



BOARD OF TRUSTEES MEETING MINUTES

April 10, 2024; 12:30 pm-4:30 pm

AGENDA

Sunriver Resort and Conference Center
Meeting room: Heritage room
17600 Center Dr, Sunriver, OR 97007

PACE Trustees: Tim Belanger (Chair), Business Director, Oregon Trail 46; Dawn Moorefield (Vice Chair), Assistant Superintendent, Cascade 5; David Kruse, Director of Safety & Risk, North Clackamas; Paul Andrews, Superintendent, High Desert ESD; Dawn Watson, OSBA Board Member, Phoenix-Talent 4; Olivia Meyers-Buch, Director of Operations and Finance, Corvallis; Jordan Ely, Chief Financial Officer, Northwestern Regional ESD; John Rexford (Trustee Emeritus), Leadership Support Specialist, High Desert ESD; Sean Taggart, Director of Risk Management, Rogue Community College; George Mendoza, Superintendent, La Grande 1.

OSBA Staff: Dave Harvey, PACE Administrator; Emily Welborn, PACE Sr. Administrative Assistant; Meghan Peterson, Membership; Emielle Nischik, Acting Executive Director; Haley Percell, Chief Legal Officer; Michael Miller, interim Legal Services Director; Alex Pulaski, Communications Director; Chris Davidson, Chief Operating Officer; Henry van Vuuren, IT Analyst

SDAO Staff: Frank Stratton, Executive Director; Scott Neufeld, Deputy Executive Director; Dan Davenport, Director of Risk Management; Jens Jensen, Property Casualty Claims Manager; Chris Hill, Underwriting Manager; Michael Doherty, Chief Financial Officer; Meghan Howk, Risk Management Consultant; McKenzie Nix, Sexual Abuse Prevention Consultant; Troy DeYoung, Sr. Risk Management Consultant; Brad Eastman, Risk Management Consultant.

Guest(s): Cliff Simpson, Executive Managing Director, Brown and Brown; Katie Rector, Senior Vice President, Brown and Brown; Richard Poling, President, Structure Risk Management.

I) Lunch at 12:00 pm

Meeting called to order at 12:33 pm

II) Welcome 12:30 pm

a) Acknowledge any guests- *Tim Belanger, Chair*

III) Action Items

a) February 5, 2024, meeting minutes

i) Sample motion: *“I move approval of the February 5, 2024, PACE Trust meeting minutes.”*

David Kruse motions, Paul Andrews seconded. None opposed. None abstained. Minutes are approved unanimously.

b) PACE Trust 2024-2025 Meeting Calendar- *Dave Harvey*

John Rexford motions, David Kruse seconds. None opposed. None abstained. Meeting calendar 2024-2025 approved unanimously.

c) Underwriting- *Chris Hill*

i) Property reinsurance renewal- *Cliff Simpson and Katie Rector, Brown and Brown George Mendoza enters 12:37*

- April first huge renewal date, not all quotes are solidified. Will be asking for ability to adjust- Chris
- 2023 longest hard market. More difficult than 1992, after 9/11, and after Katrina.
- 2023 property market driven by macroeconomic factors: Industry losses, Inflation, Interest rates, supply/demand imbalance.
- When interest rates go up, bond values go down; 60-70% of insurance money is in bonds. When/if a large, unexpected cat event happens that they need to pay for, companies must sell bonds at a loss to pay for large claims.
- 01/01/24 market stayed flat (0-5% rate increase) after seeing 01/01/23 huge rate increase (30-100%).
- Supply/demand corrected itself.

Sean Taggart enters 12:53

- 0.35 of every dollar in premiums goes to run the business
- Travelers 1.1% increase

- Terrorism 2.2% increase

Dave brought up idea of moving Trust meeting due to renewal dates. (we don't have the full picture in April) Can try to move next year or build in a special meeting,

Dan Davenport exited 1:23

(1) Sample motion *"I move approval authorizing the purchase of property insurance as presented."*

Brad Henry motions, Olivia Meyers Buch seconds. None opposed. None abstained. Motion approved unanimously.

ii) General liability reinsurance- *Richard Poling*

- Increases 10% or higher in liability market.
- Biggest liability is sex abuse. Now projecting claims into their layer.
- Currently 22 sex abuse claims.
- Proposed 8.8% increase. Dead set on \$2 million retention. Nationwide company is facing more sex abuse claims and higher payouts. Shrinking participation in program from \$9-10 million to \$4 million.

Dave asks "Are all 22 [sex abuse] claims from the last policy year?"

Richard- yes they are.

- Hope to have a deal with a 7% increase with Euclid, nothing set in stone yet.
- None of the insurers will 'play' in other layers. If there are gaps, we will have to go back out to the market.

(1) Sample motion *"I move approval authorizing the purchase of general liability insurance as presented."*

Brad Henry motions, David Kruse seconds. None opposes. None abstained. Motion to approve the purchase of general liability insurance as presented passes unanimously.

Jordan Ely motions, David Kruse seconds. None opposed. None abstained. Motion to approve purchase of Crime and Cyber insurance as presented passes unanimously.

d) 2023-2024 Budget- *Michael Doherty, Dave Harvey, Chris Davidson, Dawn Moorefield, Olivia Meyers Buch*

- SDAO Contract- updated salaries/benefits; main change is IT added position.
- Administrative cost to PACE increase

- OSBA large increases- keeping up with attorney pay, change in administration (Jim to Emielle)
 - VectorSolutions has changed their product for higher education.
- i) Sample motion: *“I move approval for the 2024-2025 proposed budget as presented.”*

Jordan Ely motions, Brad Henry seconds. None opposed. None abstained. Motion passes unanimously.

Katie, Cliff and Richard exit 1:53

e) Funding for Amicus Brief

- Southwestern Oregon Community College appealing jury verdict awarding emotional distress damages on a breach of contract claim.
- Up to 10-15 thousand needed upfront with hopes that other parties will chip in.

Sean comments that the ripple effects are catastrophic.

- i) Sample motion: *“I move to authorize the expenditure of up to \$15,000 of PACE general funds towards an amicus brief in support of Southwestern Oregon Community College’s pending Ninth Circuit Appeal with an instruction to staff to seek assistance from the OSBA Legal Assistance Trust and the other entities involved in the original amicus brief.”*

Paul Andrews motions, Brad Henry seconds. None abstained. None opposed. Motion passes unanimously.

Tim Belanger calls for break 2:04, return at 2:22

IV) Department Reports and Presentations

a) Claims Update- *Jens Jensen*

- High frequency, high severity claims. Non-renewal season
- Property claims- have started repairs, wrapping up. No new freeze claims.
- Good news- Springfield student alleged he was attacked in the bathroom kicked in the groin, attempted to mediate, mother admitted at trial she had never witnessed injuries, teachers stated no scuffle heard, awarded a defense verdict.
- Mt. Hood CC, allegation by adult student in photography program, intern with photographer alleged she was touched inappropriately by instructor. Admin at college was talking to ex-boyfriend, admin said he knew that professor was trouble and other claims had been made (they hadn’t) ended up high value claim.
- Update to Southern Oregon ESD property loss from 2020 (2:28)

- Longtime claim for Superintendent- hostile work environment against board, last demand was \$300K, judge felt it was appropriate. Board member had used 'rough' language said unkind things offer of judgment made for \$50K and fees (\$47K) to that point, accepted.
- Quicker SAM cases are identified, decreases severity.

Chair asks "There is big downsizing coming, are we doing training?"

Haley comments we can 'dust off' layoff trainings and recirculate.

b) Financial Report- *Michael Doherty*

- Paul Andrews asks about the 2022-23 claims, see an edit that Michael will fix.

c) 2024-2025 5% General Liability Discount- Dan Davenport

- Scott Neufeld will give report in place of Dan Davenport.
- New PSA on bullying and harassment, will be ready in July.
- Mitigation minutes are being put on the PACE website.
- New category for supervision and safety
- Cybersecurity requirements

V) Informational Reports (These reports are informational only and can be discussed at the request of any trustee.)

a) Legal Report- *Michael Miller*

b) Risk Report- *Dan Davenport*

c) Communications Report- *Alex Pulaski*

d) Russell Investments- *Darrin Hogsed*

VI) Discussion Items

a) Board Activity- *Trustees*

- AGRiP- a lot of sessions RE: AI and how to use. Dawn says it is exciting but scary, starting to use it in her work in HR. John Rexford agrees, some good sessions- work smarter. Don't want to rely on it exclusively but it is a good tool to use.
- Olivia comments that she believes what we are doing is in line with best practices.

b) PACE Administrator Update- *Dave Harvey*

c) Future Trustee topics and activities request- *Trustees*

VII) Upcoming Trust Meetings and Activities

- a) July 22nd & 23rd 2024, Eagle Crest Meeting Facility
- b) September 23rd, 2024, 9:00 am, LGC/OSBA
- c) December 4th, 2024, 9:00 am, The Gordon Hotel, Eugene
- d) February 3rd, 2025, 9:00 am, LGC/OSBA
- e) April 9th, 2025, Sunriver Conference Center
- f) April 10th, 2025, PACE Day, Sunriver Conference Center
- g) July 21st & 22nd, 2025, Bend area TBD

VIII) Trustee Training Opportunities

- a) Association of Government Risk Pools (AGRiP)
Governance and Leadership Conference,
March 9-12, 2025, (West Coast)

IX) Adjourn:

Meeting adjourned by chair at 3:00 pm

X) Reception/Dinner 5:00 pm