



**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: Wednesday, March 11, 2020
9:30 AM**

Place: NACO Building / 304 S. Minnesota St. / Carson City, NV

Conference Call 1-800-351-6805 Passcode: 83376

WEBEX Meeting number: 624 926 338

Password: PoolPact!

<https://poolpact.my.webex.com/poolpact.my/j.php?MTID=mc9ff6eb4d35a07e85214ffac9ab50b3c>

1. **Roll**

A quorum being present, Josh Foli acting as Chair called the meeting to order.

2. **Public Comment**

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

3. **For Possible Action: Approval of minutes of Joint Executive Committee Meeting of November 4, 2019.**

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

4. **Discussion Only: Report on PRM and PCM 2019 annual audit.**

Alan Kalt briefly commented on the status of the PRM and PCM audits noting that they had not yet been completed and accepted by the captive boards. However, the dollar amounts shown likely would not be changed. No action was taken.

5. **For Possible Action: Report and discussion on Investments.**

- a. **Report from Investment Advisor SAA.**
- b. **Report from NEAM on fixed income markets and results.**

Kelly Sullivan from NEAM spoke first about current volatile market conditions and how NEAM had positioned the fixed income portfolios to take advantage on market volatility both as a defensive measure and to take advantage of opportunities for our longer-term strategies. She discussed the investment policy variances notifications to staff and how the market volatility created the slight exceptions. She indicated that NEAM is tracking the markets closely in order to avoid surprises during this current cycle. She reviewed the current NEAM investment performance reports and responded to questions.

Dan Smereck from SAA review the equity market results for the captives and notice that the combined investment results for captives and the respective pools revealed a negative 1% result. Diversification with fixed income and equities, kept performance relatively stable overall. The individual captive's equity results were down significantly but fixed income performance was up. He responded to questions.

On motion by Mike Giles and second by Gerry Eick to accept the reports, the motion carried.

6. **For Possible Action: Change in accounting policy relating to transfer of capital to the PRM and PCM captives providing for 100% expense in the year of transfer.**

Alan Kalt reviewed the highlights of his written explanation of the proposed change in accounting policy. Currently, both pools amortize the capital transferred to the captives over 10 years which results in a negative operating income. The proposed change would write down the remaining amortization effective July 1, 2019 and for all future transfers. This will affect the comparative financial statements for the current audit year by reducing net position substantially, but still leaving the pools meeting their management ratios. He responded to questions.

A motion by Gerry Eick and second by Dan Murphy to approve the change in accounting policy as proposed effective July 1, 2019 was made. Under discussion Gerry Eick noted that the comparative statements would require the effective date to be changed to July 1, 2018. Alan Kalt concurred. Gerry then requested an amendment to the motion to have the change be effective July 1, 2018 and the second concurred. The motion carried effective July 1, 2018.

7. **For Possible Action: Review and determine the voting status of the Town of Pahrump.**

Mike Rebaleati explained that he had requested Steve Balkenbush as general counsel to prepare an opinion regarding the voting status of the Town of Pahrump, which was included in the packet. Steve added comments that based upon his research, the Town of Pahrump was dissolved by an election and now is an advisory council to the Nye County Commissioners. Given this, the Town of Pahrump no longer is eligible for voting status with POOL or PACT.

On motion by Dan Murphy and second by Geof Stark to the accept the legal opinion and to deny voting status to he Town of Pahrump, the motion carried.

8. **For Possible Action: Acceptance of Reports:**

- a. **Executive Director**
- b. **Chief Operations Officer.**
 - i. **NPAIP building roof project.**
 - ii. **NRP updates.**
 - iii. **Knowbe4 availability to all members.**
- c. **Chief Financial Officer.**
- d. **Risk Manager.**
- e. **POOL/PACT Human Resources General Manager.**
- f. **Davies Claims Solutions (Formerly ASC).**
- g. **E-Learning/Web Master.**
 - i. **POOL/PACT LMS Programs.**
 - ii. **Transition from Torch LMS to Absorb LMS.**

Each of the reports were included in the board packet, presented and highlighted by the authors. Significant developments and progress were highlighted for each. On motion by Mike Giles and second by Paul Johnson to accept the reports, the motion carried.

9. **For Possible Action: Review of Risk Management Programs, Insurance/Reinsurance Coverage, and EAP program:**

a. **Review Employee Assistance Program options:**

- i. **Continue or terminate Aetna Resources for Living (ARFL) contract.**
- ii. **Joinder onto State of Nevada EAP Contract with KEPRO.**
- iii. **Eliminate EAP as a POOL/PACT service and let members select own provider (if any) including ARFL or joining State contract.**

Wayne Carlson reviewed his report noting that he and John Bates reviewed the EAP services and options in order to inform the HR Oversight Committee about options. The issues have been discussed over the last two years due to problems with services and low utilization. Stacy Norbeck added comments on the service issues. The options were presented to the HR Oversight Committee at its meeting on March 6, 2020. The Committee voted to recommend nonrenewing the Aetna Resources for Living contract and entering into a contract via joinder provisions of the State of Nevada contract with KEPRO. Wayne noted that the timing of contract terms requires action to notify Aetna not later than April 1, 2020 if nonrenewing.

On motion and second to notify Aetna Resources for Living of contract nonrenewal and the joinder onto the State of Nevada 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 2020/2021:**

- i. **Willis Pooling Report on the State of the Insurance Market.**
- ii. **Review of POOL and PACT rate indications.**
- iii. **Review of reinsurance coverage and retention options for NPAIP and PACT renewal reinsurance strategies.**
- iv. **Review of ancillary programs including Student Accident, Pollution Legal Liability, and the proposed TULIP Program.**

Mary Wray of Willis Re Pooling led off with an overview of difficult market conditions for all lines of business. She then noted that a preliminary indication just received on the Lloyds property program revealed a 10% rate increase and some additional term restrictions that she had not yet been able to review in detail. For liability, she indicated that several reinsurers expected increases of at least 15% due to market conditions and liability claims history. She said quotes from the markets were to come in early next week, but with high market activity there could be delays. Stephen Romero reviewed several ancillary programs noting that some of them likely would have no increase or a small increase. A new program for users of event facilities known as Tenant User Liability Insurance Program is being offered at no charge to the POOL, all on-line access for event tenants to obtain liability limits of at least \$1,000,000. This will be proposed for adoption at the annual meeting.

c. **Review Proposed 2020-2021 budgets for POOL and PACT for recommendation to the POOL and PACT Boards.**

Alan Kalt presented the draft budget summaries for both pools noting that until firm quotes came in, they would not be fully ready for adoption. The goal is to present to the committee at its next meeting prior to the annual meeting. He responded to questions. No action taken.

d. Review Pooling Resources, Inc. proposed grant budget and Scope of Services for recommendation to the POOL and PACT Boards.

Stacy Norbeck commented that the current grant expires this fiscal year so a new five-year grant is proposed. She revised the scope of services with review by the HR Oversight Committee. She and Alan Kalt developed the budget. Alan complimented Stacy for her monitoring and management of her budget, which they worked together to prepare for the new grant.

On motion by Paul Johnson and second by Geof Stark to recommend approval of the grant scope and budget, the motion carried.

10. For Possible Action: Approval of proposed POOL Form Amendments/Endorsements for Fiscal Year 2020-2021 for adoption by the POOL Board at its Annual Meeting.

Wayne Carlson commented that the basic POOL Form had a few changes, but there was a major rewrite of the Data Security coverage. The draft changes in the packet were only for the Data Security coverage to carve it out to a stand-alone coverage form in consultation with our reinsurers. Staff had just received the first draft and had not had time to review it in detail. Wayne invited the members to provide any input about these drafts. No action taken.

11. For Possible Action: Review of candidates for Executive Committee and Officers up for election at the Annual Meeting,

The list of current Executive Committee members was reviewed. For POOL there presently is a vacancy for small cities and counties under 35,000 population. Potential candidates names were floated for consideration. The incumbents for both pools expressed interest in continuing to serve. No action taken.

12. For Possible Action: Review and revise drafts of agendas including Joint Board Agenda, POOL Board Agenda, and PACT Board Agenda for Annual Meeting on April 16-17 (Thursday-Friday), 2020 at the Whitney Peak Hotel, Reno, NV.

Wayne Carlson reviewed the draft agendas to obtain feedback for any changes to them. Proposed changes were noted. No action taken.

13. Public Comment

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

14. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 2:16 pm.

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