

Minutes of PACE Trustee Minutes
Monday, December 3, 2018
1201 Court St., NE, Suite 113, Salem, OR 97301

PACE Trustee members in attendance at meeting start: Brett Yancey, *Springfield Public Schools Chief Operations Officer*; Debbie Laszlo, *Redmond 2J Regional Risk/Benefits Manager*; Marie Knight, *Vernonia 47J Business Manager*; Tenneal Wetherell, *South Coast ESD 7, Superintendent*; Tim Belanger, *Oregon Trail 46, Business Services Director*; Craig Prewitt, *Phoenix-Talent 4 Board Chair*; John Rexford, *Leadership Support Specialist, High Desert ESD*; Mike Schofield, *Gresham-Barlow 10 Chief Financial Officer*

PACE Trustee absent at meeting start: Adam Stewart, *Hillsboro 1J Capital Projects Officer*; Sharla Andresen, *Central Oregon Community College Director of Contracts & Risk*

SDAO staff in attendance at meeting start: Frank Stratton, *Executive Director*; Michael Doherty, *Chief Financial Officer*; Scott Neufeld, *Director of Claims & Risk Management*; Jens Jensen, *Property Casualty Claims Manager*; Dan Davenport, *Risk Manager*

SDAO staff absent at meeting start: Kevin Parady, *Underwriter*

Guest in attendance at meeting start: James Marta, *James Marta CPA*; Kevin Wick, *PriceWaterhouseCoopers*

OSBA staff in attendance at meeting start: Haley Percell, *Director of Litigation Services*; Dave Harvey, *PACE Administrator*; Pamela Mullen, *PACE Administration Assistant*; Rachel Fleenor, *Digital Branding & Marketing Strategist*; Chris Davidson, *Director of Business Services*; Alex Pulaski, *Director of Communication Services*; Andrea Schiers, *Attorney*

Chair Debbie Laszlo called the meeting to order at 10:00 a.m.

I. **Educational Training** - Top ten (10) legal issues facing schools - *Haley Percell*
10:35 A.M., Alex Pulaski exits meeting

II. **Welcome** - *Debbie Laszlo*

A. Acknowledge guests

B. Any modifications or additions to the agenda

III. **Presentations**

A. Actuary Report - *Kevin Wick, PWC*

Kevin provided the Trustee's a detailed actuarial report.

10:58 A.M., Tenneal Wetherell exits meeting

10:53 A.M., Tenneal Wetherell enters meeting

11:03 A.M., Brett Yancey exits meeting

10:53 A.M., Brett Yancey enters meeting

B. Audit Presentation - *James Marta, CPA*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oregon School Boards Association Property and Casualty Coverage for Education (PACE) as of June 30, 2018 and 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

11:12 A.M., Dave Harvey exits meeting

10:53 A.M., Dave Harvey enters meeting

11:30 A.M., James Marta exits meeting

11:30 A.M., Kevin Wick exits meeting

IV. **Consent Agenda - ACTION**

Sample Motion: "I move approval of the consent agenda."

Requires a second and a vote but NO discussion of items on the consent agenda. If a board member wishes to discuss an item, they should ask to have the item removed from the consent agenda and it will be taken up separately after the consent agenda.

A. Approval of September 24, 2018 minutes

Motion: Craig Prewitt moved approval of the Consent Agenda as presented. Seconded by Brett Yancey.

The board voted on the motion and it passed unanimously.

V. **ACTION Items**

A. Retained Earnings Distribution Recommendation - *Michael Doherty*

Motion: Tenneal Wetherell moved approval of the retained earnings distribution to be paid out over a period of three (3) years to members as presented by staff. Seconded by Craig Prewitt.

The board voted on the motion and it passed unanimously.

B. Identify board members & staff to attend AGRiP in St. Louis, MO - *Dave Harvey*

Dave Harvey will be the representative at this conference. Also, it was recommended that a policy be developed that the Trustee Chair approve the list of attendees each year.

C. PACE Nomination Committee Recommendation - *Mike Schofield, Brett Yancey, Tenneal Wetherell*

Review candidates resumes and contact the nomination committee if any Trustee has any input on the resumes provided for this open position. The committee will conduct interview and send recommendations to the OSBA BoD for approval. The recommended candidate will then be brought to PACE Trustees for approval at its February 25, 2019 meeting; candidate is expected to begin July 1, 2019.

11:48 A.M., Craig Prewitt exits meeting

11:51 A.M., Craig Prewitt enters meeting

- D. PACE Evaluation Committee Report - *Mike Schofield, Sharla Andresen*
Mike reported that the committee recommended a rating of “proficient” for both OSBA & SDAO. He reiterated the committee appreciation for the detail reports provided by both organizations.

Motion: Tim Belanger moved approval of PACE evaluation committee report as presented by the committee. Seconded by Marie Knight.

The board voted on the motion and it passed unanimously.

- E. Establish a 2019-20 PACE Evaluation and Goals Committee - *Dave Harvey*
The committee recommends that going forward the evaluation should be in alignment with the PACE goals/budget cycles. This will assist with both organizations being able to provide the services in alignment with goals and expectations set at the beginning of each year.
- F. PACE Budget Committee (*2018 committee - Brett Yancey & Marie Knight*)
2019-20 committee will consist of:
Brett Yancey, Marie Knight & Tim Belanger

****11:55 A.M. break for lunch****

12:00 P.M. Alex Pulaski enters meeting

****12:25 P.M. reconvened meeting****

VI. Department Reports

- A. Risk Management Report - *Dan Davenport*
SDAO has a new report tool that staff have been testing. It is our hope to roll this out soon to members. The CPI trainings are being well received; Brian Wolf has completed as many as 31 so far this year. We expect that number to increase over subsequent years. The EPL/BI training surveys have been sent out to members for the 5% GL credit. Our risk managers will be following up with all members to assist them in the completion of these surveys.
- B. PACE Legal / Training Report - *Haley Percell*
Haley provided a brief update to the Trustees and directed them to the legal report in their packets.
- C. Financial Report - *Mike Doherty*
General liability claims have been stable for the first quarter of the fiscal year with no large adjustments. 2018-19 claims are below average through three months and I've increased prior year estimates for the quarter by \$200,000. Auto liability claims are in line with expectations. Property claims had \$500,000 of activity for the quarter. I have added one-quarter of the estimated \$4 million in annual claims within the \$5 million SIR.

The reinsurance budget now includes the excess liability coverage that was added at renewal to increase member limits. Total operating expenses, including the contract fees for both OSBA and SDAO, are at

29% of budget. This exceeds budget but is mainly a timing difference for payments of the drone complier and online training programs. Net coverage program income is \$232,000.

Investment earnings for the quarter are \$550,000, lower than budget at 16%. As noted on the investment income graph, the 4-year investment return is tracking just under 4%. Total Net Income for the first quarter is \$583,000, or 25% of budget, bringing total retained earnings to \$52.3 million.

D. Underwriting Report - *Kevin Pardy*

Trustees were directed to the underwriting report in their packets, as Kevin was absent. They were advised to send any comments, concerns or questions to Kevin via email and he will address them upon his return.

E. Claims Report & Pending Litigation Update - *Jens Jensen*

Jens updated the Trustees on the various current / pending litigations and claims.

VII. **Trustee Activity Update** (AGRiP Conference or other activity) - *Opportunity for Trustees to share their PACE related activity.*

VIII. **PACE Administrator update and discussion** - *Dave Harvey*

Dave gave a brief update on the ESD interactions he is making. Also, an RFP for the Actuary and Auditors will need to be completed. We would like to have the dates sync with the SDAO dates to assist both organizations in going out for these at the same time when needed.

IX. **Information-** *Usually not discussed unless a Trustee member has questions. (See reports in packet; any questions email or phone the staff below).*

A. Signed Binder agreement with Genesis

B. Investment Update - *Greg Coffey, Russell Investments*

C. Communications Report - *Alex Pulaski*

D. Legislative Report - *Lori Sattenspiel*

X. **PACE APPROVED Bylaws / Trust Agreement**

Provided final documents for informational purposes only.

XI. Trustee Training Opportunities

1. December 5-7, 2018 - COSA Law Conference- Eugene, OR
2. January 24-26, 2019 COSA/OASBO Winter Conference - Lincoln City, OR
3. March 3-6, 2019 - AGRiP Annual Conference - St. Louis, MO
4. Next Meeting - **February 25, 2019**
OSBA, 1201 Court St. NE, Suite 400, Salem, OR 97301 (Room 113)

XII. Adjourn - 1:10 P.M.