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; 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

PACE Trustee members absent at meeting start: Craig Prewitt, Phoenix-Talent 4 Board Chair

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 Kevin Pardy, Underwriter; Jens Jensen, Property and Casualty Claims Manager

OSBA staff in attendance at meeting start: Mike Robison, Director of Finance; Lisa Freiley, General Counsel / Director, PACE Administration; Mary Paulson, Deputy Executive Director; Rachel Fleenor, Branding & Digital Marketing Strategist; Alex Pulaski, Director of Communications; Kate Wilkinson, Director of Litigation Services; Pamela Mullen, PACE Administration Assistant.

OSBA staff absent at meeting start: Jim Green, Executive Director; Lori Sattenspiel, Interim Director of Legislative Services

Guest in attendance at meeting start: Greg Coffey, Russell Investments, Jodi Sherwood, Oregon State Police; Tim Belanger, Oregon Trail 46, Business Services Director

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

I. Introductions

II. Approval of Minutes
   A. Approval of December 5, 2016 minutes - ACTION

Motion: John Rexford moved approval of the December 5, 2016 PACE meeting minutes as presented. Seconded by Adam Stewart.

The board voted on the motion and it passed unanimously.

III. Evaluation Committee – Adam Stewart / John Rexford / Sharla Andresen
    Adam update the Trustees stating their report found that services being provided by both OSBA and SDAO were excellent. Both organizations continue to work collaboratively and the result is superior insurance coverage, claims services, risk management and
financial oversight to PACE members. The committee suggested staff send trustees regular updates between Trustee meetings. Lisa Freiley will begin sending regular updates after the PACE Staff meetings each month.

IV. Correspondence – Lisa Freiley

V. Presentations and written reports
   A. Investment Update - Greg Coffey, Russell Investments
      Greg provided an update on Capital Markets for periods ending January 31, 2017 and that markets keep trending higher. He discussed the PACE portfolio asset summary; the portfolio was transitioned to the Multi-Asset fund over the first half of January 2017. The resulting high-level fund asset allocation is 60% core fixed income fund, 35% Multi-Asset fund, and 5% Large Cap U.S. equity fund. Since inception with Russell, the portfolio has generated a 4.3% annualized return. In Russell’s view, diversification remains an excellent response to market, economic and policy uncertainties.

   **Greg Coffey exits meeting at 10:35 a.m.**
   **Mike Robison exits meeting at 10:35 a.m.**
   **Mike Robison enters meeting at 10:40 a.m.**
   **Jody Sherwood & Becky David enter meeting at 10:35 a.m.**

   B. Tipline Update SafeOregon – Jody Sherwood & Becky David, Oregon State Police
      Jody & Becky presented a PowerPoint to the trustees on the School Safety Tipline. SafeOregon brings education, mental health and law enforcement together to reach the kids (i.e., mobile apps, web portal, call or text or email etc.). Today SafeOregon reaches 152 schools, in 54 cities covering over 55,000 students. Discussed how the information comes into a central database, triaged by technicians that assess for level of severity, timeliness and assistance needed. Schools can sign up individually or through the ESD and/or district wide. If the district staff receives a tip please go into the web dashboard and update the status of the tip.

   C. Financial Report - Mike Doherty
      Through the first six months of the 2016-17 policy, general liability claims are below average compared to the other six years presented on the claims graph. Property claims, as you are well aware, will max out the pool’s $5 million SIR for this fiscal year between the fire in Southern Oregon and the snow claims from Central and Eastern Oregon. This financial statement incorporates half of our actuaries underlying property claims estimate of $2.6 million, half of the $5 million aggregate and half of an additional $1.5 million for our “maintenance deductible” layer claims. Total operating expenses, including the contract fees for both OSBA and
SDAO, are at 49.94% of budget. Reinsurance, with several favorable renewal contracts, will be approximately 90% of budget for the fiscal year. Net coverage program income is $130,000, or 167% of budget. In total, addition to retained earnings through six (6) months is $1.1 million, or 45% of budget.

D. Legislative Update – Lisa Freiley
Updated the trustees on Senate Bill 301 which makes it an unlawful employment practice for any employer to require, as a condition of employment, that any employee or prospective employee refrain from use of a substance that is lawful to use under the laws of this state during nonworking hours. The bill would take away the ability of an employer to enforce drug free workplace. She also updated them on the two-bills related to recreational immunity and directed them to the attachment provided on recreational immunity and the 50 States.

E. PACE Pre-Loss Report - Kate Wilkinson
Kate Wilkinson directed the Trustees to the Pre-loss report in their packet. OSBA attorneys are currently handling 16 litigation cases and 39 administrative matters. This includes EEOC, BOLI, Title IX investigations, engagement letters and OCR matters.

**Kevin Pardy exits meeting at 11:10 a.m.**
**Kevin Pardy enters meeting at 11:12 a.m.**
**Jodi Sherwood & Becky David exit meeting at 11:20 a.m.**

F. Risk Management Report - Scott Neufeld
The SawStop Grant Program has been a huge success. We are receiving gratitude for the program and to date we have completed the process for 40 members in the amount of $123,000 in grant funds. We hope to have a SawStop onsite for PACE Day so that our members can see one in action.

The Crisis Prevention Institute (CPI) program is going well (see brochure in packet). Brian has trained close to 113 staff. Lisa, Geoff & I attended OASBO’s winter conference and updated attendees on drone rules, recreational immunity and some lessons we learned during the 2016 policy year. Geoff and I met with Buzz Turf LLC and discussed the equipment used to test turf fields for GMax. We will be looking at this more and work with our members for a solution.

**Mike Doherty exits meeting at 11:55 a.m.**
**Break for lunch at 12:00 p.m.**
**Reconvened meeting at 12:25 p.m.**
G. Communications Report – Alex Pulaski
There have been an unusually high number of inquiries for communications assistance over the past few weeks, Alex worked directly with Therese and/or Kate to make sure our communications advice meshes with our legal counsel.

H. PACE Day Update – Lisa Freiley
The speakers are confirmed, Registrations are good and the PACE Award nominees have been selected and contacted. Dinner for the trustees will be a DiVinci’s at 6 PM, April 26, 2017.

I. Training Report – Lisa Freiley
Lisa discussed the most current trainings; Transgender & Employment Practices. The numbers are down for the Transgender trainings, we are considering a webinar in place of face-to-face for these trainings. They Employment Practices trainings have good attendance numbers. The staff will meet in early Spring to plan the trainings for 2017-18.

**Mike Robison exits meeting at 12:35 p.m.**
**Mike Robison enters meeting at 12:55 p.m.**
Chair Phil Wentz calls the meeting into “Executive Session” 12:40 p.m.

J. In Executive Session – ORS 192.66(2)(f) Claims Report – Geoff Sinclair

Chair Phil Wentz call the meeting back to regular session at 1:25 p.m.

K. Underwriting Update – Kevin Pardy- ACTION
The property reinsurance renewal negotiations are difficult to assess because of the flurry of winter claims that are still coming in on top of the fire sustained late in 2016. By all accounts, we will exceed the claims threshold for the rate lock guarantee to apply for the PACE renewal. In our conversations with our broker, he indicated we can expect as much as a 25% increase in our first $100,000,000 layer for property reinsurance. However, when you combine this with all the layers, it comes to approximately a 17% increase or an additional $1,400,000 increase for property reinsurance bringing the total to around $8,300,000. Further, we may need to take a serious look at our $5 million retention level but hopefully that will not come into play. We project a slight increase for the liability reinsurance but most of this will be offset by a slight retention increase to keep pace with the Tort Cap. At this point, we are comfortable projecting no more than a 4% average package increase for the members. Staff is recommending language be added to the PACE Package Coverage policy that members must have both PACE liability & property coverage and that PACE will not allow members to split this coverage.
Motion: Adam Stewart moved approval of recommendation by staff as presented to formally adopt the PACE Package language as presented. Seconded by Brett Yancey.

The board voted on the motion and it passed unanimously.

**Alex Pulaski exits meeting at 1:25 p.m.**  
**Jens Jensen exits meeting at 1:28 p.m.**  
**Debbie Laszlo exits meeting at 1:30 p.m.**  
**Debbie Laszlo enters meeting at 1:35 p.m.**  
**Mary Paulson exits meeting at 1:30 p.m.**  
**Mary Paulson enters meeting at 1:31 p.m.**

IV. New Business Items

A. Retained Earnings Policy (Budgeting/Risk Tolerance Discussion) – Mike Robison / Frank Stratton – ACTION

It was decided to make this a discussion item and set as an ACTION item at the April 26, 2017 meeting. PACE has a retained earning policy that was adopted three (3) years ago, and that policy is tied to the PWC report. The target for the Trust was a 100-year level minimum with maximum of a 250-year event. Several years ago, PACE changed the investment policy and moved into equities and we currently have a 60/40 mix it has delivered well in earnings.

John Rexford asked if the $3M seed funds are part of the $36M, is there a need to pay this back first? Should this $3M count as part of the funds within the target range?  
ACTION ITEM: Need to look back at the original language. Mike Doherty to look at the initial $6.7M contribution.

Perhaps a longevity program for members who have been with the pool for five (5) years, they sign an agreement to stay for an additional two (2) years.

ACTION ITEM(s):

1. Staff presented to options for trustee consideration:
2. Option One (1)
   a. Current: 1 in 100-year event to 1 in 250-year event under current retentions & assets mix.
   b. Alternative Option: #1 = 1 in 200-year event to 2 times 1 in 200-year event under current retentions & assets mix.
3. Option 2a
   a. Current: 1 in 100-year event to 1 in 250-year event under current retentions & assets mix.
   b. Alternative Option: #2a = 2 times a 1 in 50-year event to 3 times1 in 50-year event under current retentions & assets mix.
c. Alternative Option: #2b = 2 times a 1 in 50-year event to 3
times1 in 50-year event under 80% bonds/20% equity
investment scenario.

4. Staff will move forward with recommendations for Option 1 and the
policy will be revisit as an ACTION ITEM at the April 26, 2017
meeting.

B. Risk Management Position dedicated to CCs - Scott Neufeld – ACTION
This person would be the community college contact for the PACE risk
management team and PACE in general. I have reached out to several of
our community college members and requested their input on the idea.

Staff recommends the Trust approve the addition of a risk management consultant position for
community colleges to the PACE budget. Hire a consultant immediately with an approximate
budget implication of $55,000 total benefit package to this year’s budget and $140,000 annual
budget implication for the total benefit package.

Motion: John Rexford moved approval of recommendation by staff as presented. Seconded
by Adam Stewart.

The board voted on the motion and it passed unanimously.

C. Approval of Conflict of Interest Form - Lisa Freiley – ACTION
To help create transparency to our members and to be more vigilant around
our decisions and connections.

Motion: Adam Steward moved approval of recommendation by staff as presented adoption
of the Conflict of Interest form. Seconded by John Rexford.

The board voted on the motion and it passed unanimously.

**Scott Neufeld exits meeting at 2:10 p.m.**
**Scott Neufeld enters meeting at 2:12 p.m.**
**Kevin Pardy exits meeting at 2:10 p.m.**
**Kevin Pardy enters meeting at 2:12 p.m.**
**Mike Schofield exits meeting at 2:15 p.m.**

D. Review & Approve AGRiP Advisory Standard Recognition Application -
Lisa Freiley -ACTION
Lisa discussed the AGRiP application and stated that it accurately reflects
how PACE is doing business. It is a checklist of Best Practices for pools. It
will also need to be updated every three (3) years.
Motion: John Rexford moved approval of recommendation by staff as presented for the AGRiP certification. Seconded by Marie Knight.

The board voted on the motion and it passed unanimously.

E. Discussion of Evaluation Process - Lisa Freiley
Lisa directed the Trustees to page 92 of their packet and discussed the methodology of communication she presented a sample report that PACE could scale to meet specific needs and cover content the trustees feel is important. This report could flow into our member report as well. Will bring this to a vote at the July trust meeting, need to know before then what are the outcomes that matter.

F. Appoint Budget Committee - Lisa Freiley – ACTION
Trustees elected Mike Schofield, Brett Yancey and Phil Wentz, Chair as the 2017-18 budget committee. Late March to early April to have a phone meeting with the committee.

VII. 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 27, 2017 PACE Day, Salem, OR - Ten (10) Year Anniversary
- June 4-7, 2017 PRIMA Conference, Phoenix, AZ

IV. Future Business
A. Next meeting: April 26, 2017 (OSBA, 1201 Court St., NE, Ste., 400, Salem, OR 97301 (Room 427) at 11:00 a.m.

Chair Phil Wentz adjourned the meeting at 3:00 p.m.