

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

February 22, 1993 Hearing Room 343 3:00 p.m. Tapes 17 - 18

MEMBERS PRESENT: Sen. Bill Dwyer, Chair Sen. Bill Kennemer, Vice-Chair
Sen. Brady Adams Sen. Ron Cease

MEMBER EXCUSED: Sen. Peg Jolin

VISITING MEMBER:

STAFF PRESENT: Cherie Copeland, Committee Administrator Richard
Day-Reynolds, Committee Assistant

MEASURES CONSIDERED: Possible Introduction of Committee Bills

Public Hearing and Possible Work Session: SB 427 - Permits
Director of Department of Insurance and Finance to approve,
under certain

conditions, of guaranty contract or insurance
policy covering design and construction of Oregon
Arena Project.

SB 398 - Allows certain changes to condominium
rules by 75% of affected owners.

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These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in
quotation marks report a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes. [--- Unable To Translate
Graphic ---]

TAPE 17, SIDE A

010 CHAIR DWYER called the meeting to order at 3:07.

(Tape 17, Side A) INTRODUCTION OF COMMITTEE BILLS

019 CHAIR DWYER: I would entertain a motion to introduce LC 1964, LC
287 6, LC 2877, and LC 3090 as committee bills.

024 MOTION: Sen. Cease moves to introduce LC 1964, LC 2876, LC
287 7, LC 3090 as committee bills.

029 CHAIR DWYER: Hearing no objections, SO ORDERED.

(Tape 17, Side A) SB 427 - PERMITS DIRECTOR OF DEPARTMENT OF INSURANCE AND FINANCE TO APPROVE, UNDER CERTAIN CONDITIONS, OF GUARANTY CONTRACT OR INSURANCE POLICY COVERING DESIGN AND CONSTRUCTION OF OREGON ARENA PROJECT -PUBLIC HEARING. Witnesses: Sen. Ron Cease, Senate District 10 Brad Higbee, Oregon Arena Project Bob Collier, Oregon Arena Project Mike Seabaugh, Sedgewick James Richard McGavok, Oregon Department of Insurance and Finance

(ODIF)

042 SEN. RON CEASE, SENATE DISTRICT 10: SB 427 allows the use of wrap-up insurance for the arena project. Will revitalize the East Side. Under

state law, there is no provision for wrap-up insurance. Allows the owner to buy insurance in a lump sum instead of parceling it out. This is appropriate for only the largest projects.

073 BRAD HIGBEE: OREGON ARENA PROJECT: HB 2774 last session is almost identical. Projects end up being safer. There are fewer claims and less administrative overhead. (EXHIBIT A). Will meet or exceed minority

contracting requirements. Offers a minor amendment (EXHIBIT B), and presents a hand-engrossed version of the bill (EXHIBIT C). Needs fast-track consideration.

112 BOB COLLIER, OREGON ARENA PROJECT: (EXHIBIT D). Describes Arena Project and possible uses (EXHIBIT E). Cost is estimated to be

approximately \$205 million. 6.5% user fee will help fund construction costs incurred by the public. Details minority and women's contracting guidelines and goals.

205 MIKE SEABAUGH, SEDGEWICK JAMES: Wrap-up insurance is a centrally controlled, general liability and worker's compensation insurance

program to protect the owner and contractors on-site (EXHIBIT F). The first emphasis is safety. There are potential savings of 15% to 30% by cutting down on cross claims. It allows smaller contractors to have the same coverage as the largest.

262 CHAIR DWYER: What does the wording of the amendment mean?

SEABAUGH: Insolvency is a stricter guideline. The amendment language is stronger and was included in previous legislation.

284 HIGBEE: This is the exact language from HB 2774 last

session. The Department of Insurance and Finance is comfortable with this language,

and at their request we included it.

289 SEN. KENNEMER: There is no amount of coverage on the bill. How do we know there will be adequate coverage?

298 SEABAUGH: The major players have decided that \$100 million would probably be enough coverage. Worker compensation levels are statutory.

The Insurance Department will monitor. The minimum limit is \$75 million.

333 HIGBEE: A letter from Marge Kafoury is included in your packet (EXHIBIT G).

345 RICHARD McGAVOK, OREGON DEPARTMENT OF INSURANCE AND FINANCE (ODIF): Describes wrap-up insurance. Submits (EXHIBIT H). There were

significant savings when this insurance program was used in other large construction projects. ODIF has no objections to SB 427 as amended and hand engrossed.

411 SEN. KENNEMER: How does this limit abuses?

433 McGAVOK: Limits the ability of private contractors to ramrod insurance coverage as a profit center. This is an ongoing concern when there is

no public agency involved, not a problem when there is a public agency involved.

466 CHERIE COPELAND, COMMITTEE ADMINISTRATOR: Sen. Hamby has asked to have a letter of support entered into the record (EXHIBIT I).

TAPE 18, SIDE A

(Tape 18, Side A) SB 427 - PERMITS DIRECTOR OF DEPARTMENT OF INSURANCE AND FINANCE TO APPROVE, UNDER CERTAIN CONDITIONS, OF GUARANTY CONTRACT OR INSURANCE POLICY COVERING DESIGN AND CONSTRUCTION OF OREGON ARENA PROJECT - WORK SESSION

040 MOTION: Sen. Cease moves the -1 amendments to SB 427.

042 CHAIR DWYER: Hearing no objection, SO ORDERED.

047 MOTION: Sen. Cease moves SB 427 as amended to the floor with a Do Pass recommendation.

VOTE: The measure passes 4-0, Sen. Jolin excused.

(Tape 18, Side A) 054 SB 398 - ALLOWS CERTAIN CHANGES TO CONDOMINIUM RULES BY 75% OF AFFECTED OWNERS - PUBLIC HEARING Witnesses: Sen. Ron Cease, District 10 Carol Store, Fontaine Condominium Group Stan

Mayfield, Real Estate Agency Emily Cedarleaf, Multi-Family Housing Council

060 SEN. RON CEASE, DISTRICT 10: (EXHIBIT J). Fontaine Condominium Association wanted to move from a value to a square foot determination

plan for monthly costs and benefits. All receive the same services regardless of value. Proposed amendment is conceptual. This is only an issue for condominiums formed before 1979. This would sunset, expiring in July, 1994. The 100% approval is a real problem.

108 CAROL STORE, FONTAINE CONDOMINIUM ASSOCIATION BOARD MEMBER: Amendment to subsection 2 which would provide for 75% approval. Reads from

(EXHIBIT K).

141 SEN. DWYER: The disparity was created by the bylaws. Did everyone pay taxes separately?

STORE: Yes. The bylaws charged more according to floor level. The higher the floor, the more value. Bylaws also influence voting power.

173 STAN MAYFIELD, MANAGER OF SPECIAL PROGRAMS SECTION, REAL ESTATE AGENCY: Responsible for administering the Condominium Act. No position on bill. Here to answer technical questions.

181 CHAIR DWYER: How many are we talking about?

MAYFIELD: Condominiums started registering with us in 1969. We estimate there are between 2000-2500 filed with us. This disparity in Oregon is not widespread. This bill creates other problems.

214 CHAIR DWYER: How do we solve these problems?

MAYFIELD: The provision providing for a time window should address most problems. This issue is being worked on elsewhere.

237 SEN. ADAMS: Lender institutions are sometimes considered to be deep pockets. They could be a visible target for the handing-on of costs.

242 SEN. CEASE: The interest here is pretty narrow. I think we can deal with that concern as well.

256 EMILY CEDARLEAF, DIRECTOR, MULTI-FAMILY HOUSING COUNCIL: We oppose the bill. We surveyed our membership to see how many people could get this

done before the deadline, and they all said it would be virtually

impossible.

277 CHAIR DWYER: Adjourns the meeting at 3:53 p.m.

Submitted by:

Reviewed by:

Richard Day-Reynolds
Administrator

Cherie Copeland Assistant

EXHIBIT LOG:

A - Testimony on SB 427 - Brad Higbee - 1 page B - Amendments for SB 427 - Brad Higbee - 1 page C - Hand Engrossed SB 427-1 - Brad Higbee - 2 pages D - Testimony on SB 427 - Bob Collier - 2 pages E - The Proposed Oregon Arena Project - Bob Collier - 1 page F - Testimony on SB 427 - Mike Seabaugh - 1 page G - Letter regarding SB 427 - Marge Kafoury - 1 page H - Outline of Testimony on SB 427 - Richard McGavok - 1 page I - Letter regarding SB 427 - Sen. Jeannette Hamby - 1 page J - Proposed Amendments for SB 398 - Sen. Ron Cease - 2 pages K - Testimony on SB 398 - Carol P. Storer - 2 pages L - Witness Registration, SB 427 - staff - 1 page M - Witness registration, SB 398 - staff - 1 page