

PURMIT Board of Trustees Meeting

March 3, 2015

Time 9:00 a.m. – 11:00 a.m.

Via Conference Call

Phone: 1-800-689-9374, Passcode: 700464

Agenda

1. Call to Order, Roll Call, Welcome
2. Review and Approval of Minutes from the January 21, 2015 PURMIT Board of Trustees Meeting
3. Discuss Administration of Trust
4. External Auditor – Plan to Hire
5. Engagement Letter for Actuary
6. Risk Specialist Position
7. Adjournment

PURMIT Board of Trustees Meeting

January 21, 2015

Time 2:45 – 4:45 p.m.

Portland, OR

Phone: 1-800-689-9374, Passcode: 700464

Minutes

Trustees Present: Chair Eric Yahnke (WOU); Vice Chair Lara Moore (EOU); Craig Morris (SOU); Patrick Hughes (OSU), Jamie Moffitt (UO); George Marlton (OIT); Brian Roy (PSU)
Others Present: Ashley Grealish (PURMIT); Gregory Chaimov (DWT); Jennifer Curran (Perkins); Roy Abramowitz (Perkins); Angela Stockdall (USSE); Mary Ann Zemke (OIT)

Call to Order

Chair Yahnke called the meeting to order at approximately 2:45 p.m.

Roll Call

Chair Yahnke requested roll call to be taken of those present at the table.

Review and Approval of Minutes

October 24, 2014 Minutes

Action:

A motion was made by Mr. Morris to approve the minutes from the meeting on October 24, 2014. The motion was seconded by Mr. Marlton. The motion carried with no objection.

November 10, 2014 Minutes

Action:

A motion was made by Mr. Morris to approve the minutes from the meeting on November 10, 2014. The motion was seconded by Mr. Marlton. The motion carried with no objection.

December 5, 2014 Minutes

Action:

A motion was made by Mr. Morris to approve the minutes from the meeting on December 5, 2014. The motion was seconded by Mr. Marlton. The motion carried with no objection.

Second Quarter of Fiscal Year 2015 Claims Report

Ms. Grealish reviewed the Claims Report for the second quarter of fiscal year 2015. The Board of Trustees was interested to know the overall status on claims reserves and liabilities within the Trust. Ms. Grealish noted that Mr. Kevin Wick, PURMIT's actuary, was currently working on a reserve review for the budgeting model for fiscal year 2016, and the results of that review would be provided to the Board.

Action:

No action was taken.

Second Quarter of Fiscal Year 2015 Financial Report

Mr. Abramowitz and Ms. Curran from Perkins & Co., PURMIT's accounting firm, were present for the financial report to the Board. They introduced themselves and spoke briefly about their current work with PURMIT. Chair Yahnke asked about the accounts receivable numbers in the financial report and Ms. Curran indicated they represented the most recent billings sent out to the universities in December. Ms. Moffitt questioned what the IBNR value represented in the financial statements and Ms. Curran and Ms. Grealish indicated it was the IBNR value provided by Mr. Wick as of June 30, 2014. The Board requested Ms. Stockdall and Ms. Grealish work with Perkins & Co. to ensure liabilities for fiscal year 2015 are included in the IBNR value and that the IBNR value is appropriately decreased as claim payments occur.

Action:

No action was taken.

PURMIT Board Committee Structure

The Board agreed to create two committees: the Claims and Loss Control Committee with Mr. Hughes as its chair, and the Finance and Policy Committee with Mr. Morris as its chair. Each Committee will meet at minimum once a quarter, the day before the quarterly Board meetings, with other meetings as necessary. It was noted that each Committee should have no more than three Board members serving on the Committee.

Action:

A motion was made by Mr. Morris to create a Claims and Loss Control Committee and a Finance and Policy Committee. The motion was seconded by Mr. Roy. The motion carried with no objection.

A motion was made by Ms. Moore that the Committee Chairs should have the authority to make their own membership. The motion was seconded by Mr. Roy and Mr. Marlton. The motion carried with no objection.

Internal Claim Settlement Authority at Member Institutions

The Board agreed that each Member Institution has full authority to settle claims within their deductible levels to PURMIT. It was determined that input of claims into Riskmaster should serve as adequate notice of claims to PURMIT.

Oregon State University Proposal for Deductible Advance on Protection & Indemnity Crewmember Claims

Mr. Hughes presented Oregon State University's proposal to the Board. Mr. Morris recommended that Oregon State University first explore an internal solution for the deductible advance and to bring the proposal back to the Board if no internal solution is found.

Action:

No action was taken

Status on Re-Organization of PURMIT

Chair Yahnke requested that the Board discuss the current status on the re-organization of the administration of PURMIT. Ms. Stockdall indicated that the recruitment for a new Director for PURMIT was on hold pending the Board's direction on the operation of the Trust. It was determined that Mr. Parker of DWT will be providing recommendations for the Board to consider. Mr. Chaimov indicated that Mr. Parker was schedule to meet with Mr. Frank Stratton of SDAO on February 2, 2015 and would provide his recommendations to the Board after that meeting. A conference call will be scheduled in February to discuss Mr. Parker's recommendations.

Action:

No action was taken.

Adjournment

Action:

Mr. Morris moved to adjourn the meeting. The motion was seconded by Mr. Roy. The meeting was adjourned at 3:50 p.m.



Ms. Ashley Grealish
Risk Analyst
Public Universities Risk Management & Insurance Trust
P.O. Box 751 Code PURMT
Portland, OR 97207-0751

February 18, 2015

Dear Ms. Grealish,

This engagement letter confirms that Public Universities Risk Management & Insurance Trust ("you" or "Client") has engaged PricewaterhouseCoopers LLP ("we" or "us" or "PwC") to perform the services described below. Client may procure services under this engagement letter for itself and for those of its consolidated subsidiaries or affiliates that Client binds to this engagement letter by its signature or which separately agree to the provisions of this engagement letter (collectively, the "Subsidiaries").

Scope of Our Services

You are seeking an actuarial review as of December 31, 2014. In this actuarial study PwC will specifically provide the following services (the "Services"):

1. **Loss Update.** PwC will update ultimate loss estimates using claims data valued as of December 31, 2014 from the previous estimates which utilized data valued as of June 30, 2014. The update will be for the loss years prior to June 30, 2014 and include the workers' compensation, general liability (including EPL and medical malpractice), automobile (liability and property damage) and property coverages.
2. **Future Losses.** PwC will project future losses by coverage for the 2015-16 year taking into consideration changes in the membership of the program.
3. **Program Funding.** PwC will provide consultation regarding the appropriate level of loss funding for the 2015-16 year. Key items considered will include program funding adequacy as of June 30, 2014, projected funding adequacy for the 2014-15 year, projected 2015-16 losses, rate stability and overall funding goals of the program.
4. **Experience Rating/Benchmarking.** PwC will update the experience rating worksheets that detail by participant and coverage how their 2015-16 experience modification factors are derived. Each worksheet will also include a ten-year historical perspective on how their losses compare to the overall program. Both losses limited to \$100,000 and ground-up unlimited losses will be benchmarked.

The findings of the evaluation will be summarized and documented in a draft report. Modifications to the draft will be made as appropriate based on your feedback. PricewaterhouseCoopers LLP will also be available to make a presentation of our analysis if requested.

Deliverables

We expect to provide you with tangible written material specifically prepared for and delivered to you under this engagement letter ("Deliverables") including a written report documenting the results of our



analysis. Assuming timely receipt of the necessary data, a draft set of exhibits documenting our work will be provided by March 13, 2015.

"Deliverables" also includes any oral advice we may provide.

We may prepare some Deliverables in conjunction with you that will be intended to be treated solely as your own, and will not be represented as having been prepared by PwC. You will review such Deliverables, revise them as you deem appropriate, approve them prior to your use and take full responsibility for their content.

Each party shall continue to own its own working papers and all intellectual property rights in its pre-existing materials. Upon full payment, you will own all tangible, written Deliverables, excluding any PwC Materials embedded therein which shall continue to be owned by PwC, and to which you will have a license as set out below. PwC Materials shall include PwC's pre-existing materials and any improvements and derivatives thereto (including a new or improved process, methodology, technique, analytical process etc.) and any general skills, know-how, process or other general intellectual property which may have been discovered or created as a result of the Services. Upon full payment, you will have a nonexclusive, non-transferable license to use such PwC Materials embedded in the Deliverables for your own internal use as part of such Deliverables.

In addition to Deliverables, we may develop software or electronic materials (including spreadsheets, documents, databases and other tools) to assist us with an engagement. If we make these available to you, they are provided "as is" and your use of these materials is at your own risk.

Use of Deliverables

PwC is providing the Services and Deliverables solely for Client's internal use and benefit pursuant to a client relationship exclusively with Client, and not for a third party's use, benefit or reliance, and PwC disclaims any contractual or other responsibility or duty of care to others. Client may disclose Deliverables or discuss information relating to Services with third party professional advisors including subcontractors with a need to know such information to provide advice or services to Client and which are subject to obligations of confidentiality although PwC disclaims any duties or liabilities to such advisors. However, Client agrees it will not disclose or make reference to PwC, the Deliverables or Services to other third parties without the prior written consent of PwC. Third party professional advisors do not include any parties that are providing or may provide insurance, financing, capital in any form, a fairness opinion, or selling or underwriting securities in connection with any transaction that is the subject of the Services or any parties which have or may obtain a financial interest in Client or an anticipated transaction.

PwC recognizes that Client is a public entity and may be subject to requests under a public record disclosure statute. In the event such a request is made under a public record statute, Client will promptly notify PwC of such request so that PwC can take any action permitted by law to withhold disclosure of the information, if it so desires.

Confidentiality

"Confidential Information" means non-public information marked "confidential" or "proprietary" or that otherwise should be understood by a reasonable person to be confidential in nature, provided by a party or on its behalf. All terms of this engagement letter, including but not limited to fee and expense structure, are considered Confidential Information. Confidential Information does not include any information which (i) is rightfully known to the recipient prior to its disclosure; (ii) is released to any other person or entity (including governmental agencies) without restriction; (iii) is independently developed by the recipient without use of or reliance on Confidential Information; or (iv) is or later becomes publicly available without violation of this engagement letter or may be lawfully obtained by a party from a non-party. A recipient will protect Confidential Information using reasonable measures



commensurate with those that the recipient uses to protect its own confidential information. Each party may use Confidential Information of the other party as permitted in this engagement letter or as requested or directed by the other party, or as required by applicable law, statute, rule, regulation or professional standard, and neither party will disclose Confidential Information to third parties without the other party's prior consent. Without the other party's prior written consent, a receiving party may disclose Confidential Information to professional advisors including subcontractors, PwC's Subcontractors or each other's employees on a need-to-know basis, provided that such entities and individuals are required to comply with confidentiality obligations. If disclosure is required by law, statute, rule or regulation (including any subpoena or other similar form of process), or by professional standards, the party to which the request for disclosure is made shall (other than in connection with government audits, investigations or supervisory examinations by regulatory authorities with jurisdiction and without breaching any legal or regulatory requirement) provide the other party with prior prompt written notice (to the extent permissible by law) thereof and, if practicable under the circumstances, allow the other party to seek a restraining order or other appropriate relief.

Neither party shall use the other party's name or refer to the other party directly or indirectly in any media release, public announcement, or public disclosure relating to this engagement letter or its subject matter, including any promotional or marketing materials, lists, referral lists, or business presentations, without written consent from the other party for each such use or release. Notwithstanding the foregoing, PwC may use your name in experience citations and recruiting materials.

PwC recognizes that Client is a public entity and may be subject to requests under a public record disclosure statute. In the event such a request is made under a public record statute, Client will promptly notify PwC of such request so that PwC can take any action permitted by law to withhold disclosure of the information, if it so desires.

Our Responsibilities

We will perform the Services in accordance with the American Academy of Actuaries' Code of Professional Conduct and relevant Actuarial Standards of Practice. Accordingly, we will not provide an audit, accounting or attest opinion and we will not verify or audit any of the information provided to us. Accordingly, we will not provide an audit, accounting or attest opinion and we will not verify or audit any of the information provided to us.

Your Responsibilities

To facilitate our work, you agree to provide the following:

1. Detailed claim listing valued as of December 31, 2014
2. Payroll, number of students, number of employees, number of vehicles and total insured values by system
 - a. 2013-14 actual
 - b. 2014-15 projected
 - c. 2015-16 projected
3. Historical and projected self-insured retention levels
4. Financial statements as of June 30, 2014



5. Changes in membership for the 2015-16 year

You are responsible for all management functions and decisions, including establishing and maintaining your internal controls, evaluating and accepting the adequacy of the scope of the Services in addressing your needs and making decisions regarding whether to proceed with recommendations. You will designate a competent member of your management to oversee the Services. We expect that you will provide timely, accurate and complete information and reasonable assistance, and we will perform the engagement on that basis.

Fees and Expenses

Our fee for this engagement will be \$25,000. Fees of all PwC Subcontractors (as defined in "Other PricewaterhouseCoopers Firms and Subcontractors" below), if any, are included in the agreed fee.

We also will bill you for our reasonable out-of-pocket expenses, any applicable sales, use or value added tax, and our internal per ticket charges for booking travel.

The amount of our fee is based on the assumption that we will receive the information and assistance as detailed throughout this engagement letter. In the event we believe an additional fee is required as the result of your failure to meet any of these requests or for any other reason, we will inform you promptly.

Invoices will be issued semi-monthly based on an equal proration of the fixed fee over the expected duration of the engagement.

Invoices are due upon presentation and payable within 15 days of the invoice date.

Termination and Dispute Resolution

Either party may terminate the Services by giving notice to that effect.

Any disputes that arise between the parties that are not resolved by mutual agreement shall be resolved by arbitration. The arbitration will be conducted in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("Rules") then in effect. The arbitration will be conducted before a panel of three arbitrators selected using the screened process provided in the Rules. The arbitration panel, and not any federal, state or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this engagement letter. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort. It shall also have no power to award damages inconsistent with the Limitations on Liability provisions below or any other terms in this engagement letter. Judgment on any arbitration award may be entered in any court having jurisdiction. All aspects of the arbitration shall be treated as confidential. You accept and acknowledge that any demand for arbitration arising from or in connection with the Services must be issued within one year from the date you became aware or should reasonably have become aware of the facts that give rise to our alleged liability and in any event no later than two years after the cause of action accrued.

This engagement letter and any dispute between the parties whether in contract, tort or otherwise will be governed by and construed, interpreted and enforced in accordance with the laws of the State of New York, without giving effect to any choice of law principles or provisions relating to conflict of laws that require the laws of another jurisdiction to apply.

Limitations on Liability

Except to the extent finally determined to have resulted from our gross negligence or intentional misconduct, our aggregate liability to pay damages for all claims, losses, liabilities or damages in



connection with this engagement letter or the Services, whether as a result of breach of contract, tort (including negligence) or otherwise, regardless of the theory of liability asserted, is limited to no more than the total amount of fees paid to us for the particular Service giving rise to the liability under this engagement letter. In addition, we will not be liable in any event for lost profits, consequential, indirect, punitive, exemplary or special damages. Also, we shall have no liability arising from or relating to third-party hardware, software, information or materials selected or supplied by you.

Other PricewaterhouseCoopers Firms and Subcontractors

PwC is the U.S. firm of the global network of separate and independent PricewaterhouseCoopers firms (exclusive of PwC, the "Other PwC Firms"). PwC may, in its discretion, draw on the resources of and/or subcontract to its subsidiaries, the Other PwC Firms and/or third party contractors and subcontractors in each case within or outside of the United States (each a "PwC Subcontractor"), in connection with the provision of Services and/or for internal, administrative and/or regulatory compliance purposes. Client agrees that PwC may provide information PwC receives in connection with this engagement letter to the PwC Subcontractors for such purposes. Except as the parties may agree otherwise, PwC will be solely responsible for the provision of the Services (including those performed by the PwC Subcontractors) and for the protection of the information provided to the PwC Subcontractors. The PwC Subcontractors, and theirs and PwC's respective partners, principals or employees (collectively the "Beneficiaries") shall have no liability or obligations arising out of this engagement letter. Client agrees to: (a) bring any claim or other legal proceeding of any nature arising from the Services against PwC and not against the Beneficiaries; and (b) ensure or procure that those of Client's consolidated subsidiaries or affiliates that Client binds to this engagement letter by its signature or which separately agree to the provisions of this engagement letter (collectively, the "Subsidiaries") do not assert any such claim or other legal proceeding against PwC or the Beneficiaries. If any of Client's Subsidiaries receive Services under this engagement letter, Client agrees to provide a copy of this engagement letter to such Subsidiaries, and Client will notify them that although PwC Subcontractors may interact with them, the delivery of the Services is governed by the terms of this engagement letter (including the liability limitations herein) and Client's Subsidiaries should notify Client of any disputes or potential claims arising from the Services. We disclaim any contractual or other responsibility or duty of care to any other subsidiaries or affiliates. While PwC is entering into this engagement letter on its own behalf, this section also is intended for the benefit of the Beneficiaries.

Other Matters

Neither party to this engagement letter may assign or transfer this engagement letter or any rights, obligations, claims or proceeds from claims arising out of or in any way relating to this engagement letter, any services provided hereunder, or any fees for this engagement or such services, to anyone without the prior written consent of the other party, and any assignment without such consent shall be void and invalid.

If any provision of this engagement letter is found to be unenforceable, the remainder of this engagement letter shall be enforced to the extent permitted by law.

If we perform the Services prior to both parties executing this engagement letter, this engagement letter shall be effective as of the date we began the Services.

Neither party shall be liable to the other for any delay or failure to perform any of the Services or obligations in this engagement letter due to causes beyond its reasonable control.

If PwC is requested or authorized by Client or required by government regulation, regulatory agency, subpoena, or other legal process to produce PwC's Deliverables, working papers or personnel for testimony or interview with respect to services PwC performed for Client, Client will reimburse PwC for PwC's and its counsel's expenses and professional time incurred in responding to such a request.



PwC is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the Services, non-CPA owners may be involved in providing Services under this engagement letter.

This engagement letter represents the entire agreement between the parties with regard to the subject matter thereof and supersedes any prior understandings, proposals or agreements with respect to the Services. Any changes must be agreed to in writing.

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We are pleased to have the opportunity to provide Services to Public Universities Risk Management & Insurance Trust. If you have any questions about this engagement letter, please discuss them with Kevin Wick at (206) 398-3518. If the Services and terms outlined in this engagement letter are acceptable, please sign one copy of this engagement letter in the space provided and return it to Kevin Wick by mail at 1420 Fifth Avenue, Suite 1900, Seattle, WA 98101, by facsimile to Kevin's attention at 813-637-4483 or attached as a pdf, jpeg or similar file type to an e-mail to Kevin at Kevin.L.Wick@us.pwc.com.

Very truly yours,

PricewaterhouseCoopers LLP

By:

Brian A. Jones, FCAS, MAAA
Principal

Date: February 18, 2015

ACKNOWLEDGED AND AGREED:

Public Universities Risk Management & Insurance Trust

Signature of client official: _____

Please print name: _____

Title: _____

Date: _____