



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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**Minutes of Joint Meeting of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust**

Date: Friday, February 23, 2018

Time: 10:00 A.M.

Place: at 201 S. Roop Street, Carson City, NV 89701

Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420

1. Roll

PACT Executive Committee Members Present: Mike Giles, Josh Foli, Chris Mulkerns, Cindy Hixenbaugh, Elizabeth Frances, Paul Johnson

PACT Executive Committee Members Absent: None

NPAIP Executive Committee Members Present: Cash Minor, Josh Foli, Lisa Jones, Bev Conley, Ann Cyr, Gerry Eick

NPAIP Executive Committee Members Absent: Dan Corona

A quorum being present, Chair Johnson called the meeting to order.

2. Public Comment

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

3. For Possible Action: Proposed Resolution of Dispute Regarding Assessments paid by Douglas County to PACT for Workers Compensation Coverage for Years 2005-06 through 2015-16.

The Executive Committees of NPAIP and PACT may interrupt the open meeting and exclude the public for the purpose of having an attorney/client discussion of potential and existing litigation pursuant to NRS 241.015(2)(b)(2).

Chair Johnson opened this agenda item for PACT committee members only. Steve Balkenbush, counsel to PACT, reviewed the background and rationale for the recommendation to resolve the dispute by payment to Douglas County of \$1,850,000 within 60 days following acceptance by Douglas County. Zach Wadle, counsel for Douglas County, indicated that the county would act on this item at a meeting in March 2018. Steve responded to questions about the proposed resolution and how it developed.

On motion and second to approve the settlement, subject to Douglas County's acceptance, and payment within sixty days following Douglas County's acceptance, the motion carried.

4. **For Possible Action: Consent Agenda**

a. **Approval of Minutes of Meetings:**

1. **Joint Meeting of November 8, 2017**
2. **POOL Executive Committee December 15, 2017**

- b. **Approval of PARMS Lease extension from July 1, 2018 to July 1, 2019 to coordinate dates with PARMS Service Contract dates**
- c. **Approval of a one-year extension option from May 1, 2018 to May 1, 2019 allowable under the existing Information International Associates (Tony Rucci) contract.**

- a. On motion and second to approve the minutes, the motion carried.
- b. On motion and second to approve the extension, the motion carried.
- c. On motion and second to approve the extension, the motion carried.

5. **For Possible Action: Investment Strategies**

- a. **Review/Revise Investment Guidelines for NPAIP and PACT**
- b. **NEAM and SAA Investment Update**

Chair Johnson invited Dan Smereck of SAA and Kelly Sullivan of NEAM to present these items.

- a. Dan Smereck reviewed the proposed changes to the investment guidelines for NPAIP and PACT. On motion and second to accept the proposed changes, the motion carried.
- b. Kelly Sullivan reviewed the summary report of NPAIP, PACT and of the captives, PRM and PCM. She showed the capital transfers from the respective pools to the captives and the additional investment gains as a result from the expanded investment strategies available under the captives laws. She noted the amounts of each capital transfer and the effect on the pools and the captives.

6. **For Possible Action: Board Retreat September 20-21, 2018 for NPAIP and PACT**

- a. **Retreat Focus and Planning**
- b. **Retreat Facilitator Veronica Frenkel**

Wayne Carlson commented about the background and experience of the facilitator. He said that due to a family emergency she could not submit her proposal prior to this meeting. He described the proposed focus and scope of the retreat topics including succession planning for board and staff, and future thinking as an anticipatory organization strategy. Committee members commented on these topics and expanded them to include public reports of financial condition and funding of various services with allocation between pools and captives. Wayne requested approval of the retreat and direction regarding the facilitator agreement.

On motion and second to approve the retreat and the facilitator, subject to final agreement with the facilitator and approval by the Executive Committees and the next meeting, the motion carried.

7. **For Possible Action: Review of 2017 Financial Audit of**

- a. **Public Risk Mutual**
- b. **Public Compensation Mutual**

Alan Kalt, CFO, provided a review of the draft financial audits of both captives, highlighting the treatment of the additions to capital from the pools and the investment results. He noted

several key financial ratios and commented that the final audit will contain a management discussion and analysis of these key factors. No action was taken as this was a review only.

8. For Possible Action: Acceptance of Reports:

- a. Executive Director**
- b. Chief Operations Officer**
- c. Chief Financial Officer**
- d. Risk Manager**
- e. Human Resources Manager**
- f. ASC – Claims Manager**

a. Wayne Carlson updated his written report to indicate that he had received a call from the agent for North Lake Tahoe Fire Protection District indicating that the district was considering sending a notice of intent to withdraw. They were upset about a particular claim and wanted to see what options were in the market. He advised the agent that their notice must be received by March 1, 2018. No other notices were likely for NPAIP or PACT.

b. Mike Rebaleati, COO presented an oral report about the current activities including the members' network assessments progress, internal operations changes that will be proposed under the budget review. He noted he attended the GEM board meeting and reported that they just held a retreat andabout their purpose. For CRL, he serves on their investment committee and reported that they are doing well. Mike commented on the passive network assessments and progress with members.

c. Alan Kalt, CFO, presented his oral report noting that as the newest staff member, he was completing the AGRIP Advisory Standards Application for NPAIP and PACT. He commented that it was a great learning tool for him in getting to know the internal operations. He discussed creation of a popular report dashboard for financial reporting on the pools and captives. As a result, he is working on proposing some new board policies. He commented that he has been attending agent meetings educating them about the pools and services.

d. Marshall Smith, Risk Manager, highlighted the activities of the loss control committee, grants programs, grant process update, changes in loss control committee members, upcoming active shooter training and police/prosecutor conference on abuse. He reviewed the upgrade to the Torch e-learning program for risk management training and human resources training. He noted the MSDS upgrade available to larger members and the increased utilization. Staff reinstated the quarterly large claims review to track trends to help guide risk management programs.

e. Stacy Norbeck, PRI General Manager, reviewed the HR strategic plan progress and their extensive level of delivery of policy updates, training program revisions and the increasing volume of participation in the training programs. The instructor ratings were very strong. The consultants will be developing the service plans for each member beginning in May.

f. Donna Squires, ASC Claims Manager, discussed the staffing changes for both the NPAIP and PACT adjusters. She said the Dan Hamlin, liability senior adjuster, was retiring at the end of February. They are in the process of hiring a senior workers compensation adjuster with the goal of having Mike Livermore provide mentoring as Mike's future replacement (timeline not determined). In addition, Karen Barbee, senior workers compensation adjuster, is now working part-time. Other staff have been promoted into open positions and a new claims assistant has been hired.

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

9. **For Possible Action: Approval of POOL Form Amendments/Endorsements for Fiscal Year 2018-2019**

Wayne Carlson commented that no proposed form changes were being made this year. Staff and ASC have reviewed potential clarifications of the replacement cost provisions for public safety vehicles and obtaining appraisals, but nothing is ready for this upcoming year. He noted that the attachment showing the vehicles subject to replacement cost without the cost new listed since that confused members regarding how settlements were to be valued. The cost new is used for rating purposes so we will have that information on file. No action taken.

10. **For Possible Action: Review of NPAIP and PACT Program Renewal Status and Options**

a. Willis Pooling Report

b. Review of Reinsurance Coverage and Retention for NPAIP and PACT

c. Renewal Reinsurance Strategies

a. Mary Wray of Willis Re Pooling reviewed the structure graphs and cost indications for both NPAIP and PACT, noting the areas of expected increases due to property catastrophe losses and decreases resulting from improved liability and workers compensation experience. These figures will be update for the annual board meeting.

Stephen Romero reviewed the joint purchase programs will have rate reductions or no change. There will be optional increased limits proposed for the student accident program in light of the substantial rate reduction due to positive loss experience.

Wayne Carlson commented about the Lloyds meetings and the extensive underwriter meetings already scheduled for April.

b. and c. Mike Rebaleati commented that the captives will hold the line on any changes to their retentions as will the pools.

11. **For Possible Action: Review of Services and Approval of**

a. PACT Budget for 2018-2019

b. NPAIP Budget for 2018-2019

c. Report of adopted PRI Budget for 2018-2019 grant period

a. Wayne Carlson highlighted the significant changes to the budget including review of items that would reduce net position as a result of amortization of contributions to the captive, grants and wellness program costs. He commented on the effect on certain key financial ratios as a result of the changes. In response to questions regarding the effect of the action taken under item 3 of this agenda, he commented that it would reduce net position and key financial ratios, but not below acceptable levels. Discussion ensued regarding whether the captive would share in the settlement costs and it was understood that it was not a captive issue.

Mike Rebaleati mentioned that he was proposing bringing the E-learning programming in-house rather than by contract and if that was agreed, there would need to be adjustments in the PARMS contract.

On motion and second to approve the budget subject to potential allocation of some of the IT costs from the existing contractor to PARMS, the motion carried.

b. Wayne Carlson highlighted the significant changes to the budget including review of items that would reduce net position as a result of amortization of contributions to the captive and from grants. He commented on the effect on certain key financial ratios as a result of the changes. As with the discussion under the PACT budget, cost transfers of the IT function would affect the budget.

On motion and second to approve the budget subject to potential allocation of some of the IT costs from the existing contractor to PARMS, the motion carried.

c. Wayne Carlson noted that the PRI budget had been approved by the PRI board, so this was an information item only. He noted that the grant revenues were established in the grant itself. He expected investment income changes would offset some of the net negative budget amount. No action taken.

12. For Possible Action: Approval of Prospective Members of NPAIP and/or PACT

- a. Carson Montessori Charter School**
- b. Nevada Association of Conservation Districts**
- c. Mineral County Housing Authority**
- d. Walker Basin Conservancy**

a. Wayne Carlson reviewed the information provided about this charter school for membership in NPAIP. Discussion ensued regarding charter schools generally and whether they met criteria for eligibility for membership. Wayne noted that they are public schools albeit small. Comments about the entrepreneurial nature of some charter schools and the unelected board governance created concerns about governance. There also was concern about setting a precedent by approving this charter school as an exception. Further evaluation of an underwriting policy regarding charter schools was suggested.

On motion and second to deny this charter school, the motion carried.

b. Wayne Carlson indicated that he had been working with the agent to obtain applications for consideration of adding the association as a master member with the individual conservation districts as related entities. He noted that many of these districts had no staff. Some district thought they were covered by the State, but most were not for liability or workers compensation. He will bring this back for future consideration.

c. Wayne Carlson reviewed this housing authority which is similar to other housing authority members of NPAIP. They are designed for low income seniors and disabled persons.

On motion and second to approve for NPAIP membership, the motion carried.

d. Wayne Carlson reviewed this conservancy district noting that while it was a nonprofit organization, its purpose was to manage lands in the public interest. He indicated that they would be growing significantly due to a recent ranch acquisition they will manage.

On motion and second to approve for NPAIP and PACT, the motion carried.

13. For Possible Action: Review and Revise Drafts of April 19-20,2018 Annual Meeting Agendas Including:

- a. Executive Committee and Officers Up for Election at the Annual Meeting, Candidates and Conduct of the Elections**
- b. Draft Joint Board Agenda, NPAIP Board Agenda, PACT Board Agenda**
- c. Proposed Amendments to POOL and PACT Interlocal Cooperation Agreements and Bylaws**

a. Wayne Carlson reviewed the list of current executive committees' membership up for election for two-year terms. Each of the incumbents expressed willingness to continue to serve.

b. Wayne Carlson noted the workshop topics planned and the potential entertainment for the first day of the annual meeting. He asked for direction on type of entertainment and received feedback but was asked to use judgment as to which option would work out. It was suggested to take the board overview topic from the April 20th agenda and change it to a brief synopsis and add an expanded discussion on April 19th focused on new board members. No action taken.

c. Wayne noted that the proposed changes had not yet been reviewed by legal counsel, but would be on the annual meeting agendas. No action taken.

14. Public Comment

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

15. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

The Agenda was posted at the following locations and linked to the Official State Website <https://notice.nv.gov>:

**N.P.A.I.P.
201 S. Roop
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 Courthouse
155 North Taylor Street
Fallon, NV 89406**