

TUESDAY, JULY 25, 2017

Five Pine Lodge & Conference Center, Sisters, OR

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; 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; Marie Knight, Vernonia 47J Business Manager

PACE Trustee 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, Interim PACE Administration & Director of Finance; Jim Green, Executive Director; Mary Paulson, Deputy Executive Director; Rachel Fleenor, Branding & Digital Marketing Strategist; Alex Pulaski, Director of Communications; Kate Wilkinson, Director of Litigation Services; Haley Percell, Interim Director of Litigation Services; Pamela Mullen, PACE Administration Assistant.

Guest in attendance at meeting start: Greg Coffey, Russell Investments

Chair Phil Wentz called the meeting to order at 12:30 p.m.

I. Welcome / Introductions – *Phil Wentz*

II. **ACTION ITEMS**

A. Election of PACE Trustee Chair & Vice Chair – **ACTION**

Motion: John Rexford moved approval of Debbie Laszlo as Chair. Seconded by Sharla Andresen.

The board voted on the motion and it passed unanimously.

Motion: Brett Yancey moved approval of Sharla Andresen as Vice Chair. Seconded by Adam Stewart.

The board voted on the motion and it passed unanimously.

B. Approval of **April 26, 2017** minutes – **ACTION**

Motion: Adam Stewart moved approval of the April 26, 2017 PACE Trustee meeting minutes as presented. Seconded by John Rexford.

The board voted on the motion and it passed unanimously.

III. Presentations & Written Reports

A. Investment Report – *Greg Coffey, Russell Investments*

Capital Markets for periods ending June 30, 2017 keep trending higher. PACE’s portfolio asset summary which transitioned to the Multi-Asset fund over the first half of January 2017; 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, net cash flow has equaled \$5M. \$30M in contributions with \$25M in withdrawals for claims. Equity markets drove total portfolio results over the fiscal year as positive economic data, improved corporate earnings, and investor sentiment caused strong equity markets returns. Since the beginning of 2017, the increased exposure of the PACE portfolio to international markets has been beneficial to results.

***Alex Pulaski exits meeting at 12:42 p.m. ***

***Greg Coffey exits meeting at 12:43 p.m. ***

***Haley Percell exits meeting at 12:43 p.m. ***

***Haley Percell enters meeting at 12:46 p.m. ***

***Alex Pulaski enters meeting at 12:46 p.m. ***

B. Financial Report - *Mike Doherty*

Recorded the property claims at an amount according to our reinsurance contracts plus \$1.5M to allow for a future determination of how many “events” the program incurred during the snow claims. Overall, the PACE program had some struggles this year with the property program but between the investment earnings and the liability program doing well there should be an addition to retained earnings of almost \$2M. This brings total retained earnings just shy of \$40M.

C. Pre-loss Report - *Kate Wilkinson*

During 2016-17, OSBA pre-loss attorneys handled 2,162 pre-loss calls from members, a 24% increase from 2015-2016. We provided services to numerous districts, ESDs and community colleges throughout the state. All attorneys and staff track their time and are expected to meet billable hour goals. We have billed a total of 9,185 hours this year. This includes pre-loss/litigation and administrative work. Pre-loss advised on 457 terminations.

- D. PACE Training Report - *Mike Robison*
The PACE training schedule is set for the 2017-18 year and posted to the PACE website as well as email communications sent to our members.
- E. Communication Report - *Alex Pulaski*
There has been a fairly low number of inquiries – 14 – since our last PACE trustees meeting, and with all of these we have worked directly with pre-loss to make sure our communications advice meshes with our legal counsel.
- a. PACE Member Survey Report – *Rachel Fleenor*
Over 35% responded this year; this is up from last year’s respondents. We have seen a 28% rise regarding employment issues.
- F. Risk Management Report - *Scott Neufeld*
The SafeSchools program is trending up; 426,662 completed trainings in 2015-16 compared to 501,604 for 2016-17. 210 members completed the EPL trainings to get the 5% GL credit.
- a. Grant Program – **ACTION**
Staff recommends that the Trust approves splitting up the \$200,000 budget for the PACE grant program into the following three areas to meet the needs of our members for the 2017-2018 fiscal year:
1. Drone Complier training and software program: \$100,000
 2. SawStop Grant Program: \$80,000
 3. SawStop Blade and Brake Replacement Program: \$20,000

Motion: Brett Yancey moved approval of the Grant Program as presented. Seconded by Adam Stewart.

The board voted on the motion and it passed unanimously.

Haley Percell exits meeting at 1:09 p.m.

Alex Pulaski exits meeting at 1:09 p.m.

Haley Percell enters meeting at 1:11 p.m.

Alex Pulaski enters meeting at 1:11 p.m.

- G. Renewal Update – *Kevin Pardy*
The average contribution increase for renewal was 1%, while reducing community college property rates by 10% and their general liability by 5%. We also trended the property values up 2%. 209 members took advantage of the Employment Practices Toolkit giving them a 5% credit. We were also able to purchase another \$50 million of property coverage bringing the total to \$400 million. Our claims department is busy delivering on the promise to the members affected by the damage. We are going to use these winter claims to scrutinize the PACE Property Coverage Document and see if we need to make improvements to the sub-limits, timelines, expenses and

anything else that comes up. We are also working on improving the PACE Liability Coverage Document and look to implement this for the 2018 renewal.

- H. Claims Report - *Geoff Sinclair*
 - a. In Executive Session - ORS 192.660(2)(f)
Discussion of pending claims and litigation.

Chair Debbie Laszlo calls the meeting into “Executive Session” at 1:17 p.m.

Haley Percell exits meeting at 1:32 p.m.

John Rexford exits meeting at 1:32 p.m.

Haley Percell enters meeting at 1:37 p.m.

John Rexford enters meeting at 1:37 p.m.

Chair Debbie Laszlo calls the meeting back into regular session at 1:38 p.m.

Chair Debbie Laszlo calls for a break in the meeting at 1:40 p.m.

Chair Debbie Laszlo calls the meeting back into regular session at 1:50 p.m.

- I. Distribution Discussion – *Mike Robison/Frank Stratton/Mike Doherty*
Will bring a report / action item to the Trustees at the September 25, 2017 meeting.

IV. New Business

- A. Approve New Service Agreements for OSBA & SDAO – *Mike Robison / Frank Stratton*– **ACTION**

**Motion: John Rexford moved approval of the OSBA Service agreement as presented.
Seconded by Adam Stewart.**

**Motion: Adam Stewart moved approval of the SDAO Service agreement as presented.
Seconded by John Rexford.**

The board voted on the motion and it passed unanimously.

- A. Appoint Evaluation Committee – *Mike Robison* – **ACTION**

Evaluation Committee for 2017-2018

- 1. Debbie Laszlo**
- 2. Mike Schofield**
- 3. Adam Stewart**

**Motion: John Rexford moved approval of the OSBA Evaluation Committee as presented.
Seconded by Adam Stewart.**

The board voted on the motion and it passed unanimously.

- B. Request for changes to the PACE Administrator position – *Mike Robison/Mary Paulson*
– ACTION

Motion: Mike Schofield moved approval of the PACE Administrator to go from half-time to a full-time position as presented. Seconded by Adam Stewart.

The board voted on the motion and it passed unanimously.

- C. Request to add an additional Pre-loss Attorney to the OSBA Litigation department -
Mike Robison / Mary Paulson – ACTION

Motion: Brett Yancey moved approval to add an additional Pre-loss attorney position as presented. Seconded by John Rexford.

The board voted on the motion and it passed unanimously.

- D. Charter School Coverage Discussion - *Mike Robison / Mary Paulson*
PACE will continue to do business as usual.

IV. Future Business Items

- A. *Next meeting, September 25, 2017 – Local Government Center, 1201 Court Street NE, (1st Floor - room 113), at 10:00 a.m.*

Chair Debbie Laszlo adjourned the meeting at 2:00 p.m.