



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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**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 Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502**

Date: April 28, 2016 Time: 1:30 p.m.

Date: April 29, 2016 Time: 8:00 a.m.

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 28, 2016

Board Workshops

Since these are training workshops, no minutes were required for this portion of the annual meeting.

1:30 p.m. – 2:30 p.m. Unmanned Aerial Systems (UASs or Drones) Overview

2:30 p.m. – 2:45 p.m. Break

2:45 p.m. – 4:45 p.m. Human Resources Quiz Show for Board Members

5:30 p.m. – 6:30 p.m. Board Attitude Assessment (cocktails)

6:30 p.m. – 9:00 p.m. Dinner and Entertainment (Utility Players)

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 29, 2016

1. Introductions and Roll

A quorum was confirmed present and Chair Kalt called the Joint meeting to order.

2. Public Comment

Chair Kalt opened Public Comment. Kim Johnson, Douglas County Deputy District Attorney, made comments regarding the Executive Director's report. She noted that it did not seem complete in describing the issue with Douglas County's experience rating results over the last ten years. She indicated that the estimated over payment due to calculation errors over the last year could be over \$800,000 and that while they were awaiting further calculations, they had estimated that I could be nearly \$1,000,000 difference. The County believes there was a serious error and they were doing their fiduciary duty to account for the difference.

3. For Possible Action: Acceptance of Reports and Action on Recommendations:

a. Strategic Asset Alliance Investment Advisor Report

b. GR-NEAM Management Investment Manager Report

c. GR-NEAM Enterprise Risk Management, Investments and Retention Strategy Overview

d. Bickmore Actuarial Report for POOL and PACT

a. Dan Smerek of SAA provided an overview of the investment strategies, market conditions and results. He noted that one of his first tasks was to conduct a selection process for the fixed income investment manager which resulted in the selection of GR-NEAM. This resulted in fee reductions from investment management and custodial services, and GR-NEAM included investment accounting services which was a new service. He showed a comparison of investment strategies of a group of similar pooling clients, noting how they compared on leverage ratios and distribution of investment types.

b. Patrick Scully and Kelly Sullivan provided a review of investment market conditions and trends. They reviewed the investment results for NPAIP, PACT, PCM and PRM since they took over the fixed income portfolio. Their investment accounting systems were in place and being implemented. They reviewed the results and responded to questions about the various investments.

c. Mark Yu introduced the concepts and methodology behind the enterprise risk management process GR-NEAM was undertaking for the pools and captives to help assess appropriate investment strategies relative to underlying operational needs and leverage ratio. He explained how insurance companies and pools need to consider the interrelationships of these risks and investment strategies in order to assure solvency and effective investment results. He said that the process is in the early stages and will unfold over several months. Once the results are incorporated into a model, we can test various risk scenarios enabling us to quantify the risk retention decisions we consider.

d. Derek Burkhalter from Bickmore, our actuarial firm, provided a review of his actuarial reports on reserves and funding estimates for the pools and captives. He commented on the loss development and trends over time for each pool and captive, noting that the results generally indicated a fairly neutral or modest upward trend in the funding recommendations.

4. For Possible Action: Review and Approval of Investment Guidelines

a. PACT Investment Guidelines

b. POOL Investment Guidelines

Paul Johnson asked about potential revisions to the investment guidelines based upon the SAA and GR-NEAM reviews. Dan Smerek indicated that this was part of the process with SAA and GR-NEAM once they had the investment accounts analyzed and the enterprise risk management review was completed. They then would make suggestions for revisions.

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

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

a. Approval of Minutes of Board:

Joint Board Meeting April 30, 2015 - May 1, 2015

b. Acceptance of Minutes of Committee Meetings

Joint Executive Committee Meeting of May 27, 2015

Joint Executive Committee Meeting of August, 31, 2015

Joint Executive Committee Meeting of October, 23, 2015

Joint Executive Committee Meeting of March, 21, 2016

Audit Committee Meeting of October 15, 2015

Human Resources Oversight Committee Meeting of June 19, 2015

Human Resources Oversight Committee Meeting of October 2, 2015

Human Resources Oversight Committee Meeting of December 11, 2015

Human Resources Oversight Committee Meeting of March 18, 2016

Loss Control Committee Meeting of June 5, 2015

Loss Control Committee Meeting of September 4, 2015

Loss Control Committee Meeting of December 15, 2015

Loss Control Committee Meeting of February 9, 2016

Loss Control Committee Meeting of April 13, 2016

c. Acceptance of Reports

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

Josh Foli requested that the Executive Director's Report be pulled from the consent agenda in light of the Public Comment and that he wished to make comments regarding it. Chair Kalt removed this item from the consent agenda.

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

Chair Kalt then recognized Josh Foli for his comments on the issues raised by Douglas County. Josh Foli commented that Douglas County should not expect a retroactive restatement of its experience modification factors because that would affect all other members. The PACT allocation was correct under the original calculations and that one cannot reallocate post fact on a scenario of splitting out sub-entities. It could be used as a guideline for internal allocation, but is not an actual difference.

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

6. **For Possible Action: Loss Control Committee**
 - a. **Loss Control Committee Report**
 - b. **Risk Management Grant Report**
 - c. **Recognition of Members for Loss Control Excellence Program Awards**
 - d. **Data Security Project Report: Mike Rebaleati and Antonio Rucci**

a and b. Mike Rebaleati provided an overview of the loss control committee activities, noting school bus safety training and HILT grants specifically. He highlighted the risk management grants were being underutilized, but substantial funds remained available.

c. Mike Rebaleati then gave awards for the LCEP to Eureka County, accepted by Bev Conley, Pershing County, accepted by Roger Mancebo, and White Pine County School District, accepted by Paul Johnson.

d. Mike Rebaleati did a brief introduction of the data security project he initiated with Tony Rucci as the data security consultant. Mike emphasized the growing cyber breach treats and the need for development of assistance to our POOL Members. He reviewed the current coverage provided. He described the scope as inclusive of developing sample policies, training and various levels of security testing for Members willing to participate. Tony Rucci then presented a review of the risks arising from cyber breach events and commented about various ways hackers are able to get into systems to steal data or to install ransom wear to extort funds.

7. **For Possible Action: Stewardship Reports**
 - a. **Alternative Service Concepts**
 - b. **Willis Pooling**

a. Donna Squires added to the stewardship report that was in the board packet by discussing a closed case review of the litigation outcomes. Based on her review, she analyzed the case resolutions and attorney effectiveness compared to the fees generated to defend or settle cases. Mike Livermore reviewed the highlights of the workers compensation claims activity and trends.

b. Mary Wray of Willis Re Pooling provided a stewardship report noting the corporate change with Willis and Towers Watson merging and Willis Pooling becoming a unit with Willis Re, thus gaining even more depth. She touched on the highlights of the report and introduced her staff. She explained the marketing process for this year, noting that she, Stephen Romero and Courtney Giesseman traveled to London with Wayne Carlson and Mike Rebaleati to negotiate the property coverage program with Lloyds. Stephen and Courtney commented about the experience with the London underwriters since it was their first trip to meet the various underwriters. They also talked about the importance of the long term relationships with the London underwriters and how they value our connections with them. Rick Hudson reviewed highlights of the risk control services provided to the members.

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

8. **For Possible Action: POOL/PACT Human Resources**
 - a. **HR Oversight Committee Report**
 - b. **Grant Financial Audit Report**

Jeanne Greene reviewed the POOL/PACT services delivered and how it had expanded this year. She introduced her staff noting that this was the 10th year of Pooling Resources, Inc. and the 20th year of the POOL/PACT Human resources services. She recognized John Bates and Stacey Norbeck as the longest serving consultants to the Members. The grant financial audit then was reviewed.

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

9. For Possible Action:

a. Board Orientation: POOL PACT Overview

b. Adoption of Changes to Mission, Vision, Goals and Core Values

a. Wayne Carlson provided a review of the POOL/PACT services available to all Members.

b. Wayne Carlson noted that at its previous board retreat, there were several recommended changes to Mission, Vision, Goals and Core Values that had not been formally acted on by the boards.

On motion and second to adopt the changes, the motion carried.

10. Public Comment

Public Comment period was opened, but none was received.

11. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at about 12:22 p.m.

The Agenda was posted at the place of the meeting, at the following locations and on the State's Website:

**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
Complex
10 S. Main Street
Eureka, NV 89316**

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