



Defense and Indemnification of District Employees and Board Members

1. Purpose and Scope

The District recognizes that employees and Board members may face legal claims arising from their official duties. This policy establishes the District's commitment to defend and indemnify employees and Board members against qualifying claims and legal actions.

2. Covered Persons

This policy applies to current and former employees of the District, and current and former Board members.

3. Covered Actions

The District will provide defense and indemnification for:

- a. any tort claim or demand, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of duty to the full extent provided by the Oregon Tort Claims Act, ORS 30.285.
- b. Federal enforcement actions, including but not limited to federal agency or Department of Justice investigations and proceedings.

4. Notice Requirements

Any covered person seeking assistance under this policy must promptly notify both the Office of the Superintendent and the Office of General Counsel when:

- a. A legal action may be or has been filed against them
- b. They receive notice of any investigation or inquiry
- c. They become aware of circumstances that may reasonably lead to a covered action

Failure to provide timely notice may result in denial of defense and/or indemnification.

5. Defense and Indemnification

The District may provide liability insurance in amounts it determines to be appropriate for covered actions.

The District will retain qualified counsel, in its sole discretion, to defend covered actions and may advance reasonable attorney fees and costs.

The District has authority to settle claims against Covered Persons for whom it is providing indemnification.

6. District In-House Attorneys

- a. For claims brought by governmental entities or professional licensing authorities against District in-house attorneys, expenses may be advanced or reimbursed if the District determines the claim arose from official duties. Any advancement or reimbursement constitutes part of the in-house attorney's official compensation package for purposes of ORS 244.

- b. Board Approval: Expenses exceeding \$25,000 per claim require Board approval.
- c. Advance Payment Conditions: Expenses may be paid in advance if:
 - i. The District determines the attorney acted in good faith and reasonably believed the conduct was in the District's best interests
 - ii. The attorney enters a written agreement to repay advances if ultimately not entitled to indemnification
- d. Counsel Selection: When the District pays defense expenses, the District has exclusive authority to select counsel, but will consult with the in-house attorney regarding settlement terms affecting the in-house attorneys legal rights or licensing status.
- e. Cooperation Requirement: In-house attorneys must cooperate fully with the District. Non-cooperation may result in termination of defense and/or indemnification.

7. Limitations and Exclusions

The District, in its reasonable determination, will not provide defense or indemnification for:

- a. Misconduct or gross negligence
- b. Criminal conduct
- c. Actions initiated by the District against or actions brought by a Covered Person
- d. Personal matters or claims unrelated to official duties
- e. Actions where defense or indemnification is prohibited by law

8. Definitions

"Claim" means any threatened, pending, or completed investigation, action, suit, or proceeding, except one brought by the District.

"Official duties" means actions taken within the scope of employment or Board service, in good faith, and for a District purpose.

9. Reservation of Rights and Non-Exclusivity

- a. The District may provide defense and/or indemnification under a reservation of rights and may terminate coverage if circumstances warrant.
- b. This policy does not limit other defense or indemnification rights available under statute, agreement, insurance, or District action.

Legal Reference: ORS 30.260 – 30.300 ²⁰

History: Adopted 6/1971; Amended 6/14/1984; 11/2021; 12/2025