



**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: Tuesday, February 16, 2021**

9:00 AM

Please click the link below:

<https://us02web.zoom.us/j/87145577501?pwd=SS90cEVvUTdDS2J2WkhCUDhGTHBCUT09>

Passcode: 004456

Or Telephone:

US: +1 346 248 7799 or +1 669 900 6833 or +1 253 215 8782

Webinar ID: 871 4557 7501

1. Roll

Committee Members in attendance: Cash Minor, Paul Johnson, Ann Cyr, Chris Mulkerns, Dan Murphy, Geof Stark, Gina Rackley, Josh Foli, Mike Giles and Cindy Hixenbaugh.

Others in attendance: Wayne Carlson, Mike Rebaleati, Alan Kalt, Marshall Smith, Debbie Connally, Mike Van Houten, Stacy Norbeck, Kathy Parks, Chip Clark, Kelly Sullivan, Dan Smereck, Donna Squires, Margaret Malzahn, Mary Wray, Stephen Romero, and Tim Sutton.

Chair Minor confirmed a quorum was present and called the meeting to order.

2. Public Comment

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

3. For Possible Action: Approval of minutes of Joint Executive Committee Meeting of December 7, 2020

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

4. Discussion Only: Report on PRM and PCM 2020 Annual Audits

Alan Kalt provided an overview of the annual audit results. He commented on the financial results and clean opinion from the auditors. No action taken.

5. For Possible Action: Review of Investment Performance

a. Investment Advisor SAA

b. Fixed Income Investment Manager NEAM

Chip Clark and Kelly Sullivan, representatives from NEAM, presented an overview of current market conditions and the expected affect on fixed income investment performance in the future. They noted that the positioning changes made in recent years has helped keep the investment portfolio performance steady but because of federal policies future returns likely would be lower in the fixed income space. Dan Smereck from SAA added commentary about the investment outlook for risk assets affecting the captives. He highlighted the substantial gains that resulted from federal stimulus and that the federal regulators likely would maintain the inflation target at 2% but allow some float above that until employment conditions improve. Paul Johnson made a motion to accept the Investment Report. Ann Cyr second the motion which carried unanimously.

6. For Possible Action: Acceptance of Reports:

- a. Executive Director**
- b. Chief Operations Officer**
- c. Chief Financial Officer**
- d. Risk Manager**
- e. POOL/PACT Human Resources General Manager**
- f. Davis Claims Solutions**
- g. E-Learning/Web Master**

Written reports were included in the packets and highlighted with oral presentations.

On motion by Geof Stark and second by Paul Johnson to accept the reports, the motion carried.

7. For Possible Action: Adopt Revisions to POOL and PACT Board Net Position Policies to Enable Flexibility in Retention Options

Wayne Carlson explained the rationale behind the proposed changes which was to enable flexibility in selection of the retention options. He explained that presently, certain options would not be available given the effect on the Net Position to Retention policy constraint of 20 times the retention. By adjusting to a minimum of 10 times with a goal of 20 times, additional options may be available for consideration. Discussion ensued about the risks to the respective pool's financial position.

On motion by Josh Foli and second by Paul Johnson to approve the proposed changes for POOL and PACT Net Position Policies, the motion carried.

8. For Possible Action: Review of Risk Management Programs, Insurance/Reinsurance Coverage, and Employee Assistance Program:

- a. Review KEPRO Employee Assistance Program Joinder on State Contract.**

Wayne Carlson commented that the KEPRO contract with the State of Nevada expires July 1, 2021 with an option to extend for two years. POOL/PACT joined onto this contract effective July 1, 2020. He said he asked KEPRO to confirm their extension and is awaiting a response. He asked for direction whether to pursue continuation of the joinder if KEPRO extends the contract. Stacy Norbeck commented about the increased utilization of services and administrative support.

On motion by Geof Stark and second by Gina Rackley to approve continuing to contract with KEPRO, the motion carried.

- b. Review of POOL/PACT insurance/reinsurance coverage and risk management programs to determine what coverages and programs to offer for 2021/2022:**
 - i. Willis Pooling Report on the State of the Insurance Market**
 - ii. Review of POOL and PACT Rate Indications and PACT Class Code Relativities Adjustments.**
 - iii. Selection of Retention Options for NPAIP and PACT Renewal and Reinsurance Strategies.**
 - iv. Review of Ancillary Programs Including Student Accident, Pollution Legal Liability, and the TULIP Program.**

i. Mary Wray of Willis Re Pooling explained the current reinsurance market conditions indicating that they remained difficult. She said the Lloyds underwriters indicated rate increases were expected but that because the POOL property loss experience was quite low, the POOL could expect an increase up to 5%. She is seeking a flat renewal rate, however. Mary also reviewed the likely increase in liability rates from CRL (plus 7.7%) and GEM (6%) with Brit and UE meetings to occur soon. For PACT an increase of 11% from CRL is expected.

ii. Wayne Carlson explained the class code relativities study and reminded the committee that they had requested an exhibit showing the effect of eliminating Code 9999 heart/lung and merging it into the law enforcement and firefighter classification codes. An exhibit showing the potential results of this was reviewed. Also reviewed were the basic principles of a class code relativities study which compares the rates and experience over time and adjusts rating loads between the various codes. In addition, several class codes were merged due to the low payroll and commonality with other classifications. Overall, merging the codes resulted in indicated reductions in many rates and reduced the increases for certain classifications significantly. Alan Kalt added that Class Code 9999 had not been subject to experience rating, but with the merger it would be. He commented that currently 10 members had experience modification factors over 1.0 including two with factors over 1.5. Other members with this code had factor below 1.0 so the change would be a positive one for most members. Both Wayne and Alan responded to questions.

On motion by Paul Johnson and second by Chris Mulkerns to direct the actuary to merge the codes as proposed, the motion carried.

iii. Wayne Carlson reviewed the spreadsheet included in the packet which showed the current retention for the pools and captives and how that affected the Net Position to SIR ratio. He indicated that several scenarios were being evaluated regarding altering the POOL retentions and reviewed one of those in which the liability retention was reduced but the property retention was increased shared between the POOL and PRM. The change resulted in a shift in the Net Position to SIR ratio. He indicated that further discussion at the next meeting would address which retention would make the most sense for the renewal after receipt of reinsurance pricing and actuarial funding recommendations. Similar evaluations were made for PACT but no changes were considered at this time.

iv. Mike Rebaleati made comments about the ancillary programs and renewal considerations. Stephen Romero commented about the student accident program indicating that the rates would be reduced by about 10% on renewal. Wayne Carlson noted that the TULIP program was not utilized much due to the pandemic but as conditions ease it likely

would increase. He commented that Marshall Smith worked to develop a template for event center permits that referred to the TULIP program and Stephen Romero said that agents were sent additional information about the program availability.

c. Review Proposed 2021-2022 Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards.

Alan Kalt reviewed the preliminary budgets highlighting that several elements would be completed once the reinsurance quotes come in. Final proposed budgets would be submitted at the next committee meeting. He also discussed the budget priorities spreadsheet previously reviewed and invited input from the committee to assist with final budget preparations. No action taken.

9. For Possible Action: Approval of Proposed POOL Form Amendments/Endorsements for Fiscal Year 2021-2022 for Adoption by the POOL Board at its Annual Meeting.

Wayne Carlson commented that there were no expected changes to the POOL Form at this time. No action taken.

10. For Possible Action: Review of candidates for Executive Committee and Officers up for Election at the Annual Meeting.

Wayne Carlson reviewed the incumbents list for both pools noting the special districts/towns vacancy for the POOL Executive Committee for the 2020-2022 term. He asked whether the incumbents remained interested in continuing to serve and they expressed interest. No action taken.

11. For Possible Action: Review and Revise Drafts of Agendas Including Joint Board Agenda, POOL Board Agenda, and PACT Board Agenda for Annual Meeting on Thursday, April 22, 2021

Chair Minor opened this item and asked committee members to advise staff of any changes needed. No action taken.

12. For Possible Action: Approve Date for Next Joint Executive Committee Meeting on April 5, 2021

Chair Minor asked the committee if this date worked for them. On motion and second to approve April 5th as the date of the next committee meeting, the motion by Josh Foli and second by Paul Johnson motion carried.

13. Public Comment

Chair Minor called for public comment and upon hearing none, closed the comment period.

14. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at noon.

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

Churchill County Courthouse

**10 S. Main Street
Eureka, NV 89316**

**155 North Taylor Street
Fallon, NV 89406**