

## PURMIT Board of Trustees Meeting Minutes

May 4, 2023

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Trustees Present: Chair Christina McKnight (OSU), Vice Chair Brian Roy (PSU), Vivian Chen (OIT), Lara Moore (EOU), Greg Perkinson (SOU)

Others present: James Parker (Trust Attorney), Reiner Braun, Sid Friedman, Ron Cutter (Brown & Brown), Jon Paulsen, Jared Tripp, Michelle Sikkink, Jon Weber (Berkley Risk), Laurie Hager (Snell & Wilmer), Don Johnson (PSU), Katie Vorderstrasse (OSU), David Rix, Samuel Lee, Travis Hannan, Justin Chen (GRC), Craig Scukas (PWC)

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### Call to Order

Chair McKnight called order the May 4<sup>th</sup>, 2023 board meeting for PURMIT at 9:00 A.M.

### Approval of Agenda

Approved by Chair McKnight

### Review and Approval of Meeting Minutes from 1/23/23

No additional comments, minutes approved without objection. Motion by Vice Chair Roy, Second by Trustee Perkinson.

### Inspections & Valuations Presentation (Global Risk Consultants)

Findings during site visits/Loss Control and Valuation presentation

- A brief introduction was provided by each GRC member present
- Mr. Lee presented the property evaluation slide: results look good, most of our estimates are lower than what is being reported. Past year of 11-15% increases nationwide with increase in material cost, skilled labor shortages, supply chain issues.
- Reported values appear high on certain buildings – possibly due to “historical building” codes.
- Special considerations: high lumber costs, seismic zone, Historic buildings (needs to be considered reproduction cost vs replacement cost i.e. sandstone could be replaced with concrete block with a veneer at a considerably lower price vs a chandelier needs to be custom rebuilt to spec)
- Indicates that this year, we should update property values by 7%. It looks like this may get better in the future, but we are still in a skilled labor shortage. The Variance has been so large the last few years, that rather than “fixing at once” we should stick to a consistent increase.

- Trustee Perkinson brought up a question regarding the property valuation results – questioning the numbers. The numbers show % to value vs the estimate from GRC. i.e. Klamath Falls at 157% means that they are reporting 157% higher than the GRC estimated value.
  - Chair McKnight noted that half of the buildings in the OSU valuation are in a Historic district. .

Trustee Perkinson and Mr. Braun discussed the impact on our scheduled London meetings. FIRE surveys:

- Mr. Hannan presented the fire protection risk engineering segment.
  - Mr. Braun advised we have 6 universities covering 10 cities with a total of 66 buildings
- When the engineers go out, they make recommendations based on standards and categories (primary/secondary) – the largest recommendations are regarding Human Element, Sprinklers, and Special Hazards. Secondary top are New Sprinklers, Self-inspections, housekeeping, flammable liquids handling.
  - Each recommendation has an Impact Rating – high/moderate/low impact – the higher the impact, the higher the issue (sprinklers are the highest impact).
  - Each recommendation also has a loss expectancy – if measurable
  - Retro-fitting fire sprinklers would reduce exposure from \$90M to 4M.
- Program overview and goals
  - Property Valuation Asset records, property loss control reports, in-house valuation databases
  - Fire Protection Risk Engineering: property evals, standards, analyses, reports
    - Goals: enable PURMIT to make more data-driven decisions, ownership of Risk Engineering data, improve insurability, assure proper risk transfer terms and costs, more accurate loss estimates
- Location Schedule
  - Identified buildings each university would like specifically looked at this year.
    - Mr. Paulsen commented that Berkley has asked the Risk Council to start hitting the Human impact issues and get back to us with items checked off prior to our London meetings.
    - Mr. Braun commented on the request for replacing 90-year-old sprinkler heads. Said it would be cost effective to send a few in to be tested and see how they are functioning – this may help getting partial compliance.
    - Trustee Perkinson indicated that each university has a fund for capital planning and improvements – we should really dovetail info from facility management to make sure it matches up with the risks identified in inspections.
      - Chair McKnight indicated that there are planned renovations with some buildings and we are able to take

recommendations from GRC and build those into the renovation.

- Mr. Paulsen opined possibly having all inspections available to Risk Council, to see the trends for each University to keep an eye out for similar risks.
- GRC is presenting fire impairment program to Risk Council May 10<sup>th</sup>

#### **Broker Update (Brown & Brown)**

- Renewal update – Mr. Cutter reiterated that most places are undervaluing their properties and PURMIT is clearly not. Touched on UE revising PURMIT endorsements (which broaden coverage in ways we need) to be more restrictive. We do not have any drafts of these endorsements. Hoping these come out early next week so we can work on how to handle and provide back to the board the effects. 2. Pricing – submissions are in for some time, but we have no idea from UE. This emphasizes the need for MOC.
  - Recap on MOC – currently PURMIT retains some risk, buys excess through UE. We are developing MOC for PURMIT to be prepared if UE pushes PURMIT to the reinsurance market. Benefits are reduction of sub-limits and coverages. We have retained Laurie Hager to work on this project.
  - Property: Mr. Braun
    - Reconcile GRC recommendations and finalize SOV at May 10 risk council meeting.
    - Use an escalator for the buildings that haven't been inspected (7%)
      - Chair McKnight indicated that RIMS underwriter meetings went well, they appreciated our ongoing approach to values being accurate, and the efforts on loss prevention.
      - PURMIT provides a nice diversification for writing. Good premium, values are high, looking after things.
      - LONDON: agenda has not changed from board packet sans Mr. Cutter not going and Mrs. Getman going in his stead.
        - Need to finish up SOVs. Slide deck from last year was excellent. Need to think about what to do with recommendations – what's the next step? Risk Council focus.
        - Housekeeping is very important, there are a lot of things we are correcting that are easy/low cost.
        - Talk about new buildings/expansions – activity/collaboration
    - Business Interruption values: how to approach:
      - can utilize a 5% CPI across the board over last year
      - BI values are about 10% of total values as we are asset heavy. Not the runaway cost – does not drive a large amount of

premium nor is it the biggest risk for Underwriting. Do not need to go overboard, at least this year, to dig deep.

- Mr. Paulsen asked if we should use a CPI/percentage increase such as 5% across the board, or a BI Study.
- Chair McKnight noted that a study was completed 2 years ago, we can look at revenue increase and multiply by the percentage? Then tie in CPI on extra expense. As long as we are all using the same formula. Mr. Braun estimated a \$32,000 cost to refresh the BI study.
  - Board asked that a BI study be on the agenda for completion every 4 years with the study starting 23/24 and each year in between is simply a percentage increase. Study needs done after the audited fiscal report 3<sup>rd</sup> quarter board meeting. 4<sup>th</sup> quarter study, 1<sup>st</sup> quarter ready for review

- Ancillary lines: Mr. Friedman

Everything is out to market, good job Risk Managers on the quick turn-around.

**MOC update** – (Laurie Hager)

- Mr. Cutter and Mrs. Hager provided an overview of the progress to date and remaining issues.
  - Trustee Roy requested that Mr. Cutter coordinate a smaller working group to answer outstanding questions regarding operations, then Brown & Brown for coverages. Mr. Cutter will get something out next week to get going on this.

**Financial Review** (Michelle Sikkink)

- Financial Statement review – completed auth signers on bank accounts, operating income is down due to SAIF. Operating loss of \$400k due to all increases. Budget is in line, misc. costs are up a little.
- Update on PUF – updated, positive net gain of \$279k, but coupled with loss, net position is down \$115k.
- One main issue – PURMIT is expecting funds from B&B from the 19/20 policy year \$112,000 due to a building being renamed at PSU and mistakenly added a second time and over charged. Mr. Braun will take this on himself to get resolved.
  - If this can resolve before end of fiscal year in June. Need to know if money will come in or if we need to write it off to balance.
- SAIF dividend had a large change during COVID – usually around 13%, but COVID was 38% to support OR businesses. Based on the prior year, not current, so whatever payrolls did or didn't do with COVID will change this.

**Claims Handling Update** (Berkley Risk – Jon Weber)

- This was pushed to the June 20<sup>th</sup>, 2023 meeting for review and potential adoption

#### **Legal Items (James Parker)**

- UM/UIM Form
  - PURMIT needs the UM/UIM form signed by each Member annually.
  - Mr. Parker recommends that PURMIT adopt a resolution to set out how we are handling UM/UIM at PURMIT level. Mr. Tripp will be sending a copy to each campus to sign/acknowledge the coverage they do/do not have for our files. This is required because there is no primary auto form and we are below the attachment point for UE.
  - Attorney for each Campus may need to review to ensure this will be enough documentation for them, Mr. Parker cannot advise the members.
- Chair McKnight motioned to adopt, second from Vice-Chair Roy and passed unanimously.
  - UM/UIM form will need updated every year. MOC may change this.

#### **Vendor contract update**

- K. Financial
  - LOE approval – Fee is flat at \$19,500.
  - Board moved to adopt subject to legal.
    - Motion by Chair McKnight, second by Vice-Chair Roy.
    - Passed unanimously
- Price Waterhouse Cooper
  - LOE approval for two annual studies
  - Same scope of services, fees went up from \$54k to \$57k.
    - Motion to approval of April 24 letter by Chair McKnight, seconded by Trustee Moore.
    - Passed unanimously
      - Reserves Adequacy Review and Rate Review
  - LOE approval for Capital Adequacy Project
    - This was approved at the last meeting
- Berkley Risk
  - Renewal of contract (2 year)
    - 3% increase to both Administration and Adjudication fees
      - Note that this is the first request for increase since the contract began in 2015/2016.
        - Vice Chair Roy moved to approve 3% increase, seconded by Trustee Perkinson. Chair McKnight noted concerns with turnover and level of service loss, looking for improvements on documentation and getting Mr. Tripp up to speed. This is a complex program and it takes a long time to

understand. More documentation to assist with any movement will be appreciated.

- Motion passed unanimously.
  - Noted that no need to worry about the 2-year renewal updates as there is a 90-day no cause cancellation clause built into the contract.

**Executive Session pursuant to ORS 192.660(2)(f), & 192.660(2)(h)**

- Entered session at 11:37am
- Exited executive session 11:57am with no decisions made

**Next Board Meeting Dates**

- June 13, 9am – 10am
- June 20, 1pm – 4pm
- June 27, 9am – 11am
- October 12, 9am – 12pm

**Adjournment**

- Meeting was adjourned at 12:00pm