



Nevada Public Agency Insurance Pool
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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**

Date: April 28, 2005 Time: 5:00 p.m.

This meeting was a board training workshop only. Alan Kalt and Wayne Carlson gave a presentation entitled "Positive Governance and Personal Power" to members of the boards, staff and service providers in attendance following the dinner.

Date: April 29, 2005 Time: 8:00 a.m.

1. Roll

Staff circulated a sign-in sheet for members of both boards to sign. A quorum was present and the meeting commenced at 8:00 a.m. upon call of the Chairmen.

2. Action Item: Approval of Minutes of Board and Acceptance of Committee Minutes:

- a. **Joint Board Meeting of November 15, 2004**
- b. **Joint Executive Committee Meeting April 5, 2005**
- c. **Loss Control Committee Meeting of April 5, 2005**
- d. **Litigation Strategy Committee Meeting of March 11, 2005**
- e. **Audit Committee Meetings of December 7, 2004 and December 29, 2004**

On motion and second to approve the minutes of the board and to accept the minutes of the committees, the motion carried.

3. Action Item: Presentation by Alternative Service Concepts, LLC Regarding Changing Claims Management Contracts from Fee Per Claim Basis to Dedicated Unit Cost Plus Profit Basis; Stewardship Reports

Donna Squires presented the stewardship report for Alternative Service Concepts, the POOL and PACT claims administration company. She highlighted the qualifications of her staff and the stability of her staffing. She summarized the services provided that included claims handling, coverage analysis, legislative tracking, litigation management, loss control support, claims information system, coordination with CHRM consultants and meetings with members. Donna reviewed the claims activity for both pools.

In addition, she reviewed the results of the claims audit conducted this year on POOL claims. A new claims audit firm, Kentfield & Associates, did a thorough review of coverage determination, claims investigation procedures and litigation management. Overall, the reserves were appropriate and monitored regularly as required. Key findings included positive comments about the quality of defense counsel's work and the appropriateness of defense counsel assignments. Communication between ASC and defense counsel generally was excellent. The auditor recommended that ASC conduct more of the investigatory effort rather than counsel. The auditor suggested an Action Plan Team consisting of the adjuster, defense counsel, claims manager and POOL/PACT administration would be beneficial to determining what actions is necessary to the investigation and defense of the claim, and what defense strategy should be utilized. Donna noted that this recommendation has been implemented and will be an ongoing part of their services.

With regard to POOL, Donna highlighted key case results. Regarding PACT, she noted several observations made by her adjusters: 1) physical exams required for police and firefighters were not conducted regularly by several members, 2) supervisors did not review the results with the employees as required, 3) physicians did not give clear, specific orders to correct predisposing conditions and 4) there was no follow up to ensure employees did take corrective action. She noted that the heart/lung benefits apply unless the employee has been given an order to correct predisposing conditions and fails to do so. In a recent case, the failure cited above led to a case that had to be accepted with reserves at over \$600,000 that could have been denied had the proper procedures been followed by the employer.

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

4. Action Item: Acceptance of Investment Advisor's Report and Action on Recommendations

Investment advisors Toby Isler and Jas Short provided a review of the current economic and investment market conditions. Jas Short reviewed the performance for the POOL and PACT portfolios, noting that investments had tracked the benchmark returns, but the returns were slightly negative (-0.5%) over the last year. Overall annualized for three year and five year cycles, performance met or exceeded the benchmarks. The market outlook indicates a flight to treasuries and high quality bonds and that mortgage securities performed well. There is a likelihood of a sell off of treasuries, pushing intermediate yields to the high 4% area. Federal Reserve policy likely will cause federal funds rate to rise and our investment advisors are focusing on defense securities.

On motion and second to accept the investment advisor's reports, the motion carried.

5. **Action Item: Acceptance of Executive Director's Report for POOL and PACT**
- a. **New Staff Introduction**
 - b. **Program Activity Update**
 - c. **Strategic Plan Update**

Wayne Carlson introduced Ann Wiswell, hired in January 2005 to serve as a risk management specialist on his staff. He commented that she has been working diligently on the POOL forms to simplify and enhance the scope of coverages, change them to a reinsurance format and to merge crime and equipment breakdown coverage into a single form. Ann's background includes working with special districts in Washington and working as an insurance broker.

Wayne reminded the boards of the upcoming loss control retreat and board retreat later in the year. He noted that three employees from Lyon County earned the Certified Public Official designation thus qualifying for the \$1,000 award each from the pools.

Chairman Kalt noted the strategic plan updated had been included in the report and asked if there were any questions or comments regarding the plan.

Wayne Carlson noted the insert regarding Energy Nevada that followed his report. He indicated that this was an informational item to encourage members to contact this group to learn more about their programs. Their primary contract began with Carson City and other agencies can joiner onto it for the purpose of aggregation of energy needs and sources for alternative energy. Energy Nevada is seeking opportunities to discuss with members how they may be able to collaborate on projects and perhaps economic development opportunities for alternative energy development.

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

6. **Action Item: Acceptance of Report and Action on Recommendations from the CHRM Oversight Committee**
- a. **CHRM Services Report**

Larry Beller reviewed his report on the scope of services delivered by the Cooperative for Human Resources Management. He noted that his staff had dropped below target on the services hours during the year, but were on track to make those up before year end. He noted that the key service hours arose from organizational development, personnel administration, and legal compliance topics. Training and coaching/interaction comprised the highest proportion of hours delivered to date. Over 2,900 participants attended 110 sessions involving 20 courses with illegal harassment and sexual misconduct being the top courses most attended. Larry noted that they had implanted new programs: Human Resources Assistant Training Series, Organization Climate Survey, Supervisor Development Series, Customer Serviced Training for Front Line Staff and Team Building.

b. Extend Beller & Associates Contract for an Additional Year

Larry Beller requested a one year extension of his current services contract with a 5% increase in fee. He indicated that the primary reason for the extension was to enable the boards to consider any revisions to the scope of services as part of the board retreat in November. He indicated that the fee had not been increased in three years.

On motion and second to approve the one-year extension with a 5% increase, the motion carried.

c. Update on Physical Ability Standards Project

Larry Beller highlighted the progress on the physical abilities standards project noting that P.O.S.T. has begun the regulatory process. Wayne Carlson updated the boards on the regulations indicating that he had met with P.O.S.T. on several occasions to review the proposals and progress. Their staff will propose the first draft of the regulation at the May meeting. Med-Tox stated that its research would support the proposed draft from a validation perspective. Med-Tox reported that the current standards compared with State Risk Management's fitness for duty standard meant that upon graduation, a new officer would not meet the minimum fitness for duty standard. Thus, the regulations must be changed to be consistent. Wayne indicated that the Category III study was on hold pending participation by the State Department of Prisons.

d. Update on Comprehensive School District Policies Project

Larry Beller outlined the school policies project progress noting that with the cooperation of the Nevada and Oregon School Board Associations, a comprehensive set of policies has been developed incorporating existing CHRM personnel policies. Leon Hensley and Bob Scott, both retired Nevada Superintendents, are delivering the sample policies and working with members to tailor them to local needs for adoption. Several school district members indicated interest in having the sample policies delivered to them.

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

7. Action Item: Authorization to Renew Current Employee Assistance Program Contract with Horizon Behavioral Services for an Additional Year

Larry Beller provided an update on the EAP services noting that Horizon Behavioral Services had provided unreconciled data that indicated a utilization rate of 2.4% - 2.7%, up since last year. He said that their critical incident response had been very well received and conducted. Paul Johnson commented that his school district had been a recipient of services that had been extremely beneficial during a crisis. Wayne Carlson indicated that he had budgeted for the same fees which were negotiated on utilization tiers last year.

On motion and second to extend the contract with Horizon Behavioral Services for one year at the same terms and rates, the motion carried.

8. Action Item: Loss Control Committee Report

a. Loss Control Strategic Plan Progress

Doug Smith and Mike Pennacchio provided an overview of the strategic plan progress. The renewal budget includes discretionary spending by the Loss Control Committee and they have been considering several items that would benefit members.

b. Next Retreat September 26, 2005 at Winnemucca

Doug Smith commented that the Loss Control Retreat has been scheduled for Monday, September 26, 2005 preceding the Nevada Association of Counties Annual Conference in Winnemucca. The theme will be disaster planning and participants will come away with a disaster plan completed.

**c. Purchase of Two Skidcars for Regional Program Use;
Continuation of Skidcar Rental Program for Other Regions**

Wayne Carlson provided the boards with an update on the SkidCar rental program. He noted that Humboldt County/Winnemucca had approached him about becoming a regional training center hosting a SkidCar. He also had discussions with Douglas County Sheriff Ron Pierini and P.O.S.T. about locating another regional center by placing a SkidCar at the P.O.S.T. facility so that it could be utilized by the academy and surrounding members of the POOL/PACT. Each SkidCar costs about \$45,000 to purchase.

On motion and second to authorize the purchase of two SkidCars as proposed, the most carried.

d. Driving Simulator Status Report

Doug mentioned that the driving simulator has received attention in the press. Ann Wiswell and Craig Buchholz attended a demonstration at the Legislature. Ron Kendall has been teaching at the senior center and keeps staff apprized of his efforts to promote utilization. Ann is promoting utilization to members of the pools.

9. Action Item: Willis Pooling Report

a. Wellness/Fitness Programs Update

Josh Wilson provided an overview of the wellness program activity. He indicated that the GetFit contract renewal was being negotiated to reduce the number of original licenses available, but to expand the current number of registered site licenses by 100. He said that he has been focusing on the police/fire groups, but that it was being offered to hospital staff as well.

Josh reviewed the status of the wellness/fitness pilot project for Churchill County and Fallon law enforcement agencies. He reported success in getting the program started. Wayne Carlson commented that Dr. Greenwald and Jackie Cox of SpecialtyHealth had called with an update on the project. They reported that the officers were highly motivated with strong management support. They indicated that the risk profiles overall were high, but manageable. Alan Kalt commented that his personal experience with Dr. Greenwald had been very favorable and that he has been exercising better and dieting to improve his own condition as a consequence. Josh explained that each of the officers was given a physical exam including a VO2 test for lung capacity. To encourage them to exercise at the appropriate level, each officer was given a heart monitor to measure progress. Overall the program is off to a successful start. Josh will provide follow-up wellness classes.

b. Loss Control Update

Craig Buchholz advised the boards that the Loss Control Excellence Program is being updated to facilitate understanding of the rating criteria. He noted that several members have been reviewed for recertification and some are working toward initial certification. The individual section award approach has increased interest. Craig mentioned the Public Entities Safety Conference would be held in June in Henderson.

c. Broker Services Update

Bob Lombard briefly handed out and reviewed the broker activities and services. He noted with regret that Lloyd Kelley, President of Willis Pooling, was leaving the Willis organization as of today, but that the Willis Pooling status was solid and growing under the umbrella of the Willis

CAPS unit. Bob saved his discussion of market conditions for presentation with the review of renewal options under the separate board agendas.

10. Action Item: Action Regarding any Legislation

a. AB 477 Regarding Delegation of Policymaking Authority of District Attorneys, Sheriffs or Other Officials

Wayne Carlson explained that AB 477, that clarifies that deputies appointed by elected officials are not policymakers for the elected official's office, has cleared the Assembly without opposition. It has not been scheduled for hearing in the Senate at this time. AB 477 is a bill being carried by NACO at the behest of the POOL.

b. Update on Legislation Activity

Wayne Carlson updated the board on the bills he has been tracking, cautioning the boards that nearly a dozen bills on the Open Meeting and Ethics laws have been heard. He expressed that members should pay attention to these changes since the Legislature is paying close attention to both areas of the law. He also reviewed workers compensation bills, commenting that Mike Livermore has been very helpful in analyzing the bills and presenting testimony.

11. Action Item: Board Retreat November 2-4, 2005 in Eureka, Nevada

Mike Rebaleati noted the dates of the boards' retreat in Eureka for November 2-4, 2005. Wayne Carlson stated that Roberta McCreary, who facilitated the previous two retreats, has been contracted for this retreat. On motion and second to approve the retreat dates and location, the motion carried.

12. Public Comment

None was received.

13. Action Item: Adjournment

The meeting adjourned at about 10:40 a.m.