Nevada Public Agency Insurance Pool
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DRAFT Mintes of the Joint Meeting of
the Board of Directors/Trustees and of the Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: April 18, 2025 Time: 8:30 a.m.
Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595

JOINT BOARDS and EXECUTIVE COMMITTEES' MINUTES

1. **Introductions and Roll**
   Chair Paul Johnson called the meeting to order at 8:32 am. There was a quorum present. Members and guests introduced themselves.

2. **Public Comment**
   Chair Johnson opened the Public Comment period. There were none.

3. **For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
   a. **Approval of Board Minutes:**
      1) **Joint Board Meeting April 19, 2024**

   b. **Acceptance of Minutes of Committee Meetings**
      1) **Joint Executive Committee: 9/23/2024, 3/12/2025, 3/31/2025**
      2) **Enterprise Risk Management Committee: 5/22/2024, 8/13/2024, 10/22/2024, 2/11/2025**
      3) **HR Oversight Committee: 9/20/2024, 12/13/2024**

   On a motion by Dan Murphy, second by Paul Sikora to approve the consent agenda, the motion carried.

4. **For Possible Action: Acceptance of Investment Reports and Action on Recommendations:**
   a. **NEAM Investment Advisor Report**
   b. **Strategic Asset Alliance Investment Advisor Report**

   a. Kelly Sullivan, NEAM Account Manager, reviewed the specific results for the pools. The fixed income portfolio generates substantial income compared to the prior year. Book yield has nearly doubled over the last two years for the Pools. This has resulted in stable and increasing interest income returns over time. She mentioned using a loss harvesting approach to exit low yield securities to replace them with higher yields with a payback period of two years for future yields at higher levels for five to ten years. In 2023, the loss harvest of $800,000 resulted in a pick-up of 23 basis points to the book yield, $350K annually in interest income with a payback period of 2.3 years. The proposed loss harvesting of $1,000,000 for 2025 will result in a pickup of 25 basis points, $460K in interest income with a payback of 2.3 years. Alan Kalt noted this is an example of acting today that the POOL will benefit financially in the future years.

b. Nathan Simon, Director with SAA, gave an overview of the historical economic trends addressing inflation, consumer sentiment, consumer spending and the long-term outlook over the market cycle. He noted on a consolidated basis including risk assets, the total return for FY 24 was 4.7% total income of $11.7M and earned income of $10.9M that supports the program objectives. After a series of questions and answers, Gina Rackley made a motion to accept the investment advisors' reports. Second by Paul Sikora. The motion carried.

5. **<u>For Possible Action:</u> Review and Approval of Changes to Investment Guidelines**
   a. **POOL Investment Guidelines**
   b. **PACT Investment Guidelines**

   Alan Kalt indicated that there are no recommended changes to the investment guidelines at this time. Kelly Sullivan and Nathan Simon noted they have reviewed the investment guidelines and have no recommended changes to the policies. On motion by David Jensen, second by Paul Sikora to accept the reports, the motion carried.

6. **<u>For Possible Action:</u> Acceptance of Reports:**
   a. **Executive Director**
   b. **Chief Financial Officer**
      1) **Public Risk Mutual Audit**
      2) **Public Compensation Mutual Audit**
      3) **Pooling Resources, Inc. Audit**
      4) **Nevada Risk Pooling, Inc. Audit**
      5) **Overview of Financial Strength**
      6) **Training Class Updates**
   c. **POOL/PACT HR General Manager**
   d. **Risk Management**
   e. **ELearning**
   f. **Member Relations Manager**
   g. **Davies Claims Solutions Report and Claims Overview**

a. Stephen Romero and Alan Kalt reviewed the highlights in Wayne Carlson's Executive Directors Report in the meeting packet. Highlights included market conditions, renewal issues for POOL and PACT, commented about certain members who have given notice of potential withdrawal from either POOL or PACT, legislative session update, claims practice review of Davies and training provided to members in Governance, Ethics, OML.

b. Alan Kalt reviewed the audits of the various organizations, highlighting the net income and net position of each organization. He highlighted the efforts of accounting staff Deb Connally, Melissa Mack, Jennifer Turner, and Beck Freeman for their diligence in preparing for the six audits each year. All four entities, PRM, PCM, PRI and NRP, had successful years of operations and clean audit opinions. Alan also highlighted member successes during the year with investment income enhancements with sweep accounts, investments at LGIP and taking advantage of the higher interest rate environment. Furthermore, he shared the White Pine County journey to move from the Rural Guarantee to Non-guarantee status for the SCCRT tax within the CTX distribution 2024. He credited Kathy Workman for her financial leadership to getting this implement. Based on historical data, this will result in over $2.0M annually to the local governments in White Pine County, including the City of Ely, Lund, McGill, Hospital, and the County. Kalt noted that Lander

County under the leadership of Bert Ramos and Laken Sullivan did the same analysis and are moving to the non-guaranteed status effective July 1, 2025 resulting in additional revenues to their local governments. Kalt noted that members are taking financial leadership seriously at the entity level and are benefiting financially for their communities. He is proud of Members helping Members to become better.

c. Stacy Norbeck discussed the POOL/PACT HR services, training and utilization results this year. She revised the number of courses and evaluations indicating that the evaluations were highly positive. She reminded the group about the upcoming HR conference and highlighted the number of attendees at last year's conference. She recognized members who had achieved successful HR Phase I or II assessments. She showed a pie chart showing the number and types of contact with her staff over the year and the top topics.

d. Marshall Smith and Jarrod Hickman highlighted their success and activities during the year associated with aquatic safety, cybersecurity, PNA testing, eLearning courses, ERMEP program noting the award to Boulder City and a conditional award to White Pine County School District. They reviewed activities on financial leadership by Alan Kalt, Governance, Ethics, OML by Wayne Carlson. The law enforcement training included the quarterly Roll Call webinars, the work of the Nevada Detention Administrators Working Group, Target Solutions, Occupational safety, safety committee and written safety plans and work on safe schools. They appreciate the efforts the members are making to improve their risk management. The Risk Management conference held in Elko; September 4-5 2024 was an enormous success. Member success stories were shared by Paul Sikora from Boulder City, Dan Murphy from Pershing County School District and Cory Wadsworth, an agent collaborating with rural members from Lincoln County. Marshall and Jarrod encouraged members to reach out for programs and services.

e. Mike VanHouten showed statistics about the ELearning program with over sixty-six courses assigned and 87% completed. He showed a pie chart of the types of courses taken. He encouraged more people to take the cyber security training. He noted the most assigned courses related to abuse and bullying. He further showed that school districts are the highest utilizers.

f. Stephen Romero reviewed the materials included in the meeting packet. He gave an overview of the renewal marketing report on property, liability, worker's compensation, and equipment breakdown. He let the Board know he would go into more details at the PACT and POOL meetings. Andrew Halsall, Executive Director of Government Entity Mutal (GEM) gave a presentation on the strategic partnership that GEM has with its members, which includes the Nevada Public Agency Insurance Pool (POOL). GEM is a Pool of Pools. It was established in 2003 and currently has 23 public entity pools from 17 different states. He noted that reinsurance is a boring topic, however, the impact of GEM on their membership is powerful. GEM is a dependable, stable source of reinsurance acting in the best interest of its members and is a forum for knowledge exchange. GEM, like POOL/PACT, is a Member-owned, and Member-governed non-profit entity that shares risk with peers for the group purchase of excess coverage not retained by GEM. He noted that GEM provides the liability layer of losses between $3M to $10M in the excess layer about the POOL, PRM, CRL and Old Republic layer. GEM provides price stability over the hard and soft market cycles. Andrew thanked us for our active membership.

g. Donna Squires presented an overview of Cyber Claims noting that the hacks keep coming. It was a highly informative session that noted the importance of working with Tony Rucci on the Passive Network Assessments and implementation of his recommendations as quickly as possible.

On motion by Joe Westerlund, second by Josh Foli, to accept the reports, the motion carried.

7. <u>For Possible Action</u>: Approval of POOL/PACT Grant to Pooling Resources, Inc. for Human Resources Services to Members

Alan Kalt reviewed the Grant provisions with Pooling Resources, Inc for Human Resources services to the members. He noted that the contract reflects a 10% reduction from the current year's amount to cut costs to the membership. Subsequent year's increases would be 3.5% per year for the next four years. General Manager Stacy Norbeck was available to answer any questions or give additional information if needed. On motion by Dan Murphy, second by Josh Foli, to approve the grant, the motion carried

8. Public Comment

Chair Paul Johnson asked for any Public Comments. There were none.

9. **Adjournment** The meeting adjourned at 12:10 pm.