

---

MONDAY, MAY 4, 2015

1201 Court St. NE, Ste. 400, Salem, OR 97301; Room 427

*PACE Trustee members in attendance at the beginning of the meeting: Phil Wentz, Tigard-Tualatin 23J Facilities Manager; Mike Schofield, Gresham-Barlow 10 Chief Financial Officer; John Rexford, High Desert ESD Superintendent; Marie Knight, Vernonia 47J Fiscal Assistant, Debbie Laszlo, Redmond 2J Regional Risk/Benefits Manager, Brett Yancey, Springfield Public Schools Director of Business Operations.*

*PACE Trustee members absent at the beginning of the meeting: Adam Stewart, Hillsboro 1J Chief Financial Officer, Craig Prewitt, Phoenix-Talent School District and Sharla Andresen, Central Oregon Community College Director of Contracts & Risk.*

*SDAO staff in attendance at the beginning of the meeting: Frank Stratton, Executive Director; Mike Doherty, Chief Financial Officer; Geoff Sinclair, Director of Claims Services; Scott Neufeld, Director of Loss Control; Jens Jensen, Property and Casualty Claims Manager; and Kevin Pardy, Underwriter.*

*OSBA staff in attendance at the beginning of the meeting: Betsy Miller-Jones, Executive Director; Tricia Yates, Director of Communications; Mike Robison, Director of Finance; Lisa Freiley, Director of Labor and PACE Services; Kate Wilkinson, Director of Litigation; Rachel Fleenor, Marketing, Communications & Social Media Consultant and Pamela Mullen, Labor & PACE Services Assistant.*

*Guest Speakers in attendance at the beginning of the meeting: Greg Coffey, Russell Investments, Joel Troisi, Richard Poling and Ron Greybeal, Beecher Carlson, Insurance.*

*Guest Speakers in attendance: Peggy Holstedt, Director of Board Development & Policy Services.*

**Chair Adam Stewart called the meeting to order at 10:03 a.m.**

I. Welcome and introductions

Each attendee introduced themselves.

*\*\*Adam Stewart enters the meeting at 10:10 a.m.\*\**

II. Presentations & Written Reports

- A. Investment Report & Trustee Education - *Greg Coffey, Russell Investments*  
Greg Coffey updated the Trustee and stated that the PACE Portfolio's asset allocation remains well balanced with an allocation of 60% fixed income, 30% U.S. equity, and 10% non-U.S. equity. The ending market value of the portfolio was \$51.9 million at the end of March. Since inception with Russell, the PACE portfolio has generated \$4.3 million in earnings.

---

Greg continued with an International Investing overview and began with the value of diversification in the international market.

*\*\*Greg Coffey exits the meeting at 10:40 a.m.\*\**

III. Action Items

- A. Approval of March 2, 2015 PACE Trustee minutes - **ACTION**

***Motion:* Mike Schofield moved to approve the March 2, 2015 PACE meeting minutes as presented. Seconded by John Rexford.**

**The board voted on the motion and it passed unanimously.**

- B. Approval of April 15, 2015 PACE Budget Committee minutes - **ACTION**

***Motion:* John Rexford moved to approve the April 15, 2015 PACE Budget Committee meeting minutes as presented. Seconded by Brett Yancey.**

**The board voted on the motion and it passed unanimously.**

- C. Approval of proposed 2015-2016 PACE Trustee meeting calendar - **ACTION**

Lisa Freiley brought attention to the Trustee's conflicts with usual meeting calendar.

Suggested calendar is as follows:

July, 24, 2015	held at:	The Viticulture Center, Salem, OR
September 28, 2015	held at:	Local Government Center, Salem, OR
December 7, 2015	held at:	Local Government Center, Salem, OR
February 29, 2015	held at:	Local Government Center, Salem, OR

Look at moving the May meeting to April to coincide with PACE Day.

April 20, 2015	held at:	Hilton Eugene, Eugene, OR
----------------	----------	---------------------------

***Motion:* John Rexford moved to approve the 2015-2016 PACE Trustee meeting calendar as presented. Seconded by Brett Yancey.**

**The board voted on the motion and it passed unanimously.**

---

D. Reinsurance Renewal Proposals - **ACTION**

1. Joel Troisi discussed the current reinsurance agreement. The date the renewal rate was determined was March 15, 2015. PACE will receive a five (5%) rate reduction for the 2015-2016 renewal.

**Property**

- Our broker is putting together a program with the same structure as last year with the exception of earth movement coverage. They are pricing in an additional \$100 million of earthquake coverage bringing the total up to \$300 million.

**Recommendation**

*Staff is recommending PACE renew property with carriers listed on page 3b of the renewal proposal with the inclusion of an extra \$100M in earthquake and the option of a three (3) year renewal with CNA and a \$10K deductible.*

**Motion: Mike Schofield moved to approve the Property Reinsurance Renewal as presented. Seconded by Phil Wentz.**

**The board voted on the motion and it passed unanimously.**

**General Liability**

- Richard Poling updated the trustees on the renewal of the liability program. Genesis offered to continue to provide a flat non-auditable premium and also includes an agreement not to charge additional premium for mid-term additions unless those resulting exposures calculated in total after the policy expires times rates exceeds \$20,0000. There are two (2) new proposed exclusions to the form for 2015-16 - a cyber exclusion and bond/financial/SEC exclusion.

**Recommendation**

*Staff is recommending PACE renew general liability as follows:  
Option 1: 9,313,000 x 687,000 1,022,853 net Composite rate .24927.*

**Crime**

- Richard Poling discussed how PACE has now been with Chartis for three years and would like to continue to build the relationship and processes with Chartis.

**Recommendation**

*Staff is recommending a renewal of the crime program with Chartis.*

**Cyber**

- Richard Poling explained that they explored three major carriers - Travelers, AIG and Beazley. All major players in the cyber market. AIG was able to provide what appears to be cost effective option per member combined with quality services to all members.

---

Recommendation

Staff is recommending we renew with Genesis which increases our SIR from \$667K to \$687K. Renew Crime with AIG which is a flat renewal and add Cyber/Data Breach with AIG at \$1M per occurrence, \$5M aggregate, \$100k retention. Staff also recommends that the Board authorize staff to purchase the cyber insurance policy from AIG with the condition that staff is able to negotiate acceptable underwriting requirements with AIG. If staff is not satisfied with AIG's underwriting requirements then staff recommends that the Board adopt the self-insured coverage option.

**Motion: John Rexford moved to approve the Liability Reinsurance Renewal as presented. Seconded by Phil Wentz.**

**The board voted on the motion and it passed unanimously.**

*\*\*Mike Doherty exits the meeting at 11:05 a.m.\*\**

*\*\*Mike Doherty enters the meeting at 11:10 a.m.\*\**

*\*\*Lisa Freiley exits the meeting at 11:15 a.m.\*\**

*\*\*Lisa Freiley enters the meeting at 11:17 a.m.\*\**

- E. Approval of 2015-2016 proposed PACE budget - **ACTION**
1. Mike Doherty discussed the financials and the 2015-2016 budget with the Trustees. SDAO is requesting an increase of 6.03% for the 2015-16 budget year. Mike Robison then discussed OSBA budget with the Trustees. OSBA is requesting an increase just under 10%.

**Motion: Phil Wentz moved to approve the 2015-2016 PACE budget as presented. Seconded by Marie Knight.**

**The board voted on the motion and it passed unanimously.**

- F. Coverage Changes - **ACTION**
1. Cyber Liability  
PACE provides two limited areas of coverage. The first area of coverage is a \$100,000 per occurrence and annual aggregate limit with a \$500,000 pool aggregate for notification and monitoring expenses as required by Oregon law. The other coverage is \$1,000,000 per occurrence and annual aggregate limit for 3rd party tort liability damages. A maximum pool annual aggregate limit of \$5 million would also apply.
  2. SEC Coverage Options  
Recommendation  
Staff recommends the PACE Board approve the exclusion as outline in Option 3.

---

*Option 3 is to adopt the following exclusion:*

Any liability for Damages or Defense Costs of any Occurrence, Wrongful Act, Claim based upon, arising from or in consequence of:

1. Any actual or alleged violation of The Securities Act of 1933, The Securities Exchange Act of 1934, The Public Utilities Holding Act of 1935, The Trust Indenture Act of 1939, The Investment Company Act of 1940, any State Blue Sky Laws and any federal, state, local or foreign laws similar to the aforementioned laws and/or regulating the same or similar conduct or services, whether such law is statutory, regulatory or common law;
2. Involving directly or indirectly debt security financing, including but not limited to bonds, notes and debentures; or the investment of, or the failure to invest, public funds, including but not limited to the use of derivative investment instruments; and/or
3. Any regulation, investigation and enforcement actions based upon, arising from or in consequence of subparagraphs 1. and 2. above.

3. Outdoor Property

Recommendation

*Staff recommends that the PACE Board:*

1. *Approve reducing the blanket Outdoor Property sub-limit from \$500,000 to \$250,000 per occurrence and adding coverage for Scheduled Outdoor Property.*
2. *Approve a \$250,000 per occurrence sub-limit for vandalism and malicious mischief of tracks and fields.*

4. Occurrence Definition (i.e. Sexual Abuse)

Recommendation

*Staff recommends that the PACE Board approve the changes made to the attached PACE Liability Coverage Document.*

**Motion: Phil Wentz moved to approve the Coverage Changes as presented.  
Seconded by Mike Schofield.**

**The board voted on the motion and it passed unanimously.**

*\*\*John Rexford exits the meeting at 11:40 a.m.\*\**

*\*\*John Rexford enters the meeting at 11:41 a.m.\*\**

G. Agent Agreement - **ACTION**

1. Kevin Pardy discussed that currently PACE does not have a written agreement with our independent agents in place. On the advice of our attorney we have created an agreement. The agreement will be in place by July 1, 2015 renewal.

---

Recommendation

*Staff recommends the PACE Trustees approve the agreement, but give staff latitude to continue to refine the document as we receive more input from our attorney.*

**Motion: Phil Wentz moved to approve the Agent Agreement as presented but give latitude to refine based on legal counsel. Seconded by Brett Yancey.**

**The board voted on the motion and it passed unanimously.**

*\*\*Lunch break at 11:58 a.m.\*\**

*\*\*Reconvened meeting at 12:30 p.m.\*\**

H. Training Credit, Learn / Save Program - **ACTION**

1. The two specific classes we want to focus on this year are the Standard Response Protocol (train the trainer) and the Risk Coordinator training program.

Recommendation

*Staff recommends the Trust approve a 1% discount for General Liability Premiums for each member that attends the Standard Response Protocol Training presented during the 2015-2016 policy year. This credit will be assigned to the members 2016-2017 General Liability premiums.*

*If 100% of members attend, the amount of money given back to the members is estimated to be \$85,000*

Recommendation

*Staff recommends the Trust approve a 1% discount for General Liability for each member that attends the Risk Coordinator Training during the 2015-2016 policy year. This credit will be assigned to the members 2016-2017 General Liability premiums.*

*If 100% of members attend, the amount of money given back to the members is estimated to be \$85,000*

*\*\*Craig Prewitt joins the meeting via phone at 12:50 p.m.\*\**

**Motion: John Rexford moved to approve the Training Credit, Learn/Save Program as presented. Seconded by Mike Schofield.**

**The board voted on the motion and it passed unanimously.**

---

I. Claims Manual Changes - **ACTION**

1. Geoff Sinclair discussed the new proposed language for settlement and check authority; to raise the limits as follows:
2. Individual claims consultants shall have \$25,000 settlement and check authority
3. Claims Manage shall have \$100,000 settlement and check authority
4. Director of Claim shall have up to \$250,000 settlement and check authority
5. Executive Director shall have up to \$1,000,000 settlement and check authority. The Executive Director shall be the only staff member given the total amount of authority. As necessary, at each subsequent Trust meeting, staff will present the current status of payments and requests for changes in scope or authority and any checks written above \$1,000,000 will be reported to the board as soon as reasonably possible.

***Motion: Brett Yancey moved to approve the Claims Manual Changes as presented. Seconded by John Rexford.***

**The board voted on the motion and it passed unanimously.**

*\*\*John Rexford exits the meeting at 1:10 p.m.\*\**

*\*\*John Rexford enters the meeting at 1:12 p.m.\*\**

*\*\*Mike Doherty exits the meeting at 1:30 p.m.\*\**

*\*\*Geoff Sinclair exits the meeting at 1:30 p.m.\*\**

*\*\*Mike Doherty enters the meeting at 1:35 p.m.\*\**

*\*\*Geoff Sinclair enters the meeting at 1:35 p.m.\*\**

IV. Presentation & Written Reports (*continued*)

A. Financial Report

1. Mike Doherty presented a financial report.

B. Agents & PACE Day Reports

1. We have \$11,000 in sponsorships this year; we had a good turn out around 149 attendees. The planning for next year has already started.

C. AGRiP Report

1. Adam Stewart updated the Trustees on the AGRiP conference held in Las Vegas. Felt it was very valuable in terms of getting together with both PACE and SDAO staff. Good content and overall a great experience.

- 
- D. Communication Report
1. Tricia Yates updated the Trustees in terms of materials for PACE Day, the Training & Coverage guides, Pre-loss brochure and Contact sheet. Two items in the packet for PACE day are new the PACE Agent Toolkit and the Annual Report and Outlook. Tricia highlighted the Toolkit for Community Colleges.
- E. Pre-loss Report
1. Kate Wilkinson updated the Trustees for the first three months of 2015 on the usage of the pre-loss service. The two biggest questions we receive are on Tort Liability and terminations. We will be distributing a short four (4) question survey to a random selection of clients once a month as well as all of the pre-loss clients once their matters have been closed.
- F. Risk Management Report
1. Scott Neufeld explained the annual review of the classes on SafeSchools and SafeColleges. For SafeColleges we decided to replace the Drug & Alcohol awareness class with the SaVE Act which fits into the 5% category for the Community Colleges. The CNA Boiler training is receiving good attendance and feedback.

*\*\*Lisa Freiley exits the meeting at 1:44 p.m.\*\**

*\*\*Lisa Freiley enters the meeting at 1:46 p.m.\*\**

*\*\*Chair Adam Stewart led the Board into Executive Session at 1:48 p.m.\*\**

*\*\*Entered Executive Session at 1:48 p.m.\*\**

- G. Claims Report
- ENTERED EXECUTIVE SESSION**
- ORS 192.660(2)(f) - "To consider information or records exempt by law from public inspection."

**LEAVE EXECUTIVE SESSION**

*\*\*Chair Adam Stewart reconvened the public meeting at 2:24 p.m.\*\**

- H. Approval of Staff recommendations regarding South Albany High School -  
**ACTION**

**Motion: Mike Schofield moved to authorize staff to make payments regrading the Greater Albany School District property claim in accordance with the consensus reached in Executive Session. Seconded by Craig Prewitt.**

**The board voted on the motion and it passed unanimously.**



- I. Training Report
  - 1. Peggy Holstedt updated the Trustees on the trainings offered.
  
- V. New Business
  - 1. No new business.
  
- VI. Future Business
  - 1. **Next meeting, July 24, 2015** - The Viticulture Center, 215 Doaks Ferry Rd NW, Salem, OR in the Riesling & Chardonnay Rooms at 9:00 a.m.

**Chair Adam Stewart adjourned the meeting at 2:56 p.m.**