

MONDAY, DECEMBER 5, 2016

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

PACE Trustee members in attendance at meeting start: Phil Wentz, Tigard-Tualatin 23J Facilities Manager; John Rexford, High Desert ESD Superintendent; Brett Yancey, Springfield Public Schools Chief Operations Officer; Debbie Laszlo, Redmond 2J Regional Risk/Benefits Manager; Craig Prewitt, Phoenix-Talent 4 Board Chair; Marie Knight, Vernonia 47J Business Manager; Sharla Andresen, Central Oregon Community College Director of Contracts & Risk; Adam Stewart, Hillsboro 1J Chief Financial Officer; Mike Schofield, Gresham-Barlow 10 Chief Financial Officer

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 Loss Control; and Jens Jensen, Property and Casualty Claims Manager

OSBA staff in attendance at meeting start: Betsy Miller-Jones, Executive Director; Diane Efseaff, Communications Assistant; Steve Kelley, Director of Board Development; Therese Holmstrom, Pre-loss Attorney; Mike Robison, Director of Finance; Lisa Freiley, Staff Counsel / Director, PACE Administration; Rachel Fleenor, Branding & Digital Marketing Strategist; Pamela Mullen, PACE Administration Assistant.

OSBA staff absent at meeting start: Alex Pulaski, Director of Communications

Guest in attendance at meeting start: Kevin Wick, PwC; James Marta, James Marta & Company Certified Accountants and Greg Coffey, Russell Investments

Chair Phil Wentz called the meeting to order at 10:00 a.m.

- I. Introductions
- II. Action items
 - A. Approval of **September 26, 2016** minutes- **ACTION**

Motion: John Rexford moved approval of the September 26, 2016 PACE meeting minutes as presented. Seconded by Mike Schofield.

The board voted on the motion and it passed unanimously.

- III. Presentations and written reports
 - A. Investment Update - *Greg Coffey, Russell Investments*

Trustees heard a report from Russell Investments representative, Greg Coffey on the investments held by PACE. Greg also two different approaches to the PACE asset allocation from single asset class funds with decisions based on asset class to multi-asset class portfolio with decisions based on asset role. Pursuing a multi-asset allocation could be helpful to the

portfolio in a lower return environment, increasing some of the dynamic elements in the accounts could help to potentially increase returns while keeping portfolio risk levels static.

Greg Coffey exits meeting at 10:45 a.m.

Mike Robison exits meeting at 10:45 a.m.

Mike Robison enters meeting at 10:50 a.m.

- B. *Financial Report - Mike Doherty*
Mike Doherty updated the Trustees on the Financials through September 30, 2016. The claims and investment return graphs include activity through October 31st. Mike then gave a brief update on PACE's financial activity since October 31st, though the first quarter of 16-17 policy general liability claims are right on average. Property claims, also typically slower in the summer months, are trending better than prior years. He updated the Trustees of the PACE Equity year accounting.
- C. *Actuary Report – Kevin Wick, PWC*
Kevin Wick updated the Trustees on its actuarial study. Overall reserve levels have decreased by \$2.5M as of June 30, 2016, most of this change is due to one large 2015 property claim which had not yet been settled as of June 30th. Current estimates of ultimate loss are similar to the prior estimates; over the past year ultimate losses have increased by roughly \$0.273M, which is roughly 1% of the prior reserve level. While an increase in the funding target went up with the implementation of the investment policy due to the addition of equity investments, PACE is still on track to achieve target funding levels within the timelines established by trustees.
- D. *Audit Report - James Marta, James Marta, CPA*
James Marta updated the trustees on its 2015-16 annual financial audit. PACE financials reflect increases in member contribution; as well as an increase in operations and insurance claims expenses. Total assets increased by \$9.3M with 6% of that increase; \$6.8M adding to the equity. The auditor stated PACE's financial statements fairly present PACE's financial position. No items were discovered which required a management letter to administration or to the trustees.
- E. *Target Equity Study – Kevin Wick, PWC*
First, retained earnings have increased from \$10.5 million to \$37.7 million, a significant change. Secondly, the property program changed from a \$250k SIR to a \$5 million per occurrence and in the aggregate SIR. This change, however, was fully funded in the budget process meaning the Trust collected enough funds to cover a \$5 million claim in addition to the normal amount of property claims. Lastly, the investment portfolio allocation has gone from a 100% bonds / 0% equity to a 60% / 40% split currently. The 2012 study did assume the portfolios would possibly have a

70% / 30% split because the Trust was already moving in that direction so the additional exposure to equities need to be taken into consideration.

Kevin Pardy exits meeting at 11:30 a.m.

Kevin Pardy enters meeting at 11:33 a.m.

F. Risk Management Report - *Scott Neufeld*

Scott Neufeld updated the Trustees on members use of SafeSchools; numbers have more than doubled compared to the same time last year. More than half of our members are using the SafeSchool/SafeCollege program for their training needs. The SawStop Grant Program is in full swing and probably at the point of hitting our budgeted allotment. We have had 63 applications submitted so far that we are in the process of funding and 2 applications on the waiting list. Geoff Sinclair, Lisa Freiley and I attended the Oregon Community College Association's (OCCA) annual conference in Sunriver, Oregon. We feel that PACE needs to continue to attend this conference and find ways to get involved in the sessions they offer.

James Marta exits meeting at 11:55 a.m.

Kevin Wick exits meeting at 11:55 a.m.

Mike Doherty exits meeting at 11:55 a.m.

Geoff Sinclair exits meeting at 11:55 a.m.

Geoff Sinclair enters meeting at 11:58 a.m.

G. PACE Pre-Loss Report - *Kate Wilkinson*

Kate Wilkinson directed the Trustees to the Pre-loss report in their packet and the 2015 & 2016 service levels for comparison. The most common areas of inquiry were termination, contract reviews, hiring procedures and tort liabilities. OSBA attorneys are currently handling 16 litigation and 39 administrative matters. This includes EEOC, BOLI, Title IX investigations, engagement letters and OCR matters.

H. Communications Report - *Alex Pulaski*

Alex directed the Trustees to the Communication report in their packet. He reviewed the departments marketing activities since last meeting.

I. PACE Day Update - *Lisa Freiley*

Lisa Freiley updated the Trustees on the planning of PACE Day. The agenda has been finalized and will include topics related to: Title IX and Athletic Liability. She highly recommended Trustees attend PACE Day to learn about school safety and liability issues and to celebrate PACEs 10-year Anniversary. We created an early registration incentive with the SawStop give-a-way. PACE Day will be held in Salem this year at the Salem Conference Center. Agents Day will be at the Viticulture Center and will be at the Salem Convention Center next year with PACE Day.

- J. Training Report – *Steve Kelley / Lisa Freiley*
Steve Kelley discussed the past and upcoming trainings the Board Development group have been and will provide to our members. Fall Regionals are up slightly in attendance and number of Districts represented. SRP trainings are slightly down but we have only covered the west side of Oregon and it is expected that the numbers will rebound. Last year we did six trainings, this year we are doing nine. After the face-to-face are done we are going to explore webinar opportunities so we can get to those who could not attend these trainings. Fall Regionals we had eight trainings. Therese Holmstrom and Spencer Lewis helped tremendously.
- K. Legislative Update – *Lisa Freiley*
Lisa updated the Trustees with regards to legislation and the Trustees will receive these updates at every meeting. She then discussed that tort reform will be back and brought forward again during the session by trial lawyers working to remove the tort cap. Also, recreational immunity will continue to be front and center. There is a bill drafted and strategy is already developed and moving forward. There is a broad coalition of stakeholders, including various other public and private entities, who have been discussing how to best approach concerns with recreational immunity in the wake of the decision earlier this year in Johnson v. Gibson. As part of our work with this coalition, we will be speaking with several legislators during the upcoming December legislative days, in anticipation of supporting legislation anticipated during the 2017 session.

Chair Phil Wentz calls the meeting into “Executive Session” 12:18 p.m.

- L. In Executive Session - ORS 192.66(2)(f) Claims Report – *Geoff Sinclair*
- Greater Albany Public Schools – GAPS settlement offer - **ACTION / APPROVAL**

***Lisa Freiley exits meeting at 12:20 p.m. ***

***Lisa Freiley enters meeting at 12:24 p.m. ***

Chair Phil Wentz call the meeting back to regular session at 12:55 p.m.

Motion: Craig Prewitt moved approval recommendation by staff presented. Seconded by Adam Stewart.

***Break for lunch at 12:55 p.m. ***

***Reconvened meeting at 1:25 p.m. ***

- M. Evaluation Committee Update – *Adam Stewart, Sharla Andresen, John Rexford*
Adam updated the Trustees stating the committee will be using the same

process as last year and will submit a report to the Trustees at the February meeting. The Committee has requested more frequent communication between staff and the Trustees on the PACE Business Plan.

N. AGRiP

- Award Submission – *Kate Wilkinson*
A submission to AGRiP has been presented for the SawStop Grant Program.
- Conference Update – *Kate Wilkinson/Steve Kelley/Lisa Freiley*
Kate directed the Trustees to page 124 of their packet regarding the Tort Cap presentation and that the take-a-way from this presentation is that we need to stay on top of Tort Caps.

P. Trustee Training Opportunities

- March 5-8, 2017 AGRiP, Champions Gate, FL
- March 6-9, 2017 GOSH, Portland, OR
- March 25-27, 2017 NSBA, Denver, CO
- April 20, 2017 PACE Day, Salem, OR - *Ten (10) Year Anniversary*
- June 4-7, 2017 PRIMA Conference, Phoenix, AZ

III. New Business Items

- New Risk Management Position dedicated to Community Colleges?
Lisa discussed there are some different set of risks and needs for Community Colleges. In addition, Community Colleges are a good investment for PACE and having a position dedicated to Colleges would benefit PACE and the Colleges. Staff are putting together a recommendation and will bring it to the Trustees at the February meeting.

IV. Future Business

- A. Next meeting: **February 27, 2017** (OSBA, 1201 Court St., NE, Ste., 400, Salem, OR 97301 (Room 427))

Chair Phil Wentz adjourned the meeting at 1:47 p.m.