



**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 19, 2019**

**Time: 8:30 A.M.**

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

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

**Webex Meeting number: 629 407 862**

**Password: AyfMpMSM**

**<https://poolpact.my.webex.com/poolpact.my/j.php?MTID=m8393340469791cbff161a2ee0578f151>**

**1. Roll**

Members Present: Josh Foli, Cindy Hixenbaugh, Mike Giles, Elizabeth Frances, Gerry Eick, Chris Mulkerns, Ann Cyr, Cash Minor, Dan Murphy

Members Absent: Bev Conley, Paul Johnson

A quorum being present Vice Chair Josh Foli called the meeting to order.

**2. Public Comment**

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

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

**a. Approval of Minutes of Joint Meeting of November 5, 2018**

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

**4. For Possible Action: NEAM and SAA Investment Update**

Kelly Sullivan from NEAM provided a review of the investment portfolio for the pools and captives and responded to questions. Dan Smereck of SAA highlighted the investment strategies and introduced a possible additional investment instrument for bank loans for consideration as part of current investment policies. He responded to questions. As part of the discussion, Dan noted that the enterprise risk work being done by NEAM would help with analyzing whether to include bank loans as an option. Gerry Eick suggested that if it is included that some authorization range be considered in the strategy.

Upon motion and second to accept the updates, the motion carried.

5. **For Possible Action: Status update for the Formation of Nevada Risk Pooling, Inc and Approval of Grant to Nevada Risk Pooling, Inc.**

Alan Kalt reviewed the budget approved by the NRP board and explained various allocation options for funding the grant by the pools and captives. Wayne Carlson commented on the status of the formation documents noting that the Secretary of State filing remains pending final approval. He noted that the board approved the various documents and policy statements subject to legal counsel review. Mike Rebaleati requested an advance of \$5,000 to establish a banking account by May 2019 so it is in place in advance of the July 1, 2019 grant period. Discussion ensued regarding the nature of the initial \$500,000 funding of NRP and whether it should be considered a capital contribution or initial advance for cash flow.

On motion and second to approve advancing \$5,000 to establish a banking account, the motion carried.

On motion and second to approve the proposed allocation of the grant budget as 35% POOL, 45% PACT, 5% PRM, 15% PCM, the motion carried.

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

6. **For Possible Action: Status update regarding Public Risk Mutual and Public Compensation Mutual annual audit.**

Alan Kalt provided an update on the captives' audits indicating that they were proceeding with an anticipated completion by mid-March for both audits. No action was deemed necessary.

7. **For Possible Action: PRI Budget for 2019-2020 grant period**

Wayne Carlson explained that the PRI budget had been approved by the PRI board. He commented that this is the last year of the five-year grant. The slight budget deficit reflects several changes in staffing including an increase in the SEP contribution from 17% to 20% as planned. He noted that PRI maintains a net position equal to about one-year's operations so can absorb the shortfall.

On motion and second to accept the budget report, the motion carried.

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. **E-Learning/Web Master**
- g. **ASC – Claims Manager**

a. Wayne Carlson indicated that his report is considered a draft only due to many changes, particularly some legislation introduced recently that may substantially and adversely impact workers compensation costs. He highlighted some of the changes.

b. Mike Rebaleati reviewed his written report and highlighted the cyber assessments, POOL Building repairs and another legislative item for volunteer firefighter deemed wages. Wayne Carlson commented that a recent case required combining deemed wages with wages from other employment for the purpose of calculating disability costs even when the employee is not disabled from the other employment. This will increase the impact of the proposed legislation.

c. Alan Kalt provided an overview of his involvement with CRL on the investment and underwriting committees. He referred members to his written report. He emphasized a new initiative he termed a Risk Management Services Road Show concept whereby teams of staff scheduled regional orientation (similar to a health fair) with groups of members to review POOL/PACT services coupled with a training session on a specific topic of interest. He asked for feedback and received positive input. A pilot test program would be planned locally to refine the concept.

d. Wayne Carlson reviewed the risk management activities on behalf of Marshal Smith. He highlighted the jail audits program underway and planned for all jails. Other programs were moving ahead as planned.

e. Stacy Norbeck provided an update of the HR Strategic Plan, noting the popularity of some classes resulted in adding additional sessions. She noted the staff changes and activities. She mentioned the POOL/PACT 101 Webinar she and Marshall Smith presented.

f. Mike Van Houten reviewed progress with the E-learning system utilization, course development and new projects that will replace some of the current BLR courses and safe costs. He noted development of a ticketing system to track resolution of user issues.

g. Donna Squires and Margaret Malzahn highlighted recent changes in operations, staffing plans and claims activity. They commented on some large claims. Workers compensation claims costs are increasing with disability rating requirements. In addition, the proposed legislative changes will further impact costs.

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

**9. 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 provided an overview of the market noting that catastrophe losses have impacted the market pricing and underwriting strategies overall. Lloyds has tightened up its business operations controls which resulted in some syndicates' capacity being reduced or withdrawn from certain lines of business.

b. Mary Wray then reviewed the POOL and PACT program design quilts which show the various layers of retention and risk transfer for all participants on the programs. In addition, it shows the allocated premium per layer. She also reviewed the renewal pricing indications spreadsheet which compares the prior years rates using current year exposure bases to the renewal year indications. She highlighted the specific changes by reinsurer both in percentages and costs.

c. Mary Wray discussed renewal reinsurance strategies for addressing potential increases, alternative retention and layering approaches and the effect on program costs.

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

**a. PACT Budget for 2019-2020**

**b. NPAIP Budget for 2019-2020**

Alan Kalt summarized the proposed budgets and explained the proposed allocation of program costs between the pools and captives. He noted that the loss fund estimates were from the actuarial reports and that pricing for PRM was not yet received. He noted the estimated additional costs for building repairs to the POOL building. Reinsurance costs were based on conservative estimates. Risk Management grant dollars were reduced by \$100,000 in order to fund jail audits as a special program. A change in approach was to have the captives pay to the pools a fixed dollar amount for certain risk management services rather than paying them

directly, thus the revenue item to the pools. Regarding the options, he explained that option 1 was based on current allocations; option 2 reflected the reallocation of services costs from direct payment by the captives to direct payment by the pools with the captives contributing to the revenue of the pools to encourage continuance of those services. He responded to questions. Some discussion ensued regarding how the payments from the captives to the pools should be characterized from an accounting and legal perspective and staff agreed to further evaluate this aspect. Under PACT option 2, allocated costs of the cardiac wellness program would be added into the rate for heart-lung increasing it by \$1.00 to reflect that. In addition, the expansive legislative changes if approved will strain holding rates down in the future depending upon what gets passed. It was noted that entities should budget a 10% to 15% increase in program cost plus any known exposure changes.

On motion and second to continue this item to the next Executive Committee meeting, the motion carried.

- 11. For Possible Action: Approval of Prospective Members of NPAIP and/or PACT**
- a. Nevada Risk Pooling, Inc.**
  - b. Pooling Resources, Inc.**

Wayne Carlson commented that legal counsel indicated that due to the nature of the services provided by both organizations they would be eligible for membership in both programs. He referred to the underwriting sheets for detailed information.

On motion and second to approve both organizations for membership in NPAIP and PACT, the motion carried.

- 12. 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 commented about the Executive Committee members up for election. Most incumbents indicated interest in continuing but some seats for small city/county members may open.

b. Regarding the proposed agendas, they reflect a change to have everything take place within 24 hours. The first day be more than a training day in order to shorten the second day of the meeting to get done by noon. The training portion on the first day will focus on short, lively, fun activities to help members understand the services, not to be the formal reports. Formal reports would be written and approved under a consent agenda that day. The second day would begin with investment reports and a limited number of additional items before moving on to the NPAIP and PACT agendas with a goal of finishing by noon. It was noted that members need to attend both days Members expressed appreciation of the changes. Members were encouraged to advise if additional items should be added.

c. No proposed changes were discussed.

On motion and second to approve, the motion carried.

- 13. For Possible Action: Approval of POOL/PACT branding approach.**

Larry DiVincenzi provided an overview of the historical and proposed branding approach for POOL/PACT including logo colors, design, services distinctive marks, fonts and standardizing email signatures and written communication templates. He responded to questions.

On motion and second to approve the approach and to consider legal protection of the color and content, the motion carried.

**14. For Possible Action: Approval of the next Joint Executive Meeting.**

No action taken, but a suggest date of April 8<sup>th</sup> or 9<sup>th</sup> was made.

**15. Public Comment**

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

**16. For Possible Action: Adjournment**

Chair Foli adjourned the meeting at about 1:15 p.m.

**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**