



**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: May 22, 2014
Time: 1:30 P.M.
Place: 201 S. Roop St., Suite 102
Carson City, Nevada 89701
Conference Call: 1-800-593-9034 Passcode: Wayne C.

1. Roll

Members Present: Lisa Jones, Pat Irwin, Dan Newell, Josh Foli, Paul Johnson, Roger Mancebo, Alan Kalt, Mike Rebaleati, Gerry Eick

Members Absent: Cash Minor, Steve West, Pat Whitten, James Eason

Others Present: Alton Cogert, Dan Smerek, Joe Woods, Julie Doyle, Wayne Carlson, Doug Smith, Ann Wiswell

2. Public Comment

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

3. For Possible Action: Consent Agenda - Approve as a Whole Unless Moved From Consent Agenda

a. Approval of Minutes of Meeting of Joint Executive Committee April 21, 2014

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

4. For Possible Action: Selection of Investment Advisor for NPAIP and PACT

Chair Rebaleati opened this item for presentation by Alton Cogert and Dan Smerek of Strategic Asset Alliance of their review of investments and proposal for investment advisor services. (Note: the boards of Public Risk Mutual and Public Compensation Mutual opened their meeting simultaneously in order to listen to this presentation). Doug Smith provided an overview regarding why this agenda item was brought forth. Alton then provided an overview of SAA and its approach to advising clients, noting their experience as independent, former chief investment officers of insurance companies, and with governmental risk pool clients. Dan Smerek explained the details of their investment policy analysis, strategies and performance measurements that relate specifically to the risk pools and insurance entities and their financial conditions. Both responded to questions from committee members.

Joe Woods commented that he felt he had done a good, objective job of assisting the pools and captives with his investment advisory services. He expressed that he had various investment training services that could have been utilized as well. He felt that his work over the last ten years had been effective and how he was disappointed to learn that the organizations were

considering terminating his contract. Some committee members expressed appreciation to Joe for his work.

Gerry Eick requested an explanation regarding what initiated the search process and how it was conducted. Doug explained that he had been researching the issues surrounding investment strategies and management for several years and had had conversations with various institutional money managers, investment managers and investment advisors seeking to determine what approach would be best for the pools. He had observed SAA at both CRL and GEM meetings, participated in an SAA conducted process to select investment managers, and had discussed investment advisors and strategies with other organizations such as UE. He contacted some 40-50 potential advisors, banks or money managers and discussed their approaches, independence and potential conflicts between advisory and manager roles. He said that while the pools have benefitted positively from the money management services from Joe Woods, he had changed that relationship to investment advisor about three years ago. By comparison, SAA's insurance and risk pools expertise and strategic approach appeared to better fit the pools' and captives' needs for the future than the resources Joe Woods offers.

Both Alan Kalt and Josh Foli expressed their positive experience with SAA at the SAA insurers' investment conferences. They found that the knowledge they gained from those conferences and the approaches taken by SAA demonstrated the value of using SAA going forward. Alan expressed that he appreciated Joe Woods services, but that SAA would bring more depth that the pools needed now and in the future.

Wayne Carlson commented about the problems CRL had with an investment advisor who did not have the background on insurance company investments, thus resulting in CRL facing a significant financial crisis and having to dispose of risk assets at the worst time in the market. SAA was brought in to rebuild CRL and help to select new money managers. CRL has returned to a much stronger financial position as a result.

In further discussion, the chairs agreed that the POOL/PACT Executive Committees would make their decisions, then recess to allow the captives boards to make theirs. Chair Kalt then asked if there were any further questions or discussion or a motion.

On motion and second to select Strategic Asset Alliance as the investment advisor, the motion carried.

Chair Kalt recessed the meeting to allow the captives to make their decisions. Upon adjournment of the captives meeting, Chair Kalt called the Joint Executive Committees meeting to order.

5. For Possible Action: Approval of Prospective Members:

- a. NPAIP: 1) Douglas County Sewer Improvement District #1**
 - 2) Prime Healthcare, Inc. (nonprofit hospital)**
- b. PACT: 1) Douglas County Sewer Improvement District #1**
 - 2) Churchill County School District**
 - 3) Prime Healthcare, Inc. (nonprofit hospital)**

a. 1): Wayne Carlson provided background information on Douglas County Sewer Improvement District #1 noting that a submission had been reviewed and approved by the executive committee in 2005 with another agent. Unfortunately, that agent undermined the process with negative comments about the POOL, which had been done on several occasions at

current members' meetings. He had submitted this to the POOL this year at the request of the district, but on behalf of the POOL, Wayne told the district that due to the agent's continuing negative comments the POOL could not work with that agent. The district selected another agent who has several POOL members. The district's loss record is good except for one wrongful termination case as a result of layoffs. Gerry Eick commented that he felt they were financially sound and acceptable.

On motion and second to accept Douglas County Sewer Improvement District #1 as a member, the motion carried.

a. 2): Wayne Carlson explained that this nonprofit medical facility would only be eligible for property and auto coverage since we do not offer medical malpractice. He said that James Eason had requested consideration since he recently was appointed to the board to help get it out of bankruptcy. Apparently, the former administrator mismanaged the facility and had allegations of self-dealing that resulted in the hospital having to file bankruptcy when it could not make payroll. The bankruptcy court terminated his relationship with the hospital and the board he had appointed and replaced the board with James Eason as one of the members. Wayne indicated that subsequent to putting this on the agenda he learned that the property was owned by the family of the former administrator and the court would have to determine what happens with it. No application information yet was available, but James Eason wanted the POOL to be able to assist with HR services as they transition.

On motion and second to authorize staff to gather the needed information and to conduct necessary underwriting risk assessment for membership and approve the hospital if acceptable, the motion carried.

b. 1) Wayne noted that claims experience Douglas County Sewer Improvement District #1 was provided and acceptable.

On motion and second to approve for membership, the motion carried.

b).2) Wayne explained that Churchill County School District had been quoted several times in the past unsuccessfully. Their experience over the long run has been acceptable, but there were some years of adverse losses that made the experience modifier very high. The last five years have shown improvement so their factor is .87. Our pricing is higher than their current carrier, but we offer much more service. Ann Wiswell commented about their recent security assessment and the new leadership having been in a risk pool previously as positive signs. Alan Kalt commented that he felt new members should make a long-term commitment and not just a pricing decision so if they will do that and the new leadership is effective, they could become a member.

On motion and second to approve Churchill County School District for membership in PACT, the motion carried.

b.3) Without repeating the background already discussed, the new board requests workers compensation coverage for its employees as an accommodation under the circumstances.

On motion and second to offer membership, subject to appropriate underwriting by staff, the motion carried.

6. For Possible Action: Consider Conducting Board Retreat

Wayne Carlson said it had been about three years since the last retreat and Chair Rebaleati thought it was time to consider another one. Discussion ensued as to the purpose. Wayne indicated that the scenario workshop he conducted at the annual board meeting provided an opportunity to leverage the scenario outcomes for the purpose of determining where POOL.PACT would position itself. Gerry Eick suggested the investment and financial strategies also would be very important. Other commented that it may be possible to combine these ideas. The question was whether to conduct a retreat, when and where.

On motion and second to hold a retreat in Eureka and to direct staff to determine a date and possible content, the motion carried.

7. Public Comment

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

8. For Possible Action: Adjournment

On motion and second to adjourn, the meeting was adjourned at about 3:45 p.m.

The Amended Agenda was posted at the following locations:

**N.P.A.I.P. / P.A.C.T.
201 S. Roop Street, Suite 102
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 Administrative Complex
155 North Taylor Street
Fallon, NV 89406**