Summer Boards 2016

AM I COVERED? Maybe…

The presentation you will see and documents attached are designed to give you an insight into a number of complex topics. We will offer real answers and provide you with a mechanism to save your district money while keeping you out of the front page. Don’t miss out!

We look forward to the conversation.

Geoff and Scott
### Workplace Discrimination and Harassment

<table>
<thead>
<tr>
<th>Year</th>
<th>Prerequisite</th>
<th>Resources</th>
<th>Grading Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A. Provide a copy of your District's most recent adopted policy prohibiting employment discrimination which meets current federal and state regulations.</td>
<td>OSBA Policy GBA</td>
<td>Does District have separate policy for prevention of employment discrimination that complies with current federal and state regulations?</td>
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<tr>
<td>2</td>
<td>B. Provide a copy of your District's adopted policy prohibiting employment harassment which meets current federal and state regulations.</td>
<td>OSBA Policy GBN/JBA, GBNA</td>
<td>Does District have separate policy for prevention of employment harassment that complies with current federal and state regulations?</td>
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<td></td>
<td>C. Provide evidence all staff received copies of the district's current nondiscrimination and harassment policies that incorporates the criteria established in item A &amp; B.</td>
<td>Sample sign-off sheet- all staff Included in new hire staff training/documents.</td>
<td>How and where is verification of appropriate distribution kept? Verified by: Date:</td>
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<td></td>
<td>D. Provide evidence all administrators with supervisory authority have attended or taken the appropriate training.</td>
<td>See OSBA's website for upcoming trainings in your area. SafeSchools/SafeColleges Training: Discrimination: Avoiding Discriminatory Practices and Sexual Harassment: Staff to Staff</td>
<td>Provide verification and evidence of attendance by appropriate staff?</td>
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### Hiring Practices

<table>
<thead>
<tr>
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<th>Prerequisite</th>
<th>Resources</th>
<th>Grading Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A. Provide a copy of background and reference check form used by the District for new hires.</td>
<td>OSBA Policy GCDA/GDDA, GCDA/GDDA-AR</td>
<td>Does the District conduct proper background and reference checks for new hires that comply with current federal and state regulations?</td>
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<td>B. Provide a copy of adopted policies for current job descriptions for District staff.</td>
<td>OSBA Policy GAB, CBA</td>
<td>Does the District have policies related to job descriptions for staff? Review job descriptions</td>
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<tr>
<td></td>
<td>C. Provide evidence that all administrators and supervisors, with hiring authority have been trained on district hiring practices including veteran's preference.</td>
<td>OSBA Training, District specific hiring practices training</td>
<td>Does the District provide training to administrator and supervisory staff that are responsible for hiring regarding proper hiring practices? Provide documentation</td>
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</table>

**Subtotal: Discrimination/Harassment/Hiring**
### 2016 Employment Liability Toolkit

**District Name:**

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Prerequisite</th>
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<tbody>
<tr>
<td></td>
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<td><strong>Supervisory Practices</strong></td>
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<td>A. Annual Performance Reviews are conducted that incorporate the performance standards the job requires and provides employees with feedback and assistance on meeting the performance standards.</td>
<td>OSBA Policy GDN, GCN/GDN, GCN-AR, GDN-AR, CCG</td>
<td>Does the District conduct annual performance evaluations on staff's performance? Provide documentation</td>
</tr>
<tr>
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<td>B. Provide evidence all administrators, with supervisory authority, have attended or taken appropriate training.</td>
<td>OSBA Regional Training</td>
<td>What type of training was done for administrator and supervisory staff tasked with conducting annual performance evaluations? Provide documentation</td>
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<td><strong>Termination Process</strong></td>
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<td></td>
<td>A. Provide a copy of your district's adopted policy on termination of employment/disciplinary discharge and evidence of its distribution to all administrative staff with supervisory authority.</td>
<td>OSBA Policy GCPD, GCPD-AR Sample sign-off sheet- all administrators with supervisory authority.</td>
<td>Does district have policy/governance for termination of employment for misconduct and performance? How and where is verification of appropriate distribution kept?</td>
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<td>B. Provide evidence your district uses a formal and regular process for contacting PACE Pre-Loss for guidance prior to adverse employment action.</td>
<td>PACE Pre-Loss Flyer Sample Termination Check-Lists for performance and/or misconduct</td>
<td>What type of training was done for administrators on use of Checklist(s)?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>C. Provide evidence all administrators, with supervisory authority, have attended or taken the appropriate training.</td>
<td>OSBA Regional Training District specific termination process training</td>
<td>Provide verification the evidence of attendance by appropriate staff?</td>
</tr>
<tr>
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<td></td>
<td><strong>Subtotal: Supervisory/Termination</strong></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td><strong>Total Points: Discrimination/Harassment/Hiring &amp; Supervisory/Termination</strong></td>
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Verified by: ____ Date: ___
PACE's main objective is to provide reasonable rates and comprehensive coverage to our members. PACE offers unequaled price and coverage options, and our size and stable financial base help us negotiate the most competitive rates from reinsurers.

2015 highlights

PACE celebrated another year as the leader in property and liability insurance for Oregon education entities.

- PACE risk management experts conducted almost 300 onsite inspections and trainings.
- PACE provided regional training on grooming, boundary invasion, risk management, conducting effective investigations and other topics.
- PACE provided up to five free background and five free drug-testing checks per member.
- Pre-loss legal services provided Title IX audits, investigative services and Bureau of Labor and Industries (BOLI) issue defense.
- The trust is financially sound; retained earnings stand at over $31 million.

Personal service

Coverage documents, reinsurance policies, underwriting guidelines, claims adjusting services, loss control programs and training opportunities are all designed to fit the risk management needs of Oregon's public education organizations. Plans are clearly written so PACE members know exactly what they are buying, and member contributions are geared to their budgeting cycles.

PACE plans are occurrence based, which means they cover claims that happen during the term of the indemnity agreement regardless of when reported. PACE Liability Coverage protects members against loss from risks such as playground accidents, auto accidents and employee misconduct. PACE Property Coverage offers $100 million in coverage per member for damages to buildings, personal property and equipment.

Expertise and experience

The Oregon School Boards Association and Special Districts Association of Oregon formed PACE in 2006 to serve the unique needs of Oregon's public school districts, community colleges, education service districts and charter schools. PACE now insures more than 290 education members. Staff members are well versed in Oregon and federal law and are backed by the best school lawyers in the state.

Available through local independent insurance agents who will help you select the right level of coverage.
Complete coverage to meet your needs

Summary of coverage

General Liability
- Occurrence form
- Personal injury/property damage
- Bodily injury
- Commercial general liability
- Garage liability
- Advertising liability
- Teachers liability
- Contractual liability
- Errors and omissions (school board liability)
- Employees, board members, volunteers as insureds
- Employment-related claims
- Discrimination
- Sexual abuse
- Corporal punishment
- Students included as insureds for school-to-work programs
- Parent-teacher organizations, booster clubs and foundations as additional insureds, when operating under the jurisdiction and control of the district
- Incidental medical practice liability for school nurses
- Occupational Safety and Health Administration (OSHA) Defense — $5,000
- Oregon Government Ethics Commission (OGEC) Defense — $25,000
- Equal Employment Opportunity Commission (EEOC)/Bureau of Labor and Industries (BOLI) Defense — $50,000
- Pollution Liability — $100,000
- Injunctive Relief/Declaratory Relief Defense — $25,000
- Terrorism — $500,000
- Guest Premises Medical — $5,000
- Fair Dismissal Hearing Defense — $50,000
- Breach of Employment Contract Defense — $50,000
- Teacher Standards and Practices Commission (TSPC) Defense — $25,000
- Mold and Mildew Defense — $100,000
- Applicators Pollution Liability — $50,000
- Lead Handling Defense — $50,000
- Data Breach — $1,000,000

Crime
- Public employees' dishonesty coverage (depositor’s, forgery) — limits: $25,000 to $1 million aggregate
- Money and securities coverage — $50,000 limit available
- Blanket coverage for directors, employees and volunteers
- Treasurer and tax collector coverage
- Eliminates need to individually bond employees

Automobile Coverage
- Personal injury/property damage
- Uninsured motorist/bodily injury (UM-BI)
- (Optional) Uninsured motorist/property damage (UM-PD)
- Personal injury protection (PIP)
- Medical
- Physical damage
- (Optional) Hired auto physical damage
- Volunteer/employee deductible reimbursement
- Replacement cost on buses – 10 years or newer
- Auto liability

Property
- All risk
- Earthquake and flood
- Replacement cost available
- Extra expense — $5,000,000
- Business income — $5,000,000
- Property of students/teachers — $250,000 ($5,000 maximum per person)
- Accounts receivable — $500,000
- Transit — $500,000
- Valuable papers — $500,000
- Newly acquired — $5,000,000/60-day reporting
- Course of construction — $5,000,000

Boiler and Machinery/Equipment Breakdown
- Equipment breakdown — $50,000,000
- Broad form
- Business income/extra expense (BI/EE) — $5,000,000
- Demolition/increased cost of construction (Demo/ ICC) — $5,000,000
- Spoilage — $2,500,000
- Water damage — $5,000,000
- Ammonia contamination — $1,000,000
- Media and data — $1,000,000
- Utility interruption — $5,000,000

This is a summary; for specific sublimits, terms and conditions, see coverage documents.
Onsite education and training

PACE offers training and consultation services designed to make its members safer than ever. Training sessions are available regionally and onsite — most at no charge to members.

PACE consultants rely on national experts and actual claims experience to regularly update programs.

Members are encouraged to suggest training topics. Depending on the level of interest, PACE will develop a workshop to be held at your location or in your area.

Previous training topics

- Performance appraisals
- Employee discipline
- Oregon Family Leave Act (OFLA)
- Americans with Disabilities Act (ADA)
- Conducting internal investigations
- Employment law
- Bureau of Labor and Industries (BOLI) reporting requirements
- Conflict resolution
- Arson awareness & prevention
- Sexual Violence Elimination (SaVE) Act and Clery Act

Crisis management services

No one wants to experience a crisis, but sometimes they happen despite our best efforts. With PACE, you won’t face the problem alone. A PACE crisis management team will help a district respond and deal with legal issues and media attention.
Online training – 
SafeSchools and SafeColleges

PACE has partnered with the leading web-based staff training system. SafeSchools and SafeColleges courses are 100 percent school-focused and authored by more than 50 of the country’s foremost school safety experts. The program is currently used in over 2,500 entities nationwide.

The following courses are a sampling of what is included free of charge in coverage to PACE members. Members may also access the entire library of SafeSchools and SafeColleges courses at a reduced rate of $1.00 per full-time equivalent (FTE):

- Oregon Sexual Conduct
- Oregon Bullying Primer and Bullying Prevention
- Oregon Integrated Pest Management
- Oregon Concussion Awareness: Athletics
- Online Safety: Cyberbullying and Threats of Violence
- Sexual Harassment
- Sports Supervision and Safety
- Oregon Child Abuse
- Discrimination: Avoiding Discriminatory Practices
- Family Educational Rights and Privacy Act (FERPA)
- Child Abuse: Identification and Intervention
- Conflict Management: Staff-to-Staff
- Dating Violence: Identification and Intervention
- Diversity Awareness
- Reasonable Suspicion for Drug and Alcohol Use

Expert claims management

The PACE claims staff understand member needs and focus on finding appropriate coverage for PACE members, rather than looking for ways to avoid paying claims. The claims management office is in Oregon, allowing consultants to be anywhere in the state on short notice.

Claims management highlights

- Staff members with extensive experience handling Oregon public entity claims
- Guaranteed response within 24 hours on all claims
- Hands-on assistance at your site when a difficult situation occurs
- Open and continuous communication with members
- Focus on resolving claims fairly
- Panel of experienced legal experts
Legal services

PACE has expert attorneys with vast experience in school issues ready to advise members and provide defense, investigation and audit services.

Pre-loss legal services

PACE's full-time staff attorneys are ready to assist member districts on any issue that may lead to a lawsuit. Pre-loss services sharply reduce the time members spend in legal disputes. Members receive up to $1,000 of free pre-loss legal services per issue and can continue to receive legal advice from PACE attorneys at a reduced member rate, billed by the hour. If a member contacts pre-loss prior to taking an adverse employment action, the $25,000 minimum deductible will be waived.

Get advice you can trust – before a lawsuit is filed.

Risk management services

Working with PACE loss control consultants can produce substantial savings for your organization.

Risk consultants have a broad range of experience with all types of education-related exposures. They are also able to assist you on location, with consultants in Eastern and Western Oregon. Better still, their services are free to members.

Risk management services *free to members

• Physical inspection of facilities, with detailed safety recommendations
• Playground safety reviews by certified inspectors
• Specialized safety checklists on potential hazards
• Specialized training on a wide range of topics
• Special education restraint training

PACE offers a variety of tools to help manage risk:

• Drug and alcohol testing
• Criminal history background checks
• Property valuations and appraisals
• Potential litigation investigation
• Review of indemnification provisions
• Online claims, property and vehicle information
• Online reference library
• Regular updates on risk-management issues

pace.osba.org
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Facilities Manager, Tigard-Tualatin 23J

Debbie Laszlo, Vice Chair
Regional Risk/Benefits Manager, Redmond 2J

Sharla Andresen
Director of Contracts and Risk, Central Oregon CC

Marie Knight
Fiscal Assistant, Vernonia 47J

Craig Prewitt
Board Chair, Phoenix-Talent 4

John Rexford
Superintendent, High Desert ESD

Mike Schofield
Chief Financial Officer, Gresham-Barlow 10

Adam Stewart
Chief Financial Officer, Hillsboro 1J

Brett Yancey
Director of Business Operations, Springfield 19
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1-800-434-0154 x7032

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Oregon School Boards Association
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Salem, OR 97301
800-578-6722 / 503-588-2800

Special Districts Association of Oregon
PO Box 12613, Salem, OR 97309
800-285-5461 / 503-371-8667

Claims office:
PO Box 23879, Tigard, OR 97281
800-305-1736 / 503-670-7066
Use your PACE benefits

Call 503-588-2800 or 800-578-6722 and ask for PACE pre-loss services

Every PACE dollar is a member dollar. Call before you incur unnecessary legal costs that may be covered by PACE.

We're here to help.

For more information about PACE and PACE services, contact:

Lisa Frelley, PACE administrator
Oregon School Boards Association
1201 Court St. NE, Suite 400, Salem, OR 97301
Phone: 503-588-2800 / 800-578-6722
liferelley@osba.org

What PACE pre-loss is NOT:

PACE pre-loss advice does not include information about:

- Board policies
- Board member qualifications
- Board elections
- Board development (including, but not limited to, public records and meetings, charter schools, public contracting, transfers, and staff training requirements)

If you have questions about any of the above areas, please direct your inquiries to OSBA director of board development at 800-578-6722.

For human resources and labor relations related questions, contact an OSBA human resources consultant by calling 800-578-6722.
Get advice you can trust – before a situation gets out of control.

PACE gives you free legal and human resources help before a lawsuit is filed

PACE services minimize your costs and reduce risk with money-saving legal advice before a lawsuit is filed!

Each PACE member is entitled to up to $1,000 in free legal consultation per incident. (Legal service beyond that is billed by the hour.)

What is pre-loss?
These are topics covered in pre-loss assistance:

- Performance management
- Plans of assistance
- Terminations
- Waivers
- Review of indemnification provisions

Call PACE if you face these high-risk situations:

- **Personal Injury on school property**
  Whether it's a student injured at sports practice or a parent injured while attending a school event, our staff will walk you through the steps to help avoid a lawsuit.

- **Employee termination**
  If your district calls to consult with a PACE pre-loss attorney prior to making an employment termination or suspension decision, the $25,000 deductible for that termination or suspension case will be waived. (The waiver of the deductible does not apply if your deductible is greater than $25,000.)

- **Student or employee harassment, bullying, discrimination or retaliation**
  Call as soon as you receive notice of a complaint. We can assist with investigation and follow-up to minimize liability and resolve the situation.

- **Inappropriate staff/student relationships**
  Pre-loss staff can assist with the investigation; ending the employment relationship; communicating with the press, the community, criminal attorneys, and law enforcement; training staff on prevention; and meeting with your safety team.

- **Review of indemnification provisions**
  Before you sign a contract, run it by pre-loss staff to make sure you're protected. PACE attorneys routinely review all types of indemnification provisions.

- **Risk management for student activities and review of waivers**
  If your staff suggest an activity, call pre-loss staff to discuss ways to make it safer.

- **Human resources**
  Our human resources consultants will work with you to understand the components of effective plans of assistance so you know how to work with your staff to implement these plans and protect yourself from liability.

- **Title IX**
  Pre-loss staff can highlight potential issues and review your entire athletic program for compliance.

- **Other scenarios that could lead to a lawsuit.**

PACE Property and Casualty Coverage for Education
pace.osba.org
<table>
<thead>
<tr>
<th>Administration</th>
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<tbody>
<tr>
<td>Lisa Freiley</td>
<td>PACE Administrator</td>
<td>800-578-6722</td>
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<td></td>
<td></td>
<td><a href="mailto:lfreiley@osba.org">lfreiley@osba.org</a></td>
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<tr>
<td><strong>Pre-loss Legal</strong></td>
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<tr>
<td>Kate Wilkinson</td>
<td>Director of Litigation Services</td>
<td>800-578-6722</td>
</tr>
<tr>
<td>Therese Holmstrom</td>
<td>Pre-loss Attorney</td>
<td>or 503-588-2800</td>
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<tr>
<td>Lucy Schwallie</td>
<td>Pre-loss Attorney</td>
<td>or 503-588-2800</td>
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<tr>
<td><strong>HR Consulting</strong></td>
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<tr>
<td>Peggy Stock</td>
<td>Director of Labor Services</td>
<td>800-578-6722</td>
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<tr>
<td>Colette Blakely</td>
<td>HR Consultant</td>
<td>503-588-2800</td>
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<tr>
<td><strong>Communications</strong></td>
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<tr>
<td>Tricia Yates</td>
<td>Director of Communications</td>
<td>800-578-6722</td>
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<td><strong>Training</strong></td>
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<td>Steve Kelley</td>
<td>Director of Board Development</td>
<td>800-578-6722</td>
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<tr>
<td><strong>Risk Management</strong></td>
<td><a href="mailto:losscontrol@sdao.com">losscontrol@sdao.com</a></td>
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<tr>
<td>800-285-5461 or 503-371-8667</td>
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<tr>
<td>Scott Neufeld</td>
<td>Director of Risk Management</td>
<td>503-371-8667</td>
</tr>
<tr>
<td>Dan Davenport</td>
<td>Risk Manager</td>
<td>503-798-9238</td>
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<tr>
<td>Troy DeYoung</td>
<td>Risk Management Consultant</td>
<td>503-375-8896</td>
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<tr>
<td>Greg Jackson</td>
<td>Risk Management Consultant</td>
<td>503-375-8887</td>
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<tr>
<td>Jasar Jantzi</td>
<td>Risk Management Consultant</td>
<td>503-375-8886</td>
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<tr>
<td>Bob Ringerling</td>
<td>Risk Management Consultant</td>
<td>503-906-7215</td>
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<tr>
<td>Brian Wolf</td>
<td>Risk Management Consultant</td>
<td>541-279-8663</td>
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<td><strong>Claims</strong></td>
<td><a href="mailto:claims@sdao.com">claims@sdao.com</a></td>
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<tr>
<td>800-305-1736 or 503-670-7066</td>
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<tr>
<td>Geoff Sinclair</td>
<td>Director of Claims Services</td>
<td>503-670-7066</td>
</tr>
<tr>
<td>Jens Jensen</td>
<td>Property Casualty Claims Manager</td>
<td>971-223-6274</td>
</tr>
<tr>
<td>Doug Anderson</td>
<td>Senior Claims Consultant</td>
<td>503-906-7245</td>
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<tr>
<td>Sandy Baker</td>
<td>Senior Claims Consultant</td>
<td>503-620-6216</td>
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<tr>
<td>Teri Cackowski</td>
<td>Senior Claims Consultant</td>
<td>503-906-7237</td>
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<tr>
<td>Mike Hackbart</td>
<td>Senior Claims Consultant</td>
<td>503-620-6201</td>
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<tr>
<td>Karen McClintic</td>
<td>Senior Claims Consultant</td>
<td>503-620-6202</td>
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<tr>
<td>Angela Smith</td>
<td>Senior Claims Consultant</td>
<td>503-906-7220</td>
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<tr>
<td>Tom Sullivan</td>
<td>Senior Claims Consultant</td>
<td>503-906-7235</td>
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<td><strong>Underwriting</strong></td>
<td><a href="mailto:underwriting@sdao.com">underwriting@sdao.com</a></td>
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<td>800-285-5461 or 503-371-8667</td>
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<tr>
<td>Mike Doherty</td>
<td>Chief Financial Officer</td>
<td>503-371-8667</td>
</tr>
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<td>Kevin Pardy</td>
<td>Underwriting Manager</td>
<td>503-798-9246</td>
</tr>
<tr>
<td>Chris Hill</td>
<td>Underwriter</td>
<td>503-375-8884</td>
</tr>
<tr>
<td>Jaime Keeling</td>
<td>Underwriter</td>
<td>503-798-9242</td>
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**Contact**

pace.osba.org

**Claims**
SDAO, PO Box 23879, Tigard, OR 97281

**Pre-loss Legal, Administration**
OSBA, 1201 Court St. NE #400, Salem, OR 97301

**Risk Management, Underwriting**
SDAO, PO Box 12613, Salem, OR 97309

**2016 04**
ANNUAL REPORT

July 1, 2014 - June 30, 2015

Oregon School Boards Association in cooperation with Special Districts Association of Oregon
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2014-15 Board of Trustees

- Adam Stewart, Chair
  Chief financial officer
  Hillsboro 1J
- Mike Schofield, Vice chair
  Chief financial officer
  Gresham-Barlow 10
- Brett Yancey
  Director of business operations
  Springfield 19
- Craig Prewitt
  Board chair
  Phoenix-Talent 4
- Debbie Laszlo
  Regional risk/benefits manager
  Redmond 2J
- John Rexford
  Superintendent
  High Desert ESD
- Marie Knight
  Fiscal assistant
  Vernonia 47J
- Phil Wentz
  Facilities manager
  Tigard-Tualatin 23J
- Sharla Andreason
  Director of contracts and risk
  Central Oregon CC

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- Scott Neufeld
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Special Districts Association of Oregon
Risk Management/Underwriting/Accounting
503-371-8667
800-285-5461
losscontrol@sdao.com
underwriting@sdao.com

http://pace.osba.org
PACE’s financial snapshot

The PACE program finished 2014-15 in an even stronger financial position than a year earlier, based on a continued leveling-off of general liability claims and few property claims. Losses were the largest expense category for PACE at 82 percent of budget.

PACE was able to add $6.8 million to retained earnings, bringing the net asset balance to $31.3 million. These results were obtained with a modest 2.5 percent average contribution increase to members for the 2014-15 year. Based on these positive results, the average 2015-16 contribution increase was limited to 2 percent.

The strong financial position creates flexibility within the program. It allows PACE to consider modifications to the reinsurance structures to either reduce costs, increase coverage or increase self-insured retentions.

For example, the program added $100 million to the earth-movement limits for 2015-16, bringing the total to $400 million. Besides stabilizing member rates, the strong financial position allows the trust to consider additional programs or services during the budgeting process.

### Summary Balances

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Revenues</strong></td>
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<td></td>
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<tr>
<td>Member contributions</td>
<td>$31,162,817</td>
<td>$30,300,116</td>
<td>$25,880,529</td>
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<tr>
<td><strong>Expenses</strong></td>
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<tr>
<td>Claims</td>
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<td>Underwriting</td>
<td>$11,360,237</td>
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<td>Operations</td>
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<td>$2,406,918</td>
<td>$2,388,713</td>
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<td><strong>Total</strong></td>
<td>$25,909,965</td>
<td>$20,831,485</td>
<td>$24,857,288</td>
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<tr>
<td>Interest income</td>
<td>$1,546,468</td>
<td>$2,871,793</td>
<td>$630,716</td>
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<tr>
<td>Change in net assets</td>
<td>$6,799,320</td>
<td>$12,340,242</td>
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<td><strong>Ending Net Assets</strong></td>
<td>$31,314,949</td>
<td>$24,515,629</td>
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### Financial Summary

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Cash</td>
<td>$2,367,516</td>
<td>$1,921,749</td>
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<td>Accounts receivable</td>
<td>$815,336</td>
<td>$330,611</td>
<td>$313,852</td>
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<td>Prepaid expenses</td>
<td>$17,544</td>
<td>$21,580</td>
<td>$81,221</td>
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<td>Investments</td>
<td>$50,418,970</td>
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<td>$30,861,423</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$53,619,366</td>
<td>$44,354,783</td>
<td>$33,696,663</td>
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<tr>
<td><strong>Liabilities</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$150,398</td>
<td>$206,163</td>
<td>$81,712</td>
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<td>Deferred revenue</td>
<td>$302,040</td>
<td>$834,606</td>
<td>$1,145,309</td>
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<tr>
<td>Claims payable</td>
<td>$21,304,417</td>
<td>$18,798,385</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>$22,304,417</td>
<td>$19,839,154</td>
<td>$21,521,458</td>
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<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted surplus</td>
<td>$5,582,142</td>
<td>$5,574,397</td>
<td>$3,927,323</td>
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<tr>
<td>Unrestricted</td>
<td>$25,732,807</td>
<td>$18,941,232</td>
<td>$8,247,882</td>
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<tr>
<td><strong>Total Liabilities &amp; Net Assets</strong></td>
<td>$48,037,224</td>
<td>$44,354,783</td>
<td>$33,696,663</td>
</tr>
</tbody>
</table>

Member welcome

2014-15 was a year of keeping claims and costs down for PACE members. The savings benefit everyone, because those dollars can then be spent in the classroom.

When PACE staff members visit with members across the state, we are often asked to define what it means to be a member of a "risk pool.”

We like to explain it this way:

Pretend that you are at a PACE training in a room full of other members. Look to your left and introduce yourself. Then recall some time you heard a PACE member state, "Who really cares why it happened or how much it costs? It’s not a big deal—that’s why we pay the insurance company!” The “insurance company” is actually your local district and the district you just met. More importantly, the claims your neighbors incur directly affect your budget, and in the end the children and local community you are charged to serve.

You are PACE, and you and your fellow PACE members create your own financial future as a direct result of your losses over time.

Whether or not you have been a member of a pool in the past, we urge you to push back and stand up. Stand up for your community and your children by calling PACE risk management and asking for free local and regional trainings. Register and require your staff to take free online training classes through the PACE-sponsored SafeSchools program. Save on your premiums and help protect young people by implementing our new toolkits on boundary invasion. Call or email the claims office as soon as you are aware of a loss. Call or email PACE pre-loss before taking an adverse employment action such as firing or demoting an employee.

PACE is here to provide you with the tools to be successful. But only by working together, with each member understanding and valuing connections to other PACE members, can we build and sustain an efficient, cost-effective and stable self-insurance program.

Let’s continue working together to benefit Oregon’s students.

Lisa Freiely
PACE administrator
Oregon School Boards Association

Geoff Sinclair
Director of claims services
Special Districts Association of Oregon
Reduced claims help PACE keep member costs down

Keeping claims down has helped PACE continue to hold a firm lid on member costs. For 2014-15, member rates rose an average of 2.5 percent.

Many PACE members were able to save 5 percent on liability premiums by implementing the elements of the new Boundary Invasion Toolkit or SaVE Act Toolkit.

Containing member costs and providing exemplary service continue to be two of PACE’s primary goals, said Geoff Sinclair, PACE director of claims services.

Recent drops in claims have turned around trends from recent years – something that Sinclair credits to greater buy-in from members, increased awareness of the shared cost structure of PACE, and diligent training efforts.

In years past, civil liability suits – employment and sexual abuse claims – have been big cost drivers for PACE pool members. Between 2008 and 2012, the price tag for defending, insuring and paying tort and other liability claims was on a steep upward march that affected every school district, education service district (ESD) and community college that belongs to PACE.

Schools’ diverse activities inevitably result in legitimate negligence liability. But pool members can play a huge role in limiting their exposure by working with PACE staff to make sure proper procedures are followed when they are involved in high-risk staff and student actions.

“PACE can provide third-party insight,” Sinclair said. “Our staff has been through these actions before; many times, we can help a district avoid a costly lawsuit.”

Wind and water continue to be large and frequent drivers of property losses to the PACE program. In July 2014, PACE took on a $5 million self-insured retention because of market pressures and high loss ratios.

“PACE is a pool and what happens in one member district impacts all of us,” Sinclair said. “We need to make sure we’re doing all we can to help all of us avoid the emotional and financial impact of these costly claims.”

Employment claims

Sinclair said employment claims continue to drive expenses – sometimes when members make decisions against the advice of pre-loss attorneys. He said legal expenses and settlements are rising.

“It’s important that members obtain legal advice from experts in the field of employment litigation,” Sinclair said. “Attorneys who are unfamiliar with the jury process can underestimate potential costs from an adverse verdict, compounding the effects of hasty employment decisions on the front end.”

Claims in this arena usually involve more than one allegation – such as discrimination, retaliation and hostile work environment – that often end up carrying price tags in excess of $500,000.

“Call us before you start the process,” Sinclair said. “Our PACE attorneys can provide advice while a member district is developing its case.”

“PACE Day: Safe and Secure Schools” was held in Eugene in 2015, and will be back there again in 2016.

Employment law is very specialized with its own set of rules, and “one small mistake can cost thousands of dollars,” Sinclair says.

In an employment claim that might involve charges of wrongful termination, discrimination, hostile work environment and retaliation, a PACE member might “win” three of the four charges. But even if a jury finds just one of the allegations valid and awards only a few hundred dollars in claims, PACE’s out-of-pocket cost can climb to hundreds of thousands of dollars. “PACE is then responsible for the plaintiff’s attorney fees – which can add up to $300,000-$500,00;” Sinclair said.

Often it’s not the threat of a large jury verdict that pushes the total cost of employment litigation, but the large looming plaintiff attorney fees if only one of the many allegations is judged true by a jury.

PACE attorneys can provide advice during the decision process and help with the investigation.

Sexual abuse claims

PACE offers free online and onsite training targeting specific guidelines and reporting procedures for sexual abuse and boundary invasion. PACE also debuted a new boundary invasion toolkit for community colleges at the 2015 “PACE Day: Safe and Secure Schools.”

“The introduction of the toolkit by the PACE Risk Management Department was a direct reflection of the need for the membership to change the culture regarding boundary invasion,” Sinclair said. “If you see something that’s not right or hear rumors about an employee or student, you must report to your entity’s chosen contact.”

He said that sexual abuse claims sometimes crop up years or decades later. As a result he strongly suggests that members keep historical insurance documents in a safe place. An agent of record can assist with such a project.
Trustees approve 5 percent discount on premiums

The PACE Board of Trustees has unanimously approved a 5 percent discount on general liability premiums for districts that implement all pieces of the PACE Boundary Invasion Toolkit. The discount will also apply to community colleges that implement all elements of the new Mandatory Reporting and SaVE Act Toolkit for Community Colleges.

"PACE wants to work in partnership with districts to protect students. We know that implementation of the tools in the toolkit is important, and the trustees' action to provide a financial incentive for adopting these best practices provides a real benefit to our members," said Scott Neufeld, PACE director of risk management.

In 2010, Oregon passed strong protective legislation against sexual misconduct in K-12 schools. The law requires intensive training for all school staff on preventing, identifying and reporting questionable conduct. While teachers often receive this training, other school employees, such as education support professionals, may not know how to recognize signs of misconduct.

Community colleges are governed by the Campus Sexual Violence Elimination (SaVE) Act and the Violence Against Women Reauthorization Act.

The PACE toolkits will help meet the requirements of the laws. PACE staff have met with dozens of districts to conduct trainings, and they continue to schedule one-hour trainings with member districts on how to implement the toolkit. Districts must be prepared to outline what boundary invasion safety programs they have in place at the time of the meeting.

Members can call 1-800-285-5461 for more information, or they can access a toolkit online (member log-in required).

The toolkits are in the form of a downloadable packet.

Districts that implement a toolkit by May 2015 will receive a discount for the 2015-16 school year. Those that have the toolkit implemented by May 2016 will receive a 5 percent discount on the 2016-17 school year. To qualify for the discount, the district must implement every element of the toolkit by the specified time.

For more information, contact Scott Neufeld at 800-285-5461 or at losscontrol@sdao.com.

PACE attorneys produce 95.7% savings on claims

It was a busy and productive year for the PACE staff attorneys who advise members on pre-loss issues and defend any claims against them.

For 2014-15, litigation staff handled 58 contested matters (lawsuits, investigations and administrative proceedings such as claims with the Bureau of Labor and Industries or the Equal Employment Opportunity Commission). To date, eight of those claims have been settled for a total of $563,500. Claimants sought $13 million in total damages; litigation attorneys were able to settle for 4.3 percent of that amount.

Stated another way, PACE staff attorneys saved 95.7 percent of the total amount claimed.

Litigation staff also answered 1,502 calls and emails from members, an increase of 14.4 percent from the previous year. The most common areas of inquiry were tort liability, contract reviews, terminations, disciplinary and complaint procedures.

As the program has grown, PACE litigation staff have developed close relationships with many individuals in various districts around the state and now have regular interactions and contacts with many PACE members. Districts have come to view the litigation staff as the go-to resource for assistance in many areas, from Title IX audits to routine operating issues.

In 2014-15, PACE litigation staff began sending out regular surveys to members after they used litigation services, in an effort to ensure that PACE is providing the best possible service. To date, those responses have been overwhelmingly positive. Staff also worked hard to produce more written guidance materials for members, and those are available on the OSBA website. Litigation attorneys also provided numerous on-site trainings for districts.
Risk management enhances member service

PACE's risk management staff conducted more than 400 on-site visits with members during the 2014-15 policy year. Visits included risk consultations, training, board meetings and special projects such as the Boundary Invasion and SaVE Act Toolkit sessions/trainings. PACE trustees also approved hiring a risk management consultant for eastern Oregon, allowing PACE to significantly enhance its personal reach to members across the state. Brian Wolf, a retired school superintendent, was hired for the position. Wolf was also recently certified to offer members training on CPI (Crisis Prevention Institute) restraint and seclusion, adding to the risk services PACE already provides.

Here is a breakdown of risk management trainings offered over the past year:

Boundary Invasion and SaVE Act Toolkits
- Risk management staff visited every PACE member during the policy year.
- A total of 206 K-12, education service district (ESD) and charter school members completed the Boundary Invasion Toolkit required activities and received the 5 percent general liability credit.
- A total of 16 community college (CC) members completed the SaVE Act Toolkit requirements and received the 5 percent general liability credit.
- Risk staff are diligently working to meet with those members that didn’t receive the credit this year to assist them in qualifying for it for the 2015-16 policy year.

PACE risk coordinator trainings
- Risk staff conducted eight risk coordinator trainings throughout the state: High Desert ESD, Douglas ESD, Clatsop CC, InterMountain ESD, John Day, South Coast ESD, Multnomah ESD and Northwest Regional ESD.
- More than 60 people attended the eight classes.
- Attendees stated this was one of the best overall trainings they have attended related to insurance exposures.

Risk management and online trainings
- 158 member entities utilized at least one training class
- 85,619 school employees signed up for training
- 348,399 trainings were completed

Top trainings by attendance are:
1. Child Abuse: Mandatory Reporting (45,068)
2. Bloodborne Pathogen Exposure Prevention (40,011)
3. Sexual Conduct: Staff-to-Student (32,882)
4. Sexual Harassment: Staff-to-Staff (23,007)

Customized PACE trainings helped districts prevent potential losses

Risk Management Program
PACE risk management staff traveled around the state to provide training designed to strengthen PACE members’ current risk management plans. The trainings covered the responsibilities of risk management coordinators, liability issues, property issues, mandatory reporting, fraud, crime, employment, bullying and social media.

Regional trainings
PACE's human resource consultants offered regional trainings that covered various topics, including how to avoid liability from sexual grooming and boundary invasion; and hiring processes, including application, interviewing, background checks, fingerprinting and veterans preference.

Standard Response Protocol
PACE teamed up with John-Michael Keyes of the I Love U Guys Foundation to offer training on the Standard Response Protocol (SRP) for school districts, education service districts, charter schools and community colleges, and members' community partners. The SRP is designed to help schools respond to critical incidents by providing consistent, shared language and actions among all students, staff and first responders. This training gives school officials the tools to comply with new required threat drills, which is why it is being adopted by emergency managers, law enforcement, schools and emergency medical services across the country.
PACE keeps students safe with new SafeSchools/SafeColleges Alert System

At their Dec. 2, 2014 meeting, PACE trustees announced that as part of a partnership PACE has with SafeSchools and SafeColleges, PACE members are now eligible for a custom safety tip line. This SafeSchools/SafeColleges Alert System is designed to help schools or districts comply with ORS 339.356 by providing students, parents and staff a way to confidentially or anonymously report any safety concern – including bullying, harassment and intimidation – to the appropriate administration at any time. Administrators can receive tips in four convenient ways: phone, text message, email and website. Every tip is immediately logged into a customizable SafeSchools Alert System and appropriate administrators are notified via email. Workflows allow administrators to easily delegate tips to colleagues who can investigate and manage tips to resolution.

2014 PACE Member Survey Results

The survey results show that PACE members appreciate the services they receive from the insurance pool and its staff. Most respondents (86.5%) believe that PACE is valuable to their organization, and a large majority of respondents (90.6%) state they are satisfied with being part of PACE.

Full survey results can be found on the PACE website, at http://pace.osba.org/.
2014-15 members

ACE Academy
Academy of Arts and Academics
Adel 21
Adrian 61
Alliance Charter Academy
Alsea 71
Amity 4J
Annex Charter School
Arco Iris Spanish Immersion Charter School
Arlington 3
Armadillo Technical Institute
Aroch 81
Ashland 5
Ashwood 8
Astoria 1C
Athena-Weston 29J
Baker 5J
Baker Charter School
Bandon 54
Banks 13
Bend-La Pine School
Bethany Charter School
Bethel 52
Blachly 90
Black Butte 41
Blue Mountain CC
Brookings-Harbor 17
Burnt River 30J
Burnt River Charter School
Butte Falls 91
Camas Valley 21
Canby 86
Cascade 5
Cascade Heights Public Charter School
Centennial 28J
Central 13J
Central Curry 1
Central Linn 552
Central Oregon CC
Central Point 6
Chemeketa CC
City View Charter School
Clackamas Academy of Industrial Science
Clackamas CC
Clackamas Charter Alliance
Clackamas ESD
Clatskanie 6J
Clatsop CC
Coburg Community Charter School
Colton 53
Columbia Gorge CC
Columbia Gorge ESD
Condor 25J
Coos Bay 9
Coquille 8
Corbett 39
Corbett Charter School
Corvallis 509J
Cove 15
Cove Charter School
Crane 4
Crane UHJ
Crate Lake Charter Academy
Creswell 40
Crook County
Crown-Applagate 46
Culver 4
Dallas 2
David Douglas 40
Days Creek 15
Days Creek Charter School
Dayton 5
Dayville 16L
Diamond 7
Double O 28
Douglas ESD
Drewsey 13
Dufur Public Schools
Eagle Charter School
Eagle Point 9
Eagle Ridge High School
Eagle 9
Eddyville Charter School
Elgin 23
Ekron 34
Elkton Charter School
Enterprise 21
Estacada 108
Estacada Early College
Estacada Web Academy & Early College
Eugene 4J
Falls City 57
Fern Ridge 28J
Forest Grove
Forest Grove Community School
Fossil 21J
Four Rivers Community School
Frenchglen 16
Gaston 511J
Gervais 1
Gladdstone 115
Glendale Community Charter School
Glide 12
Grant ESD
Grants Pass 7
Greater Albany BJ
Gresham-Barlow 10
Harney County 3
Harney ESD 17
Harper 66
Harper Charter School
Harrisingh 7
Helix 1
Hermiston 8
High Desert ESD
Hillsboro 1J
Hood River County
Howard Street Charter School
Huntington 16J
Huntington Charter School
Imbler 11
InterMountain ESD
Ione 2
Jefferson 14J
Jefferson Co 509J
Jefferson ESD
Jewell 8
John Day 3
Jordan Valley 3
Joseph 6
Joseph Charter School
Junction City 69
Junetura 12
Kids Unlimited
Kings Valley Charter School
Klamath CC
Klamath County
Klamath Falls City Schools
Knappa 4
La Grande 1
Lake County 7
Lake ESD
Lake Oswego 71
Lane CC
Lane ESD
Lebanon Community Schools
Lincoln County Schools
Linn Benton Lincoln ESD
Linn-Benton CC
Long Creek 17
Lourdes Public Charter School
Lowell 71
Luckiamute Valley Charter School
Madrone Trail Public Charter School
Malheur ESD 14
Mapleton 32
Marcola 79J
McKenzie 68
McMinville 40
Medford 549C
Milton-Freewater 7
Milwaukie Academy of the Arts
MITCH Charter School
Mitchell 55
Molalla River
Molalla River Academy
Monroe 1J
Monument 8
Morrow 1
Mosier Community School
Mosier Middle School
Mt Angel 91
Mt Hood CC
Muddy Creek Charter School
Multisensory Learning Academy
Multnomah ESD
Myrtle Point 41
Neal-Kah-Nie 56
Nestucca Valley 10J
Network Charter School
Newberg 29J
North Bend 13
North Central ESD
North Clackamas 12
North Columbia Academy
North Douglas 22
North Lake 14
North Marion 15
North Powder 8J
North Santiam 29
North Wasco County 21
Northwest Regional ESD
Nyssa 26
Oakland 1
Oakridge 76
Oregon 8C
OR School Boards Assn
Oregon City 62
Oregon City Service Learning Academy
Oregon Coast CC
Oregon Coast Technology School
Oregon Trail 46
Oregon Trail Primary Academy Charter School
Oregon Virtual Education
Paisley 11
Parkrose 3
Pendleton 16
People Involved in Education
Perrydale 21J
Philomath 17J
Phoenix-Talent 4
Pilot Rock 2
Pine Creek 5
Pine Eagle 61
Pine Eagle Charter School
Pinehurst 94
Pleasant Hill 1
Plush 18
Port Orford-Langlois
Portland CC
Powell Butte Community Charter School
Powells 31
Prairie City 4
Prospect 59
Rainier 13
REALMS (Rimrock Expeditionary Alternative M5)
Redmond 2J
Redmond Proficiency Academy
Reedsport 105
Reedsport Community Charter School
Region 1B ESD
Renaissance Public Academy
Reynolds 7
Riddle 70
Ridgeline Montessori Public Charter School
Riverdale 51J
Rogue C
Rogue River 35
Roseburg Public Schools
Sage Community School
Santiam Canyon 129
Sauvie Island Academy
Scappoose 1J
Sco 95
Seaside 10
Sheridan 48J
Sheridan All Prep Academy
Sheridan Japanese School
Sherman 1
Sherwood 88J
Sherwood Charter School
Siletz Valley Early College Academy
Siletz Valley School
Silver Falls 4J
Silvies River Charter School
Sisters 6
Siuslaw 97J
South Coast ESD 7
South Harney 33
South Lane 45J
South Umpqua 19
South Wasco County 1
Southern Oregon ESD
Southwestern Oregon CC
Spray 1
Springfield 19
Springwater Environmental Sciences School
St Helens 502
St Paul 45
Stanfield 61R
Suntex 10
Sutherlin 130
Sweet Home 55
Sweet Home Charter School
The Center for Advanced Learning
The Community Roots School
The Ivy School
The Lighthouse School
The Village School
Three Rivers Charter School
Three Rivers/Josephine CU
Tigard-Tualatin 23J
Tillamook 9
Tillamook Bay CC
Treasure Valley CC
Triangle Lake Charter School
Troy 54
Ukiah 80R
Umatilla 6
Umpqua CC
Union 3
Vale 84
Vernonia 47J
Wallowa 12
Warrington-Kammond 30
West Lane Technical Learning Ctr
West Linn-Wilsonville 3J
Williamette ESD
Williamette Leadership Academy
Willamina 30J
Winston-Dillard 116
Woodburn 103
Woodland Charter School
Yamhill-Carlton 1
Yoncalla 32

Risk Management, Underwriting
PO Box 12613, Salem, OR 97309
503-371-8667
f: 503-371-4781
www.pace.osba.org

Claims
PO Box 23879, Tigard, OR 97281
503-670-7066
f: 503-620-9817

Pre-loss Legal, Administration
1201 Court St. NE, Ste. 400
Salem, OR 97301
503-588-2800
f: 503-588-2813

Property and Casualty Coverage for Education
June 21, 2016
SUMMARY OF SMALL UNMANNED AIRCRAFT RULE (PART 107)

<table>
<thead>
<tr>
<th>Operational Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unmanned aircraft must weigh less than 55 lbs. (25 kg).</td>
</tr>
<tr>
<td>• Visual line-of-sight (VLOS) only; the unmanned aircraft must remain within VLOS of the remote pilot in command and the person manipulating the flight controls of the small UAS. Alternatively, the unmanned aircraft must remain within VLOS of the visual observer.</td>
</tr>
<tr>
<td>• At all times the small unmanned aircraft must remain close enough to the remote pilot in command and the person manipulating the flight controls of the small UAS for those people to be capable of seeing the aircraft with vision unaided by any device other than corrective lenses.</td>
</tr>
<tr>
<td>• Small unmanned aircraft may not operate over any persons not directly participating in the operation, not under a covered structure, and not inside a covered stationary vehicle.</td>
</tr>
<tr>
<td>• Daylight-only operations, or civil twilight (30 minutes before official sunrise to 30 minutes after official sunset, local time) with appropriate anti-collision lighting.</td>
</tr>
<tr>
<td>• Must yield right of way to other aircraft.</td>
</tr>
<tr>
<td>• May use visual observer (VO) but not required.</td>
</tr>
<tr>
<td>• First-person view camera cannot satisfy “see-and-avoid” requirement but can be used as long as requirement is satisfied in other ways.</td>
</tr>
<tr>
<td>• Maximum groundspeed of 100 mph (87 knots).</td>
</tr>
<tr>
<td>• Maximum altitude of 400 feet above ground level (AGL) or, if higher than 400 feet AGL, remain within 400 feet of a structure.</td>
</tr>
<tr>
<td>• Minimum weather visibility of 3 miles from control station.</td>
</tr>
<tr>
<td>• Operations in Class B, C, D and E airspace are allowed with the required ATC permission.</td>
</tr>
<tr>
<td>• Operations in Class G airspace are allowed without ATC permission.</td>
</tr>
<tr>
<td>• No person may act as a remote pilot in command or VO for more than one unmanned aircraft operation at one time.</td>
</tr>
<tr>
<td>• No operations from a moving aircraft.</td>
</tr>
<tr>
<td>• No operations from a moving vehicle unless the operation is over a sparsely populated area.</td>
</tr>
<tr>
<td>• No careless or reckless operations.</td>
</tr>
<tr>
<td>• No carriage of hazardous materials.</td>
</tr>
<tr>
<td>Remote Pilot in Command Certification and Responsibilities</td>
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<td>• Establishes a remote pilot in command position.</td>
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<td>• A person operating a small UAS must either hold a remote</td>
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<td>pilot airman certificate with a small UAS rating or be</td>
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<td>under the direct supervision of a person who does hold</td>
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<td>a remote pilot certificate (remote pilot in command).</td>
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<td>• To qualify for a remote pilot certificate, a person must:</td>
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<td>o Demonstrate aeronautical knowledge by either:</td>
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<tr>
<td>▪ Passing an initial aeronautical knowledge test at</td>
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<td>an FAA-approved knowledge testing center; or</td>
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<tr>
<td>▪ Hold a part 61 pilot certificate other than student</td>
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<td>pilot, complete a flight review within the previous</td>
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<tr>
<td>24 months, and complete a small UAS online</td>
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<td>training course provided by the FAA.</td>
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<td>o Be vetted by the Transportation Security Administration.</td>
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<td>o Be at least 16 years old.</td>
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<td>• Part 61 pilot certificate holders may obtain a temporary</td>
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<td>remote pilot certificate immediately upon submission of</td>
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<td>their application for a permanent certificate. Other</td>
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<td>applicants will obtain a temporary remote pilot</td>
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<td>certificate upon successful completion of TSA security</td>
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<td>vetting. The FAA anticipates that it will be able to</td>
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<tr>
<td>issue a temporary remote pilot certificate within 10</td>
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<td>business days after receiving a completed remote pilot</td>
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<tr>
<td>certificate application.</td>
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<td>• Until international standards are developed, foreign-</td>
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</tbody>
</table>
certificated UAS pilots will be required to obtain an FAA-issued remote pilot certificate with a small UAS rating.

A remote pilot in command must:
- Make available to the FAA, upon request, the small UAS for inspection or testing, and any associated documents/records required to be kept under the rule.
- Report to the FAA within 10 days of any operation that results in at least serious injury, loss of consciousness, or property damage of at least $500.
- Conduct a preflight inspection, to include specific aircraft and control station systems checks, to ensure the small UAS is in a condition for safe operation.
- Ensure that the small unmanned aircraft complies with the existing registration requirements specified in § 91.203(a)(2).

A remote pilot in command may deviate from the requirements of this rule in response to an in-flight emergency.

<table>
<thead>
<tr>
<th>Aircraft Requirements</th>
<th>FAA airworthiness certification is not required. However, the remote pilot in command must conduct a preflight check of the small UAS to ensure that it is in a condition for safe operation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Aircraft</td>
<td>Part 107 does not apply to model aircraft that satisfy all of the criteria specified in section 336 of Public Law 112-95. The rule codifies the FAA's enforcement authority in part 101 by prohibiting model aircraft operators from endangering the safety of the NAS.</td>
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</tbody>
</table>