



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

Date: December 13, 2010

Time: 1:00 P.M.

Place: 201 S. Roop St., Suite 102

Carson City, Nevada 89701

Conference Call: 1-800-351-6808 Passcode: Dougsmi

1. Roll

Members Present: Mike Rebaleati, Alan Kalt, Toni Inserra, Paul Johnson, Lisa Jones, Roger Mancebo, Bill Kohbarger, Steve West, Dan Newell, Mike Pennacchio, Pat Whitten
Members Absent: Claudette Springmeyer, Cash Minor, Jeff Zander
Others Present: Darcy Worms, Doug Smith, Debra Connally, Ann Wiswell, Wayne Carlson, Lauren Brant, Lynn Heislein, Christian Ekberg

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

2. Action Item: Consent Agenda - Approve as a Whole Unless Moved From Consent Agenda

a. Approval of Minutes of Meetings:

1) Joint Executive Committee – April 23, 2010

b. Executive Director's Report

c. Financial and Investments Reports

Alan Kalt asked whether anyone wanted to remove any consent agenda item or to have further presentation of an item. Nothing further was requested.

On motion and second to approve the consent agenda as a whole, the motion carried.

3. Action Item: POOL Building Leases

a. Release of Nevada Association of Counties from Lease

b. Authorize Negotiations with Prospective Tenants at Reduced Rate

Wayne Carlson advised the committee that NACO had given formal notice to vacate by December 31, 2010 and that he had offered a month-to-month extension if they needed it since they were going to do some remodeling on their newly purchased building. NACO had not requested an further extension.

With regard to prospective tenants, he has contacted another current tenant to see whether they would want additional space and is awaiting their response before proceeding to search further. He indicated that he would like to be able to offer lease rates at the same level as the current State Risk Management lease rate that had been reduced two years ago.

On motion and second to approve both 3.a. and 3.b., the motion carried.

4. **Action Item: Acceptance of Reports**

- a. **POOL and PACT Audit Reports**
- b. **Large Loss Report**

Wayne Carlson commented that both audits had been completed and accepted by the Audit Committee. He commented that staff had implemented the management letter recommendations from the auditor. Alan Kalt asked if the committee needed further explanation of the audited financial statements, but no one requested further review.

Wayne Carlson and Donna Squires then commented on the large losses that had been reviewed by staff and ASC, noting that some very recent property losses had occurred. In addition, the ongoing litigation regarding the Fernley canal breach was approaching a mediation process soon.

On motion and second to accept the audits and the large loss report, the motion carried.

5. **Action Item: Capitalization Policies and Review of Captives' Performance**

- a. **Authorize Additional Capitalization of Public Risk Mutual based on POOL Capitalization Policy Statement**
- b. **Authorize Additional Capitalization of Public Compensation Mutual based on PACT Capitalization Policy Statement**

Wayne Carlson referred the committee to the Executive Director's report and the audits for the amount of net asset gains in POOL and PACT respectively. In response to questions, he indicated that existing board policies provided guidance to the Executive Committees that up to 50% of the gains could be transferred from the pools to the captives in their discretion. Alan Kalt asked whether the committee should adopt a percentage for transfer or a dollar amount and was advised that the policy did not require any particular means.

Regarding item 5.a., on motion and second to transfer \$4,000,000 from Nevada Public Agency Insurance Pool to Public Risk Mutual as additional capitalization, the motion carried.

Regarding item 5.b., on motion and second to transfer \$2,000,000 from Public Agency Compensation Trust to Public Compensation Mutual as additional capitalization, the motion carried.

6. **Action Item: Investment Program Changes**

- a. **Approval to Change Financial Custodial Services from Raymond James to Wells Fargo**
- b. **Approval of PFM Asset Management, LLC as Fixed Income Money Manager**

a. Doug Smith introduced Wells Fargo representatives Christian Ekberg (Institutional Retirement and Trust) and Lynn Heislein (Nevada Government Banking) who presented a custodial/trust proposal which would encompass all investments for POOL, PACT, PRI and the two captives. They explained the advantages of splitting custodial services from the current broker-dealer and how they would work with our institutional money managers. In discussing the proposed fees, concern was raised that a \$6.5 million money market fund investment minimum was onerous, and the representatives indicated that this item was negotiable.

On motion to table this item pending further negotiations, the motion was defeated.

On motion and second to approve the change of custodial services to Wells Fargo, subject to negotiation by staff of the terms and their satisfaction that the change would be beneficial to all entities and to bring this item back to the Joint Executive Committee for final approval, the motion carried.

b. Doug Smith introduced PFM Asset Management, LLC representative Lauren Brant (Managing Director) who presented a proposal for fixed-asset management. PFM will become an alternative to (though not necessarily a replacement of) Eagle Asset Management, the current manager for the majority of group assets. Doug stated that PFM is roughly 10 basis points less than Eagle, and that they also provide advisory services as part of their arrangement. He noted that an advisory fee/commission currently is paid to Raymond James of roughly another 10 basis points annually, so the total reduction in costs should approach 20 basis points for funds managed by PFM. Staff suggested these two managers be watched alongside one another for a year or two, in order to compare results and ease of working relationships.

On motion and second to approve the addition of PFM as a fixed income money manager, the motion carried.

7. Action Item: Consider Board Retreat in Fall 2011

Chair Mike Rebaleati indicated that it had been some time since the last retreat and that with many new board members it would be beneficial to hold a retreat that included discussion of financials and investments, orientation to the pools overall and Executive Committee succession planning.

On motion and second to hold a retreat in the Fall of 2011 in Eureka, Nevada, the motion carried.

8. Public Comment

None was received.

9. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.