



## BOARD OF TRUSTEES MEETING

April 12, 2023

12:30pm - 4:30pm

### OFFICIAL MEETING MINUTES

Sunriver Resort and Conference Center

Meeting room: Great Hall

17600 Center Dr, Sunriver OR 97707

Or via Zoom link

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**PACE Trustees:** David Kruse, Director of Safety & Risk, North Clackamas; Dawn Moorefield, Assistant Superintendent (virtual), Cascade 5; Paul Andrews, Superintendent, High Desert ESD; John Rexford, Leadership Support Specialist, High Desert ESD (Trustee Emeritus); 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 46; Brad Henry, Chief Ops & Financial Officer

#### **Absent PACE Trustees:**

**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, Chris Davidson, Chief Financial Officer

**Absent OSBA Staff:** Lori Sattenspiel, Legislative Director

**SDAO Staff:** Jens Jensen, Property Casualty Claims Manager; Chris Hill, Underwriting Manager; Frank Stratton, Executive Director; Michael Doherty, Chief Financial Officer; Scott Neufeld, Chief Operations Officer; Dan Davenport, Risk Manager

**Outside guests:** Richard Poling, Katie Rector, Cliff Simpson

#### I. Lunch at 12:00pm

*Chris Davidson is in attendance at 12:37pm*

#### II. Welcome

**Brett Yancey adjourns the meeting at 12:37pm.**

a. Acknowledge any guests - Brett Yancey, Chair

#### III. Presentations

- a. Russell Investments Client Representative introduction and PACE investment update – Darrin Hogsed from *Russell Investments*

*General Notes:*

- *After about 10 US dominance, diversification is starting to play and is good for our investments.*
- *2 quarters of GDP decrease is technically a recession. Growth is slowing in the US.*
- *Lending is tightening even further. This could tamp down demand, which is a byproduct of higher interest rates. This is the cause of most interest rates.*
- *In terms of our outlook, we're staying pretty close to the benchmark.*
- *Darrin Hogsed concludes presentation at 12:57pm.*

#### IV. Department Reports and Presentations

- a. Claims Update – Jens Jenson

*General Notes:*

- *“Waiver of privilege” it has a chance to open up claim files that we have currently in litigation. But they need to be confidential. No longer any powerpoints, and paper packet only. Only redacted information. Questions before executive session?*

- b. Claims Report – Jens Jensen

- i. *Executive session* - The Board of Trustees will now meet in executive session pursuant to ORS 192.660(2)(f), ORS 192.355(9)(a), and the work product doctrine to consider one or more records that are confidential under Oregon law and therefore exempt from public inspection [[and pursuant to ORS 192.660(2)(f) and ORS 192.345(1) to consider records of a public body pertaining to litigation to which the public body is a party or is likely to become a party.]]
- ii. Representatives of the news media and designated staff shall be allowed to attend the executive session. All other members of the audience are asked to leave the meeting. Representatives of the news media are specifically directed not to report on or otherwise disclose any of the deliberations or anything said about these subjects during the executive session, except to state the general subject of the session as previously announced. No decision may be made in executive session. At the end of the executive session, we will return to open session and welcome the audience back into the meeting.

*Jim Green returns at 12:46pm*

*Adjourned out of executive session at 1:10pm.*

*All those who exited during executive session return at 1:11pm.*

- c. Financial Report – Mike Doherty

*Notes:*

- *Decent revenues, 101/102% of revenue*
- *Claims haven't been too bad this past 9 months*

- *It doesn't take much for APD to over budget.*
- *Plenty of grant funds left, hopefully risk management can give those out.*
- *2.4 millions in earnings, and add \$600,000 to interest earnings.*
- *Retained earnings 40-45 million, 38-68 million is the range from the actuary.*

d. 2024-2025 5% General Liability Discount – *Dan Davenport*

*Notes:*

- *Saw Stop money still left, try to promote as much as possible.*
  1. *Brett asks if they do anything besides saw stop. They're trying to expand, but haven't perfected other types yet.*
- *Liability Self Assessment Discount*
  1. *SAM prevention*
  2. *Another member survey*
  3. *SAMP SA in the fall*
  4. *Goal is We Got This Poster in every school*
  5. *Cyber crime is big.*
  6. *Regional/webinar trainings – custodial, water damage, etc.*
  7. *Very successful member survey*
  8. *Insurance portal survey*
    - *Third party member friendly for the year after*

## V. Action Items

a. February 13, 2023 meeting minutes

- i. *Sample wording: "I move approval of the February 13, 2023 PACE Trust meeting minutes"*

*David Kruse motions, Brad seconds. None opposed. Motion carries unanimously.*

b. Board Chair Appointment July 1, 2023 through June 30, 2025

- i. *Requires nomination and vote*

*Brett nominates Tim. None opposed. Motion carries unanimously.*

c. Board Vice-Chair Appointment July 1, 2023 through June 30, 2025

- i. *Requires nomination and vote*

*Brad nominates Dawn Moorefield. None opposed. Motion carries unanimously.*

d. Underwriting – Chris Hill

- i. **Property reinsurance renewal** – Cliff Simpson and Katie Rector, Brown and Brown

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

*This is more an authorization to fill out the matrix, and understanding that it is probably a couple of weeks out.*

***Sharla Andresen motions. Paul Andrews seconds. None opposed. Motion carries unanimously.***

General notes:

- *Market right now: hard market. A market place where rates are going up, pressure on costs for buyers. Started in q4 in 2017, we're still in. Hardest market in the last three decades. Caused by significant inflation. 10 years before 2017 was a soft market.*
- *Hurricane Andrew 1972, 2001.*
- *History tells us that at the end of this year, 2017-2020. And then we were struck with a global pandemic. Insured losses. Big loss to the industry. But more than anything else, where governments had to react in order to prevent a Great Depression. Doesn't even count the supply damage that was done. 2022 was recovering, and then we had a land war in Europe. It costs more to repair/replace anything than it is to create new.*
- *Rate increase deceleration.*
- *Industry losses, interest rates, inflation, imbalance (supply/demand); CLIMATE CHANGE + urbanization*

e. **General liability reinsurance** – Richard Poling

- i. *Sample motion: "I move approval authorizing the purchase of general liability insurance as presented"*

***General Liability: Brad Henry motions. Olivia Meyers-Buch seconds. None opposed. Motion carries unanimously.***

***Crime Coverage: Paul Andrews motions. David Kruse seconds. None opposed. Motion carries unanimously.***

***Cyber Liability: David Kruse motions. Sharla Andresen seconds. None opposed. Motion carries unanimously.***

*Brett Yancey breaks the meeting at 3:02pm.*

*Brett Yancey readjourns the meeting at 3:12pm.*

f. **Coverage document changes** – Chris Hill

1. *Sample motion: "I move approval of the presented changes to the coverage document effective July 1 2023"*

***David Kruse moves. Brad Henry seconds. None opposed. Motion carries unanimously.***

- g. **2023-2024 Budget** – Michael Doherty, Dave Harvey, Chris Davidson, Brad Henry and Dawn Morefield

- i. *Sample motion: "I move approval for the 2023-2024 proposed budget as presented"*

**David Kruse moves, Olivia Meyers-Buch seconds. None opposed. Motion carries unanimously.**

General Notes:

- *All the people above Genesis have completely changed in the last 5 years. We're working really hard to get new players. Lots of general exits of reinsurers.*
- *What's different about your account – is the story you have to tell. Very proactive in actually telling people things in advance. Those who don't have SAM/Cyber stuff, are dead in the water right now. Many companies would be willing to renew without SAM.*
- *Tort prices are rising in Oregon.*
- *Frank recommends Option 1. He's feeling conservative right now.*
- *Chris H. says that if we increase now, we can't go back down. So he agrees with Frank.*
- *Estimating 13-15% increase so far. By 5/1 we should have everything filled in if everything goes well. So no recommendations for excessive layer at this time.*
- *Crime was an easy renewal. Pretty much flat.*
- *Cyber renewals is not good. But AIG understands what we are doing to combat cyber, so it's a good result for us. Not many people getting these kinds of terms. We need to make sure that this new person understands PACE. They are in charge of all pools.*
- *Chris says they'll probably want continued report on what we are doing. Is there a limit to what we can require of our members? Keep an eye on new/trending scams. They seem to worry about trending scams.*
- *Significant upward pressure on valuation due to inflationary pressures.*

- VI. Informational Reports** These reports are information only and can be discussed at the request of any Trustee
- a. Legal Report – Haley Percell
  - b. Risk Report – Dan Davenport
  - c. Communications Report – Alex Pulaski

*2:17pm: Meghan exits.*

*2:21pm: Brett exits.*

*2:23pm: Meghan returns.*

*2:23pm: Brett exits.*

*2:27pm: John exits.*

*2:39pm: Brad exits.*

*2:42pm: Brad returns.*

*2:55pm Henry exits for 10 min.*

## **VII. Discussion Items**

### **a. Board Activity – Trustees**

- i. Lots of Trustees to AGRIP. Brett did feel like it was a little less than what I've experienced in the past. Not quite as substantive. Still worth going.
- ii. Tim says groups brought up plaintiff attorneys v. defense attorneys. And it was interesting and sad.
- iii. Dawn said it was her first time. A little overwhelming. Looking forward to going back and learning more.
- iv. Paul says it would be worth assessing our own governance at some point.

### **b. PACE Administrator Update – Dave Harvey**

- i. Many upcoming conferences for members.
- ii. Notes from Lori: 2049: cybersecurity bill. Funding?
- iii. 3101: panic alarm in every classroom, passed the house. But costs a lot of money.
- iv. 790: special education bill, changes the definition of child abuse. All liability to entity and away from an individual. Not adequate training on restraint and seclusion.

*John R. exits at 3:50pm.*

*John R. returns at 3:54pm.*

*Richard Poling, Cliff Simpson and Katie Rector exit at 3:58pm.*

### **c. Future Trustee topics and activities requests – Trustees**

## **VIII. Upcoming Trust Meetings and Activities**

- a. April 13, 2023, PACE Day – Sunriver
- b. July 27 & 28, 2023 – Sisters Oregon
- c. September 25<sup>th</sup> 2023 Trust Meeting – Salem
- d. December 6<sup>th</sup> 2023 Trust Meeting – Eugene
- e. February 5<sup>th</sup>, 2024, Local Government Center
- f. April 10<sup>th</sup>, 2024, TBD
- g. April 11, 2024 PACE Day, TBD
- h. July 25<sup>th</sup> and 26<sup>th</sup> 2024, TBD

## **IX. Trustee Training Opportunities**

- A. *Association of Governmental Risk Pools (AGRiP)*  
Governance and Leadership Conference,  
March 3-6, 2024, Nashville

## **X. Board Chair Brett Yancey adjourns the meeting at 4:21pm**

