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**Nevada Public Agency Insurance Pool**

**Public Agency Compensation Trust**

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Notes for Board Retreat of the

Board of Directors of Nevada Public Agency Insurance Pool and

the Board of Trustees of Public Agency Compensation Trust

Location: Eureka Opera House, Eureka, Nevada

**Dates and Times: November 17, 2014: 8:30 a.m. to 5:00 p.m.**

**November 18, 2014: 8:30 a.m. to 12:00 p.m.**

**Since a quorum of the board was not present, the retreat was conducted as a workshop with discussions, but no actions taken.**

**Monday, November 17, 2014:**

**Scenario Results: Impact on POOL/PACT Roundtable**

The attendees were divided into four groups mixing board and non-board members. Each group was assigned one of the scenarios as its focus. The workshop lead off with a replay of the scenario videos first introduced at the April 2014 Board Meeting Workshop. After watching the scenarios, the groups were asked to review/revise Scenario Workshop Summaries that had been prepared as part of their board retreat packet. They then reported out changes they made to their specific scenarios assignments.

The groups then were asked to review and discuss themes arising from scenarios to answer these questions:

1, What themes are most important for POOL/PACT to consider?

2. What themes are most important for Members to consider?

Each group then presented its synopsis of its discussion. Theme comments included the following for the pools’ involvement in priority order:

Dark Decades scenario:

* Local control theme – facilitate local efforts; collaboration; funding
* Education theme – expansion of training and professional development resources; both online and instructor led.
* Government involvement – expanded lobbying efforts
* Economy – unfunded mandates; increased financial pressure on pools not only from members but in possible decreased earnings on investments.

Comeback Scenario:

* Economy
* Education – huge issues such as Charter schools, vitual schools may create bifurcated system; opportunities to link rural schools to community colleges
* Government involvement – volunteers needed, social media replacing socialization aspect of volunteering; public lands should come back to Nevada; government should stimulate, not regulate
* Local Control – collaboration; link young volunteers to career opportunities

Equitable Economy Scenario:

* Economy – job training and development
* Government involvement –funding, volunteers, personal responsibility
* Education
* Local Control

Creative Communities Scenario:

* Local Control – focus on community, collaborative spirit “me to we” collective good; trustworthy local organizations; break federal and state control
* Government involvement – as a catalyst for community focus; outreach; promote community involvement
* Economy
* Education - fundamental

Since the scenarios brought out different issues depending upon which one was expected to occur, the responses reflected differing perspectives for action. Local control appeared to be an important response to two of the four scenarios and the emphasis from the discussion was on the community collaboration across political boundaries. The economy also appeared for two of the four scenarios as a key concern and the focus was on improving it through job training and development efforts. Government involvement, while not the top priority, appeared in second or third place across all scenarios, but more as a catalyst for change directed at the local community. Likewise, education was noted as an important tool with recognition of the need for more on-line training.

Wayne Carlson delivered a presentation entitled “Communities without Boundaries” to invite discussion of possibilities if political boundaries were not considered. Each group discussed this and then held a general discussion regarding this and all scenarios.

The following ideas were introduced:

* Community college could be a resource by teaching safety and risk management for the benefit of the entire community
* Diminished number of volunteers was affecting some essential community services such as fire, ambulance and police in rural communities. Social media may be eroding the sense of community involvement as a volunteer. Perhaps a link to supporting career training needs would help.
* Local government economic impact could be nearly 40% of a small community’s economy so linking public and private functions may be critical
* Local government self-sufficiency may be a significant challenge
* POOL/PACT and captives could have a combined $500,000,000 by 2030 if investments play out positively over time. Then they could become a target or resource for paying for community needs or be pressured for dividends.
* Community focus beyond political boundaries. Collaboration should be a key theme.
* Expand the definition of “community boundaries” as a focus on better service to all.
* Perhaps an “intervention” is needed to gain a cooperative spirit of community.

**Scenario Results: Impact on Mission, Vision, Motto, Goals, Values**

Considerable discussion about the Mission, Vision, Motto, Goals and Values that had been adopted in 2000 and review subsequently at retreats, but not changed. The participants made numerous suggestions to enhance these as shown below.

***MISSION:***

The POOL/PACT member services consortium provides professional risk and management resources for public agencies.

**We Excel In:**

* + - Transformational leadership including succession planning
    - Innovative professional solutions that help Members serve the Public
    - Financial strength, security and durability
    - Cost effective risk sharing and financing
    - Interactive claims service

**We Are:**

* Adaptive and responsive
* Member-governed
* Stewards of public assets
* Committed to quality member services
* Focused on the future

***VISION:***

Risks encountered by Members actively are engaged by agencies utilizing loss prevention and risk mitigation and by sharing and sustaining resources to benefit their employees and the public they serve.

***GOALS:***

1. To incorporate risk management into member strategies.
2. To bolster and grow financial strength for the benefit of our Members.
3. To deliver innovative education, training and support as a primary service.
4. To grant membership privileges to public agencies who demonstrate commitment to our Mission and Vision.
5. To provide sustainable professional service.
6. To share resources between Members so that all succeed.

***CORE VALUES:***

**Strength:** We focus on innovation, initiative and foresight to lead to a stronger pool in the futurefor financial and market independence.

**Accountability:** We hold ourselves accountable to each other as members by committing to the vision and mission we share.

**Expertise, knowledge and specialized service:** We excel in expertise, knowledge and service to our members through reliable, value based programs and services.

**Membership is a Privilege:** We show respect through trust, honesty and courageous candor to our Members in conducting ourselves and directing the pools.

**Advocacy:** We act in our Members best interest.

**Scenario Results: Impact on POOL/PACT Financial/Investment Strategies**

Doug Smith reviewed the last 10 years history of self-funded retentions for both the pools and the captives and their relationship to finances. He explained the current surplus or “Net Worth” available to cover the retentions, noting the uncertainty of future payments for claims such as heart and lung. He reviewed the investment results over time and how increased retentions were linked to investment results and growth of surplus.

He discussed how the pools’ retention and investment strategies linked to the mission of the pools, the role of the captives and how other reinsurance partners contributed to the success of the pools. He showed charts demonstrating the growth of net assets and the ratio of net assets to retention exceeded our targets over the last ten years. Doug then described the evolution of our investment advisors and long-term strategy toward more financial independence from insurance market forces.

The day concluded with a cooperation, collaboration and teamwork event.

**Tuesday, November 18, 2014**

**Training Needs and Services to Benefit Members**

Ann Wiswell introduced Trisha Young, a representative from Torch, our Learning Management System provider, to review the evolution of learning management systems and training methodologies and the showcase features of the POOL/PACT E-learning program. Trisha reviewed several features and future options for Members to utilize the LMS beyond the e-learning courses, including Members adding internal documents and training materials on their own. The expanded use could benefit internal reviews and management oversight of performance. Several Members asked questions regarding the capabilities and importance of maintaining a robust, but stable system if they did use it beyond training records.

**Claims Issues**

Donna Squires made a presentation regarding claims trends and concerns. One of the key concerns she reviewed was the aging infrastructure and its impact on liability claims and the aging property inventory impact on property claims. Members often don’t have the funds to properly maintain facilities and this may result in losses, some of which are not covered by the POOL. In such cases, Members may not have the funds to make the necessary repairs to the buildings, thus leaving them vulnerable to future losses as well. When there are covered claims, some Members are upset when we don’t allow use of local, unlicensed contractors. However, the POOL wants these repairs to be done to code and good quality so licensed contractors have been selected by ASC for this purpose. Since it is a POOL covered claim, it is the POOL’s responsibility to select the contractor, but some Members think they have to go to bid, which they do not since it is not their money. Discussion ensued on these questions:

* Provide insurance solutions?
* Participate in infrastructure investments?
* Less exclusions/more coverage extensions?
* Make no interest loans to members to pay for non-covered claims?
* Identify at risk properties on the SOV and co-fund restorations with members?
* Increase dollar amount for risk management grants?

From the discussion, there was some interest in seeking some preventative funding sources to help with better maintenance of the facilities. It was suggested that a review of the property schedule for older properties may be a starting point in further discussion. The pools may have a role via risk management grants or other means such as no interest loans for certain repairs. Similarly, extend loans for partially covered loss repairs to the uncovered portion.

Mike Livermore then discussed workers compensation claims, particularly the heart claims. He provided a chart showing heart claims from 1996 to 2014 that show an increasing frequency trend. Another chart showed the severity trend which spiked quite high in 2004 with $3.6 million incurred costs out of a total of $15 million for the period. The years 2005-2008 plus 2014 also were expensive years for large claims. The trend is very volatile and aging demographics seem to indicate a growing concern for post-employment claims. The frequency of police claims was double that of fire claims, although the incurred cost was about 15% higher for police than fire. He reiterated the need for prevention of such claims by the Cardiac Wellness Program.

**Reimagining Future for POOL/PACT - Roundtable discussions**

* Based on scenario workshop 2030 discussions: What do members expect and need? Can pool help? Interlocal cooperation services?
* Can we do comprehensive wellness strategies for all employees in pools including police/fire using CWP approach; partner with health insurers to use our wellness strategies for members [www.tomypath.com](http://www.tomypath.com) ([laura@vsbit.org](mailto:laura@vsbit.org))
* Community safety coordinators (model after [www.njsafetyinstitute.org](http://www.njsafetyinstitute.org))?
* Public officials and managers training on governance, board-staff relations, etc. in connection with UNR CPO program

This topic brought considerable discussion and ideas for POOL/PACT to consider:

* Risk management and loss control prevention services should entail a scoping of problems with Members looking at claims histories; use GAAP assessment of operations approach
* Generate a database of solutions for the Members problems and make them accessible as a resource
* Create timelines and goals via a project plan for Member improvements
* Pools should consider becoming a co-funder of projects
* Information sharing between Members via the pools’ resources and data
* IT standardization: have the pools advocate development of shared IT potentials, such as a data center, to generate cost effective IT solutions
* Identify e-Learning resources and contacts
* Information posting in every building about whom to call for claims so that we get the right information to the right people to avoid claims problems; claims report phone number
* Human Resources issues arising from “regressive” Members should engender need to invest in getting their engagement in solutions
* Pre-fund or zero interest loans for risk mitigation projects
* Wellness education expansion to all employees due to demographics
* Should a health pool be reconsidered now? Or pools assist with bidding process?
* Staffing within Members causes resource constraints such that resource utilization is difficult; can the pools provide ways to help with this?
* Risk assessment of gaps in quality of property, infrastructure
* Property inventory – develop strategy for pool the assist with improvements
* Expand e-learning to all members, particularly smaller Members; address bandwidth problem
* Analyze opportunities for facilitating shared administrative services between Members

**Conclusion:**

Given the insights from participants, this report will be presented to the boards for consideration and action as appropriate.