

## **PURMIT Board of Trustees Meeting**

March 9, 2016

9:00 a.m. – 2:00 p.m.

Phone: 1-866-581-3001, Passcode: 60206419

Offices of Davis Wright Tremaine LLP, 1300 SW Fifth Avenue, Suite 2400, Portland OR

---

### **Agenda**

---

1. Call to Order, Roll Call, Welcome
2. Review and Approval of Minutes from December 3, 2016 PURMIT Board of Trustees Meeting
3. Audit discussion – K Financial
4. Financial review as of 12/31/2015
5. July 1, 2016 Insurance Renewal Discussion
6. Workers' Compensation – Retrospective Rating Plan review
7. Preliminary Allocation Discussion
8. Claims Discussion
  - a. Update regarding activities since 1/1/2016
  - b. Trends/focus areas
  - c. Claims transition process
9. Legal Counsel items
  - a. Banking/PUF update
  - b. DWT Engagement Letter and Conflict Waiver Form
10. Lexington Property Coverage Presentation
11. Other items
12. Adjournment

# Agenda Item #2

## **PURMIT Board of Trustees Meeting**

December 3, 2015

11:00 a.m. – 2:00 p.m.

Minutes

---

Trustees Present: Brian Roy (PSU); Ryan Hagemann (WOU); Craig Morris (SOU)  
Trustees Present by Phone: Lara Moore (EOU); Patrick Hughes (OSU)  
Trustees Absent: George Marlton (OIT)  
Others Present: James Parker (DWT); Ryan Britz (Berkley); Ashley Grealish (USSE)  
Others Present by Phone: Brian Sornson and Christy Witzke (SAIF), Annette Schmidt and Jeff Nass  
(Berkley Risk)

### **Call to Order**

Chair Patrick Hughes called the meeting to order at 11:00 a.m.

### **Roll Call**

Roll call was taken of those present and on the phone.

### **Recognition of Ryan Hagemann as Trustee**

Patrick Hughes welcomed Ryan Hagemann to PURMIT Board of Trustees. Ryan will be replacing Eric Yahnke as the Trustee representative from Western Oregon University. Mr.Hagemann acknowledged the welcome and looks forward to serving as a Trustee.

### **Review and approval of minutes**

Meeting minutes from the September 30 Board of Trustees meeting reviewed and discussed.

### **Action:**

A motion was made by Mr. Morris to approve both the minutes. The motion was seconded by Mr. Roy. The motion carried with no objections.

## **Financial Update as of September 30, 2015 (Pre Final Audit Version)**

Ms. Schmidt reported on the financial outlook of PURMIT. Ms. Schmidt informed the Trustees that the financials will be broken into two categories; Workers' Compensation and Trust lines of business. The Trust category will include the direct specialty lines of business, which is a premium, pass through for the Trust. Ms. Schmidt provided a brief overview of the Q1 financials, including the following highlights:

- The Trust member contributions and Surplus Adjustment of \$3M for Trust and \$489K for Workers' Compensation for a Q1 total of \$3.5M
- Losses & loss adjustment expenses for the Trust was \$855K and \$537K for Workers' Compensation, and insurance expenses of \$1.2M for the Trust and \$357K for Worker's Compensation
- General and administrative expenses of \$210K for the Trust for Q1, which includes administrative fee, USSE charges, legal, and other services
- Total combined operating expenses of \$3.2M for Q1
- Net Operating Income for Q1 for the Trust was \$733K and showing a loss of \$404K for Workers' Compensation with a combined favorable operating income of \$328K
- The Trust showed \$453 dollars in investment income for Q1 and showing a net positive change to Surplus of \$329K for the first quarter.

Ms. Schmidt briefly reviewed the Balance Sheet and a few highlights on a combined basis are as follows:

- Under Assets, cash and cash equivalents totaling \$7.1M for Q1, this includes the operating and money market accounts, Accounts receivables of \$3.1M, Fixed Assets of \$89K which is the CSC Riskmaster Software, Prepaid Assets of \$2.2M, which is the insurance premiums, for total Assets of \$12.6M
- Total Liabilities of 10.2M which include reserves for losses and loss accrued expenses
- And ending the first quarter with \$2.4M of Surplus.

Ms Schmidt also discussed the surplus roll-forward exhibit, indicating that surplus continues to improve and showing a net positive change in Surplus of \$329K for Q1 for total of \$2M. Ms. Schmidt also reminded the group that the Workers' Compensation dividend from SAIF of \$1M will show on the October financials.

### **Financial Audit update**

Ms. Schmidt provided the Trustees with an overview of the audit; highlighting a couple items: no deficiencies were noted by the auditor, classification of the \$1.5M Workers' Compensation dividend (current vs prior year). Ms. Schmidt noted that the audit is close to being finalized and that K Financial will present the audit findings at the next Trustee meeting. Ms. Schmidt noted that K

Mr. Roy commented that it is reasonable for Berkley Risk to move forward with next steps as outlined by the Trustees.

#### Action

Mr. Morris made motion to authorize Berkley to advise counsel to work towards settlement or file a subrogation lawsuit, if needed, and to be agreed to by institution. The motion was seconded by Mr. Hagemann. The motion carried with no objections.

#### **Workers' Compensation**

Mr. Britz discussed with the Trustees the option of reviewing and analyzing the current Workers' Compensation program as well as explore additional options for PURMIT. Mr. Roy said he would like to have Berkley look at options. Mr. Morris supported Mr. Roy's comments and like to see options for consideration. Mr. Parker indicated Berkley can aggregate loss and policy info, provide a summary to the market and determine options for the Trustees to consider. Mr. Roy indicated that further clarity of the current program combined with market options would be beneficial. Mr. Britz commented that he will begin compiling data to send to the market for review.

#### **Timeline**

Mr. Britz presented the timeline Berkley Risk will be adhering to for the December through January timeframe. Mr. Britz indicated that the purpose of the timelines was to provide market indications well in advance of the July 1 renewal, to assist each institution with budget setting as well as continued program analysis. Mr. Britz also noted that he had previously supplied the timeline to Risk Council as a "heads up" for what's coming, knowing that it will require work to be performed ahead of previous years' schedules.

#### **Budget**

Mr. Britz provided an update on the year to date budget. The budget is generally in line, however Mr. Britz proposed a revision to the previously agreed upon budget due to changes in operations that have occurred since prior approval. The revised budget includes the Berkley risk claims contract effective January 1, 2015 as well as changes to the legal fee and the Sedgwick contract. Mr. Britz then presented a proforma showing financial projections inclusive of the changes to the budget. Mr. Morris requested a quarterly budget update to the Trustees for tracking purposes.

Action: A motion was made by Mr. Roy to approve the proposed budget for the 2015 fiscal term as discussed. The motion was seconded by Mr. Morris. The motion carried with no objections.

### **Legal Counsel Items**

- a. Tax filing/budget – Mr. Parker noted that at the last meeting the Trustees decided not to pursue a private letter ruling for the Trust and that they will continue to revisit this item as the Board moves forward.
- b. Banking/PUF update – Mr. Parker noted that at the last meeting the Trustees authorized Mr. Parker to discuss PURMIT with the VP's of Finance at their quarterly meeting, to gain the approval to file for entry into the PUF. Mr. Parker commented that he spoke with the VP's of Finance and they agreed to let PURMIT join the PUF. Mr. Parker further commented that he is working with Treasury to file and gain admittance. He also noted that DWT's banking attorney is involved on the banking agreements. Mr. Roy commented that the Trust needs to be aware of the cost to getting into the PUF versus the investment return and to be cognizant of the spend to access the PUF.
- c. DWT Engagement Letter and Conflict Waiver Form – At the last meeting the Trustees gave authority to Mr. Britz to sign the DWT Engagement Letter and Conflict Waiver Form when he received approval from all institutions. Mr. Britz indicated he had not heard back from some of the institutions and therefore did not sign the forms. Mr. Morris expressed his concern that this conversation has been ongoing for several months and needs to be brought to resolution soon. Mr. Parker noted that these forms similar to those adopted by OUS previously and that PURMIT adopted the OUS waiver at its formation in order to retain DWT as its counsel. Mr. Roy expressed concern over the length of time as well and proposed resolution within a week's time. Mr. Hagemann indicated he needed to speak internally and would also take the issue up with the other institutions that had not yet responded.

### **Other items**

Mr. Britz noted that AGRiP membership rates had increased but PURMIT was at the minimum fee for membership and would have no effect on the cost to PURMIT.

### **Adjourn**

A motion to adjourn the meeting at 1:08 pm was made by Mr. Morris. The motion was seconded by Mr. Hughes. The motion carried with no objections.

# Agenda Item #3





February 2, 2016

To the Board of Trustees and the Public Universities Risk Management & Insurance Trust:

Public Universities Risk Management & Insurance Trust  
C/O Berkley Risk Administrators Co. LLC  
222 South Ninth St. STE 1300  
Minneapolis, MN 55402-3332

In planning and performing our audit of the financial statements of Public Universities Risk Management & Insurance Trust (PURMIT) as of and for the fiscal year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered PURMIT's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PURMIT's internal control. Accordingly, we do not express an opinion on the effectiveness of PURMIT's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of PURMIT's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in PURMIT's internal control to be significant deficiencies:

#### **Accounts Payable Cutoff Procedures**

During our audit, we identified certain expenses that were incurred during the fiscal year, but that were not included in the fiscal year-end financial statements. We proposed an adjusting journal entry to management to record the expenses and related liabilities as of June 30, 2015, and the adjustment was recorded by management.

We recommend that management implement accounts payable cutoff procedures that include a control to inspect all invoices following fiscal year-end and prior to financial statement issuance to determine whether any expenses that are invoiced following fiscal year-end relate to



activity of the previous fiscal year, and a control to determine whether any expenses were incurred during the fiscal year for which an invoice has not yet been received.

### **Claim Payments – Reconciliation**

We noted that there is a process in place to record all claim payments made from the general ledger accounting system (GL) to the claims management system (CMS) following the payment of invoice batches. However, we noted that a reconciliation of payments made per the GL to claim payments added per the CMS is not currently performed. A periodic reconciliation of these two systems helps to ensure that all claim payments made are accurately recorded in claims files, as the claim payment data per the CMS is a primary source used by the actuary in developing the claims reserve estimate.

We recommend that management implement a control to reconcile the GL to the CMS on a periodic basis. This will help to ensure that claim payments are recorded accurately in the CMS, and that complete and accurate data is provided to the actuary for use in the development of the claims reserve estimate.

### **Claims Reserve Roll-forward**

During our audit, we noted that a tie-out or reconciliation of amounts used in the claims reserve roll-forward footnote (*Financial Statement Note 6: Reserves for Unpaid Losses and Loss Adjustment Expenses*) to the actuarial report and CMS is not currently performed. A reconciliation of the claims reserve roll-forward will help to ensure the accuracy of the required disclosure of activity in the claims reserve account.

We recommend that management implement a control to agree or reconcile amounts in the claims reserve roll-forward to the change in provision per the actuarial estimate and to the claims paid data in the CMS.

### **SOC 1 and Claims Review Reports**

We noted that PURMIT uses certain third party administrators (TPAs) to provide claims management services, and the data provided by the TPAs is used to record claim payment transactions. However, PURMIT management does not request and review copies of annual SOC 1 Type II reports and/or claims review reports prepared by independent auditors to assess the design and operating effectiveness of internal controls at these TPAs, or to determine whether user-entity control recommendations included in the reports have been implemented and are operating effectively at PURMIT.

We recommend that management identify all TPAs that provide data that is included in the financial statements of PURMIT, and request and review copies of SOC 1 Type II reports and/or claims review reports for these TPAs on at least an annual basis, to determine whether (1) controls at the TPA are designed and operating effectively, and (2) user-entity control recommendations included in the reports are implemented and operating effectively at PURMIT.

### **Journal Entry Review and Approval**

During our audit, we noted that a process is in place to segregate duties between a preparer and reviewer of all journal entries; however, evidence showing that this process was followed is not currently retained. Requiring documentation showing that all journal entries are prepared and



reviewed by separate authorized parties assists in ensuring that all adjustments made to the financial statements are properly approved.

We recommend that management continue to segregate the duties of preparing and reviewing journal entries, and that both the preparer and the reviewer of each journal entry document the preparation and review of the entry through signature or other means. This documentation will help ensure that all adjustments made to the financial statements are reviewed and approved by an authorized party.

We will be pleased to discuss these comments and suggestions in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, PURMIT's Board of Trustees, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*K Financial*

K Financial  
Louisville, Colorado  
February 2, 2016



Achieving  
Higher  
Expectations

February 2, 2016

To the Board of Directors  
PURMIT

We have audited the financial statements of PURMIT, as of and for the years ended June 30, 2015, and have issued our report thereon dated December 23, 2015. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated August 16, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of PURMIT solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies and other matters noted during our audit in a separate letter to you dated February 2, 2016.

### **Planned Scope and Timing of the Audit**

We conducted our audit during the months of October through December 2015, and provided the planned scope of the audit in our engagement letter to you dated August 16, 2015.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by PURMIT is included in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2015. We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

K Financial, Inc.

The State

Mercantile Building

801 Main Street, Suite 225

Louisville, CO 80027

Phone: 303.665.8060

Fax: 303.665.0813

www.kfinancial.com



### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is management's estimate of loss reserves, which includes data provided by an independent third-party actuary using individual case-basis valuations and statistical analysis.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are the footnotes regarding loss reserves, and insurance and financial risks. The financial statement disclosures are neutral, consistent and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Please see attachment "B" for a listing of all material, corrected misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to PURMIT's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter (Attachment "A") dated December 23, 2015.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.



### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with management of PURMIT, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as PURMIT's auditors.

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

Very truly yours,

*K Financial*

K Financial

Attachment A  
Management Representation Letter

**PURMIT**

Public Universities Risk Management & Insurance Trust

Public Universities Risk Management &  
Insurance Trust  
C/O Berkley Risk Administrators Co. LLC  
222 South Ninth Street, Suite 1300  
Minneapolis, MN 55402-3332  
PHONE: 612-766-3000  
FAX: 612-766-3281

December 23, 2015

K Financial, Inc.  
801 Main Street  
Suite 225  
Louisville, CO 80027

We are providing this letter in connection with your audit of the statement of net position of Public Universities Risk Management and Insurance Trust (PURMIT), as of June 30, 2015, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of PURMIT in conformity with U.S. generally accepted accounting principles (U.S. GAAP). We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

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

We confirm that, to the best of our knowledge and belief, as of December 23, 2015, the following representations made to you during your audit.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated August 16, 2015, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

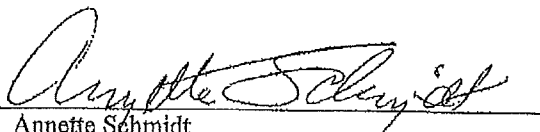
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to PURMIT's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Material concentrations have been properly disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Company is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

**Information Provided**

12. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the Company and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, analysts, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.
20. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
21. The reserve for losses and loss adjustment expenses represents management's best estimate of the ultimate value of claims, including incurred but not reported (IBNR) claims. Although the IBNR reserve recorded in the financial statements at June 30, 2015 is an estimate and subject to change in the future, we believe it appropriately reflects the future claim liabilities of the company at that date.



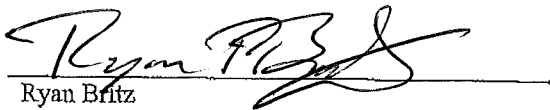
No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.



Annette Schmidt  
AVP - Program Accounting  
Berkley Risk

12/23/15

Date



Ryan Britz  
AVP  
Berkley Risk

12/23/15

Date



Ashley Grealish  
Risk Analyst  
University Shared Services Enterprise

December 23, 2015

Date

**Attachment B**

PURMIT FY2015 Financial Statement Audit  
Listing of Material, Corrected Misstatements

	Account	Statement of Net Position		Statement of Changes in Net Position	
		DR	CR	DR	CR
1	40800 - Premium Credit			185,823	
	63000 - Insurance Premium Expense				131,625
	14000 - Prepaid Premiums		54,198		
	<i>Entry to reclassify premium credit from revenue to a reduction in prepaid premiums, and to adjust the prepaid premium balance at 6.30.15 and the insurance premium expense for the year ended 6.30.15 considering the premium credit.</i>				
2	40500 - Insurance Subrogation			345,068	
	60100 - Settlements				345,068
	<i>Entry to reclassify subrogation collections from revenue to a reduction in claims settlement expense.</i>				
3	80000 - Other Income - Other			1,565,625	
	63000 - Insurance Premium Expense				1,565,625
	<i>Entry to reclassify WC dividend from other income - other to a reduction in premium expense.</i>				
4	Excess Insurance and Brokerage Commissions			200,000	
	66100 - Broker Fee (G&A)				200,000
	<i>Entry to reclassify brokerage commissions as a revenue deduction and remove as an expense. This is a financial statement reclassification only and does not require an adjustment in Quickbooks.</i>				
5	66300 - Insurance Premium Expense			280,088	
	24800 - Accrued Liabilities		280,088		
	<i>Entry to record accrued insurance premium expense for three workers compensation policies that were for Q4 FY15. Additional accrued premium expense amounts were added for Q4 FY15 to this adjustment</i>				
	Total	<u>-</u>	<u>334,286</u>	<u>2,576,605</u>	<u>2,242,319</u>
		<u>DR</u>	<u>CR</u>		
		2,576,605	2,576,605		
	Variance		(0)		



**Public Universities Risk Management and  
Insurance Trust**

Financial Statements

June 30, 2015

(With Independent Auditor's Report Thereon)

# PURMIT

Public Universities Risk Management & Insurance Trust

## Management Discussion and Analysis For fiscal year July 1, 2014 through June 30, 2015

### 1. Introduction

Public Universities Risk Management and Insurance Trust (PURMIT) provides support to Oregon's public higher education institutions through a comprehensive strategic enterprise risk management function that focuses on the risks associated with life safety, property, reputation, financial, compliance, and operational exposures. This is accomplished through the application of risk financing to include risk transfer and risk retention, and through the implementation of risk controls including risk assessments, training and compliance awareness and monitoring.

PURMIT is overseen by a Board of Trustees consisting of one representative from each of the member institutions. This group provides the strategic oversight for the program. The Risk Council, consisting of a representative from each member institution, conducts the day-to-day transactions and risk mitigation for the program. These activities include integrating risk awareness with campus strategic partners including General Counsel, Internal Audit, Academic Strategies, Student Affairs, Student Health, Research, International Programs, Human Resources, Environmental Health & Safety, Procurement, Security, Facilities and Capital Planning.

The entities covered by PURMIT for fiscal year 2014-2015 include:

- Eastern Oregon University
- Oregon Institute of Technology
- Oregon State University
- Portland State University
- Southern Oregon University
- University of Oregon
- Western Oregon University
- Oregon University System

### 2. Board Members

A list of PURMIT Trustees and their term during Fiscal Year 2015:

#### Eastern Oregon University

Lara Moore, Vice President for Finance and Administration at Eastern Oregon University

PURMIT Trustee Term: June 24, 2014 – Present

Vice Chair Term: July 30, 2014 – June 30, 2015

#### Oregon Institute of Technology

George Marlton, Executive Director for Procurement, Contracts & Risk Management

PURMIT Trustee Term: June 24, 2014 – Present

#### Oregon State University

Glenn Ford, Vice President of Finance and Administration for Oregon State University

PURMIT Trustee Term: June 24, 2014 – November 30, 2014

Patrick Hughes, Chief Risk Officer at Oregon State University

PURMIT Trustee Term: December 1, 2014 – Present

Chair Term: July 1, 2015 – Present

Chair of the Claims and Loss Control Committee since January 21, 2015

Portland State University

Brian Roy, Risk Manager at Portland State University

PURMIT Trustee Term: June 24, 2014 – Present

Vice Chair Term: July 1, 2015 – Present

Southern Oregon University

Craig Morris, Vice President of Finance and Administration at Southern Oregon University

PURMIT Trustee Term: June 24, 2014 – Present

Chair of the Finance and Policy Committee since January 21, 2015

University of Oregon

Deb Donning, Risk Manager at University of Oregon

PURMIT Trustee Term: June 24, 2014 – June 30, 2014; May 22, 2015 – October 15, 2015

Jamie Moffitt, Vice President of Finance and Administration at University of Oregon

PURMIT Trustee Term: July 1, 2014 – May 21, 2015

Western Oregon University

Eric Yahnke, Vice President of Finance and Administration at Western Oregon University

PURMIT Trustee Term: June 24, 2014 – October 31, 2015

Chair Term: June 24, 2014 – June 30, 2015

**3. Financial Position**

- A. Assets.** Cash and cash equivalents at fiscal year-end 2015 were \$11,155,132. Total admitted assets at fiscal year-end 2015 were \$13,873,940.
- B. Liabilities.** At June 30, 2015, net loss and loss adjustment expense reserves for both known incurred but not paid, and incurred but not reported claims totaled \$11,393,648.

Loss reserves for 2015 were discounted and the discount factor is based on an interest rate of 1%, which was specified by PURMIT.

Management believes the loss and loss adjustment expense reserves are adequate to meet PURMIT's claim obligations for losses that have been reported but not yet fully satisfied, as well as those claims yet to be reported to PURMIT.

At June 30, 2015, PURMIT had other liabilities of \$778,809 comprised of \$34,220 in deferred, and \$744,589 in accounts payable and accrued expenses.

- C. Net Position.** Policyholder net position was \$1,701,483 at fiscal year-end 2015. As part of an active strategic review, PURMIT has worked to meet the needs of its members, while maintaining adequate surplus to meet its claims obligations.

**4. Results of Operations**

**Operating Income and Operating Expenses.** PURMIT's fiscal year 2015 member contributions earned were \$7,608,178. PURMIT's fiscal year 2015 operating expenses were \$6,151,354, of which \$1,064,030 were general and administrative expenses.

**Events which may change results.** Management knows of no events that will cause any material changes in PURMIT's revenues or expenses as reported June 30, 2015.

**Increase in Net Position.** For the year-ending June 30, 2015, PURMIT reported an increase in net position of \$1,516,589 including \$1,456,824 of net underwriting gains.

**5. Cash Flow and Liquidity**

- A. **Investments.** PURMIT had cash of \$7,563,385 in their operating account, and had cash equivalents of \$3,591,747 for a total cash asset of \$11,155,132 as of June 30, 2015.
- B. **Cash Flow.** PURMIT's operating cash flow was (\$410,469) in fiscal year 2015.
- C. **Future Commitments.** PURMIT has made no commitments for capital expenditures, nor are any anticipated.

**6. Reinsurance Ceded and Assumed**

PURMIT's insurance policies are all considered Excess Insurance. The key points in Reinsurance seem to be (1) that it is between two insurance companies, and (2) that it is used to indemnify or reduce the risk associated with a policy generated by the company purchasing the reinsurance. According to the PURMIT Trust Agreement that established PURMIT, the public universities of Oregon established PURMIT to continue risk-sharing between them as the Oregon University System dissolved. It was meant to be a self-insurance program rather than an insurance company. Thus PURMIT does not operate as an insurance company. Additionally, PURMIT does not itself issue insurance policies or other coverage documents. Instead, PURMIT purchases insurance on behalf of its member institutions at high SIRs or high deductibles and utilizes actuary reports and member funding to manage the underlying SIR. Therefore the insurance policies and contracts that PURMIT participates in are excess insurance policies and contracts, and not reinsurance.

**7. ORS Regulation**

PURMIT operates in compliance with ORS 30.282(6), including the requirement to maintain an unallocated reserve account as set forth in ORS 30.282(6)(e) in which total assets exceed total liabilities by the greater of 25 percent of annual contributions or \$250,000, total liabilities must include all liabilities identified by a qualified actuary including but not necessarily limited to the items listed in ORS 30.282(6)(d).

**8. Other Matters**

None to report at this time.



Achieving  
Higher  
Expectations

## Independent Auditor's Report

The Board of Trustees  
Public Universities Risk Management and Insurance Trust:

We have audited the accompanying financial statements of Public Universities Risk Management and Insurance Trust (PURMIT), which comprise the statement of net position as of June 30, 2015, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

### 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 PURMIT as of June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

K Financial, Inc.

The State  
Mercantile Building  
801 Main Street, Suite 225  
Louisville, CO 80027  
Phone: 303.665.8060  
Fax: 303.665.0813  
www.kfinancial.com



## Other Matter

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages I - III, the reconciliation of claims liabilities by contract type on page 13 and loss development information on page 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*K Financial*

Louisville, Colorado  
December 23, 2015



**Public Universities Risk Management and Insurance Trust**  
**Statement of Net Position**  
**As of June 30, 2015**

	<u><b>FY 2015</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,155,132
Receivable from members	1,393,258
Prepaid expenses	1,226,985
Fixed assets - software, net	98,565
<b>Total assets</b>	<u><u>\$ 13,873,940</u></u>
 <b>LIABILITIES AND NET POSITION</b>	
<b>Liabilities:</b>	
Reserves for unpaid losses and loss adjustment expenses	\$ 11,393,648
Accounts payable and accrued liabilities	744,589
Unearned member contributions	34,220
<b>Total liabilities</b>	<u><u>12,172,457</u></u>
 <b>Net Position:</b>	 1,701,483
<b>Total liabilities and net position</b>	<u><u>\$ 13,873,940</u></u>

*See accompanying notes to the financial statements.*

**Public Universities Risk Management and Insurance Trust**  
**Statement of Revenue, Expenses and**  
**Changes in Net Position**  
**For the Year Ended June 30, 2015**

	<b><u>FY 2015</u></b>
<b>OPERATING REVENUES:</b>	
Member contributions earned (net of excess insurance premiums and brokerage commissions of \$5,129,762 in FY 2015)	\$ 7,608,178
Total operating revenues	<u>7,608,178</u>
<b>OPERATING EXPENSES:</b>	
Losses and loss adjustment expenses	(5,087,324)
General and administrative	<u>(1,064,030)</u>
Total operating expenses	<u>(6,151,354)</u>
Operating income	1,456,824
<b>NONOPERATING REVENUE:</b>	
Net investment income	<u>59,765</u>
Total nonoperating revenue	59,765
Increase in net position	<u>1,516,589</u>
Net position, beginning of year	<u>184,894</u>
Net position, end of year	<u><u>1,701,483</u></u>

*See accompanying notes to the financial statements.*

**Public Universities Risk Management and Insurance Trust**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2015**

	<u><b>FY 2015</b></u>
Cash flows from operating activities:	
Contributions collected from members; net of excess insurance premiums and brokerage commissions paid	\$ 5,426,713
Losses and loss adjustment expenses paid, net	(4,886,804)
General and administrative expenses paid	(950,378)
Net cash used in operating activities	<u>(410,469)</u>
Cash flows from investing activities:	
Investment income collected, net	59,765
Net cash provided by investing activities	<u>59,765</u>
Net decrease in cash and cash equivalents	(350,704)
Cash and cash equivalents, beginning of year	11,505,836
Cash and cash equivalents, end of year	<u>\$ 11,155,132</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 1,456,824
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation and amortization	34,787
Changes in operating assets and liabilities:	
Receivable from members	(1,003,310)
Prepaid expenses and other assets	(1,209,449)
Reserves for unpaid losses and loss adjustment expenses	200,520
Accounts payable and accrued liabilities	75,939
Unearned member contributions	34,220
Net cash used in operating activities	<u>\$ (410,469)</u>

*See accompanying notes to the financial statements.*

---

## Public Universities Risk Management and Insurance Trust

### Notes to Financial Statements

June 30, 2015

#### 1. Organization

Public Universities Risk Management and Insurance Trust (PURMIT) provides support to Oregon's public higher education institutions through a comprehensive strategic enterprise risk management function that focuses on the risks associated with life safety, property, reputation, financial, compliance, and operational exposures. This is accomplished through the application of risk financing to include risk transfer and risk retention, and through the implementation of risk controls including risk assessments, training and compliance awareness and monitoring.

PURMIT is overseen by a Board of Trustees consisting of one representative from each of the member institutions. This group provides the strategic oversight for the program. The Risk Council, consisting of a representative from each member institution, conducts the day-to-day transactions and risk mitigation for the program. These activities include integrating risk awareness with campus strategic partners including General Counsel, Internal Audit, Academic Strategies, Student Affairs, Student Health, Research, International Programs, Human Resources, Environmental Health & Safety, Procurement, Security, Facilities and Capital Planning.

The entities covered by PURMIT during the year ended June 30, 2015 include:

- Eastern Oregon University
- Oregon Institute of Technology
- Oregon State University
- Portland State University
- Southern Oregon University
- University of Oregon
- Western Oregon University
- Oregon University System

Prior to July 1, 2014, insurance coverage and other risk management services were provided to the universities listed above via the Oregon University System (OUS) Risk Fund, which was a component of the Oregon University System. Effective July 1, 2014, the OUS Risk Fund was transferred to PURMIT. PURMIT is a separate legal entity which operates for the benefit of the participating universities.

Under provisions of SB 270, all 7 public universities are required to participate in PURMIT until June 30, 2015. At that time, membership becomes optional. Coverages purchased through PURMIT (with or without risk retention by PURMIT), include but are not limited to:

- Real property loss for university owned buildings, equipment, automobiles and other types of property
- Tort liability claims brought against the universities, their officers, employees or agents
- Workers' compensation and employers liability
- Crime and fiduciary
- Specialty lines of business including marine, medical malpractice, international travel, fine art, aircraft, camps, clinics and other items.

---

## Public Universities Risk Management and Insurance Trust

### Notes to Financial Statements

June 30, 2015

#### 2. Significant Accounting Policies

##### *(a) Basis for Presentation & Use of Estimates*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements 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. While management believes that the amounts included in the financial statements reflect PURMIT's best estimates and assumptions, actual results could differ from these estimates.

##### *(b) Recognition of Member Contribution Revenue*

Member contributions are earned over the terms of the related policies. Accordingly, unearned premiums are established for the portion of premiums received applicable to the unexpired period of policies in effect.

##### *(c) Premium Deficiency Reserve*

When anticipated losses, loss adjustment expenses and other acquisition costs exceed the recorded unearned premium reserve, a premium deficiency reserve is recognized. PURMIT considers future estimated investment income as a factor in the premium deficiency reserve calculation. No premium deficiency reserve was recorded at June 30, 2015.

##### *(d) Receivable from Members*

Receivable from members are premiums due from member universities. Management has determined that a provision for uncollectable premium receivables is not necessary as of June 30, 2015. There were no premium receivable write-offs during the year ended June 30, 2015; however \$389,428 of bad debt related to uncollectible restitution orders was recorded during the year ended June 30, 2015.

##### *(e) Cash and Cash Equivalents*

PURMIT considers cash and all highly liquid investments with maturities of three months or less at the date of purchase to be cash and cash equivalents.

---

## Public Universities Risk Management and Insurance Trust

### Notes to Financial Statements

June 30, 2015

**(f) Fixed Assets**

Capital assets are stated at cost at the date of acquisition. PURMIT's capitalization policy includes all items with a value of \$500 or more, and an estimated useful life of greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Asset Class	Useful Life
Software	5 years

**(g) Losses and Loss Adjustment Expenses**

Liabilities for losses and loss adjustment expenses are based on actuarial estimates of the ultimate cost of reported claims as well as incurred but not reported claims. The ultimate liabilities for losses and loss adjustment expenses may vary from such estimates. Any adjustments to these estimates will be reflected in operations in future accounting periods when such adjustments become known. The reserve for unpaid losses and loss adjustment expenses is estimated by an independent third-party actuary using individual case-basis valuations and statistical analysis. Management of the Trust believes that the estimate of the liability for losses and loss adjustment expenses is reasonable.

**(h) Excess Insurance**

The cost of excess insurance coverage is charged to income ratably over the period of coverage and is reported as a reduction of member contributions earned. Losses, loss adjustment expenses, and the reserves for loss and loss adjustment expenses are reported net of reinsured amounts.

**(i) Fair Value of Financial Instruments**

The carrying value of cash and cash equivalents, receivable from members, and accounts payable and accrued liabilities are considered to approximate fair value due to the short-term nature of these instruments. All of the Trust's fair value measurements fall within Level 1 of the fair value hierarchy.

### 3. Insurance Coverage Provided

**Direct Insurance**

Workers' Compensation

Workers' Compensation coverage is purchased on a group basis with each institution having its own dedicated limit. Coverage is provided through a paid loss retrospective rating plan. Each institution pays incurred claim costs monthly. Liabilities are capped for each institution and coverage for claims in excess of the cap will be

---

## Public Universities Risk Management and Insurance Trust

### Notes to Financial Statements

June 30, 2015

reimbursed by the Workers' Compensation carrier, SAIF Corporation, up to a maximum of \$2,000,000 per occurrence and \$5,199,508 for the 2014-2015 policy term.

#### Automobile

PURMIT has a \$1 million retention for each automobile liability occurrence and then purchases an additional \$50 million excess liability policy. Coverage is provided by United Educators and Great American Insurance Company. Automobile physical damage is self-insured by each institution.

#### General Liability and Educators Legal Liability

General Liability and Educators Legal Liability coverage applies if an institution is found liable of a wrongful act. PURMIT has a \$1 million retention for each occurrence/wrongful act and then purchases an additional \$50 million excess liability policy. Coverage is provided by United Educators and Great American Insurance Company.

#### Property

PURMIT retains \$500,000 of each property loss occurrence and then purchases an additional \$500 million of property coverage. Coverage is provided by FM Global.

#### *Pass Through Arrangements*

#### Direct Specialty

Direct Specialty coverages are placed by the institutions' designated broker. PURMIT does not retain any loss exposure relative to these coverages. 100% of the underlying exposures are transferred to the applicable carriers. The direct specialty coverages are procured and purchased directly by each institution and premium payments are made by each institution independently to the applicable carrier.

#### **4. Excess Insurance**

PURMIT has entered into various excess insurance contracts to limit large losses and minimize exposures on large risks. Excess insurance premiums and brokerage commissions for the year ended June 30, 2015, were \$5,129,762. Management of PURMIT believes its excess insurers are financially sound and will continue to meet their contractual obligations.

---

**Public Universities Risk Management and Insurance Trust**

Notes to Financial Statements

June 30, 2015

**5. Contributions Earned**

Contributions written and earned for the year ended June 30, 2015 are reflected in the table below.

<u>Contributions Written</u>	<u>FY 2015</u>
Workers' Compensation	\$2,285,667
Automobile	118,036
General Liability	3,403,198
Property	1,228,583
Direct Specialty	99,316
Operations	507,598
Total Contributions Written	<u>\$7,642,398</u>
<u>Change in Unearned Member Contributions</u>	
Direct Specialty	34,220
Total Contributions Earned	<u>\$7,608,178</u>

**6. Reserves for Unpaid Losses and Loss Adjustment Expenses**

Activity in the reserves for unpaid losses and loss adjustment expenses account for the year ended June 30, 2015 is as follows:

	<u>FY 2015</u>
Balance at Beginning of Year	\$11,193,128
Provision related to:	
Current year	4,527,742
Prior year	559,582
Total provision	<u>5,087,324</u>
Paid related to:	
Current year	(677,226)
Prior year	(4,209,578)
Total paid	<u>(4,886,804)</u>
Balance at End of Year	<u>\$11,393,648</u>

As a result of changes in actuarial estimates related to insured events of prior years, reserves for unpaid losses and loss adjustment expenses increased by \$559,582 for the year ended June 30, 2015. Ultimate loss estimates are based on historical loss data as well as industry based data.



---

**Public Universities Risk Management and Insurance Trust**

Notes to Financial Statements

June 30, 2015

**7. Fixed Assets**

Fixed assets are recorded at cost and are depreciated by the Trust using the straight line method over estimated useful lives of the related assets. Fixed assets consisted of the following at June 30, 2015:

Software	\$ 173,938
Less accumulated depreciation	<u>(75,373)</u>
Fixed assets – software, net	<u>\$ 98,565</u>

**8. Capital Requirements**

The Trust's minimum capital requirement for the 2014-2015 term is \$536,480. The Trust's total equity as of June 30, 2015 was \$1,701,483, which exceeds the aforementioned minimum requirement.

**9. Related Party Transactions**

The service providers that PURMIT used during the year ended June 30, 2015 are considered related parties and included:

- Arthur J. Gallagher Risk Management Services, Inc. (two offices – Denver & Boston) – Broker
- Perkins & Co. – Accountant
- Sedgwick Claims Management Services, Inc. – third-party claims administrator
- Computer Sciences Corporation – Risk Management Information System (Riskmaster) Claims System
- PriceWaterhouseCoopers – Actuary
- SAIF – third-party claims administrator

**10. Income Taxes**

PURMIT is exempt from federal and states taxes under Internal Revenue Code Section 115 because the Trust's income is derived from the exercise of an essential governmental function.

**11. Insurance and Financial Risks**

Insurance Risks

Insurance risk is the risk that an event will take place giving rise to a claim or claims and includes the uncertainty of the amount and timing of any resulting claim or claims. Factors influencing insurance risk include but are not limited to the amount of risk undertaken, risk diversification and geographical and industry exposures. The Trust directly insures certain risks of member Universities and as such there is a concentration of insurance risk within the industry sector and territory in which PURMIT operates.

---

**Public Universities Risk Management and Insurance Trust**

Notes to Financial Statements

June 30, 2015

Credit Risk

Credit risk arises from the failure of the counterparties to perform according to the terms of contract. The policyholders responsible for the payment of premiums to the Trust are the member Universities. As each are sizable in nature and well established, the Trust's management considers the credit risk associated with these policyholders to be minimal.

Financial instruments, which potentially subject the Trust to a concentration of credit risk, consist of cash and cash equivalents. At June 30, 2015, the Trust had \$11,155,132 in cash deposits which exceed the federally insured limit of \$250,000 by \$10,905,132.

Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulty in obtaining funds to meet its commitments. The Trust's assets are largely in the form of cash balances and short term investments. As such, the Trust is able to effectively manage its liquidity requirements both in the short-term and the long-term.

**12. Subsequent Events**

Management of the Trust has evaluated subsequent events through December 23, 2015 which is the date the financial statements were available to be issued. Management has determined there are no material subsequent events that require recognition or additional disclosure in the financial statements, other than the following:

- Effective July 1, 2015, University of Oregon is no longer part of PURMIT.

## REQUIRED SUPPLEMENTARY INFORMATION

**PUBLIC UNIVERSITIES RISK MANAGEMENT AND INSURANCE TRUST**  
**REQUIRED SUPPLEMENTARY INFORMATION - RECONCILIATION OF CLAIMS LIABILITIES**  
**BY TYPE OF CONTRACT (UNAUDITED)**  
Year ended June 30, 2015

The schedule below presents the changes in claims liabilities for PURMIT's various types of contracts.

	<b>Workers'</b>	<b>General</b>	<b>Property</b>	<b>Automobile</b>	<b>Combined</b>
	<b>Compensation</b>	<b>Liability</b>			
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 4,433,094	\$ 5,437,506	\$ 1,248,438	\$ 74,090	\$ 11,193,128
Add incurred losses and loss adjustment expenses, net of excess insurance recoverables:					
Provision for covered events of the current year	2,400,000	1,408,166	711,234	8,342	4,527,742
(Decrease) increase in provision for covered events of prior years	(609,717)	2,041,695	(873,964)	1,568	559,582
Total incurred losses and loss adjustment expenses, net of excess insurance	1,790,283	3,449,861	(162,730)	9,910	5,087,324
Deduct payments, net of excess insurance recoverables:					
For claims attributable to covered events of the current year	661,612	378,202	(368,753)	6,165	677,226
For claims attributable to covered events of prior years	1,222,972	2,494,569	450,143	41,894	4,209,578
Total payments	1,884,584	2,872,771	81,390	48,059	4,886,804
Reserves for unpaid losses and loss adjustment expenses, net of excess insurance recoverables	\$ 4,338,793	\$ 6,014,596	\$ 1,004,318	\$ 35,941	\$ 11,393,648

**PUBLIC UNIVERSITIES RISK MANAGEMENT AND INSURANCE TRUST**  
**REQUIRED SUPPLEMENTARY INFORMATION - LOSS DEVELOPMENT INFORMATION (UNAUDITED)**  
 June 30, 2015  
 (In Thousands of Dollars)

The following table illustrates how the Public Universities Risk Management and Insurance Trust's (PURMIT) earned revenue (net of excess insurance) and investment income compare to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by PURMIT.

The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to excess insurers, and net earned contribution revenue and reported investment revenue.
- (2) This line shows each fiscal year's other operating costs of PURMIT including overhead and claims expense not allocable to individual claims.
- (3) This line shows PURMIT's gross incurred claims and allocated claim adjustment expense, claims assumed by excess insurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage occurred (called policy year).
- (4) This section shows the cumulative net amounts paid as of the end of successive years, for each policy year.
- (5) This line shows the latest reestimated amount of losses assumed by excess insurers as of the end of the current year for each accident year.
- (6) This section of ten rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This Annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.)
- (7) This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature coverage years. The columns of the table show data for successive coverage years.

	<u>FY 2015</u>
1. Required contribution and investment revenue:	
Earned	\$ 12,738
Ceded	<u>(5,130)</u>
Net earned	7,608
2. Unallocated expenses	-
3. Estimated claims and end of policy year:	
Incurred	5,087
Ceded	<u>-</u>
Net incurred	5,087
4. Net paid (cumulative) as of:	
End of policy year	4,887
One year later	-
Two years later	-
Three years later	-
Four years later	-
Five years later	-
Six years later	-
Seven years later	-
Eight years later	-
Nine years later	-
5. Reestimated ceded claims and expenses:	-
6. Reestimated net incurred claims and expenses:	
End of policy year	5,087
One year later	-
Two years later	-
Three years later	-
Four years later	-
Five years later	-
Six years later	-
Seven years later	-
Eight years later	-
Nine years later	-
7. Increase in estimated net incurred claims and expenses from end of policy year	-

Unaudited – See accompanying independent auditors' report.

# Agenda Item #4

# Public Universities Risk Management & Insurance Trust (PURMIT)

December 31, 2015

Financial Review

PURMIT – Board of Trustees Meeting

March 9, 2016

**PURMIT**

# Agenda

---

## Operating Results

- Statements of Revenue and Expenses and Changes in Net Position Consolidated and by Fund
- Statements of General and Administrative Operating Expenses

## Financial Position

- Statement of Net Position
- Statement of Net Position Rollforward

## Audit Commentary – K Financial



# PURMIT

## Statements of Revenue and Expenses and Changes in Net Position As of December 31, 2015

	<u>FY 2016 YTD</u>
<b>OPERATING INCOME:</b>	
Member contributions earned (net of excess insurance and reinsurance premiums and brokerage commissions of \$2,932,864 FY 2016 YTD)	\$ 2,811,336
Total operations revenues	<u>2,811,336</u>
<b>OPERATING EXPENSES:</b>	
Losses and loss adjustment expenses	\$ (2,825,937)
General and administrative	<u>(331,862)</u>
Total operating expenses	<u>(3,157,799)</u>
Operating income	(346,463)
<b>NONOPERATING REVENUE:</b>	
Net investment income	\$ 905
Total nonoperating revenue	<u>905</u>
Increase in net position	<u>(345,558)</u>
Net position, beginning of the fiscal year	<u>1,701,484</u>
Net position, ending of the fiscal quarter	<u>\$ 1,355,926</u>

# PURMIT

## Statements of Revenue and Expenses and Changes in Net Position By Fund As of December 31, 2015

	FY 2016 YTD				
	Trust *	GL and Auto	Property	Workers Comp	Total
<b>OPERATING INCOME:</b>					
Member contributions	\$ 1,948,087	\$ 1,449,527	\$ 1,366,931	\$ 979,655	\$ 5,744,200
Excess insurance, reinsurance and commissions **	(1,637,790)	(390,279)	(1,504,219)	599,424	(2,932,864)
Total operations revenues	<u>310,297</u>	<u>1,059,248</u>	<u>(137,288)</u>	<u>1,579,079</u>	<u>2,811,336</u>
<b>OPERATING EXPENSES:</b>					
Losses and loss adjustment expenses	\$ -	\$ (1,379,885)	\$ (66,977)	\$ (1,379,075)	\$ (2,825,937)
General and administrative	(304,664)	-	(27,110)	(88)	(331,862)
Total operating expenses	<u>(304,664)</u>	<u>(1,379,885)</u>	<u>(94,087)</u>	<u>(1,379,163)</u>	<u>(3,157,799)</u>
Operating income	5,633	(320,637)	(231,375)	199,916	(346,463)
<b>NONOPERATING REVENUE:</b>					
Net investment income	\$ 905	\$ -	\$ -	\$ -	\$ 905
Total nonoperating revenue	<u>905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>905</u>
Increase in net position	6,538	(320,637)	(231,375)	199,916	(345,558)
Net position, beginning of the fiscal year	55,955	(2,672,059)	1,687,602	2,629,985	1,701,484
Net position, ending of the fiscal quarter	<u>\$ 62,493</u>	<u>\$ (2,992,696)</u>	<u>\$ 1,456,227</u>	<u>\$ 2,829,901</u>	<u>\$ 1,355,926</u>

\* Trust: Direct Specialty and Operations

\*\* Insurance and reinsurance premiums including brokerage commissions

# PURMIT

## Statements of General and Administrative Operating Expenses As of December 31, 2015

<u>Description</u>	<u>Actual QTR 2 YTD</u>	<u>FY16 BUDGET</u>
Berkley Contract	\$ 157,500	\$ 315,000
USSE	24,336	24,000
Broker of Record	-	200,000
Actuary for Trust	25,000	50,000
Legal For Trust	30,376	75,000
TPA for Claims	27,240	25,000
Outside Consulting/Training	-	5,000
External Auditor	18,000	18,000
Accounting Services	13,985	15,000
RMIS Database	30,639	54,050
Miscellaneous *	4,786	10,000
Claim Contract	-	107,500
<b>Total General and Administrative Operating Expenses</b>	<b><u>\$ 331,862</u></b>	<b><u>\$ 898,550</u></b>

\* Telephone, Subscriptions, Bank Charges, Meeting & Conferences, Memberships, Regulatory Fees, Restitution Collections.

# PURMIT

## Statements of Net Position

### As of December 31, 2015

<b>ASSETS</b>	<b>FY 2016 YTD</b>	<b>FY 2015</b>
Cash and cash equivalents	\$ 9,781,568	\$ 11,155,132
Receivable from members	302,908	1,393,258
Prepaid expenses *	2,193,951	1,226,985
Fixed assets - software, net	81,171	98,565
Other assets - deductible receivable	5,521	-
<b>Total Assets</b>	<b><u>\$ 12,365,119</u></b>	<b><u>\$ 13,873,940</u></b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities:</b>		
Reserve for losses and loss adjustment expenses	\$ 10,754,057	11,393,648
Account payable and accrued liabilities	255,137	744,589
Unearned member contributions	-	34,220
<b>Total Liabilities</b>	<b><u>\$ 11,009,194</u></b>	<b><u>\$ 12,172,457</u></b>
<b>Net Position:</b>	<b><u>\$ 1,355,926</u></b>	<b><u>1,701,484</u></b>
<b>Total Liabilities and net position</b>	<b><u>\$ 12,365,120</u></b>	<b><u>\$ 13,873,941</u></b>

\* Advanced paid premiums: FY 2016 YTD Property and GL, FY 2015 Property

# PURMIT

## Statements of Net Position Rollforward As of December 31, 2015

	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>Dec 31, 2015</u>
<b>Net Position, Beg. of Period</b>	<b>\$ (4,531,552) *</b>	<b>\$ 184,894</b>	<b>\$ 1,701,483</b>
Add: Net Operating Income	4,716,447	1,456,824	(346,463)
Add: Nonoperating Revenue	-	59,765	905
Less: Dividends	-	-	-
Increase (Decrease) in Net Position	<u>\$ 4,716,447</u>	<u>\$ 1,516,589</u>	<u>\$ (345,558)</u>
<b>Net Position, End of Period</b>	<b><u>\$ 184,894</u></b>	<b><u>\$ 1,701,483</u></b>	<b><u>\$ 1,355,926</u></b>

- Beginning Fund Balance per the Risk Management Financial Status as of June 30, 2014 provided by Perkins & Co.

# Audit Commentary – K Financial

---

## Comments From Internal Control Matters:

- Accounts Payable Cutoff Procedures
- Claims Payments – Reconciliation
- Claims Reserve Roll-Forward
- SOC 1 and Claims Review Report
- Journal Entry Review and Approval

Questions and Comments?

# Agenda Item #5



PURMIT

July 1, 2016 Renewal Premium Summary

All premiums are net of commission unless noted

Policy Type	Carrier	2013 Premium	2014 Premium	2015 Expiring	2016 Renewal	% Change over	\$ change over	Marketing Notes
Excess Liability (GLX) \$25M; \$1,000,000 SIR	Redacted							
Educators Legal Liability (ELL) \$25M/\$1,000,000 SIR								
Licensed Professional Liability \$1M/\$3M/\$250K SIR								
Excess Liability \$25MM xs of \$25MM xs of \$1M SIR								
Crime \$10M/\$100K Ded.								
Fine Arts \$100M/\$1,000 Ded.								
Foreign Package GL \$1M/\$5M agg, Auto, WC, Employee's AD&D								
Security Risk (K&E) \$3M/\$0 Ded.								
Multi-Media Liability \$1M/\$25,000 Ded.								
Non-owned Aviation \$50M								
Aircraft Liability & Hull								

Redacted

# Agenda Item #6

# PURMIT

Public Universities Risk Management & Insurance Trust

## Workers' Compensation

# Workers' Compensation

---

- ▶ Retrospective Rating Plan
  - ▶ SAIF Corporation
    - ▶ State of Oregon (DAS) 10-year retro plan until 7/1/2012
    - ▶ OUS 10-year retro plan 7/1/2012 - 7/1/2014
    - ▶ Individual policies effective 7/1/2014 forward
      - Institution specific class codes
      - Institution specific experience mods

# Retrospective Rating Plan

---

## ▶ Plan Components

- ▶ Loss sensitive plan – each institution pays converted losses monthly (converted losses = paid claim costs x 1.20 LCF)
- ▶ Quarterly deposit premium based on submitted payroll, year-end payroll audit and premium true up
- ▶ Annual retrospective evaluation 6 months after expiration of policy term

# Guaranteed Cost Plan

## Information Page

Class	Description	Estimated Policy Period Payroll	Rate Per \$100 of Payroll	Estimated Premium
-------	-------------	------------------------------------	---------------------------------	----------------------

Period: 07/01/2015 - 06/30/2016

7380 07	Drivers/Chauffrs/Messengers & Help	\$25,254	3.48	\$878.84
8868 03	College/Schs-Prof Empl/Teacher/Cler	\$34,374,873	0.36	\$123,749.54
8869 01	Child Day Care Centr-All Employees	\$130,855	0.98	\$1,282.38
9015 40	Camp Operation Noc & Drivers	\$0	2.70	\$0.00
9101 03	College/Schools-All Other Emp	\$2,506,416	3.00	\$75,192.48
9349 01	School-Cafeteria/Kitchen Empl	\$206,914	2.71	\$5,607.37
	Total Payroll Manual	\$37,244,312		
	Premium			\$206,710.61
	Part Two Coverage Increased Limits Factor		x	1.0040
	Experience Rating Modification		x	0.8400
	Estimated Premium			\$174,328.66
	Total Estimated Premium			\$174,328.66
	Estimated Standard Premium			\$174,328.66
	Terrorism Premium		+	\$3,724.43
	Catastrophe Premium		+	\$3,724.43
	Estimated Policy Period Premium			\$181,777.52
	DCBS Assessment @ 6.20% on subject premium (excludes Part Two & Federal Premium)		+	\$11,227.14
	Total Estimated Policy Premium Including DCBS Assessment			\$193,004.66

Policy Minimum Premium: \$500

Part Two Coverage Increased Limits Minimum Premium: \$120

Your policy premium is based on your current estimated premium and may be prorated for policies in effect for less than a full year or adjusted based on actual payroll by classification. Terrorism Premium is in addition to Policy Minimum Premium.

Catastrophe Premium is in addition to Policy Minimum Premium.

Payroll Reporting Frequency: Quarterly

Policyholder Option to Reimburse SAIF Corporation for Medical Expenses (Nondisabling Claims Reimbursement Program):

This policyholder has chosen to enroll in the Nondisabling Claims Reimbursement program with a quarterly claim evaluation.

# Retro Plan – Quarterly Payroll Report

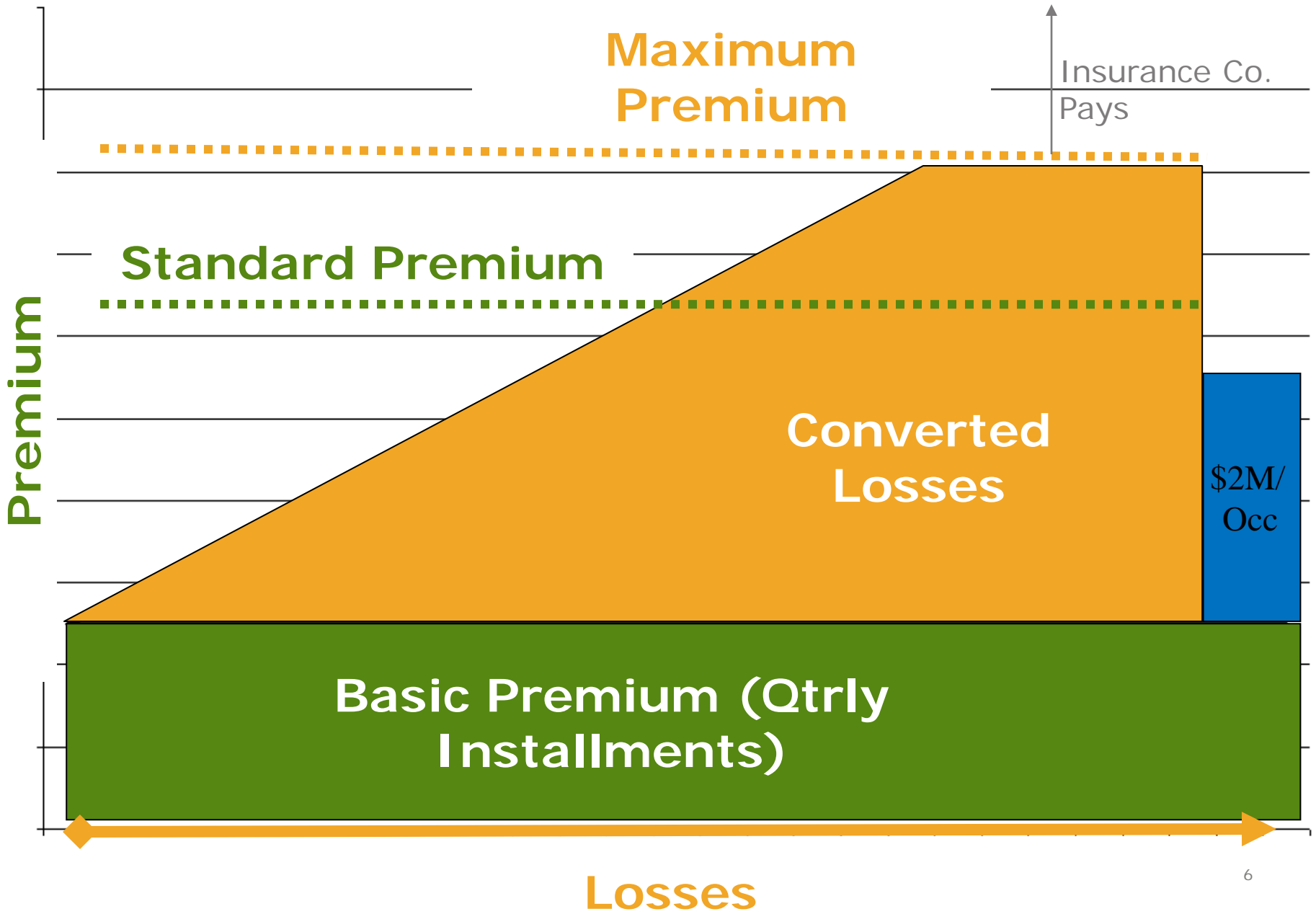
## Adjusted Rate Factors

07/01/2015 through 09/30/2015

1) Part Two Coverage Increased Limits Factor	1.0040
2) Experience Rating Modification	.8400
3) Service Charge	.1104

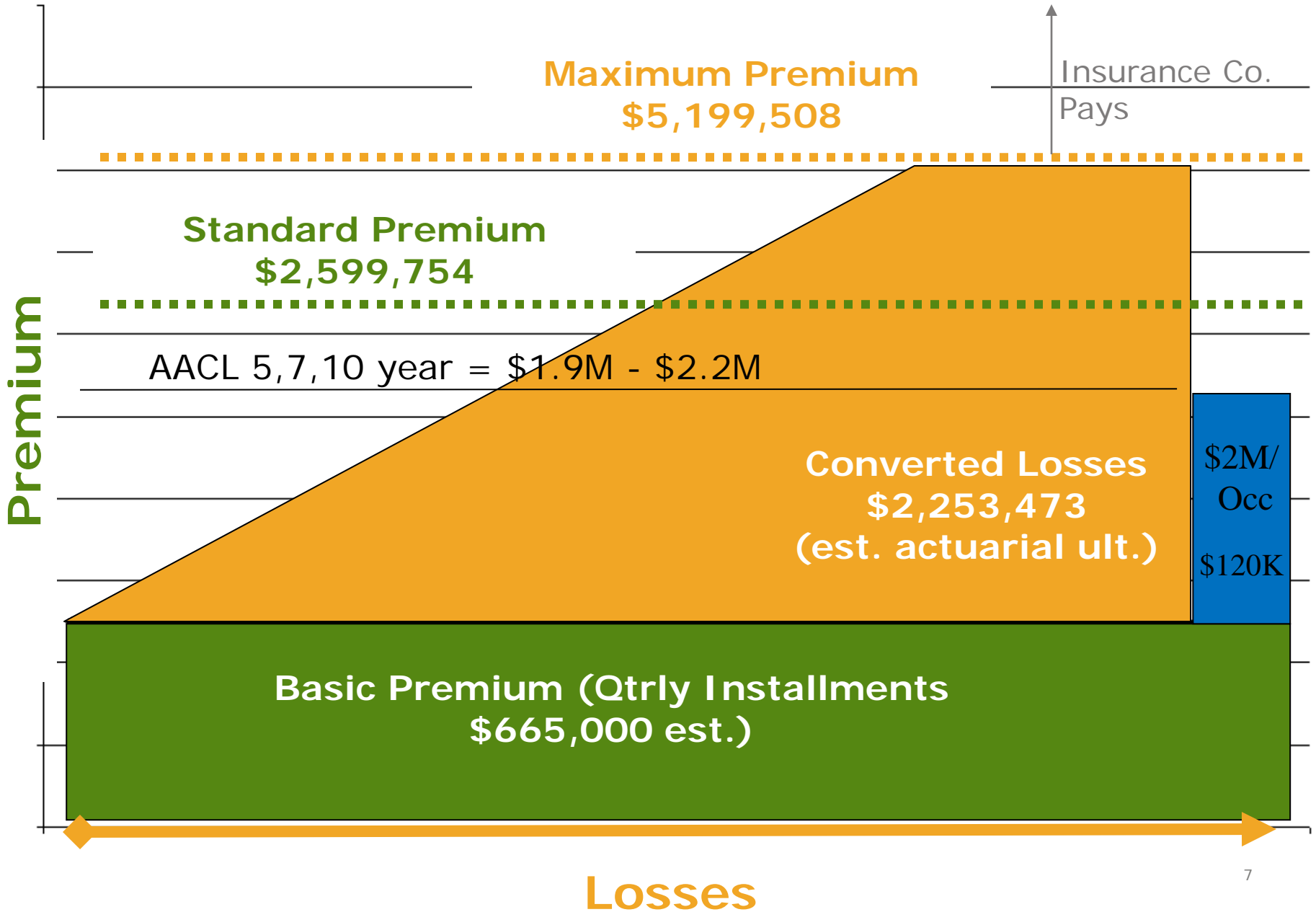
## Classification description

	Class	Subject payroll	Adjusted rate	Premium
07/01/2015 through 09/30/2015	7380 07	0	.003240	.00
Drivers/Chauffrs/Messengrs & Helpr				
College/Schs-Prof Empl/Teacher/Cler	8868 03	8,381,844	.000335	2,807.92
Child Day Care Centr-All Employees	8869 01	32,839	.000912	29.95
Camp Operation Noc & Drivers	9015 40	8,725	.002514	21.93
College/Schools-AI Other Emp	9101 03	1,222,050	.002793	3,413.19
School-Cafeteria/Kitchen Empl	9349 01	10,499	.002523	26.49
School-Bus Drivers	7380 06	0	.003240	.00
07/01/2015 through 09/30/2015		9,655,957		6,299.48
Totals				
DCBS Premium Assessment Adjusted for Part Two Coverage Increased Limits				3,523.66
Total Premium and DCBS Assessment				9,823.14
Terrorism Premium				965.60
DCBS Assessment on Terrorism Premium				59.87
Terrorism Premium + DCBS Assessment				1,025.47
Catastrophe Premium				965.60
DCBS Assessment on Catastrophe Premium				59.87
Catastrophe Premium + DCBS Assessment				1,025.47
Total				11,874.08





# Estimated 7.1.2015 - 2016



# Layered Loss Analysis

**PURMIT**

**Gross Claims: Workers Comp**

Data valued as of 12/31/15

Accident Year	Incurred Loss & ALAE	T&D Loss & ALAE	0 to 250,000	250,000 to 350,000	350,000 to 500,000	500,000 to 750,000	750,000 to 1,000,000	1,000,000 to 2,000,000	>2,000,000
			T&D Loss & ALAE	T&D Loss & ALAE	T&D Loss & ALAE	T&D Loss & ALAE	T&D Loss & ALAE	T&D Loss & ALAE	T&D Loss & ALAE

Redacted

Total  
  
% of Total  
Cumulative

<u>AAL</u>	<u>Cap at \$350K</u>	<u>Cap \$500K</u>	<u>Cap \$750K</u>
3	Redacted		
5			
7			
10			

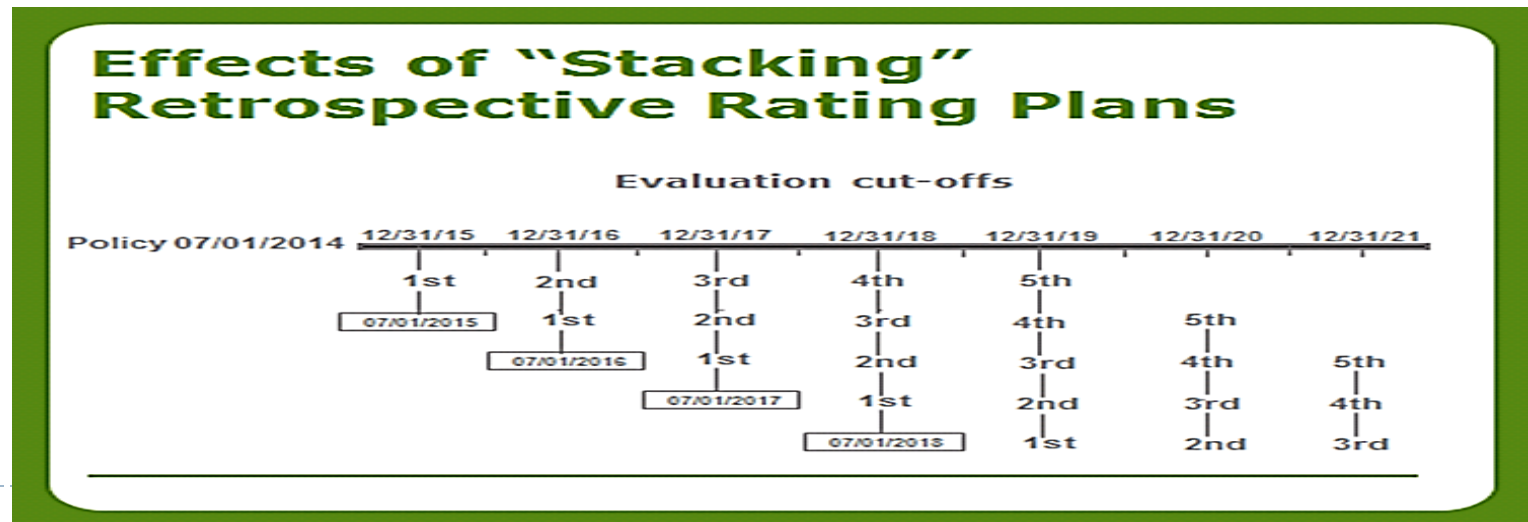
# Retrospective Rating Plan

---

- ▶ Year End Audit
  - ▶ Report final payrolls by code
  - ▶ Perform all calculations
  - ▶ Determine premium audit adjustment (AP/RP)

# Retrospective Rating Plan

- ▶ Yearly Evaluation
  - ▶ 6 months after expiration of term SAIF performs evaluation
    - ▶ Retrospective premium is generated using basic premium plus converted losses to true up the DCBS assessment
  - ▶ Same process is performed for each of the 10 retro plan years, with full and final adjustment made at 10 year anniversary



# Retrospective Rating Plan

---

## ▶ Summary

### ▶ Premium

- ▶ Quarterly deposits using payroll by class code, rates, experience mod and service charges
- ▶ Policy term true-up (audit)
  - Same process as above but comparing deposit premium to full annual premium and adjusting final premium

### ▶ Losses

- ▶ Monthly invoice of paid claim costs multiplied by LCF (1.20)

- ▶ Retro evaluation at 6 months and every 12 months thereafter for 10 years

# PURMIT WC – Option

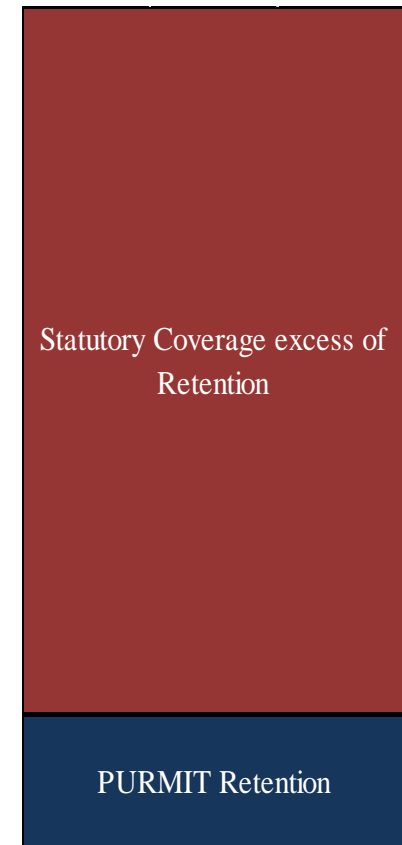
---

## ▶ Self Insurance

- ▶ Similar to P&C program
  - ▶ Select retention
  - ▶ Purchase excess protection above retention
    - Individual institution deductibles
  - ▶ Fund retained layer

## ▶ Benefits

- ▶ Retain funds in PURMIT
- ▶ Time value of money
- ▶ Claim handling
- ▶ Potential cost savings
- ▶ Increased stability
- ▶ Protect Trust interests



# PURMIT WC - Options

## ▶ Next Steps

---

- ▶ Estimated payroll by institution
- ▶ Loss analysis (actuary and independent)
- ▶ SAIF
  - ▶ Quotes to PURMIT by 5/1
  - ▶ Decision to be made no later than 5/29
- ▶ Self Insured
  - ▶ Underwriting info gathered and submitted to markets
  - ▶ Retention analysis and pricing
  - ▶ Quotes to PURMIT by 5/1
- ▶ Other States Coverage
- ▶ Institution specific coverage(s)

# PURMIT WC

---

- ▶ Retro Plan Components
  - ▶ Standard premium –
    - ▶ Base for DCBS assessment (6.20%), maximum premium
    - ▶ Inclusive of increased EL limits (\$1,000,000)
  - ▶ Maximum premium – max amount PURMIT would pay in premium and converted losses in a policy term
    - ▶ 200% standard premium 7/1/2015 – 2016 term, 400% years prior
  - ▶ Basic Premium – billed quarterly (reported payroll, class code rates, EL factor, experience rating mod, service charge)
    - ▶ Service charge – excess loss premium factor x LCF + BPF
      - Basic Premium Factor (BPF) is rate charged for 200% max premium
  - ▶ Loss limitation - \$2,000,000 – max amount incurred by institution/by Trust resulting from a single event
  - ▶ Terrorism and Catastrophe Premium
  - ▶ DCBS Assessment – 6.20% of subject premium



# PURMIT WC

---

- ▶ Questions

# Agenda Item #7

# Agenda Item #8

PURMIT  
 Loss Analysis by LOB  
 Losses as of 12.31.2015

Educators Legal Liability							
	Total Incurred	Paid		Reserve		Recovery	
All Members	Redacted	Ind/Exp	Legal	Ind/Exp	Legal		

Property							
	Total Incurred	Paid		Reserve		Recovery	
All Members	Redacted	Ind/Exp	Legal	Ind/Exp	Legal		

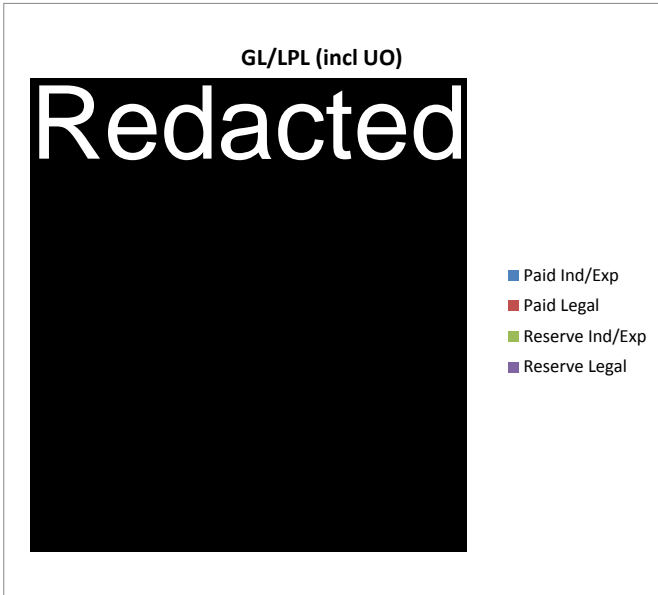
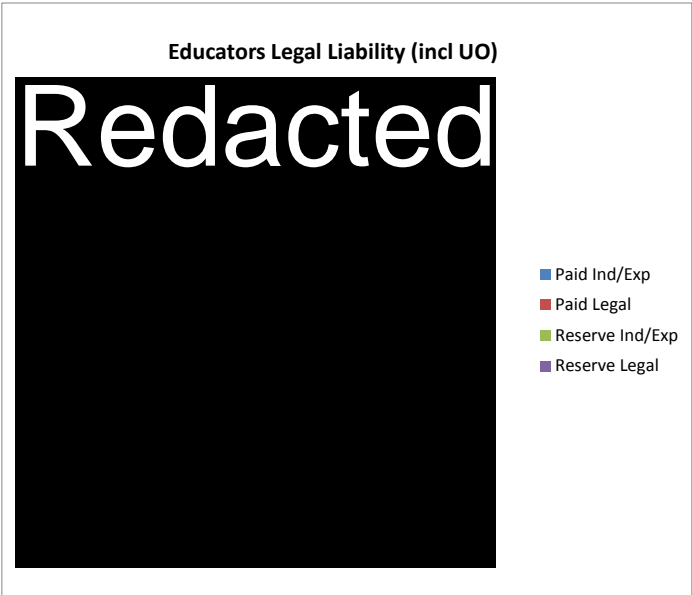
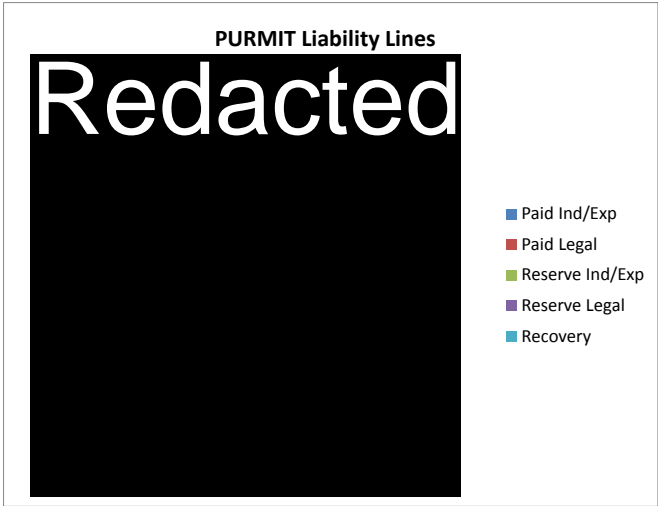
General Liability/Licensed Professional Liability							
	Total Incurred	Paid		Reserve		Recovery	
All Members	Redacted	Ind/Exp	Legal	Ind/Exp	Legal		

Auto Liability							
	Total Incurred	Paid		Reserve		Recovery	
All Members	Redacted	Ind/Exp	Legal	Ind/Exp	Legal		

Total - Liability Lines of Business							
	Total Incurred	Paid		Reserve		Recovery	
All Members	Redacted	Ind/Exp	Legal	Ind/Exp	Legal		



# Memorandum

---

**To:** Ryan Britz  
**CC:** Jon Paulsen, Jennifer Melchior  
**From:** Shelley Olson  
**Date:** 2/29/2016  
**Re:** Data Import for PURMIT

There were several obstacles faced while preparing PURMIT data for import. The first challenge was the lack of actual policy records. We had general guidelines for policy creation for policy years 2011 through 2016, however later we learned several of the open claims predated these policies requiring us to extend policies as far back as 1998.

There were two different sources for claim data, Sedgwick and RiskMaster. Within the data, there were more than 150 claims duplicated between systems. Weeding out the duplicates had to be done manually since Sedgwick and RiskMaster used different claim numbering systems. Since some RiskMaster claims had no claimant name, we used account names, date of loss and description of loss as a means to match and identify duplicates.

RiskMaster lacked a data map and definitions making it difficult to assemble the components of a claim. Claims were often missing claimant names or loss descriptions. All claims were missing industry standard coding such as ASLOB and subline; these were manually added. Since the RiskMaster payment data was not readable, we relied on the actuarial report to provide us with the paid to date and recovered amounts.

In the Sedgwick data the sum of payments was substantially lower than the paid and recovered amounts shown on the loss run and actuarial report. Sedgwick had also closed all their claims there by erasing the reserves. Therefore we again relied on the actuarial report to provide us with the true paid to dates and recovered amounts.

There were inconsistencies between the loss run and actuarial reports on the legal paid to date amounts and recovered deductible amounts. Also there were claims on the Loss run (i.e. PDMSG2015000616) that were not in the data, and there were claims in the data that were not on Loss run. (i.e. PDBLDG2013000340). These issues were handled on an individual basis with the ultimate goal being to recreate the actuarial report from the Berkley Risk claims system. I believe we've succeeded.

Assumptions made during import:

- The loss run and actuarial report did not always agree on Legal Paid and Campus Paid amounts. The Actuarial report was used as the true accounting to which we balanced our import.
- All amounts shown on the actuarial report as “Paid by Campus” were imported as a recovered deductible on the claim.
- Where claims were identified as duplicates, we imported the Sedgwick version and incorporated the RiskMaster version of the claim number to be used as the legacy number.
- Where First Party loss claims were missing the claimant name, we inserted the Insured’s name as the claimant name. For third party losses missing the claimant name, we listed the claimant name as “Unknown”
- Liability claims were imported as Claims Made or Occurrence based on the info provided. All property and crime type claims were imported as Occurrence based.
- The Sedgwick claims listed no catastrophes. RiskMaster claim PDBLDG2013000298 contained a catastrophe code. Since the Catastrophe table was empty, it was assumed the cat code on a single \$33,000 claim was a data entry error so no catastrophe attribute was created for that claim.
- Although the policies have up to 600 locations, the individual claims lacked location information. This could not be corrected.

# Agenda Item #9



## *Standard Terms of Engagement for Legal Services*

This statement sets forth the standard terms of our engagement as your lawyers. Unless modified in writing by mutual agreement or superseded by contrary controlling law, these terms will be an integral part of our agreement with you. Therefore, we ask that you review this statement carefully and contact us promptly if you have any questions. We suggest that you retain this statement in your file.

### **The Scope of Our Work**

You should have a clear understanding of the legal services we will provide. Any questions that you have should be dealt with promptly.

Our firm will provide the services requested, keep you informed of developments and progress in the matter, and respond promptly to your inquiries. You agree to be truthful and cooperative and apprise us of all developments relating to your needs and our services, to be available to attend all requested appearances and depositions, settlement negotiations or court appearances, to attend meetings when requested by us, and to keep us apprised of any change in address or telephone numbers. Any expressions on our part concerning the outcome of your legal matters are expressions of our professional judgment, but are not guarantees. Such opinions are necessarily limited by our knowledge of the facts and are based on the state of the law at the time they are expressed.

It is our policy that our client is the person or entity identified in our engagement letter and does not include any affiliates or constituents of such person or entity (i.e., if you are a corporation or partnership, any parents, subsidiaries, employees, officers, directors, shareholders or partners of the corporation or partnership, or commonly owned corporations or partnerships; or, if you are a trade association, any members of the trade association), whether or not any such affiliate or constituent is operationally integrated with the person or entity identified in our engagement letter as our client. Accordingly, for conflict of interest purposes, we may represent another client with interests adverse to any such affiliate or constituent without notifying you or obtaining your consent.

### **Consent to Electronic Communications**

In order to increase our efficiency and responsiveness, we endeavor to use state of the art communication devices (e.g. email, document transfer by computer, wireless telephones, facsimile transfer and other devices which may develop in the future). The use of such devices under current technology may place your confidences and privileges at risk. However, we believe that the efficiencies involved in the use of these devices outweigh the risk of accidental disclosure. By



agreeing to these terms you consent to the use of these electronic communication devices.

### **Consent Relating to Future Adverse Representation on Unrelated Matters**

Our firm provides a wide array of legal services, including administrative, legislative, litigation, and transactional services, to many other companies and individuals around the world. It is possible that one or more of our present or future clients will have disputes or transactions with you during the course of our representation of you or that one or more of them will ask us to advocate a change in law or policy that might have a direct or indirect adverse impact upon your interests. You agree that we may represent any existing or new clients in any matter, including litigation, that is not substantially related to our work for you, even if the interests of such clients in those matters are directly adverse to you or a policy we advocate might have a direct or indirect adverse impact upon your interests. We agree, however, that your prospective consent to conflicting representation set forth in the preceding sentence shall not apply in any instance where, as a result of our representation of you, we have obtained confidential information that, if known to our other client, could be used in the matter adverse to you and to your material disadvantage and we have not taken steps to screen such information from the lawyers representing the other client in the matter adverse to you prior to such lawyers learning any such information. You hereby consent to the firm taking any reasonable measures it deems appropriate to protect your confidential information from such disclosure or use, including the creation of a formal “ethical screen” in accordance with the firm’s internal procedures for implementing such measures. Your alternative to giving this consent to our future representation of other clients in unrelated adverse matters is to retain any other counsel of your choosing to represent you in this matter.

### **Consent to In-House Attorney-Client Privilege**

From time to time issues arise that raise questions as to our duties under the professional conduct rules that apply to lawyers. These might include, for example, conflict of interest issues, and could even include issues raised because of a dispute between us and a client over the handling of a matter. Under normal circumstances when such issues arise we seek the advice of our General Counsel or a member of the firm’s Quality Assurance Committee, each of whom is knowledgeable, and has been given the responsibility within the firm for providing advice, in matters involving professional conduct. Historically, we have considered such consultations to be attorney-client privileged conversations between firm personnel and the counsel for the firm. In recent years, however, there have been a few court decisions indicating that under some circumstances such conversations involve a conflict of interest between the client and the firm and that our consultation with the firm’s counsel may not be privileged, unless we either withdraw from the representation of the client or obtain the client’s consent to consult with the firm’s counsel.

We believe that it is in our clients' interest, as well as the firm's interest, that, in the event legal ethics or related issues arise during a representation, we are able to obtain appropriate advice promptly regarding our obligations. Accordingly, you agree that if we determine in our own discretion during the course of the representation that it is appropriate to consult with our firm counsel (either the firm's internal counsel or, if we choose, outside counsel) we have your consent to do so and that our contemporaneous representation of you shall not result in a waiver or invalidation of any attorney-client privilege that the firm has to protect the confidentiality of our communications with counsel.

### **Who Will Provide the Legal Services**

Customarily, each client of the firm is served by a principal attorney contact. The principal attorney should be someone in whom you have confidence and with whom you enjoy working. You are free to request a change of principal attorney at any time. Subject to the supervisory role of the principal attorney, your work or parts of it may be performed by other lawyers and legal assistants in the firm. Such delegation may be for the purpose of involving lawyers or legal assistants with special expertise in a given area, or lawyers who are licensed in a state in which a particular issue arises, or for the purpose of providing services on an efficient and timely basis. Whenever practicable, we will advise you of the names of those attorneys and legal assistants who work on your matters.

### **How Fees Will Be Set**

In determining the amount to be charged for the legal services we provide to you we will consider:

- The time and effort required, the novelty and complexity of the issues presented, and the skill required to perform the legal services promptly;
- The fees customarily charged in the community for similar services and the value of the services to you;
- The amount of money or value of property involved and the results obtained;
- The time constraints imposed by you as our client and other circumstances, such as an emergency closing, the need for injunctive relief from court, or substantial disruption of other office business;
- The nature and longevity of our professional relationship with you;
- The experience, reputation and expertise of the lawyers performing the services;

- The extent to which office procedures and systems have produced a high-quality product efficiently.

Among these factors, the time and effort required are typically weighted most heavily. We will keep accurate records of the time we devote to your work, including conferences (both in person and over the telephone), negotiations, factual and legal research and analysis, document preparation and revision, travel on your behalf, and other related matters. We record our time in units of tenths of an hour.

The hourly rates of our lawyers and legal assistants have an important bearing on the fees we charge. These rates are adjusted periodically to reflect current levels of legal experience, changes in overhead costs, and other market factors. These hourly rates may vary, depending on the client, the nature of the matters involved, or other circumstances.

We are sometimes requested to estimate the amount of fees and costs likely to be incurred in connection with a particular matter. Whenever possible, we will furnish such an estimate based upon our professional judgment, but always with a clear understanding that it is not a maximum or fixed-fee quotation. The ultimate cost frequently is more or less than the amount estimated.

For certain well-defined services (for example, a simple business incorporation), upon request, we may quote a flat fee. It is our policy not to accept representation on a flat-fee basis except in such defined-service areas or pursuant to a special arrangement tailored to the needs of a particular client.

Any flat fee arrangement will be expressed in a letter that sets forth both the amount of the fee and the scope of the services to be provided. In undertaking representation of a client with a personal injury or wrongful death claim or certain other matters, we will, in appropriate circumstances, provide legal services on a contingent fee basis. Any such contingent fee arrangement must be reflected in a written contingent fee agreement.

### **Additional Charges**

Typically, we will charge our clients not only for legal services rendered, and for our out-of-pocket expenses incurred, but also for other ancillary services provided. Examples include charges for in-house messenger deliveries, computerized research services, the use of our facsimile and photocopy machines, discovery data handling and hosting and litigation support services. While our charges for these services are measured by use, they do not, in all instances, reflect our actual out-of-pocket costs. For many of these items, the true cost of providing the service is difficult to establish. While we are constantly striving to maintain these charges at rates which are the same as or lower than those maintained by others in our markets, in some instances, the amounts charged exceed the actual costs to the firm. We would be pleased to discuss the specific schedule of

charges for these additional services with you and to answer any questions that you may have. If you would prefer, in some situations we can arrange for these ancillary services to be provided by third parties with direct billing to you.

We will advance routine expenses for individual items that cost less than \$1,000 but will refer items that cost more directly to you for payment.

### **Retainer and Trust Deposits**

New clients of the firm are commonly asked to deposit a retainer with the firm. You hereby grant us a security interest in any retainer you deposit with us and in any funds we hold on your behalf to secure your obligations to us under this agreement. Typically, the retainer is equal to the fees and costs likely to be incurred during a two-month period. Unless otherwise agreed, the retainer deposit will be credited toward your unpaid invoices, if any, at the conclusion of services. At the conclusion of our legal representation or at such time as the deposit is unnecessary or is appropriately reduced, the remaining balance or an appropriate part of it will be returned to you. If the retainer deposit proves insufficient to cover current expenses and fees on at least a two-month basis, it may have to be increased.

Deposits which are received to cover specific items will be disbursed as provided in our agreement with you, and you will be notified from time to time of the amounts applied or withdrawn. Any amount remaining after disbursement will be returned to you.

All trust deposits we receive from you, including retainers, will be placed in a trust account for your benefit. As required by court rule or statute in each jurisdiction in which the firm has an office, your deposit will be placed in a pooled account if it is not expected to earn a significant net return, taking into consideration the size and anticipated duration of the deposit and the transaction costs. Other trust deposits will also be placed in the pooled account unless you request a segregated account. By court rule or statute in each of these jurisdictions, interest earned on the pooled account is payable to a charitable foundation or other non-profit entity established in accordance with such court rule or statute. Interest earned on a segregated trust account will be added to the deposit for your benefit and will be includable in your taxable income.

### **Termination; Retention and Disposition of Documents**

You may terminate our representation at any time, with or without cause. Our right or obligation to terminate our representation is subject to the rules of professional conduct for the applicable jurisdiction in which we practice, which list several types of conduct or circumstances that require or permit us to withdraw from a representation, including, for example, nonpayment of fees or costs, misrepresentation or failure to disclose material facts,

failure to cooperate, taking action contrary to our advice and conflict of interest with another client. We will try to identify in advance and discuss with you any situation which may lead to our withdrawal and if we decide to withdraw, we usually give written notice of our withdrawal.

Unless previously terminated by you or us, the attorney-client relationship will be considered terminated upon our sending you the invoice that describes the final legal services for all matters that you have retained us to perform. You will not thereafter be considered a current client because you remain on a firm mailing list or have appointed an affiliate of the firm to serve as your registered agent or because the firm retains possession of certain of your papers or other property received in connection with the prior engagement or is identified as a required recipient of notices under a contract to which you are a party. If you later retain us to perform further or additional legal services, our attorney-client relationship will be revived subject to our standard terms of engagement in effect at that time.

Upon your request after the earlier of the termination of the attorney-client relationship or conclusion of the matter, we will return to you any original documents and other property you provided to the firm in connection with the matter. If you do not request your documents, unless you make written arrangements with us to the contrary (such as to retain your original will or other documents in our vault or otherwise), we reserve the right to destroy or otherwise dispose of them for various reasons, including the minimization of unnecessary storage expenses, or for no reason, without further notice to you at any time after ten years following the date of the final invoice to you with respect to the matter.

The remainder of the file pertaining to the matter will be retained by the firm and will remain its property. If, upon your request, we agree to provide you with copies of certain documents from our file pertaining to the matter, you agree to pay the copying costs.

You agree that for various reasons, including the minimization of unnecessary storage expenses, or for no reason, we may destroy or otherwise dispose of the firm's file pertaining to the matter at any time after ten years following the date of the final invoice to you with respect to the matter.

### **Postengagement Matters**

You are engaging the firm to provide legal services in connection with a specific matter. After completion of the matter, changes may occur in the applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless you engage us after completion of the matter to provide additional legal advice on issues arising from the matter, the firm has no continuing obligation to advise you with respect to future legal developments.

## **Billing Arrangements and Terms of Payments**

We will bill you on a regular basis, normally each month, for both fees and disbursements. You agree to make payment within 30 days after receiving our statement. Unpaid fees and disbursements accrue interest at the maximum rate permitted by state law (noncompounded), but not exceeding 1% per month from the beginning of the month in which they became overdue. (Where fees and disbursements are regularly paid out of a retainer deposit, no interest will be charged.)

We will give you prompt notice if your account becomes delinquent, and you agree to bring the account or the retainer deposit current. If the delinquency continues and you do not arrange satisfactory payment terms, you agree that we may withdraw from the representation and pursue collection of your account. You agree to pay the expenses of collecting the debt, including court costs, filing fees and reasonable attorneys' fees.

## **Related Proceedings**

If any claim is brought against the firm or any of its personnel based on your negligence or misconduct; if we are asked to testify as a result of our representation of you; or if we must defend the confidentiality of our communications in any proceeding, you agree to reimburse us for any resulting costs, including for our time, calculated at the hourly rate for the particular individuals involved, even if our representation of you has terminated.

## **Your Right to Arbitrate**

If you disagree with the amount of our fee, or if you have any complaint about the services rendered by us, please take up the question with your principal attorney contact or with the firm's managing partner. Typically, such disagreements are resolved to the satisfaction of both sides with little inconvenience or formality. If a fee dispute is not readily resolved, you have the right to request arbitration under supervision of the bar associations for the jurisdictions in which we practice, and we agree to participate in that process.

Thank you for choosing Davis Wright Tremaine LLP to represent you in this matter.

## **Davis Wright Tremaine Office Locations**

### **Anchorage**

188 West Northern Lights Blvd., Suite 1100  
Anchorage, Alaska 99503-3985  
TEL (907) 257-5300 FAX (907) 257-5399

### **Bellevue**

777 108th Avenue NE, Suite 2300  
Bellevue, Washington 98004-5149  
TEL (425) 646-6100 FAX (425) 646-6199

### **Los Angeles**

865 South Figueroa Street, Suite 2400  
Los Angeles, California 90017-2566  
TEL (213) 633-6800 FAX (213) 633-6899

### **New York**

1633 Broadway, 27th Floor  
New York, New York 10019-6708  
TEL (212) 489-8230 FAX (212) 489-8340

### **Portland**

1300 SW Fifth Avenue, Suite 2400  
Portland, Oregon 97201-5610  
TEL (503) 241-2300 FAX (503) 778-5299

### **San Francisco**

505 Montgomery Street, Suite 800  
San Francisco, California 94111-6533  
TEL (415) 276-6500 FAX (415) 276-6599

### **Seattle**

1201 Third Avenue, Suite 2200  
Seattle, Washington 98101-3045  
TEL (206) 622-3150 FAX (206) 757-7700

### **Shanghai**

Suite 701-704, Tower 2, Shanghai IFC  
8 Century Avenue, Pudong District  
Shanghai 200120, China  
TEL (011) 8621-6170-9500 FAX (011) 8621-6170-9599

### **Washington, D.C.**

1919 Pennsylvania Avenue NW, Suite 800  
Washington, D.C. 20006-3401  
TEL (202) 973-4200 FAX (202) 973-4499

[www.dwt.com](http://www.dwt.com)

3/18/13

February 26, 2015

Via Email [rbritz@berkleyrisk.com](mailto:rbritz@berkleyrisk.com)

Ryan Britz  
Berkley Risk Administrators Company, LLC  
222 South 9th Street #2700  
Minneapolis, MN 55402

Re: Public Universities Risk Management and Insurance Trust Conflict Waiver

Dear Mr. Britz:

We appreciate your selection of Davis Wright Tremain LLP (“DWT”) to represent the Public Universities Risk Management and Insurance Trust (“PURMIT”). As stated in our Letter of Engagement, DWT will represent PURMIT on issues of insurance law, board governance, and constituent and vendor relationships, including the preparation of contracts (collectively, the “Engagement”). In this capacity, DWT’s sole client is the Trust. DWT does not represent the Trust’s members, Oregon State University (“OSU”), University of Oregon (“UO”), Portland State University (“PSU”), Eastern Oregon University (“EOU”), Western Oregon University (“WOU”), Southern Oregon University (“SOU”), or Oregon Institute of Technology (“OIT”) (collectively, the “Members”). The purpose of this letter is to memorialize potential consent to conflicts of interest with respect to DWT’s representation of other clients on current matters as well as with respect to future matters generally involving PURMIT and the Members.

### **Consent to Conflict of Interest**

DWT regularly represents clients adverse to the Members. DWT anticipates that DWT will be asked by current and future clients to represent their interests in matters adverse to the interests of PURMIT and its Members. PURMIT understands that it is a condition to DWT’s agreement to represent PURMIT that, subject to the terms this letter and the requirements set forth in the Oregon Rules of Professional Conduct (“RPC”), PURMIT and the Members provide a broad waiver of current and future conflicts of interest for matters unrelated to the services covered by the Engagement.

### **Current Conflicts of Interest**

DWT is currently adverse to the Members in the following matters. Because PURMIT is DWT’s sole client in this Engagement, PURMIT’s consent is not technically required under the Oregon Rules of Professional Conduct. We nonetheless ask, and PURMIT hereby consents to and waives any of the conflicts of interest that these matters represent:



1. DWT represents Verizon in obtaining the real property rights enabling installation and maintenance of communication facility equipment on property owned or controlled by the State Board of Higher Education (“SBHE”), PSU, OSU, and UO.

2. DWT represents Amplify Education, Inc. (“Amplify”) in connection with the use of DIBELS and IDELS trademarks in literacy assessments. We understand that UO is determining whether there is a claim that has been or may be asserted against Amplify for violation of intellectual property rights.

3. DWT represented Insignia Health (“Insignia”) relating to the licensure of intellectual property developed by faculty at the UO and continues to provide ongoing advice to Insignia. We are not aware of any disputes between Insignia and the UO; representatives of the UO are part of Insignia’s management.

4. DWT represented Sue B. Wallin relating to certain intellectual property licensing of videos to WOU and continues to provide ongoing advice to Ms. Wallin. We are not aware of any disputes between Ms. Wallin and WOU.

5. DWT represents Natural Plant Products (aka Oregon Meadowfoam Growers) relating to certain intellectual property matters, including the negotiation of licenses for one or more Meadowfoam-related patents or patent applications from OSU. We are not aware of any disputes between Natural Plant Products and OSU.

6. DWT represents Dulsenergy, Inc. relating to the ongoing negotiation of certain intellectual property matters with OSU.

7. DWT represents INTO University Partners, Ltd. and its affiliates (“INTO”) in a partnership with Oregon State University related to enrolling foreign students at Oregon State University and developing facilities for Oregon State University, such as classroom buildings and dormitories. INTO is also entering into a new joint venture to develop and lease a campus for Oregon State University in Bend.

### **Future Conflicts of Interest**

As part of the Engagement, PURMIT understands and agrees that DWT anticipates that in the future, other clients of DWT will ask DWT to represent them in matters adverse to the Members. Because PURMIT is DWT’s sole client in this Engagement, these future matters do not create conflicts of interest. But, in an abundance of caution, DWT asks and PURMIT hereby grants consent to and waives future conflicts of interest that may arise as a result of DWT’s representation of other clients adverse to any of the Members. Examples of the matters for which advance consent is granted by PURMIT include, but are not limited to, DWT’s representation of existing or future clients: (a) bringing claims against Members or their employees which may trigger obligations under insurance policies or programs put in place by

DWT 26319253v2 0100629-000001

PURMIT; (b) seeking public records maintained by any of the Members, or access to public meetings held by any of the Members; (c) negotiating licenses, including for communication facilities and involving intellectual properties; (d) lobbying the Legislative Assembly and other public bodies in opposition to legislation or other action favored by any of the Members; and (e) any other matters that are unrelated to the Engagement. This advance consent includes the representation of existing and future clients of DWT including, but not limited to, Amplify, Insignia, Natural Plant Products, INTO, Ms. Wallin, Dulsenergy, and Verizon, on matters unrelated to the Engagement. DWT may continue to represent and may in the future represent existing or new clients in matters, including giving legal advice to any client that might be adverse to the interests of any of the Members, or representing any party in a transaction, alternative dispute resolution proceeding, regulatory proceeding, litigation, or other judicial proceeding and any appeal therefrom in which any of the Members is an adverse party.

PURMIT will not seek to disqualify DWT with respect to any of the current or former clients' engagements described above, even where DWT may have obtained proprietary or confidential information of a nonpublic nature from the Members during the course of the Engagement that could theoretically be used in the matter adverse to any of the Members to its material disadvantage, provided that DWT takes adequate steps to screen such information from the DWT lawyers representing the client in a matter adverse to any of the Members.

### **Applicability of Ethical Rules to all Conflicts Discussed Above**

Under RPC 1.7, we may not represent a client if the representation of that client will be directly adverse to another client, even if the work we do for the other client is in unrelated matters, or there is a significant risk that the representation will be materially limited by the lawyer's responsibilities to another client, a former client, or a third person or by a personal interest of the lawyer unless each of the following statements is true: (1) the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation to each affected client; (2) the representation is not prohibited by law; (3) the representation does not obligate the lawyer to contend for something on behalf of one client that the lawyer has a duty to oppose on behalf of another client; and (4) each affected client gives informed consent, confirmed in writing. "Informed consent" denotes the agreement by a person to a proposed course of conduct after the lawyer has communicated adequate information and explanation about the material risks of and reasonably available alternatives to the proposed course of conduct. The lawyer must also provide a recommendation that the client seek independent legal advice to determine if consent should be given. We believe that all of the situations above are true and recommend that PURMIT seek independent legal counsel to review the terms of the Engagement.

DWT's proposed representation of PURMIT is not illegal and would not obligate us to contend for inconsistent results. Under the circumstances, we believe that we will be able to provide competent and diligent representation to PURMIT in the Engagement while continuing to represent other current and future clients because the lawyers in our office who regularly

February 26, 2015  
Page 4

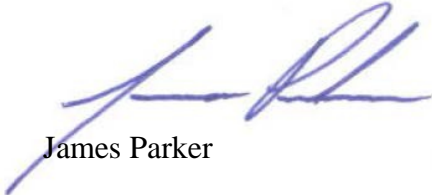
represent clients in other matters will not work on the Engagement. We further believe that we will be able to provide competent and diligent representation of PURMIT despite our possible future representation of other clients adverse to the members.

By signing this letter, PURMIT is evidencing its consent to the broad waiver of conflicts as to the specific current matters listed and to future matters and that PURMIT has had the opportunity to have the Engagement and waiver requested reviewed by independent legal counsel.

Please do not hesitate to contact me if you have questions.

Very truly yours,

Davis Wright Tremaine LLP



James Parker

Reviewed and agreed to this \_\_\_\_\_ day of July, 2015:

PUBLIC UNIVERSITIES RISK MANAGEMENT AND INSURANCE TRUST

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

cc: Ryan J. Hagemann  
Douglas Park  
David C. Reese  
Meg Reeves

DWT 26319253v2 0100629-000001

Anchorage  
Bellevue  
Los Angeles

New York  
Portland  
San Francisco

Seattle  
Shanghai  
Washington, D.C.

[www.dwt.com](http://www.dwt.com)

February 26, 2015

Via Email [rbritz@berkleyrisk.com](mailto:rbritz@berkleyrisk.com)

Ryan Britz  
Berkley Risk Administrators Company, LLC  
222 South 9th Street #2700  
Minneapolis, MN 55402

Re: PURMIT and Davis Wright Tremain Letter of Engagement

Dear Mr. Britz:

We appreciate the selection of Davis Wright Tremain LLP (“DWT”) to represent the Public Universities Risk Management and Insurance Trust (“PURMIT”). This letter confirms the scope and terms of DWT’s representation of PURMIT.

### **Scope of Representation**

DWT will represent PURMIT on issues of insurance law, board governance, and constituent and vendor relationships, including the preparation of contracts (collectively, the “Engagement”). In this capacity DWT’s sole client is PURMIT. In conjunction with this Engagement, DWT will not be representing Oregon State University, University of Oregon, Portland State University, Eastern Oregon University, Western Oregon University, Southern Oregon University, or Oregon Institute of Technology.

### **Engagement Terms**

At DWT, we believe that it is essential that our clients and we have the same understanding of the client-attorney relationship. With this in mind, enclosed for your review is a copy of our *Standard Terms of Engagement for Legal Services*, which describes in greater detail the basis on which we provide legal services to our clients. As supplemented by this letter, the “Standard Terms of Engagement” comprises our engagement agreement. Therefore, we ask that you review it carefully and contact us promptly if you have any questions about our relationship.

### **Legal Fees**

I will be the primary attorney at DWT handling your work. Fees for services are based on a variety of factors including, for example, time and effort involved, the experience of those doing

February 26, 2015

Page 2

the work, the complexity of the matter and the amount involved. Of these and other considerations, the time devoted and the experience of those providing the services will be given the most weight. For example, my rate at present is \$280 per hour.

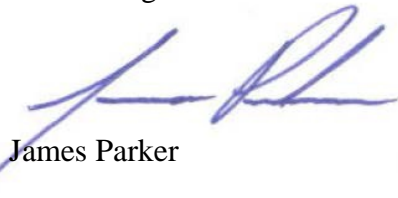
If there are opportunities to use other attorneys with sufficient expertise to provide services on some issues efficiently at lower rates, we will certainly do so, with your permission of course. If necessary, because of particular legal expertise or geographic location, we have other attorneys who may be called upon to perform services at their applicable billing rates. Others who may be involved on this or future matters are paralegals, associates, and partners in our Portland office whose present billing rates range from \$160 to \$505 per hour.

We believe very strongly in maintaining an open line of communication with each other at all times. This allows us to better serve you and keep you fully informed regarding the status of the work we are performing on your behalf. Our switchboard is open from 7:30 a.m. to 6:00 p.m. I can be reached at other times on our direct-dial numbers listed above. If you have a question regarding your billing statements, please feel free to contact either of us or our Credit Specialist, Julie Springer, at 503-778-5462. If the terms of this engagement are acceptable to you, please sign and date the enclosed copy of this letter and return it in the enclosed self-addressed envelope.

We are pleased that you are entrusting PURMIT's work to us, and we hope to exceed your expectations for prompt, efficient, and high quality legal counsel. It is important for us to know how our clients feel about the services we provide. If you ever feel we are not meeting this commitment or you have other questions about our relationship, please do not hesitate to call us or our Partner-In-Charge, Bill Miner. We look forward to serving you.

Very truly yours,

Davis Wright Tremaine LLP



James Parker

Reviewed and agreed to this \_\_\_\_\_ day of July, 2015:

PUBLIC UNIVERSITIES RISK MANAGEMENT AND INSURANCE TRUST

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

DWT 26319275v1 0100629-000001

# Agenda Item #10

Materials Distributed at  
Meeting