



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Minutes of the Joint Meeting of
the Board of Directors and of the Executive Committees of
Nevada Public Agency Insurance Pool and
the Board of Trustees of
Public Agency Compensation Trust
Place: Atlantis Hotel
3800 S Virginia St,
Reno, Nevada**

Date: April 26, 2017 Time: 12:00 Noon

Date: April 27, 2017 Time: 8:00 a.m.

JOINT BOARDS and EXECUTIVE COMMITTEES

April 26, 2017

Board Workshops

12:00 p.m. – 5:00 p.m. Working Lunch and Workshop:

Super forecasting: Answering the WHY Question for Pools

The workshop was conducted by Rebecca Ryan, a futurist, who led the members through a series of exercises designed to learn to use the thinking skills of a futurist when imagining the future of the pools. Groups worked together to brainstorm scenarios about various identified trends to see what the threats and opportunities might be in the future. Once these exercises were completed, the members then developed an aspirational scenario for a future 20 years out. Together these efforts led to members understanding about the kind of thinking necessary to create the future “why” for the pools to exist.

5:30 p.m. – 6:30 p.m. Board Attitude Assessment

6:30 p.m. – 9:00 p.m. Dinner and Keynote Speaker Rebecca Ryan, Futurist

JOINT BOARDS and EXECUTIVE COMMITTEES

April 27, 2017

1. Introductions and Roll

A sign-in sheet was circulated and a quorum was determined to be present. Chair Kalt then called the meeting to order.

2. Public Comment

Chair Kalt opened public comment and hearing none, closed the public comment period.

Recess for Meetings of the Captives:

Chair Kalt recessed the meeting so the captives could hold their annual meetings.

ANNUAL MEETING OF PUBLIC COMPENSATION MUTUAL (PCM)

ANNUAL MEETING OF PUBLIC RISK MUTUAL (PRM)

Chair Kalt called the joint board meetings back in session upon the conclusion of the captive's meetings.

3. For Possible Action: Report of Joint Executive Committees' Approval to Transfer Capital from POOL and PACT to PRM and PCM

Mike Rebaleati reviewed the report about the Joint Executive Committees' decision to transfer \$10,000,000 from POOL to PRM and \$25,000,000 from PACT to PCM to enable both captives to take additional shares of the respective pools' risk retentions and limits. This will enable the captives to achieve better investment returns than the underlying pools which reducing the retention risks of the pools as a long-term strategy to keep costs down and to enhance the ability to rely on the combined resources owned by the pools rather than on other outside organizations.

On motion and second to accept the report, the motion carried.

- ### **4. For Possible Action: Acceptance of Investment Reports and Action on Recommendations:**
- a. Enterprise Risk Management, Investments and Retention Strategy Overview**
 - b. GR-NEAM Management Investment Manager Report**
 - c. Strategic Asset Alliance Investment Advisor Report**

a. and b. Chris Lech, Kelly Sullivan and John Skully, representatives from New England Asset Management (NEAM), reviewed current capital market and economic conditions. They then presented a review of the enterprise risk management analysis project they undertook to assist the pools and captives with designing an optimal investment program that considered the risk profile of the pools and captives. NEAM focuses on the fixed income investment market. They noted that as a result they could increase overall investment income by about \$1,500,000 with only a moderate increase in the risk strategies. These risk strategies still were quite conservative compared to other insurance-type organizations that had higher risk profiles by double or more. The increase investment flexibility of the captives along with the newly transferred capital investments will continue to generate higher income for the captives even with higher risk retention strategies.

c. Dan Smereck of Strategic Asset Alliance (SAA), investment advisor, reviewed the strategies that brought NEAM's enterprise risk management analysis as a tool for future planning. He noted the current market uncertainties and the effect on long-term investment planning. He reviewed the equity market strategies that the captives were using in addition to NEAM's work and how this combination resulted in overall strong gains for the pools and captives.

On motion and second to accept the reports, the motion carried.

5. For Possible Action: Review and Approval of Investment Guidelines
a. PACT Investment Guidelines
b. POOL Investment Guidelines

Wayne Carlson noted that no changes in the investment guidelines for the pools was proposed.

On motion and second to approve the investment guidelines, the motion carried.

6. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda

a. Approval of Minutes of Board:

Joint Board Meeting April 28, 2016 – April 29, 2016

b. Acceptance of Minutes of Committee Meetings

Joint Executive Committee Meeting of March 22, 2017

Audit Committee Meeting of November 28, 2016

Human Resources Oversight Committee Meeting of June 17, 2016

Human Resources Oversight Committee Meeting of September 16, 2016

Human Resources Oversight Committee Meeting of December 8, 2016

Human Resources Oversight Committee Meeting of March 10, 2017

Loss Control Committee Meeting of July 11, 2016

Loss Control Committee Meeting of September 12, 2016

Loss Control Committee Meeting of December 9, 2016

Loss Control Committee Meeting of March 21, 2017

c. Acceptance of Reports

- **Strategic Plan Progress Report**
- **Executive Director's Report**

Chair Minor removed the Executive Director's Report from the Consent Agenda for separate discussion.

On motion and second to approve the consent agenda excluding the Executive Director's report, the motion carried.

Wayne Carlson added commentary to the Executive Director's report about the status of litigation against NPAIP by Virgin Valley Water District noting that the case was ongoing and was in discovery phase. He commented that the plaintiffs were using a scorched earth approach challenging the actions of the board over the last 30 years as invalid. He expressed confidence in the NPAIP position in the case.

Wayne then commented that Doug Smith officially has retired, but could not make this meeting. He also said that Jeanne Greene was planning to retire at the end of July this year and Stacy Norbeck would be taking her place.

He then reviewed the status of pending legislation indicating that certain bills did not pass the legislative deadlines while several others were passed in the first house and transmitted to the other house. Steve Balkenbush commented on one tort liability bill on which he had testified, noting that it would have increased liability, but had died. Bob Balkenbush added comments about some workers' compensation bills that remained active expressing concerns about the implications that would arise if they were passed.

On motion and second to accept the Executive Director's report, the motion carried.

7. For Possible Action: Loss Control Committee

a. Loss Control Committee Report

b. Risk Management Grants and Other Risk Management Program Reports

a and b. Marshall Smith provided a report of the services activities of the Loss Control Committee, chaired by Cash Minor. He noted the various risk prevention and training services being offered and directed members to the website for updates. New e-learning courses were launched as well. He noted the risk management grants process would be thoroughly reviewed in July 2017 by the committee, noting the amount of grant dollars came to over \$380,000 this year for a variety of grants. Various training from swimming pool safety, school safety and law enforcement risk management were presented.

On motion and second to accept the Loss Control Committee report, the motion carried.

8. For Possible Action: Acceptance of Reports

a. Alternative Service Concepts Stewardship Report

b. Alternative Service Concepts Five Year Contract Renewal Report

c. Willis Pooling Stewardship Report

a. Donna Squires provided the stewardship report noting that some changes occurred with in ASC. She introduced Vicki Hampton and Pam Finch from corporate. In the Reno office, ASC hired a new claim assistant, Barbie Smith and in Las Vegas, Greg Gilliam, senior claims adjuster. She noted that recent flood losses had affected several members. She noted some large POOL losses that had been resolved during the last year. She also reviewed the workers compensation loss activity. Wayne Carlson commented that an independent audit was conducted on the PACT claims this year and that the results were very positive, noting that the auditor's standard is targeted at reserve differences should be under 10% either direction and ASC's reserves were under by 8% although much of that was due to one claim that deteriorated and the timing of the reserve changes versus when the audit

occurred. He commented that since results had been consistently positive for several years, the audits were being done on a three-year cycle. She responded to questions.

On motion and second to accept the stewardship report from ASC, the motion carried.

b. Wayne Carlson noted that the Executive Committee has reviewed the proposed renewal contract terms and recommended it to the board.

On motion and second to approve the ASC contract extension, the motion carried.

c. Mary Wray presented the Willis Re Pooling stewardship report which was handed out. She reviewed the overall exposure information for the pool members that were considered by reinsurance underwriters. Market conditions presently were stable for all lines of business. She introduced the Willis team that supported the pools in underwriting, marketing and loss control services. She emphasized that for the pooling industry as a whole, pricing remains stable over the long term, not volatile as is the case with private insurers.

Rick Hudson provided an overview of the loss control and prevention services provided by Willis Re Pooling staff based in Reno including describing the most requested services from members. He noted three primary focus areas in support of the pools' value-added services, members requests and health and wellness.

On motion and second to accept the stewardship report from Willis Re Pooling, the motion carried.

9. For Possible Action: POOL/PACT Human Resources

a. HR Oversight Committee Report

b. Grant Progress Report

c. PRI Financial Audit Report

d. EAP Program Utilization Report

a. and b. Jeanne Greene and Stacy Norbeck provided a review of the HR Oversight committee activities and progress under the grant. She introduced Curtis Calder, Committee Chair, from the City of Elko and noted the committee members. Stacy commented about their analysis of the comparative cost of services delivered by the HR team versus what it could cost in the private sector showing that the training and HR assessments alone came to over \$3.6 million in value over time. This does not count the consultation, policy development, newsletters and other support provided to the members. They then presented awards for achievement because of the HR Assessments of several members.

c. Wayne Carlson reviewed the financial audit results noting that they have performed well under the grant revenue over the last two years. He noted that one source of income for additional services to one member would be ending on July 1, 2017. He also commented that during the year, Marshall Smith had worked with both HR and Risk Management on a split cost basis, but that Marshall had been reassigned to Risk Management fully and HR has replaced him with a new consultant coming on board in May 2017.

d. Jeanne Greene reviewed the scope of the Resources for Living Employee Assistance Program available to all members at no additional cost. She commented about the utilization history, noting that it was significantly underutilized although HR has made consistent efforts to make members aware of the scope of services available both online and in person. She highlighted the manager's referral service available to assist managers in responding to difficult workplace situations.

On motion and second to accept the reports from HR, the motion carried.

10. Board Orientation: POOL Then and Now

Wayne Carlson reviewed some of the history of the POOL over the last 30 years emphasizing the accomplishments of the board over time to make the POOL stronger in order to provide a substantial array of coverages and services that help contain costs.

11. Public Comment

Chair Minor opened public comment and hearing none, closed the comment period.

12. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

The Agenda was posted at the following locations and on the State's Website notice.nv.gov:

**N.P.A.I.P. / P.A.C.T.
201 S. Roop Street, Suite 102
Carson City, NV 89701**

**Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701**

**Eureka County Courthouse
10 S. Main Street
Eureka, NV 89316**

**Churchill County Administrative
Complex
155 North Taylor Street
Fallon, NV 89406**