



BOARD OF TRUSTEES MEETING

APRIL 9, 2025
11:00 am- 4:30 pm

AGENDA

Sunriver Resort and Conference Center
Meeting room: Heritage 1 & 2
17600 Center Dr, Sunriver, OR 97707

Please email pace@osba.org for access to meeting recording

PACE Trustees

Present in-person: Tim Belanger (Chair), Business Director, Oregon Trail 46; Dawn Moorefield (Vice Chair), Interim Superintendent, Jefferson SD; David Kruse, Director of Safety & Risk, North Clackamas; Olivia Meyers-Buch, Executive Director of Business Services, Lane ESD; John Rexford (Trustee Emeritus), Leadership Support Specialist, High Desert ESD; Sean Taggart, Director of Risk Management, Rogue Community College; Brad Henry, Chief Operations and Financial Officer, Jefferson County SD and ESD.

Present virtually:

Dawn Watson, OSBA Board Member, Phoenix-Talent 4; Jordan Ely, Chief Financial Officer, Northwest Regional ESD; George Mendoza, Superintendent, La Grande 1.

OSBA Staff

Present in-person: Dave Harvey, PACE Administrator; Emily Welborn, PACE Sr. Administrative Assistant; Emielle Nischik, Executive Director; Haley Percell, Interim Deputy Executive Director and Chief Legal Officer; Michael Miller, Interim Legal Services Director; Jaime Conder, Director of Finance and Operations; Henry van Vuuren, IT Analyst.

Present virtually: Stacy Michaelson, Director of Government Relations and Communications.

SDAO Staff: Frank Stratton, Executive Director; Scott Neufeld, Deputy Executive Director; Jens Jensen, Property Casualty Claims Manager; Chris Hill, Underwriting Manager; Michael Doherty, Chief Financial Officer; Troy DeYoung, Sr. Risk Management Consultant; Angela Smith, Sr. Claims Consultant.

Guests

Present in-person: Richard Poling, StrucSure Risk Management Group.

Present virtually: Katie Rector, Brown and Brown; Cliff Simpson, Brown and Brown.

- I. **Welcome and Education Session- 11:00 am**
 - a. Acknowledge any guests- *Tim Belanger, Chair*
 - b. Public Meeting Law Training - *Haley Percell, Spencer Lewis, Michael Miller*
- II. **Lunch at 12:30 pm**

Tim Belanger called the Trust meeting to order at 1:02 pm.

- III. **Department Reports and Presentations**

a. Claims update- *Jens Jensen*

Staffing changes

- New adjuster, Ashley Calvo, will handle employment and school liability exposures
- Toby Stang will take over handling cybercrime exposures
- Mike Hackbart retiring

Reservation of Rights letter- Bend-La Pine auditorium loss

- Matrix insurer questioning if this is a covered loss, building was torn down during midst of investigation due to being unsafe. Our coverage is an all-risk style coverage which would make this a covered loss unless something was found to exclude it from coverage. Two engineers have looked at this building prior to its destruction and the cause of the loss could not be determined.

Reservation of Rights letter- David Douglas High School

- Genesis issued ROR letter after PACE settled 2 abuse cases (\$1.5 m and \$2.5m)
- Genesis alleges the district should have known about the abuse and this makes it a non-covered claim
- Legal counsel for PACE is drafting a response asserting Genesis' responsibility to pay and that this is a covered claim.

Board Chair asks, "In this particular case, are they alleging that they knew and didn't do their duty?"

Jens confirms that is the allegation.

Board Chair asks "What are the hinging points of decision one way or the other?"

What is the perspective from PACE?"

Jens explains that they are talking to the coverage council to help craft a response to the letter but it will basically be that Genesis needs to honor their contract.

- **Bend-La Pine School District:** Resolved a case involving highly inappropriate behavior among kindergarten students for \$73,000, pending court approval.
- Lincoln County School District:** Resolved a case involving a special needs student for \$450,000.
- **Newberg School District:** Resolved wrongful termination case for \$135,000, with \$50,000 contributed by the PACE program.
- Medford School District:** Ongoing property claim for roof collapse due to snow, potentially valued around \$10 million.

b. Financial Report- *Mike Doherty*

Quarterly Financials:

- Property claims total \$8.1M, exceeding the budgeted \$7.5M, with additional liability claims at \$11.2M.
- Actuarial estimates align closely with current reserves, with some adjustments for prior year claims.
- Positive net income of \$1.6M driven by savings on reinsurance and premium collections.

Investment Earnings:

- Earnings currently at 100% of the annual target, but market volatility could impact year-end results.

IV. Action Items

a. Board Chair appointment July 1, 2025 through June 30, 2027

i. Requires nomination and vote

Tim Belanger, current Trust chair nominated Dawn Moorefield for Board chair. None opposed, Dawn Moorefield abstained. Dawn Moorfield is elected PACE Trust Chair effective July 1, 2025.

Olivia Meyers-Buch: Yea, Brad Henry: Yea, David Kruse: Yea, Sean Taggart: Yea, Tim Belanger: Yea, George Medoza: Yea, Dawn Watson: Yea Jordan Ely: Yea; Dawn Moorefield: abstained.

b. Board Vice-Chair appointment July 1, 2025 through June 30, 2027

i. Requires nomination and vote

Brad Henry nominated David Kruse for Board Vice-Chair. None opposed, David Kruse abstained, David Kruse is elected PACE Trust Vice-Chair effective July 1, 2025.

Olivia Meyers-Buch: Yea, Brad Henry: Yea, Dawn Moorefield: Yea, Sean Taggart: Yea, Tim Belanger: Yea, George Medoza: Yea, Dawn Watson: Yea, Jordan Ely: Yea, David Kruse: abstained.

c. Underwriting Department presentations and PACE Trust Board action items

i. Presentations from brokers on property market - *Cliff Simpson and Katie Rector, Brown & Brown*

Market Conditions

-Property insurance market has shifted after a prolonged hard market and is competitive and softening, which is favorable to buyers.

Market softening caused by

- Improved profitability for property carriers
- Favorable reinsurance treaty renewals at lower rates
- Increased investment yields as older bonds roll off
- Shift in capital allocation from casualty lines.

Current loss projections

- Estimated \$35m-60m in gross property claims for current term
- Midpoint suggests ~\$45m in net losses to the reinsurance panel
- Losses are concentrated in the primary layer, excess layers mostly unaffected

Implications for renewal

- Markets that paid claims will most likely seek rates increases
- Excess markets expected to see rate reduction
- Strategy will be to target savings in excess layers to offset increases in primary layers.

ii. Property coverage document changes- *Chris Hill*

- a. *I move to approve as presented in substance, knowing that there may be minor adjustments.*

David Kruse motions, Brad Henry seconds. None opposed. None abstained. Motion passes unanimously.

Olivia Meyers-Buch: Yea, Brad Henry: Yea, Dawn Moorefield: Yea, Sean Taggart: Yea, Tim Belanger: Yea, George Medoza: Yea, Dawn Watson: Yea, Jordan Ely: Yea, David Kruse: Yea.

iii. Property reinsurance (potentially delayed until special May 2025 PACE Trust Board Meeting)– *Chris Hill*

- a. No motion at this time, Trust to hold additional meeting in May to reevaluate.

iv. Equipment breakdown (potentially delayed until special May 2025 PACE Trust Board Meeting)– *Chris Hill*

- a. *No motion, will be discussed in May meeting.*

v. Presentation from broker on general liability reinsurance market - *Richard Poling*

Richard Poling discussed the liability reinsurance market, highlighting challenges with Genesis and Euclid Hudson. Genesis proposed a significant rate increase, reduced limits from \$4.5 million to \$3.5 million, and introduced a new \$10 million aggregate limit per member. Euclid Hudson added a surprising \$2 million corridor deductible. The team is actively marketing to other carriers like Safety National, Munich Re, and Obsidian to find competitive quotes.

vi. *Liability coverage document changes - Sexual Misconduct changes – Chris Hill*

Proposed changes include:

- Creating an endorsement members apply for, with different levels of coverage (1, 5, 10 million)
- Denying coverage if it is discovered an administrator knew of the abuse and failed to report

- a. *"I move to approve coverage document changes as presented."*

Dawn Moorefield motions, David Kruse seconds. None opposed. None abstained. Motion passes unanimously.

Olivia Meyers-Buch: Yea, Brad Henry: Yea, Dawn Moorefield: Yea, Sean Taggart: Yea, Tim Belanger: Yea, George Medoza: Yea, Dawn Watson: Yea, Jordan Ely: Yea, David Kruse: Yea.

vii. Liability reinsurance – Chris Hill

- a. No motion at this time, will be discussed in May meeting.**

viii. Cyber coverage – Chris Hill

-AIG is expected to provide an as-is renewal quote, with a potential option to increase the aggregate limit from \$5 million to \$10 million.

ix. Crime coverage – Chris Hill

-AIG provided a crime insurance quote with only a \$200 difference from the previous year.

- a. I move to approve crime and cyber coverage as presented.**

David Kruse motions, Brad Henry seconds. None opposed. None abstained. Motion passes unanimously.

Olivia Meyers-Buch: Yea, Brad Henry: Yea, Dawn Moorefield: Yea, Sean Taggart: Yea, Tim Belanger: Yea, George Medoza: Yea, Dawn Watson: Yea, Jordan Ely: Yea, David Kruse: Yea.

Katie Rector and Cliff Simpson log off at 2:57 pm.

George Mendoza logs off at 3:00 pm.

Chat 15:00:41 From George Mendoza : “Need to go to an investigation meeting- Very sorry- My feedback was basically if we can limit any cost increases to our school districts that would be my preference. The goal of increasing our premium rates so that we have a strong fund balance is great; The goal of getting to 75 million is great; However this is not the best time to ask school districts to budget more resources unless they have to. Moving the amount to 12% or 15% would be better for most school district budgets.”

Chat 15:07:09 From Jordan Ely, NWRES (he/him) : I also need to leave to get out to Seaside for a board meeting. I share George’s concerns with our rate increase, but I also recognize that if we do not raise sufficiently this year, we will have to make up for it in a later year, and there is no guarantee that the fiscal picture will be better in that future year. I do not have a strong enough opinion to attempt to sway the conversation in either direction. I’ll defer to my fellow trustees and to staff.

Chat 15:08:10 From Jordan Ely, NWRES (he/him) : Regarding the retainage policy revisions, I did not see anything that raised concerns for me.

Jordan Ely logs off at 3:17 pm.

d. 2025-2026 Budget- Mike Doherty, Dave Harvey, Jaime Conder, George Mendoza, Olivia Meyers-Buch

Budget proposal presented, estimating an average of 18.5% increase in premiums.

- Claims estimates increased by \$4.5 million, with ~\$2.5 million coming from liability claims.

- Reinsurance budgeted with a 50% increase for general liability and 20% increase for property.
- Budget projects large increase in net income of \$7.9 million.
- Mike Doherty poses two questions:
 - Whether the full \$7.9 million net income is necessary
 - If reinsurance costs come in lower, should we reprice and return funds to members

Tim Belanger asks if the lion's share of those are new things that manifested during the year, as opposed to development of existing claims? Mike Doherty replies with "I would say so, yes."

- i. *"I move approval for the 2025-2026 proposed budget as presented "* Brad Henry motions, Dawn Moorefield seconds. None opposed. None abstained. Motion passes unanimously.

Olivia Meyers-Buch: Yea, Brad Henry: Yea, Dawn Moorefield: Yea, Sean Taggart: Yea, Tim Belanger: Yea, Dawn Watson: Yea, David Kruse: Yea.

- e. **PACE** Board Policy: Retained Earnings Policy – *Dave Harvey and Mike Doherty*
Mike presents clarification to number 9 of the Retained Earnings Policy. Stating there was confusion around the reference to 25%. Language was changed to be more definitive, stating that 25% was in and above the range.

- i. *I move to approve the Retained Earnings Policy as presented* David Kruse motions, Brad Henry seconds. None opposed. None abstained. Motion passes unanimously.

Olivia Meyers-Buch: Yea, Brad Henry: Yea, Dawn Moorefield: Yea, Sean Taggart: Yea, Tim Belanger: Yea, Dawn Watson: Yea, David Kruse: Yea.

V. Informational Reports

These reports are information only and can be discussed at the request of any Trustee.

- a. Russell Investment Report
- b. February 2, 2025 meeting minutes
- c. Legal report- *Michael Miller*
- d. Risk report- *Troy DeYoung*
- e. Communications report- *Stacy Michaelson, Gina Hutchinson*
- f. Government Relations report – *Adrienne Anderson*

VI. Discussion Items

- a. **Board** Activity- *Trustees*
The board discussed AGRiP, stating there were a lot (almost too many) sessions on AI.
- b. PACE Administrator update- *Dave Harvey*
Dave discussed upcoming conferences and opportunities the PACE team will have to speak to members about proposed coverage changes.

- c. Future Trustee topics and activities requests- *Trustees*

VII. Upcoming Trust Meetings and Activities

- a. April 10, 2025, PACE Day- *Sunriver*
- b. July 21 & 22, 2025- *Bend*
- c. September 8, 2025 - *Salem*
- d. December 3, 2025- *Eugene*
- e. February 9, 2026- *Salem*
- f. April 22, 2026- *Sunriver*
- g. April 23, 2026 PACE Day- *Sunriver*
- h. July 20 & 21, 2026- *Bend*

VIII. Trustee Training Opportunities

a. *Association of Governmental Risk Pools (AGRiP)*

Governance and Leadership Conference

PACE Trust Board attendance

A focus on education for pool governing bodies, with additional leadership and timely operational content.

- March 1-4, 2026, Nashville TN

b. *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 1-4, 2025; Seattle, WA

June 7-10, 2026, Fort Lauderdale, FL

IX. Adjourn: Meeting called to an end by Tim Belanger at 3:43 pm.