



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

Date: Monday, March 3, 2014

Time: 10:00 A.M. or immediately upon adjournment of the POOL Claims Committee

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

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

1. Roll

Members Present: Mike Rebaleati, Alan Kalt, Roger Mancebo, Cash Minor, Josh Foli, James Eason, Steve West, Pat Irwin, Paul Johnson, Gerry Eick, Kevin Curnes and Dan Newell.

Members Absent: Pat Whitten

Others Present: Wayne Carlson, Doug Smith, Ann Wiswell, Donna Squires, Bob Lombard, Jeanne Greene

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

2. Public Comment

Chair Rebaleati opened public comment and seeing none, closed the comment period.

3. For Possible Action: Consent Agenda

- a. **Approval of Minutes of Meeting of May 29, 2013**
- b. **Executive Director's Report**
- c. **Financial Reports of NPAIP and PACT**

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

4. For Possible Action: Investment Strategies

- a. **Review/Revise Investment Guidelines for NPAIP and PACT**
- b. **Investment Program Review and Action**

Doug Smith advised that no changes in the investment guidelines were contemplated at this time. He indicated that he was continuing to review investment advisors/managers and strategies for future consideration.

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

5. For Possible Action: PARMS Contract Proposal and Staff Changes

Wayne Carlson advised that he was proposing a five year term, but the committee has the option to extend the current term for two years or he could make the new contract for a three year term with option to extend two more years as at present. He said his proposes reducing the contract to the beginning fee as of the start of the current contract. The reason for the roll back results from some staff changes. Doug Smith is reducing his hours to half time. Debra Connally has moved to Georgia, but will continue to work fulltime via a remote connection. He responded to questions about the sufficiency of the staffing and fees for the workload indicating that he felt it would be sufficient, particularly since Doug was working on refinements to the investment management process. Gerry Eick requested an exhibit further elaborating on the scope of staff assignments/duties be added to the contract. Wayne indicated that the contract references serving as Executive Director and Risk Manager for the pools, which terms are more fully described in the interlocal cooperation agreements, thus he could create an exhibit to this contract that delineates the scope of work contemplated.

On motion and second to approve the proposed contract with the requested exhibit and to place it on the annual meeting agenda for ratification, the motion carried.

6. For Possible Action: SpecialtyHealth MCO/Cardiac Wellness Proposal

Wayne explained that the Managed Care Organization (MCO) agreement contained no changes in language or costs. He reviewed the changes to the Cardiac Wellness agreement noting that there was more emphasis on training and field work, thus adjustments in fees reflected that. They anticipate that the field work and online training will elicit greater participation in the program. There has been increasing participation, but it has been slower than desired.

On motion and second to approve the proposed contract and to place it on the annual meeting agenda for ratification, the motion carried.

7. For Possible Action: Non-renewal of Global Options Contract Effective 7/1/2014 and Replacement with G4S Contract via ASC

Wayne explained that Global Options service had diminished following the departure of the key representative and that G4S would provide better service. Donna Squires added that Global Options had been a national provider to ASC and when that relationship ended, POOL/PACT contracted directly with Global Options because of the relationship locally. That person left and service decline. G4S is contracted with ASC and reportedly performs well.

On motion and second to non-renew the Global Options contract effective July 1, 2014 and replace it with the G4S services, the motion carried.

8. For Possible Action: Leases Up for Renewal During FY 2014-15

- a. CCMSI
- b. Nevada Sagebrush Ecosystem Project

Wayne commented that these leases renew mid-term. CCMSI expires and Nevada Sagebrush Ecosystem Project has an option to extend two years. He responded to questions regarding the real estate leasing market in Carson City and the tenant relationships.

On motion and second to grant authority to negotiation these leases, the motion carried.

9. For Possible Action: Authorize Changes to POOL Building to Enable Broadband Services

Wayne provided background regarding the installation of broadband and the predicament caused by the State's exclusive contract with AT&T. Beginning in April 2013, State Risk Management and EITS approached the POOL staff to enable broadband access. Staff was advised that at that time, AT&T was the State's provider, but that there was going to be an RFP and it was likely that Charter may win it due to their pricing approach. They said that in the short term, Charter could enable copper connectivity, but that subsequently they would provide cable after the RFP was concluded. Based upon this and subsequent meetings, including with Charter and with PARMS IT service provider present, the State represented that they would complete installation with Charter by August, which for varying reasons was delayed to November, and POOL could joiner onto that agreement. Then things stopped since the State agencies could not get going. POOL staff indicated that we did not have these procedural issues and could proceed with Charter and the State could be allocated a share of the capacity, which the State agencies said would be great. POOL staff obtained quotes from Charter for 100 megabits shareable capacity and quoted the State tenants various guaranteed minimum megabits and shareable options, but both said they did not have the money in the budget and dropped the effort. POOL staff proceeded to work with Charter for its own cable without the State. Then State Building and Grounds contacted the POOL staff requesting a proposal from AT&T for cable installation of an Opt-E-Man system. Wayne said he

told them that he already was proceeding with Charter and was told about the exclusive, mandatory AT&T contract for the State tenants. Wayne said that it seemed unnecessary and wasteful to duplicate the same cable installation. B & G insisted on our obtaining a proposal so we contacted AT&T for that purpose. AT&T provided a preliminary price indication that was nearly double that of Charter for 50 megabit capacity for the State tenants and nothing for the building owner or any property management company since they must obtain it from the commercial stores. A meeting has been set up to further discuss the proposal with the State agencies and AT&T to determine next steps.

Wayne asked the committee for direction regarding this conflicting situation. He said it could result in the POOL having to pay double to access AT&T for POOL and possibly additional separate commercial access for non-State tenants or to proceed with Charter in tandem with AT&T thus resulting in two installations into the building. In response to questions, he said that any installations become the property of the POOL should the tenants depart. He also noted that AT&T had done no site visit so could not confirm whether or not the existing rack in the server room would be sufficient or that they would and could install the Opt-E-Man system in the server room at all. He suggested that the State should pay for any AT&T installation since the cost was double. We then could possibly share some of their capacity or proceed to install Charter for the POOL.

On motion and second to approve installation by AT&T at the State tenants' expense and to proceed with Charter at the POOL's expense, the motion carried.

10. For Possible Action: Discuss Options for Expanded Services to Members

Wayne commented that Mike Rebaleati had asked whether the POOL/PACT HR services could be broadened to enable members to contract for additional levels of human resources support services at the member's expense. Mike said he would be meeting with Jeanne Greene to further explore this option via the HR Oversight Committee. Wayne indicated that similar needs may exist with other members for HR and also other operational areas such as financial management, risk management, safety and IT. Various committee members commented on the difficulties many small agencies have in recruiting qualified staff for many services. Some suggested that if members wanted or needed a service beyond what is included in the scope of the current POOL/POACT programs and those members are willing to pay for it, then we should be willing to consider offering support where we can. Jeanne Greene said that once she has a fuller understanding of Mike's needs, she will work through the HR Oversight Committee to come up with a plan and recommendations. No action was taken.

11. For Possible Action: Acceptance of Reports

a. Large Loss Report

Donna Squires reviewed the large POOL and PACT losses, noting that many of the PACT large losses were related to heart claims. POOL has some large losses involving school districts that are in the process of being settled for substantial amounts or still in expensive litigation.

b. Loss Control Committee Report

Ann Wiswell indicated that the Loss Control Strategic Plan had been reviewed and changed very little. She said that the elearning topics underdevelopment included ethics, working with the Ethics Commission staff, open meeting law. In addition, a task force to review new learning management systems to replace the current open source system has been vetting prospective vendors. She noted members now have access to a cyber liability resource in conjunction with County Reinsurance called eRisk Hub which has extensive self-assessment tools, current issues news and vetted resources for consultation if needed. She also noted that NetDiligence was selected by CRL to handling initial claims reports to assist ASC. The committee is

working on fleet management model policies this year as well. The rules for the Loss Control Excellence Program submissions were limited to two filing cycles to focus submission dates.

c. Human Resources Oversight Committee Report

Jeanne Greene reviewed the number of courses and training sessions conducted and the revisions to policies. She noted the new classes being developed. She also said they had implemented an Advanced HR Representative course and had developed a scholarship program to assist members with obtaining professional HR designations. They have posted links to job descriptions for members and have collected collective bargaining agreements and salary schedules that members can access. The HR Oversight committee continues to review its strategic plan and will review the specific services issues raised earlier at this meeting.

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

12. For Possible Action: Approve Change from Sub-entity to Separate Membership from Lyon County for Stagecoach/Silver Springs Hospital District, Fernley Swimming Pool District, Mason Valley Swimming Pool District for Both POOL and PACT

Wayne explained that these entities presently were included within Lyon County's membership and were being split off for various reasons. Fernley Swimming Pool District and Mason Valley Swimming Pool District applications for both POOL and PACT have been received; Stagecoach/Silver Springs Hospital District is applying on for PACT since they have separate coverage for property/liability presently. Josh Foli expanded on the reasons for the split off and what services Lyon County would continue to provide to support these entities.

On motion and second to approve the change, the motion carried.

Chair Kalt recessed the meeting for lunch for 15 minutes.

Chair Rebaleati reconvened the meeting following lunch.

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

a. Willis Pooling Report

b. Market Conditions and Status Overview

c. Review of NPAIP Coverage Form Changes for 2014-2015

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

1) Elimination of Corridor Deductibles

2) Increased Retention to Replace Corridor Deductibles

Bob Lombard provided an overview of the status of the general reinsurance market, noting that there was a low frequency/severity windstorm season and few other catastrophes so property rates would be fairly flat or down. He explained his strategy for negotiating terms for the property program when he and Wayne are in London. Casualty rates likewise should be fairly stable, with the exception that school liability rates may increase by a small amount overall and also be higher for the POOL due to the recent large losses. Workers compensation rates likely will see a small increase overall as well.

With regard to the POOL Form, Wayne noted that there may or may not be a need to review the crime extension language in light of the discussion during the POOL Claims Committee hearing. He also said that CRL's reinsurer asked them to change their terrorism exclusion, so they sent their language to us for consideration as well. He said he would be discussing these further with legal counsel. Bob said that some pools utilizes a "hammer" clause that shifts some of the claims costs to the member in

the event they fail to follow legal advice. Staff was directed to review this issue and to bring it to the annual meeting for further discussion as to the merits or need.

Bob indicated that he would be seeking various retention options for both pools. Doug Smith said that the captives had additional capacity and would be considering taking on additional risks from the pools as appropriate. The captives would share in the pools' retentions if increased and continue to quota share with reinsurers as capacity allows. Bob noted that elimination of the current corridor deductibles was one goal due to the internal bookkeeping requirements on the pools.

Bob noted that the Willis Pooling Symposium would be held in Squaw Creek in the Fall of 2014 so members may wish to attend that program.

No action was taken on these items.

14. For Possible Action: Review of Services and Approval of

- a. Strategies for Mitigation of Program Costs NPAIP and PACT**
- b. PACT Budget for 2014-2015**
- c. NPAIP Budget for 2014-2015**

a. The committee discussed utilization of the captives and whether or not additional funds should be transferred from the pools to their respective captives to enable more risk transfer. Doug responded that the captives have more capacity at present and he felt there could be more risk retention by the captives. Wayne noted that as a result of the policy of amortization of transfers from the pools to the captives, the pools' net income was negative so the board policies to transfer up to 50% of net asset gains to the captives would not be in play. Thus, any additional transfers would be a separate board decision. Staff was directed to further analyze the retentions and options for additional transfers of funds for recommendations to the board at the annual meeting.

b. Wayne reviewed the PACT budget indicating an overall 3% increase in the revenues and some downward adjustments in some expenses. A key consideration was a shift in the allocation of the POOL/PACT HR costs from a 50-50 split between the pools to a 35-65 split, thus reducing PACT's share. This was based upon the utilization of services being more a liability risk management result than a workers compensation result.

c. Wayne review the NPAIP budget which also estimated a 3% increase in revenues and the POOL/PACT HR cost shift and other expense changes.

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

15. For Possible Action: Review of Financial Performance of

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

Doug Smith noted that the captive boards met during the lunch recess of the Joint Executive Committee meeting and accepted the audits for the captives.

No action was taken.

16. For Possible Action: Review and Revise Drafts of Annual Meeting Agendas Including:

- a. Executive Committee and Officers Up for Election at the Annual Meeting, Candidates and Conduct of the Elections**
- b. Joint Board Agenda, NPAIP Board Agenda, PACT Board Agenda**
- c. PRM and PCM Annual Meeting Agendas**

a. Wayne reviewed the list of committee members up for election. For PACT, he noted that James Eason had been appointed to fill a partial term due to a vacancy and would stand for election to a term expiring in 2015. The two-year terms for Pat Irwin, Steve West and Paul Johnson were up for election for the 2014-2016 term and each was willing to stand for election. For NPAIP, the two-year terms for Dan Newell, Kevin Curnes and Gerry Eick were up for election for the 2014-2016 term. Kevin Curnes announced that he would be retiring on June 30th but was willing to be re-elected to serve until then if necessary unless another candidate comes forward for school districts prior to the annual meeting. He indicated he would assist staff in finding a potential candidate. Dan and Gerry both indicated willingness to stand for reelection.

b. The committee discussed whether or not to add an item to the NPAIP agenda similar to what is required by regulation for PACT regarding review of the financial condition and claims history of members for consideration of expulsion as necessary. This would be a good starting point for consistent considerations of these issues even though not mandated by regulation for NPAIP. They also requested the NPAIP agenda add a discussion item regarding a potential "hammer" clause for non-cooperation or failure to follow legal counsel advice.

c. The committee found no changes necessary in the PRM and PCM agendas.

No action was taken.

17. Public Comment

The Chair opened public comment and seeing none, closed the comment period.

18. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 2:06 p.m.

The Agenda was posted at the following locations:

N.P.A.I.P.
201 S. Roop
Carson City, NV 89701

Eureka County Courthouse
10 S. Main Street
Eureka, NV 89316

Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701

Churchill County Courthouse
155 North Taylor Street
Fallon, NV 89406