



## **BOARD OF TRUSTEES MEETING**

Monday, February 13, 2023

9:00am - 12:00pm

### **OFFICIAL MEETING MINUTES**

Salem Convention Center

200 Commercial Street

Salem, OR

Meeting Room

Or via Zoom link

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#### **PACE Trustees:**

David Kruse, Director of Safety & Risk, North Clackamas; Dawn Moorefield, Assistant Superintendent, Cascade 5; Paul Andrews, Superintendent, High Desert ESD; Belanger (Vice Chair), Business Services Director, Oregon Trail 46; John Rexford, Leadership Support Specialist, High Desert ESD; Dawn Watson, Board Member, Phoenix-Talent 4; Sharla Andresen, Director of Contracts and Risk, Central Oregon CC; Olivia Meyers-Buch, Director of Operations and Finance, Corvallis; Brett Yancey (Chair), Chief Operations Officer, Springfield; Tim Belanger (Vice Chair), Business Director, Oregon Trail

**Absent PACE Trustees:** Brad Henry, Chief Ops & Financial Officer

#### **OSBA Staff:**

Rachel Baker, Marketing and Communications Specialist; Dave Harvey, PACE Administrator; Haley Percell, Legal Services Director; Meghan Peterson, PACE Sr. Administrative Assistant; Jim Green, OSBA Executive Director; Lori Sattenspiel, Legislative Director; Therese Holmstrom, PACE Attorney; Alex Pulaski, Communications Director

**Absent OSBA Staff:** Chris Davidson, Chief Financial Officer

#### **SDAO Staff:**

Jens Jensen, Property Casualty Claims Manager (virtual); Brad Eastman, Risk Consultant (virtual); Meghan Howk, CC Risk Consultant; McKenzie Nix, Sex Abuse and Molestation Prevention Specialist, Chris Hill, Underwriting Manager; Frank Stratton, Executive Director; Michael Doherty, Chief Financial Officer; Scott Neufeld, Chief Operations Officer; Dan Davenport, Risk Manager

#### **Outside guests:**

Chris Kyle, Russell Investments

Meeting called to order at 9:05 am.

- I. Welcome - *Brett Yancey*
  - A. Introductions of guests
    - a. Meet Therese

*Tim Belanger joins at 9:11am*  
*Therese joins us for the entire meeting.*

- II. Presentations
  - A. PACE Investment and Private Credit update and presentation -  
Chris Kyle from *Russell Investments*
    - a. General information:
      - Market is up by 10%
      - Dollar starts to drop in september 2022
      - Fed rapid increase of interest rates
      - Stocks and bonds falling so rapidly, now means that it improves prospects in 2023
      - Portfolio managers are on the fence from where the feds are going
      - Q4 was strong for PACE, encouraging results to where we were the year before.
      - Strong selection by portfolio managers, therapy can be a leading indicator of consumer spending
      - The point of private investing is to be discerning with how you invest your money, so committed v. contributed can vary in the beginning.
      - It's hard to assess given past two quarters only
  - Comments from Tim Belanger:
    - 14% deficit from one year ago, correct? Yes. When do we imagine to come back from that deficit? June 2022 will roll off when we get to June 2023. As long as the next 6 months, we anticipate equity markets to cool off, and then the bond markets are more stable.
    - Frank Stratton clarifies that we can't expect a quick bounce back, it will be a longer process.



### III. Action Items

#### A. December 7, 2022, meeting minutes

- a. *"I move approval of the December 7, 2022, PACE Trust meeting minutes"*

***Paul Andrew moves, David Kruse seconds. No objections. Motion carries.***

#### B. PACE Trustee nomination

- a. *Sample motion: "I move approval of Sean Taggart as the nomination from the PACE Trust Board to OSBA Board of Directors for appointment."*

**Dawn Moorefield makes the first motion. Tim Belanger seconds. No objections. Motion carries.**

#### C. PACE Trust 2023-2024 meeting calendar

- a. *Sample wording: "I move approval of the 2023-2024 PACE Trust Meeting Calendar"*

***David Kruse makes the first motion. Dawn Moorefield seconds. No objections. Motion carries.***

### IV. Department Presentations

#### A. Risk Management Report – *Dan Davenport*

##### a. *General commentary*

- *New risk employees. June 29<sup>th</sup>, Bend CC.*
- *16,000 lines of property coverage, coverage adjusted when looking at properties.*
- *Self Assessment Tool – survey has been great success. Requesting walk throughs and additional training, and how we help them.*
- *McKenzie has many trainings, huge benefits.*
- *Risk is one of those things that you learn by experience. Lots of training new people. What is training like?*
- *Tim asks if McKenzie's specialization takes away from risk consultant walk throughs. And Dan says no, her role is going well. Want to make sure her position isn't fully depressing. And Also, we are now fully staffed.*

#### B. Underwriting Report – *Chris Hill*

##### a. *General commentary:*

- *Last year, property markets have not improved since then.*
- *Our strategy meeting was not as positive as we hoped, but our processes before we're able to avoid what our brokers are said is normal for other pools. We're about to increase our 8%, which is pretty good.*

- *Rate increase of 25%, which is a pretty big overhead adjustment. To our members, an average of 15%.*
- *We will be strategizing how we communicate that out to the membership. Some members may be seeing close to 20%.*
- *Possibly an issue with a section of our liability reinsurance, we may not renew, so trying to find someone new.*
- *Sharla notes that schools need to know now, because they are working on budgets.*
- *Tim asks if we have seen reinsurers leave the market? Frank says yes. There are more profitable insurance markets and also there is just increased risk. Earthquake and flood are really driving up.*
- *Private industry is seeing 40-50% increase - it's just universal.*
- *Brett thinks there is an opportunity to share this with OASBO this week? Maybe pull Jackie into a conversation.*
- *Increasing constructions cost*
- *AIG is renewing, but we are working on our new cyber requirements.*
- *Working on new cyber requirements for next year.*
- *Brett mentions the renewal strategy document is really helpful and informative.*

*Dawn W. exits at 9:38am due to tech issues.*

*Dawn W. rejoins at 9:42am.*

*Lori enters at 9:56am.*

C. Legal Department - Haley Percell

a. *General commentary:*

- *Non-renewal season is in full swing.*
- *The good news is we are getting phone calls - we also had a webinar in late January which may be helping.*
- *COVID vaccine claims - continuing ongoing legal requirement for vaccines. Religious exemptions handled differently. Up to 50 staff that have filed complaints, BOLI or suing. They are suing school districts and not the state who enacted this law.*
- *Don't know what will happen if it gets to the supreme court. Asked Jim and Lori to help with us, as this could be bad for school districts.*
- *Positive: Therese and I went to an equity conference at an Oregon city school district and it was great. 6 or 7 different options for staff to select. Looked really well attended. Ours*



*was on All Students Belong. Teachers felt like they were not told about All Students Belong.*

D. Claims Report – Jens Jensen

a. *General commentary:*

- *Concept of social inflations, attorneys are asking for more and that makes think the jury this is a bigger case than it is. And it can sometimes work.*
- *Winter weather alerts – still caught people off guard. Does coverage go down if a district isn't prepared and we've prepared them?*
- *Make sure to run background checks.*
- *Try not to let clubs use district logos*
- *Concept of “dual agent” – not a good idea, but the judges bought into this, unfortunately. Almost went to the 9<sup>th</sup> circuit.*
- *Paul Andrews – asks about confidentiality? Jens always takes out an identifying language. Jens relies on Trustees to not to forward but that's why he makes it the PPT pretty basic on purpose.*
- *Dave says we will continue how claims are reported on an ongoing basis.*

E. Financial Report – Michael Doherty

a. *3.5 million interest earnings*

- b. *Bottom of the actuary's range, but it is to be expected during the bad year, but we will get back up with more interesting earnings. Did have to pass along our bad year to an increase in rate.*

F. Legislative Report – Lori Sattenspiel

A. *Highlights – a lot of special education bills, shortened days, etc. ODE already lost a lawsuit.*

- *Senate Bill 790 Seclusion and Restraint. There are workers being injured. Based on the amount of claims that SAIF sent me, districts may not be good at putting in a claim that they're injured. Make sure to educate districts that they need to report claims. How to protect the staff v. protecting the student.*
- *Employment practice related bills.*
- *Restorative Justice. Records of juvenile to be expunged, to not be impact any employment background checks.*
- *Agism.*
- *“Just Cause for our classified workers.*



- *Paul & Tim: do we already disincentivized an already thin work force. Falls on the superintendent.*
- *Some EAs won't file injury claim because then they can't file a claim later.*
- *This person supporting this bill is almost downright hostile. Complaint against legislator. Not open to adjustments.*

### Lori exits at 10:42am

#### V. Discussion Items

- A. PACE Agreement for SDAO & OSBA Board input – Dave Harvey
  - a. Tim would like to share that any and all perspective that you have, even if it's not today.
  - b. Paul would like to thank the group for doing this.
- B. Board Activity Reports – *Trustees*
  - a. Sharla did a walk through with COCC
- C. PACE Administrator update – *Dave Harvey*
  - a. Dave and Haley had a lot of good conversations with everyone at the winter COSA conference.
- D. Future Trustee topics and activities – *All*

#### VI. Informational Reports *Usually not discussed unless a Trustee has a question.*

- A. Legislative Report – *Lori Sattenspiel*
- B. Communications Report – *Alex Pulaski*

#### VII. Future Trust Meetings and Trustee Attendance

- A. April 12, 2023, 10am Service Contract Committee Meeting, Sunriver OR
- B. April 12, 2023, Sunriver, OR
- C. April 13, 2023, PACE Day, Sunriver, OR
- D. July 27, 2023, Service Contract Committee Meeting, Sisters
- E. July 27 & 28, 2023, Sisters

#### VIII. Trustee Training Opportunities

- A. *Association of Governmental Risk Pools (AGRiP)*
  - Governance and Leadership Conference  
Normally the PACE Trust Board is in attendance  
A focus on education for pool governing bodies, with additional leadership and timely operational content.
    - March 5 – 8, 2023 – Orlando, FL
- B. *Oregon Public Risk Management Association (OR-PRIMA)*
  - Spring and Fall Conference  
Date and location TBD



OR-PRIMA is the only state association dedicated solely to the practice of risk management in the public sector, providing a one-stop local resource for educational programming, risk resources and networking opportunities to chapter members who coordinate risk management, purchase insurance, manage human resources, administer safety programs, manage labor issues, and much more.

c. *Public Risk Management Association (PRIMA)*  
Annual Convention

The Association's mission is to promote effective risk management in the public interest as an essential component of public administration.

June 4-7, 2023 - Long Beach, CA

IX. Adjourn to lunch

Adjourned at 10:58am.

X. New Trustee Orientation Committee

A. Dave Harvey, John Rexford, Frank Stratton, Jim Green and Scott Neufeld