

MONDAY, SEPTEMBER 26, 2016

OSBA, 1201 Court St., NE, Suite 400, Salem, Oregon 97301 (Room 427)

PACE Trustee members in attendance at meeting start: Phil Wentz, Tigard-Tualatin 23J Facilities Manager; Brett Yancey, Springfield Public Schools Director of Business Operations; Debbie Laszlo, Redmond 2J Regional Risk/Benefits Manager; Marie Knight, Vernonia 47J Fiscal Assistant; Craig Prewitt, Phoenix-Talent 4 Board Chair and Office and Mike Schofield, Gresham-Barlow 10 Chief Financial Officer; Sharla Andresen, Central Oregon Community College Director of Contracts & Risk.

PACE Trustee members absent at meeting start: Adam Stewart, Hillsboro 1J Chief Financial; John Rexford, High Desert ESD Superintendent.

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

OSBA staff in attendance at meeting start: Alex Pulaski, Director of Communications; Mike Robison, Director of Finance; Lisa Freiley, Staff Counsel / PACE Administration; Rachel Fleenor, Marketing-Communications & Social Media Consultant; Steve Kelley, Director of Board Development; Kate Wilkinson, Director of Litigation; Betsy Miller-Jones, Executive Director and Pamela Mullen, PACE Administration Assistant.

Guest in attendance at meeting start: Brandon Wilson, Russell Investments.

Chair Phil Wentz called the meeting to order at 10:03 a.m.

I. Welcome & Introductions

II. **Action Items**

A. Approval of **July 26, 2016** minutes- **ACTION**

Motion: Craig Prewitt moved approval of the July 26, 2016 PACE meeting minutes as presented. Seconded by Debbie Laszlo.

The board voted on the motion and it passed unanimously.

III. Presentations & Written Reports

A. Investment Update – *Brandon Wilson, Russell Investments*

Directed the Trustees to page 14 of their packet; spoke about the current portfolio as of August 31, 2016, Asset allocation is 60% fixed income, 20% U.S. equities, 10% global equity and 10% non-U.S. equity. Overall the asset allocation is well balanced to allow for asset growth but also with a high bond allocation for some downside protection. He then discussed looking into alternative asset investments.

The focus of the discussion was on Liquid Alternative Assets (Real Assets: Real Estate Investment Trusts (REITs), Listed infrastructure and Commodities); he then discussed in more detail the definitions of Liquid Alternative Assets. He discussed the why of considering adding alternative investment strategies to expand opportunities, potential to lower portfolio volatility, portfolio diversification and the risk considerations. Real assets are an alternative way to diversify the portfolio and discussed the volatility, correlation, benefits and attributes.

***Alex Pulaski exits meeting at 10:10 a.m. ***

***Alex Pulaski enters meeting at 10:25 a.m. ***

***Betsy Miller-Jones exits meeting at 10:25 a.m. ***

***Betsy Miller-Jones enters meeting at 10:35 a.m. ***

B. Financial Update - *Mike Doherty*

Since the report presented at your July meeting, the only real change to the financials is the incorporation of the losses from the actuary report. Overall, the actuary's estimate of losses ended up approximately \$200k higher than presented in July. Losses were \$10.1M for the 2015-16 fiscal year compared to a budget of \$15.6M, and adjustments to prior year losses was an unfavorable increase of \$1.1M. This results in net income from the 2015-16 policy period of \$7M. In total, net income for the fiscal year is \$6.4M bringing total retained earnings to \$37.7M.

Investment returns, as noted on the graph, have varied widely over the last year. The portfolio has gone from a 6-month return in January 2016 of -7.5% to a current 6-month return of almost 15%. The most important trend to watch is the rolling average of the 12-month return, which currently reflects a 1.6% return.

PWC has all the documents they need to start the update to the Capital Modeling Study. As they dig deeper into the project there will likely be additional data or documents requested. The goal is for PWC to present the initial findings at the December meeting and look for Trust guidance on continuing with the same risk tolerance range (years) as previous or to make some adjustments.

C. Risk Management Report - *Scott Neufeld*

The Risk Management Team has been on the EPL Toolkit trail since July 1st. We have visited and presented the toolkit to 95 of our members. Staff has a goal to meet with all members and go over the toolkit by the end of November. This should be ample time to meet the requirements by the May 2017 deadline. The SawStop grant program is in full swing and our members are extremely happy that we are offering this program. The Risk team will also be verifying when visiting our members to be sure the old saws were removed from their premises.

A. Communications Report- *Alex Pulaski / Rachel Fleenor*

Discussed the PACE booth regarding placement and sponsorship opportunities at

COSA and OCCA. The Communications team has also consulted with a district regarding hazing/bullying allegations to help formulate communications to parents, staff, community and the media. Let the Trustees know that we continue to have poor response to the PACE Membership survey even after streamlining the process for the end user. Perhaps we send out the survey every other year and then a more high level survey (from an outside source similar to the one that OSBA sends out; every 4-5 years). This survey would require more funds

B. PACE Pre-loss Report-*Kate Wilkinson*

OSBA attorneys are currently handling 14 litigations and 29 administrative matters that include EEOC, BOLI, Title IX investigations and OCR matters. Phone calls from members consisted of terminations, contract reviews, hiring procedures and tort liabilities.

** *Jim Green enters meeting at 10:55 a.m.* **

C. Trustee Education / Legislative Update – *Jim Green*

Jim discussed the upcoming 2017 Legislative Session and feels the biggest hurdle will be Recreational Immunity. He is currently working with Mark Landauer in developing talking points and guidance documents and will keep the Trustees updated as session progresses.

** *Jim Green exits meeting at 11:20 a.m.* **

** *Betsy Miller-Jones exits meeting at 11:30a.m.* **

D. PACE Training Report - *Steve Kelley*

Directed the Trustees to view the report in their packet. Trainings are currently underway and are being held throughout the state on Employment Practices, SRP Transgender Students and Conducting Investigations.

E. Current Events and Publications Update – *Lisa Freiley*

Lisa updated the Trustees on the AGRiP Futures conference she and Steve Kelley attended. Would like to have a retreat with the Trustees, perhaps on July 24-25, 2017?

Chair Phil Wentz calls the meeting into “Executive Session” 11:30 a.m.

IV. Claims Report - *Geoff Sinclair*

In Executive Session - ORS 192.660(2)(f)

Discussion of pending claims & litigation

** *Mike Robison exits meeting at 11:33 a.m.* **

** *Mike Robison enters meeting at 11:35 a.m.* **

** *Lisa Freiley exits meeting at 11:34 a.m.* **

** *Lisa Freiley enters meeting at 11:36 a.m.* **

** *Brett Yancey exits meeting at 11:43 a.m.* **

*** Brett Yancey enters meeting at 11:45 a.m. ***
*** Rachel Fleenor exits meeting at 11:50 a.m. ***
*** Kevin Pardy exits meeting at 12.06 p.m. ***

Chair Phil Wentz call the meeting back to regular session at 12:10 p.m.

***Break for lunch 12:10 p.m. ***
***Reconvened meeting at 12:43 p.m. ***

V. New Business

- A. *Next meeting: **December 5, 2016** - Local Government Center, 1201 Court Street NE, Suite 400 Salem, OR; room 427 at 10:00 a.m.*

- B. Trustee Training Opportunities
 - i. October 5-7, 2016 OR PRIMA, Mt. Bachelor, OR
 - ii. November 10-13, 2016 OSBA Annual Convention, Portland, OR
 - iii. March 5-8, 2017 AGRiP, Champions Gate, FL
 - iv. March 25-27, 2017, NSBA, Denver, CO
 - v. June 4-7, 2017, PRIMA Conference, Phoenix, AZ

Chair Phil Wentz adjourned the meeting at 12:46 p.m.