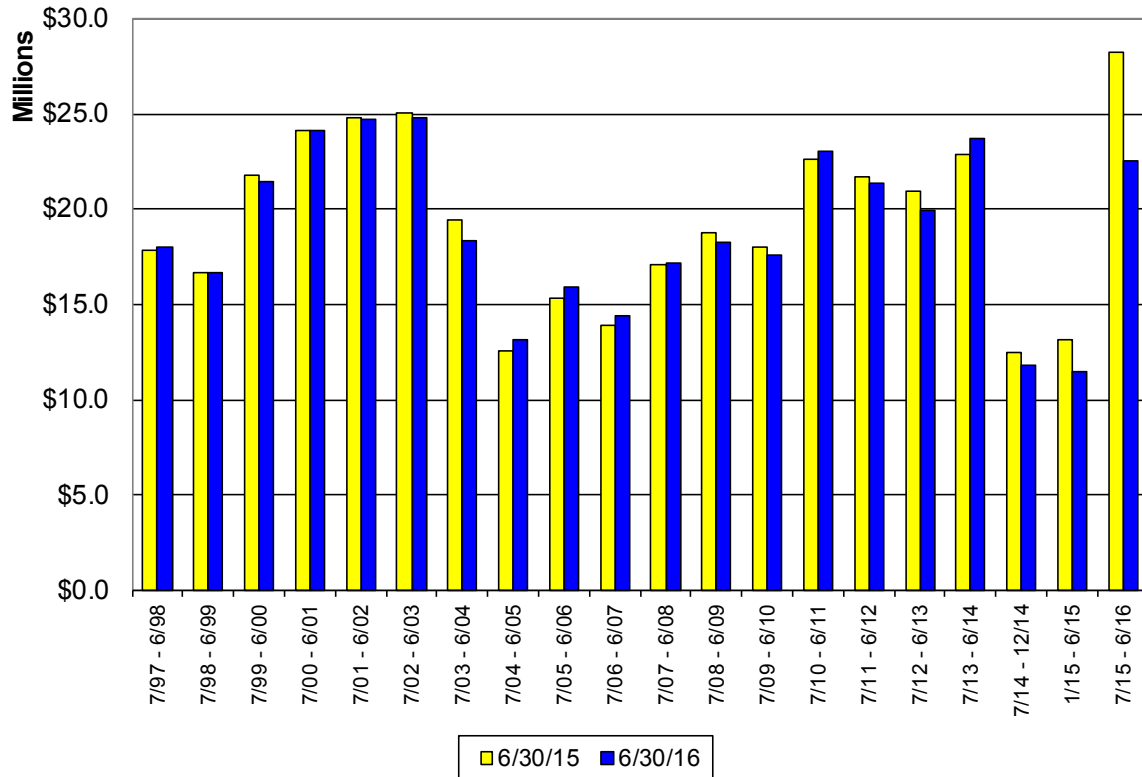
Graphs I-4 and I-5 are graphical comparisons of the limited reported incurred losses and projected ultimate limited losses, respectively, by fiscal year of occurrence of the workers' compensation program from the previous study (report dated September 16, 2015) to the current study.

Graph I-4
Comparison of Limited Reported Incurred Losses
as of June 30, 2015 and June 30, 2016



Note: Amounts as of June 30, 2015 are from the previous actuarial study.
 Amounts as of June 30, 2016 are from Exhibit WC-1.

**Graph I-5
Comparison of Projected Ultimate Limited Losses
as of June 30, 2015 and June 30, 2016**

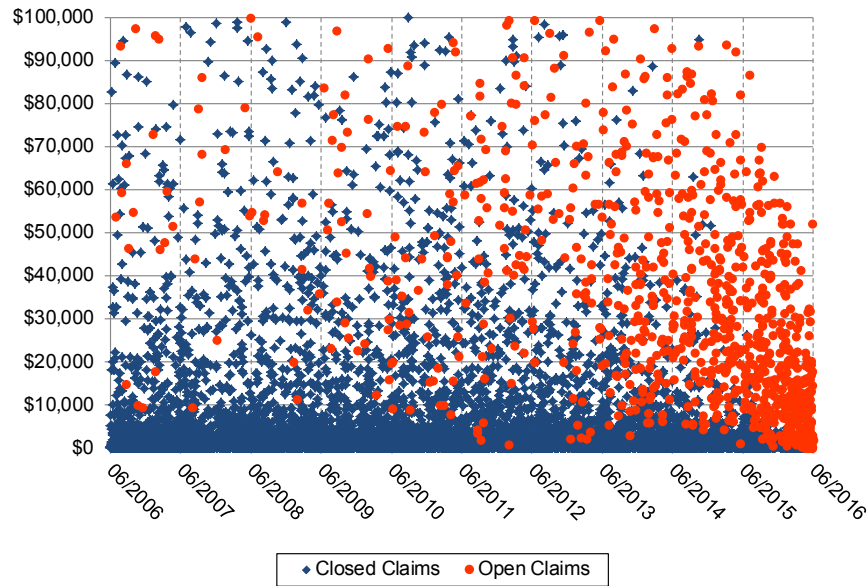


Note: Amounts as of June 30, 2015 are from the previous actuarial study.
Amounts as of June 30, 2016 are from Exhibit WC-9.

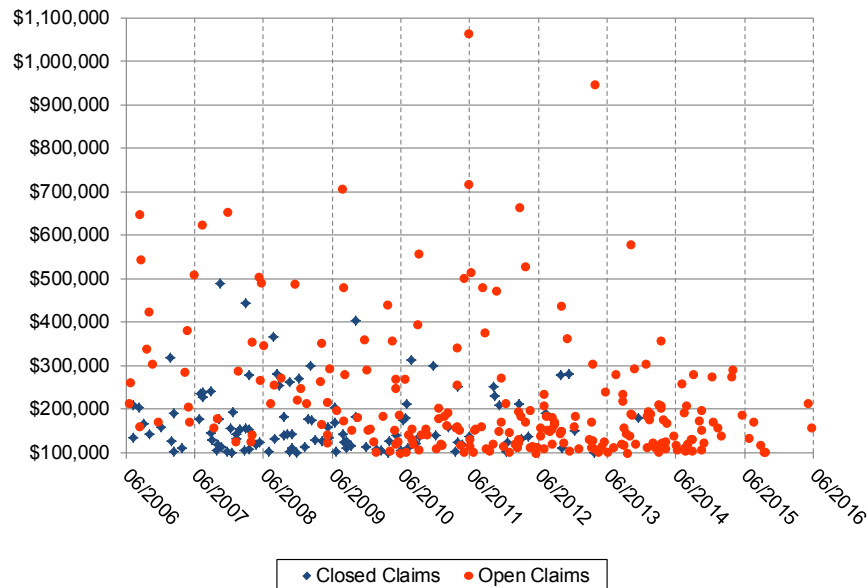
For all claims through 7/14 - 12/14, the change in the projected ultimate limited losses from June 30, 2015 to June 30, 2016 was -0.3%.

Graphs I-6A and I-6B provide the distribution of claims by size and claim period for CSURMA's workers' compensation program.

Graph I-6A
Size of Loss Distribution
Claims with Incurred Amount below \$100,000



Graph I-6B
Size of Loss Distribution
Claims with Incurred Amount above \$100,000



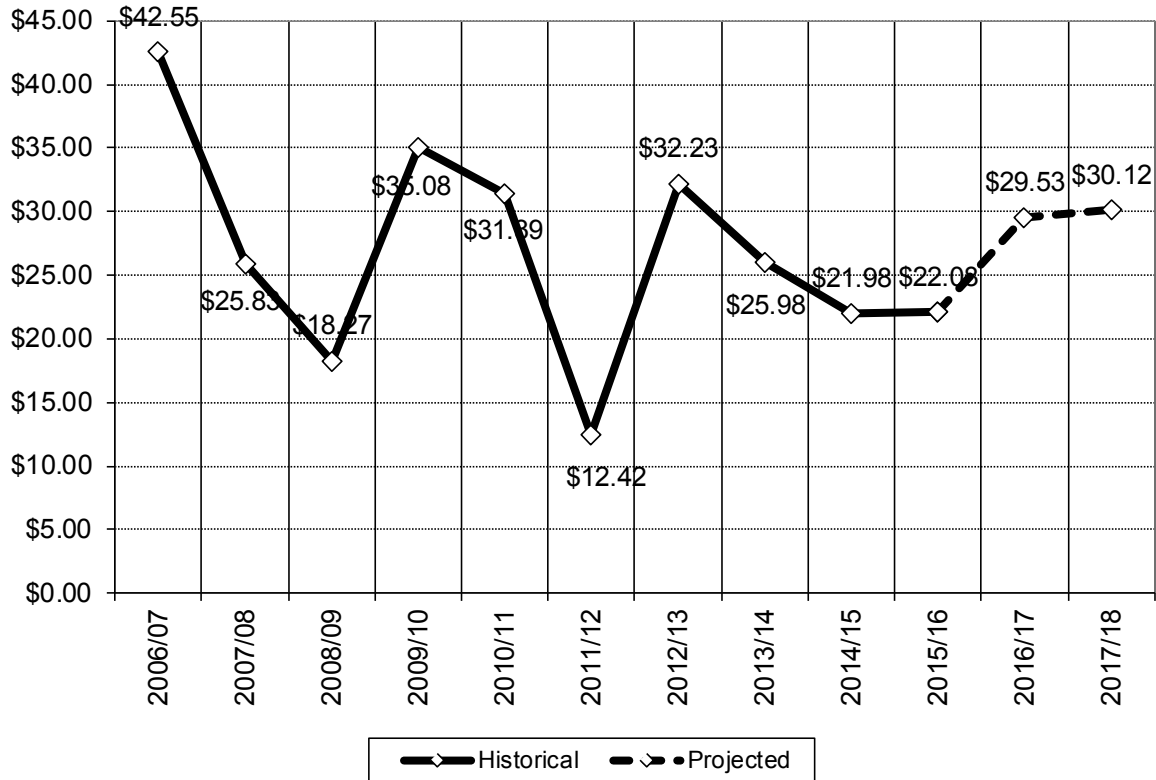
There is a large claim 200901691 has \$1.66 Million incurred in 2008/09.

Campus LI

Loss Experience Trends

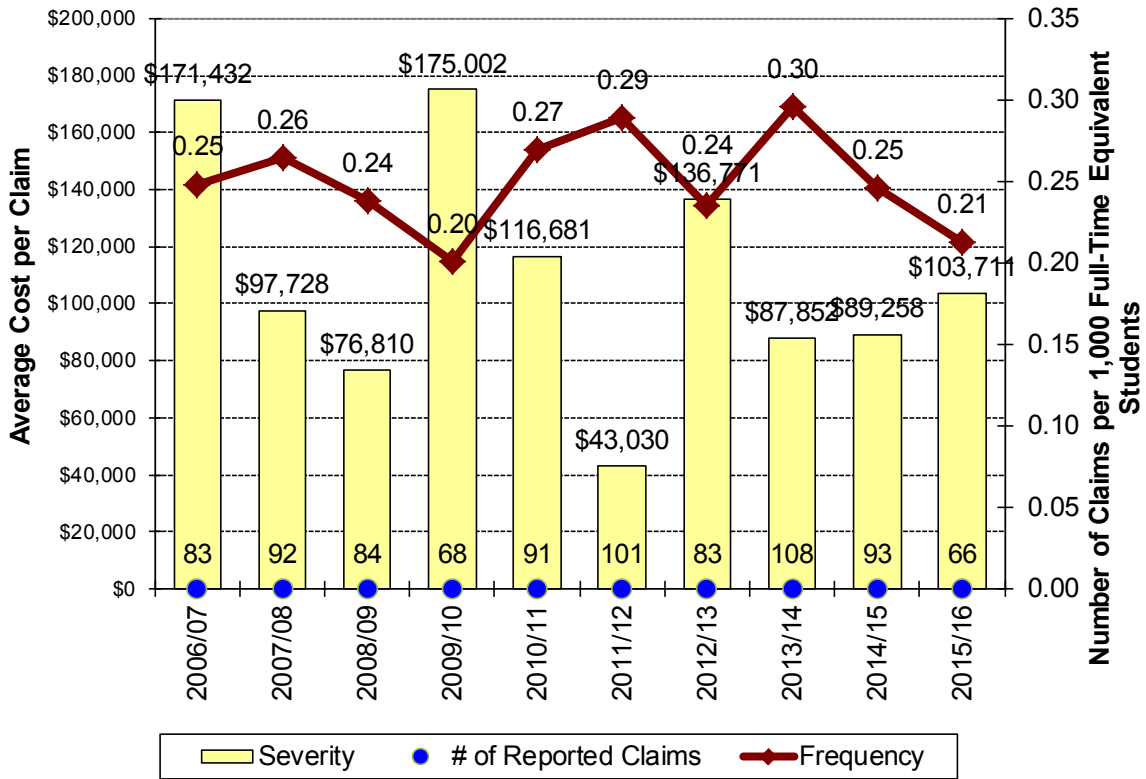
Graphs I-1 and I-2 show loss experience trends for general liability as measured by loss rate per 1,000 full-time equivalent students and frequency and severity, respectively.

**Graph I-1
Loss Rate per Full Time-Equivalent Student
(Gross of Member Deductibles)**



Note: Loss rates are from Exhibit GL-10, columns (4) and (7).

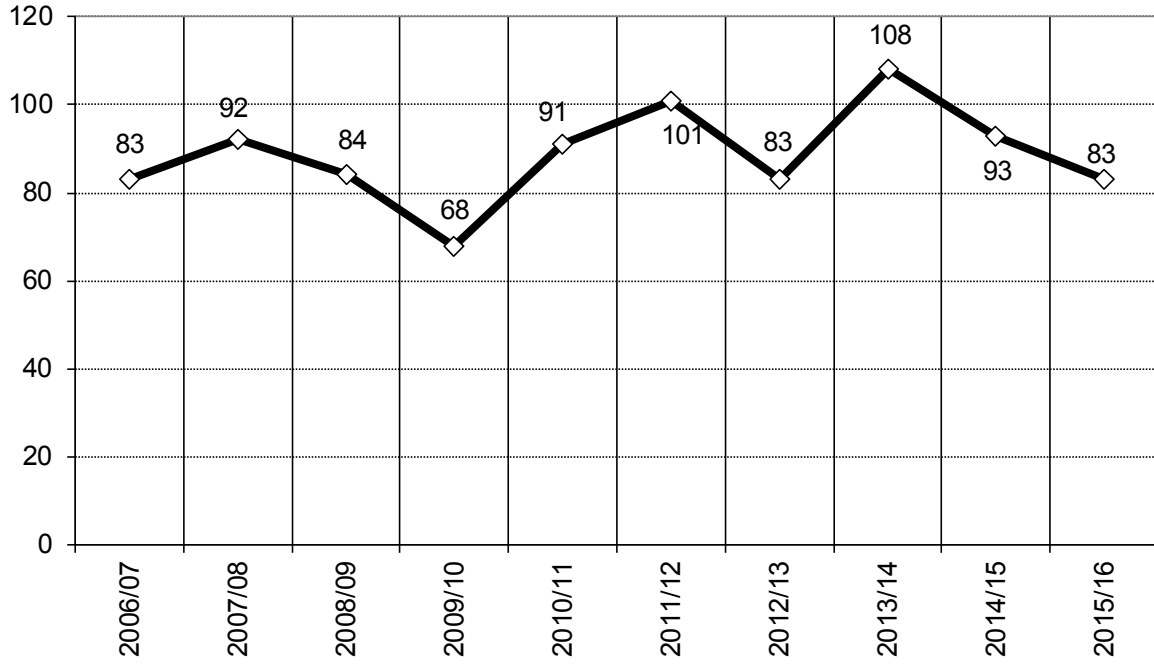
**Graph I-2
Frequency and Severity
(Gross of Member Deductibles)**



Note: Frequency amounts are from Exhibit GL-8, Section I, column (7).
Severity amounts are based on the projected claim counts in Exhibit GL-8 and the projected ultimate losses in Exhibit GL-9.

Graph I-3 shows the projected ultimate claims from 2005/06 to 2015/16.

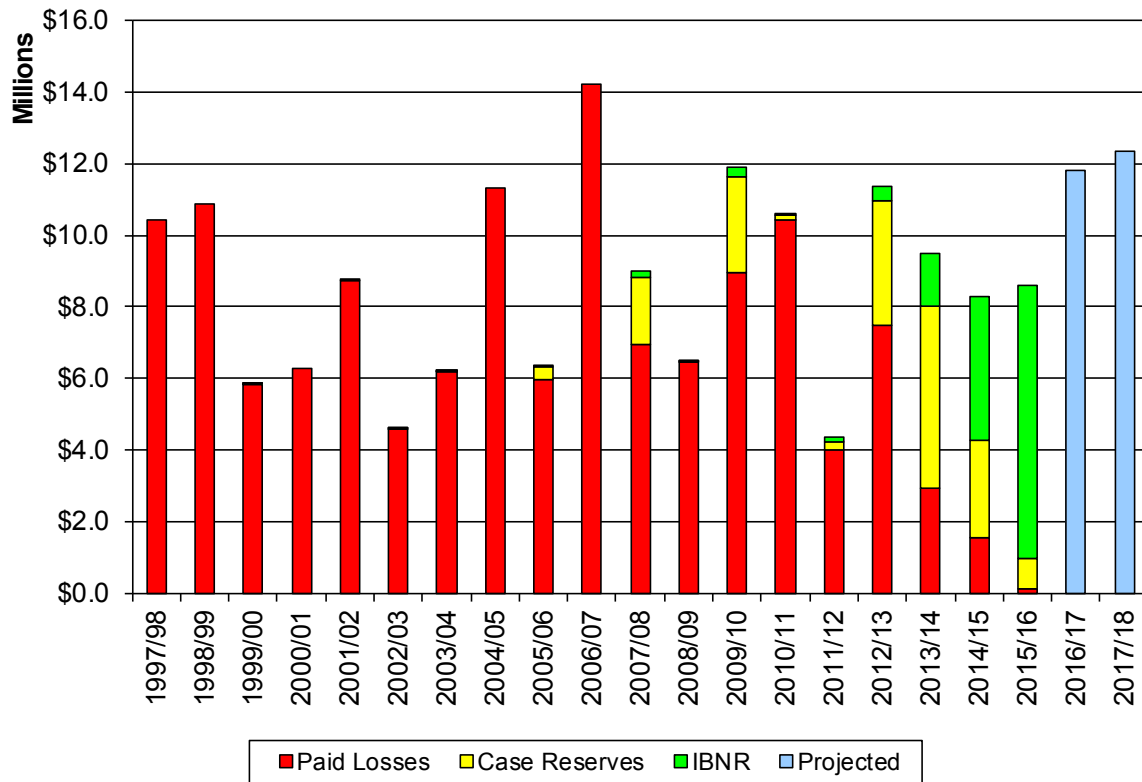
**Graph I-3
Projected Ultimate Claims
2005/06 to 2015/16**



Note: Projected ultimate claims are from Exhibit GL-8, Section I, column (5).

Graph I-4 shows the composition of the projected ultimate limited losses for general liability.

Graph I-4
Composition of Projected Ultimate Limited Losses
(Gross of Member Deductibles)

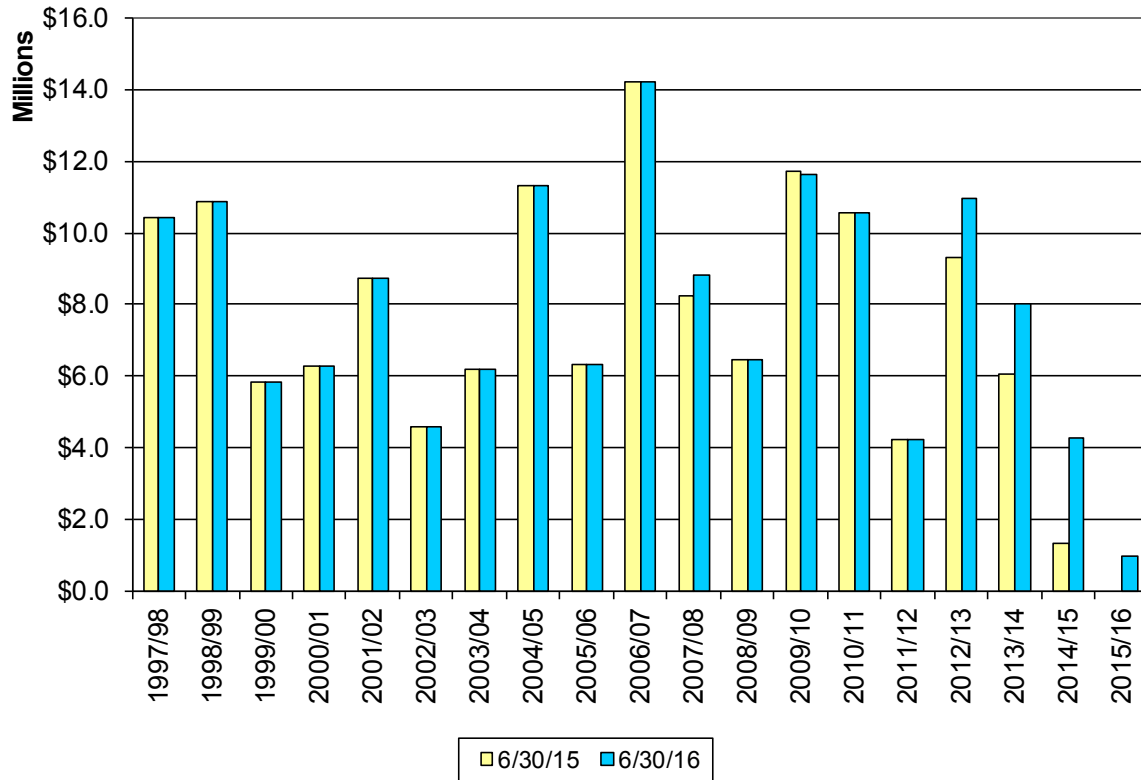


Note: Amounts through 2015/16 are from Exhibit GL-15 (page 1).
 Amounts for 2016/17 and 2017/18 are from Exhibit GL-10.

Compare to Previous Actuarial Study

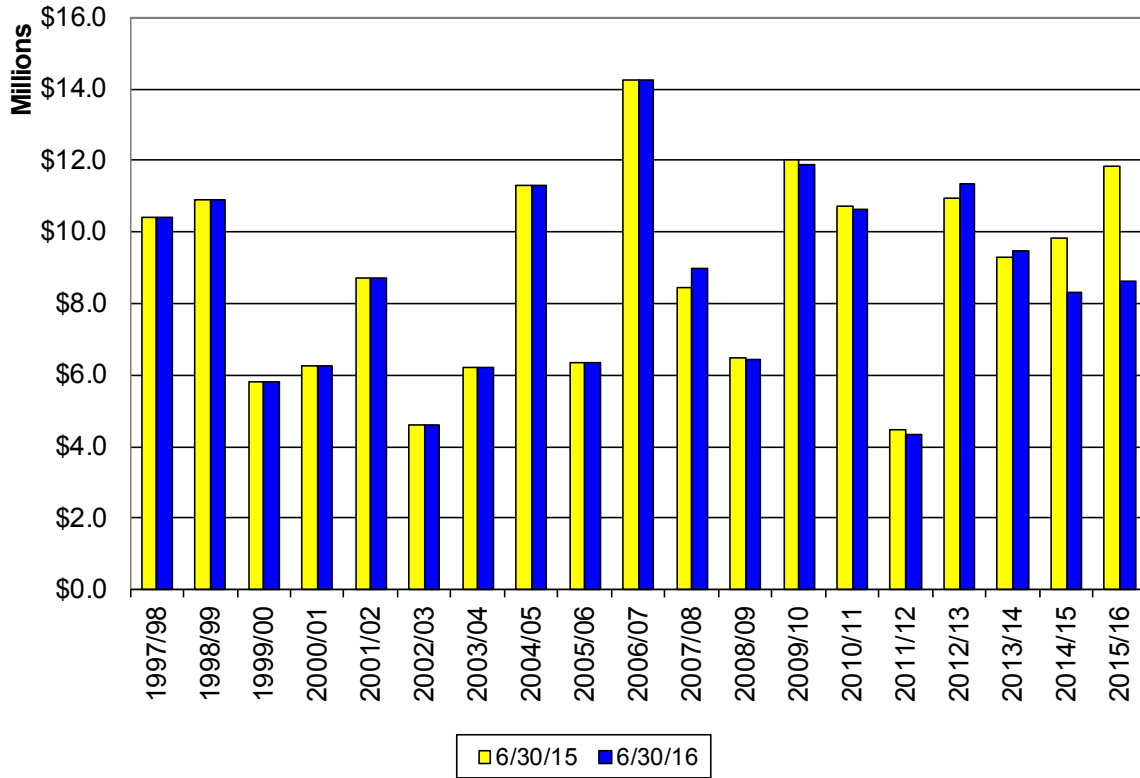
Graphs I-5 and I-6 are graphical comparisons of the limited reported incurred losses and projected ultimate limited losses, respectively, by fiscal year of occurrence of the general liability program from the previous study to the current study.

Graph I-5
Comparison of Limited Reported Incurred Losses
as of June 30, 2015 and June 30, 2016
(Gross of Member Deductibles)



Note: Amounts as of June 30, 2015 are from the previous actuarial study.
 Amounts as of June 30, 2016 are from Exhibit GL-1.

Graph I-6
Comparison of Projected Ultimate Limited Losses
as of June 30, 2015 and June 30, 2016
(Gross of Member Deductibles)

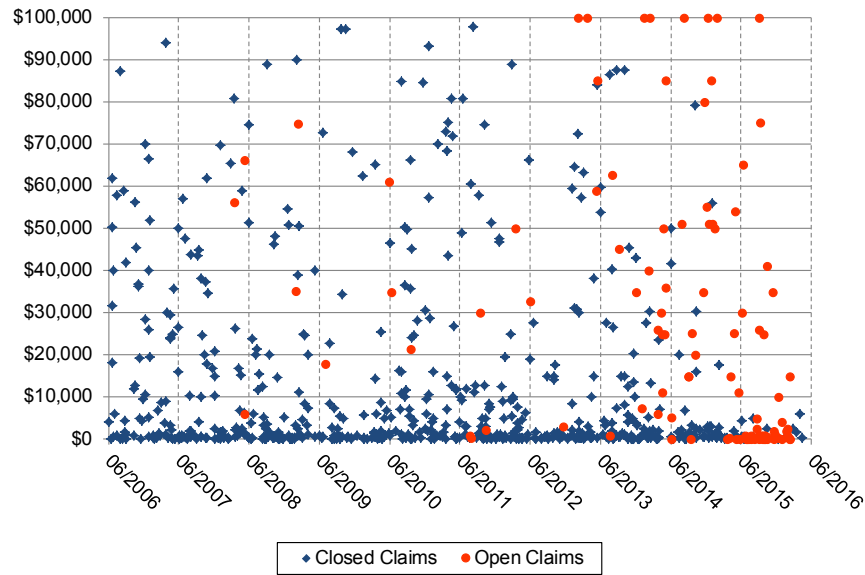


Note: Amounts as of June 30, 2015 are from the previous actuarial study.
 Amounts as of June 30, 2016 are from Exhibit GL-9.

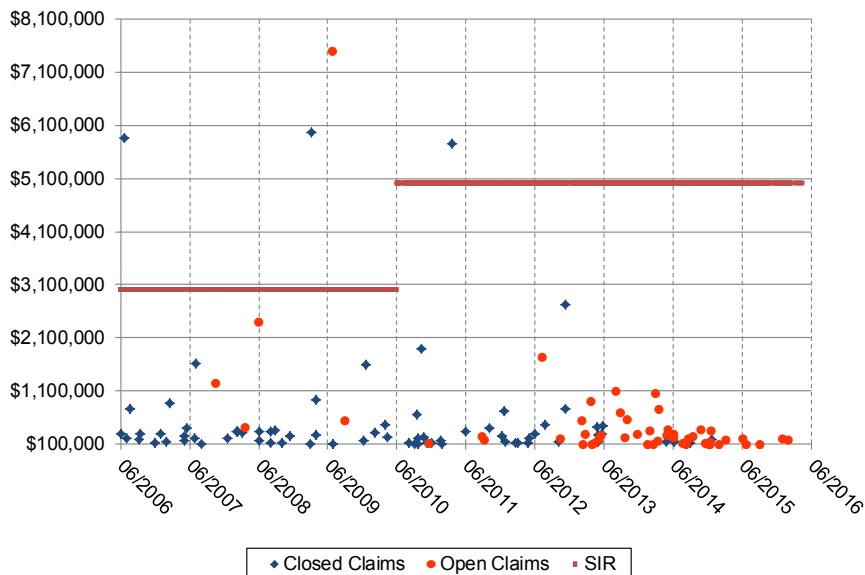
For all claims through 2014/15, the change in the projected ultimate limited losses from June 30, 2015 to June 30, 2016 was -0.4%.

Graphs I-7A and I-7B are claim size distributions for CSU campus general liability program.

Graph I-7A
Claim Size Distribution
Claims with Incurred Amount below \$100,000



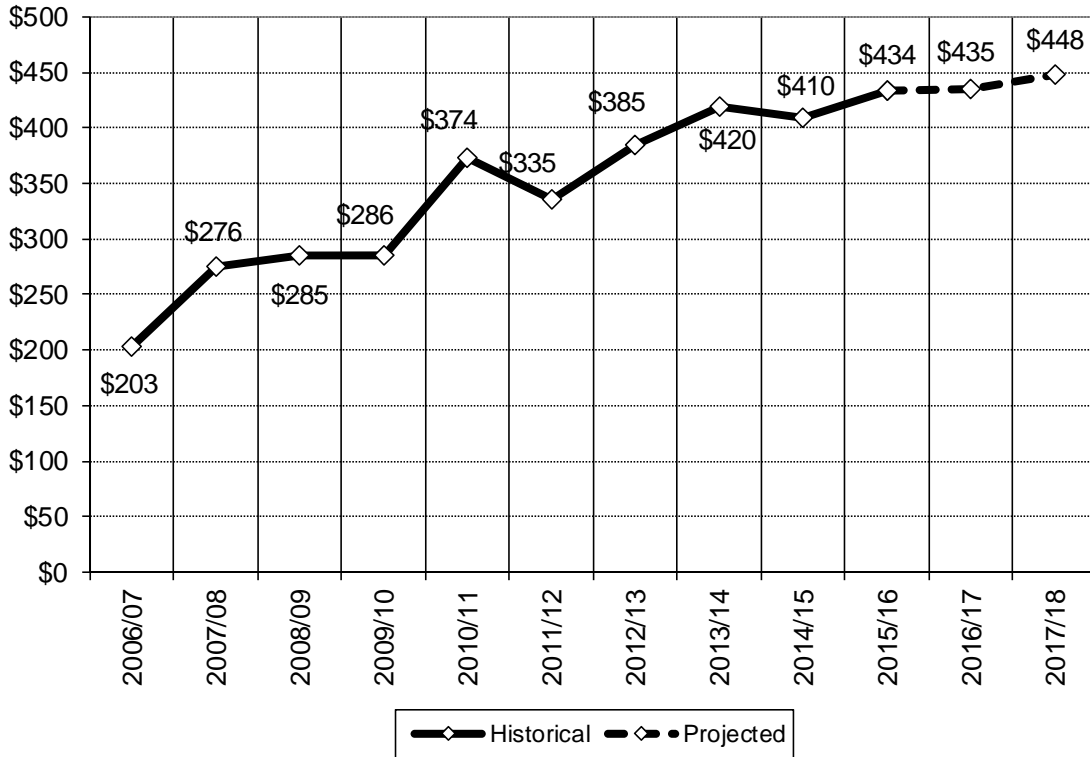
Graph I-7B
Claim Size Distribution
Claims with Incurred Amount above \$100,000



AIME

The projected loss rates reflect more recent experience (2010/11 to 2015/16), which appears to be at a higher level than the prior years. This can be seen in Graph III-1.

**Graph III-1
Projected Loss Rate per Athlete**



2013/14 and 2014/15 have emerged higher than expected.

CAMPUS RISK POOLS
FUNDING STATUS AT JUNE 30, 2016

ISSUE: Each year, Staff evaluates the funding status of CSURMA’s major risk pool programs and presents its findings to the Executive Committee and the Board of Directors. In its evaluation, Staff uses the most recent actuarial reports and financial statements prepared by the Accountant. Staff has completed its evaluation of the funding status for Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense risk pools for the fiscal year ending on June 30, 2016.

RECOMMENDATION: No action requested. This item is provided for information only.

FISCAL IMPACT: The Executive Committee reviewed and accepted staff’s report on September 23, 2016. The Board is asked to review the risk pool funding status at June 30, 2016.

BACKGROUND: The Board of Directors adopted Policy & Procedure No. 7-JPA on April 24, 1997 to fund prior years’ claim liabilities on a cash basis, and to begin funding claims as they are incurred beginning in July 1, 1999 with the ultimate goal to achieve accrual funding for all program years in ten years. CSURMA’s funding goal was achieved in eight years on July 1, 2007. Subsequently, the Board revised Policy & Procedure No. 7-JPA which was adopted on April 27, 2015.

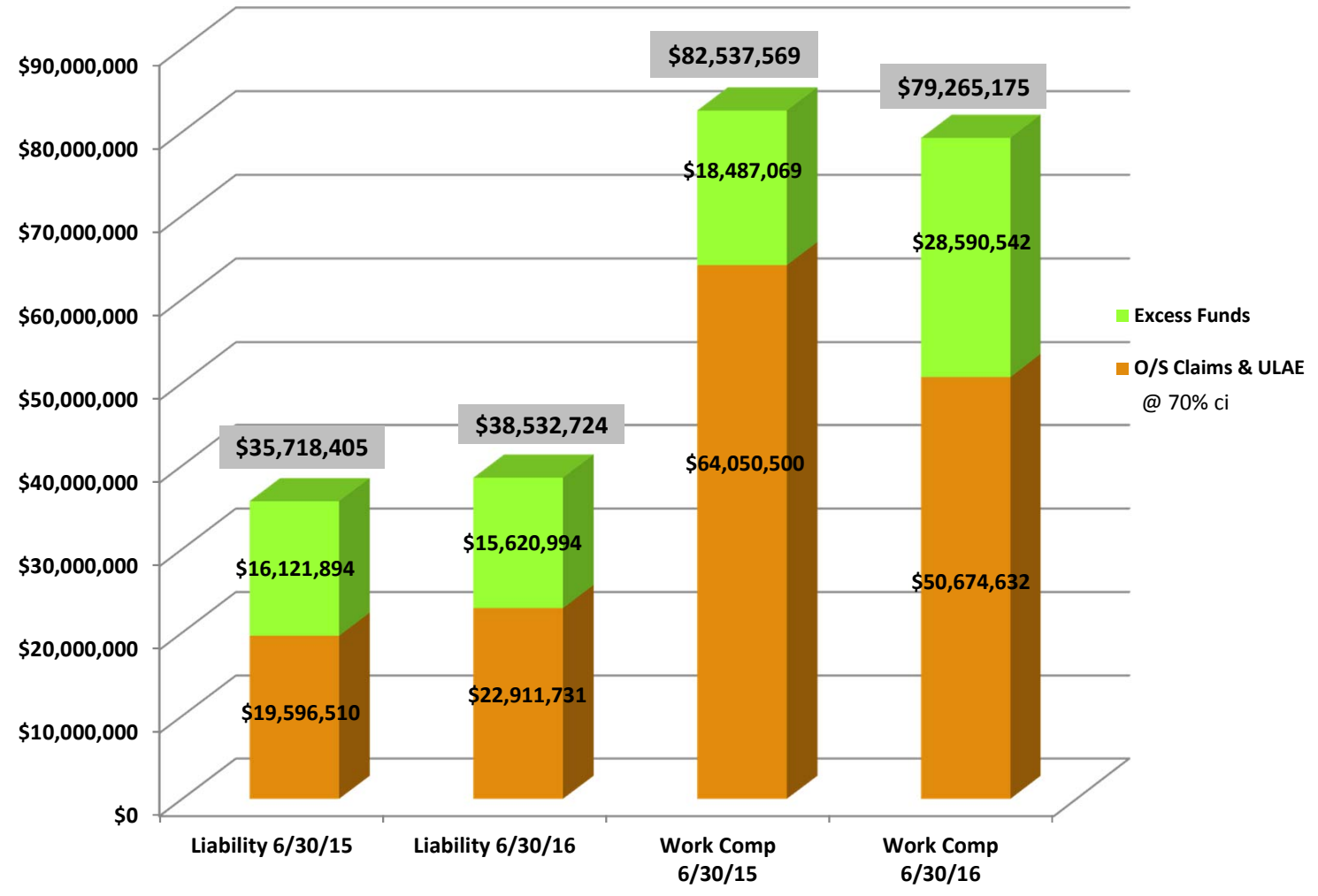
PUBLICATION: None

ATTACHMENT(S):

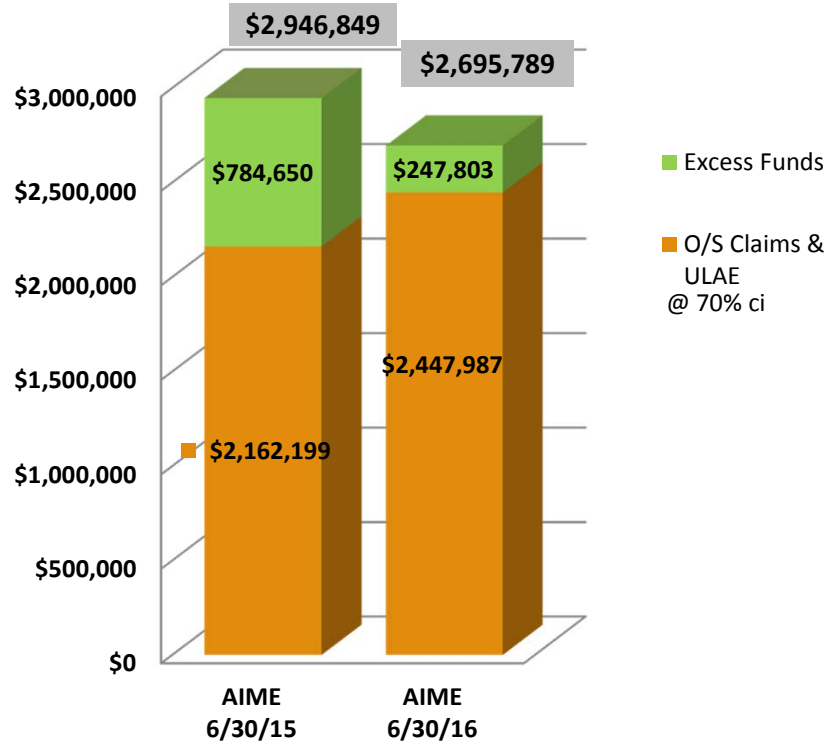
- a. Risk Pools Funding Status Chart at June 30, 2016
- b. Policy & Procedure No. 7-JPA

Campus Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)

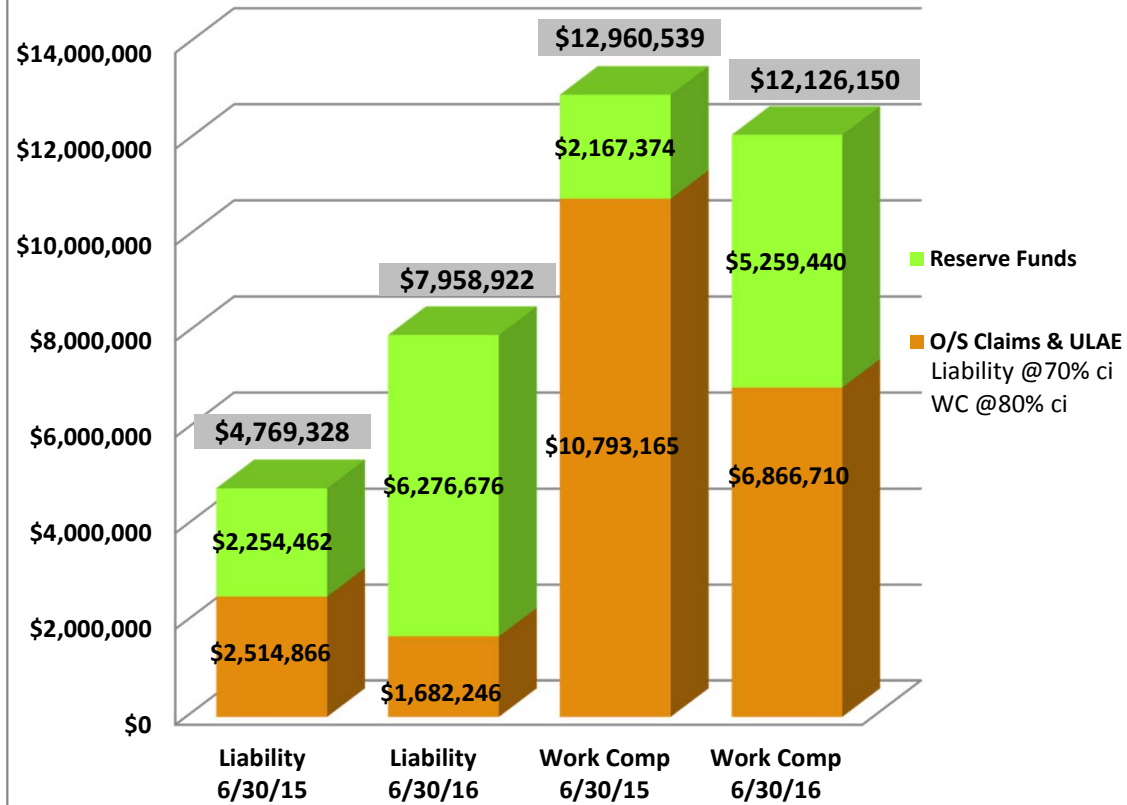


Athletic Injury Medical Expense Estimated Funding Projected to FYE 2016 (undiscounted)



AORMA Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)



EFFECTIVE: JANUARY 1, 2000
REVISED: APRIL 27, 2015
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. Adopted funding shall include 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 shall make an annual report to the Board of Directors, detailing the self-insurance programs' funding status in accordance with this Policy & Procedure No. 7.

CAMPUS RISK POOLS
DIVIDENDS AND ASSESSMENTS

ISSUE: Per CSURMA Policy and Procedure No. 14, the Executive Committee evaluates and approves dividends and assessments for the Campus Risk Pools. The practice has been to declare a dividend of up to fifty percent (50%) of unencumbered program funds where available and an assessment to cover existing and anticipated funding shortfalls for funds that have a negative fund balance. At its meeting on September 23, 2016, the Executive Committee reviewed the funding position of the Campus Risk Pools in light of the actuarial reports dated August 2, 2016 and the unaudited financial statements as June 30, 2016 prepared by CSURMA Accounting, and declared dividends to be paid to members as follows:

CAMPUS RISK POOLS DIVIDEND

Program	FY 15/16 Dividend	FY 16/17 Dividend
Liability	\$5,038,862	\$5,576,910
Workers' Compensation	\$3,461,497	\$8,111,485
Total	\$8,500,359	\$13,688,395

RECOMMENDATION: No action is requested; this item is for information only. The dividend of \$13,688,395, as shown above, was approved by the Executive Committee at its meeting on September 23, 2016.

FISCAL IMPACT: The approved dividends have the effect of reducing the Liability and Workers' Compensation funds by half of their excess reserves. Dividends will be paid to campuses via a Cash Posting Order.

BACKGROUND: CSURMA adopted a funding policy that calls for each program to fund its liabilities. CSURMA allows inter-fund borrowing if a fund has a deficit position. Last year, CSURMA declared a dividend of \$8,500,359.

PUBLICATION: None.

ATTACHMENT(S):

- a. Target Equity Calculation
- b. Dividends and Assessments Summary
- c. Policy and Procedure #13 – Campus Risk Pool Target Reserve Funding Goal
- d. Policy and Procedure #14 – Campus Risk Pool Dividends and Assessments

Campus Liability Coverage Fund
Target Surplus Funding Analysis at \$5,000,000 SIR
as of 6/30/16 (unaudited)

Gross Premium (FY 16/17):	\$14,240,860
Maximum Retention:	\$5,000,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$19,201,115 <i>Expected, Undiscounted, Net of Deductibles</i>
Est. Outstanding Liabilities @ 6/30/16	\$21,313,238 at 70% Confidence
Est. Fund Balance @ 6/30/16	\$38,532,724
Est. Funded Loss & ULAE @ 6/30/16	\$22,378,900 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$16,153,824

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$4,746,953	0.37
Surplus to Retention	> 1:1	\$5,000,000	7.71
O/S Reserve to Surplus	≤ 5:1	\$3,840,223	0.50

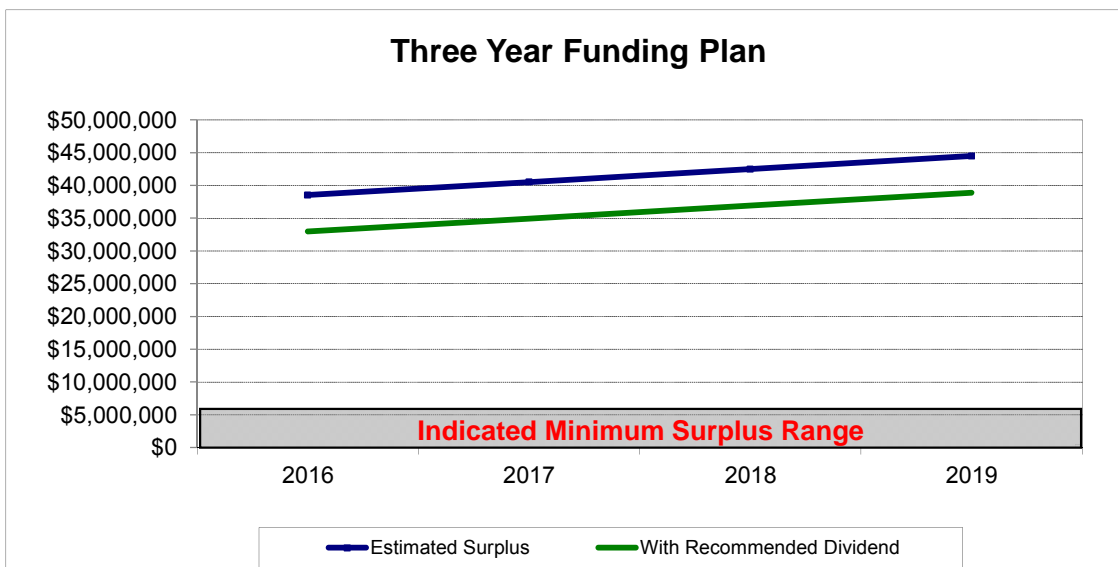
Maximum Dividend Available:	\$11,153,824
Recommended Dividend 50%:	\$5,576,912

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	\$38,532,724	\$32,955,812
2016/17 - Collection @ 70% CL	\$1,979,505	\$40,512,229	\$34,935,317
2017/18 - Collection @ 70% CL	\$1,979,505	\$42,491,734	\$36,914,822
2018/19 - Collection @ 70% CL	\$1,979,505	\$44,471,239	\$38,894,327



Campus Workers' Compensation Coverage Fund
Target Surplus Funding Analysis at \$2,500,000 SIR
as of 6/30/16 (unaudited)

Gross Premium (FY 16/17):	\$37,823,215
Maximum Retention:	\$2,500,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$46,185,411 <i>Expected, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/16	\$48,032,827 at 70% Confidence
Est. Fund Balance @ 6/30/16	\$79,265,175
Est. Funded Loss & ULAE @ 6/30/16	\$50,434,468 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$28,830,707

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 3:1	\$12,607,738	0.48
Surplus to Retention	> 2:1	\$5,000,000	31.71
O/S Reserve to Surplus	≤ 5:1	\$9,237,082	0.58

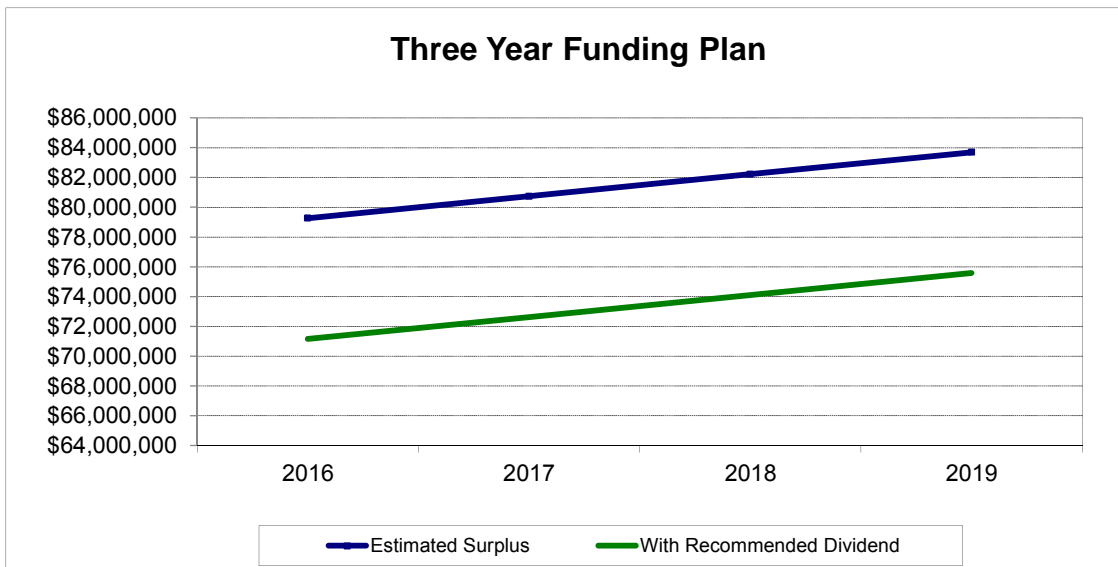
Maximum Dividend Available:	\$16,222,968
Recommended Dividend 50%:	\$8,111,484

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	\$79,265,175	\$71,153,691
2016/17 - Collection @ 70% CL	\$1,475,276	\$80,740,451	\$72,628,967
2017/18 - Collection @ 70% CL	\$1,475,276	\$82,215,728	\$74,104,243
2018/19 - Collection @ 70% CL	\$1,475,276	\$83,691,004	\$75,579,520



Athletic Injury Medical Expense Coverage Fund
Target Surplus Funding Analysis at \$90,000 SIR
as of 6/30/16 (unaudited)

Gross Premium (FY 16/17):	\$4,158,323
Maximum Retention:	\$90,000 <i>each Occurrence</i>
Est. Outstanding Liabilities @ 6/30/16	\$2,108,516 <i>Expected, Undiscounted</i>
Est. Outstanding Liabilities @ 6/30/16	\$2,277,197 at 70% Confidence
Est. Fund Balance @ 6/30/16	\$2,695,789
Est. Funded Loss & ULAE @ 6/30/16	\$2,391,057 <i>at 70% Confidence</i>
Est. Funding above 70% Conf Level:	\$304,732

Ratio	Target	Indicated Minimum Surplus	Projected Ratio
Premium to Surplus	< 6:1	\$693,054	1.54
Surplus to Retention	> 5:1	\$450,000	29.95
O/S Reserve to Surplus	≤ 5:1	\$421,703	0.78

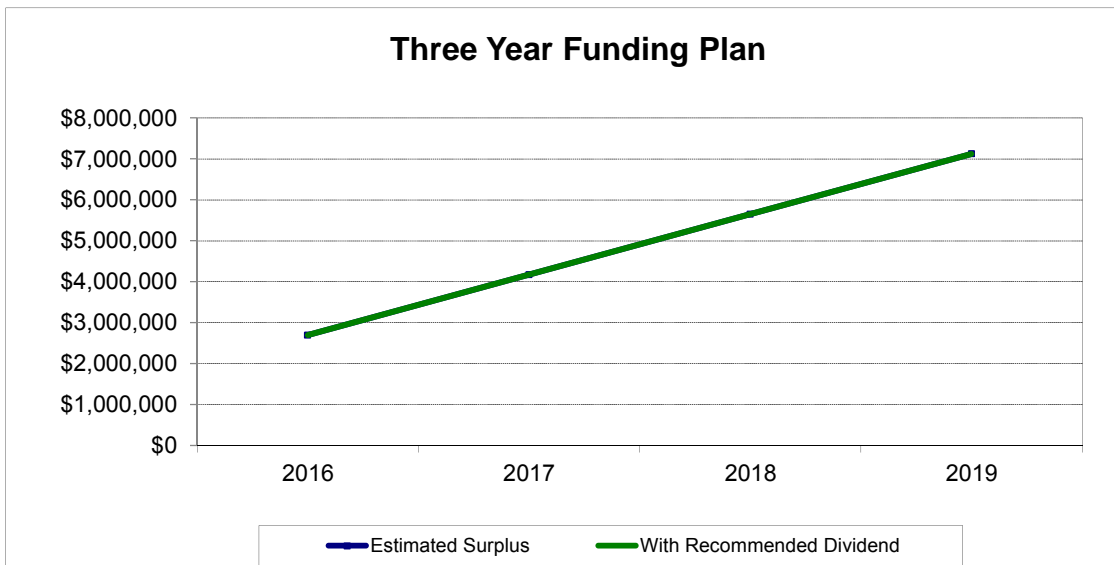
Maximum Dividend Available:	\$0
Recommended Dividend 50%:	\$0

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	\$2,695,789	\$2,695,789
2016/17 - Collection @ 70% CL	\$1,475,276	\$4,171,065	\$4,171,065
2017/18 - Collection @ 70% CL	\$1,475,276	\$5,646,342	\$5,646,342
2018/19 - Collection @ 70% CL	\$1,475,276	\$7,121,618	\$7,121,618



DRAFT**Recommended Campus Risk Pools Dividends****September 23, 2016**

Campus	Liability	WC	Liability	WC	Net
	% of Ttl Deposit	% of Ttl Deposit			
Bakersfield	2.87%	1.79%	\$ 160,099	\$ 145,213	\$ 305,312
Channel Islands	2.05%	2.03%	114,114	164,888	279,002
Chico	3.78%	3.88%	210,586	314,563	525,149
Dominguez Hills	5.38%	3.36%	300,169	272,755	572,924
East Bay	2.60%	4.76%	145,094	386,146	531,240
Fresno	11.71%	4.30%	653,210	349,095	1,002,305
Fullerton	4.25%	5.53%	236,850	448,207	685,057
Humboldt	3.95%	2.54%	220,087	205,939	426,026
Long Beach	7.74%	8.13%	431,896	659,192	1,091,088
Los Angeles	3.44%	6.22%	192,108	504,490	696,598
Maritime Academy	1.04%	0.58%	57,877	47,344	105,221
Monterey Bay	2.74%	1.69%	152,792	136,929	289,721
Northridge	4.66%	7.18%	260,081	582,699	842,780
Pomona	4.50%	6.20%	250,828	502,540	753,368
Sacramento	4.47%	4.63%	249,145	375,897	625,042
San Bernardino	4.80%	3.45%	267,724	279,504	547,228
San Diego	4.58%	7.24%	255,325	587,428	842,753
San Francisco	5.76%	7.62%	321,300	617,890	939,190
San Jose	5.45%	5.47%	303,668	443,404	747,072
San Luis Obispo	3.24%	5.79%	180,854	469,931	650,785
San Marcos	3.50%	1.54%	195,295	125,168	320,463
Sonoma	3.57%	2.44%	199,288	197,858	397,146
Stanislaus	1.95%	1.97%	108,939	160,042	268,981
Chancellor's Office	1.96%	1.66%	109,581	134,363	243,944
Total	100.00%	100.00%	\$ 5,576,910	\$ 8,111,485	\$ 13,688,395
Dividend	\$5,576,912	\$8,111,484	\$13,688,396		

Distribution based on percentage of Total Contribution by Fund in past 5 years (7/1/10 to 6/30/15).

ADOPTED: OCTOBER 28, 2011
EFFECTIVE: OCTOBER 28, 2011
REVISED: APRIL 27, 2015
SUBJECT: CAMPUS RISK POOL PROGRAMS TARGET
RESERVE FUNDING GOAL

In an effort to assure the long term financial strength of the Campus Risk Pool Programs that include an element of self-insurance, the CSURMA Board of Directors desires to fund the Programs in a responsible manner. Furthermore, in recognition that there is a high degree of uncertainty in actuarial estimates due to the possibility of occasional catastrophic claims and inconsistent or inaccurate case reserving, the Board of Directors desires to establish a Target Reserve Funding Goal that will guide the CSURMA Executive Committee in making annual funding decisions for the Programs.

Should there be any discrepancy between this document and either the MEMORANDUMS OF COVERAGE or PARTICIPATION AGREEMENTS between the Executive Committee and the MEMBER, the MEMORANDUMS OF COVERAGE and the PARTICIPATION AGREEMENTS will govern.

POLICY

The Target Reserve Goal is hereby established to be, at a minimum, the actuarially determined expected liability (approximately 55% confidence level), discounted for investment. In evaluating the Programs' funding position relative to the Target Reserve Funding Goal as a part of each year's ratemaking process, the Committee shall take into consideration the following ratios: Gross Premium to Unencumbered Reserve Ratio, Unencumbered Reserve to Pool Retention Ratio and Outstanding Reserves to Unencumbered Reserve Ratio.

The Committee may take action to set higher or lower confidence levels based on CSURMA's goals to retain more or less risk. The Target Reserve Goal and Target Unencumbered Reserve Ratios described in this policy have been selected to take into account the nature of the Campus Risk Pool programs that include a relatively large and stable exposure and a single covered entity with substantial financial capacity.

PROCEDURE

1. Annual Actuarial Study - Each year the Program Director will engage CSURMA's accredited independent actuary to perform an actuarial analysis of the Workers' Compensation, AIME and Liability Programs. This analysis shall include estimates of the outstanding losses (including IBNR) at various confidence levels as well as estimates of ultimate losses for the upcoming year(s). The analysis shall also compare the current

program funding against the outstanding liabilities and determine the confidence level to which the program is currently funded. Because the Property, SAFECLIP, SPLIP and Crime

Programs have an annual aggregate retention, an actuarial analysis may not be performed. Also, no actuarial study is required for the IDL/NDL/UI Program as that program covers very short tail statutory benefits.

- 2. Calculation of Industry Ratios** - The Program Administrator Director will also calculate certain insurance industry ratios to help analyze the Program's current financial position as follows:

Gross Premium to Unencumbered Reserve Ratio: Target <3:1

This ratio is a measure of how the unencumbered reserves are leveraged against possible pricing inaccuracies. A low ratio is desirable.

**Unencumbered Reserve to Pool Retention Ratio: Target >1:1 (LIABILITY)
Target >2:1 (WORKERS' COMP)**

This ratio is a measure of the maximum amount that unencumbered reserves could decline due to a single loss. A high ratio is desirable.

Outstanding Reserves to Unencumbered Reserve Ratio: Target \leq 5:1

This ratio is a measure of how unencumbered reserves are leveraged against possible reserve inaccuracies. A low ratio is desirable.

- 3. Application of Target Surplus Criteria** – After an annual review of the Target Unencumbered Reserve Ratios, the Executive Committee will determine whether it is desirable to increase, decrease, or stabilize reserves. Their recommendations will be forwarded to the Board of Directors. If the Board of Directors desires to decrease reserves, it may approve a funding level below the 55% confidence level. Conversely, a funding decision above the 55% confidence level will indicate a bias toward increasing reserves. A determination to fund at the 55% confidence level will reflect the Executive Committee's desire to keep surplus at the current level.

Because the Property, SAFECLIP, SPLIP and Crime Programs have annual aggregate retentions, and therefore no actuarial study is performed, the Target Reserve Funding shall be the amount of funds that exceed the maximum liability retained by the program for the upcoming program year plus the expected value for all open claims from current and prior years. The Executive Committee will approve the annual funding for each program.

The Program Target Reserve Funding and Dividend Calculation Report will be prepared for each self-funded program and presented to the Executive Committee after the end of each fiscal year.

- 4. Dividends** – Dividends may be available from the amount of reserves exceeding the Target Reserve amount established by the Executive Committee. The allocation of any dividend shall be pursuant to the formula approved by the Executive Committee.
- 5. Assessments** – Assessments may be required when the Executive Committee determines that the amount of reserves is not sufficient and can best be remedied by an extraordinary assessment. The allocation of any assessment shall be pursuant to the formula approved by the Executive Committee.

MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal any decision regarding the application of the Target Surplus Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary within 30 days of the disputed decision. The Secretary shall place the Member's appeal on the Executive Committee's agenda at its next regularly scheduled meeting. The Executive Committee will review the appeal and inform the Member of the final decision within 5 business days of the final decision.

If a Member wishes to appeal the Executive Committee's decision, the Member will notify the CSURMA Secretary in writing within 5 business days of receipt of the Executive Committee's decision. The CSURMA Executive Committee will then review the appeal at its next meeting or sooner. The CSURMA Executive Committee's decision will be the final determination.

DEFINITIONS:

CSURMA EXECUTIVE COMMITTEE – The California State University Risk Management Authority Executive Committee, a committee of the CSURMA providing management and oversight to the CSURMA. The Executive Committee is comprised of the Chair, the Vice Chair, and seven “At Large” members.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its Auxiliary Organizations.

GROSS PREMIUM - Includes pool premium and reinsurance/excess insurance premium but does not include administrative costs.

IBNR – Incurred but Not Reported losses

OUTSTANDING RESERVES - The sum total of unpaid case reserves in the pool layer as determined by the various claims examiners.

POOL RETENTION - The maximum amount of exposure to a single loss retained by the pool over the most recent 5 years.

SURPLUS - The amount of cash equivalent available to pay claims in excess of actuarial expected losses discounted for investment income.

CONFIDENCE LEVEL: A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

ADOPTED: OCTOBER 28, 2011

EFFECTIVE: OCTOBER 28, 2011; REVISED MAY 6, 2016

SUBJECT: CAMPUS RISK POOL DIVIDENDS & ASSESSMENTS

Should there be any discrepancy between this document and either the MEMORANDUMS OF COVERAGE or PARTICIPATION AGREEMENTS between the Executive Committee and the MEMBER, the MEMORANDUMS OF COVERAGE and the PARTICIPATION AGREEMENTS will govern. Words in capital letters are defined at the end of this document.

POLICY

It is the policy of Executive Committee that:

- Evaluation of the funding for each Campus Risk Pool Self-Insured Program (“PROGRAM”) shall be made based on all coverage periods combined for that particular program rather than on each coverage period on its own. The availability of any dividend or need for any assessment will be determined based on the program’s overall funding relative to the Target Reserve Funding Goal detailed in the separate Policy and Procedure No. 13.
- Assessments and Dividends shall be allocated to the MEMBERS based on participation in “open” policy periods only.
- Unless the Executive Committee takes specific action to the contrary, a coverage period shall be considered “closed” for dividend and assessment purposes five (5) years from the expiration of that period (i.e. 6/30/13 for FY07/08).
- Assessments are a responsibility of membership and shall be allocated to all members who participated in the open policy periods which the assessment is based on, regardless of whether they are current members at the time the assessment is declared.
- Dividends are a privilege of membership and shall be allocated only to the current members in the program at the time the dividend is declared who participated in one or more of the open policy periods which the dividend is based on.

PROCEDURE

1. **Annual Funding Analysis** – Each year the Program Administrator will analyze the current funding position of the programs in accordance with the Target Reserve Funding Goal detailed in Policy and Procedure No. 13. This analysis will, in part, determine whether each program’s overall funding is sufficient to consider a dividend or is depleted to the point of considering an assessment. The Program Administrator’s analysis will be reviewed by the Executive Committee.
2. **Closure of Policy Periods** - Upon reaching five (5) years of maturity after the end of a coverage period, that period shall be "closed" and there shall be no further dividends or

assessments allocated with respect to those program periods. Notwithstanding the above, the Executive Committee may take action to leave a policy period "open" even though it may otherwise qualify for closure. In addition, the last five (5) policy periods shall always remain "open" unless the Executive Committee takes specific action to declare any of the last five (5) policy periods closed.

- 3. Dividends and Assessments** - Dividends and assessments shall be allocated to the MEMBERS based upon the proportion of all premiums paid to the PROGRAM in all "open" periods only. For purposes of allocating dividends and assessments pursuant to this subparagraph, all "open" policy periods shall be considered collectively.
- 4. DECLARATION OF ASSESSMENTS** – Based on the recommendation of the Executive Committee, assessments will be declared as needed by the Board of Directors, and will be collected from a MEMBER in accordance with its proportionate funding to the PROGRAM during all “open” policy periods, whether or not they currently participate in the Program at the time of the assessment.
- 5. DECLARATION OF DIVIDENDS** – The Executive Committee may declare dividends if overall funding is sufficient to support such action. Upon such a declaration, the dividend shall be allocated to those MEMBERS currently participating in the Program at the time the dividend is payable, based on the proportionate funding of all “open” policy periods.

MEMBER APPEAL PROCESS

If a MEMBER wishes to appeal any decision regarding the application of this Dividend/Assessment Policy, the MEMBER must present an appeal in writing to the CSURMA Secretary-Auditor within forty-five (45) days of the disputed decision. The Secretary-Auditor shall present the MEMBER appeal to the Executive Committee agenda at its next available regularly scheduled meeting. The Executive Committee will review the appeal at its next available regularly scheduled meeting and inform the MEMBER of the final decision within five (5) business days of its decision.

DEFINITIONS:

EXECUTIVE COMMITTEE – The governing body of CSURMA’s Campus Risk Pool Programs.

MEMBER – Any campus or the Chancellor’s Office participating in Campus Risk Pool Programs

PROGRAM – For purposes of dividends and assessments, CSURMA’s Campus Risk Pool Programs are the Liability, SAFECLIP, SPLIP, AIME, Workers’ Compensation, Property and Crime Programs.

CSURMA - The California State University Risk Management Authority, a California Joint Powers Authority, comprised of the California State University and its auxiliary organizations.

CAMPUS RISK POOLS RATING PLANS TASK GROUP

ISSUE: The Executive Committee established the Rating Plans Task Groups (RPTG) to review and recommend modifications, if any, to the cost allocation formulae for the Campus Risk Pools. The RPTG met on July 14, 2016 and August 9, 2016. RPTG members and staff will provide a report on the task group's findings and recommendations at today's meeting. Final adoption of any proposed amendments to the rating plans are to be referred to the Board of Directors for approval.

RECOMMENDATION: The Board of Directors is asked to review the Rating Plans Task Group's recommendations and take action as it deems appropriate.

FISCAL IMPACT: None. The rating plans serve to distribute budgeted costs to members using calculation formulae approved by the Board of Directors.

BACKGROUND: The members of the rating plans task groups are:

- Kevin Saunders, CSU Monterey Bay (*RPTG Chair*)
- Lisa Chavez, CSU Los Angeles
- Robert Eaton, CSU Chancellor's Office
- Mike Lee, CSU Sacramento
- Zachary Gifford, CSU Chancellor's Office
- Daniel Howell, CSURMA Program Director
- Robert Leong, CSURMA Program Administrator

PUBLICATIONS: None

ATTACHMENT(S):

- a. Campus Programs Rating Plans Task Group Report (draft)

Campus Programs Rating Plans Task Group Report

Draft Report

September 23, 2016

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I. EXECUTIVE SUMMARY

A. Introduction

The Executive Committee established the Rating Plans Task Group (RPTG) to review and evaluate CSURMA's current rating plans and funding policies for the campus coverage programs, and to present its findings and recommendations to the Executive Committee at its meeting on September 23, 2016.

The RPTG's recommendations for amendments to the rating plans and funding policies are to be used for calculating the annual contributions for each campus for FY 2017/18, FY 2018/19 and FY 2019/20. As a matter of information, the RPTG's findings and recommendations may be presented to the CSU Chief Administrators & Business Officers (CABO) in Fall 2016, and will be presented to the CSURMA Board of Directors for adoption at its meeting on November 2, 2016.

The RPTG was directed to evaluate the rating plans for the following coverage programs:

1. Workers' Compensation
2. General Liability, Errors & Omissions Liability, Employment Practices Liability
3. Property, Boiler & Machinery
4. Industrial Disability Leave, Non-Industrial Disability Insurance, Unemployment Insurance (IDL/NDI/UI)
5. Automobile Liability
6. Athletic Injury Medical Expense (AIME)
7. Foreign Travel Insurance Program (FTIP)

The RPTG did not review the rating plans of the Auxiliary Organizations Risk Management Alliance (AORMA) because responsibility for AORMA's programs have been delegated to the AORMA Committee, who develop rating plans for AORMA coverage programs.

B. Campus Programs Rating Plans Task Group Members (RPTG)

1. The 2016 RPTG consisted of:

- Kevin Saunders, *Vice President Administration & Finance (RPTG Chair)*
CSU, Monterey Bay; CSURMA Executive Committee Member
- Lisa Chavez, *Vice President Administration / CFO*
CSU, Los Angeles; CSURMA Executive Committee Member
- Robert Eaton, *Asst Vice Chancellor, Financing, Treasury & Risk Mgmt*
CSU, Office of the Chancellor; CSURMA Treasurer
- Mike Lee, *Interim Provost and Vice President*
CSU, Sacramento; CSURMA Executive Committee Member

2. The 2016 RPTG was supported by:

- Zachary Gifford, *Director, Systemwide Risk Management*
CSU, Office of the Chancellor; CSURMA Secretary-Auditor

3. The 2016 RPTG was staffed by:

- Daniel J. Howell, *Senior Executive Vice President*
CSURMA Program Director
Alliant Insurance Services
- Robert Leong, *First Vice President*
CSURMA Program Administrator
Alliant Insurance Services
- Mimi Long, *Vice President*
CSURMA Program Administrator
Alliant Insurance Services

II. BACKGROUND

A. Purpose

The RPTG was tasked with a thorough review of the rating plans and funding policies for the following campus coverage programs:

1. Workers' Compensation
2. General Liability, Errors & Omissions Liability, Employment Practices Liability
3. Property, Boiler & Machinery
4. Industrial Disability Leave, Non-Industrial Disability Insurance, Unemployment Insurance (IDL/NDI/UI)
5. Automobile Liability
6. Athletic Injury Medical Expense (AIME)
7. Foreign Travel Insurance Program (FTIP)

The current rating plans used by CSURMA were developed and adopted in 1994, and reviewed and modified in 1998, 2001, 2004, 2007, 2010, and 2013.

It had been agreed following the last rating plan review that the rating plans would be reviewed again in 2016. A review is appropriate at this time because campuses are eligible to change their Liability program deductibles every three years. The next deductible selection opportunity will be effective July 1, 2017.

B. Meetings

The RPTG held two meetings. The initial meeting was held on July 14, 2016 at the CSU Office of the Chancellor. This meeting focused on reviewing the current rating plans and developing alternatives for further consideration by the task group. A second meeting was held on August 9, 2016 via a webinar. The second meeting followed up with a review of the impact of the suggested changes to the rating plans, and finalized the RPTG's recommendations.

C. Rating Plans Philosophy

At its meeting on July 14, 2016, the RPTG reaffirmed the goal of the CSURMA rating plans to balance campus accountability for performance with the need for rate stability. Accountability is needed to encourage campus loss control efforts. Rate Stability is a goal so that campuses can project annual costs for budget

preparation and management purposes. Overall, the rating plans should fairly allocate the costs of the programs to the campuses.

D. Fiscal Impact

The RPTG's findings and recommendations *will not affect aggregate funding* of the campus coverage programs. Aggregate funding is based on an independent actuarial analysis, which develops cost projections for the General/Errors & Omissions Liability, Workers' Compensation and Athletic Injury Medical Expense programs. Aggregate funding for the other coverage programs are based on actual expenditures for retained layers, insurance and claims.

These projections, along with the funding policy adopted by the Board of Directors, are then reviewed annually by the Executive Committee, presented to the Chief Administrative & Business Officers (CABO), and referred to the Board of Directors with a recommendation for the Board to adopt the proposed changes.

The RPTG's recommendations, however, *will affect how that aggregate funding is shared among the campuses*. The rating plans define how the costs for each coverage program are allocated to each campus.

III. FINDINGS

A. Pooled Programs Funding Status

At its March 11, 2016 Long Range Planning meeting, the Executive Committee reviewed the funding status for the Workers' Compensation and Liability risk pools. The review was based on the interim financial statements as of December 31, 2015 prepared by CSURMA Accounting, and projected to fiscal year ending June 30, 2016 by the Program Administrator.

The Executive Committee found the fund balance projected to June 30, 2016 exceeded the amount necessary for funding at the 70% actuarial confidence. CSURMA's funding policy is to fund the programs at the actuary's expected loss level, which ranges between 50%-55% confidence, depending on the specific coverage program.

The Executive Committee determined a final review of the risk pools' funding status shall be made upon the audited financial statements at June 30, 2016 and updated actuarial projections, at which time a dividend may be declared. The final review is to include the independent actuarial studies completed for valuation of the estimated outstanding claim liabilities at June 30, 2016, and expected recoveries from reinsurance and member deductibles.

B. Overall Review

The RPTG found that the current rating plans are fair and achieve program objectives. The RPTG proposed certain refinements to the Workers' Compensation, Liability, and Property programs as detailed below.

It should be noted that the rating plans were developed in 1994 and reviewed in 1998, 2001, 2004, 2007, 2010, and 2013. The RPTG recommended modifications in 1998, 2001, 2004, and 2013, which were approved by the Executive Committee and adopted by the Board of Directors. No modifications to the rating plans were recommended in the 2007 nor 2010 reviews.

As the CSURMA coverage programs gain additional experience, it is expected that the rating plans will be reviewed again in the future so that they will continue to achieve the goals of the California State University.

IV. RECOMMENDATIONS

A. FUNDING POLICY

- FP-1.** The RPTG finds the goals of the CSURMA Policy & Procedure No. 7 “Self-Insured Program Funding” have been achieved. Upon review of the funding policy, no changes are recommended at this time.
- FP-2.** The RPTG recommends the funding for future program years be continued in accordance with Policy & Procedure No. 7.

B. RATING PLANS

1. WORKERS’ COMPENSATION

- WC-1** The RPTG recommends combining Projected Paid Losses and Projected Outstanding Claims Liabilities to become Projected Incurred Losses for claims occurring during the upcoming fiscal year.
- WC-2** The RPTG recommends deleting from the calculation worksheets currently unused rating elements and relabeling certain column headers to provide clarity of the rating methodology.

2. GENERAL LIABILITY, ERRORS & OMISSIONS LIABILITY, EMPLOYMENT PRACTICES LIABILITY (LIABILITY)

- L-1** The RPTG recommends combining Projected Paid Losses and Projected Outstanding Claims Liabilities to become Projected Incurred Losses for claims occurring during the upcoming fiscal year.
- L-2** The RPTG recommends adjusting Liability Deductible Credit Factors per the actuary’s recommendation dated August 25, 2016. The RPTG reaffirms self-supporting funds continue to have a \$35,000 deductible regardless of the deductible selected by the campuses. The effect of the new deductible credit factors would increase FY 2017/18 Liability program funding by \$1,122,013 (+7.75%) at present campus deductible selections.
- L-3** The RPTG recommends adjusting Liability Experience Modification Creditability Factors per the actuary’s recommendation dated September 6, 2016. The recommendation replaces the Credibility

Factors Table with an algorithm that assigns 90% credibility to the largest campus (defined by total annual payroll), then scaling all other campuses down relative to this maximum. The effect of the credibility algorithm reduces loss funding by \$30,390 (-0.21%). The creditability factors serve to adjust for statistical deviations resulting from variations in campus size, which is defined by total campus payroll for rating purposes.

- L-4** The RPTG recommends deleting from the calculation worksheets currently unused rating elements and relabeling certain column headers to provide clarity of the rating methodology.
- L-5** The central fund used by the Chancellor’s Office to pay SPWB-funded facility expenses has been dissolved. Thus, premium deposits for bond-funded facilities are no longer payable by the central fund, but are chargeable to the respective campuses. Staff was instructed to eliminate “Systemwide” from the calculations, thereby reallocating premium deposits to the campuses beginning with FY 2017/18. A memo from the EVC/CFO, Steve Relyea, announcing the change and the need for campuses to plan accordingly will be drafted for the Chief Administrators and Business Officers (CABO) for its next meeting on September 9, 2016.

3. PROPERTY, BOILER & MACHINERY

- P-1** The RPTG discussed the addition of an Experience Modification factor to the Property program cost allocation formula, and recommends against implementation at this time. The relative loss rate of campuses should be monitored by the Systemwide Risk Management and acted upon in the future as the Executive Committee deems appropriate.
- P-3** Other than implementation of P-1 above, the RPTG recommends maintaining the current rating plan with no modification.
- P-3** As in Recommendation L-5 above, the central fund used by the Chancellor’s Office to pay SPWB-funded facility expenses has been dissolved. Thus, premium deposits for bond-funded facilities are no longer payable by the central fund, but are chargeable to the respective campuses. Staff was instructed to eliminate “Systemwide” from the calculations, thereby reallocating premium deposits to the campuses beginning with FY 2017/18. A memo from the EVC/CFO, Steve

Relyea, announcing the change and the need for campuses to plan accordingly will be drafted for the Chief Administrators and Business Officers (CABO) for its next meeting on September 9, 2016.

4. **INDUSTRIAL DISABILITY LEAVE, NONINDUSTRIAL DISABILITY INSURANCE, UNEMPLOYMENT INSURANCE (IDL/NDI/UI)**

IDL-1 IDL/NDI/UI funding is a “banking plan” wherein campuses pay a proportionate share of total costs based on a five year rolling average of actual expenditures per campus as a percentage of total expenditures for the group. The RPTG recommends maintaining the current rating plan with no modification.

5. **AUTOMOBILE LIABILITY**

AL-1 The State Motor Vehicle Insurance Account (SMVIA) annual allocation to the State University is included in CSURMA’s program costs, and is based on vehicle count reports tabulated by the Department of General Services (DGS) and rates established by the Office of Risk & Insurance Management (ORIM). Since the MVIA allocation is issued after CSURMA has completed deposit calculations for the upcoming year, the Automobile Liability deposit calculation is based on MVIA’s prior year’s allocation; i.e., CSURMA rates are one year in arrears.

AL-2. The RPTG discussed the practicality of inserting a loss modifier to the rates, however this was deemed unnecessary since the result would not have a material impact on individual campus cost.

AL-3 The RPTG recommends maintaining the current rating plan with no modification.

6. **ATHLETIC INJURY MEDICAL EXPENSE (AIME)**

AI-1 The RPTG recommends to continue the delegation of authority for the AIME Committee to develop and manage the AIME risk pool rating plan.

7. **FOREIGN TRAVEL INSURANCE PROGRAM (FTIP) – International Programs**

IP-1 CSU International Programs (CSU IP) is managed by International Programs in the Chancellor's Office offering students a full year to Study Abroad. CSU IP tuition fees remain the same as CSU tuition fees and campus-based fees. CSURMA has been subsidizing the Foreign Travel Insurance Program (FTIP) for CSU IP under a plan for CSU IP to increase insurance rates over time to be self-supporting. CSU IP, however, has not been able to increase rates sufficiently due to unexpected claims experience and volume of usage of the travel assist benefit. RPTG recommends a review of CSU IP funding resources and continue communications with the IP Director to develop and implement a strategy for CSU IP to be self-supporting as respects FTIP.

C. AUDITED FINANCIAL STATEMENTS

FS-1 The RPTG believes it appropriate and useful for CSURMA's Board of Directors and other interested parties to include Management's Discussion and Analysis (MD&A) in the audited financial statements and will make a recommendation to the CSURMA Executive Committee to include an MD&A beginning with the audited annual financial statements for FY 2015/16.

V. GENERAL RECOMMENDATION

G-1 The RPTG recommends that a comprehensive review of the rating plans be initiated in 2019 so that appropriate changes can be considered before adoption of the rates for FY 2020/21.

VI. CONCLUSIONS

The RPTG's evaluation of the rating plans has reaffirmed the plans' core appropriateness and effectiveness in determining each campus' fair share of the CSU's cost of risk. The recommended changes refine the existing rating plans to the benefit of the campuses in the long run. To the extent aggregate funding levels remain stable, it is expected that campuses will not see significant cost fluctuations except to the extent their own loss experience impacts their cost.

Appendix A

CAMPUS RISK POOLS RATING PLANS TASK GROUP Project Timetable

DATE	GROUP	ACTIVITY
July 2016	Independent Actuary	Calculate outstanding claims liabilities and develop risk pool funding recommendations for FY 2017/18.
July 14, 2016	Rating Plans Task Group	Review current rating plans. Develop alternatives for further review.
July-August 2016	Program Administrator	Perform calculations based on RPTG findings and recommendations.
August 9, 2016	Rating Plans Task Group	Review staff calculations with suggested rating plan modifications. Finalize recommendations.
August 2016	Program Administrator	Draft preliminary RPTG Report.
September 23, 2016	Executive Committee	Review RPTG Report. Take action as needed to recommend rating plan modifications to the Board of Directors for adoption.
September 23, 2016	Executive Committee	Review actuarial reports and staff calculations of proposed FY 2017/18 rates and deposit contributions.
Oct 12 or Nov 17, 2016	CABO	Presentation to CABO as necessary of proposed changes to rating plans and FY 2017/18 funding.
November 2, 2016	Board of Directors	Review RPTG Report and Executive Committee recommendation. Take action as needed to adopt changes to rating plans.
November 2, 2016	Board of Directors	Adopt campus risk pools funding and rates for FY 2017/18.
November 2016	Program Administrator	Develop campus costs for Liability Deductible options.
November 2016	Program Administrator	Calculate preliminary 2017/18 campus contributions, deductible options, cost analysis.



DATE	GROUP	ACTIVITY
December 2016	Program Administrator	Notices to campuses of FY 2017/18 costs, including Liability Deductible options.
July 1, 2017	CSURMA Accounting	Adopted rating plans become effective, campuses invoiced by CSURMA.

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Appendix B

CSURMA POLICY & 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.

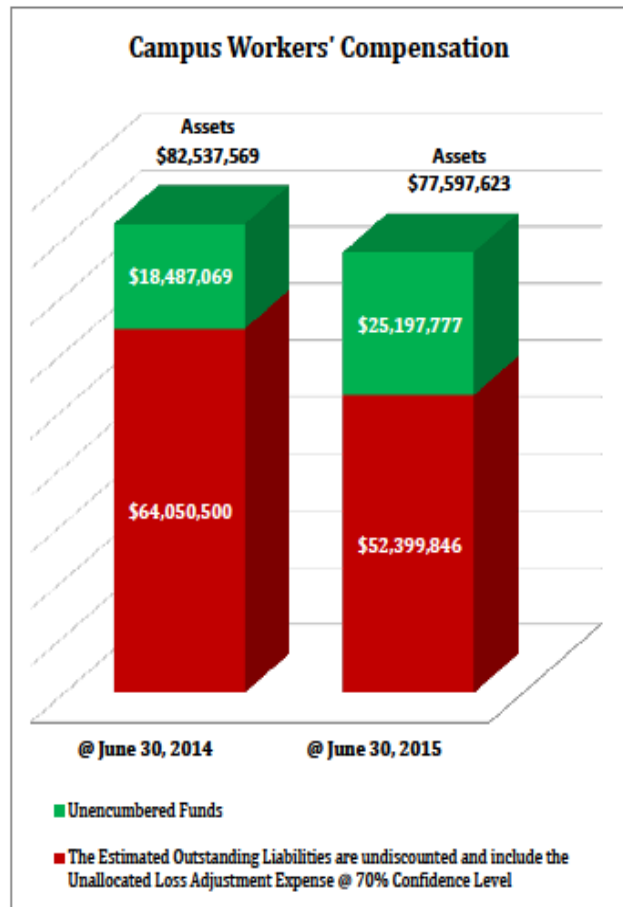
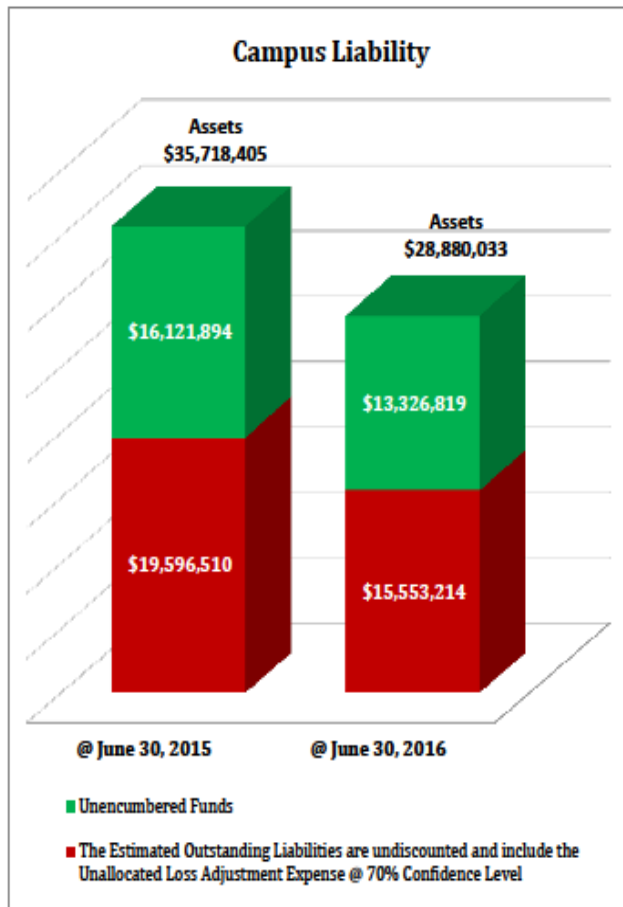
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Appendix C

Pooled Programs Funding Status, Projected to June 30, 2016

Campus Risk Pools

Estimated Funding Projected to FYE 2016 (undiscounted)



Appendix D

Target Equity, Projected to June 30, 2016

- **Campus Liability Coverage Fund**
- **Campus Workers' Compensation Coverage Fund**

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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 <i>at 70% Confidence</i>
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

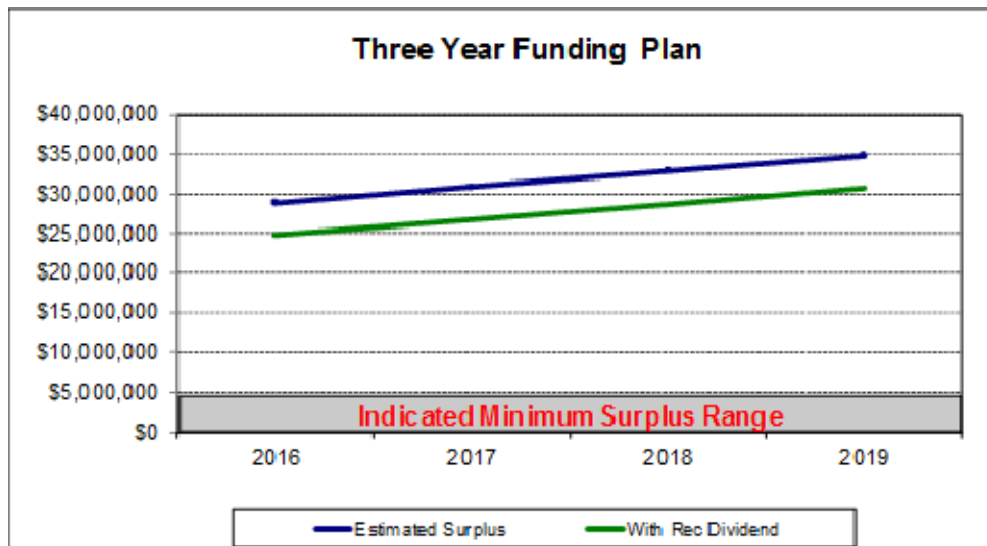
Maximum Dividend Available:	\$8,326,819
Recommended Dividend 50% :	\$4,163,410

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 <i>at 70% Confidence</i>
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

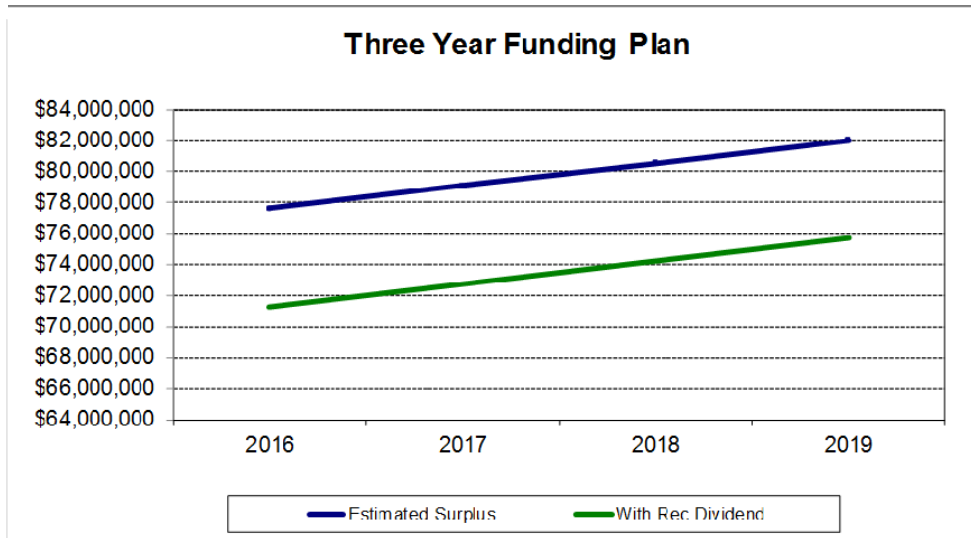
2015/16 Pool Funding Options

Confidence Levels	Factor	Pool Premium	Surplus
Expected Losses & ULAE Liability	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	\$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

Three Year Funding Plan



Appendix E

RPTG Meeting Agenda – July 14, 2016

RPTG Meeting Agenda – August 9, 2016

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Appendix F

Cost Impact of Recommended Modifications to the Rating Plans (Liability)

DRAFT

A. CALL TO ORDER

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

B. PUBLIC COMMENTS

C. GENERAL ADMINISTRATION

- 1. 2013 Rating Plan Task Group Final Report** **A**

The Task Group will be asked to review the 2013 RPTG final report, providing direction as appropriate

- 2. 2016 Rating Plan Task Group Goals** **A**

The Task Group will be asked to discuss the goals of the 2016 RPTG meeting

- 3. Risk Pools Funding Policy** **A**

The Task Group will be asked to review the current funding policies of the Campus pooled programs, providing direction as appropriate

- 4. Rating Plans** **A**

The Task Group will be asked to review the current rating plan for the following programs, providing direction as appropriate

a. Workers' Compensation

b. Liability

c. IDL / NDI / UI

d. Property

I. State Public Works Board Facilities

The Task Group will review strategies to fund the insurance costs on State Public Works Board facilities



California State University Risk Management Authority

e. Auto Liability

- 5. **Foreign Travel Insurance Program** A
The Task Group will be asked to review the FTIP and FTIP IP rating plans, providing direction as appropriate
- 6. **Athletic Injury Medical Expense Program** A
The Task Group will be asked to review the AIME rating plan, providing direction as appropriate
- 7. **Rating Plan Task Group Follow-Up Meeting Date** A
The Task Group will be asked to set the date for the next RPTG meeting

D. ADJOURNMENT A

*If you have questions regarding the agenda package, please contact
Mimi Long at mlong@alliant.com / (415) 403-1423 or Tevea Him at thim@alliant.com / (415) 403-1416*



**CSURMA EXECUTIVE COMMITTEE
RATING PLAN TASK GROUP
MEETING AGENDA
“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. Webinar Location - CSU Chancellor’s Office, 401 Golden Shore, Long Beach, CA
2. Lisa Chavez, California State University Los Angeles, Admin 607, 5151 State University Drive, Los Angeles, CA
3. Kevin Saunders, California State University Monterey Bay, 5108 Fourth Avenue, Marina, CA
4. Ming Tung (Mike) Lee, California State University Sacramento, 6000 J. Street, Sacramento, CA

Meeting Date: August 9, 2016
Time: 2:00 PM to 4:00 PM

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

Legend: **A** = Action
I = Information

A. CALL TO ORDER

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

B. PUBLIC COMMENTS

C. GENERAL ADMINISTRATION

1. **2016 Rating Plan Task Group Draft Report** **A**
The Task Group will be asked to review the 2016 RPTG draft report, providing direction as appropriate
2. **Rating Plans Recommendations** **A**
The Task Group will be asked to review the rating plans recommendations for the following programs, providing direction as appropriate
 - a. Workers’ Compensation
 - b. Liability
 - c. Property
3. **State Public Works Board Facilities** **A**
The Task Group will review strategies to fund the insurance costs on State Public Works Board facilities
4. **Foreign Travel Insurance Program** **A**
The Task Group will be asked to review the FTIP IP rating plans, providing direction as appropriate



California State University Risk Management Authority

- 5. Management Discussion and Analysis** **A**
The Task Group will be asked to review the MD&A draft, providing direction as appropriate

- D. ADJOURNMENT** **A**

*If you have questions regarding the agenda package, please contact
Mimi Long at mlong@alliant.com / (415) 403-1423 or Tevea Him at thim@alliant.com / (415) 403-1416*

FY 2017/2018 RATES AND GROSS FUNDING
CAMPUS COVERAGE PROGRAMS

ISSUE: Upon the recommendation of the Executive Committee, the Board of Directors adopts rates and funding for the upcoming fiscal year at its Fall meeting. The Program Administrator has prepared FY 2017/18 funding recommendations for the Campus Coverage Programs using the actuarial reports valued at fiscal year end June 30, 2016.

The Campus Liability Program costs include premium deposits for the Student Professional Liability Insurance Program (SPLIP) and the Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP). Campus Property Program costs include Blanket Employee Fidelity coverage, Cyber Risk insurance and Fine Arts Artifacts & Archives insurance (FAAAP). Auto Liability is covered by the State Vehicle Liability Self-Insurance Program (VELSIP), whose cost is determined by the Office of Risk and Insurance Management (ORIM), which is expected to be issued in March 2017. The costs for the purchased insurance programs (SPLIP, SAFECLIP, Property, Fidelity, and Cyber) are estimates at this time since actual rates will not be known until negotiations are finalized in June 2017.

Campuses will have the opportunity to select a new Liability deductible for the next three coverage periods beginning FY 2017/18. The proposed Liability costs have been calculated at present campus deductibles. Campus Property costs have been adjusted for the elimination of the systemwide central fund that previously paid for SPWB funded facilities. As such, in accordance with the instructions from the Office of the Chancellor, all bond-funded facilities are chargeable to the respective campuses beginning with FY 2017/18.

The following summarizes total program costs, with individual campus costs shown in the attachments to this item:

	FY 2016/17	FY 2017/18	
	<i>Actual</i>	<i>Recommended</i>	<i>% Chg</i>
Liability	\$ 14,240,860	\$ 15,561,071	9.3%
Workers' Compensation	37,823,215	36,337,621	-3.9%
IDL/NDI/UI	13,500,000	15,000,000	11.1%
Property	8,250,000	8,250,000	0.0%
Auto Liability	845,823	829,510	-1.9%
AIME	4,158,323	4,500,896	8.2%
Total	\$ 78,818,221	\$ 80,479,098	2.1%

- (1) Liability is funded on an undiscounted basis.
- (2) Workers' Compensation is funded on a discounted basis.
- (3) AIME Committee to recommend final funding for 2017/18.

RECOMMENDATION: The Board is asked to review and adopt the Campus Coverage programs funding for FY 2017/18 as recommended by the Executive Committee and presented in the table above. The Board is also asked to direct the Executive Committee to determine final funding for Liability on either an undiscounted or discounted basis when it meets in March 2017.

FISCAL IMPACT: Adoption of the recommended funding for the Campus Coverage programs totaling \$80,479,098 are in accordance with the policies and procedures and rating plans adopted and approved by the Board of Directors.

BACKGROUND: CSURMA employs an independent actuary, Aon Risk Consultants, to project claim costs for its General / Errors & Omissions Liability, Workers' Compensation and Athletic Injury Medical Expense coverage programs. The actuary's reports dated August 2, 2016 were used to calculate funding proposals for FY 2017/18.

The Executive Committee is asked to focus on the aggregate program funding issues at this time. Campuses should contact Rob Leong (415-403-1441) for any specific questions as to how their cost was calculated.

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2017/18 Campus Coverage Programs Proposed Funding (Draft)

CSURMA RISK POOL FY 2017/18
Total Program Cost

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$1,620,420	\$1,626,383	\$5,963	0.4%
Channel Islands	\$1,585,632	\$1,797,797	212,165	13.4%
Chico	\$2,664,732	\$2,774,899	110,167	4.1%
Dominguez Hills	\$2,514,935	\$2,658,545	143,610	5.7%
East Bay	\$3,482,311	\$3,460,068	-22,243	-0.6%
Fresno	\$3,208,578	\$3,218,433	9,855	0.3%
Fullerton	\$4,218,062	\$4,802,578	584,516	13.9%
Humboldt	\$2,165,896	\$2,310,098	144,202	6.7%
Long Beach	\$6,121,413	\$6,158,829	37,416	0.6%
Los Angeles	\$4,186,953	\$4,551,334	364,381	8.7%
Maritime Academy	\$614,302	\$637,187	22,885	3.7%
Monterey Bay	\$1,537,999	\$1,615,050	77,051	5.0%
Northridge	\$5,620,916	\$6,110,609	489,693	8.7%
Pomona	\$4,332,205	\$4,319,504	-12,701	-0.3%
Sacramento	\$3,665,165	\$3,756,731	91,566	2.5%
San Bernardino	\$3,029,987	\$3,166,035	136,048	4.5%
San Diego	\$5,427,007	\$5,319,182	-107,825	-2.0%
San Francisco	\$4,666,500	\$4,970,412	303,912	6.5%
San Jose	\$4,984,041	\$5,172,147	188,106	3.8%
San Luis Obispo	\$4,342,856	\$4,686,054	343,198	7.9%
San Marcos	\$1,760,802	\$1,920,567	159,765	9.1%
Sonoma	\$2,133,031	\$2,495,798	362,767	17.0%
Stanislaus	\$1,675,781	\$1,667,374	-8,407	-0.5%
Chancellor's Office	\$1,242,815	\$1,283,484	40,669	3.3%
Systemwide *	\$2,015,883	\$0	-2,015,883	-100.0%
Total:	\$78,818,221	\$80,479,098	\$1,660,877	2.1%

FY 16/17 funding for Liability is undiscounted for estimated investment income.

FY 16/17 funding for Workers' Comp is discounted for estimated investment income.

FY 17/18 funding for Liability & Workers' Comp are undiscounted for estimated investment income

CSURMA RISK POOL FY 2017/18
Liability Program Cost

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$253,052	\$256,139	\$3,087	1.2%
Channel Islands	395,355	518,623	123,268	31.2%
Chico	586,897	685,604	98,707	16.8%
Dominguez Hills	582,161	594,082	11,921	2.0%
East Bay	616,564	681,010	64,446	10.5%
Fresno	422,003	413,272	-8,731	-2.1%
Fullerton	718,597	1,088,731	370,134	51.5%
Humboldt	473,564	564,998	91,434	19.3%
Long Beach	854,592	857,596	3,004	0.4%
Los Angeles	572,292	855,882	283,590	49.6%
Maritime Academy	228,161	234,105	5,944	2.6%
Monterey Bay	214,057	204,416	-9,641	-4.5%
Northridge	882,036	1,065,954	183,918	20.9%
Pomona	635,469	672,465	36,996	5.8%
Sacramento	690,332	641,530	-48,802	-7.1%
San Bernardino	865,150	975,812	110,662	12.8%
San Diego	574,083	619,322	45,239	7.9%
San Francisco	550,435	738,264	187,829	34.1%
San Jose	906,352	895,901	-10,451	-1.2%
San Luis Obispo	724,461	821,065	96,604	13.3%
San Marcos	401,904	419,992	18,088	4.5%
Sonoma	433,010	744,970	311,960	72.0%
Stanislaus	384,428	382,054	-2,374	-0.6%
Chancellor's Office	542,350	629,284	86,934	16.0%
Systemwide *	733,555	0	-733,555	-100.0%
Total:	\$14,240,860	\$15,561,071	\$1,320,211	9.3%

FY 16/17 and FY 17/18 are undiscounted for estimated investment income.
 FY 17/18 costs are calculated at present deductibles. Actual FY 17/18 costs are pending campus deductible selections for FY 17/18, FY 18/19 and FY 19/20.

Includes SPLIP & SAFECLIP.

**CSURMA RISK POOL FY 2017/18
Workers' Compensation Program Cost**

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$780,939	\$734,465	(46,474)	-6.0%
Channel Islands	727,419	702,091	(25,328)	-3.5%
Chico	1,328,110	1,229,320	(98,790)	-7.4%
Dominguez Hills	1,189,225	1,178,179	(11,046)	-0.9%
East Bay	1,912,297	1,802,027	(110,270)	-5.8%
Fresno	1,464,874	1,373,201	(91,673)	-6.3%
Fullerton	2,086,179	2,098,075	11,896	0.6%
Humboldt	926,451	857,860	(68,591)	-7.4%
Long Beach	3,431,016	3,297,593	(133,423)	-3.9%
Los Angeles	2,447,688	2,419,144	(28,544)	-1.2%
Maritime Academy	189,579	187,586	(1,993)	-1.1%
Monterey Bay	688,711	641,241	(47,470)	-6.9%
Northridge	2,822,922	2,827,512	4,590	0.2%
Pomona	2,685,042	2,513,850	(171,192)	-6.4%
Sacramento	1,597,645	1,500,000	(97,645)	-6.1%
San Bernardino	1,367,698	1,285,608	(82,090)	-6.0%
San Diego	3,015,178	2,793,751	(221,427)	-7.3%
San Francisco	2,445,638	2,325,557	(120,081)	-4.9%
San Jose	1,896,781	1,794,650	(102,131)	-5.4%
San Luis Obispo	1,989,729	1,992,203	2,474	0.1%
San Marcos	682,328	743,163	60,835	8.9%
Sonoma	849,191	819,708	(29,483)	-3.5%
Stanislaus	754,092	710,618	(43,474)	-5.8%
Chancellor's Office	544,483	510,219	(34,264)	-6.3%
Systemwide				
Total:	\$37,823,215	\$36,337,621	-\$1,485,594	-4.1%

FY 16/17 and FY 17/18 are discounted for estimated investment income.

**CSURMA RISK POOL FY 2017/18
IDL/NDI/UI Program Cost**

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$255,900	\$257,072	\$1,172	0.5%
Channel Islands	286,484	389,208	102,724	35.9%
Chico	376,073	415,830	39,757	10.6%
Dominguez Hills	434,325	507,745	73,420	16.9%
East Bay	600,779	596,873	-3,906	-0.7%
Fresno	484,816	534,576	49,760	10.3%
Fullerton	776,581	898,904	122,323	15.8%
Humboldt	461,450	521,878	60,428	13.1%
Long Beach	1,001,728	1,101,271	99,543	9.9%
Los Angeles	615,507	697,144	81,637	13.3%
Maritime Academy	122,279	140,724	18,445	15.1%
Monterey Bay	345,350	415,868	70,518	20.4%
Northridge	1,125,467	1,264,581	139,114	12.4%
Pomona	542,349	597,177	54,828	10.1%
Sacramento	716,238	740,523	24,285	3.4%
San Bernardino	491,631	539,682	48,051	9.8%
San Diego	780,994	791,250	10,256	1.3%
San Francisco	1,045,382	1,173,634	128,252	12.3%
San Jose	997,888	1,097,223	99,335	10.0%
San Luis Obispo	732,920	868,671	135,751	18.5%
San Marcos	398,174	458,188	60,014	15.1%
Sonoma	490,107	560,818	70,711	14.4%
Stanislaus	296,250	321,133	24,883	8.4%
Chancellor's Office	121,328	110,027	-11,301	-9.3%
Systemwide				
Total:	\$13,500,000	\$15,000,000	\$1,500,000	11.1%

Industrial Disability Leave, Nonindustrial Disability Insurance, Unemployment Insurance

CSURMA RISK POOL FY 2017/18
Property Program Cost

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$110,900	\$135,343	\$24,443	22.0%
Channel Islands	145,364	157,463	12,099	8.3%
Chico	286,116	359,256	73,140	25.6%
Dominguez Hills	166,785	167,634	849	0.5%
East Bay	242,456	266,297	23,841	9.8%
Fresno	356,542	379,826	23,284	6.5%
Fullerton	413,762	523,758	109,996	26.6%
Humboldt	186,643	237,666	51,023	27.3%
Long Beach	476,645	597,584	120,939	25.4%
Los Angeles	416,864	450,656	33,792	8.1%
Maritime Academy	50,573	49,450	-1,123	-2.2%
Monterey Bay	106,157	132,636	26,479	24.9%
Northridge	478,606	591,530	112,924	23.6%
Pomona	365,626	441,651	76,025	20.8%
Sacramento	291,433	411,056	119,623	41.0%
San Bernardino	224,408	287,270	62,862	28.0%
San Diego	455,940	484,434	28,494	6.2%
San Francisco	510,705	612,877	102,172	20.0%
San Jose	662,538	862,651	200,113	30.2%
San Luis Obispo	397,725	461,037	63,312	15.9%
San Marcos	160,750	183,544	22,794	14.2%
Sonoma	281,871	275,822	-6,049	-2.1%
Stanislaus	145,166	147,151	1,985	1.4%
Chancellor's Office	34,097	33,408	-689	-2.0%
Systemwide	1,282,328	0	-1,282,328	-100.0%
Total:	\$8,250,000	\$8,250,000	\$0	0.0%

Beginning FY 17/18, SPWB facilities are campus responsibility as the "Systemwide" central fund has been dissolved.

Does not include adjustments due to addition/deletions of buildings.

Includes Crime (Fidelity), Cyber Risks. Fine Arts

**CSURMA RISK POOL FY 2017/18
Auto Liability (VELSIP) Program Cost**

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$15,227	\$14,933	-\$294	-1.9%
Channel Islands	31,010	30,412	-598	-1.9%
Chico	33,796	33,144	-652	-1.9%
Dominguez Hills	23,397	22,946	-451	-1.9%
East Bay	25,440	24,949	-491	-1.9%
Fresno	77,248	75,758	-1,490	-1.9%
Fullerton	40,481	39,700	-781	-1.9%
Humboldt	21,540	21,125	-415	-1.9%
Long Beach	51,808	50,809	-999	-1.9%
Los Angeles	26,740	26,224	-516	-1.9%
Maritime Academy	4,085	4,006	-79	-1.9%
Monterey Bay	14,484	14,205	-279	-1.9%
Northridge	43,637	42,796	-841	-1.9%
Pomona	55,707	54,632	-1,075	-1.9%
Sacramento	38,438	37,697	-741	-1.9%
San Bernardino	38,067	37,333	-734	-1.9%
San Diego	54,036	52,994	-1,042	-1.9%
San Francisco	29,154	28,591	-563	-1.9%
San Jose	48,465	47,531	-934	-1.9%
San Luis Obispo	98,602	96,699	-1,903	-1.9%
San Marcos	14,670	14,387	-283	-1.9%
Sonoma	34,167	33,508	-659	-1.9%
Stanislaus	25,068	24,585	-483	-1.9%
Chancellor's Office	557	546	-11	-2.0%
Systemwide				
Total:	\$845,823	\$829,510	-\$16,313	-1.9%

Allocated per reported Fleet count submitted to Chancellor's Office and DGS., and is subject to fleet update in process.

Auto Liability is managed by the State Vehicle Liability Self-Insurance Program (VELSIP), which which also determines the program's total cost each year.

CSURMA RISK POOL FY 2017/18
Athletic Injury Medical Expense Program Cost
(AIME)

<i>Campus</i>	<i>Adopted FY 16/17</i>	<i>Proposed FY 17/18 to be updated</i>	<i>\$ Chg</i>	<i>% Chg</i>
Bakersfield	\$204,402	\$228,431	\$24,029	11.8%
Channel Islands				
Chico	53,740	51,745	-1,995	-3.7%
Dominguez Hills	119,042	187,959	68,917	57.9%
East Bay	84,775	88,912	4,137	4.9%
Fresno	403,095	441,800	38,705	9.6%
Fullerton	182,462	153,410	-29,052	-15.9%
Humboldt	96,248	106,571	10,323	10.7%
Long Beach	305,624	253,976	-51,648	-16.9%
Los Angeles	107,862	102,284	-5,578	-5.2%
Maritime Academy	19,625	21,316	1,691	8.6%
Monterey Bay	169,240	206,684	37,444	22.1%
Northridge	268,248	318,236	49,988	18.6%
Pomona	48,012	39,729	-8,283	-17.3%
Sacramento	331,079	425,925	94,846	28.6%
San Bernardino	43,033	40,330	-2,703	-6.3%
San Diego	546,776	577,431	30,655	5.6%
San Francisco	85,186	91,489	6,303	7.4%
San Jose	472,017	474,191	2,174	0.5%
San Luis Obispo	399,419	446,379	46,960	11.8%
San Marcos	102,976	101,293	-1,683	-1.6%
Sonoma	44,685	60,972	16,287	36.4%
Stanislaus	70,777	81,833	11,056	15.6%
Chancellor's Office				
Systemwide				
Total:	\$4,158,323	\$4,500,896	\$342,573	8.2%

FY 17/18 rates are estimated based on actuarial report dated October 18, 2016. Rates are to be updated based on January 2017 sport census and final approval by the AIME Committee.

REVIEW OF FY 2016/2017 LONG RANGE PLANNING GOALS

ISSUE: The Executive Committee conducts a Long Range Action Planning meeting each year in March and establishes a long range action plan for the year. Periodically during the year, the Executive Committee receives a report to gauge progress and to re-evaluate where efforts should be focused.

RECOMMENDATION: The Board will hear a report from Staff on the status of the long range action plan items.

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

BACKGROUND: The Executive Committee adopted the FY 2016/17 Long Range Action Plan and goals to be accomplished. The Board will receive a report from Staff on the assigned responsibilities and deadlines of the FY 2016/17 Long Range Planning goals.

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2016/17 CSURMA Long Range Action Plan

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1 MASTER OUT-OF-STATE ON-LINE EDUCATION SURETY					
Search for a blanket surety bond to cover all campuses and auxiliary organizations who provide on-line instruction outside California.	1	Research scope of on-line programs and jurisdictions. Determine if placement of a blanket bond or alternative systemwide placement approach is feasible.	SRM, OGC, PA	August 2016	Completed
	2	Present information to EC for direction.	SRM, OGC, PA	September 2016	In process
	3	Report on project to EC and BOD.	SRM, OGC, PA	November 2016	In process
	4	Approval of blanket or alternative surety program as appropriate.	EC	March 2017	
	5	Implement program. Communicate to campus stakeholders.	PA	July 2017	
LRP-2 SPECIAL EVENTS RESOURCE GUIDE					
Create a Special Events Resource Guide. Implement risk management training for special events.	1	Identify and engage consultant to create Special Events Risk Management Manual and training modules.	SRM	August 2015	Completed
	2	Develop subject content for special events risk management manual.	SRM	October 2015	Completed
	3	Oversee design and development of special events risk management manual.	SRM	December 2016	In process
	4	Roll out manual to all campus and auxiliary organization staff.	SRM	January 2017	
	5	Post manual on the CSURMA website.	PA	February 2017	
	6	Present the Special Events Risk Management Training at Fitting the Pieces Together Conference.	SRM	November 2016	In process
	7	Roll out special events training on the CSU learning management system.	SRM	July 2017	
LRP-3 BENCHMARKING AND TREND ANALYSIS					
Develop a Workers' Compensation statistical database for comparative analysis and industry benchmarking.	1	Research benchmarking resources available.	PA	April 2015	Completed
	2	Develop conceptual proposal for short and long term benchmarking.	SRM, PA	May 2015	Completed
	3	Approval of initial benchmarking project scope and costs.	EC	May 2015	Completed
	4	Implement initial project.	SRM, PA	September 2015	On-going
	5	Initial report to EC, BOD and CABO.	SRM, PA	October 2015	Completed
	6	Report to AORMA membership at AOA Conference.	SRM, PA	February 2016	Completed
	7	Presentation of sustainable long term benchmarking program.	SRM, PA	September 2016	In process
	8	Approval of long term benchmarking project scope and costs.	EC	November 2016	In process
LRP-4 INSURANCE POLICY DATABASE					
Implement an insurance database for	1	Research and identify viable software products.	SRM, PA	January 2016	Completed
	2	Review presentation by Ventif.	EC, BOD	September 2016	In process
	3	Approve selection of software product.	EC	November 2016	In process

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
coverage history and to provide a reference for litigation matters.	4	Populate database with Phase 1 data.	PA	December 2016	
	5	Present Phase 1 project results and recommendations for Phase 2.	SRM, PA	March 2017	
	6	Approve Phase 2 and ongoing database maintenance plan.	EC	May 2017	
LRP-5 CAPTIVE INSURER					
Complete cost / benefits analysis for a captive insurance company to operate within CSURMA.	1	Identify and engage consultant to evaluate CSURMA's captive utilization options.	EC, SRM, PA	January 2016	Completed
	2	Review the Pinnacle Actuarial Resources initial evaluation of CSURMA's captive utilization options.	EC	May 2016	Completed
	3	Present further evaluation to EC for direction.	EC	September 2016	In process
	4	Report on project to EC and BOD.	BOD	November 2016	In process
	5	Oversee formation of captive.	SRM, PA	July 2017	
LRP-6 LOAN POLICY AND INVESTMENT OPTIONS					
Review member loan policy. Explore and evaluate alternate investment strategies.	1	Research viable investment options within the CSU community to invest in certain capital projects.	CO, SRM, PA	August 2016	Completed
	2	Present investment options to EC for direction.	CO, EC	September 2016	In process
	3	Report on project to EC and BOD.	CO, BOD	November 2016	In process
	4	Approval of alternate investment options.	EC	January 2017	
		<i>Note: this item may be impacted by potential development of a captive insurer.</i>			
LRP-7 ON-CAMPUS VISITS WITH VICE PRESIDENTS					
Visit Campus VPs to provide updates on rating plans, cost of risk analysis and benchmarking.	1	Schedule meetings with all Campus VPs.	PA	August 2016	In discussion
	2	RPTG will meet to review risk pool rating plans.	SRM, RPTG, PA	September 2016	Completed
	3	Cost of Risk Analysis received from Actuary.	PA	October 2016	
	4	Completion of Campus VP presentation.	PA	November 2016	
	5	Completion Campus visits.	SRM , PA	March 2017	
LRP-8 CSURMA COMMUNICATIONS AND OUTREACH PLAN					
Develop and implement communications plan to keep all members apprised	1	Identify strategies for effective communication.	PA	August 2016	Completed
	2	Present communication strategies to CSURMA EC for direction.	EC	September 2016	In process
	3	Report on project to BOD.	BOD	November 2016	In process
	4	Implement communication strategies.	PA	December 2016	
	5	Report to EC on long term communication strategies.	EC, PA	March 2017	

FY 2016/17 CSURMA LONG RANGE ACTION PLAN

DRAFT

GOAL		ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
of CSURMA resources.						
LRP-9 MASTER ENABLING AGREEMENT FOR TRANSPORTATION						
Review current transportation management.	1	Identify available transportation carriers and obtain contract proposals.	SRM, PA	May 2016	Completed	
	2	Present options to EC for direction.	SRM, PA, EC	May 2016	Completed	
	3	Report on project to BOD.	BOD	May 2016	Completed	
	Develop a master enabling agreement for charter bus companies.	4	Negotiate final contract for EC approval.	EC	January 2017	
		5	Roll out transportation program.	SRM, PA	January 2017	

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

**RESOLUTIONS RECOGNIZING THE CONTRIBUTIONS
OF DWAYNE BRUMMETT**

ISSUE: Dwayne Brummett has diligently served the California State University Risk Management Authority as a member of its Auxiliary Organization Risk Management Alliance, Executive Committee and Board of Directors since July 1, 2009.

RECOMMENDATION: It is recommended that the CSURMA Board of Directors pass Resolutions No. 02-16 (BOD), recognizing the valued contributions of Dwayne Brummett.

FISCAL IMPACT: None.

BACKGROUND: Dwayne Brummett has served the California State University Risk Management Authority in the following capacity: Auxiliary Organization Risk Management Alliance (AORMA) Committee Member from July 1, 2009 to June 30, 2016, AORMA Committee Chair from July 1, 2013 to June 30, 2014, Member Services, Loss Control and Training Committee member until June 30, 2013, CSURMA Executive Committee Member from July 1, 2012 to June 30, 2014 and CSURMA Board of Director from July 1, 2019 to June 30, 2016.

PUBLICATION: A copy of this resolution will be posted on the website.

ATTACHMENT(S):

- a. Resolution No. 02-16 (BOD) - Resolution Recognizing the Contributions of Dwayne Brummett

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**BOARD OF DIRECTORS
RESOLUTION NO. 02-16 (BOD)**

**Resolution Recognizing the Contributions of
DWAYNE BRUMMETT
a member of the Board of Directors of the
California State University Risk Management Authority**

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

- (a) Dwayne Brummett has diligently served the California State University Risk Management Authority in the following capacity: Auxiliary Organization Risk Management Alliance (AORMA) Committee Member from July 1, 2009 to June 30, 2016, AORMA Committee Chair from July 1, 2013 to June 30, 2014, Member Services, Loss Control and Training Committee member until June 30, 2013, CSURMA Executive Committee Member from July 1, 2012 to June 30, 2014 and CSURMA Board of Director from July 1, 2019 to June 30, 2016.
- (b) It is appropriate to recognize Dwayne Brummett for the time, effort and many contributions she has made to ensure the success of the California State University Risk Management Authority.
- (c) For the many contributions made to the California State University Risk Management Authority, its Board of Directors finds it incumbent to express sincere gratitude and appreciation.

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:

The California State University Risk Management Authority does hereby recognize the many contributions of Dwayne Brummett to the California State University Risk Management Authority, and by this Resolution does hereby express to her sincere gratitude and appreciation.

* * * * *

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 2nd day of November, 2016 which was approved by the following vote:

AYES, and in favor thereof, members: ALL
NOES, members: NONE
ABSTAIN, members: NONE
ABSENT, members: NONE

ATTEST: _____
Linda Hawk, Chair

Zachary Gifford, Secretary-Auditor

**RESOLUTIONS RECOGNIZING THE CONTRIBUTIONS
OF KEITH KOMPSI**

ISSUE: Keith Kompsi has diligently served the California State University Risk Management Authority as a member of its Auxiliary Organization Risk Management Alliance Committee and the Board of Directors since July 2012.

RECOMMENDATION: It is recommended that the CSURMA Board of Directors pass Resolutions No. 03-16 (BOD), recognizing the valued contributions of Keith Kompsi.

FISCAL IMPACT: None.

BACKGROUND: Keith Kompsi has served the California State University Risk Management Authority in the following capacity: Auxiliary Organization Risk Management Alliance (AORMA) Committee Member and California State University Risk Management Board of Directors from July 1, 2012 to June 30, 2016.

PUBLICATION: A copy of this resolution will be posted on the website.

ATTACHMENT(S):

- a. Resolution No. 03-16 (BOD) - Resolution Recognizing the Contributions of Keith Kompsi

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

**BOARD OF DIRECTORS
RESOLUTION NO. 03-16 (BOD)**

**Resolution Recognizing the Contributions of
KEITH KOMPSI
a member of the Board of Directors of the
California State University Risk Management Authority**

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

- (a) Keith Kompsi has diligently served the California State University Risk Management Authority in the following capacity: Auxiliary Organization Risk Management Alliance (AORMA) Committee Member and California State University Risk Management Board of Director from July 1, 2012 to June 30, 2016.
- (b) It is appropriate to recognize Keith Kompsi for the time, effort and many contributions he has made to ensure the success of the California State University Risk Management Authority.
- (c) For the many contributions made to the California State University Risk Management Authority, its Board of Directors finds it incumbent to express sincere gratitude and appreciation.

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:

The California State University Risk Management Authority does hereby recognize the many contributions of Keith Kompsi to the California State University Risk Management Authority, and by this Resolution does hereby express to him sincere gratitude and appreciation.

* * * * *

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 2nd day of November, 2016 which was approved by the following vote:

AYES, and in favor thereof, members: ALL
NOES, members: NONE
ABSTAIN, members: NONE
ABSENT, members: NONE

ATTEST: _____
Linda Hawk, Chair

Zachary Gifford, Secretary-Auditor

AIME PROGRAMS UPDATE

ISSUE: The Athletic Injury Medical Expense (AIME) program continues to address the insurance and risk management needs of its members.

The Executive Committee Liaison for AIME, will report on the activities of the AIME Committee.

RECOMMENDATION: This item is for information only; no action is required on this item at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: AIME is designed to cover medical expenses arising from injuries to student athletes while practicing or competing in inter-collegiate sports programs of the university.

PUBLICATION: None.

ATTACHMENT(S): None.

AORMA PROGRAMS UPDATE

ISSUE: The Auxiliary Organizations Risk Management Alliance (AORMA) continues to address the insurance and risk management needs of its members. All Auxiliary Organizations in Good Standing purchase insurance coverage through the AORMA.

The AORMA Chair will report on the activities of the AORMA Committee.

RECOMMENDATION: No action is required on this item at today's meeting.

FISCAL IMPACT: None.

BACKGROUND: The AORMA was first marketed to CSU Auxiliary Organizations in 1998. Since that time, the program has grown from 12 members to 86 members, and represents 100% participation.

PUBLICATION: None.

ATTACHMENT(S): None.

PROGRAM ADMINISTRATOR'S STEWARDSHIP REPORT

ISSUE: Each year the Program Administrators prepare a Stewardship Report for the CSURMA Board of Directors. The Stewardship Report describes the activities and accomplishments of CSURMA and its Program Administrators. The Stewardship Report will be presented to the Board at today's meeting.

RECOMMENDATION: This item is presented for the Board's information. No action is requested for this item.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: A complete copy of the 2015/16 CSURMA Annual Stewardship Report will be posted on the CSURMA website

ATTACHMENT:

- a. CSURMA Annual Stewardship Report for FY 2015/16.



CALIFORNIA STATE UNIVERSITY RISK MANAGEMENT AUTHORITY

Annual Stewardship Report Fiscal Year End - June 30, 2016



Alliant Insurance Services, Inc.

100 Pine Street, 11th Floor
San Francisco, CA 94111
Main: (415) 403-1400
www.alliant.com



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Appendices:

- Appendix A – Alliant Team Organization Chart for CSURMA
- Appendix B – CSURMA Meeting Calendar
- Appendix C – CSU and AORMA Member Listing

EXECUTIVE SUMMARY

CSURMA and ALLIANT

Alliant Insurance Services (Alliant) is proud of its history and continuing partnership with the California State University and its Auxiliary Organizations, collectively the CSU. Key principals of the Alliant team have consistently provided creative solutions for CSU since 1995. We are proud of our accomplishments for the CSU, and in particular, the opportunity to develop and manage a number of effective and very efficient insurance and coverage plans through the entity we helped form, namely the California State University Risk Management Authority (CSURMA). Launched in 1997, CSURMA is a joint powers authority created under the Government Code of the State of California, and established specifically to address and manage the operational risks of CSU's colleges and universities, and its auxiliary organizations through the Auxiliary Organizations Risk Management Alliance (AORMA).

Alliant is a specialty insurance brokerage firm that also provides joint powers authority (JPA) program administration, risk management, and insurance brokerage services. We regard working with the CSU as an exciting professional opportunity. As Program Administrators, Alliant oversees CSURMA's risk pool programs, excess and reinsurance placements, group purchase insurance, and provides risk management consultation and joint power authority administration for all members of the authority.

Alliant is committed to working with the CSU at the system level and directly with all twenty-three campuses (23) and all eighty-six (86) auxiliary organizations. We provide direct consultative and program management services for the Office of the Chancellor, including Systemwide Risk Management, Public Safety, General Counsel, Capital Planning Design & Construction, and the Chief Administrative & Business Officials (CABO). On the campuses, Alliant provides risk management consultation and advice for Campus Risk Management, Environmental Health & Safety, Human Resources, Student Health Centers, Athletics, Student Life & Leadership, Facilities, and others; and of course, CSU's auxiliary organizations and its Auxiliary Organizations Association (AOA).

Alliant has responded to CSURMA's evolving needs and adapted its services to deliver high quality and stable risk management programs that support CSU's mission and CSURMA's vision.

STEWARDSHIP REPORT

Alliant prepared this Stewardship Report for CSURMA Board of Directors and Members summarizing the Program Administrator's activities and accomplishments during the past fiscal year. Also, this stewardship report offers Alliant the opportunity to reflect on areas for improvement in providing program management services for all CSURMA members. We appreciate the opportunity to work with dynamic, creative and forward thinking leaders of the CSU, and enjoy the opportunity to deliver creative and cost effective products and services addressing the complex risk management needs of the CSU's campuses and auxiliary organizations.

PROGRAM ADMINISTRATORS

Alliant is proud of its team of dedicated professionals who are assigned to serve you. The team is led by Daniel Howell as CSURMA Program Director, Robert Leong for Campus Coverage Programs, and Mimi Long for AORMA Coverage Programs. Robert Frey provides expert consultation for Property and Liability claims. Jacki Graf consults exclusively for the campuses and auxiliary organizations in all areas of Workers’ Compensation claims, including the hosting of CSU’s monthly meetings of the Workers’ Compensation Coordinators for all CSURMA members. Stacey Weeks manages the Foreign Travel Insurance Program, and services the Athletic Injury Medical Expense Program. The team is supported by an experienced and quality administrative staff including Van Rin, Hsan Htein, Tevea Him and Yung Lam.

Alliant’s CSURMA Program Administration Service Team is depicted herein:

Program Administrators



Robert Frey
Claims Manager
D: (415) 403-1445
rfrey@alliant.com



Jacki Graf
WC Claims Consultant
D: (415) 403-1438
jgraf@alliant.com



Tevea Him
JPA Administrator
(415) 403-1416
thim@alliant.com



Daniel Howell
Program Director
D: (415) 403-1426
dhowell@alliant.com



Hsan Htein
Program Administrator
(415) 403-1452
hhtein@alliant.com



Yung Lam
JPA Administrator
(415) 403-1461
ylam@alliant.com



Robert Leong
Campus Programs
D: (415) 403-1441
rleong@alliant.com



Mimi Long
AORMA Programs
D: (415) 403-1423
mlong@alliant.com



Van Rin
Program Administrator
(415) 403-1408
vrin@alliant.com



Stacey Weeks
AIME, Foreign Travel
(415) 403-1448
sweeks@alliant.com

Please refer to Appendix A for the Alliant Team Organization Chart for CSURMA.

FINANCIAL PERFORMANCE

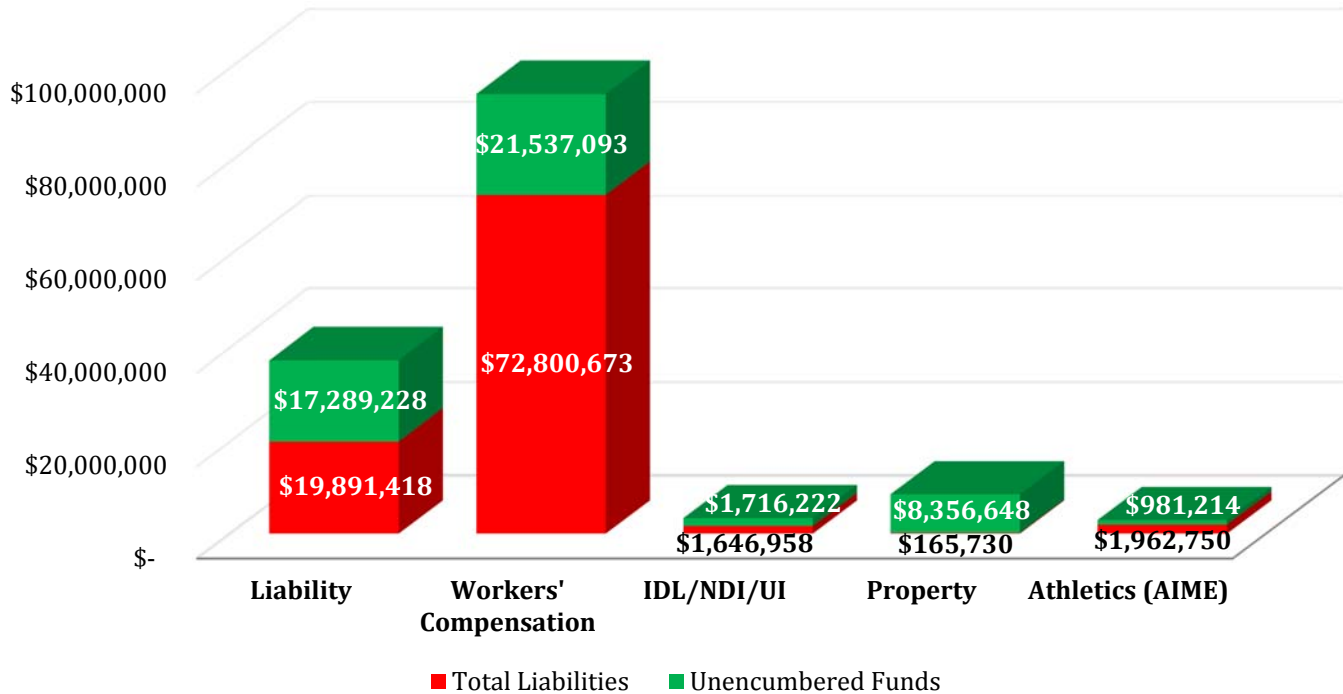
CSURMA adopted funding policies for each of its risk pools to ensure that each coverage program maintains adequate funds to meet its operating expenses, particularly the claims payment obligations for the current year, and for the outstanding claims liabilities as they become due, which in many cases can be years into the future. Alliant prepares Risk Pool Funding Status Reports, incorporating the findings and recommendations of CSURMA’s independent actuary and accountant, to help guide decision making for the Executive Committee in regards to rate setting and deposit contribution (premium) calculations, with the goals of maintaining safe financial risk margins, budget stability, and fairness to all members.

The following is a discussion of the funding status at June 30, 2016 for the Campus and AORMA risk pools, which are highlighted and depicted below:

Campus Risk Pools:

CSURMA adopted a funding policy to fund the Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense (AIME) coverage programs to at least a 70% actuarial confidence. This funding policy provides an additional risk funding margin of about 15-18% over expected losses, thus assuring members there are adequate funds to pay claims as they become due. As of June 30, 2016, all programs continue to be fully-funded per the funding policy, and actually exceed targeted funding goals (excess funds) as depicted below:

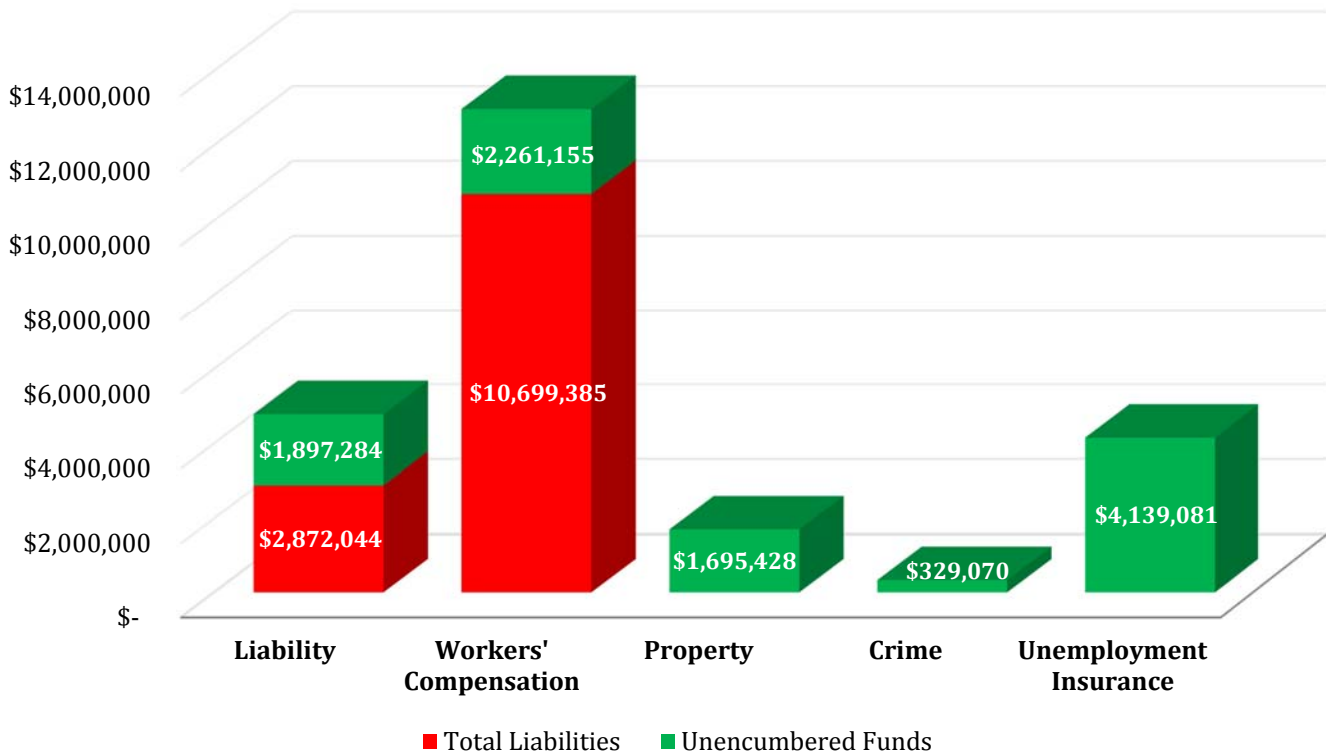
**Campus Risk Pools
Estimated Fund Balance at June 30, 2016**



AORMA Risk Pools:

The AORMA Committee adopted a funding policy to fund the AORMA Liability and Workers' Compensation programs to at least a 70% actuarial confidence. This funding policy provides an additional risk funding margin of about 15-18% over expected losses, thus assuring members there are adequate funds to pay claims as they become due. As of June 30, 2016, all programs continue to be fully-funded per the funding policy, and actually exceed targeted funding goals (excess funds) as depicted below:

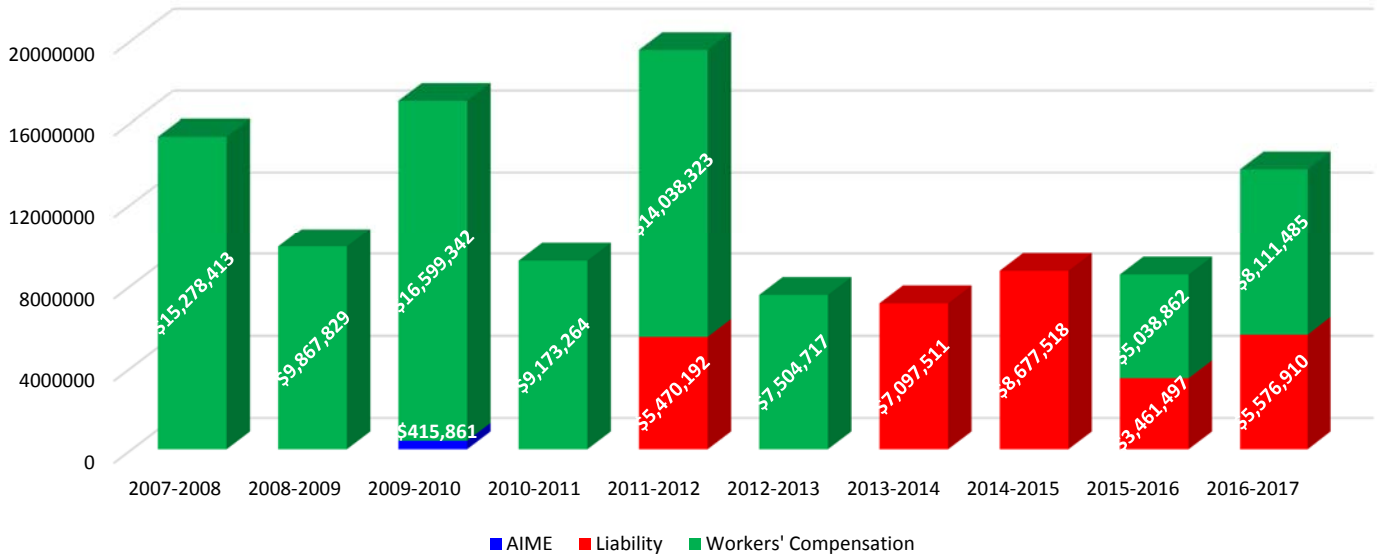
**AORMA Risk Pools
Estimated Fund Balance at June 30, 2016**



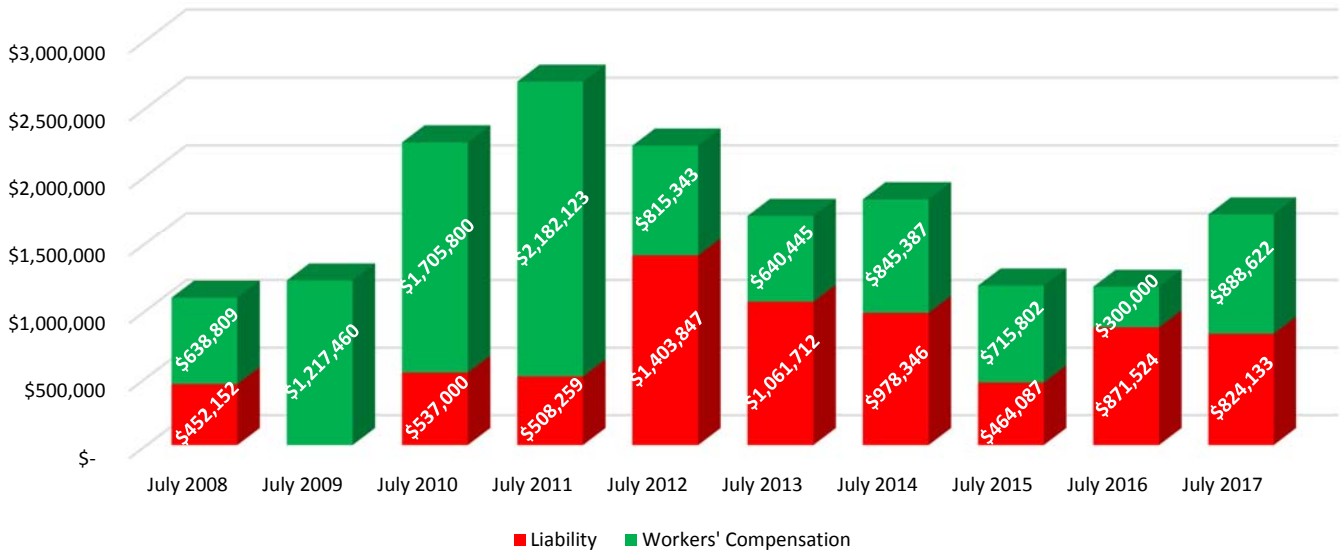
DIVIDENDS (Member Rewards)

CSURMA’s dedication to maintain the funding policies in the face of budget pressures at the State level enabled CSURMA to reward its members with distributions of excess reserve funds in the form of cash dividends. A history of the dividends paid to members is summarized in the following charts. **Through June 30, 2016, CSURMA returned dividends totaling \$133,362,575 to members**, which if commercially insured, the carriers would have reaped as underwriting profits rather than being restored to members as dividends.

Campus Programs Dividend Payments



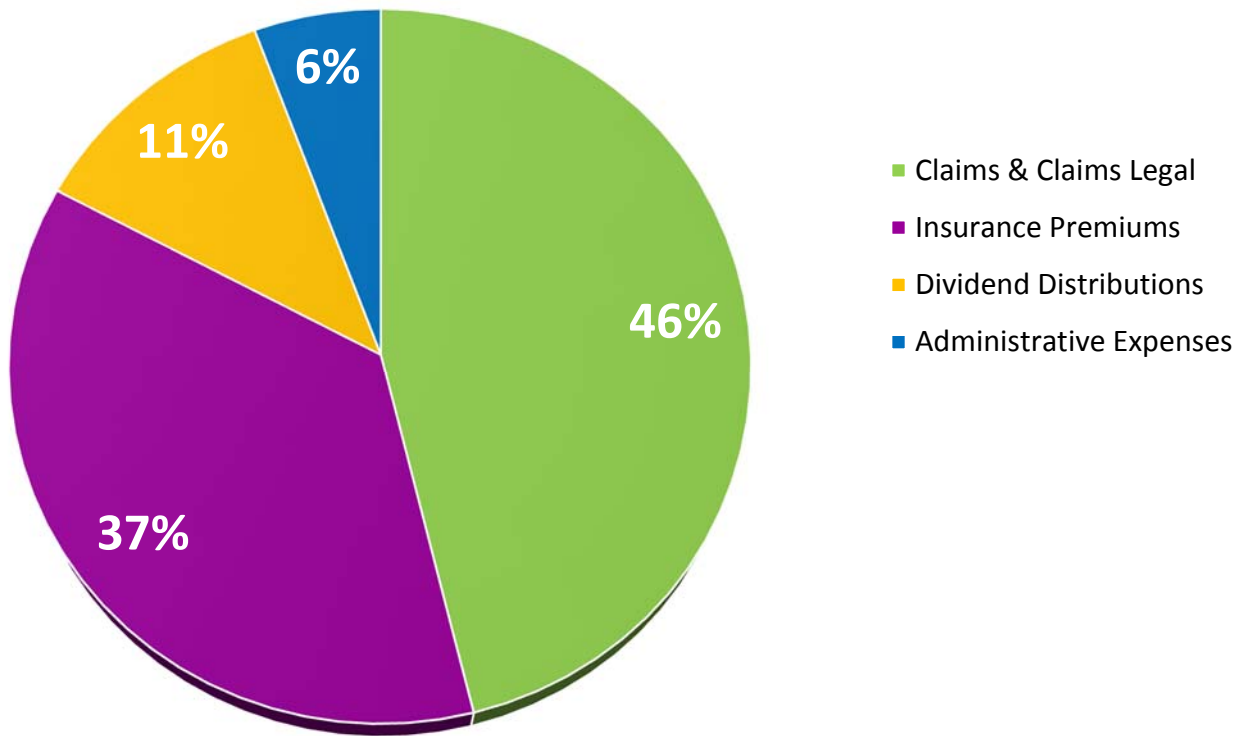
AORMA Programs Dividend Payments



PROGRAM ECONOMICS

The pie chart below shows a breakdown of expenses for the fiscal year ending June 30, 2016. Forty-six percent (46%) of your premium deposits were used to pay claims, or set aside to pay future claims, within the primary self-insured layer. Thirty-seven percent (37%) was the cost to insure the group’s catastrophe claims through the purchase of excess insurance and reinsurance. CSURMA returned eleven percent (11%) as cash dividends to members. Program Administration expense amounted to only six percent (6%) while continuing at a high level of service performance. This is a remarkable achievement when compared to similar joint powers insurance authorities which typically operate at twelve to seventeen percent (12-17%) expense ratios.

**CSURMA Program Expenses @ 06/30/16
"Your Premium Dollars at Work \$83,603,193"**



COVERAGE PROGRAMS

Alliant manages a number of risk management and coverage programs for CSURMA that serve the University and its Auxiliary Organizations. In addition to program administration of CSURMA's risk pools (group self-insurance programs), Alliant places and manages a number of insurance and reinsurance policies to supplement and support CSURMA's coverage program structures. These are highlighted and described in the following sections:

CAMPUS PROGRAMS

Campus Liability Coverage Program

The Campus Liability Coverage Program was established to fund the exposures of General Liability, Errors & Omissions, Professional Liability, Employment Practices Liability, and other similar public liability exposures of the University system. The participants include all twenty-three (23) campuses of the CSU and the Chancellor's Office. The Campus Liability Coverage Program increased its self-insured limit from \$3,000,000 to \$5,000,000 per occurrence on July 1, 2010.

Each campus selects its own deductible, which is offered from \$35,000 to \$1,000,000 per occurrence. After three years, members have the opportunity to choose another deductible. The last deductible selection became effective July 1, 2014 and applicable to July 1, 2017. Concurrently every three years, the Executive Committee appoints a task group to review and recommend refinements, if any, to the rating plans to ensure the formulas used to allocate program costs remain responsive and equitable as respects CSURMA's goals and the needs of the University.

Auto Liability is provided by the State Motor Vehicle Self-insurance Plan (VELSIP) and managed by the Office of Risk & Insurance Management (ORIM) through the state's Department of General Services. VELSIP's coverage for state-salaried employees is unlimited, but liability for non-state operators is capped at \$1,000,000 per accident. The Campus Liability risk pool purchases reinsurance to cover Auto Liability for non-state employees driving for University business from VELSIP's \$1,000,000 self-retention limit to CSURMA's \$5,000,000 pool limit.

Additionally, CSURMA purchases excess/reinsurance to insure catastrophe risks above the \$5,000,000 self-retention limit from various commercial carriers in the global market.

Campus Workers' Compensation Coverage Program

The Campus Workers' Compensation Coverage Program was established to provide statutory Workers' Compensation and Employer's Liability coverage for all CSU state employees and designated volunteers at all campuses and the Office of the Chancellor. The program includes a risk pool and specific excess insurance. The risk pool is self-insured with no deductible and retains the first \$2,500,000 each occurrence. Claims in excess of the risk pool retention are covered by commercial insurance from the \$2,500,000 self-retention to the Statutory Workers' Compensation limits proscribed by the State of California.

Beginning January 1, 2015, CSURMA entered into an agreement with CSAC Excess Insurance Authority (EIA), the risk pool for California counties and other California public entities, to finance the university's Workers' Compensation claims covered by the Campus Workers' Compensation risk pool and AORMA Workers' Compensation risk pool. This financing strategy enables CSURMA to fund its workers' compensation claims at a cost less than the actuary's minimum funding recommendation while preserving CSURMA's funding policy and financial integrity. The agreement with EIA covers industrial injuries occurring from January 1, 2015 to June 30, 2018.

Campus IDL/NDI/UI Coverage Program

The Industrial Disability Leave/ Non-Industrial Disability Leave/ Unemployment Insurance (IDL/NDI/UI) Program Fund was established to provide a funding mechanism for temporary disability and unemployment insurance benefit for state employees. The IDL/NDI/UI program fund is entirely self-insured, and costs are allocated to the members based on each campus' actual utilization (claims) over a rolling five year period.

Campus Athletic Injury Medical Expense Coverage Program (AIME)

The Athletic Injury Medical Expense Program (AIME) was established to provide coverage for medical expenses incurred by CSU students participating in NCAA and NAIA intercollegiate athletic activities. The AIME program replaced individual insurance programs previously purchased by the campuses.

The AIME program is self-insured for the members' deductible limit defined by the catastrophe coverage policies purchased by their respective national governing bodies, NCAA or NAIA. NCAA purchased catastrophe liability insurance on behalf of all its member schools with a \$90,000 deductible. NAIA purchased catastrophe liability insurance on behalf of its member schools with a \$25,000 deductible.

AIME's claims experience is annually reviewed by an independent professional actuary to develop loss projections and loss rates by sport. Alliant uses the actuary's recommendation to develop program costs each year in accordance with AIME's rating plan. Alliant's developed costs are then reviewed and approved by the AIME Committee in accordance with CSURMA's funding policy.

A special task group was convened in Spring 2015 by the AIME Committee to review AIME's rating plan. The AIME Committee adopted modifications to the rating plan to reflect program maturity and cost allocation weighted more in favor of actual utilization (claims) by member. The revised rating plan is effective beginning FY 2015/16.

Campus Property Coverage Program

The Campus Property Coverage Program was established to provide Property and Boiler & Machinery Insurance covering physical damage to buildings and other specified structures. Building contents (furnishings, equipment, etc.) may also be covered as may be required by bond covenants. The program insures all CSU campuses and the Chancellor's Office. CSU chose to not purchase coverage for Earthquake because of the high cost for that insurance, unless Earthquake insurance is specifically required by bond covenants.

Beginning July 1, 2013, CSURMA changed its coverage structure from insurance to reinsurance to save costs, specifically in regards to premium taxes and associated fees. The Campus Property Coverage Program is now fully reinsured by a syndication of insurance companies known as the Alliant Property Insurance Program (APIP), an Alliant exclusive designed for public entities to empower market negotiations. Until July 1, 2010, CSURMA purchased a Deductible Buy-Down policy to provide coverage from \$100,000 to \$1,000,000 within the program's \$1,000,000 deductible limit. Beginning July 1, 2010, CSURMA self-insured the Deductible Buy-Down to an aggregate limit of \$2,000,000 for all losses subject to the Deductible Buy-Down (i.e., \$900,000 excess \$100,000 deductible). All campuses except San Diego State University participate in the Deductible Buy-Down plan.

Within the Campus Property program, Campus 99 was created as a special designation to provide Property insurance at a deductible lower than the standard \$100,000 for campuses. Campus 99 is designed to enable CSU auxiliary organizations who occupy state-owned buildings to enjoy deductibles from \$5,000 to \$100,000.

Campus 86 is in development. This program feature is intended to provide an option for campuses to insure its business personal property (i.e., building contents) at deductibles less than \$100,000. Campus 86 is anticipated to become available beginning FY 2016/17.

Campus Crime Program

The Campus Crime Program insures the University covering all state employees for Employee Fidelity, including faithful performance of duties, theft of monies & securities, counterfeit, fraud, computer crime, and other misappropriation of the University's funds. The coverage is excess of a \$250,000 deductible.

Student Professional Liability Insurance Program (SPLIP)

On August 1, 2006 CSU purchased a systemwide professional liability insurance program to provide coverage for students enrolled in the Nursing, Allied Health or Education internship curricula. This systemwide program is designed to satisfy the requirements of host institutions that students maintain professional liability insurance in order to participate in programs offered under affiliation agreements with the University. The program includes professional and personal liability coverage with broad protection for the students, affiliates and the University. SPLIP provides coverage limits up to \$5 million per occurrence with a \$25 million annual aggregate.

Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP)

On July 1, 2007 CSU purchased the Student Academic Field Experience for Credit Liability Insurance Program (SAFECLIP) to provide coverage for students involved in the University's service learning programs while performing service or volunteer work for academic credit. SAFECLIP similarly covers CSU students in Radio, Television or Film academic programs. This systemwide program is designed to satisfy the requirements of host institutions that students maintain liability insurance in order to participate in programs offered under affiliation agreements with the University. The program includes professional and personal liability coverage with broad protection for the students, affiliates and the University. SAFECLIP provides coverage limits up to \$25million per occurrence with a \$25 million annual aggregate.

AORMA PROGRAMS

The CSU Auxiliary Organizations coverage programs operate within CSURMA as the Auxiliary Organizations Risk Management Alliance (AORMA). Alliant works with a dedicated Committee composed of executive officials who are elected from among AORMA members. Participation in the program is voluntary. AORMA coverage programs include:

AORMA Liability Program

The AORMA Liability Program was established on July 1, 2002 to provide liability insurance coverage for participating Auxiliary Organizations. The Liability coverage includes General Liability, Automobile Liability, Directors’ & Officers’ Liability, Employment Practices Liability, Professional Liability, and Fiduciary Liability. The AORMA Liability Fund is self-insured for the first \$5,000,000 of each occurrence. AORMA purchased reinsurance in the amount of \$4,500,000 excess of \$500,000. Therefore, AORMA’s self-insured layer retains only \$500,000 of each occurrence. Additional coverage excess of the \$5,000,000 limit is provided by AORMA’s participation in the Campus Liability excess insurance placements.

AORMA Workers’ Compensation Coverage Program

The AORMA Workers’ Compensation Program is self-insured for the first \$500,000 of each occurrence. Excess insurance is purchased from a commercial insurer to provide statutory limits excess of the \$500,000 self-insured limit for Workers’ Compensation, and to \$5,000,000 per occurrence for Employers’ Liability.

Beginning January 1, 2015, CSURMA entered into an agreement with CSAC Excess Insurance Authority (EIA), the risk pool for California counties and other California public entities, to finance the university’s Workers’ Compensation claims covered by the Campus Workers’ Compensation risk pool and AORMA Workers’ Compensation risk pool. This financing strategy enables CSURMA to fund its workers’ compensation claims at a cost less than the actuary’s minimum funding recommendation while preserving CSURMA’s funding policy and financial integrity. The agreement with EIA covers industrial injuries occurring from January 1, 2015 to June 30, 2018.

AORMA Property Program

The AORMA Property Coverage Program has a shared risk layer of \$100,000 per occurrence with an aggregate stop loss limit of \$250,000. Members deductibles are \$5,000 for business personal property and business interruption / loss of rents. The member deductible for real property is based on the Total Insurance Value (TIV) of the building as shown below:

TIV \$10,000,000 or less	\$5,000
TIV between \$10,000,001 and \$25,000,000.....	\$10,000
TIV between \$25,000,001 and \$50,000,000.....	\$25,000
TIV \$50,000,001 or more	\$50,000

If the claims paid out of the “stop-loss” layer exceed the limit agreed upon by AORMA and the insurer, the insurer then pays all claims in excess of the members’ selected deductibles. All members in the Liability Program automatically participate in the AORMA Property Program.

AORMA Crime Program

The AORMA Crime Program has a shared risk layer of \$25,000 per occurrence with an aggregate stop loss limit of \$100,000. All members have a deductible of \$5,000. If the claims paid out of the “stop-loss” layer exceed the limit agreed upon by AORMA and the insurer, the insurer then pays all claims in excess of the members’ selected deductibles. All members in the Liability Program automatically participate in the AORMA Crime Program.

AORMA Unemployment Insurance Program (UIP)

The AORMA Unemployment Insurance Program was established July 1, 2011 and is the successor to the Auxiliary Organization Unemployment Insurance Trust (AOUIT). The AORMA UIP was established to provide a funding mechanism for the mandatory unemployment benefits program. The UIP is entirely self-insured and costs are allocated to the UIP members based on the members’ actual claims over a five year period.

CAMPUS and AORMA PROGRAMS

Builder’s Risk Insurance Program (BRIP)

CSURMA implemented the Builder’s Risk Insurance Program (BRIP) beginning July 1, 2005. BRIP covers direct physical loss to the University’s and/or the Auxiliary Organizations’ construction projects in the course of construction. All Major Capital Improvement Projects are to be insured by the BRIP in place of the contractor’s insurance. The program is managed by Alliant and the University’s Capital Planning Design & Construction (CPDC) department at the Chancellor’s Office. This program includes coverage for Earthquake damage that is self-funded by the University.

Owner-Controlled Insurance Program (OCIP)

The Owner-Controlled Insurance Program (OCIP) was implemented in January 2012 to cover major building projects of the University and Auxiliary Organizations with initial total construction cost of \$10,000,000 and more. Realizing the cost savings and effective administration of CSURMA’s Builder’s Risk Insurance Program (BRIP), the Office of the Chancellor Capital Planning Design & Construction (CPDC) expanded BRIP to include General/Completed Operations Liability and Workers’ Compensation coverage for all contractors doing work on CSU building projects.

Club Sports Insurance Program

The Club Sports Insurance Program was launched on August 1, 2012. The program is designed to cover CSU students for medical expense due to accidental injuries while participating in the University’s or Auxiliary Organization’s club sports programs that are officially recognized by the University as a student organization. Beginning August 1, 2013, the program was expanded to include Intramural and Recreational sports. The program maintains a risk pool for primary accidental medical expense up to a \$30,000 limit per accident, subject to a \$100 deductible. The deductible operates to preclude “first aid” claims, and to promote safe play. Catastrophe accident medical expense coverage is provided by commercial insurance to \$5,000,000 lifetime benefit. Additionally, the program purchases primary General Liability insurance with a \$1,000,000 limit; no deductible.

Unmanned Aerial Systems (UAS, UAV, Drones)

CSURMA's Liability coverage programs have been enhanced to include coverage for the ownership and operation of small unmanned aerial systems (UAS) and unmanned aerial vehicles (UAVs) – commonly known as “drones”. Coverage is limited to drones up to 100lbs maximum take-off weight (MTOW) including fuel and all on-board equipment. The FAA requires all operators to possess a valid Certificate of Authorization (COA) to operate drones. Coverage can also be purchased to insure the hull; i.e., physical damage or loss to the drone itself.

Rocketry Liability

CSURMA purchases a special Aviation Liability insurance policy to facilitate coverage for the university's liability arising from rocketry activities. Coverage is limited to \$5 million, and there are no excess coverage limits. Rocket launches must be pre-approved by the insurer, and must be at approved sites; i.e., registered launch sites in the Mojave Desert. Please call your Program Administrator for further information and premium quote.

MISCELLANEOUS PROGRAMS

Difference in Conditions Insurance Program (Earthquake)

Difference in Conditions (DIC) coverage for Earthquake losses is not provided as part of CSURMA's blanket coverage through APIP. DIC coverage can be purchased on a stand-alone basis for any member wishing to secure this coverage.

Participant Accident Insurance Program (PAI)

Participant Accident insurance provides coverage for a broad range of non-employer groups. Its primary benefit—accident medical insurance—is designed to provide insurance protection for participants of a group or organization while they are engaged in the group's sponsored activities. The plan is sold as blanket coverage, purchased by a group for all of its participants.

Student Travel Accident Insurance

Beginning in 1994, CSU purchased the Student Travel Accident policy to provide medical expense coverage for injuries to CSU students (including Extended Education Program students) during travel to or from campus to participate in a school sponsored activity. In 2014 the policy limit increased was to \$35,000 with a \$0 deductible. Additionally, coverage for overnight supervised and sponsored travel was increased from up to 7 days to up to 14 days.

Foreign Travel Insurance Program (FTIP)

This program provides coverage for employees and students while traveling outside the United States. The program provides General Liability, Contingent Auto Liability, Employee Benefits Liability, Employers Responsibility, Employee Voluntary Compensation, Employers Liability, Primary Accident and Sickness, Accidental Death and Dismemberment, and Executive Assistance Services. Beginning July 1, 2014, FTIP added an “Overlay” coverage to supplement the insurance mandated by certain third-party travel program providers under approved agreements with the University. Specifically, the overlay coverage extends FTIP's Liability insurance that is not otherwise provided by certain third-party programs.

Inland Marine Insurance Program

This is a specialized form of insurance to cover physical damage to specific objects such as: computer and other EDP equipment including media and laptops; scientific and laboratory equipment; cameras, audio, industrial lighting; fine arts; valuable collections; specialized mobile equipment; etc. Rates are based on the type of equipment insured.

Public Entity Automobile Physical Damage Program

CSU participates with select public entities in the Public Entity Automobile Physical Damage Program. The program was designed specifically for public agencies including CSU with a limited number of higher valued vehicles. The program was expanded to include other types of vehicle and mobile equipment.

The insurance is an “All Risk” Equipment Floater including earthquake and flood for scheduled equipment on file with the insurer. Claims are adjusted on a replacement cost basis. The deductible varies for each member as selected annually. The plan covers all risks of direct physical loss or damage from any external cause, including salvage charges, except perils excluded.

Non-Owned Aircraft Liability Insurance

As CSU occasionally uses non-owned aircraft for university business, effective July 1, 2011 a special Aviation Liability policy was placed to insure against non-owned aircraft liability. Because of the increased exposure in athletics and in international travel, air travel involving faculty, staff, students, and auxiliary organizations makes this insurance essential, and it is relatively inexpensive. Beginning July 1, 2014, the insurance was expanded to offer Aircraft Liability coverage for unmanned aerial systems (UAS) aka: “drones” operated by the University (see discussion on page 13 for more info).

Special Events Liability Insurance Program

The Special Events Program of Alliant offers public entities premises liability coverage for a broad range of events held by underinsured third parties in public assembly facilities. The program has the added feature of allowing the host institution to insure its own events if circumstances warrant. The three coverage components are:

- *Tenant/User Liability* – Coverage is provided for events held or sponsored by companies, organizations, or individuals that have been permitted to use a campus or auxiliary organization meeting room or other facility. Liability insurance protects the owner and the user of the facility. The campus or auxiliary organization determines the premium for the event based on published rates and provides a certificate of insurance to the user. Events are reported quarterly, and reports, copies of certificates, and a check for the premium for all events held within the quarter are remitted to Alliant.
- *Instructor/Recreation Classes* – This provides coverage for events that are instructional to participants. Also covered are instructors who are not employed by the campus or auxiliary organization but who provide instructional services for a fee. The events are reported quarterly to Alliant, premiums are determined and certificates are issued to the instructor. Participant coverage requires signed waivers and prior approval from the underwriter.

- *Nominee Events* – Coverage is offered for events held or sponsored by a campus or auxiliary organization itself or by any of its departments or divisions. Coverage can be expanded to cover co-sponsors if desired. This is not a self-rated program, and events must be approved and rated by Alliant, who issues the insurance certificates.

Vendors / Contractors Liability Insurance Program

The Vendors/Contractors Program was developed to meet the needs of public entities such as CSU for those situations when the public entity enters into a contract with a contractor/vendor, and the contractor/vendor is unable to provide the insurance required. The program allows the contractor/vendor to purchase General Liability insurance for the work to be performed for the University or Auxiliary Organization at a significantly reduced cost.

MILESTONES – A Proud History of Accomplishments

Alliant is proud of its history of developing and implementing meaningful and cost effective coverage programs for CSU since the establishment of the Campus Risks Pool in 1995 and its successor joint powers authority, CSURMA, in 1997. Many of the coverage programs for the University, and including the formation of the Auxiliary Group Purchase Insurance Program (AGPIP) for auxiliary organization members, which evolved into Auxiliary Organizations Risk Management Alliance (AORMA), remain viable today and continue to provide highly-valued, cost-effective, state-of-the-art protection for all its member participants.

These accomplishments for CSU campuses and auxiliary organizations can be considered “Milestones” for CSURMA. From the establishment of the risk pools, formation of the joint powers authority, creation of additional coverage, development of loss-sensitive yet equitable rating plans, commissioning independent professional actuarial reviews, setting budget goals to ensure adequate funding, measuring rating adequacy, and recommending dividends to members, to the more recent challenges addressing sound program management that is expected of a public joint powers insurance authority and the administrative expectations of CSU’s Internal Auditors to ensure fiscal responsibility, Alliant has welcomed and embraced these essential tasks and responsibilities for the betterment of all CSURMA members.

The Milestones are highlighted in a chart on pages 19, 20, and 21.

2015/2016 – A Year of Challenges and Performances

There have been many challenges during the past fiscal period, which the dedicated members of Alliant have risen to meet and resolve for CSURMA. The major challenges of the year and how Alliant responded for the Campuses and Auxiliary Organizations are highlighted below.

Campus Programs:

1. Expanded the Club Sports Insurance Program to insure Intramural and Recreational Sports.
2. Conducted monthly meetings of the Campus Workers’ Compensation Coordinators.
3. Calculated premium deposits and funding recommendations for all Campus programs.

4. Coordinated and managed new construction and major renovation projects with Capital Planning Design & Construction (CPDC), and reconciling project premiums with the insurer.
5. Managed application forms for Risk Reduction Incentive Grants for Health & Wellness and Loss Control & Safety.
6. Prepared Educational Memos for Workers' Compensation Coordinators.
7. In-person campus visits.
8. Workers' Compensation Claims Settlement Authorization Requests (SAR) review and discussions – ongoing.
9. Investigation Vendor Panel and Oversight Program – annual review.
10. Workers' Compensation Claims Coding Task Group.
11. Industrial Injury Prevention Program (IIPP) Task Group.
12. Drafted memo regarding First Aid claims for the Student Health Centers.
13. Launched Theater Safety Assessment & Loss Prevention Program
14. Launched Unmanned Aerial Systems (aka: Drones) Coverage Program
15. Developed and implemented Foreign Travel Supplemental Insurance Plan in response to third-party travel providers who mandate purchase of their own insurance.
16. Convened and managed Rating Plans Task Group for Campus Risk Pools
17. Convened and managed Rating Plans Task Group for Student Insurance Programs
18. Calculated and presented Deductible Options for Campus Liability Program.
19. Calculated Risk Pools Funding Status and Potential Dividends
20. Assisted Accounting staff in preparation for the annual independent financial audit.
21. Assisted Sport Clubs Committee in redraft of the Sport Club Administration Guidelines.
22. Presented with Humboldt State (Dr. Justus Ortega, Beth Larson) and Chancellor's Office (Zachary Gifford) issues involving Concussive Injuries exposures in athletics, etc.
23. Presented synopsis of the Affordable Care Act ("Obamacare") to CCAA Athletic Trainers.
24. Assisted in finalizing the term of the contract for Prevention of Sexual Abuse of Minors with Praesidium

AORMA Programs:

1. Reviewed Policy and Procedure C-1 – Crime Program Member Allocation Formula, Policy and Procedure P-1 –Property Program Member Allocation Formula, and Policy and Procedure W-1 – Workers' Compensation Program Member Allocation Formula and recommended changes for the AORMA Committee's approval
2. Calculated premium deposits and funding recommendations for all AORMA programs
3. Prepared and presented the Target Surplus Funding Report and Dividend Calculation for the AORMA Committee's review and approval
4. Assisted the AORMA Committee in reviewing the merits of merging the Member Service, Loss Control and Training Committee into the Programs Committee
5. Began working on the "What's the Risk" CSURMA newsletter
6. Assisted CSURMA AORMA and Sedgwick on transitioning the AORMA Workers' Compensation member from iVOS to Juris claims reporting system
7. Published the Coverage Document Brochures and posted them on the CSURMA website
8. Calculated the Employment Practices Liability member deductibles

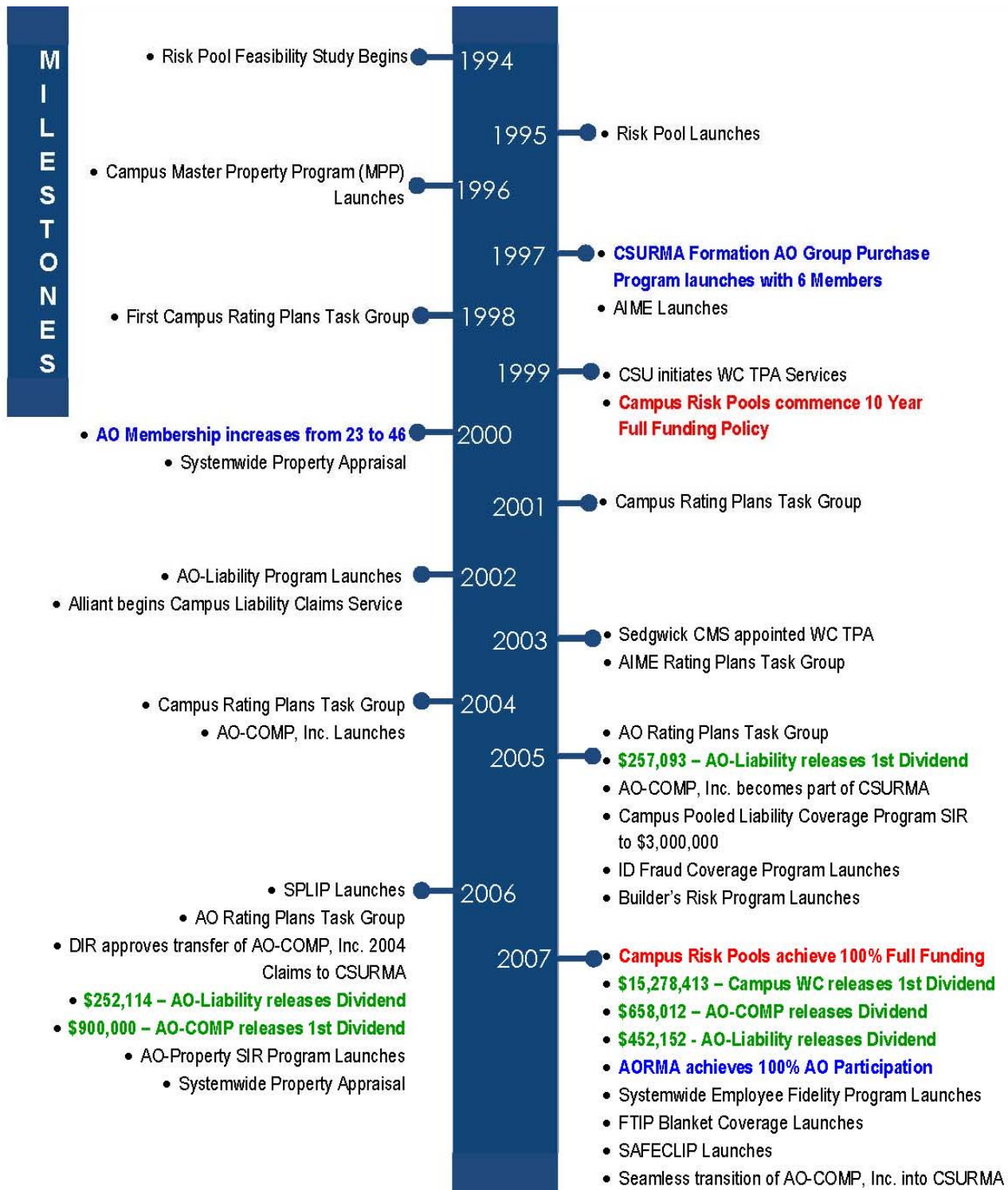
9. Reviewed the Workers' Compensation Program volunteer losses and provided a recommendation with regard to the rating formula
10. Performed the Workers' Compensation Program desk payroll audit
11. Assisted the AORMA Committee in changing Policy and Procedures A-1 – Composition, Elections and Term Limits and Policy and Procedure A-1 – Committee Roles and Responsibilities to extend the term of office for the officers
12. Worked with the AORMA Committee and Alliant Appraisal Services to begin the process of appraising each Member's real property
13. Reviewed and recommended changes to Policy and Procedure L-2 – Liability Claims Administration and Litigation Management - in order to include a procedure for potential liability apportionment between the auxiliary organization and campus or two auxiliary organizations
14. Assisted in the negotiation of the renewal of the Carl Warren & Company third party liability claims administration contract
15. Completed the Watercraft Tracking Program
16. Reviewed and reported on the integration of auxiliary organization into the campus continuity of operations and emergency operations plan
17. Reviewed and recommended changes to seventeen AORMA Policies and Procedures
18. Added Fine Arts, Archives and Artifacts coverage to all AORMA members
19. Increased the Cyber Liability coverage limits for all AORMA members

JPA Administration:

1. Redesigned the CSURMA Website to include a “contacts” function that can be used via a smart phone
2. Redesigned to CSURMA Website to allow a Member to assign his/her own password
3. Conducted an “Orientation to CSURMA” for all members via webinar.
4. Drafted and managed the distribution of meeting agendas, and participated in meetings for the Board of Directors, Executive Committee, AORMA Committee, AIME Committee, and several subcommittees and task groups.
5. Prepared the updated version of the Service Calendar
6. Requested and updated the Campus Presidents' appointments to the CSURMA Board of Directors
7. Requested and updated the Campus Presidents' Claims Settlement Authority for both the Campus Liability and Workers' Compensation Risk Pools
8. Requested and updated the Campus Presidents' delegation of approval for travel to high hazard countries

The accomplishments described above highlight Alliant's role in supporting CSURMA's achievements during the year. These would not have been possible without the commitment and professionalism of the Alliant team members working with CSU's Systemwide Office of Risk Management and with the Campuses' and Auxiliary Organizations' leadership.

CSURMA Milestones



- Identity Fraud Expense Reimbursement Coverage for AORMA Member Employees added
 - **\$9,867,829 – Campus WC releases Dividend**
 - Cyber Liability Program Launches
 - **\$1,217,462 – AO-COMP releases Dividend**
 - AORMA WC Code consolidation project
- Campus WC On Time reporting: 90%
 - Replacement of SELF XS liability program
 - **CSURMA and AORMA logos developed**
 - **\$2,242,800 – dividends for AORMA members liability and workers comp program**
 - **\$16,599,342 – Campus WC releases Dividend**
 - **\$415,861 – Campus AIME releases Dividend**
- Campus WC On Time reporting: 93%
 - Self-insured layer to campus property program added (savings of over \$3 million per year)
 - Change Management training for all campuses
 - **Completed digitization of CSURMA records**
 - **\$9,173,264 – Campus WC releases Dividend**
 - **\$1,199,767 – Dividends for AORMA members**
- CSU International Programs launches (CSUIP)
 - Owner Controlled Insurance Program (OCIP) launches
 - Published new facilities use agreement template for auxiliary organizations
 - Completed regional trainings for IRIC manual
 - Club Sports Insurance Program (CSIP) launched
 - **AIME achieves 100% campus participation**
 - **\$7,504,717 – Campus WC releases Dividend -**
 - **\$2,219,190 – Dividends for AORMA members**
- CSU Doctor's Medical Practice Program launches
 - **csurma.org website re-launched**
 - **\$1,702,157 – Dividends for AORMA members**
 - Campus Liability Claims Audit
 - AIME Claims Audit
 - AORMA Liability Claims Audit
 - CSIP adds Intramural/Recreational Sports
 - **\$7,097,512 – Campus Risk Pool releases Dividend**



- Campus WC On Time reporting: 96%
- Enhancements to CSURMA Foreign Travel Prgm
- Enhancements to Catastrophic AIME coverage
- Fiduciary Liability coverage added to Liability program
- AORMA added Human Resources support counseling
- Systemwide Property Appraisal
- AORMA Bulletins launches
- AORMA Toolkit (updated)
- CSU IRIC Manual (updated)
- **Launched AORMA UIP freeing up over \$10 million dividend to members**
- AORMA Risk Reduction Incentive Plan implemented
- **External comparative review of CSURMA Administration shows programs in good position to CAJPA standards**
- **\$14,038,323 – Campus WC releases Dividend -**
- **\$5,470,192 – Campus Liability releases Dividend**
- **\$1,490,744 – Dividends for AORMA members**
- Theater Safety Risk Management Roll out
- **\$8,677,518 – Campus Risk Pool releases Dividend**
- Campus Liability includes coverage for unmanned aerial system ("Drones")
- Campus Member offered new deductibles for Liability
- Rating Plans Task Group for Campus Risk Pools
- Rating Plans Task Group for Student Insurance Programs
- Campus Property Program restructured as Reinsurance
- Coverage for Unmanned Aerial Vehicles added
- Addition of auto physical damage coverage for rented RVs and Limousines
- **\$1,823,733 – Dividends for AORMA members**
- CSU IRIC Manual (updated)
- Shoes for Crews Program launched
- **\$8,677,518 – Campus Risk Pool releases Dividends**

- External operational review of CSURMA Administration shows program in good position to CAJPA standards
- AORMA finalizes revisions to the member allocation formulas
 - CSURMA Website is redesigned
 - AORMA adds coverage for drones
- CSURMA joins CWCI for workers' compensation benchmarking
- The club sports programs is expanded to include intramural and recreational sports
- Risk Management Innovation Grants are awarded
 - Coverage for Rocketry exposure added
- Launched Online Services & Training for Prevention of Sexual Abuse of Minors
 - Launched Agility Recovery Property Loss Program
- Campus and AORMA workers' compensation programs are reinsured by CSAC EIA
- **\$8,500,359 – Dividends for Campus WC and Liability Programs**
 - **\$300,000 – Dividend for AORMA WC Program**

2015

2016

- Operation "Double Play" – Successful implementation of WC Claims Closure Initiative to reduce claims volume and outstanding liabilities of long term case files.
- Form 700 – Implemented e-filing of the state required Conflict of Interest Disclosure statements.
- Property Appraisals – Comprehensive on-site building appraisals for insurance valuation purposes conducted for all campuses.
- CSU-CCC-UC – participated in collaborative business conferences at UC Riverside (2015) and CSU Sacramento (2016).
- Campus Rating Plans Task Group – Completed review and updated rating formulae for campus risk pools.
- **\$13,688,395 – Dividends for Campus Liability and Campus WC coverage programs.**
- AORMA Formation of the Fine Arts, Archives and Artifacts Program
- **\$1,712,755 – Dividends for AORMA WC and Liability Programs**

LOOKING AHEAD - Opportunities for Improvement

In serving such a vibrant and growing program, Alliant recognizes there are opportunities for improvement in its performance. As a result of our internal review and planning process, we have identified the following priority opportunities for improvement which are contained in the 2015/16 CSURMA Long Range Action Plans:

Campus Programs Long Range Action Plan

- LRP-1: Master Out-Of-State On-Line Education Surety Bond
- LRP-2: Special Events Resource Guide
- LRP-3: Benchmarking and Trend Analysis
- LRP-4: Insurance Policy Database
- LRP-5: Captive Insurer
- LRP-6: Loan Policy and Investment Options
- LRP-7: On-Campus Visits with Vice Presidents
- LRP-8: CSURMA Communications and Outreach Plan
- LRP-9: Master Enabling Agreement for Transportation

AORMA Programs Long Range Action Plan

- LRP-1: Promotion of the Risk Reduction Innovation Matching Grant Incentive Program
- LRP-2: Monthly AORMA Update Newsletter
- LRP-3: Workers' Compensation Claims Closure Initiative
- LRP-4: Modification of the Campus Visit Member Presentation
- LRP-5: Updates to the CSURMA Website
- LRP-6: Cyber Risk Control Services – Informational Bulletin
- LRP-7: Benchmarking Initiative
- LRP-8: Evaluation of Campus Threat Assessment

LRP-9: Watercraft Program / Insurance Tracking Program

LRP-10: Creation of Executive Overview CSURMA AORMA Presentation

LRP-11: Smart Phone Application for CSURMA AORMA Contact Information

Alliant expects there to be other opportunities for improving our performance, and we encourage CSURMA members to assist us by bringing performance improvement items to our attention. The service team regards working with the CSURMA as an exciting opportunity with our professional promise to provide the highest level of services. We are committed to improving our effectiveness and value to all members. We appreciate your support and encouragement as we move forward.

CALENDARS

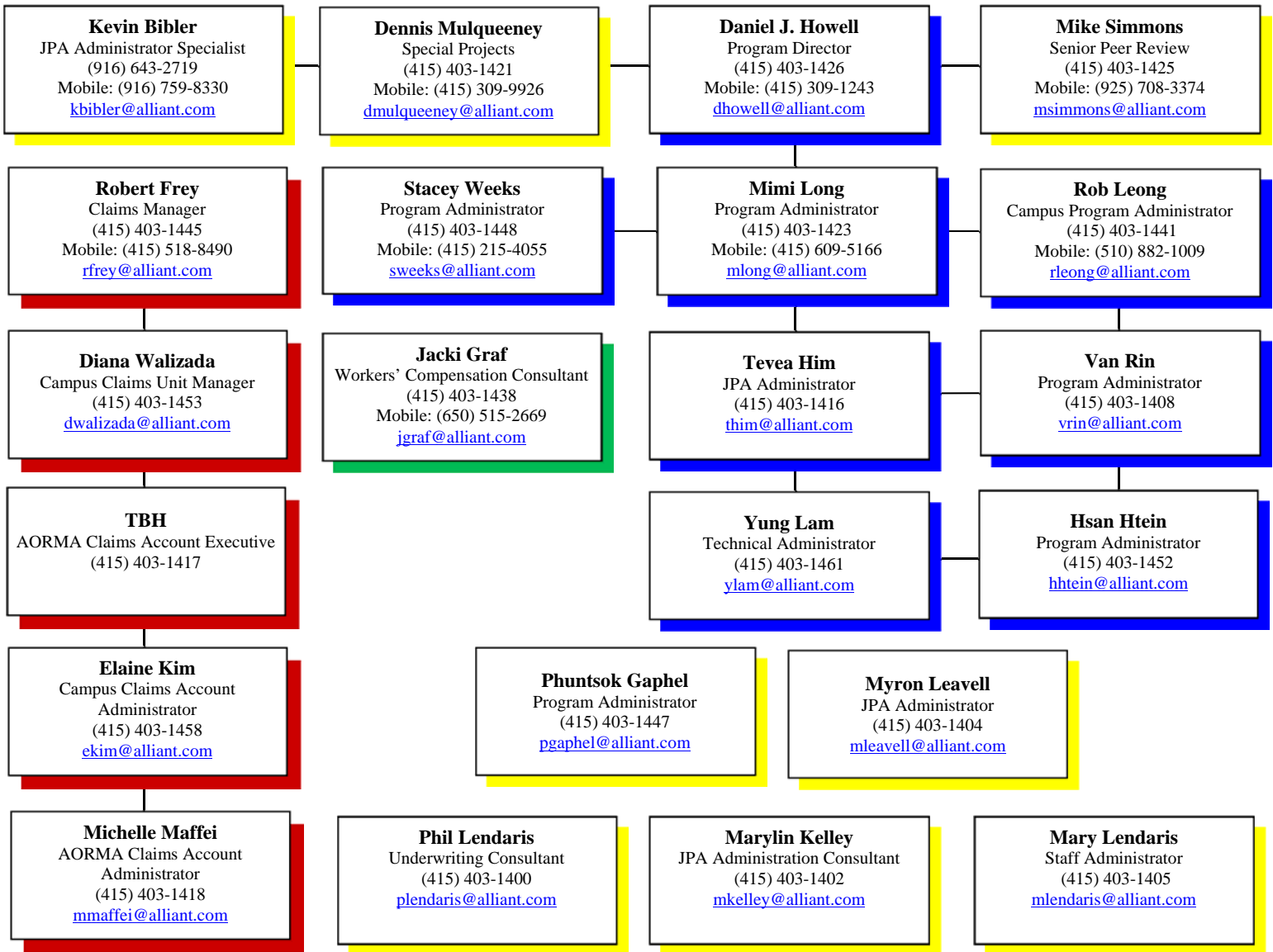
Meeting Calendar





An organization as complex as CSURMA requires regular meetings of its Board of Directors, the Executive Committee, AORMA Committee, AIME Committee, and a number of subcommittees and task groups who are focused on specific tasks and responsibilities. These meetings are important to ensure member needs are met, to communicate program development, and to provide reports to all members regarding status of the program's objectives. As a governmental entity, CSURMA's Campus programs and AORMA programs ascribe to the Bagley-Keane Open Meeting Law. A copy of the Meeting Calendars for 2016 and 2017 are included as Appendix B.

SUMMARY

We are excited to have the opportunity to work with dynamic, creative and forward thinking leaders who are willing to invest energy and resources that is essential for program success. We are extremely proud to be associated with CSU and its Auxiliary Organizations. We are committed to meet the current and future needs of CSURMA.

Appendix A – Alliant Team Organization Chart for CSURMA as of July 1, 2015



	CSURMA Core Service Team
	Claims Consulting
	Workers' Comp / Risk Analysis
	Special Projects / Peer review



Appendix B – CSURMA Meeting Calendar

2016 CSURMA MEETING CALENDAR

JANUARY, 2016	FEBRUARY, 2016	MARCH, 2016
9 EC: Sacramento: 3:00 p.m. 10-13 AOA Conference: Sacramento 11 AIME: San Jose		10 AORMA: San Francisco: 10:00 a.m. 10 EC: San Francisco: 2:30 p.m. 11 EC LRP: San Francisco: 8:00 a.m.
APRIL, 2016	MAY, 2016	JUNE, 2016
	2 AIME: Northridge: 10:30 a.m. 5 AORMA: Long Beach; 10:00 a.m. 5 BOD Orientation: 2:00 p.m. 6 EC: Long Beach: 9:00 a.m. 6 BOD: Long Beach: 10:30 a.m.	
AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

Appendix B – CSURMA Meeting Calendar (cont'd)

2016 CSURMA MEETING CALENDAR

JULY, 2016		AUGUST, 2016		SEPTEMBER, 2016	
19-20 AORMA Officers Retreat, 11:00 a.m.				7	AORMA New Member Orientation:
				7	AORMA LRP: Sacramento: 10:00 a.m.
				8	AORMA: Sacramento: 9:00 a.m.
				22	EC Orientation: Newport Beach: 4:00 pm
				23	EC: Newport Beach: 8:30 a.m.
OCTOBER, 2016		NOVEMBER, 2016		DECEMBER, 2016	
17	AIME: San Jose	TBD	BOD Orientation: Teleconference: 2:00 p.m.	1	AORMA: Long Beach: 10:00 a.m.
20	AORMA: Long Beach: 10:00 a.m.	2	EC: TBD - FTPT Conference: 1:30 p.m	2	EC: Long Beach: 8:30 a.m.
		2	BOD: TBD - FTPT Conference: 4:00 p.m		
AORMA = Auxiliary Organizations Risk Management Alliance Committee		PC = AORMA Programs Committee		EC = CSURMA Executive Committee	
AOUIT = Auxiliary Organizations Unemployment Insurance Trust		AORMA LRP = AORMA Long Range Planning Meeting		EC LRP = EC Long Range Planning Meeting	
MSLCTC = AORMA Member Services, Loss Control & Training Committee		AOA = CSU Auxiliary Organizations Association		BOD = CSURMA Board of Directors	

Appendix B – CSURMA Meeting Calendar (cont'd)

2017 CSURMA • AORMA MEETING CALENDAR

JANUARY, 2017	FEBRUARY, 2017	MARCH, 2017
2 EC: San Diego: 3:00 p.m. 8-11 AOA Conference: San Diego TBD AIME: TBD: 10:30 a.m.		9 AORMA: TBD: 10:00 a.m. 9 EC: TBD: 2:00 p.m. 10 EC LRP: TBD: 8:30 a.m.
APRIL, 2017	MAY, 2017	JUNE, 2017
	TBD AIME: TBD: 10:30 a.m. 4 AORMA: Long Beach; 10:00 a.m. 4 BOD Orientation: 2:00 p.m. 5 EC: Long Beach: 8:30 a.m. 5 BOD: Long Beach: 10:30 a.m.	
AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

Appendix B – CSURMA Meeting Calendar (cont'd)

2017 CSURMA • AORMA MEETING CALENDAR

JULY, 2017	AUGUST, 2017	SEPTEMBER, 2017
TBD AORMA Officers Retreat, 11:00 a.m.		6 AORMA New Member Orientation: 6 AORMA LRP: TBD: 10:00 a.m. 7 AORMA: TBD: 9:00 a.m. 7 EC Orientation: TBD: 4:00 pm 8 EC: TBD: 8:30 a.m.
OCTOBER, 2017	NOVEMBER, 2017	DECEMBER, 2017
TBD AIME: TBD: 10:30 a.m. 19 AORMA: Long Beach: 10:00 a.m. 19 BOD Orientation: 2:00 p.m. 20 EC: Long Beach: 8:30 a.m. 20 BOD: Long Beach: 10:30 a.m.		7 AORMA: Long Beach: 10:00 a.m. 8 EC: Long Beach: 8:30 a.m.
AORMA = Auxiliary Organizations Risk Management Alliance Committee	PC = AORMA Programs Committee	EC = CSURMA Executive Committee
AOUIT = Auxiliary Organizations Unemployment Insurance Trust	AORMA LRP = AORMA Long Range Planning Meeting	EC LRP = EC Long Range Planning Meeting
MSLCTC = AORMA Member Services, Loss Control & Training Committee	AOA = CSU Auxiliary Organizations Association	BOD = CSURMA Board of Directors

Appendix C – CSU and AORMA Member Listing

#	Location	Campus
1	Bakersfield	California State University, Bakersfield
2	Chancellor's Office	California State University, Chancellor's Office
3	Channel Islands	California State University, Channel Islands
4	Chico	California State University, Chico
5	Dominguez Hills	California State University, Dominguez Hills
6	East Bay	California State University, East Bay
7	Fresno	California State University, Fresno
8	Fullerton	California State University, Fullerton
9	Humboldt	Humboldt State University
10	Long Beach	California State University, Long Beach
11	Los Angeles	California State University, Los Angeles
12	Maritime Academy	California Maritime Academy
13	Monterey Bay	California State University, Monterey Bay
14	Northridge	California State University, Northridge
15	Pomona	California State Polytechnic University, Pomona
16	Sacramento	California State University, Sacramento
17	San Bernardino	California State University, San Bernardino
18	San Diego	San Diego State University
19	San Francisco	San Francisco State University
20	San Jose	San Jose State University
21	San Luis Obispo	California Polytechnic State University, San Luis Obispo
22	San Marcos	California State University, San Marcos
23	Sonoma	Sonoma State University
24	Stanislaus	California State University, Stanislaus

#	Campus	Auxiliary Organization
1	Bakersfield	Associated Students, California State University, Bakersfield, Inc.
2	Bakersfield	California State University, Bakersfield Auxiliary for Sponsored Programs and Administration
3	Bakersfield	California State University, Bakersfield Foundation
4	Bakersfield	California State University, Bakersfield Student Union, Inc.
5	Chancellor's Office	California State University Foundation
6	Chancellor's Office	California State University Institute
7	Channel Islands	Associated Students of California State University, Channel Islands, Inc.
8	Channel Islands	California State University Channel Islands Foundation
9	Channel Islands	CI University Auxiliary Services, Inc.
10	Chico	Associated Students of California State University, Chico
11	Chico	The CSU, Chico Research Foundation
12	Chico	The University Foundation, California State University, Chico
13	Dominguez Hills	Associated Students, California State University, Dominguez Hills
14	Dominguez Hills	California State University, Dominguez Hills Foundation
15	Dominguez Hills	Donald P. and Katherine B. Loker University Student Union, Incorporated
16	Dominguez Hills	California State University, Dominguez Hills Philanthropic Foundation
17	East Bay	Associated Students, California State University, East Bay
18	East Bay	Cal State East Bay Educational Foundation
19	East Bay	California State University, East Bay Foundation, Inc.
20	Fresno	Associated Students, Inc. of California State University, Fresno
21	Fresno	California State University, Fresno Association, Inc.
22	Fresno	California State University, Fresno Foundation
23	Fresno	Fresno State Programs for Children, Inc.
24	Fresno	The Agricultural Foundation of California State University, Fresno
25	Fresno	The California State University, Fresno Athletic Corporation
26	Fullerton	Associated Students, California State University, Fullerton, Inc.
27	Fullerton	Cal State Fullerton Philanthropic Foundation
28	Fullerton	CSU Fullerton Auxiliary Services Corporation
29	Humboldt	Associated Students, Humboldt State University
30	Humboldt	Humboldt State University Advancement Foundation
31	Humboldt	Humboldt State University Center Board of Directors
32	Humboldt	Humboldt State University Sponsored Programs Foundation

#	Campus	Auxiliary Organization
33	Long Beach	Associated Students, California State University, Long Beach
34	Long Beach	California State University, Long Beach Research Foundation
35	Long Beach	CSULB 49er Foundation
36	Long Beach	Forty-Niner Shops, Inc., CSU Long Beach
37	Los Angeles	Associated Students, California State University, Los Angeles, Inc.
38	Los Angeles	Cal State L.A. University Auxiliary Services, Inc.
39	Los Angeles	California State University, Los Angeles Foundation
40	Los Angeles	University-Student Union Board, California State University, Los Angeles
41	Maritime Academy	California Maritime Academy Foundation, Inc.
42	Maritime Academy	The Associated Students of the California Maritime Academy
43	Monterey Bay	Foundation of California State University, Monterey Bay
44	Monterey Bay	The University Corporation at Monterey Bay
45	Northridge	Associated Students, California State University, Northridge, Inc.
46	Northridge	California State University, Northridge Foundation
47	Northridge	North Campus University Park Development Corporation
48	Northridge	The University Corporation, CSU Northridge
49	Northridge	University Student Union of California State University, Northridge
50	Pomona	Associated Students Inc., California State Polytechnic University, Pomona
51	Pomona	The Cal Poly Pomona Foundation, Inc.
52	Sacramento	Associated Students of California State University, Sacramento
53	Sacramento	Capital Public Radio, Inc., CSU Sacramento
54	Sacramento	The University Foundation at Sacramento State
55	Sacramento	University Enterprises, Inc., CSU Sacramento
56	Sacramento	University Union Operation of CSUS, Inc.
57	San Bernardino	Associated Students Inc., California State University, San Bernardino
58	San Bernardino	CSUSB Philanthropic Foundation
59	San Bernardino	Santos Manuel Student Union of California State University, San Bernardino
60	San Bernardino	University Enterprises Corporation at CSUSB
61	San Diego	Associated Students, San Diego State University
62	San Diego	Aztec Shops, Ltd., San Diego State University
63	San Diego	San Diego State University Research Foundation
64	San Diego	The Campanile Foundation
65	San Francisco	Associated Students, Inc., San Francisco State University

#	Campus	Auxiliary Organization
66	San Francisco	San Francisco State University Foundation
67	San Francisco	The University Corporation, San Francisco State
68	San Jose	Associated Student, San Jose State University
69	San Jose	San Jose State University Research Foundation
70	San Jose	Spartan Shops, Inc., San Jose State University
71	San Jose	The Student Union of San Jose State University
72	San Jose	The Tower Foundation, San Jose State University
73	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo
74	San Luis Obispo	Cal Poly Corporation
75	San Luis Obispo	California Polytechnic State University Foundation
76	San Marcos	California State University San Marcos Foundation
77	San Marcos	San Marcos University Corporation
78	San Marcos	The Associated Students of California State University, San Marcos
79	San Marcos	University Auxiliary and Research Services Corporation
80	Sonoma	Associated Students of Sonoma State University
81	Sonoma	Sonoma State Enterprises, Inc.
82	Sonoma	Sonoma State University Academic Foundation, Inc.
83	Stanislaus	Associated Students, Inc., California State University, Stanislaus
84	Stanislaus	California State University, Stanislaus Auxiliary and Business Services
85	Stanislaus	California State University, Stanislaus Foundation
86	Stanislaus	University Student Union of California State University, Stanislaus
	N/A	Auxiliary Organization Associations
	N/A	Auxiliaries Multiple Employer VEBA

CSURMA ADMINISTRATIVE SERVICE CALENDAR

ISSUE: This item is provided as an information item to advise the Board of Directors of the various recurring administrative activities and when they take place over the course of the year. It includes items noting when they appear before the Executive Committee and Board of Directors. It is to be provided for information with each agenda packet.

RECOMMENDATION: It is recommended that the Board of Directors review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.

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

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Administrative Services Calendar

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
JANUARY 2016				
01/02/16	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	Completed
01/06/16	Statement of Facts – Roster of Public Agencies - file with Secretary of State	Alliant Staff	Tevea Him	Completed
01/07/16	Announce the new AORMA Committee Vice Chair as well as open seats on the AORMA Committee	Nominations Committee	Mimi Long	Completed
<i>01/10/16</i>	<i>CSURMA AOA CONFERENCE</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>01/10/16</i>	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
<i>01/11/16</i>	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	<i>Completed</i>
01/15/16	FORM 700 - JPA ADMIN sends Form 700 to CSURMA FILERS, including EC, BOD, AORMA, Standing Committees, and designated consultants, including identified Alliant personnel	Alliant Staff	Tevea Him	Completed
01/31/16	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	Completed
01/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
FEBRUARY 2016				
02/01/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
02/01/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31	Alliant Staff	Tevea Him	Completed
02/01/16	UIP - Send EDD Claims Information to Individual Members	Alliant Staff	Tevea Him	Completed
02/01/16	Campus Liability Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/01/16	Campus Workers' Compensation Risk Pool claims audit (every odd year)	Alliant Staff	Jacki Graf	---
02/01/16	AORMA Workers' Compensation program claims administration audit (every even year)	Alliant Staff	Jacki Graf	Completed
02/01/16	AIME Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/01/16	AORMA Liability Program claims audit (every odd year)	Alliant Staff	Mimi Long	---
02/15/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
<i>02/25/16</i>	<i>AORMA Program Committee Meeting (Teleconference)</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
MARCH 2016				
03/01/16	Annual Review of (1) Data Security Policies and (2) the Integrated CSU Administration Manual	Alliant Staff	Mimi Long	Completed
03/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
03/01/16	Approval by EC Resolution allowing Treasurer to invest or reinvest funds (annual approval required - see Res 01-15 BOD)	BOD and Alliant Staff	Tevea Him	Completed
03/01/16	Approval of Conflict of Interest Code by BOD every even-number year - File with FPPC as required.	BOD and Alliant Staff	Tevea Him	Completed
03/01/16	Chancellor's Office Services Budget Proposals	Alliant Staff	Mimi Long	Completed
03/01/16	CSURMA Budget	Alliant Staff	Robert Leong	Completed
03/01/16	CSURMA Master Investment Policy and Investment Policy for the Fixed Income Portfolio	Alliant Staff	Mimi Long	Completed
03/01/16	CSURMA Mid-Term Budget Amendments	Alliant Staff	Robert Leong	Completed
03/01/16	FORM 700 - Follow up No. 3 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
03/01/16	Review the Auxiliary Service Provider Report	Alliant Staff	Mimi Long	Completed
03/01/16	Appointment of the Campus Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
03/01/16	Appointment of the Student Insurance Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
03/10/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
03/10/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
03/11/16	CSURMA EC LRP Meeting	Alliant Staff	Mimi Long	Completed
03/15/16	FORM 700 - Follow up - JPA ADMIN follows up with FILER, prepares status report for CSURMA EC review at Long Range Planning meeting	Alliant Staff	Tevea Him	Completed
03/15/16	Quarterly Risk Management Report	Alliant Staff	Mimi Long	Completed
03/19/16	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	Completed
03/20/16	Forward slate of nominees to fill the open seats on the AORMA Committee	Alliant Staff	Mimi Long	Completed
03/31/16	Approval by BOD Resolution allowing Treasurer to invest or reinvest funds (annual approval required - see Res 01-15 BOD)	BOD and Alliant Staff	Tevea Him	Completed
03/31/16	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea Him	Completed
03/31/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
APRIL 2016				
04/01/16	Campus Risk Pool Administrator verifies Campus Primary and Alternate representative remain in place by contacting campus representatives (i.e. ensure no leave of absence, retirement, change in duties, etc.)	Alliant Staff	Tevea Him	Completed
04/01/16	FORM 700 - JPA ADMIN sends all forms received to FPPC for processing	Alliant Staff	Tevea Him	Completed
04/01/16	Send out ballot for AORMA Committee term beginning on July 1, 2016	Alliant Staff	Tevea Him	Completed
04/30/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
MAY 2016				
05/02/16	AIME Committee Meeting	Alliant Staff	Stacey Weeks	Completed
05/06/16	Receive back all AORMA Committee ballots for the term beginning on July 1, 2016	Alliant Staff	Tevea Him	Completed
05/05/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
05/05/16	CSURMA BOD NMO Meeting via Teleconference	Alliant Staff	Mimi Long	Completed
05/06/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
05/06/16	CSURMA BOD Meeting	Alliant Staff	Mimi Long	Completed
05/11/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
05/15/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly appointed AORMA Standing Committee Chairs for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/16	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
05/30/16	Send out appointment letters to the newly elected Executive Committee members for the term beginning on July 1, 2016	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 3/31/16	Alliant Staff	Tevea Him	Completed
05/30/16	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2016	Alliant Staff	Tevea Him	Completed
05/30/16	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2016	Alliant Staff	Mimi Long	Completed
JUNE 2016				
06/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	Completed
06/01/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
06/23/16	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	Completed
06/30/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	Completed
06/30/16	<i>Expiring Contract: Carl Warren & Company - July 1, 2011 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO Enterprise Accounting / Financial Services - July 1, 2015 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: UC Office of Risk Services Performing Arts Center of Excellence - November 1, 2013 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: A-G Administrator (AIME) - July 1, 2009 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Alliant Loss Control Services - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO OGC / Legal - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: CO Risk Management - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Praesidium - July 1, 2014 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Target Safety dba Target Solutions - July 1, 2012 to June 30, 2015</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Employers Group - July 1, 2014 to June 30, 2017</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Employers Risk - July 1, 2013 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: HSR - July 1, 2015 to June 30, 2019</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Agility - July 1, 2015 to June 30, 2016</i>	Alliant Staff	Mimi Long	Completed
06/30/16	<i>Expiring Contract: Sedgwick - July 1, 2013 to June 30, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/16	Government Compensation Report (request from CSU Accounting and post on CSURMA website)	Accounting	Tevea Him	No Action
06/30/16	Request COI from all vendor's contract	Alliant Staff	Hsan Htein	In Process
JULY 2016				
07/01/16	<i>Expiring Contract: Witt O'Brien's, LLC (formally Witt Group Holdings, LLC) - July 1, 2014 to July 1, 2016</i>	Alliant Staff	Mimi Long	Completed
07/01/16	Financial audit prep with KPMG	Alliant Staff / RM	Van Rin	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
07/01/16	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	Completed
07/04/16	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff	Van Rin	Completed
07/05/16	Request a review of the claims activity within the UIP – claims activity variations of more than 10% above or below pricing levels used will resulting in a pricing adjustment	Alliant Staff	Mimi Long	Completed
07/05/16	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	Completed
07/07/16	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	Completed
07/14/16	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/15/16	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Robert Leong	Completed
07/15/16	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	Completed
7/19-20/2016	AORMA Officers Retreat – San Francisco, CA	AORMA Officers	Mimi Long	Completed
07/21/16	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/21/16	Upon receipt of loss data begin semi-annual loss charts for RM meeting in October and to be sent to members	Alliant Staff	Robert Leong	Completed
07/28/16	FORM 700 - FORMS DUE TO FPPC ON THIS DATE [ASSUMING/LEAVING]	Alliant Staff	Tevea Him	Completed
07/31/16	Actuarial Study - receive draft and forward to RM	Alliant Staff	Robert Leong	Completed
07/31/16	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report - Present to EC in Sept	Alliant Staff	Robert Leong	Completed
07/31/16	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	Completed
07/31/16	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Hsan Htein	Completed
07/31/16	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate (every three years)	Liability TPA	Mimi Long	Completed
07/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
07/31/16	Appointment of the Campus Programs RPTG - Spring 2016 (FY 2017/2018)	Alliant Staff	Robert Leong	Completed
07/31/16	Appointment of the Student Insurance Programs RPTG - Spring 2017 (FY 2018/2019)	Alliant Staff	Robert Leong	No Action
AUGUST				
08/01/16	FORM 700 - JPA ADMIN sends entering and leaving office notices to AORMA FILERS who will be taking office on AORMA and Standing Committees	Alliant Staff	Tevea Him	Completed
08/01/16	Send out letter regarding Campus Appointment of CSURMA Board of Directors Members and Alternate	Alliant Staff	Tevea Him	Completed
08/01/16	Send out letter to regarding Claims Settlement Authority Annual Confirmation	Alliant Staff	Tevea Him	Completed
08/01/16	Send out letter to regarding Foreign Travel Authority Confirmation	Alliant Staff	Tevea Him/Stace	Completed
08/01/16	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary	Mimi Long	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
08/01/16	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	Completed
08/11/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
08/15/16	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	Completed
08/31/16	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff	Mimi Long	Completed
08/31/16	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff	Mimi Long	Completed
08/31/16	Complete Target Surplus Funding Report	Alliant Staff	Mimi Long	Completed
08/31/16	Completion of Financial Audit	CSU Accounting	Mimi Long	Completed
08/31/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 6/30	Alliant Staff	Tevea Him	Completed
Begin Task	Completion of the Public Self-Insurer's Annual Report for CSURMA (must be filed with the state by Oct 1st.)	Alliant Staff	Mimi Long	Completed
Begin Task	AORMA Workers' Compensation Desk Audit	Alliant Staff	Mimi Long	Completed
SEPTEMBER				
09/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	
09/01/16	Stewardship Report	Alliant Staff	Mimi Long	Completed
09/07/16	AORMA Long Range Plan meeting	Alliant Staff	Mimi Long	
09/07/16	AORMA New Committee Member Orientation meeting	Alliant Staff	Mimi Long	
09/08/16	AORMA Committee Meeting	Alliant Staff	Mimi Long	
09/13/16	CAJPA Fall Conference and Training Seminar -South Lake Tahoe	Alliant Staff	Mimi Long	
09/14/16	CAJPA Standards review (2014 and every 3 years thereafter)	Alliant Staff	Mimi Long	No Action
09/15/16	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting	Van Rin	In Process
09/15/16	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	In Process
09/23/16	CSURMA EC Meeting	Alliant Staff	Mimi Long	
09/23/16	CSURMA EC Orientation Meeting	Alliant Staff	Mimi Long	
09/29/16	AORMA Program Committee Meeting (Teleconference)	Alliant Staff	Mimi Long	
09/30/16	CSURMA Quarterly EPL Deductible Recoverys ending September 30 (Begin Task)	Alliant Staff	Van Rin	
09/30/16	Completion of the AORMA Committee (September Letter) updating all AORMA members on the funding and dividends approved for the upcoming fiscal year	Alliant Staff/AORMA C	Mimi Long	In Process
OCTOBER				
10/01/16	Request completion of the Liability application	Alliant Staff	Mimi Long	In Process
10/01/16	Request estimated Workers' Compensation payroll	Alliant Staff	Mimi Long	Completed
10/15/16	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
10/15/16	Poll eligible AORMA Committee members to determine which members are willing to be nominated for the Vice Chair position	Nominations Committee	Mimi Long	In Process
10/17/16	AIME Committee Meeting	Alliant Staff	Stacey Weeks	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
10/20/16	AORMA Committee Meeting	<i>Alliant Staff</i>	<i>Mimi Long</i>	
10/31/16	Create Government Compensation Report page on CSURMA website for public viewing	Alliant Staff	Tevea Him	
10/31/16	Expiring Contract: Praesidium - October 31, 2015 to October 1, 2016	Alliant Staff	Mimi Long	
10/31/16	Government Compensation Report (request from CSU Accounting)	Accounting	Tevea Him	
10/31/16	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	
10/TBD/2016	CSURMA BOD NMO Meeting via Teleconference	<i>Alliant Staff</i>	<i>Mimi Long</i>	
NOVEMBER				
11/01/16	FORM 700 - Campus Risk Pool Administrator sends request to campus president to confirm appointments of primary and alternate representative to BOD (Note: AORMA Representatives are maintained through their election process)	Alliant Staff	Tevea Him	
11/02/16	CSURMA BOD Meeting	<i>Alliant Staff</i>	<i>Mimi Long</i>	
11/02/16	CSURMA EC Meeting	<i>Alliant Staff</i>	<i>Mimi Long</i>	
11/28/16	Campus Risk Pool Deductible - Confirm (every 3 years - 2014, 2017, 2020)	Alliant Staff	Robert Leong	
11/28/16	Send campus risk pool renewal budget (Budget)	Alliant Staff	Robert Leong	
11/28/16	Send campus risk pool renewal budget (Early Bird Renewal Letter)	Alliant Staff	Robert Leong	
11/30/16	Review volunteer losses within the Workers' Compensation program	Alliant Staff	Mimi Long	
11/30/16	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30	Alliant Staff	Tevea Him	
11/30/16	Research the single bond approach & report back at the September meeting	Alliant Staff	Rob Leong	In Process
DECEMBER				
12/01/16	2016 Vendor Survey - Review List of Vendors and Work on Recipients	Risk Management	Rebecca Skidmore	
12/01/16	AORMA Committee Meeting	<i>Alliant Staff</i>	<i>Mimi Long</i>	
12/01/16	AORMA Liability Program - Reinsurance Recovery (verify w/ Mauri)	Carl Warren	Mimi Long	
12/01/16	P & P Outlining Underwriting Guidelines for Granting Additional Insured Status	Alliant Staff	Dan Howell	
12/02/16	CSURMA EC Meeting	<i>Alliant Staff</i>	<i>Mimi Long</i>	
12/08/16	AORMA Program Committee Meeting	<i>Alliant Staff</i>	<i>Mimi Long</i>	
12/15/16	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff	Tevea Him	
12/15/16	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	
12/30/16	Financial Audit - mail to Secretary of State and County Auditor	Alliant Staff/Accounting	Tevea Him	
12/31/16	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	
12/31/16	Expiring Contract: Alliant Insurance Services (Brokerage Agreement) - January 1, 2014 to December 31, 2015	<i>Alliant Staff</i>	<i>Mimi Long</i>	
12/31/16	Expiring Contract: Alliant Insurance Services (Program Admin Agreement) - January 1, 2014 to December 31, 2015	<i>Alliant Staff</i>	<i>Mimi Long</i>	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
<i>12/31/16</i>	<i>Expiring Contract: Enterprises Rent A Car - January 1, 2015 - December 31, 2015</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	

CSURMA BOARD OF DIRECTORS AND STAFF CONTACT LIST

ISSUE: Attached is a list of phone numbers and e-mail addresses for members of the CSURMA Board of Directors and CSURMA Staff.

RECOMMENDATION: Staff recommends that members review the list at each meeting for accuracy and make any changes or additions. If there are any changes, please contact Tevea Him via email at thim@alliant.com.

FISCAL IMPACT: None

BACKGROUND: An accurate and current list facilitates better communication among the Board members and with staff.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Board of Directors and Staff Contact List

CSURMA BOARD OF DIRECTORS MEMBERS

Effective at July 1, 2016

Representative /Alternate	Member	Position	Campus	Organization	E-Mail	Telephone Number
Alternate	Tim Ridley, CSP, ARM-P	Associate Vice President Human Resources	Bakersfield	California State University Bakersfield	tridley1@csub.edu	661-654-2066
Representative	Thom Davis	Vice President for Business and Administrative Services	Bakersfield	California State University, Bakersfield	tdavis31@csub.edu	
Representative	Robert Eaton	Interim Assistant Vice Chancellor	Chancellor's Office	California State University, Office of the Chancellor	reaton@calstate.edu	562-951-4671
Alternate	Steve Relyea	Executive Vice Chancellor and CFO	Chancellor's Office	CSU Chancellor's Office	srelyea@calstate.edu	562-951-4600
Representative	Katharine Hullinger	Risk Manager	Channel Islands	California State University, Channel Islands	katharine.hullinger@csuci.edu	805-437-8846
Alternate	Caroline J. Doll	Director, Special Projects for F&A	Channel Islands	California State University, Channel Islands	Caroline.Doll@csuci.edu	805-437-3232
AORMA Rep	Dave Nirenberg	Senior Director	Channel Islands	Channel Islands University Auxiliary Services, Inc.	dave.nirenberg@csuci.edu	805-437-2668
Representative	Michael Thorpe	Risk Manager	Chico	California State University, Chico	methorpe@csuchico.edu	530-898-6588
Alternate	James Hyatt	Interim Vice President	Chico	California State University, Chico	jhyatt@csuchico.edu	530-898-6231
Representative	Stephen J. Mastro	Associate Vice President, Administration and Finance	Dominguez Hills	California State University, Dominguez Hills	smastro@csudh.edu	310-243-3707
Alternate	Jeff Wood	Risk Manager	Dominguez Hills	California State University, Dominguez Hills	jwood@csudh.edu	310-243-2895
Representative	Nyassa Love	Risk Management & Internal Control	East Bay	California State University, East Bay	nyassa.love@csueastbay.edu	510-885-2743
Alternate	Debbie Chaw	Interim Vice President Administration & Finance/CFO	East Bay	California State University, East Bay	debbie.chaw@csueastbay.edu	
Alternate	Lisa Kao	Associate Dir EHS, Risk Mgmt & Sustainability	Fresno	California State University, Fresno	lisak@csufresno.edu	559-278-6910
Representative	Debbie Adishian-Astone	Interim Vice President for Administration Services and Associate Vice President for Auxiliary Operations	Fresno	California State University, Fresno	debbiea@csufresno.edu	559-278-0802
Representative	Michael Coughlin	Risk Manager	Fullerton	California State University, Fullerton	mcoughlin@fullerton.edu	657-278-8673
Alternate	John Beisner	Vice President Human Resources, Diversity and Inclusion	Fullerton	California State University, Fullerton	lgentles@fullerton.edu	714-278-2425
AORMA/EC	Frank Mumford	Executive Director	Fullerton	CSU Fullerton Auxiliary Services Corporation	fmumford@fullerton.edu	657-278-4101
Representative	Kimberly Comet	Director of Risk Management & Safety	Humboldt	Humboldt State University	kim.comet@humboldt.edu	707-826-3305
Alternate	Joyce Lopes	Vice President for Administration and Finance	Humboldt	Humboldt State University	joyce.lopes@humboldt.edu	707-826-3351
AORMA Rep	Dave Nakamura	Executive Director	Humboldt	Humboldt State University Center	dave.nakamura@humboldt.edu	707-826-4878
Representative	Scott Apel	Associate Vice President	Long Beach	California State University Long Beach	scott.apel@csulb.edu	562-985-8716
Alternate	Felissa Waynick, ARM-P	Risk Manager	Long Beach	California State University, Long Beach	felissa.waynick@csulb.edu	562-985-2396
AORMA Rep	Brian Nowlin	Chief Operating Officer	Long Beach	California State University, Long Beach Foundation	Brian.Nowlin@csulb.edu	562-985-4690
AORMA Rep	Robert de Wit	Chief Financial Officer	Long Beach	Forty-Niner Shops, Inc., CSU, Long Beach	rdewit@csulb.edu	562-985-5549
Representative	Lisa Chavez	VP, Administration/CFO	Los Angeles	California State University, Los Angeles	lchavez10@cslanet.calstatela.edu	323-343-3500

CSURMA BOARD OF DIRECTORS MEMBERS

Effective at July 1, 2016

Representative /Alternate	Member	Position	Campus	Organization	E-Mail	Telephone Number
Alternate	Kevin Brady	Director Risk Mgmt & EHS	Los Angeles	California State University, Los Angeles	kbrady@cslanet.calstatela.edu	323-343-3527
Representative	Marianne Spotorno	Director of Safety and Risk Management	Maritime	California Maritime Academy	mspotorno@csum.edu	707-654-1076
Alternate	Franz Lozano	Vice President for Administration and Finance	Maritime	California Maritime Academy	flozano@csum.edu	707-654-1038
Alternate	Lenore Reed	Director of Enterprise Risk Management & Records	Monterey	California State University, Monterey Bay	lreed@csumb.edu	831-582-4766
Representative	Kevin Saunders	Vice President Administration & Finance	Monterey	California State University, Monterey Bay	kesaunders@csumb.edu	831-582-3398
AORMA Rep	Gigi Kiama	Human Resources Director	Monterey	University Corporation, CSU Monterey Bay	gkiama@csumb.edu	831-582-4301
Alternate	Lisa Telles	Risk Manager	Northridge	California State University, Northridge	lisa.telles@csun.edu	818-677-2079
Representative	Edith Winterhalter	Director, Administrative Services	Northridge	California State University, Northridge	edith.t.winterhalter@csun.edu	818-677-4066
Alternate	Valerie Eberle	University Risk Manager	Pomona	California State Polytechnic University	vjeberle@cpp.edu	909-869-4846
Representative	Sharon Reiter	Associate Vice President for Human Resource Services	Pomona	California State Polytechnic University	sreiter@cpp.edu	909-869-3016
Representative	Mike Lee	Vice President, Administration and Chief Financial Officer	Sacramento	California State University, Sacramento	mikelee@csus.edu	916-278-6312
Alternate	Kirtland Stout	Director, Risk Mgmt & Business Continuity Planning	Sacramento	California State University, Sacramento	kirtland@csus.edu	916-278-7233
AORMA Rep	Jim Reinhart	Executive Director	Sacramento	University Enterprises, Inc. (UEI)	Jim.Reinhart@csus.edu	916-278-7001
AORMA Rep	Leslie Davis	Executive Director	Sacramento	University Union Operation of CSUS, Inc.	leslied@saclink.csus.edu	916-278-2904
Representative	Jody Van Leuven	Executive Director	San Bernardino	California State University, San Bernardino	jody.vanleuven@csusb.edu	
Alternate	Douglas R. Freer	Vice President for Administration and Finance and Chief Financial Officer	San Bernardino	California State University, San Bernardino	dfreer@csusb.edu	
Representative	Thomas McCarron	VP for Business & Financial Affairs	San Diego	San Diego State University	tmccarron@mail.sdsu.edu	619-594-6017
Alternate	Jessica Rentto	Associate Vice President Administration	San Diego	San Diego State University	jrentto@mail.sdsu.edu	619-594-8640
AORMA/EC	Guy Dalpe	Managing Director	San Francisco	Cesar Chavez Student Center, San Francisco	gdalpe@sfsu.edu	415-338-1044
Representative	Ronald Cortez	Vice President Administration & Finance/CFO	San Francisco	San Francisco State University	rsortez@sfsu.edu	415-338-2521
Alternate	Michael Beatty	Risk Manager	San Francisco	San Francisco State University	mbeatty@sfsu.edu	415.338.1124
Representative	Marla Perez-Guerra	Risk Management Manager	San Jose	San Jose State University	marla.perez@sjsu.edu	408-924-2159
Alternate	Josee Larochelle	AVP for Finance	San Jose	San Jose State University	Josee.Larochelle@sjsu.edu	408-924-1550
Representative	Dru Zachmeyer	Director, Contracts & Procurement/Risk & Real Estate Management	San Luis Obispo	California Polytechnic State University, San Luis Obispo	dzachmey@calpoly.edu	805-756-6473
Alternate	Cindy Vizcaino Villa	Senior Vice President, Administration and Finance, CFO	San Luis Obispo	California Polytechnic State University, San Luis Obispo	cvvilla@calpoly.edu	805-756-2171
Representative	Linda Hawk	Vice President Finance & Administrative Services	San Marcos	California State University, San Marcos	lhawk@csusm.edu	760-750-4950

CSURMA BOARD OF DIRECTORS MEMBERS

Effective at July 1, 2016

Representative /Alternate	Member	Position	Campus	Organization	E-Mail	Telephone Number
Alternate	Erin Fullerton	Risk Manager	San Marcos	California State University, San Marcos	Efullerton@csusm.edu	760-750-4516
Representative	Tyson Hill	Interim Senior Director for Risk Management	Sonoma	Sonoma State University	tyson.hill@sonoma.edu	707-664-4039
Alternate	Stan Nosek	Vice President for Administration and Finance	Sonoma	Sonoma State University	nosek@sonoma.edu	707-664-2310
Alternate	Douglas Dawes	Vice President for Business and Finance	Stanislaus	California State University, Stanislaus	ddawes@csustan.edu	209-667-3077
Representative	Amy Thomas	Asst Director of Safety & Risk Management	Stanislaus	California State University, Stanislaus	Althomas@csustan.edu	209-667-3035

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Hsan Htein Van Rin	hhtein@alliant.com vrin@alliant.com	415-403-1452 415-403-1408	415-874-4810 415-874-4810
General CSURMA Coverage Questions	Robert Leong Van Rin Hsan Htein Daniel Howell	rleong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
General AORMA Coverage Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Inland Marine	Van Rin Hsan Htein Mimi Long	vrin@alliant.com hhtein@alliant.com mlong@alliant.com	415-403-1408 415-403-1452 415-403-1423	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Special Events Insurance	Van Rin	vrin@alliant.com	415-403-1408	415-874-4810
Foreign Travel Program	Stacey Weeks Van Rin	sweeks@alliant.com vrin@alliant.com	415-403-1448 415-403-1408	415-874-4810 415-874-4810
General Risk Management Questions	Mimi Long Van Rin Hsan Htein Daniel Howell	mlong@alliant.com vrin@alliant.com hhtein@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1452 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
Workers' Compensation Claims Consultant	Jacki Graf	jgraf@alliant.com	415-403-1438	415-874-4810
Alliant Claims Consulting	Robert Frey Diana Walizada Michelle Maffei Elaine Kim	rfrey@alliant.com dwalizada@alliant.com mmaffei@alliant.com ekim@alliant.com	415-403-1445 415-403-1453 415-403-1418 415-403-1458	415-403-1466 415-403-1466 415-403-1466 415-403-1466
Form 700	Tevea Him	thim@alliant.com	415-403-1416	415-402-0773
Website and Technology Questions	Tevea Him Yung Lam	thim@alliant.com ylam@alliant.com	415-403-1416 415-403-1461	415-874-4810 415-874-4810

CONTACT LIST				
Coverage	Contact	E-Mail Address	Office	Fax
CSU Chancellor's Office				
CSU Chancellor's Office	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Rebecca Skidmore	rskidmore@calstate.edu	562-951-4574	562-951-4859
	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Alice Kim	akim@calstate.edu	562-951-4627	562-951-4865
	Kelly Cox	kcox@calstate.edu	562-951-4611	562-951-4865
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	William Hsu	whsu@calstate.edu	562-951-4500	562-951-4956
	Steve Relyea	srelyea@calstate.edu	562-951-4600	562-951-4971
	Martha Guiditta	mguiditta@calstate.edu	562-951-4557	562-951-4859
	Michael Clements	mclements@calstate.edu	562-951-4091	
	Jessica Liu	jliu@calstate.edu	562-951-4621	
Cindi Le	cle@calstate.edu	562-951-4651		