



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

Meeting Date: October 26, 2018
 Time: 9:00 AM

Primary Location: CSU Chancellor’s Office
 401 Golden Shore, Munitz Room
 Long Beach, CA 90802

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

A. CALL TO ORDER

- 1. **Approval of the Agenda** **A** p. 3

B. PUBLIC COMMENTS

C. CONSENT CALENDAR

The Committee will be asked to take action on the consent calendar items as a group; however, a member may request that an item be withdrawn from the Consent Calendar for discussion and action.

- 1. **Approval of Minutes – September 7, 2018** **A** p. 4
The Committee will be asked to approve the minutes from its last meetings.
- 2. **Financial Report – Treasurer’s Report**
 - a. *Treasurer’s Report* **A** p. 18
 - b. *Draft Financial Statement at September 30, 2018* **A** p. 25
- 3. **CSURMA 2018 and 2019 Meeting Calendars** **A** p. 36
The Committee will be asked to take action the cancel the December 7, 2018 meeting and to move the October 25, 2019 EC and BOD meetings to November 8, 2019.

D. GENERAL ADMINISTRATION

- 1. **Report on Independent Auditor’s Financial Audit as of June 30, 2018** **A** p. 39
The Committee will receive a report on the fiscal year 2017/2018 Financial Audit, taking action as appropriate



California State University Risk Management Authority

2. **CSURMA Cash Flow Projection** I p. 88
The Committee will be asked to review and discuss the CSURMA two-year cash flow projection.
 3. **Revisions to Policy and Procedure No. 20 – Owner Controlled Insurance Program (OCIP)** A p. 90
The Committee will be asked to approve revisions to Policy and Procedure No. 20 as well as review the updated OCIP cash flow estimate and OCIP MOU.
- E. OTHER PROGRAMS**
1. **AORMA Programs Update** I p. 93
The Committee will receive a verbal report on the AORMA programs
 2. **AIME Program Update** I p. 94
The Committee will receive a verbal report on the AIME
- F. CLOSED SESSION Pursuant to Cal. Gov. Code Sec. 11126(e)(1) & 11126(f)(1)** A
– Action may be taken per Government Code Section 11126(e)(1) & 11126(f)(1). The matters below may be discussed. The Committee may take action or provide direction to Staff regarding the matters.
1. Benjamin vs SSU
 2. Shepler v. CSU
 3. Martinez v. CSU (Sacramento)
 4. DOE v. CSU (SLO)
 5. Aliser v. CSU
 6. Apodaca v. CSU (San Marcos)
- G. INFORMATION ITEMS**
1. **Review of FY 2018/2019 Long Range Planning Goals** I p. 95
 2. **CSURMA Administrative Service Calendar** I p. 99
 3. **2018 CSURMA Meeting Calendar** I p. 105
 4. **CSURMA Executive Committee & Staff Contact List** I p. 107
- H. ADJOURNMENT**

The next CSURMA Executive Committee meeting is scheduled for January 13, 2019 during the AOA Conference in Indian Wells, 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

APPROVAL OF THE AGENDA

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

RECOMMENDATION: Staff recommends that the Committee approve the agenda as presented.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S): None.

APPROVAL OF MINUTES – SEPTEMBER 7, 2018

ISSUE: The Executive Committee will be asked to review and approve the draft minutes of its September 7, 2018 meeting.

RECOMMENDATION: It is recommended that the Executive Committee approve the minutes from its September 7, 2018 meeting, including revisions as necessary.

FISCAL IMPACT: None.

BACKGROUND: The minutes reflect the actions taken by the Executive Committee at its last meeting.

PUBLICATION: All CSURMA Executive Committee meeting minutes are posted on the CSURMA website once they are approved.

ATTACHMENT(S):

- a. CSURMA EC Meeting Minutes - September 7, 2018

**MINUTES OF THE
CSURMA EXECUTIVE COMMITTEE MEETING**

SEPTEMBER 7, 2018

ALLIANT INSURANCE SERVICES

2180 HARVARD STREET, SUITE 460 • SACRAMENTO, CA

8:30 AM

MEMBERS PRESENT

Scott Apel, California State University Long Beach
Dwayne Brummett (AORMA Chair), Associated Students, Inc. at San Luis Obispo
Lisa Chavez (Chair), California State University Los Angeles
Thom Davis, California State University, Bakersfield
Robert Eaton (Treasurer), California State University, Office of the Chancellor (*via Teleconference*)
Lisa Kao, California State University, Fresno
Dave Nakamura (AORMA First Vice Chair), Humboldt State University Center (*via teleconference*)
Kevin Saunders (Vice-Chair), California State University, Monterey Bay
Amy Thomas, California State University, Stanislaus

MEMBERS ABSENT

None

STAFF, GUESTS & CONSULTANTS

Christina Carcamo, Risk and Safety Solutions, University of California
Diana Cox, Risk and Safety Solutions, University of California
Zachary Gifford, (CSURMA Secretary/Auditor), CSU Office of the Chancellor
Tevea Him, Alliant Insurance Services, Inc.
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, CSURMA General Counsel, CSU Office of the Chancellor (*via Teleconference*)
Alice Kim, CSU Office of the Chancellor, CSURMA Accounting (*via Teleconference*)
Rob Leong, Alliant Insurance Services, Inc.
Amy Lightner, Alliant Insurance Services, Inc.
Mimi Long, Alliant Insurance Services, Inc.
Elvyra (Vi) San Juan, Capital Planning, Design and Construction (*via Teleconference*)

A. CALL TO ORDER

The meeting was called to order by the Chair, Lisa Chavez at 8:30 AM. Robert Eaton stated his desire to abstain from voting on all items, unless specifically stated otherwise.

A1. Approval of the Agenda

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

Motion: Kevin Saunders

Second: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

B. PUBLIC COMMENTS

There were no comments from members of the public.

C. CONSENT CALENDAR

- C1. Approval of Minutes – April 25, 2018.** The meeting minutes will reflect that Robert Eaton attended via Teleconference
- C2. Adoption of CSURMA Executive Committee and Board of Directors 2019 Meeting Calendar**
- C3a. Financial Report – Receipt and Review of the Draft Financial Statements at June 30, 2018**
- C3b. Financial Report – Treasurer’s Report at June 30, 2018**

A motion was made to approve all of the items on the consent calendar.

Motion: Kevin Saunders

Second: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			

Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

Daniel Howell noted that the December 7, 2018 meeting may be cancelled as the Executive Committee usually has a meeting in January during the AOA Annual Conference.

D. GENERAL ADMINISTRATION

D1. Insurance Renewals Report

The majority of the CSURMA excess insurance programs renew on July 1st. Daniel Howell updated the Committee on the insurance renewals, providing a cost comparison as well as a summary of the major changes to the programs’ terms.

Program	AORMA Percent Change	Campus Percent Change
Excess Liability	8%	13%
Property	19%	14%
Worker’s Compensation	-7%	3%
Builder’s Risk	N/A	Flat
Fine Arts	N/A	10%
SPLIP & SAFECLIP	N/A	Flat
FTIP	18%	18%
Aviation	Flat	Flat
Medical Malpractice	Flat	Flat
Fidelity	Flat	Flat
Trustees E&O / Fiduciary	6%	71%
Cyber	-32%	-32%

Howell explained that Staff was able to structure the excess liability program to provide concussive injuries and employment practices liability coverage up to \$100MM; excess of \$100MM, the program provides general liability and auto liability only. Staff negotiated lower pricing for workers’ compensation from CSAC-EIA for a new two-year term. The Trustees E&O policy was enhanced for FY 18/19 to increase the systemwide trustees coverage limit from \$2MM to \$5MM.

D2. Actuarial Reports for Liability, Workers’ Compensation, and Athletic Injury Medical Expense Programs

Rob Leong provided a summary of the key findings and exhibits within the actuarial reports for the Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense

programs. Leong noted that the AIME costs are rising due to the increase in medical expense costs. Each sport is rated separately.

A motion was made to accept actuarial reports.

Motion: Thom Davis
 Second: Dwayne Brummett

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

D3. Campus Risk Pools Funding Status at June 30, 2018 and Evaluation of Potential Campus Risk Pool Dividends and Assessments

Rob Leong summarized the funding status of Campus Liability, Campus Workers’ Compensation and Athletic Injury Medical Expense risk pools at June 30, 2018. Funding in excess of the Targeted Funding levels indicate an opportunity to return dividends to campus members. Dividend declaration that may be taken have not been included in the adopted budget for FY 2018/19. Thus, any expenditures will reduce pool reserves accordingly. Target Equity indicates a surplus of \$28,892,607 of which \$4,889,503 is eligible for dividends.

A motion was made to accept the Target Surplus Funding Analysis report.

Motion: Lisa Chavez
 Second: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		

Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

Cash flow has been an issue the past two years due to the change in the OCIP program structure, prefunding of workers’ compensation losses through CSAC-EIA and paying off old liabilities through the workers’ compensation claims closure initiative. The Committee discussed the liquidity of CSURMA’s long-term investments. Robert Eaton indicated that the current budget indicates negative cash flow. Eaton noted that \$80MM was recently moved from long-term to short-term investments.

The Committee directed Staff to provide a two-year cash flow projection, as well as addressing the following questions:

1. *How liquid are the long-term investments?*
2. *If liquidated, would it be at a loss?*

As shown below, a motion was made to approve dividends of \$1,127,520 from the Campus Liability Program, \$3,647,367 from the Campus Workers’ Compensation Program, and \$114,615 from the AIME Program. The AIME dividend is to be used to return to the Liability Program a portion of the \$500,000 loan that was approved by the Executive Committee at its September 8, 2017 meeting.

Target Surplus Funding Analysis				
	Liability	WC	AIME	Total
Excess of 70% CI	\$7,646,090	\$20,240,528	\$1,005,989	\$28,892,607
Maximum Available	2,255,041	7,294,734	229,231	9,779,005
Indicated Dividend	\$1,127,520	\$3,647,367	\$114,615	\$4,889,503
Loan Repayment	\$0	\$0	(\$114,615)	(\$114,615)
Dividend Payable	\$1,127,520	\$3,647,367	\$0	\$4,774,887

Motion: Scott Apel
 Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		

Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

The Committee directed Staff to;

1. *Book a loan of \$500,000 within the AIME program which represents the loan to the AIME program from the Campus Liability Program.*
2. *Footnote the Target Surplus Equity report to show the \$500,000 loan.*

D4. FY 2019/20 Rates and Gross Funding Campus Coverage Programs

Rob Leong summarized the FY 18/19 proposed gross funding as shown in the table below. Upon the recommendation of the Executive Committee, the Board of Directors adopts rates and funding for the upcoming fiscal year at its Fall meeting. Staff has prepared FY 2019/20 funding recommendations for the Campus coverage programs using the draft actuarial reports completed August 2018.

As summarized by Leong, the liability costs are increasing primarily due to an increase in payroll as well as increased excess liability costs. The workers’ compensation rate is flat; however, the premium is increasing due to an increase in payroll. Staff expects a 4% increase to the property program due to loss experience. The auto liability program through the State of California increased as well due to two large losses.

The Campus Liability Program rates are undiscounted for anticipated investment income, whereas the funding of the Workers’ Compensation program includes discounted rates, with authority delegated by the Board of Directors for the Executive Committee to finalize funding on either a discounted or undiscounted basis when it meets in the Spring.

Coverage Program	FY 18/19 Actual Cost	FY 19/20 Proposed	\$ Chg	% Chg
Liability	\$16,173,148	\$18,605,268	\$2,432,120	15.0%
Workers' Compensation	38,837,384	40,781,992	1,944,608	5.0%
IDL/NDI/UI	15,500,000	15,316,000	(184,000)	-1.2%
Property	8,450,000	8,788,000	338,000	4.0%
AIME	4,660,547	4,760,949	100,402	2.2%
Automobile Liability	772,833	1,408,547	635,714	82.3%
Total	\$84,393,912	\$89,660,756	\$5,266,844	6.2%

A motion was made to recommend acceptance of the proposed gross funding for FY 2019/20 as presented in the table above to the Board of Directors.

Motion: Kevin Saunders
 Second: Scott Apel

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

D5. Task Group Report on OCIP and Revision to Policy and Procedure No. 20 – Owner Controlled Insurance Program (OCIP)

At its last meeting on April 25, 2018, the Executive Committee formed a task group to review the proposed changes to Policy & Procedure No. 20 for CSURMA to pay insurance premiums for campus construction projects that are enrolled in the Owner Controlled Insurance Program managed by the Chancellor’s Office Capital Planning Design & Construction (CPDC). The changes in procedure enable projects enrolled in OCIP to realize the savings expected to be derived by OCIP. The changes also serve to facilitate premium payments, including project audits and premium adjustments. OCIP premiums paid by CSURMA are to be reimbursed by the projects via CPDC. The new procedures are to apply beginning with OCIP 2. The Task Group met on July 25, 2018 with CPDC, OCIP broker, and CSURMA staff. The revisions to Policy and Procedure No. 20 serve to memorialize the understanding and responsibilities of CPDC and CSURMA. The proposed timeline for reimbursements is at the project’s midpoint during construction and at final project completion.

The Committee reviewed the current OCIP project exhibit as well as the OCIP program cash flow estimates. The Committee expressed the need to take a second look at how prefunding of the OCIP costs by CSURMA is affecting the JPA’s cash flow and investment income. The current structure of the OCIP 2 has created an investment income loss for CSURMA and the JPA should be made whole. Currently, only ten campuses have projects enrolled in OCIP 2; however, those members with no OCIP projects are paying a percentage of the investment loss as it is allocated to the entire OCIP program. Loss of investment income is not currently part of the OCIP cash flow estimates. The Committee would like to discuss in detail whether the investment loss of CSURMA should be allocated to the campuses participating in OCIP 2. The Committee also questioned how CSURMA will catch up after inception of OCIP 3.

The Committee directed Staff to;

- 1. Update the OCIP cash flow estimate to include loss of investment income.*
- 2. Work with CPDC to update the OCIP MOU to include imputed interest.*

The Committee tabled this item to the next meeting in October.

D6. CSURMA Support of Systemwide EH&S Software Package

Diana Cox and Christina Carcamo from Risk and Safety Solutions, University of California presented information regarding the new software available to all CSU campuses through Risk and Safety Solutions. The presentation included information regarding the three software systems purchased:

- 1. Assessment** - A tool for assessing hazards in laboratories and other workspaces and tracking the recommendations provided by the system based on the assessment, such as protective equipment, required training and safe handling procedures.
- 2. Chemicals** - A chemical inventory management system that includes a library that places chemicals into a record or “family” grouping of like products and assigns hazard bands automatically. Administrators can manage their chemical inventory compliance across multiple labs and review inventories and details of chemical use. The associated dashboard includes built-in reporting for Maximum Allowable Quantity, CFATS, OSHA-related carcinogens and hazard classification reports with real-time results.
- 3. Inspect** - An inspection tool that allows users in a variety of settings to complete audits and inspections with the convenience of a mobile app. It provides a streamlined way to record issues, track resolutions and analyze trends.

The contract also provides an 80% discount for any system used by a campus outside of the CSURMA MOU. The Chancellor’s Office has agreed to provide \$500,000 annually to support this program. The program costs, other than the \$500,000, will be included in the liability program allocation as an unmodified cost (the liability experience modification factor will not apply; it will be a straight allocation to each campus.) The cost will be split evenly between campuses and not allocated based on campus size.

A motion was made to;

1. Delegate authority to the CSURMA Secretary-Auditor to execute the contract with RSS,
2. Approve a mid-term budget amendment of \$500,000 for implementation of the broader package of modules, and
3. Approve the change to include the costs within the liability program allocation as an unmodified cost.

Motion: Kevin Saunders

Second: Amy Thomas

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

D7. Change in Calculation of the Campus WC Risk Pool Premium Audit Adjustment

CSAC Excess Insurance Authority (*EIA*) has been providing Primary Workers’ Compensation since January 1, 2015. EIA’s coverage structure involves primary reinsurance and excess insurance. EIA recently replaced *Great American* as the reinsurer in the primary layer with *State National Insurance Co.* EIA and CSURMA had agreed to a premium audit process allowing Campus WC to over-report payroll projections by 2.5% while reducing the premium rate by 2.5%, thereby creating a margin for premium adjustments upon audit of the final actual payroll. This strategy was developed to minimize the fiscal impact on CSU’s budget and was intended to be cost neutral while complying with Great American’s need for premium audits based on final actual payrolls. The new reinsurer prefers to calculate the final premium per standard industry practice. In so doing, State National agrees to waive the first 2.5% of additional premium that otherwise is earned at final audit.

A motion was made to accept the change in payroll audit process as described above.

Motion: Kevin Saunders
 Second: Thom Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			

Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

D8. CSURMA AORMA Benefits Program

At its meeting on September 6th, the AORMA Committee approved the CSURMA AORMA Benefits Program participation agreement as well as reviewed the addendum to the Broker/Consultant Services Agreement dated January 1, 2016 between Alliant Insurance Services, Inc. and the California State University Risk Management Authority which allows Alliant to receive compensation for benefits purchased through CSAC EIA. The AORMA Committee recommends approval of the addendum.

A motion was made to approve the addendum to the Broker/Consultant Services Agreement dated January 1, 2016 between Alliant Insurance Services, Inc. and the California State University Risk Management Authority which allows Alliant to receive compensation for benefits purchased through CSAC EIA.

Motion: Dwayne Brummett
 Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

D9. Renewal of the VEOCI Agreement

The Committee reviewed the contract extension of the existing contract with Veoci, the Virtual Emergency Operations Center which provides a systemwide cloud-based emergency management, business continuity and disaster recovery platform. The original contract with Veoci was approved by the Executive Committee on March 9, 2017, as an innovation grant submitted by the Emergency Managers Affinity Group. The renewal contract provides 230 Veoci licenses (10 per campus.)

Staff was directed to reach out to Veoci for a utilization report. Committee members express concern that the system was not being utilized as it is not performing as it should.

A motion was made to approve the contract extension with Veoci.

Motion: Scott Apel
 Second: Thom Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

D10. California Maritime Academy – Day on the Bay

Daniel Howell explained California Maritime Academy (CMA) does not purchase Protection and Indemnity (i.e. Liability Coverage) for the Training Ship Golden Bear (TSGB). CMA is hosting its annual alumnae and community event on October 7, 2018 and has been asked for proof of liability coverage. It has been proposed that CSURMA cover injuries to the approximately 700 guests attending the event. No coverage would be provided for operation of the vessel, damage to the hull, or resulting third-party damages (other than injuries to the guest). Campus Liability and Workers’ Compensation Programs cover injuries CMA officers, employees and cadets during TSGB operations.

A motion was made to cover injuries to passengers only within the Campus Liability program up to \$5,000,000 excess of primary insurance purchased by CMA, if available.

Motion: Kevin Saunders
 Second: Thom Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura				X
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		
Scott Apel	X			

Thom Davis	X			
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MOTION CARRIED

The Committee directed Staff to find a long-term solution to cover the TSGB.

E. OTHER PROGRAMS

E1 AORMA Programs Update

Dwayne Brummett reported on the recent activities of the AORMA Committee.

E2 AIME Program Update

Lisa Kao reported on the recent activities of the AIME Committee.

F. CLOSED SESSION

1. Sargent v. CSU (Sonoma)
2. Benjamin v. CSU (Sonoma)
3. Hudson v. CSU (LA)
4. Shepler v. CSU
5. SFSU Science Building Insurance Coverage Claim
6. SLO Landside Insurance Coverage Claim
7. CNA v. CSU

A motion was made to enter closed session at 11:20 AM.

Motion: Scott Apel

Second: Kevin Saunders

NAME	AYE	ABSTAIN	NAY	ABSENT
Amy Thomas	X			
Dave Nakamura		X		
Dwayne Brummett	X			
Kevin Saunders	X			
Lisa Chavez	X			
Lisa Kao	X			
Robert Eaton		X		
Scott Apel	X			
Thom Davis	X			

MOTION CARRIED

The Committee came out of closed session 12:09 PM. The Chair reported that no action was taken during the closed session.

G. INFORMATION ITEMS

The Committee reviewed and discussed the information items.

- G1. Campus Workers' Compensation Program Aggregate Stop Loss Coverage Status (PARCEL)**
- G2. FY 2018/2019 Long Range Planning Goals – Update on Completion Status**
- G3. CSURMA Administrative Service Calendar**
- G4. 2018 CSURMA Meeting Calendar**
- G5. CSURMA Executive Committee & Staff Contact List**

H. ADJOURNMENT

The meeting was adjourned at 12:09 PM.

FINANCIAL REPORT
TREASURER’S CERTIFICATION

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 CSURMA Treasurer will be on hand to address questions.

RECOMMENDATION: It is recommended that the Executive Committee review and accept the Treasurer’s quarterly report letter dated October 15, 2018 as part of the Consent Calendar.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. Treasurer’s Certification Letter dated October 15, 2018
- b. CSURMA Investment Report - July 1, 2018 to September 30, 2018



California State University Risk Management Authority

Officers

Lisa Chavez
Chair - 323-343-3500

Kevin Saunders
Vice Chair - 831-582-3000

Robert Eaton
Treasurer - 562-951-4572

Zachary Gifford
Secretary-Auditor - 562-951-4568

To: Executive Committee
CSU Risk Management Authority

From: Robert Eaton 
Treasurer of CSU Risk Management Authority

Re: Treasurer's Certification

Date: October 15, 2018

As of October 15, 2018, the Authority funds held in investments are sufficient to meet the Authority's cash flow needs for the following six (6) months, and 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

July 1, 2018 - September 30, 2018

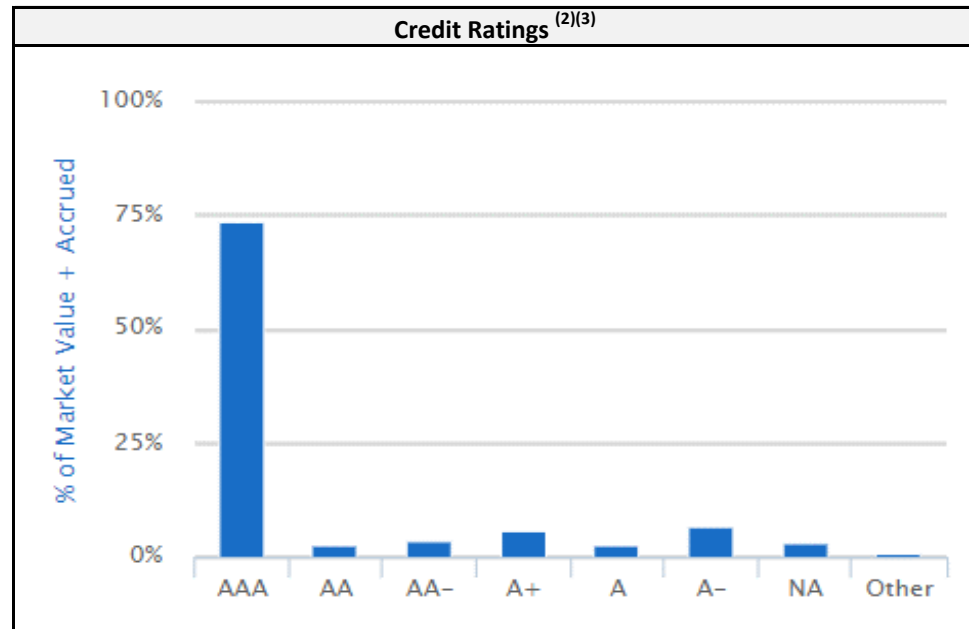
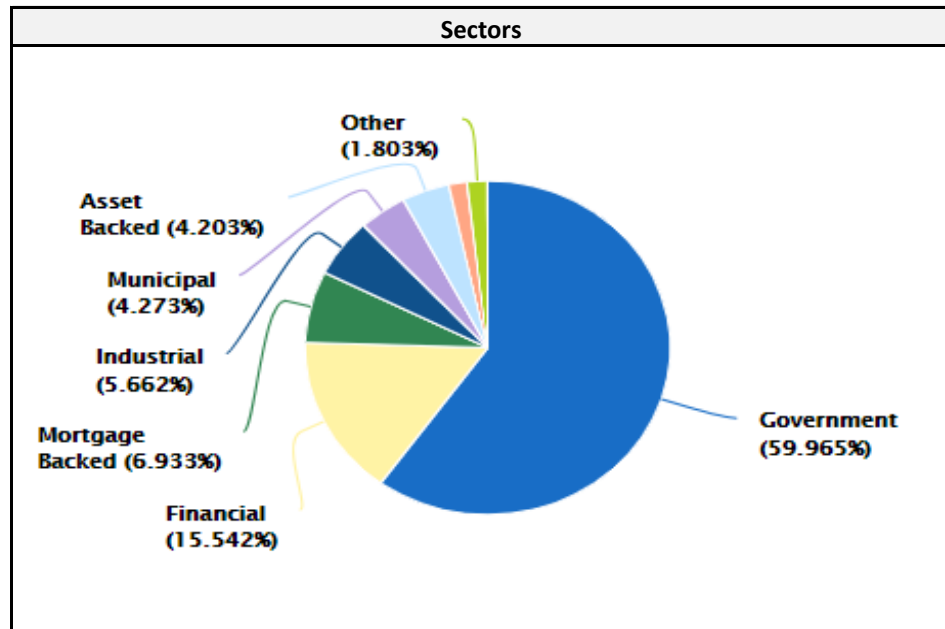
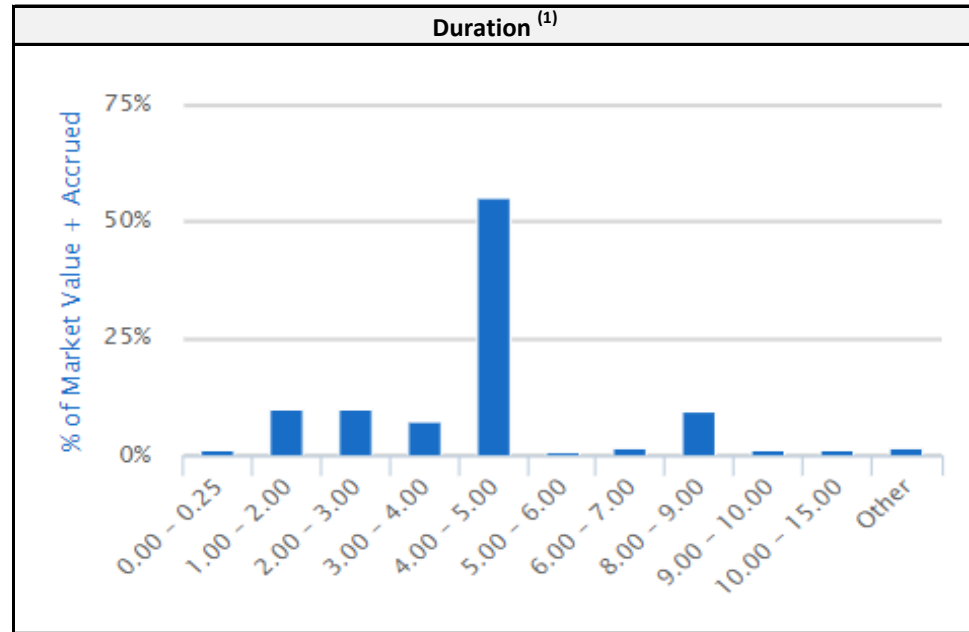
Prepared by Treasury

California State University Risk Management Authority

Fixed Income Portfolio (Auxiliary Investment Platform)

As of 09/30/2018

Portfolio Summary Total	
Total Assets	131,882,926
Duration	4.396
Yield	3.369
Avg Credit Rating	AA/Aa2
QE Performance	-0.089%



⁽¹⁾ The Other category combines duration ranges and in aggregate equals 1.855% of the portfolio.

⁽²⁾ The Other category contains assets that do not fall within the seven specific charted credit ratings. These assets make -1.081% of the portfolio and include the following ratings: AA+, A-1+, and BBB-

⁽³⁾ The NA category contains assets that do not have credit ratings available. These assets make up 3.125% of the portfolio.

California State University Risk Management Authority

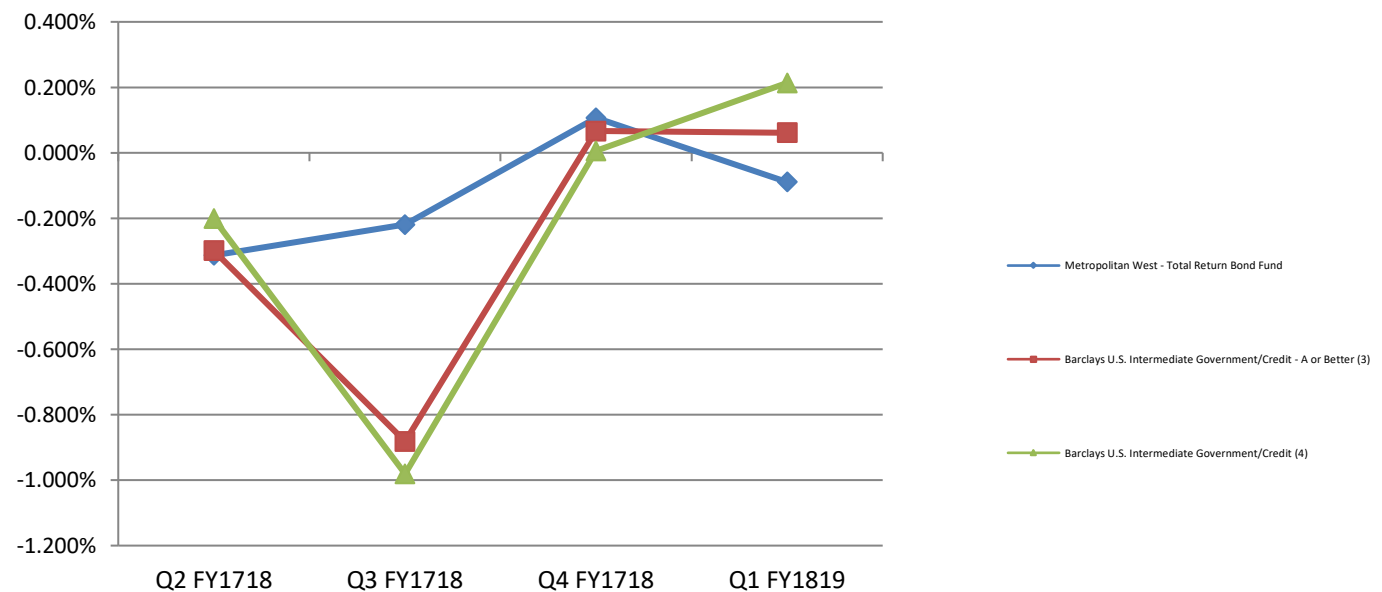
Fixed Income Portfolio (Auxiliary Investment Platform)

Performance Summary

Period Ending 09/30/2018

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
	09/30/2018	07/01/18 - 09/30/18	10/01/17 - 09/30/18	10/01/15 - 09/30/18	10/01/13 - 09/30/18	07/01/07 - 09/30/18			
Metropolitan West - Total Return Bond Fund	131,882,926	-0.089%	-0.514%	0.408%	1.047%	3.094%	3.369	6.526	4.396
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾		0.061%	-1.052%	0.532%	1.241%	2.474%	3.043	4.121	3.780
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾		0.214%	-0.963%	0.908%	1.517%	2.842%	3.209	4.297	3.901

Account / Index	Q2 FY1718	Q3 FY1718	Q4 FY1718	Q1 FY1819	Trailing 12 Month ⁽¹⁾
	10/01/17 - 12/31/17	01/01/18 - 03/31/18	04/01/18 - 06/30/18	07/01/18 - 09/30/18	10/01/17 - 09/30/18
Metropolitan West - Total Return Bond Fund	-0.313%	-0.219%	0.107%	-0.089%	-0.514%
Barclays U.S. Intermediate Government/Credit - A or Better ⁽³⁾	-0.299%	-0.882%	0.067%	0.061%	-1.052%
Barclays U.S. Intermediate Government/Credit ⁽⁴⁾	-0.201%	-0.981%	0.006%	0.214%	-0.963%



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

(2) Weighted Average Maturity

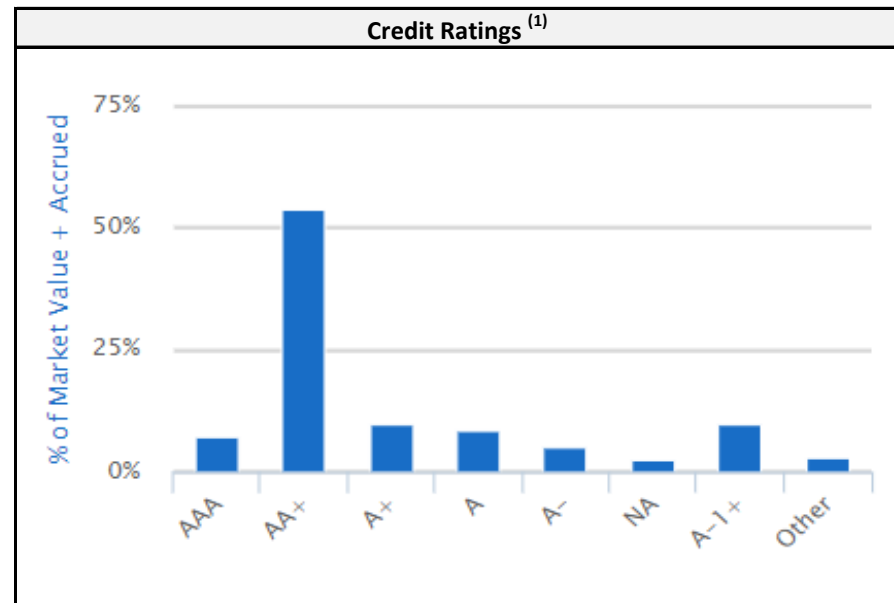
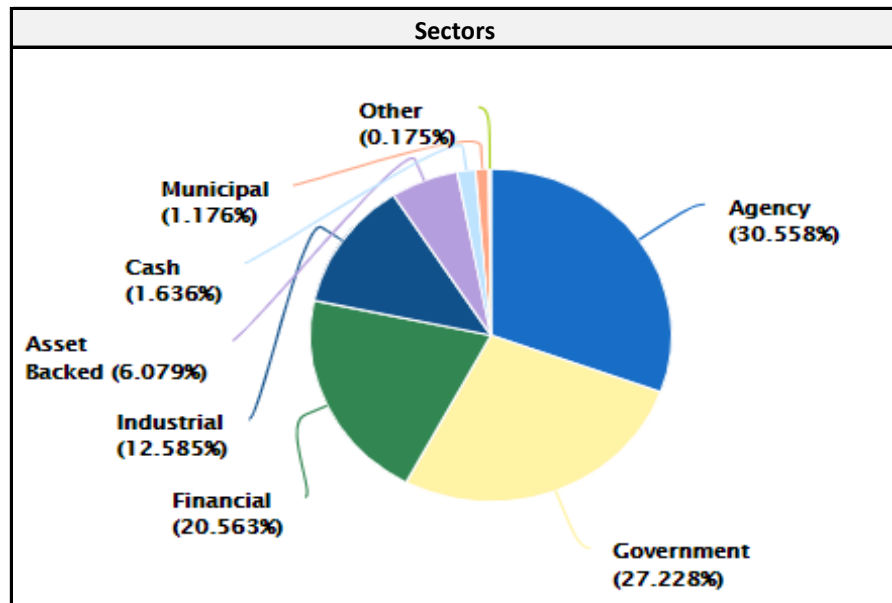
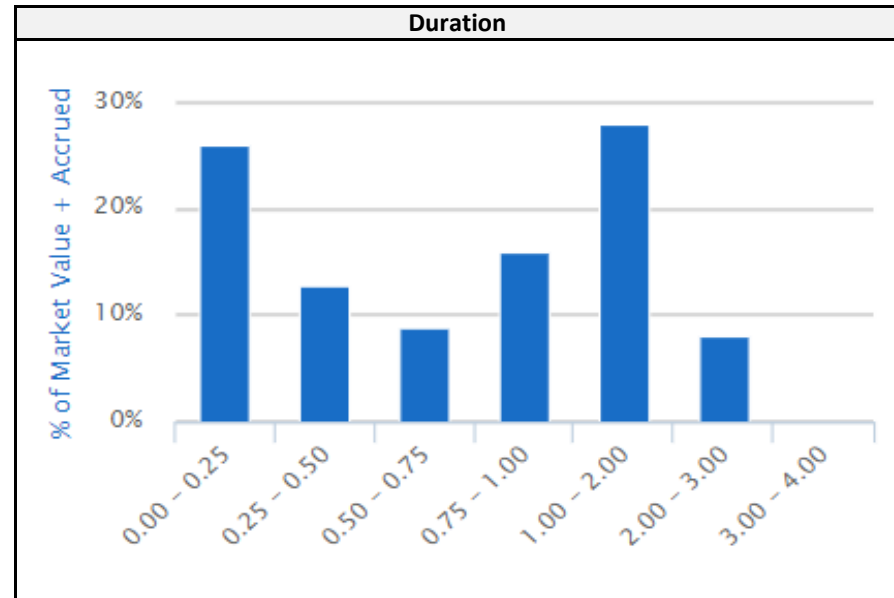
(3) Portfolio Benchmark as of 05/2014.

(4) Portfolio Benchmark prior to 05/2014.

California State University SWIFT Portfolio

As of 09/30/2018

Portfolio Summary Total	
Total Assets	19,634,808
Duration	0.887
Yield	2.551
Avg Credit Rating	AA-/Aa3
QE Performance	0.508%



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

California State University Risk Management Authority

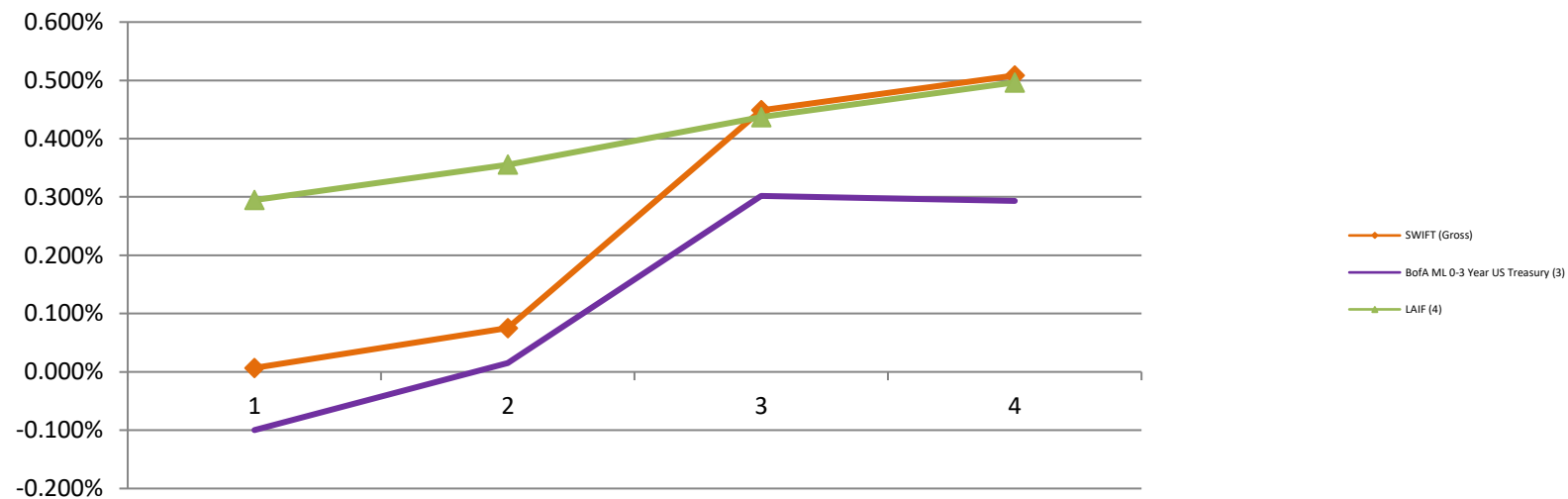
SWIFT Portfolio

Performance Summary

Period Ending 09/30/2018

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
	09/30/18	07/01/18 - 09/30/18	10/01/17 - 09/30/18	10/01/15 - 09/30/18	10/01/13 - 09/30/18	07/01/07 - 09/30/18			
SWIFT - CSU Systemwide Investment Fund Trust (Gross)	19,634,808	0.508%	1.042%	0.930%	0.869%	1.252%	2.551	1.054	0.887
BofA ML 0-3 Year US Treasury ⁽³⁾		0.293%	0.511%	0.546%	0.575%	1.480%	2.676	1.469	1.418
LAIF - Local Agency Investment Fund ⁽⁴⁾		0.497%	1.593%	0.989%	0.700%	1.064%	2.001		

Account / Index	Q2 FY1718	Q3 FY1718	Q4 FY1718	Q1 FY1819	Trailing 12 Month ⁽¹⁾
	10/01/17 - 12/31/17	01/01/18 - 03/31/18	04/01/18 - 06/30/18	07/01/18 - 09/30/18	10/01/17 - 09/30/18
SWIFT (Gross)	0.007%	0.075%	0.449%	0.508%	0.508%
BofA ML 0-3 Year US Treasury ⁽³⁾	-0.100%	0.015%	0.302%	0.293%	0.293%
LAIF ⁽⁴⁾	0.295%	0.355%	0.437%	0.497%	0.497%



(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

FINANCIAL REPORT
DRAFT FINANCIAL STATEMENT AT SEPTEMBER 30, 2018

ISSUE: The Chancellor’s Office Financial Services Accounting prepares Financial Statements for CSURMA. The Executive Committee is asked to review the Draft Financial Statement as a part of the Consent Calendar. The Chancellor’s Office, Systemwide Accounting and Reporting Staff will be available at the meeting to answer questions.

RECOMMENDATION: It is recommended that the Executive Committee review and accept the Draft Financial Statement at September 30, 2018 as a part of the Consent Calendar.

FISCAL IMPACT: None.

BACKGROUND: Financial Statements provide a status of CSURMA’s financial position and are relied upon for decision making by the Executive Committee.

PUBLICATION: None.

ATTACHMENT(S):

- a. Draft Financial Statement at September 30, 2018

California State University Risk Management Authority
Member Aged Accounts Receivable
As of 10/11/2018

Client Name	Current	31-60	61-90	91-120	Balance
a Associated Students Inc, CSU Bakersfield	\$0.00	\$7,086.00	\$0.00	\$0.00	\$7,086.00
a Associated Students Inc, CSU Long Beach	\$0.00	\$0.00	\$25,906.00	\$0.00	\$25,906.00
a Associated Students, San Diego State University	\$72,823.00	\$223,607.00	\$0.00	\$0.00	\$296,430.00
a Associated Students, San Jose State University	\$0.00	\$0.00	\$34,894.00	\$0.00	\$34,894.00
Cal Poly Corporation	\$22,089.00	\$0.00	\$0.00	\$0.00	\$22,089.00
a Cal Poly Pomona Foundation, Inc.	\$49,565.00	\$272,528.00	\$0.00	\$0.00	\$322,093.00
a Cal State Fullerton Philanthropic Foundation	\$0.00	\$9,956.00	\$0.00	\$0.00	\$9,956.00
a Cal State LA University Auxiliary Services Inc	\$0.00	\$0.00	\$28,116.00	\$0.00	\$28,116.00
a California Maritime Academy Associated Students	\$0.00	\$4,021.00	\$0.00	\$0.00	\$4,021.00
a California Maritime Academy Foundation	\$14,087.00	\$3,617.00	\$0.00	\$0.00	\$17,704.00
a California State University San Marcos Corporation	\$0.00	\$87,955.00	\$14,598.00	\$0.00	\$102,553.00
a Capital Public Radio, Inc.	\$0.00	\$21,867.00	\$0.00	\$0.00	\$21,867.00
a Channel Islands University Auxiliary Services, Inc.	\$0.00	\$25,413.00	\$0.00	\$0.00	\$25,413.00
a CSU Bakersfield Foundation	\$825.00	\$10,176.00	\$0.00	\$0.00	\$11,001.00
a CSU Bakersfield, Auxiliary for Sponsored Programs Admin	\$0.00	\$12,221.00	\$0.00	\$0.00	\$12,221.00
CSU Channel Islands Site Authority	\$32,584.00	\$0.00	\$0.00	\$0.00	\$32,584.00
CSU Dominguez Hills Foundation	\$554.00	\$0.00	\$0.00	\$0.00	\$554.00
a CSU Dominguez Hills Philanthropic Foundation	\$0.00	\$3,272.00	\$0.00	\$0.00	\$3,272.00
a CSU Long Beach Research Foundation	\$0.00	\$120.00	\$0.00	\$0.00	\$120.00
a CSU Northridge North Campus Park Development	\$0.00	\$4,924.00	\$0.00	\$0.00	\$4,924.00
a Donald P. & Katherine B. Loker University Student Union, Inc.	\$0.00	\$20,532.00	\$0.00	\$0.00	\$20,532.00
a Humboldt State Univ Sponsored Programs Foundation	\$0.00	\$0.00	\$25.00	\$0.00	\$25.00
a Humboldt State University Advancement Foundation	\$0.00	\$20,243.00	\$0.00	\$0.00	\$20,243.00
a Santos Manuel Student Union, CSU San Bernardino	\$0.00	\$0.00	\$13,566.00	\$0.00	\$13,566.00
a SDSU Research Foundation	\$0.00	\$512,631.00	\$0.00	\$0.00	\$512,631.00
a Spartan Shops Inc., San Jose State University	\$0.00	\$109,166.00	\$0.00	\$0.00	\$109,166.00
a The Tower Foundation, San Jose State University	\$0.00	\$840.00	\$0.00	\$0.00	\$840.00
The University Corporation, CSU Northridge	\$10,561.00	\$0.00	\$0.00	\$0.00	\$10,561.00
a The University Corporation, San Francisco State	\$0.00	\$29,182.00	\$0.00	\$737.00	\$29,919.00
a University Enterprises Corporation at CSUSB	\$0.00	\$72,468.00	\$0.00	\$0.00	\$72,468.00
a University Student Union Board, CSU Los Angeles	\$0.00	\$31,121.00	\$0.00	\$0.00	\$31,121.00
University Student Union, CSU Stanislaus	\$3,355.00	\$0.00	\$0.00	\$0.00	\$3,355.00
Totals:	\$206,443.00	\$1,482,946.00	\$117,105.00	\$737.00	\$1,807,231.00

a Member has indicated that payment will be processed this month.

**California State University Risk Management Authority
Outstanding Member Loan Status
As of 9/30/2018**

Loan Pool: 15% of the overall average cash and investment for the preceding 12 months (Oct 2017 - Sep 2018) \$ **21,346,162**

Member Name	Maturity Date	Original Issue Date	Original Issue Amount	Outstanding Loan Balance 9/30/2018	Outstanding Loan Balance 06/30/2018
CSU Sacramento	Jun 2019	May 2014	\$ 4,000,000	\$ 367,033	\$ 489,378
Humboldt State University	Oct 2022	Jun 2017	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000 *
Total Loans			\$ 5,800,000	\$ 2,167,033	\$ 2,289,378

Remaining Amount Available for Member Loans \$ **15,546,162**
(The remaining amount reflects CSU Sacramento Line of credit balance of \$3,632,967)

Per CSURMA P&P No. 10:

Loans to a single Member Campus (and its associated Member Auxiliary Organizations) shall not exceed 5% of the overall average cash and investments for the preceding 12 months. \$ **7,115,387**

**California State University Risk Management Authority
Travel Expenses Report**

Processed from July 1, 2018 to September 30, 2018

Travel Dates	Traveler	Location	Purpose	Lodging	Meals & Incidentals	Transportation & Business Expenses	Total Amount
7/8-7/11/2018	Zachary Gifford	Baltimore, MD	CSHEMA Conference	\$ 763.80	\$ 133.48	\$ 735.99	\$ 1,633.27
7/10-7/13/2018	Jody Van Leuven	San Diego	CSU Emergency Management Conference	\$ 729.39	\$ 43.21	\$ 180.18	\$ 952.78
7/20/2018, 7/22-7/24/2018	Zachary Gifford	San Francisco / Monterey	Ventiv Risk Console Dashboard Roll-out and CSURMA Team meeting at Alliant; AORMA Officers Retreat at The Hotel Pacific	\$ 504.36	\$ 171.44	\$ 392.94	\$ 1,068.74
7/31/2018	Zachary Gifford	East Bay	EHS Audit Presentation at EFO/DFO (Executive Facilities Officers/Directors Facilities Officers) meeting at CSU East Bay	\$ -	\$ 261.98	\$ 17.00	\$ 278.98
8/8-8/9/2018	Zachary Gifford	Sonoma / San Francisco	CSURMA Financial and Operational Overview for SFSU, CABO, VP, Phyllis Carter; Sonoma, CABO, VP, Joyce Lopez at their respective campuses	\$ 248.69	\$ 35.46	\$ 463.20	\$ 747.35
8/9/2018	Leona Ching	San Francisco	Fitting the Piece Together Conference site visit at the Crowne Hotel	\$ -	\$ -	\$ 205.41	\$ 205.41
8/9/2018	Martha Guiditta	San Francisco	Fitting the Piece Together Conference site visit at the Crowne Hotel	\$ -	\$ -	\$ 197.41	\$ 197.41
8/13-8/15/2018	Zachary Gifford	San Francisco / San Jose / Folsom	SFSU Science Building meeting and informal settlement discussion with carrier (AIG); CSURMA Update & Early Bird Rates for FY 2019-2020 Presentation to CABO at SJSU campus; CSAC Underwriting Committee meeting at EIA Office	\$ 345.15	\$ 58.63	\$ 352.28	\$ 756.06
9/4-9/7/2018	Zachary Gifford	Sacramento	CSURMA AORMA and EC meetings at Alliant	\$ 327.21	\$ 59.52	\$ 376.35	\$ 763.08
9/6/2018	Jody Van Leuven	Beverly Hills	Mock trial for Hudson v. CSU	\$ -	\$ -	\$ 21.80	\$ 21.80
9/19/2018	Zachary Gifford	Oakland	Annual WC SIU Stewardship meeting at Sedgwick's Oakland office	\$ -	\$ 179.44	\$ -	\$ 179.44
9/24-9/25/2018	Zachary Gifford	Woodland Hills	CSU/Sedgwick Double Play meeting at Ingber & Weinberg, LLP office	\$ 234.88	\$ 7.00	\$ 68.04	\$ 309.92
Travel Expenses from 07/01/2018 to 09/30/2018				\$ 2,389.68	\$ 816.68	\$ 2,274.61	\$ 5,480.97

California State University Risk Management Authority

Balance Sheets - Campus Programs as of 9/30/2018

(Unaudited)

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>IDL/NDI/UI</u>	<u>Property</u>	<u>AIME</u>	<u>Auto Liability</u>	<u>Total Campus Programs as of 9/30/2018</u>
Assets:							
Cash and Investments	4,871,747	8,210,947	1,881,642	683,948	916,670	688,469	17,253,422
Other long-term investments	34,854,863	57,288,355	13,086,492	4,753,404	6,378,701	0	116,361,815
Accounts receivable	960,010	840,565	0	280,171	0	0	2,080,745
Loans receivable	0	0	0	0	0	0	0
Reinsurance receivable	0	44,207	0	0	0	0	44,207
Prepaid insurance	2,133,637	23,370,021	3,787	1,835,243	13,847	0	27,356,535
Prepaid expense	380,946	1,101,295	14,515	483,321	761,495	0	2,741,573
Total assets:	<u>43,201,203</u>	<u>90,855,389</u>	<u>14,986,436</u>	<u>8,036,087</u>	<u>8,070,713</u>	<u>688,469</u>	<u>165,838,296</u>
Liabilities:							
Accounts payable	54,285	1,642,963	7,185,983	8,713	354,806	0	9,246,750
Unearned revenue	10,543,026	29,128,038	11,625,000	2,380,961	3,495,410	579,625	57,752,061
SELF assessment liability	0	5,454,649	0	0	0	0	5,454,649
Reported claims	10,781,627	23,700,413	0	0	113,688	0	34,595,728
Claims incurred but not reported	13,123,366	10,035,696	0	0	2,273,750	0	25,432,812
Total liabilities:	<u>34,502,305</u>	<u>69,961,759</u>	<u>18,810,983</u>	<u>2,389,674</u>	<u>6,237,654</u>	<u>579,625</u>	<u>132,482,000</u>
Fund balance	8,698,898	20,893,630	(3,824,547)	5,646,413	1,833,060	108,844	33,356,297
Total liabilities and fund balance	<u>43,201,203</u>	<u>90,855,389</u>	<u>14,986,436</u>	<u>8,036,087</u>	<u>8,070,713</u>	<u>688,469</u>	<u>165,838,296</u>

California State University Risk Management Authority

Balance Sheets - AORMA Programs as of 9/30/2018

(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs as of 9/30/2018
Assets:						
Cash and Investments	1,005,897	586,199	269,406	52,468	739,212	2,653,182
Other long-term investments	7,261,565	4,357,373	1,873,775	365,143	5,146,239	19,004,095
Accounts receivable	1,051,313	219,524	459,114	73,367	2,752	1,806,070
Loans receivable	0	0	0	0	0	0
Reinsurance receivable	0	0	0	0	0	0
Prepaid insurance	162,762	2,999,795	147,138	133,783	486	3,443,964
Prepaid expense	297,350	162,565	155,179	12,225	1,777	629,097
Total assets:	9,778,887	8,325,457	2,904,613	636,986	5,890,466	27,536,408
Liabilities:						
Accounts payable	1,024,870	432,823	2,201	239	304,794	1,764,926
Unearned revenue	1,988,481	71,750	662,206	173,907	96,195	2,992,539
SELF assessment liability	0	0	0	0	0	0
Reported claims	925,968	1,764,997	0	0	0	2,690,965
Claims incurred but not reported	864,177	1,123,494	0	0	0	1,987,671
Total liabilities:	4,803,496	3,393,064	664,408	174,146	400,989	9,436,102
Fund balance	4,975,391	4,932,393	2,240,205	462,840	5,489,478	18,100,307
Total liabilities and fund balance	9,778,887	8,325,457	2,904,613	636,986	5,890,466	27,536,408

California State University Risk Management Authority

Balance Sheets - Miscellaneous Programs as of 9/30/2018

(Unaudited)

	Misc Purchased	OCIP	Club Sports	Loans	Total Misc Programs as of 9/30/2018	Grand Total All Programs as of 9/30/2018
Assets:						
Cash and Investments	(36,371)	(219,918)	31,673	(281,954)	(506,570)	19,400,035
Other long-term investments	(257,401)	(1,560,653)	220,149	(1,885,079)	(3,482,984)	131,882,926
Accounts receivable	30,413	1,128,058	0	0	1,158,471	5,045,286
Loans receivable	0	0	0	2,167,033	2,167,033	2,167,033
Reinsurance receivable	0	0	0	0	0	44,207
Prepaid insurance	0	4,660,600	165,178	0	4,825,777	35,626,276
Prepaid expense	0	309,291	81,697	0	390,988	3,761,658
Total assets:	(263,359)	4,317,378	498,697	0	4,552,716	197,927,421
Liabilities:						
Accounts payable	0	3,673	50,385	0	54,058	11,065,734
Unearned revenue	0	0	0	0	0	60,744,600
SELF assessment liability	0	0	0	0	0	5,454,649
Reported claims	0	0	0	0	0	37,286,693
Claims incurred but not reported	0	0	0	0	0	27,420,483
Total liabilities:	0	3,673	50,385	0	54,058	141,972,159
Fund balance	(263,359)	4,313,705	448,312	0	4,498,658	55,955,262
Total liabilities and fund balance	(263,359)	4,317,378	498,697	0	4,552,716	197,927,421

California State University Risk Management Authority
Income Statements - Campus Programs as of 9/30/2018
(Unaudited)

	Liability	Workers' Compensation	IDL/NDI/UI	Property	AIME	Auto Liability	Total Campus Programs
OPERATING REVENUES:							
Contributions	4,065,031	9,709,346	3,875,000	2,296,032	1,165,137	193,208	21,303,754
Reinsurance premiums	(546,177)	0	0	(1,502,378)	0	0	(2,048,555)
Total operating revenues:	3,518,854	9,709,346	3,875,000	793,654	1,165,137	193,208	19,255,199
OPERATING EXPENSES:							
DIRECT PROGRAM EXPENSES:							
Claims payment & legal expenses	4,800,066	4,431,787	7,115,392	764,204	983,688	0	18,095,136
Deductible recoveries	(960,010)	0	0	0	0	0	(960,010)
Claims administrators	0	962,292	18,986	0	50,000	0	1,031,278
Claims management information system	10,136	25,617	2,964	1,764	890	0	41,372
Program administrator	67,724	181,696	43,336	219,755	2,133	0	514,644
Brokerage commissions	95,085	431	178	143,483	664	0	239,840
Insurance premiums	714,192	7,786,949	0	426,358	4,850	0	8,932,349
Actuarial services	5,264	6,352	455	271	2,887	0	15,228
Workshops/training	19,139	41,016	16,931	10,080	0	0	87,166
Loss control	133,127	58,763	0	15,953	0	0	207,843
Reinsurance/excess recovery	0	(3,105,217)	0	0	0	0	(3,105,217)
Program committee	0	0	0	0	0	0	0
Dividend distributions	0	0	0	0	0	0	0
Total direct program expenses:	4,884,723	10,389,684	7,198,242	1,581,868	1,045,112	0	25,099,629
GENERAL & ADMINISTRATIVE EXPENSES:							
Financial audit	6,394	15,353	6,128	3,340	1,842	0	33,057
Executive committee & board expenses	372	893	356	194	107	0	1,922
JPA insurance	1,431	3,067	1,266	754	380	0	6,898
Memberships, associations & dues	376	7,038	346	199	104	0	8,063
Chancellor's office accounting services	16,418	35,179	14,522	8,645	4,363	0	79,127
Risk management expenses	30,214	70,074	28,248	15,825	8,492	0	152,852
Miscellaneous indirect services	5,820	3,642	1,459	798	439	0	12,157
Total general & administrative expenses:	61,024	135,245	52,325	29,755	15,727	0	294,076
Total operating expenses:	4,945,747	10,524,929	7,250,567	1,611,623	1,060,839	0	25,393,705
NON-OPERATING REVENUES:							
Investment income	31,663	51,769	12,430	4,286	5,903	0	106,049
Total non-operating revenues:	31,663	51,769	12,430	4,286	5,903	0	106,049
BEGINNING RETAINED EARNINGS	10,094,128	21,657,444	(461,410)	6,460,096	1,722,859	(84,364)	39,388,754
NET SURPLUS/(DEFICIT)	(1,395,231)	(763,815)	(3,363,137)	(813,683)	110,201	193,208	(6,032,457)
ENDING RETAINED EARNINGS	8,698,898	20,893,630	(3,824,547)	5,646,413	1,833,060	108,844	33,356,297

California State University Risk Management Authority
Income Statements - AORMA Programs as of 9/30/2018
(Unaudited)

	AORMA Liability	AORMA Workers' Comp	AORMA Property	AORMA Crime	AORMA UIP	Total AORMA Programs
OPERATING REVENUES:						
Contributions	1,023,391	1,441,509	616,418	57,969	173,650	3,312,937
Reinsurance premiums	(360,566)	0	(395,683)	0	0	(756,249)
Total operating revenues:	662,825	1,441,509	220,735	57,969	173,650	2,556,688
OPERATING EXPENSES:						
DIRECT PROGRAM EXPENSES:						
Claims payment & legal expenses	301,199	505,478	54,545	0	207,664	1,068,885
Deductible recoveries	(25,000)	0	0	0	0	(25,000)
Claims administrators	3,750	58,842	0	0	3,500	66,092
Claims management information system	821	988	410	55	380	2,655
Program administrator	618,135	101,355	67,492	8,254	13,405	808,641
Brokerage commissions	17,955	59	49,820	3,993	23	71,851
Insurance premiums	53,904	999,511	33,489	44,571	0	1,131,474
Actuarial services	5,126	5,652	63	8	58	10,907
Workshops/training	4,693	5,646	2,342	313	2,173	15,167
Loss control	24,411	27,127	3,814	0	0	55,351
Reinsurance/excess recovery	0	(278,718)	0	0	0	(278,718)
Program committee	334	370	158	17	129	1,008
Dividend distributions	942,030	393,680	0	0	0	1,335,710
Total direct program expenses:	1,947,359	1,819,990	212,132	57,212	227,331	4,264,024
GENERAL & ADMINISTRATIVE EXPENSES:						
Financial audit	1,786	1,978	844	92	688	5,387
Executive committee & board expenses	0	0	0	0	0	0
JPA insurance	351	422	175	23	162	1,134
Memberships, associations & dues	5	694	2	0	2	703
Chancellor's office accounting services	4,025	4,842	2,009	268	1,863	13,007
Risk management expenses	8,111	9,210	3,896	452	3,306	24,975
Miscellaneous indirect services	415	458	201	24	172	1,271
Total general & administrative expenses:	14,692	17,605	7,128	859	6,194	46,477
Total operating expenses:	1,962,051	1,837,594	219,260	58,071	233,525	4,310,501
NON-OPERATING REVENUES:						
Investment income	6,501	3,758	1,688	327	4,638	16,911
Total non-operating revenues:	6,501	3,758	1,688	327	4,638	16,911
BEGINNING RETAINED EARNINGS	6,268,117	5,324,721	2,237,041	462,615	5,544,715	19,837,208
NET SURPLUS/(DEFICIT)	(1,292,725)	(392,328)	3,164	225	(55,237)	(1,736,901)
ENDING RETAINED EARNINGS	4,975,391	4,932,393	2,240,205	462,840	5,489,478	18,100,307

California State University Risk Management Authority
Income Statements - Miscellaneous Programs as of 9/30/2018
(Unaudited)

	Misc Purchased	OCIP	Club Sports	Total Misc Programs	Grand Total All Programs
OPERATING REVENUES:					
Contributions	221,614	561,848	31,540	815,002	25,431,693
Reinsurance premiums	0	0	0	0	(2,804,804)
Total operating revenues:	221,614	561,848	31,540	815,002	22,626,889
OPERATING EXPENSES:					
DIRECT PROGRAM EXPENSES:					
Claims payment & legal expenses	0	0	35,686	35,686	19,199,707
Deductible recoveries	0	0	0	0	(985,010)
Claims administrators	0	0	8,000	8,000	1,105,370
Claims management information system	0	1,532	74	1,605	45,632
Program administrator	0	70,231	0	70,231	1,393,516
Brokerage commissions	74,951	6,004	7,212	88,167	399,858
Insurance premiums	433,279	639,201	46,844	1,119,324	11,183,147
Actuarial services	0	235	11	246	26,382
Workshops/training	0	0	0	0	102,333
Loss control	0	0	0	0	263,194
Reinsurance/excess recovery	0	0	0	0	(3,383,935)
Program committee	0	0	0	0	1,008
Dividend distributions	0	0	0	0	1,335,710
Total direct program expenses:	508,230	717,202	97,827	1,323,260	30,686,913
GENERAL & ADMINISTRATIVE EXPENSES:					
Financial audit	0	1,408	148	1,556	40,000
Executive committee & board expenses	0	0	0	0	1,922
JPA insurance	0	654	31	686	8,718
Memberships, associations & dues	0	8	0	9	8,775
Chancellor's office accounting services	0	7,505	361	7,866	100,000
Risk management expenses	0	8,925	687	9,612	187,439
Miscellaneous indirect services	0	431	35	466	13,894
Total general & administrative expenses:	0	18,932	1,263	20,194	360,748
Total operating expenses:	508,230	736,134	99,090	1,343,455	31,047,660
NON-OPERATING REVENUES:					
Investment income	0	0	187	187	123,148
Total non-operating revenues:	0	0	187	187	123,148
BEGINNING RETAINED EARNINGS	23,257	4,487,992	515,675	5,026,923	64,252,885
NET SURPLUS/(DEFICIT)	(286,616)	(174,287)	(67,362)	(528,265)	(8,297,623)
ENDING RETAINED EARNINGS	(263,359)	4,313,705	448,312	4,498,658	55,955,262

California State University Risk Management Authority

Income Statement as of 9/30/2018

(Unaudited)

	Budget vs. Actual			Percent of Budget
	FY 2018/19 Budget	Year-to-Date 9/30/2018	Variance	
OPERATING REVENUES:				
Contributions	102,471,662	25,431,693	77,039,968	24.82 %
Reinsurance premiums	(11,395,754)	(2,804,804)	(8,590,949)	24.61 %
Total operating revenues:	91,075,908	22,626,889	68,449,019	24.84 %
OPERATING EXPENSES:				
DIRECT PROGRAM EXPENSES:				
Claims payment & legal expenses	65,445,567	19,199,707	46,245,860	29.34 %
Deductible recoveries	(5,100,000)	(985,010)	(4,114,990)	19.31 %
Claims administrators	4,401,422	1,105,370	3,296,052	25.11 %
Claims management information system	125,000	45,632	79,368	36.51 %
Program administrator	3,238,950	1,393,516	1,845,434	43.02 %
Brokerage commissions	1,411,974	399,858	1,012,116	28.32 %
Insurance premiums	43,884,440	11,183,147	32,701,292	25.48 %
Taxes, assessments & fees	301,450	0	301,450	0.00 %
Actuarial services	74,500	26,382	48,118	35.41 %
Claims audit	9,870	0	9,870	0.00 %
Coverage counsel	16,000	0	16,000	0.00 %
Program legal	24,500	0	24,500	0.00 %
Miscellaneous program services	10,000	0	10,000	0.00 %
Workshops/training	265,000	102,333	162,667	38.62 %
Loss control	978,614	263,194	715,420	26.89 %
Reinsurance/excess recovery	(19,927,941)	(3,383,935)	(16,544,006)	16.98 %
Program committee	11,000	1,008	9,992	9.17 %
Dividend distributions	1,401,588	1,335,710	65,878	95.30 %
Total direct program expenses:	96,571,934	30,686,913	65,885,021	31.78 %
GENERAL & ADMINISTRATIVE EXPENSES:				
Financial audit	36,400	40,000	(3,600)	109.89 %
Executive committee & board expenses	35,396	1,922	33,474	5.43 %
JPA insurance	13,980	8,718	5,262	62.36 %
Memberships, associations & dues	44,772	8,775	35,997	19.60 %
Chancellor's office accounting services	336,064	100,000	236,064	29.76 %
Risk management expenses	1,134,500	187,439	947,061	16.52 %
JPA legal	93,589	0	93,589	0.00 %
Miscellaneous indirect services	28,593	13,894	14,699	48.59 %
Total general & administrative expenses:	1,807,695	360,748	1,446,947	19.96 %
Total operating expenses:	98,379,629	31,047,660	67,331,969	31.56 %
NON-OPERATING REVENUES:				
Investment income	2,500,000	123,148	2,376,852	4.93 %
Total non-operating revenues:	2,500,000	123,148	2,376,852	4.93 %
NET SURPLUS/(DEFICIT)	(4,803,721)	(8,297,623)	3,493,902	172.73 %

CSURMA 2018 AND 2019 MEETING CALENDARS

ISSUE: The CSURMA meeting calendar includes a CSURMA Executive Committee meeting scheduled for December 7, 2018. After reviewing the pending items and in consideration of the proximity to the January 13, 2019, CSURMA Executive Committee meeting, Staff recommends that the December meeting be cancelled and items deferred to the January, 2019 meeting.

The date and location of the Fitting the Pieces Conference (FTPC) is scheduled for November 8, 2019 in San Francisco, CA. Staff recommends moving the EC and BOD meetings currently scheduled for October 25, 2019 to November 8, 2019 to be held on the last day of the FTPC.

RECOMMENDATION: It is recommended that the CSURMA Executive Committee take action to cancel the scheduled December 7, 2018 meeting and to move the October 25, 2019 EC and BOD meetings to November 8, 2019.

FISCAL IMPACT: Cancellation of the December 7, 2018 meeting will result in a small cost savings by eliminating meeting expenses. Moving the October 25, 2019 meetings to November 8, 2019, will also provide a savings to CSURMA and the Members by reducing travel expenses to the EC and BOD as most Members will already be attending the FTPC.

BACKGROUND: None.

PUBLICATION: Any change to the meeting calendar will be published on the CSURMA website.

ATTACHMENT(S):

- a. CSURMA 2018 Meeting Calendar
- b. CSURMA 2019 Meeting Calendar (revised)

2018 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
7	3:30 PM	EC (AOA Conference)	Sacramento	22	9:00 AM	PC	Teleconference	8	10:00 AM	AORMA	Long Beach
9	7:30 AM	PC (AOA Conference)	Sacramento					8	2:30 PM	EC	Long Beach
7 - 10		AOA Annual Conference	Sacramento					9	8:30 AM	EC LRP	Long Beach
15	10:30 AM	AIME									
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
23 - 24		Fitting the Pieces Conference	San Diego	7	10:30 AM	AIME	San Francisco	TBD		AOA EC	TBD
25	TBD	AORMA	San Diego		2:00 PM	BOD Orientation	Teleconference	21	1:00 PM	PC	Teleconference
25	8:30 AM	EC	San Diego								
25	10:30 AM	BOD	San Diego								
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
23-24	11:00 AM	AORMA Officers Retreat	Monterey	TBD		AOA EC	TBD	5	9:00 AM	AORMA New Member	Sacramento
								5	10:00 AM	AORMA LRP	Sacramento
								6	9:00 AM	AORMA	Sacramento
								6	4:00 PM	EC Orientation	Sacramento
								7	8:30 AM	EC	Sacramento
								27	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
15	10:30 AM	AIME	Fullerton	TBD		AOA EC	TBD	6	10:00 AM	AORMA	TBD
	2:00 PM	BOD Orientation	Teleconference	29	8:00 AM	PC	San Francisco	7	8:30 AM	EC	TBD
25	10:00 AM	AORMA	Long Beach								
26	9:00 AM	EC	Long Beach								
26	10:30 AM	BOD	Long Beach								

AORMA = Auxiliary Organizations Risk Management Alliance Committee
 AIME = Athletic Injury Medical Expense Committee
 AORMA LRP = AORMA Long Range Planning Meeting

PC = AORMA Programs Committee
 AOA = CSU Auxiliary Organizations Association
 BOD = CSURMA Board of Directors

EC = CSURMA Executive Committee
 EC LRP = EC Long Range Planning Meeting

2019 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
13	3:30 PM	EC (AOA Conference)	Indian Wells					7	10:00 AM	AORMA	TBD
13 - 16		AOA Annual Conference	Indian Wells					7	2:30 PM	EC	TBD
	10:30 AM	AIME						8	8:30 AM	EC LRP	TBD
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
					10:30 AM	AIME		TBD		AOA EC	TBD
					2:00 PM	BOD Orientation	Teleconference				
				2	10:00 AM	AORMA	Long Beach				
				3	8:30 AM	EC	Long Beach				
				3	10:30 AM	BOD	Long Beach				
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	4	9:00 AM	AORMA New Member	TBD
								4	10:00 AM	AORMA LRP	TBD
								5	9:00 AM	AORMA	TBD
								5	4:00 PM	EC Orientation	TBD
								6	8:30 AM	EC	TBD
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
	10:30 AM	AIME		TBD		AOA EC	TBD	5	10:00 AM	AORMA	TBD
	2:00 PM	BOD Orientation	Teleconference	8	8:30 AM	EC	San Francisco	6	8:30 AM	EC	TBD
24	10:00 AM	AORMA	TBD	8	10:30 AM	BOD	San Francisco				
25	8:30 AM	EC	TBD								
25	10:30 AM	BOD	TBD								
<p>*** The EC and BOD meetings will be held during FTPC *** *** Crowne Plaza SFO Airport Hotel ***</p>											

AORMA = Auxiliary Organizations Risk Management Alliance Committee
 AIME = Athletic Injury Medical Expense Committee
 AORMA LRP = AORMA Long Range Planning Meeting

AOA = CSU Auxiliary Organizations Association
 BOD = CSURMA Board of Directors
 EC = CSURMA Executive Committee

EC LRP = EC Long Range Planning Meeting

REPORT ON INDEPENDENT AUDITOR'S FINANCIAL AUDIT
AT JUNE 30, 2018

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, 2018) of the financial position of CSURMA. Mark Thomas and Liezl Sangalang from KPMG will present an overview of the report at today's meeting.

RECOMMENDATION: It is recommended that the Executive Committee review and discuss the audited financial report, taking action as necessary.

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, 2018



**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Financial Statements and Supplementary Schedules

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page(s)
Independent Auditors' Report	1–2
Management's Discussion and Analysis (Unaudited)	3–8
Basic Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12–31
Supplementary Information	
Schedule 1 – Reconciliation of Workers' Compensation Claims Liabilities	32
Schedule 2 – Reconciliation of General Liability Claims Liabilities	33
Schedule 3 – Reconciliation of Industrial Disability, Nonindustrial Disability, and Unemployment Insurance (IDL/NDL/UI) Claims Liabilities	34
Schedule 4 – Reconciliation of Property Claims Liabilities	35
Schedule 5 – Reconciliation of Athletic Injury Medical Expense (AIME) Claims Liabilities	36
Schedule 6 – Reconciliation of Club Sports Claims Liabilities	37
Schedule 7 – Reconciliation of AORMA Workers' Compensation Claims Liabilities	38
Schedule 8 – Reconciliation of AORMA General Liability Claims Liabilities	39
Schedule 9 – Reconciliation of AORMA Property Claims Liabilities	40
Schedule 10 – Reconciliation of AORMA Crime Claims Liabilities	41
Schedule 11 – Reconciliation of AORMA Unemployment Insurance Program (UIP) Claims Liabilities	42
Schedule 12 – Schedule of Net Position	43
Schedule 13 – Schedule of Revenues, Expenses, and Changes in Net Position	44
Schedule 14 – Other Information	45
Required Supplementary Information	
Schedule 15 – Claims Development Information (Unaudited)	46



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, as of and for the years ended June 30, 2018 and 2017, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial 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, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3 through 8 and the claims development information on Schedule 15 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in Schedules 1 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 through 14 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 14 are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Irvine, California
September 21, 2018

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2018 and 2017
(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, 2018 and 2017. 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, 2018 and 2017 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, the basic audited financial statements, notes to the financial statements, supplementary information, and required supplementary information. The Authority's basic financial statements are the Statements of Net Position, the Statements of Revenue, Expenses, and Changes in Net Position, and the Statements 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 how the overall financial condition has fluctuated from year to year.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2018 and 2017
(Unaudited)

A summary of the Authority's assets, liabilities, and net position at June 30, 2018, 2017, and 2016 is as follows:

Condensed Schedule of Net Position

June 30, 2018, 2017, and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:			
Current assets	\$ 92,382,000	102,543,000	113,718,000
Noncurrent assets	<u>53,800,000</u>	<u>59,413,000</u>	<u>67,569,000</u>
Total assets	<u>\$ 146,182,000</u>	<u>161,956,000</u>	<u>181,287,000</u>
Liabilities:			
Current liabilities	\$ 29,559,000	31,314,000	29,769,000
Noncurrent liabilities	<u>52,370,000</u>	<u>57,262,000</u>	<u>64,063,000</u>
Total liabilities	<u>\$ 81,929,000</u>	<u>88,576,000</u>	<u>93,832,000</u>
Net position:			
Unrestricted	<u>\$ 64,253,000</u>	<u>73,380,000</u>	<u>87,455,000</u>
Total net position	<u>\$ 64,253,000</u>	<u>73,380,000</u>	<u>87,455,000</u>

Assets

The Authority's assets totaled \$146,182,000 on June 30, 2018, a decrease of \$15,774,000 or 10%, as compared to the previous year. The decrease is mainly attributed to the decrease in investments (note 3) by \$13,706,000, due to the excess of payments over receipts from operating activities. Accounts receivable decreased by \$4,498,000 due to decreased construction projects enrolled in the Owners Controlled Insurance Program compared to prior year. Prepaid expenses increased by \$3,001,000 due to the timing and coverage periods of various insurance premiums. The Authority's assets totaled \$161,956,000 on June 30, 2017, a decrease of \$19,331,000, or 11%, as compared to the previous year. The decrease was mainly attributed to the decrease in investments (note 3) of \$23,946,000 due to increased insurance payments, increased dividend distributions, and investment loss. Prepaid expenses increased by \$1,720,000 due to the timing and coverage periods of various insurance premiums. The Authority's investments represent 90% of total assets as of June 30, 2018 and 2017 and consist of the Authority's share of the California State University (CSU) Consolidated Investment Pool and investments held in Morgan Stanley Smith Barney.

Liabilities

The Authority's liabilities totaled \$81,929,000 on June 30, 2018, a decrease of \$6,647,000 or 8%, as compared to the previous year. The decrease is primarily attributed to the decrease in claims liability for losses and loss adjustment expenses. The Authority's liabilities totaled \$88,576,000 on June 30, 2017, a decrease of \$5,256,000, or 6%, as compared to the previous year. The decrease was primarily due to the enrollment in the

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2018 and 2017
(Unaudited)

Excess Insurance Authority (EIA), effective January 1, 2016, resulting in a decrease in claims liability, current and noncurrent, in the amount of \$6,112,000 and \$8,108,000 as of June 30, 2018 and 2017, respectively. 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 79% and 80% of the total liabilities as of June 30, 2018 and 2017, respectively.

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 changes in investment income. The Authority's net position is classified as unrestricted and may be designated for use by the Authority.

The Authority's net position totaled \$64,253,000 on June 30, 2018, a decrease of \$9,127,000 or 12%, as compared to the previous year. This is primarily due to the excess of operating expenses over operating revenues. The Authority's net position totaled \$73,380,000 on June 30, 2017, a decrease of \$14,075,000 or 16%, as compared to the previous year. This was primarily due to increases in insurance premiums and dividends paid, and investment losses.

Statement of Revenue, Expenses, and Changes in Net Position – The Statement of Revenue, Expenses, and Changes in Net Position is the Authority's income statement. Revenue 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 net position over the course of the fiscal year.

A summary of the Authority's statement of revenues, expenses, and changes in net position for the years ended June 30, 2018, 2017 and 2016 is as follows:

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

Years ended June 30, 2018, 2017, and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 92,291,000	94,006,000	93,477,000
Operating expenses	<u>101,067,000</u>	<u>106,980,000</u>	<u>76,716,000</u>
Operating (loss) income	(8,776,000)	(12,974,000)	16,761,000
Nonoperating (expenses) revenues, net	<u>(351,000)</u>	<u>(1,101,000)</u>	<u>4,633,000</u>
Change in net position	(9,127,000)	(14,075,000)	21,394,000
Net position, beginning of year	<u>73,380,000</u>	<u>87,455,000</u>	<u>66,061,000</u>
Net position, end of year	<u>\$ 64,253,000</u>	<u>73,380,000</u>	<u>87,455,000</u>

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2018 and 2017
(Unaudited)

Operating Revenues and Expenses

The Authority's operating revenues consist of member contributions and reinsurance premiums. Increases or decreases in member contributions are primarily attributable to recommended funding for campus-covered programs calculated by an independent actuarial firm employed by the Authority (note 2(g)). During fiscal year 2018, operating revenues totaled \$92,291,000, a decrease of \$1,715,000 or 2%, which was primarily due to a decrease in member contributions and increase in reinsurance premiums (notes 6 and 7(b)). During fiscal year 2017, operating revenues totaled \$94,006,000, an increase of \$529,000 or 1%, which was primarily due to an increase in member contributions and a decrease in reinsurance premiums.

During fiscal year 2018, operating expenses totaled \$101,067,000, a decrease of \$5,913,000 or 6%, as compared to the previous year. The decrease is primarily due to a decrease in dividends expenses of \$6,723,000 and an increase in claims administration expenses of \$1,244,000. During fiscal year 2017, operating expenses totaled \$106,980,000, an increase of \$30,264,000 or 39%, as compared to the previous year. The increase was primarily due to increases in claim losses and loss adjustment expenses in the amount of \$9,496,000, insurance premiums of \$13,879,000, and dividends paid of \$5,729,000. The increase in insurance premiums was primarily due to excess insurance premiums paid to the EIA and other insurance carriers.

Operating expenses consist of claim losses and loss adjustment expenses of \$29,917,000 and \$26,671,000, claims administration of \$10,568,000 and \$9,324,000, insurance premiums of \$49,155,000 and \$52,555,000, dividend distributions of \$8,678,000 and \$15,401,000, general and administrative of \$1,372,000 and \$1,508,000, and miscellaneous services of \$1,377,000 and \$1,521,000 for the years ended June 30, 2018 and 2017, respectively. 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 additional information regarding potential loss amounts are known. Reserves for claims incurred but not reported, as determined by independent actuaries, are also included in this expense category. Claims administration includes expenses incurred by the Authority for claims administrator's fees and program administrator's fees, 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 (Expenses), Net

During fiscal year 2018, nonoperating expenses totaled \$351,000, a decrease of \$750,000 or 68%, which is primarily due to a decrease in investment loss from the investment portfolio where the Authority's investments are held (note 3). During fiscal year 2017, nonoperating revenues (expenses) totaled \$(1,101,000), a decrease of \$5,734,000 or 124%, which was primarily due to the decrease in investment income from the investment portfolio where the Authority's investments are held (note 3).

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2018 and 2017
(Unaudited)

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.

The Authority has a limited pool of membership consisting of CSU 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 the 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 has stabilized despite 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. Results have been positive, however, the environment may change.

Generally, the commercial insurance and reinsurance market is stable. However, weather extremes, catastrophic losses, and investment losses are areas of concern for commercial insurance carriers and the California market has experienced catastrophic claims due to wildfire and excessive rainfall.

The market for excess liability for California public entities has firmed. This is largely due to a significant rise in the cost of claims, especially those involving employment practices, law enforcement, and injuries to minors. The Authority has managed this risk by developing long-term underwriting relationships and attracting other insurers 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. In the April 2018 Board of Director's meeting, the fiscal year 2019 budget was approved for operating revenues of \$91,076,000 and operating expenses of \$98,380,000.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Management's Discussion and Analysis
June 30, 2018 and 2017
(Unaudited)

The CSU has asked the Authority to evaluate utilization of a captive insurer in the near future. If a captive insurer is effected, CSURMA would likely transfer commensurate assets and liabilities to the captive. Use of a captive would likely reduce CSURMA's assets but have a positive overall impact on CSURMA's financial position as the captive would be implemented if it could create overall efficiencies and reduce the CSU's total cost of risk.

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

Statements of Net Position

June 30, 2018 and 2017

	2018	2017
Assets:		
Current assets:		
Cash and cash equivalents	\$ 62,000	—
Investments	80,071,000	88,777,000
Accounts receivable	2,611,000	7,109,000
Loans receivable from affiliates, current portion	489,000	613,000
Prepaid expenses	8,873,000	5,872,000
Reinsurance recoverable – workers' compensation	276,000	172,000
Total current assets	92,382,000	102,543,000
Noncurrent assets:		
Loans receivable from affiliates, net of current portion	1,800,000	2,413,000
Other long-term investments	52,000,000	57,000,000
Total noncurrent assets	53,800,000	59,413,000
Total assets	146,182,000	161,956,000
Liabilities:		
Current liabilities:		
Accounts payable	9,263,000	9,532,000
Unearned revenues	1,141,000	43,000
SELF assessment liability, current portion	1,364,000	1,364,000
Claims liability for losses and loss adjustment expenses – current portion:		
Reported claims	10,252,000	12,089,000
Claims incurred but not reported	7,539,000	8,286,000
Total current liabilities	29,559,000	31,314,000
Noncurrent liabilities:		
SELF assessment liability, net of current portion (note 8)	5,454,000	6,818,000
Claims liability for losses and loss adjustment expenses – noncurrent portion (note 5):		
Reported claims	27,035,000	29,930,000
Claims incurred but not reported	19,881,000	20,514,000
Total noncurrent liabilities	52,370,000	57,262,000
Total liabilities	81,929,000	88,576,000
Net position:		
Unrestricted	64,253,000	73,380,000
Total net position	\$ 64,253,000	73,380,000

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, 2018 and 2017

	2018	2017
Operating revenues:		
Member contributions	\$ 102,103,000	103,447,000
Reinsurance premiums	(9,812,000)	(9,441,000)
Total operating revenues	92,291,000	94,006,000
Operating expenses:		
Claim losses and loss adjustment expenses	29,917,000	26,671,000
Claims administration	10,568,000	9,324,000
Insurance premiums	49,155,000	52,555,000
Dividend distributions	8,678,000	15,401,000
General and administrative	1,372,000	1,508,000
Miscellaneous services	1,377,000	1,521,000
Total operating expenses	101,067,000	106,980,000
Operating loss	(8,776,000)	(12,974,000)
Nonoperating revenues (expenses):		
Investment loss, net	(400,000)	(1,149,000)
Interest income from loans	49,000	48,000
Total nonoperating expenses, net	(351,000)	(1,101,000)
Change in net position	(9,127,000)	(14,075,000)
Net position, beginning of year	73,380,000	87,455,000
Net position, end of year	\$ 64,253,000	73,380,000

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, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts of member contributions	\$ 98,197,000	99,256,000
Payments to providers	(67,093,000)	(73,762,000)
Payments of claims	(36,394,000)	(35,163,000)
Dividend distributions to pool participants	(8,740,000)	(14,860,000)
Net cash used in operating activities	(14,030,000)	(24,529,000)
Cash flows from noncapital and related financing activities:		
Payments received on loans to related entities	737,000	1,591,000
Loan interest income received	49,000	53,000
Net cash provided by noncapital and related financing activities	786,000	1,644,000
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,025,078,000	789,229,000
Purchases of investments	(1,011,840,000)	(767,398,000)
Investment income, net	68,000	966,000
Net cash provided by investing activities	13,306,000	22,797,000
Net change in cash and cash equivalents	62,000	(88,000)
Cash and cash equivalents at beginning of year	—	88,000
Cash and cash equivalents at end of year	\$ 62,000	—
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (8,776,000)	(12,974,000)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Increase in prepaid expenses	(3,001,000)	(1,720,000)
Decrease (increase) in accounts receivable	4,498,000	(4,604,000)
(Increase) decrease in reinsurance recoverable – workers' compensation	(104,000)	25,000
(Decrease) increase in accounts payable	(269,000)	4,213,000
Increase in unearned revenues	1,098,000	3,000
Decrease in SELF assessment liability	(1,364,000)	(1,364,000)
Decrease in claims liability for losses and loss adjustment expenses	(6,112,000)	(8,108,000)
Net cash used in operating activities	\$ (14,030,000)	(24,529,000)

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, 2018 and 2017

(1) Organization

On January 1, 1997, California State University (CSU or the University) and certain auxiliary organizations of the University established the California State University Risk Management Authority (the Authority) pursuant to the provisions of Section 6500 et seq. of the California Government Code (the Code). The Code authorizes 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, 2018 and 2017 are as follows:

<u>Location</u>	<u>Member</u>
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	CI University Auxiliary Services, Inc. <i>(formerly University Glen Corporation)</i>
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, Inc.
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

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

Notes to Financial Statements

June 30, 2018 and 2017

Location	Member
Fresno	California State University, Fresno Association, Inc.
Fresno	California State University, Fresno Foundation
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
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 at 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
Monterey Bay	* Otter Student Union at CSU 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.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

A Discretely Presented Component Unit of the California State University

Notes to Financial Statements

June 30, 2018 and 2017

Location	Member
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.
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 Corporation (<i>formerly University Auxiliary and Research Services Corporation</i>)
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
Sonoma	Sonoma State University

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

Notes to Financial Statements

June 30, 2018 and 2017

<u>Location</u>	<u>Member</u>
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 in FY 2017/18

** Dissolved in FY 2017/18

The accompanying financial statements are also included in the CSU's financial statements as a discretely presented component unit.

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 actuaries, risk management consultants, 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 before the next annual premiums are due. The board of directors may, upon consultation, impose assessments on all participating members in the respective program to provide adequate funds to the Authority for the payment of all incurred losses.

The Authority coordinates the claims process in conjunction with various agencies. These agencies include the State of California Attorney General's Office; Sedgwick Claims Management Services, Inc. (Sedgwick); Carl Warren & Company (Carl Warren); Health Special Risk, Inc. (HSR); AG Administrator; the CSU Office of General Counsel; Systemwide Risk Management; Alliant Insurance Services (Alliant); the CSU Office of

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

Notes to Financial Statements

June 30, 2018 and 2017

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 is the TPA for Auxiliary Organization liability claims. HSR 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.

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 the Authority's normal 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.

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

Notes to Financial Statements

June 30, 2018 and 2017

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 and excess insurance carriers as of June 30, 2018 and 2017.

(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 estimates are related to paid claims and claim adjustment expenses as of June 30, 2018 and 2017. The estimated amounts recoverable from 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 (LAE) (note 2(h)).

(g) Member Contributions

The Authority reports contributions received from the Members in the Statements of Revenues, Expenses, and Changes in Net Position. 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 LAE. 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 revenue for the policy year in which coverage is provided.

(h) Claims Liability for Losses and LAE

The claims liability for losses and LAE included in the accompanying financial statements reflect the estimated cost of settling claims relating to events that have occurred on or before June 30, 2018 and 2017. 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 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.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2018 and 2017

In estimating unpaid losses and LAE, 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.

(i) Dividend Distributions

The Authority reports dividends in the Statements of Revenues, Expenses, and Changes in Net Position for the return of contributions to the Members. Dividends to CSU campuses are based on a 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 the 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 revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

(n) Reclassification

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

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

Notes to Financial Statements

June 30, 2018 and 2017

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

The Authority's cash, cash equivalents, and investments as of June 30, 2018 and 2017 are classified in the accompanying Statements of Net Position as follows:

	2018	2017
Cash and cash equivalents	\$ 62,000	—
Short-term investments	80,071,000	88,777,000
Other long-term investments	52,000,000	57,000,000
Total investments	\$ 132,133,000	145,777,000

(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, 2018 and 2017, 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 \$173,000 and \$110,000 at June 30, 2018 and 2017, 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, 2018 and 2017, the Authority's investment portfolio consists of investments held at Morgan Stanley Smith Barney and in the CSU Consolidated Investment Pool. Separate accounting is maintained as to the amounts allocable to the various funds and programs.

(i) 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.

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

Notes to Financial Statements

June 30, 2018 and 2017

(ii) *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 insured. As a result, custodial credit risk for such investments and deposits is remote.

(iii) *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, 2018 are presented in the table below.

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 5,144,000	4.31367
Certificates of deposit	2,000	0.20921
Corporate bonds	21,303,000	3.27725
International bonds	1,175,000	4.52257
Money market funds	103,000	—
Mortgage-backed securities	9,348,000	3.98694
Municipal bonds	5,769,000	5.84835
Mutual funds	1,000	5.68226
U.S. agency securities	3,290,000	3.61168
U.S. Treasury securities	85,936,000	4.71088
Total investments	<u>\$ 132,071,000</u>	

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

Notes to Financial Statements

June 30, 2018 and 2017

Durations of the Authority's investment portfolio for each investment type as of June 30, 2017 are presented in the table below:

<u>Investment type</u>	<u>Fair value</u>	<u>Duration (in years)</u>
Asset-backed securities	\$ 4,662,000	3.45666
Certificates of deposit	552,000	0.28861
Corporate bonds	25,016,000	2.90613
International bonds	1,242,000	5.30739
Money market funds	1,252,000	—
Mortgage-backed securities	6,880,000	3.62214
Municipal bonds	5,418,000	6.29868
Repurchase agreements	37,000	0.00813
U.S. agency securities	8,772,000	2.70064
U.S. Treasury securities	91,946,000	3.66613
Total investments	<u>\$ 145,777,000</u>	

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 flows and liquidity needed for operations.

(iv) *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.

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

Notes to Financial Statements

June 30, 2018 and 2017

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2018 are presented in the table below:

Investment type	Fair value	Rating as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 5,144,000	4,348,000	179,000	617,000	—	—
Certificates of deposit	2,000	1,000	—	1,000	—	—
Corporate bonds	21,303,000	615,000	1,000	14,784,000	3,090,000	2,813,000
International bonds	1,175,000	—	1,175,000	—	—	—
Money market funds	103,000	—	—	—	—	103,000
Mortgage-backed securities	9,348,000	330,000	9,018,000	—	—	—
Municipal bonds	5,769,000	—	5,769,000	—	—	—
Mutual funds	1,000	—	—	—	—	1,000
U.S. agency securities	3,290,000	—	1,924,000	—	—	1,366,000
U.S. Treasury securities	85,936,000	—	85,936,000	—	—	—
Total investments	\$ 132,071,000	5,294,000	104,002,000	15,402,000	3,090,000	4,283,000

Ratings of the Authority's investment portfolio for each investment type as of June 30, 2017 are presented in the table below:

Investment type	Fair value	Rating as of year-end				
		AAA	AA	A	BBB	Not rated
Asset-backed securities	\$ 4,662,000	3,832,000	194,000	636,000	—	—
Certificates of deposit	552,000	233,000	69,000	250,000	—	—
Corporate bonds	25,016,000	677,000	1,674,000	12,611,000	6,309,000	3,745,000
International bonds	1,242,000	—	1,242,000	—	—	—
Money market funds	1,252,000	—	—	20,000	—	1,232,000
Mortgage-backed securities	6,880,000	—	5,587,000	—	—	1,293,000
Municipal bonds	5,418,000	—	5,418,000	—	—	—
Repurchase agreements	37,000	—	—	9,000	—	28,000
U.S. agency securities	8,772,000	72,000	6,656,000	—	—	2,044,000
U.S. Treasury securities	91,946,000	—	91,946,000	—	—	—
Total investments	\$ 145,777,000	4,814,000	112,786,000	13,526,000	6,309,000	8,342,000

(v) *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.

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

Notes to Financial Statements

June 30, 2018 and 2017

As of June 30, 2018, the following investment 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: Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association, totaling \$17,935,000 or 14%. As of June 30, 2017, 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.

(vi) *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 among 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 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. 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 Authority 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.

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

Notes to Financial Statements

June 30, 2018 and 2017

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2018:

Investment type	Fair value	Level 1	Level 2	Net asset value
Asset-backed securities	\$ 5,144,000	—	5,144,000	—
Certificates of deposit	2,000	—	2,000	—
Corporate bonds	21,303,000	—	21,303,000	—
International bonds	1,175,000	—	1,175,000	—
Money market funds	103,000	—	—	103,000
Mortgage-backed securities	9,348,000	—	9,348,000	—
Municipal bonds	5,769,000	—	5,769,000	—
Mutual funds	1,000	—	1,000	—
U.S. agency securities	3,290,000	—	3,290,000	—
U.S. Treasury securities	85,936,000	—	85,936,000	—
Total investments	\$ 132,071,000	—	131,968,000	103,000

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2017:

Investment type	Fair value	Level 1	Level 2	Net asset value
Asset-backed securities	\$ 4,662,000	1,113,000	3,549,000	—
Certificates of deposit	552,000	—	552,000	—
Corporate bonds	25,016,000	479,000	24,537,000	—
International bonds	1,242,000	—	1,242,000	—
Money market funds	1,252,000	—	—	1,252,000
Mortgage-backed securities	6,880,000	—	6,880,000	—
Municipal bonds	5,418,000	—	5,418,000	—
Repurchase agreement	37,000	—	37,000	—
U.S. agency securities	8,772,000	2,372,000	6,400,000	—
U.S. Treasury securities	91,946,000	—	91,946,000	—
Total investments	\$ 145,777,000	3,964,000	140,561,000	1,252,000

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.

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

Notes to Financial Statements

June 30, 2018 and 2017

Investments are classified in Level 1 as fair value are obtained 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. Investments 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 Authority's external investment managers or their custodians.

Investments are classified in Level 2 as fair value are calculated using valuations that include observable market quoted prices for similar assets or liabilities. Observable inputs other than quoted prices such as price services or indices, estimates, appraisals, assumptions, and other methods that are reviewed by management. Changes in market conditions and economic environments may impact the net asset value (NAV) of the funds and consequently the fair value of the Authority's interests in the funds.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2018 or 2017.

Money market funds are not categorized under the fair value hierarchy and are shown at NAV. These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

(c) Investment Income, Net

Investment income, net, included within the Statements of Revenues, Expenses, and Changes in Net Position is comprised of unrealized losses of \$(468,000) and \$(2,115,000), realized losses of \$(2,916,000) and \$(1,465,000), and interest and dividend income of \$2,984,000 and \$2,431,000 for the years ended June 30, 2018 and 2017, respectively.

(4) Loans Receivable from Affiliates

In June 2017, the Authority entered into a loan agreement with Humboldt State University in the amount of \$1,800,000. 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 (0.137% at June 30, 2018). The maturity date of the loan is October 31, 2022. The amount outstanding on the loan was \$1,800,000 as of June 30, 2018 and 2017.

In May 2014, the Authority entered into a line-of-credit agreement with California State University, Sacramento in the amount of \$4,000,000, of which \$489,000 was drawn against the line as of June 30, 2018. The line-of-credit will be available for a 5-year period with principal and interest due and 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 (0.137% at June 30, 2018). The maturity date of the line-of-credit is June 1, 2019. The amounts outstanding on the loan were \$489,000 and \$1,226,000 as of June 30, 2018 and 2017, respectively.

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

Notes to Financial Statements

June 30, 2018 and 2017

The following table summarizes the Authority's loans receivable from affiliates as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Humboldt State University	\$ 1,800,000	1,800,000
California State University, Sacramento	489,000	1,226,000
Total loans receivable from affiliates	2,289,000	3,026,000
Less current portion	<u>(489,000)</u>	<u>(613,000)</u>
Loans receivable from affiliates, net of current portion	<u>\$ 1,800,000</u>	<u>2,413,000</u>

(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, 2018 and 2017.

Changes in the Authority's claims liability for the years ended June 30, 2018 and 2017 are as follows:

Claims liability for losses and loss adjustment expenses, June 30, 2016	\$ 78,927,000
Incurred claims for losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	60,246,000
Decrease in provision for reinsured events of the current fiscal year	(26,653,000)
Decrease in provision for insured events of prior fiscal years	<u>(6,922,000)</u>
Total incurred claims for losses and loss adjustment expenses	<u>26,671,000</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	(20,858,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year	13,800,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(27,721,000)</u>
Total payments	<u>(34,779,000)</u>

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2018 and 2017

Claims liability for losses and loss adjustment expenses, June 30, 2017	\$	70,819,000
Less current portion		<u>(20,375,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2017, net of current portion		<u>50,444,000</u>
Incurred claims for losses and loss adjustment expenses:		
Provision for insured events of the current fiscal year		63,078,000
Decrease in provision for reinsured events of the current fiscal year		(29,282,000)
Decrease in provision for insured events of prior fiscal years		<u>(3,879,000)</u>
Total incurred claims for losses and loss adjustment expenses		<u>29,917,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year		(20,103,000)
Claims and claim adjustment expenses attributable to recoveries from reinsured events of the current fiscal year		14,273,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years		<u>(30,199,000)</u>
Total payments		<u>(36,029,000)</u>
Claims liability for losses and loss adjustment expenses, June 30, 2018		64,707,000
Less current portion		<u>17,791,000</u>
Claims liability for losses and loss adjustment expenses, June 30, 2018, net of current portion	\$	<u><u>46,916,000</u></u>

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

Notes to Financial Statements

June 30, 2018 and 2017

(6) Related-Party Transactions

The following represents a summary of the accounts receivable, contributions (premiums), and dividends for the years ended June 30, 2018 and 2017, and general liability insurance deductibles for the policy period detailed by campus:

June 30, 2018				
Members	Accounts receivable	Contributions	Dividends	General liability insurance deductibles per occurrence
Bakersfield	\$ —	1,651,000	(151,000)	35,000
California Maritime Academy	—	637,000	(64,000)	50,000
Chancellor's Office	566,000	13,886,000	(146,000)	100,000
Channel Islands	—	1,821,000	(162,000)	35,000
Chico	—	2,890,000	(265,000)	250,000
Dominguez Hills	—	2,678,000	(299,000)	100,000
East Bay	—	3,355,000	(303,000)	750,000
Fresno	—	3,365,000	(421,000)	100,000
Fullerton	—	4,940,000	(355,000)	250,000
Humboldt	—	2,188,000	(226,000)	250,000
Long Beach	—	6,322,000	(563,000)	250,000
Los Angeles	—	4,570,000	(351,000)	250,000
Monterey Bay	—	1,666,000	(137,000)	35,000
Northridge	—	6,179,000	(448,000)	750,000
Pomona	—	4,367,000	(395,000)	250,000
Sacramento	—	3,989,000	(338,000)	500,000
San Bernardino	—	3,219,000	(300,000)	50,000
San Diego	—	5,718,000	(430,000)	900,000
San Francisco	—	5,327,000	(421,000)	250,000
San Jose	—	5,205,000	(399,000)	750,000
San Luis Obispo	—	5,054,000	(342,000)	250,000
San Marcos	—	1,974,000	(157,000)	50,000
Sonoma	—	2,623,000	(196,000)	50,000
Stanislaus	—	1,687,000	(158,000)	35,000
Auxiliary Organizations	598,000	6,792,000	(1,651,000)	Various
	\$ 1,164,000	102,103,000	(8,678,000)	

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

Notes to Financial Statements

June 30, 2018 and 2017

June 30, 2017				
Members	Accounts receivable	Contributions	Dividends	General liability insurance deductibles per occurrence
Bakersfield	\$ —	1,642,000	(305,000)	35,000
California Maritime Academy	—	629,000	(105,000)	35,000
Chancellor's Office	5,492,000	12,501,000	(244,000)	100,000
Channel Islands	—	1,606,000	(279,000)	35,000
Chico	—	2,739,000	(525,000)	250,000
Dominguez Hills	—	2,531,000	(573,000)	100,000
East Bay	—	3,513,000	(531,000)	500,000
Fresno	—	3,279,000	(1,002,000)	250,000
Fullerton	—	4,337,000	(685,000)	250,000
Humboldt	—	2,227,000	(426,000)	50,000
Long Beach	—	6,283,000	(1,091,000)	250,000
Los Angeles	—	4,208,000	(697,000)	250,000
Monterey Bay	—	1,588,000	(290,000)	35,000
Northridge	—	5,678,000	(843,000)	750,000
Pomona	—	4,386,000	(753,000)	250,000
Sacramento	—	3,716,000	(625,000)	900,000
San Bernardino	—	3,090,000	(547,000)	50,000
San Diego	—	5,801,000	(843,000)	900,000
San Francisco	—	4,847,000	(939,000)	500,000
San Jose	—	5,013,000	(747,000)	750,000
San Luis Obispo	—	4,719,000	(651,000)	250,000
San Marcos	—	1,781,000	(320,000)	50,000
Sonoma	—	2,168,000	(397,000)	100,000
Stanislaus	—	1,694,000	(269,000)	35,000
Auxiliary Organizations	482,000	13,471,000	(1,714,000)	Various
	\$ 5,974,000	103,447,000	(15,401,000)	

(7) Excess Insurance and Reinsurance

(a) Excess Insurance

For the years ended June 30, 2018 and 2017, 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.

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

Notes to Financial Statements

June 30, 2018 and 2017

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 from Safety National excess workers' compensation insurance to statutory limits in excess of the \$2,500,000 self-insured retention for the years ended June 30, 2018 and 2017. For the AORMA workers' compensation program, the Authority also purchased from Safety National excess workers' compensation insurance to statutory limits in excess of the \$750,000 and \$500,000 self-insured retention for the years ended June 30, 2018 and 2017, respectively. There have been no settlements exceeding insurance limits in the past three fiscal years.

Effective January 1, 2015, the Authority joined the CSAC Excess Insurance Authority Excess Workers' Compensation Program, 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 as of June 30, 2018 and 2017 were \$55,402,000 and \$42,125,000 for the campus workers' compensation program and \$5,461,000 and \$4,430,000 for the AORMA workers' compensation program, respectively.

(b) Reinsurance

For the years ended June 30, 2018 and 2017, 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, 2018 and 2017 were \$11,860,000 and \$15,210,000, respectively. While such losses are reinsured, the Authority will not be relieved of its primary obligations to the policyholder in these reinsurance transactions.

For the years ended June 30, 2018 and 2017, the Authority purchased reinsurance for the campus and AORMA liability programs provided by Markel, Evanston, Great American, Ironshore, AWAC, and the General Reinsurance Corporation. This transaction reinsured the AORMA claims liability for individual claims incurred in excess of \$500,000 and up to \$5,000,000 per occurrence. The reinsurance premiums for the years ended June 30, 2018 and 2017 were \$3,188,000 and \$3,066,000, respectively. There have been no settlements in the most recent three fiscal years that have exceeded insurance limits.

For the years ended June 30, 2018 and 2017, the Authority purchased reinsurance for the campus and AORMA property programs provided by the Public Entity Property Insurance Program (the PEPIP). 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, 2018 and 2017 were \$6,624,000 and \$6,375,000, respectively. The coverage terms and conditions are the same as provided by the PEPIP in prior years.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**
A Discretely Presented Component Unit of the California State University
Notes to Financial Statements
June 30, 2018 and 2017

(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, 2018 and 2017 were \$6,818,000 and \$8,182,000, respectively.

(9) Subsequent Events

Subsequent events have been evaluated through September 21, 2018, which corresponds to the date when the financial statements were issued. There are no subsequent events that require disclosure.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

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 years ended June 30:

	<u>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 39,703,000	48,494,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	28,399,000	25,687,000
Decrease in provision for reinsured events of current fiscal year	(26,793,000)	(23,797,000)
Decrease in provision for insured events of prior fiscal years	<u>(5,212,000)</u>	<u>(4,526,000)</u>
Total incurred claims and claim adjustment expenses	<u>(3,606,000)</u>	<u>(2,636,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	—
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	12,862,000	12,779,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(15,224,000)</u>	<u>(18,934,000)</u>
Total payments	<u>(2,362,000)</u>	<u>(6,155,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ 33,735,000</u>	<u>39,703,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

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 years ended June 30:

	<u>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 23,463,000	20,782,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	9,045,000	7,699,000
Increase (Decrease) in provision for insured events of prior fiscal years	<u>1,614,000</u>	<u>(727,000)</u>
Total incurred claims and claim adjustment expenses	<u>10,659,000</u>	<u>6,972,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(5,000)	—
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(10,211,000)</u>	<u>(4,291,000)</u>
Total payments	<u>(10,216,000)</u>	<u>(4,291,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>23,906,000</u>	<u>23,463,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

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 years ended June 30:

	<u>2018</u>	<u>2017</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>14,290,000</u>	<u>14,366,000</u>
Total incurred claims and claim adjustment expenses	<u>14,290,000</u>	<u>14,366,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(14,290,000)</u>	<u>(14,366,000)</u>
Total payments	<u>(14,290,000)</u>	<u>(14,366,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of Property Claims Liabilities

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

	<u>2018</u>	<u>2017</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>2,423,000</u>	<u>3,131,000</u>
Total incurred claims and claim adjustment expenses	<u>2,423,000</u>	<u>3,131,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(2,423,000)</u>	<u>(3,131,000)</u>
Total payments	<u>(2,423,000)</u>	<u>(3,131,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

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 years ended June 30:

	<u>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 2,328,000	2,214,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	3,735,000	3,792,000
Decrease in provision for insured events of prior fiscal years	<u>(285,000)</u>	<u>(6,000)</u>
Total incurred claims and claim adjustment expenses	<u>3,450,000</u>	<u>3,786,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(1,745,000)	(1,839,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(1,646,000)</u>	<u>(1,833,000)</u>
Total payments	<u>(3,391,000)</u>	<u>(3,672,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>2,387,000</u>	<u>2,328,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

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 years ended June 30:

	<u>2018</u>	<u>2017</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>44,000</u>	<u>42,000</u>
Total incurred claims and claim adjustment expenses	<u>44,000</u>	<u>42,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(44,000)</u>	<u>(42,000)</u>
Total payments	<u>(44,000)</u>	<u>(42,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

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 years ended June 30:

	<u>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 3,877,000	5,944,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	2,627,000	3,041,000
Decrease in provision for reinsured events of current fiscal year	(2,489,000)	(2,856,000)
Decrease in provision for insured events of prior fiscal years	<u>(345,000)</u>	<u>(703,000)</u>
Total incurred claims and claim adjustment expenses	<u>(207,000)</u>	<u>(518,000)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	—
Claims and claim adjustment expenses attributable to recoveries from reinsured events of current fiscal year	1,411,000	1,021,000
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(2,191,000)</u>	<u>(2,570,000)</u>
Total payments	<u>(780,000)</u>	<u>(1,549,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u><u>2,890,000</u></u>	<u><u>3,877,000</u></u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

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 years ended June 30:

	<u>2018</u>	<u>2017</u>
Claims liability for losses and loss adjustment expenses, beginning of year	\$ 1,448,000	1,493,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fiscal year	985,000	1,085,000
Increase (Decrease) in provision for insured events of prior fiscal years	<u>349,000</u>	<u>(960,000)</u>
Total incurred claims and claim adjustment expenses	<u>1,334,000</u>	<u>125,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(66,000)	(77,000)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(927,000)</u>	<u>(93,000)</u>
Total payments	<u>(993,000)</u>	<u>(170,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>1,789,000</u>	<u>1,448,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of AORMA Property Claims Liabilities

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

	<u>2018</u>	<u>2017</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>221,000</u>	<u>248,000</u>
Total incurred claims and claim adjustment expenses	<u>221,000</u>	<u>248,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(221,000)</u>	<u>(248,000)</u>
Total payments	<u>(221,000)</u>	<u>(248,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Supplementary Information

Reconciliation of AORMA Crime Claims Liabilities

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

	<u>2018</u>	<u>2017</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	—	24,000
Total incurred claims and claim adjustment expenses	<u>—</u>	<u>24,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	—	(24,000)
Total payments	<u>—</u>	<u>(24,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	<u>\$ —</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

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 years ended June 30:

	<u>2018</u>	<u>2017</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>1,309,000</u>	<u>1,131,000</u>
Total incurred claims and claim adjustment expenses	<u>1,309,000</u>	<u>1,131,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year	<u>(1,309,000)</u>	<u>(1,131,000)</u>
Total payments	<u>(1,309,000)</u>	<u>(1,131,000)</u>
Claims liability for losses and loss adjustment expenses, end of year	\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Schedule of Net Position

June 30, 2018

(For inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 62,244
Short-term investments	80,070,600
Accounts receivable, net	2,887,179
Notes receivable, current portion	489,378
Prepaid expenses and other assets	<u>8,873,212</u>
Total current assets	<u>92,382,613</u>
Noncurrent assets:	
Notes receivable, net of current portion	1,800,000
Other long-term investments	<u>51,999,615</u>
Total noncurrent assets	<u>53,799,615</u>
Total assets	<u>146,182,228</u>
Liabilities:	
Current liabilities:	
Accounts payable	10,626,977
Unearned revenue	1,140,541
Claims liability for losses and LAE, current portion	<u>17,790,713</u>
Total current liabilities	<u>29,558,231</u>
Noncurrent liabilities:	
Claims liability for losses and LAE, net of current portion	46,916,463
Other liabilities	<u>5,454,649</u>
Total noncurrent liabilities	<u>52,371,112</u>
Total liabilities	<u>81,929,343</u>
Net position:	
Unrestricted	<u>64,252,885</u>
Total net position	<u>\$ 64,252,885</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(For inclusion in the California State University)

Revenues:	
Operating revenues:	
Other operating revenues	\$ <u>92,290,859</u>
Total operating revenues	<u>92,290,859</u>
Expenses:	
Operating expenses:	
Instruction	8,167,050
Research	111,230
Public service	85,605
Academic support	1,802,531
Student services	1,813,403
Institutional support	87,655,240
Operation and maintenance of plant	1,104,817
Auxiliary enterprise expenses	<u>327,036</u>
Total operating expenses	<u>101,066,912</u>
Operating income	<u>(8,776,053)</u>
Nonoperating revenues (expenses):	
Investment expenses, net	(400,213)
Other nonoperating revenue	<u>48,798</u>
Net nonoperating expenses	<u>(351,415)</u>
Decrease in net position	(9,127,468)
Net position:	
Net position, beginning of year	<u>73,380,353</u>
Net position, end of year	<u>\$ <u>64,252,885</u></u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY**

Other Information

June 30, 2018

(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	\$ 2,155	2,155	5,141,150	5,141,150	5,143,305
Certificates of deposit	1,488	1,488	—	—	1,488
Corporate bonds	8,426	8,426	21,294,404	21,294,404	21,302,830
International bonds	—	—	1,175,226	1,175,226	1,175,226
Money market funds	72	72	102,977	102,977	103,049
Mortgage-backed securities	2	2	9,348,267	9,348,267	9,348,269
Municipal bonds	382	382	5,768,521	5,768,521	5,768,903
Mutual funds	942	942	—	—	942
Repurchase agreements	75	75	—	—	75
U.S. agency securities	8,699	8,699	3,281,014	3,281,014	3,289,713
U.S. Treasury securities	80,048,359	80,048,359	5,888,056	5,888,056	85,936,415
Total investments	<u>\$ 80,070,600</u>	<u>80,070,600</u>	<u>51,999,615</u>	<u>51,999,615</u>	<u>132,070,215</u>

Fair value hierarchy in investments at June 30, 2018:

	Fair value measurements using				Net asset value (NAV)
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	
Asset-backed securities	\$ 5,143,305	—	5,143,305	—	—
Certificates of deposit	1,488	—	1,488	—	—
Corporate bonds	21,302,830	—	21,302,830	—	—
International bonds	1,175,226	—	1,175,226	—	—
Money market funds	103,049	—	—	—	103,049
Mortgage-backed securities	9,348,269	—	9,348,269	—	—
Municipal bonds	5,768,903	—	5,768,903	—	—
Mutual funds	942	—	942	—	—
Repurchase agreements	75	—	75	—	—
U.S. agency securities	3,289,713	—	3,289,713	—	—
U.S. Treasury securities	85,936,415	—	85,936,415	—	—
Total investments	<u>\$ 132,070,215</u>	<u>—</u>	<u>131,967,166</u>	<u>—</u>	<u>103,049</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY
RISK MANAGEMENT AUTHORITY
Claims Development Information
(In thousands)
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net earned required contribution and investment revenues:										
Earned	\$ 85,769	90,247	96,364	104,726	91,560	93,935	96,997	104,997	102,346	101,752
Ceded	18,469	19,024	18,879	16,148	3,005	11,626	6,872	6,886	9,441	9,812
Net earned	\$ 67,300	71,223	77,485	88,577	88,555	82,309	90,125	98,111	92,905	91,940
Unallocated expenses	\$ 43,306	52,578	39,257	48,776	41,755	30,116	44,878	60,194	80,309	71,150
Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 28,604	57,959	63,416	57,994	59,095	59,313	60,386	56,800	60,246	63,078
Ceded	17,996	17,118	19,834	19,575	—	—	14,527	24,959	26,653	29,282
Net incurred	\$ 10,608	40,841	43,582	38,419	59,095	59,313	45,859	31,841	33,593	33,796
Paid (cumulative) as of:										
End of policy year	\$ 12,022	19,615	18,972	20,541	11,400	13,019	14,300	9,658	7,058	5,830
One year later	14,801	22,697	20,457	22,295	28,965	27,549	24,260	21,005	23,554	—
Two years later	20,511	23,092	23,664	23,853	35,942	32,559	26,281	24,800	—	—
Three years later	19,458	24,863	28,733	25,063	38,432	41,718	27,674	—	—	—
Four years later	20,063	25,543	29,004	25,282	40,302	43,576	—	—	—	—
Five years later	20,385	29,061	29,461	25,330	45,884	—	—	—	—	—
Six years later	20,824	29,370	29,617	25,390	—	—	—	—	—	—
Seven years later	20,762	29,545	29,671	—	—	—	—	—	—	—
Eight years later	20,804	29,612	—	—	—	—	—	—	—	—
Nine years later	20,738	—	—	—	—	—	—	—	—	—
Reestimated ceded claims and expenses	\$ 18,767	17,996	22,643	21,685	—	—	14,527	24,959	26,653	29,282
Reestimated incurred claims and expenses:										
End of policy year	\$ 10,608	40,841	43,582	38,419	59,095	59,313	45,859	31,841	33,593	33,796
One year later	23,692	34,160	30,996	27,064	50,697	48,463	36,014	31,206	28,940	—
Two years later	24,655	29,484	28,962	27,864	50,636	49,235	33,781	29,356	—	—
Three years later	20,456	28,725	30,268	26,092	31,868	53,080	33,386	—	—	—
Four years later	20,742	28,024	30,168	25,906	37,005	53,946	—	—	—	—
Five years later	20,658	32,595	30,201	25,588	55,576	—	—	—	—	—
Six years later	21,110	32,360	30,079	25,666	—	—	—	—	—	—
Seven years later	21,154	32,491	30,157	—	—	—	—	—	—	—
Eight years later	21,141	29,733	—	—	—	—	—	—	—	—
Nine years later	21,131	—	—	—	—	—	—	—	—	—
Increase (decrease) in estimated incurred claims and expenses from end of policy year	\$ 10,523	(11,108)	(13,425)	(12,753)	(3,519)	(5,367)	(12,473)	(2,485)	(4,653)	—

See accompanying independent auditors' report.

CSURMA CASH FLOW PROJECTION

ISSUE: At its last meeting in September 2019, the Committee directed Staff to complete a two-year cash flow projection.

RECOMMENDATION: No action is recommended at today's meeting. Staff recommends that the Executive Committee review the draft cash flow projection and provide input to staff.

FISCAL IMPACT: There is no direct fiscal impact from this projection. It will be used by the Treasurer and Executive Committee in guiding investment and cash management.

BACKGROUND: Staff will work with CSU Accounting to prepare an updated draft for the Executive Committee meeting in January.

The recent change to the OCIP as well as the purchase of reinsurance from CSAC EIA have created cash flow concerns. Staff will work with CPDC, CSU Accounting, the CSURMA Treasurer and the third party administrators to create a two-year cash flow projection.

PUBLICATION: None.

ATTACHMENT(S):

- a. The draft Cash Flow Projection

CSURMA'S Projected Cash Flow Obligations

7/01/18 to 6/30/19:	Funds
Cash and Cash Equivalents	
Current (Short-Term) Investments	
Estimated Loss Payments - <i>Loss Payment tab</i>	
Reinsurance Recoverables - <i>Recoverables tab</i>	
Member Contributions - <i>Contribution tab</i>	
Dividend Distribution	
Coverage Program Premiums/Reinsurance Payments - <i>Premium tab</i>	
Miscellaneous Expense <i>(as shown within the current CSURMA budget)</i>	
Estimated Future Period Balance as of 6/30/19	

7/01/19 to 6/30/20	Funds
Cash and Cash Equivalents	
Current (Short-Term) Investments	
Estimated Loss Payments - <i>Loss Payment tab</i>	
Reinsurance Recoverables - <i>Recoverables tab</i>	
Member Contributions - <i>Contribution tab</i>	
Dividend Distribution	
Coverage Program Premiums/Reinsurance Payments - <i>Premium tab</i>	
Miscellaneous Expense <i>(as shown within the current CSURMA budget)</i>	
Estimated Future Period Balance as of 6/30/20	

**Current Report Portfolio Allocation
As of: 6/30/18**

Information Item:	
Cash and Cash Equivalents	
Short-Term Investments	
Long-Term Investments	
Total Investments	\$ -

**Projected Report Portfolio Allocation
As of: 6/30/19**

Information Item:	
Cash and Cash Equivalents	
Short-Term Investments	
Long-Term Investments	
Total Investments	\$ -

**REVISIONS TO POLICY AND PROCEDURE NO. 20 –
OWNER CONTROLLED INSURANCE PROGRAM (OCIP)**

ISSUE: On September 7, 2018, the Executive Committee heard a report from the OCIP Task Group and expressed the need to revisit how prefunding of OCIP costs impact CSURMA’s cash flow and loss of investment income. The Executive Committee believes CSURMA should be made whole by recovering for loss of investment income. Also, although only ten campuses currently have construction projects enrolled in OCIP 2, all campuses incur a loss of investment income because it is allocated to the entire program. In fairness for all members, the Executive Committee instructed staff to include an interest charge on enrolled projects. The interest charge is to be equal to CSURMA’s imputed rate of return on investments. The Executive Committee also desired to review the Memorandum of Understanding (MOU) that is being drafted by the Chancellor’s Office Capital Planning Design and Construction (CPDC).

RECOMMENDATION: The Executive Committee is asked to approve amendments to Policy and Procedure No. 20 and the MOU between CPDC and CSURMA, making changes as it deems appropriate.

FISCAL IMPACT: The proposed amendments will have a significant impact on CSURMA’s operating budget in regards to cash flow, but should not impact CSURMA’s actual operating costs since direct costs for premium payments including premium adjustments are reimbursed by campus projects, including interest. The proposed timeline for reimbursements is at the project’s midpoint during construction and at final project completion. A cash flow projection is attached to this item.

BACKGROUND: On April 25, 2018, the Executive Committee formed a task group to review the proposed changes to Policy & Procedure No. 20 for CSURMA to pay insurance premiums for campus construction projects that are enrolled in the Owner Controlled Insurance Program managed by CPDC. The changes in procedure enable projects enrolled in OCIP to realize the savings expected to be derived by OCIP. The changes also serve to facilitate premium payments, including project audits and premium adjustments. OCIP premiums paid by CSURMA are to be reimbursed by the projects via CPDC. The new procedures are to apply beginning with OCIP 2. The Task Group met on July 25, 2018 with CPDC, OCIP broker, and CSURMA staff.

CSURMA established OCIP to insure the university’s construction activities. OCIP provides General Liability and Workers’ Compensation insurance for capital projects with construction

values of \$10,000,000 and more. OCIP is supplemented by other insurance, namely Contractors Pollution Liability (CPL) and Owner's Protective Professional Indemnity (OPPI). Separately, CSURMA's Builder's Risk Insurance Program (BRIP) insures direct damage to all CSU construction projects that exceed the threshold for minor capital outlay. Policy and Procedure No. 20 (OCIP) and No. 24 (BRIP) were adopted by the Executive Committee on November 6, 2013 and revised on May 6, 2016. The Executive Committee approved amendments to P&P 24 at its April 25, 2018 meeting.

ATTACHMENT(S):

- a. CSU OCIP Cash Flow Estimates
- b. Proposed Memorandum of Understanding between CPDC and CSURMA – *handouts*
- c. Proposed Amendment of Policy and Procedure No. 20 (OCIP) – *handouts*

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: None.

PUBLICATION: None.

ATTACHMENT(S): None.

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.

FY 2018/2019 LONG RANGE PLANNING GOALS

ISSUE: Each year the Executive Committee conducts a Long Range Action Planning meeting to gauge progress and to re-evaluate where efforts should be focused.

RECOMMENDATION: This item is for information only; no action is requested.

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

BACKGROUND: The CSURMA Executive Committee adopts the FY 2018/2019 Long Range Planning goals to be accomplished. The Committee will receive a report from Staff on the assigned responsibilities and deadlines of the FY 2018/2019 Long Range Planning goals.

PUBLICATION: None.

ATTACHMENT(S):

- a. FY 2018/2019 CSURMA Long Range Action Plan

FY 2018/19 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
LRP-1	SPECIAL EVENTS RESOURCE GUIDE				
Roll Out of Special Events Resource Guide Including Outreach to Campus and Auxiliary Organization Event Planners	1	Identify and engage consultant to create Special Events Risk Management Manual and training modules.	SRM	Aug-15	Completed
	2	Consultant presents Special Event Management Project at Fitting the Pieces Together Conference	SRM	Nov-16	Completed
	3	Develop subject content for special events risk management manual.	SRM	Apr-17	Completed
	4	Oversee design and development of special events risk management manual.	SRM	Apr-17	Completed
	5	Consultant develops training module(s) for CSU LMS	SRM	Mar-18	In Process
	6	Roll out manual to all campus and auxiliary organization staff	SRM	Mar-18	Completed
	7	Post manual on the CSURMA website	PA	Mar-18	Completed
	8	Roll out special events training on the CSU LMS	SRM	Apr-18	In Process
	9	Finaliz review by legal counsel	SRM	Apr-18	In Process
	10	Consultant presents the completed Special Event Management manual	SRM	Oct-18	In Process
LRP-2	RMIS REPORTING				
Roll Out of RMIS System to Campus Risk Managers, EH&S and WC Coordinators	1	Populate Ventiv database with hierarchy structure.	PA	17-Oct	In Process
	2	Populate Ventiv database with Phase 1 policy data.	PA	17-Dec	In Process
	3	Present Phase 1 project results and recommendations for Phase 2.	SRM, PA	17-Dec	In Process
	4	Implement initial benchmarking project.	SRM, PA	18-Jan	In Process
	5	Approve Phase 2 and ongoing database maintenance plan.	EC	18-Mar	In Process
	6	Report to EC and BOD.	SRM, PA	18-Apr	In Process
	7	Presentation of sustainable long term benchmarking program.	SRM, PA	18-Oct	In Process
	8	Approval of long term benchmarking project scope and costs.	EC	19-Jan	
LRP-3	CAPTIVE INSURER				
Captive Formation and Analysis of CSURMA Investment Options	1	Identify and engage consultant to evaluate CSURMA's captive utilization options.	EC, SRM, PA	Jan-16	Completed
	2	Review the Pinnacle Actuarial Resources initial evaluation of CSURMA's captive utilization options.	EC	May-16	Completed
	3	Present further evaluation to EC for direction	EC	Sep-16	Completed
	4	Report on project to EC and BOD	BOD	Nov-16	Completed
	5	Approval of the use of a captive for the legacy workers' compensation claims	EC	Mar-17	Completed
	6	Report on project to the BOD	PA	May-17	Completed
	7	Perform legal and actuarial work needed to evaluate further	SRM, PA	Feb-18	In Process
	8	Analyze captive relative to JPA & new investment flexibility	SRM, PA	Mar-19	In Process
	9	Oversee development of a captive cell	SRM, PA	Mar-19	In Process
	10	Review CSU's new investment flexibility with legal counsel as it pertains to CSURMA.	SRM, PA	Mar-19	
LRP-4	CAMPUS VISITS				
Campus Visits to include CABO Member, RM and EH&S, Athletic Directors and Trainers, Auxiliary Organization	1	Schedule meetings with all Campus VPs	PA	Aug-16	Completed
	2	RPTG will meet to review risk pool rating plans	SRM, RPTG, PA	Oct-16	Completed
	4	Completion of Campus VP presentation	PA	Nov-16	Completed
	5	Completion Campus visits	SRM, PA	Mar-17	In Process
	6	Report on project to the BOD	BOD	Apr-18	Completed

FY 2018/19 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS	
Leadership	7	Schedule meetings with all Campus RM and EH&S, Athletic Trainers and Auxiliary Organization Leadership	PA	Aug-18	In Process
	8	Completion of visit presentations	PA	Mar-19	
	9	Completion of Campus visits	SRM, PA	Mar-19	
LRP-5 SYSTEMWIDE EH&S					
CSURMA Support of Systemwide Environmental Health and Safety Initiatives Such as Compliance, Chemical Safety, Laboratory Safety	1	Report on project to the BOD	BOD	Apr-18	Completed
	2	Survey all Campuses to ascertain what EH&S initiatives are in place	SRM, PA	May-18	Completed
	3	Present EH&S survey information to CABO, provide direction to EC	PA, CABO	Aug-18	Completed
	4	EC to discuss EH&S safety training and tracking systems available	EC	Sep-18	Completed
	5	EC to recommend systemwide EH&S safety training and tracking system to SRM	EC	Oct-18	Completed
LRP-6 STUDENT CLUB ACTIVITIES					
Campus Support for Managing Liability Arising from Club Activities Including CSURMA Programs and Services	1	Complete marketing specifications and coverage program design	PA	Mar-18	Completed
	2	Submit specs to insurers for coverage quotes	PA	Mar-18	Completed
	3	Review quotes received from insurers	PA	Mar-18	Completed
	4	BOD and EC to approve the Club Liability Insurance Program (CLIP)	EC, BOD	Apr-18	Completed
	5	Send out notification to campuses for roll out of the program	PA	May-18	Completed
LRP-7 IRIC AND SERG MANUAL TRAINING					
Conduct Intensive North – South Training of New IRIC and SERG Manuals Directed at CSU Procurement Professionals	1	Present IRIC at CSU Business Conference	PA	Apr-18	Completed
	2	Schedule training dates	PA	Apr-18	In Process
	3	Finalize IRIC and SERG presentations	PA	Apr-18	In Process
	4	Southern California IRIC training presentation	PA	TBD	
	5	Northern California IRIC training presentation	PA	TBD	
	6	Southern California SERG training presentation	PA	TBD	
	7	Northern California SERG training presentation	PA	TBD	
LRP-8 BUDGETING PRACTICES RELATED TO CSURMA DIVIDENDS					
Review Timing and Budgeting Practices Related to CSURMA Dividends	1	Review budgeting practices related to CSURMA dividends	PA	Apr-18	Completed
	2	EC to review recommendations and provide direction to PA	EC	Apr-18	Completed
	3	Revise Policies and Procedures as appropriate in accordance with changes, if any	PA	Apr-18	Completed
LRP-9 FINANCIAL REPORTING					
Review of Financial Reports to EC and BOD for	1	Completion of Report of Financial Strength for all CSURMA Insurers and Reinsurers for FY 17/18	PA	Apr-18	Completed
	2	EC to review report for all FY 17/18 Insurers / Reinsurers	EC	Apr-18	Completed

FY 2018/19 CSURMA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
Compliance, Relevance and Effectiveness	3 BOD to review report for all FY 17/18 Insurers / Reinsurers	BOD	Apr-18	Completed
	4 Completion of Report of Financial Strength of all CSURMA Insurers and Reinsurers for FY 18/19	PA	Oct-18	In Process
	5 BOD to review report for all FY 18/19 Insurers / Reinsurers	BOD	Oct-18	In Process
LRP-10	QUARTERLY CSURMA REPORTS FOR CABO UTILIZING RMIS DASHBOARD AND GRAPHICS			
Update of Quarterly CSURMA Report to CABO Utilizing RMIS Dashboard and Graphics	Presentation of sustainable long term benchmarking program to CABO	SRM	Oct-18	In Process
	Prepare quarterly Risk Management update to include the RMIS dashboard and graphics	SRM	Oct-18	In Process
LRP-11	OCIP DIVIDEND POLICY AND PROCEDURE			
Development of OCIP Dividend Policy and Procedure	1 Develop revisions to policies and procedures to address the allocation of potential OCIP dividends	PA	Apr-18	Completed
	2 EC to review OCIP dividends allocations	EC	Oct-18	In Process
	3 BOD to approve the final formula to allocate OCIP dividends	BOD	Oct-18	In Process

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

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

CSURMA ADMINISTRATIVE SERVICE CALENDAR

ISSUE: This item is provided as information to advise the Executive Committee 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 Executive Committee review the CSURMA Administrative Service Calendar and provide direction to staff as appropriate.

FISCAL IMPACT: No direct fiscal impact is expected.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Administrative Service Calendar

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
JANUARY 2018				
01/01/18	CSURMA Policies and Procedures (odd in odd years / even in even years)	Alliant Staff	Robert Leong	Completed
01/02/18	FORM 700 - JPA ADMIN finalizes current year member listing	Alliant Staff	Tevea Him	Completed
01/06/18	State Filing - Statement of Facts – Roster of Public Agencies - file with Secretary of State	Alliant Staff	Tevea Him	Completed
01/06/18	State Filing - Joint Powers Authority - file with Secretary of State - As Needed	Alliant Staff	Tevea Him	In Process
01/06/18	State Filing - Financial Statement to the County Auditor and State Controller	Alliant Staff	Tevea Him	Completed
01/06/18	State Filing - Treasurers' Bond	Alliant Staff	Tevea Him	
01/07/18	Announce the new AORMA Committee Vice Chair as well as open seats on the AORMA Committee	Nominations Committee	Mimi Long	Completed
1/7-10/2018	CSURMA AOA CONFERENCE	Alliant Staff	Mimi Long	Completed
01/07/18	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
01/09/18	AORMA PC Meeting	Alliant Staff	Mimi Long	Completed
01/15/18	AIME Committee Meeting	Alliant Staff	Stacey Weeks	Completed
01/15/18	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
01/31/18	Final premium / rate letter to all AORMA members	Alliant Staff	Mimi Long	Completed
01/31/18	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
FEBRUARY 2018				
02/01/18	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
02/01/18	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 12/31	Alliant Staff	Tevea Him	Completed
02/01/18	UIP - Send EDD Claims Information to Individual Members	Alliant Staff	Tevea Him	Completed
02/01/18	Campus Liability Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	N/A
02/01/18	Campus Workers' Compensation Risk Pool claims audit (every odd year)	Alliant Staff	Jacki Graf	N/A
02/01/18	AORMA Workers' Compensation program claims administration audit (every even year)	Alliant Staff	Jacki Graf	Completed
02/01/18	AIME Risk Pool claims audit (every odd year)	Alliant Staff	Mimi Long	N/A
02/01/18	AORMA Liability Program claims audit (every odd year)	Alliant Staff	Mimi Long	N/A
02/15/18	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
02/22/18	AORMA Program Committee Meeting (Teleconference) - Canceled	Alliant Staff	Mimi Long	Completed
MARCH 2018				
03/01/18	AORMA Liability Program - Reinsurance Recovery / EPL Deductible Recovery (verify w/ Yumi)	Carl Warren	Mimi Long	Completed
03/01/18	AORMA Liability Program - Reinsurance Recovery (verify w/ Yumi)	Carl Warren	Mimi Long	Completed
03/01/18	Chancellor's Office Services Budget Proposals	Alliant Staff	Mimi Long	Completed
03/01/18	CSURMA Budget (EC and AORMA Approval)	Alliant Staff	Robert Leong	Completed
03/01/18	Review of the CSURMA Master Investment Policy	Alliant Staff	Mimi Long	Completed
03/01/18	CSURMA Mid-Term Budget Amendments	Alliant Staff	Robert Leong	Completed
03/01/18	FORM 700 - Follow up No. 3 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
03/01/18	Review the Auxiliary Service Provider Report	Alliant Staff	Mimi Long	Completed
03/01/18	Appointment of the Campus Programs RPTG - Spring 2018 (FY 2019/2020)	Alliant Staff	Robert Leong	Completed
03/08/18	AORMA Committee Meeting	Alliant Staff	Mimi Long	Completed
03/08/18	CSURMA EC Meeting	Alliant Staff	Mimi Long	Completed
03/09/18	CSURMA EC LRP Meeting	Alliant Staff	Mimi Long	Completed
03/15/18	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
03/20/18	Forward slate of nominees to fill the open seats on the AORMA Committee	Alliant Staff	Mimi Long	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
03/31/18	Completion of the Form 700 – Statement of Economic Interest	BOD and Alliant Staff	Tevea Him	Completed
APRIL 2018				
04/01/18	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
04/01/18	FORM 700 - JPA ADMIN sends all forms received to FPPC for processing	Alliant Staff	Tevea Him	Completed
04/01/18	Send out ballot for AORMA Committee term beginning on July 1, 2018	Alliant Staff	Tevea Him	Completed
4/23-24/2018	<i>Fitting the Pieces Together Conference, San Diego</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
04/25/18	<i>CSURMA BOD NMO Meeting via Teleconference</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
04/25/18	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
04/25/18	<i>CSURMA BOD Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
04/30/18	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
MAY 2018				
05/07/18	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	
05/01/18	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
05/01/18	Approval of Conflict of Interest Code by BOD every even-number year - File with FPPC as required.	BOD and Alliant Staff	Tevea Him	Completed
05/04/18	Receive back all AORMA Committee ballots for the term beginning on July 1, 2018	Alliant Staff	Tevea Him	Completed
05/11/18	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
05/15/18	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
05/30/18	Send out appointment letters to the newly appointed AORMA Standing Committee Chairs for the term beginning on July 1, 2018	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/18	Send out appointment letters to the newly elected AORMA Committee members for the term beginning on July 1, 2018	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/18	Send out appointment letters to the newly elected Executive Committee members for the term beginning on July 1, 2018	AORMA Chair/Alliant Staff	Tevea Him	Completed
05/30/18	Update the AORMA Committee and Standing Committee Org Chart for the term beginning July 1, 2018	Alliant Staff	Tevea Him	Completed
05/30/18	Update the AORMA Committee and Standing Committee Roster for the term beginning July 1, 2018	Alliant Staff	Mimi Long	Completed
JUNE				
06/01/18	AORMA Liability Program - Reinsurance Recovery / EPL Deductible Recovery (verify w/ Yumi)	Carl Warren	Mimi Long	Completed
06/01/18	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
06/23/18	<i>AORMA Program Committee Meeting (Teleconference)</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: CO Enterprise Accounting / Financial Services - July 1, 2017 to June 30, 2018</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: UC Office of Risk Services Performing Arts Center of Excellence - November 1, 2013 to June 30, 2018</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: A-G Administrator (AIME) - July 1, 2009 to June 30, 2018</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: Alliant Loss Control Services - July 1, 2017 to June 30, 2019</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: CO OGC / Legal - July 1, 2017 to June 30, 2019</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: CO Risk Management - July 1, 2017 to June 30, 2019</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: Employers Risk - July 1, 2013 to June 30, 2019</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: Agility - July 1, 2017 to June 30, 2019</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: Sedgwick - July 1, 2013 to June 30, 2019</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: Employers Group Service Corp - July 1, 2013 to June 30, 2018</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
06/30/18	<i>Expiring Contract: Sedgwick CMS - July 1, 2013 to June 30, 2018</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
06/30/18	<i>Expiring Contract: Witt O'Brien's, LLC (formally Witt Group Holdings, LLC) - July 1, 2014 to July 1, 2018</i>	Alliant Staff	Mimi Long	Completed
06/30/18	Request COI from all vendor's contract	Alliant Staff	Andrew Gaspari	Completed
JULY				
07/01/18	OCIP Renewal (5 year program)	Alliant Staff	Daniel Howell/ Mimi Long	Completed
07/01/18	Financial audit prep with KPMG	Alliant Staff / RM	Van Rin	Completed
07/01/18	Send to CSU Accounting the approved dividends and allocation of program costs for invoicing	Alliant Staff	Van Rin	Completed
07/04/18	Send out AORMA binder, insurance summary and invoice to all members	Alliant Staff	Van Rin	Completed
07/05/18	Request Workers' Compensation and Liability loss runs @ 6/30 – Forward to Actuary	Alliant Staff	Mimi Long	Completed
07/07/18	Request Liability (EPL check register) for minimum EPL deductible calculation for upcoming fiscal year	Alliant Staff	Tevea Him	Completed
07/14/18	FORM 700 - Follow up No. 1 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/15/18	Final FY Payroll - request from Chancellor's Office	Alliant Staff	Robert Leong	Completed
07/15/18	Process the Liability and Workers' Compensation dividend checks and forward to Alliant for distribution	CSU Accounting	Van Rin	Completed
07/TBD/2018	AORMA Officers Retreat – TBD	AORMA Officers	Mimi Long	Completed
07/21/18	FORM 700 - Follow up No. 2 - JPA ADMIN follows up with FILER	Alliant Staff	Tevea Him	Completed
07/28/18	FORM 700 - FORMS DUE TO FPPC ON THIS DATE [ASSUMING/LEAVING]	Alliant Staff	Tevea Him	Completed
07/31/18	Actuarial Study - receive draft and forward to RM	Alliant Staff	Robert Leong	Completed
07/31/18	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report - Present to EC in Sept	Alliant Staff	Robert Leong	Completed
07/31/18	Distribute the Liability and Workers' Compensation dividend checks	Alliant Staff	Van Rin	Completed
07/31/18	Request final audited payroll from all Workers' Compensation program members for expired year	Alliant Staff	Tevea Him	Completed
07/31/18	Survey legal counsel compensation and recommend to AORMA a fair and equitable maximum allowable hourly rate (every three years)	Liability TPA	Mimi Long	Completed
07/31/18	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	Completed
07/31/18	Appointment of the Campus Programs RPTG - 2019 (FY 2021/2022)	Alliant Staff	Robert Leong	Completed
07/31/18	Campus Workers' Compensation Program Safety National Aggregate Stop Loss Report	Alliant Staff	Robert Leong	Completed
AUGUST				
08/01/18	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
08/01/18	Send out letter regarding Campus Appointment of CSURMA Board of Directors Members and Alternate	Alliant Staff	Tevea Him	Completed
08/01/18	Send out letter to regarding Claims Settlement Authority Annual Confirmation	Alliant Staff	Tevea Him	Completed
08/01/18	Send out letter to regarding Foreign Travel Authority Confirmation	Alliant Staff	Tevea Him/ Stacey Weeks	Completed
08/01/18	Completion of draft actuarial studies for Workers' Compensation and Liability programs	Actuary	Mimi Long	Completed
08/01/18	AOA EC Meeting: Send out AORMA Summary	Alliant Staff	Mimi Long	Completed
08/11/18	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
08/15/18	AOA EC Meeting - San Diego	Alliant Staff	Mimi Long	Completed
08/31/18	Calculate additional premium or return premium for each Workers' Compensation program member based on the audited payroll	Alliant Staff	Mimi Long	Completed
08/31/18	Calculate each member's minimum EPL deductible for the upcoming program term	Alliant Staff	Mimi Long	Completed
08/31/18	Complete Target Surplus Funding Report	Alliant Staff	Mimi Long	Completed
08/31/18	Completion of Financial Audit	CSU Accounting	Mimi Long	Completed

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
08/31/18	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	In Process
SEPTEMBER				
09/01/18	AORMA Liability Program - Reinsurance Recovery (verify w/ Carl Warren)	Carl Warren	Mimi Long	Completed
09/01/18	Stewardship Report	Alliant Staff	Mimi Long	Completed
09/01/18	10/01 - EQ Renewal Anniversary	Alliant Staff	Daniel Howell	Completed
09/05/18	<i>AORMA Long Range Plan meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
09/05/18	<i>AORMA New Committee Member Orientation meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
09/06/18	<i>AORMA Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
09/06/18	<i>CSURMA EC Orientation Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
09/07/18	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
09/12/18	<i>CAJPA Fall Conference and Training Seminar -South Lake Tahoe</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	<i>Completed</i>
09/14/18	CAJPA Standards review (2017 and every 3 years thereafter)	Alliant Staff	Mimi Long	N/A
09/15/18	Prepare invoices or checks for the Workers' Compensation payroll audit	CSU Accounting	Van Rin	In Process
09/15/18	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	Completed
09/30/18	CSURMA Quarterly EPL Deductible Recoverys ending September 30 (Begin Task)	Alliant Staff	Van Rin	In Process
09/30/18	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				
10/01/18	Request completion of the Liability application	Alliant Staff	Mimi Long	Completed
10/01/18	Update the CSURMA Tri-Fold based on June 30 financials.	Alliant Staff	Mimi Long	Completed
10/01/18	Request estimated Workers' Compensation payroll	Alliant Staff	Mimi Long	Completed
10/15/18	CSURMA Quarterly Investment Reschedule for EC Meeting	Alliant Staff	Tevea Him	Completed
10/15/18	<i>AIME Committee Meeting</i>	<i>Alliant Staff</i>	<i>Stacey Weeks</i>	<i>Completed</i>
10/25/18	<i>AORMA Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
10/25/18	<i>CSURMA BOD NMO Meeting via Teleconference</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
10/26/18	<i>CSURMA BOD Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
10/26/18	<i>CSURMA EC Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	
10/31/18	Government Compensation Report (request from CSU Accounting)	Accounting	Tevea Him	
10/31/18	Workers' Compensation Scorecard - Receive report from Sedgwick and distribute	Alliant Staff / Sedgwick	Tevea Him	
NOVEMBER				
11/01/18	Review CAJPA Accrediation Standard for new or reoccurring item	Alliant Staff	Tevea Him	
11/01/18	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	
11/28/18	Send campus risk pool renewal budget (Budget)	Alliant Staff	Robert Leong	
11/28/18	Send campus risk pool renewal budget (Early Bird Renewal Letter)	Alliant Staff	Robert Leong	
11/28/18	Campus Risk Pool Deductible - Confirm (every 3 years - 2017, 2020)	Alliant Staff	Robert Leong	N/A
11/30/18	Review volunteer losses within the Workers' Compensation program	Alliant Staff	Mimi Long	
11/30/18	UIP - Process EDD Statement of Reimbursable Benefit Charges for the period ending 9/30	Alliant Staff	Tevea Him	
11/29/18	<i>AORMA Program Committee Meeting</i>	<i>Alliant Staff</i>	<i>Mimi Long</i>	

CSURMA AORMA SERVICE CALENDAR

DATE	ACTION / RESPONSIBILITY	RESPONSIBLE ENTITY	LEAD	STATUS
DECEMBER				
12/01/18	2018 Vendor Survey - Review List of Vendors and Work on Recipients	Risk Management	Risk Management	
12/01/18	Appointment of the Club Sport Insurance Programs RPTG - Spring 2019 (FY 2019/2020)	rob	Robert Leong	
12/01/18	AORMA Liability Program - Reinsurance Recovery (verify w/ Carl Warren)	Carl Warren	Mimi Long	
12/06/18	AORMA Committee Meeting	Alliant Staff	Mimi Long	
12/07/18	CSURMA EC Meeting	Alliant Staff	Mimi Long	
12/15/18	FORM 700 - Campus Risk Pool Administrator sends revised Campus Primary and Alternate CSURMA BOD member listing to JPA ADMIN	Alliant Staff	Tevea Him	
12/15/18	Quarterly Risk Management Report for Systemwide Risk Management	Alliant Staff	Dan Howell	
12/30/18	Financial Audit - mail to Secretary of State and County Auditor	Alliant Staff/Accounting	Tevea Him	
12/31/18	CSURMA Quarterly EPL Deductible Recoverys	Alliant Staff	Van Rin	
12/31/18	Expiring Contract: Enterprises Rent A Car - January 1, 2018 - December 31, 2018	Alliant Staff	Mimi Long	

2018 CSURMA MEETING CALENDAR

ISSUE: The Program Administrator includes a current copy of the CSURMA meeting calendar in every agenda.

RECOMMENDATION: No action is requested on this item.

FISCAL IMPACT: None.

BACKGROUND: None.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA 2018 Meeting Calendar

2018 CSURMA MEETING CALENDAR

JANUARY				FEBRUARY				MARCH			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
7	3:30 PM	EC (AOA Conference)	Sacramento	22	9:00 AM	PC	Teleconference	8	10:00 AM	AORMA	Long Beach
9	7:30 AM	PC (AOA Conference)	Sacramento					8	2:30 PM	EC	Long Beach
7 - 10		AOA Annual Conference	Sacramento					9	8:30 AM	EC LRP	Long Beach
15	10:30 AM	AIME									
APRIL				MAY				JUNE			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
23 - 24		Fitting the Pieces Conference	San Diego	7	10:30 AM	AIME	San Francisco	TBD		AOA EC	TBD
25	TBD	AORMA	San Diego		2:00 PM	BOD Orientation	Teleconference	21	1:00 PM	PC	Teleconference
25	8:30 AM	EC	San Diego								
25	10:30 AM	BOD	San Diego								
JULY				AUGUST				SEPTEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
23-24	11:00 AM	AORMA Officers Retreat	Monterey	TBD		AOA EC	TBD	5	9:00 AM	AORMA New Member	Sacramento
								5	10:00 AM	AORMA LRP	Sacramento
								6	9:00 AM	AORMA	Sacramento
								6	4:00 PM	EC Orientation	Sacramento
								7	8:30 AM	EC	Sacramento
								27	1:00 PM	PC	Teleconference
OCTOBER				NOVEMBER				DECEMBER			
Date	Time	Committee	Location	Date	Time	Committee	Location	Date	Time	Committee	Location
15	10:30 AM	AIME	Fullerton	TBD		AOA EC	TBD	6	10:00 AM	AORMA	TBD
	2:00 PM	BOD Orientation	Teleconference	29	8:00 AM	PC	San Francisco	7	8:30 AM	EC	TBD
25	10:00 AM	AORMA	Long Beach								
26	9:00 AM	EC	Long Beach								
26	10:30 AM	BOD	Long Beach								

AORMA = Auxiliary Organizations Risk Management Alliance Committee
 AIME = Athletic Injury Medical Expense Committee
 AORMA LRP = AORMA Long Range Planning Meeting

PC = AORMA Programs Committee
 AOA = CSU Auxiliary Organizations Association
 BOD = CSURMA Board of Directors

EC = CSURMA Executive Committee
 EC LRP = EC Long Range Planning Meeting

CSURMA EXECUTIVE COMMITTEE AND STAFF CONTACT LIST

ISSUE: Attached is a list of CSURMA Executive Committee members and the Program Administrators.

RECOMMENDATION: It is recommended that members review the list at each meeting for accuracy, making revisions as appropriate. If there are any changes, please contact Tevea Him at thim@alliant.com.

FISCAL IMPACT: None.

BACKGROUND: An accurate and current contact list facilitates better communication among Committee Members and Staff.

PUBLICATION: None.

ATTACHMENT(S):

- a. CSURMA Executive Committee and Staff Contact List

CSURMA EXECUTIVE COMMITTEE MEMBERS
Effective at July 1, 2018

Seat	Member	Position	Campus	Organization	E-Mail	Telephone Number
Chair	Lisa Chavez	Vice-President, Administration and Chief Financial Officer	Los Angeles	California State University Los Angeles	lisa.chavez@calstatela.edu	323-343-3500
Vice Chair	Kevin Saunders	VP Administration & Finance	Monterey Bay	California State University Monterey Bay	kesaunders@csUMB.edu	831-582-3397
CSU Seat #1	Thom Davis	Vice President for Business and Administrative Services	Bakersfield	California State University, Bakersfield	tdavis31@csUB.edu	661-654-2287
CSU Seat #2	Lisa Kao	Associate Director, EHS, Risk Management and Sustainability	Fresno	California State University Fresno	lisak@csUFresno.edu	559-278-6910
CSU Seat #3	Scott Apel	Vice President, Administration and Finance	Long Beach	California State University Long Beach	scott.apel@CSULB.edu	562-985-1658
CSU Seat #4	Amy Thomas	Director of Safety & Risk Management	Stanislaus	California State University, Stanislaus	althomas@CSUSTAN.edu	209-667-3035
AORMA Seat #5 - Chair	Dwayne Brummett	Director of Business Services	San Luis Obispo	Associated Students, Inc., California Polytechnic State University at San Luis Obispo	dbrummet@CALPOLY.edu	805-756-5768
AORMA Seat #6 - V Chair	Dave Nakamura	Executive Director	Humboldt	Humboldt State University Center	dave.nakamura@HUMBOLDT.edu	707-826-4878
Treasurer	Robert Eaton	Assistant Vice Chancellor, Financing, Treasury, and Risk Management	Chancellor's Office	California State University, Office of the Chancellor	reaton@CALSTATE.edu	562-951-4572
Secretary Auditor	Zachary Gifford	Director of Systemwide Risk Management and Public Safety	Chancellor's Office	California State University, Office of the Chancellor	zgifford@CALSTATE.edu	562-951-4580



California State University Risk Management Authority

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
JPA Program Administrator – Alliant Insurance Services, Inc.				
Certificate of Insurance Requests	Van Rin Andrew Gaspari	vrin@alliant.com andrew.gaspari@alliant.com	415-403-1408 415-403-1412	415-874-4810 415-874-4810
General CSURMA Coverage Questions	Robert Leong Van Rin Amy Lightner Daniel Howell	rleong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1441 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
General AORMA Coverage Questions	Mimi Long Van Rin Amy Lightner Daniel Howell	mlong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 415-403-1426	415-874-4810 415-874-4810 415-874-4810 415-874-4810
AIME	Stacey Weeks Robert Leong	sweeks@alliant.com rleong@alliant.com	415-403-1448 415-403-1441	415-874-4810 415-874-4810
Inland Marine	Van Rin Mimi Long Andrew Gaspari	vrin@alliant.com mlong@alliant.com andrew.gaspari@alliant.com	415-403-1408 415-403-1423 415-403-1412	415-874-4810 415-874-4810 415-874-4810
Participant Accident Insurance (PAI)	Van Rin Tevea Him	vrin@alliant.com thim@alliant.com	415-403-1408 415-403-1416	415-874-4810 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 Amy Lightner Daniel Howell	mlong@alliant.com vrin@alliant.com amy.lightner@alliant.com dhowell@alliant.com	415-403-1423 415-403-1408 415-403-1457 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 Elaine (Kim) Tizon Sheila McClenaghan	rfrey@alliant.com dwalizada@alliant.com elaine.tizon@alliant.com sheila.mcclenaghan@alliant.com	415-403-1445 415-403-1453 415-403-1458 415-403-1492	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	La Shaunda Gaines Tevea Him Myron Leavell	lashaunda.gaines@alliant.com thim@alliant.com mleavell@alliant.com	415-403-1489 415-403-1416 415-403-1404	415-874-4810 415-874-4810 415-874-4810

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California State University Risk Management Authority

CONTACT LIST

Coverage	Contact	E-Mail Address	Office	Fax
CSU Chancellor's Office				
CSU Chancellor's Office	Leona Ching	lching@calstate.edu	562-951-4580	562-951-4859
	Robert Eaton	reaton@calstate.edu	562-951-4572	562-951-4971
	Zachary Gifford	zgifford@calstate.edu	562-951-4568	562-951-4859
	Martha Guiditta	mguiditta@calstate.edu	562-951-4557	562-951-4859
	Audra Reed	areed@calstate.edu	562-951-4564	562-951-4971
	Steve Relyea	srelyea@calstate.edu	562-951-4600	562-951-4971
	Jody VanLeuven	jvanleuven@calstate.edu	562-951-4574	
CSU Chancellor's Office Office of General Counsel	William Hsu Nada Moeiny	whsu@calstate.edu nmoeiny@calstate.edu	562-951-4500 562-951-4500	562-951-4956 562-951-4956
CSU Chancellor's Office Financial Services Division Systemwide Accounting & Reporting	Sedong John Alice Kim Cindi Le Jessica Liu Tanaka	sjohn@calstate.edu akim@calstate.edu cle@calstate.edu jliu@calstate.edu	562-951-4577 562-951-4627 562-951-4651 562-951-4621	562-951-4865 562-951-4865
Chancellor's Office Systemwide Professional Development	David Kervella Chris Fondacaro	dkervella@calstate.edu cfondacaro@calstate.edu	562-951-4403 562-951-4403	

Coverage	Contact	E-Mail Address	Office	Fax
Loss Control Consultants – Alliant Risk Control				
Alliant Risk Control Consulting	John Owen <i>Northern California</i>	jowen@alliant.com	916-643-2736	
	Kristina Loiselle <i>Southern California</i>	kloiselle@alliant.com	949-260-5042	
	Tim Leech <i>Central California</i>	tleech@alliant.com	949-260-5008	

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