

MONDAY, MARCH 4, 2013

Local Government Center, 1201 Court St. NE, Salem, Oregon; Rm 427

PACE Trustee members in attendance at meeting start: Chair John Rexford, Vice-Chair Adam Stewart, Debbie Laszlo, Marie Knight, Mike Schofield, Phil Long, Terry Lenchitsky

SDAO staff in attendance at meeting start: Dan Davenport, Mike Doherty, Geoff Sinclair and Frank Stratton

OSBA staff in attendance at meeting start: Betsy Miller-Jones, Lisa Freiley, Tricia Yates, Alex Pulaski, Josie Hummert and Becky Gwynn

PACE Guest in attendance at meeting start: Brett Yancey, PACE claims committee member

PACE Trustee members not in attendance: Phil Wentz and Allen Bunch

Chair John Rexford called the meeting to order at 10:04 a.m.

- I. Welcome and introductions
Introductions were made.
- II. Action Items
 - A. Approval of December 3, 2012 minutes

Motion: Mike Schofield moved to approve the December 3, 2012 PACE meeting minutes as presented. Seconded by Phil Long.

The board voted on the motion and it passed unanimously.

- IV. Presentations and written reports
 - A. Finance update
Mike Doherty reviewed the financial report. Claims are trending higher across all lines of coverage compared to prior years, but the trends have improved since the last trustee report. Mike noted half of the prior year claims adjustments have been removed from the financials; approximately \$400,000.

John Rexford complimented staff for bringing positive financial news.

- B. Investment update (EXHIBIT A)
Betsy Miller-Jones presented the trustees with a one-page investment update summarizing the fixed income investments held by West Coast Trust and the equity investments held by RBC. The trustees should expect to receive a more detailed outline of investments and equities from staff semi-annually.

Betsy Miller-Jones received positive feedback from the trustees regarding the formatting and data summarized in the investment handout.

Betsy Miller-Jones shared the status of OSBA's request for proposals (RFP) process for investment management services. Staff will be hiring an investment manager to assist in the management of OSBA's and PACE's investments and equities.

There was discussion regarding the risk of following OSBA's investment policy of 40% equities and 60% fixed income investments. It was agreed that PACE would continue to invest according to OSBA's investment policy.

C. Underwriter update

a. Upcoming renewal report

Mike Doherty commented this will be another tough year for the schools as we are expecting another increase in premiums. Frank Stratton, Geoff Sinclair, Scott Neufeld, Mike Doherty and Lisa Freiley met with the insurance underwriter in Atlanta, GA last week. Staff anticipate a minimum increase of 15% with a maximum increase of 25%; the goal is to maintain a 20% maximum increase.

Frank Stratton stated there are approximately 30 different insurance carriers reviewing PACE's reinsurance program now that PACE is considering an increase to a higher retention level.

The trustees had additional discussion regarding flood and earthquake coverage.

Staff will be able provide more clarity after their April budget review. The trustees will receive a renewal presentation at the May 6, PACE meeting.

b. Raising deductible \$5,000 to \$25,000

Staff presented the trustees with the option to increase the deductible for members who do not participate in preloss and incur an employment claim. Increasing the deductible will encourage the membership to better utilize the preloss program. The majority of employment claims occur due to non-participation in preloss prior to decision making or termination.

Discussion ensued regarding the impact for maintaining the current deductible of \$5,000 or increasing the deductible to \$25,000. Staff were asked to identify the current preloss procedure. Lisa Freiley responded by explaining the tracking system and the guaranteed response time by a lawyer within 24-hours of the original request.

The trustees requested staff clearly communicate and identify this change with the districts prior to charging any district a higher penalty.

Motion: Adam Stewart moved to increase the deductible to \$25,000 as recommended. Seconded by Phil Long.

The board voted on the motion and it passed unanimously.

- c. Premium charge for armed district employees
The trustees discussed the pros, cons and options for including a premium charge for armed district employees.

Motion: Phil Long moved to accept item numbers one through three (1-3) and provide an exclusion for item number four (4) of the recommendation of premium charge for armed district employees presented by staff. Seconded by Mike Schofield.

1. **If a member chooses to contract with DPSST certified by City or County Department AND the City or County retains the liability for any actions arising out of their employees actions, there will be NO charge per officer.**
2. **If a member chooses to contract with a DPSST certified City or County Department but transfers the liability for the officers' actions to the District, we will charge \$1,500 per officer.**
3. **If a member chooses to contract for or employ directly a DPSST certified person who will be responsible for carrying a firearm as part of their job duties, and is not a City, County or State law enforcement officer, we will charge \$2,500 per person.**
4. **If a member chooses to contract for or employ directly a person who is NOT certified by DPSST a liability coverage exclusion will apply.**

The board voted on the motion and it passed unanimously.

- d. Solvency study/interaction with investment policies (EXHIBIT B)
Mike Doherty handed out the PricewaterhouseCoopers, LLP solvency study to the trustees for review.

Staff will bring back a policy recommendation to the trustees at the May 6th PACE Trustee meeting.

Motion: Terry Lenchitsky moved to accept the PricewaterhouseCoopers, LLP solvency report as presented. Seconded by Adam Stewart.

John Rexford noted his gratitude in participating in this study.

The board voted on the motion and it passed unanimously.

Chair John Rexford led the board into executive session at 11:09 a.m.

ENTERED EXECUTIVE SESSION

ORS 192.660(2)(f) - "To consider information or records exempt by law from public inspection."

- E. Claims report

LEAVE EXECUTIVE SESSION

Chair John Rexford reconvened the public meeting at 11:50 a.m.

Brett Yancey, claims committee member and guest, exited the meeting at 11:50 a.m.

- F. Loss control report

Dan Davenport presented the loss control report on Scott Neufeld's behalf; Scott is presenting at the GOSH Conference. Staff are training districts on functionally linked playgrounds and playground installation around the state. Staff have set a goal to meet with every school district in the state (330 school districts) regarding the importance of online training and utilizing the online tools; they are about halfway through their goal.

- a. SafeSchools renewal discussion

Lisa Freiley shared the three-year proposal provided by Brian Taylor of SafeSchools with the trustees. The three-year agreement would add some stability on SafeSchools as a training program for the districts. Lisa indicated this is a reasonable proposal noting Brian did not include any increases from last year's renewal nor did he increase cost due to new members that were added from USIPO. The three-year agreement increases the renewal from \$105,000 to \$108,000. If PACE accepts the three-year agreement SafeSchools will provide exclusivity of the program to PACE. The trustees may choose to accept the three-year proposal or continue renewing annually.

Motion: Adam Stewart moved to accept staff's recommendation to accept the three-year commitment with SafeSchools. Seconded by Mike Schofield.

The board voted on the motion and it passed unanimously.

Chair John Rexford recessed the meeting for lunch at 12:00 p.m.

Vice-Chair Adam Stewart, board member, exited the meeting at 12:00 p.m.

Alex Pulaski, OSBA staff, exited the meeting at 12:00 p.m.

Chair John Rexford reconvened the meeting at 12:37 p.m.

- G. Staff response to audit management letter
Lisa Freiley referenced the activity list provided in the trustee packet as part of staff's response to the audit management letter. Staff are meeting regularly and the activity list is reviewed at each meeting to ensure staff are on course to meet the needs and expectations of the trust. Lisa noted many of the day to day PACE activities are being re-worked into Lisa's job description. Lisa expects OSBA will hire a Chief Financial Officer (CFO) very soon; this person will help provide perspective for performed work versus expenses.
- Frank Stratton concurred with Lisa's report regarding staff's response to the audit management letter.
- Debbie Laszlo asked Lisa if she anticipates the higher preloss deductible to increase activity volume to require the hiring of more staff. Lisa Freiley responded staff anticipates increased activity volume, staffing will possibly be an issue but it will take at least a year to determine how the increase impacts the association.
- H. Preloss update
Lisa Freiley noted the preloss report presented to the trustees is approximately a month behind current reporting due to the packet posting deadlines. Preloss has seen a lot of activity in discipline and terminations, OFLA/FMLA and ADA related issues.
- I. Training report
Lisa Freiley shared highly experienced teachers and/or administrators on OSBA staff have been providing bullying training to students and teachers.
- J. Review of draft three-year business plan
Staff briefly reviewed the three-year business plan provided in the packet the business plan has begun helping staff focus on their productivity. SDAO and OSBA staff are meeting monthly to review status of activities and outstanding items. The activity list will be included in the trustee evaluation process of SDAO and PACE. Staff and trustees are in agreement this will be a much easier format for review than the narrative used in the past.
- K. Trustee education: "Where does your money go?" (EXHIBIT C)
Mike Doherty gave a PowerPoint training presentation to help answer some of the questions raised by the membership focus group survey which Margaret Peterson coordinated. This same presentation was given to the membership at the Fall conference hosted by SDAO. The feedback received by the membership was this presentation gave them a better understanding of their financial investment in the pool.

L. Communications update/Marketing update

Tricia Yates provided the trustees a communication services department update.

a. News articles

School Leader News (SLN) has included a monthly PACE article and continues to promote PACE's activities. Staff continue to produce PACE publications to keep the membership informed.

b. PACE Day, April 26 (EXHIBIT D)

All members received a brochure in the mail last week advertising for this event including advertising on the OSBA's website, Newsclips and School Leader News.

Tricia Yates provided the trustees a welcoming introduction and brief background of Alex Pulaski as OSBA's new communication services specialist.

c. Annual report

April 24, 2013 PACE's Annual report will be sent out to the PACE Trustees. Margaret Peterson is assisting in the writing of the annual report. The report will include testimonials and will be ready for passing out to the membership at SDAO's Agents's Day and PACE Day.

d. Website rollout

Josie Hummert gave a tutorial of the new PACE website to the trustees. The PACE website mirrors OSBA's structure and formatting to provide familiarity to the membership. PACE event registration will be processed through the PACE website moving forward. PACE Day, April 26, marks the formal rollout of the new website; staff will provide a similar tutorial for all attendees.

M. Budget committee appointed

Staff would like to meet with the budget committee in the middle of April, specifically the week of April 15, 2013.

Phil Long, Marie Knight and Adam Stewart were assigned via consensus to the 2013 PACE budget committee.

N. Legislative issues

Staff have been reviewing legislative bills that have potential to effect PACE. The majority of the current bills relate to statute of limitations and expansion of the definition 'disability'.

The trustees briefly discussed collective bargaining in legislation.

V. New business
There is no new business at this time.

VI. Next meeting date - May 6, 2013

Chair John Rexford adjourned the meeting at 1:29 p.m.