



Nevada Public Agency Insurance Pool

Public Agency Compensation Trust
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**Minutes of Meeting of Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Monday, March 2, 2015
Time: 9:00 A.M.**

**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, Cash Minor, Alan Kalt, Roger Mancebo, Lisa Jones, Steve West, Pat Irwin, Gerry Eick, Paul Johnson, James Eason

Members Absent: Pat Whitten, Josh Foli, Dan Newell

Others Present: Holly Luna, Doug Smith, Ann Wiswell, Debra Connally, Bob Lombard, Donna Squires, Mike Livermore, Wayne Carlson

2. Public Comment

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

3. For Possible Action: Consent Agenda

- a. **Approval of Minutes of Meeting of December 10, 2014**
- b. **Executive Director's Report**
- c. **Financial Reports of NPAIP and PACT**

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

4. For Possible Action: Investment Strategies

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

Chair Kalt recessed the Joint Executive Committee meeting. Chairs Minor and Johnson of the captives, opened their board meetings for a joint presentation with the Joint Executive Committees on the investment program. Doug Smith introduced Dan Smerek from Strategic Asset Alliance, the investment advisor for the pools and captives. Dan reviewed economic and market conditions overall, then reviewed the portfolio characteristics and performance of each of the pools and captives investment accounts. He commented that the portfolio could be simplified by consolidation of several of the mutual funds into a single fund at a lower expense ratio. Dan responded to questions. It was suggested that he provide two additional slides: 1) a consolidated slide showing all of the funds combined; and 2) a comparison slide showing the asset allocation of SAA's pooling clients. Dan agreed to do so. Dan also recommended that a investment manager search be conducted as a matter of due diligence, not criticizing the performance of the

current manager. Following the presentation, the captives continued completing the remainder of their agendas and adjourned. Chair Kalt then reconvened the Joint Executive Committees.

On motion and second to confirm the review of the investment guidelines, the motion carried.

On motion and second to accept the investment program review and to direct staff to proceed with the recommendations from SAA, the motion carried.

5. For Possible Action: Review of Financial Performance of

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

Chair Kalt noted that since the committee was able to listen to the presentation of the captive audits during the captives' meetings, he considered that to be a review of the financial performance.

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

6. For Possible Action: Review of Legislative Actions and Possible Positions on Bills

Chair Mike Rebaleati reviewed the status of SB153, the heart-lung bill jointly submitted by PACT with the Nevada Taxpayers Association. Several bill drafting errors resulted in confusion, so PACT proposed correcting amendments. Mike described the hearing before the Senate Commerce, Labor and Energy Committee noting that a mock-up of the corrected bill was used during testimony. The hearing room and overflow rooms were filled with opponents of the bill comprised of police and firefighter employees and lobbyists along with supporters of the bill. Mike, Wayne Carlson and legal counsel Robert Balkenbush testified on the bill and responded to questions. Subsequently, they met with Senator Settlemeyer and the firefighter's union lobbyist to discuss amendments the Senator wanted us to consider. Mike described the proposals as extending the post-employment eligibility period, after the initial employment period of five years, to one year for each year of qualifying service. The Senator also wanted to take care of those already retired by adding ten years to age 67 so they could reach Medicare age. In addition, he rejected our initial proposal to remove the election of permanent total disability so that public safety employees were treated in the same manner as all other employees. Mike Livermore commented that removing this provision was key to saving money and avoiding the double dipping currently done. Mike Rebaleati said he would be contacting the Senator to find a way to eliminate the double dipping. He said that the Senator was "driving the bus" on this bill and that he would continue to engage in negotiations, but it seemed likely that at least the year for year provision would get done. In response to a question about the fiscal impact, Wayne Carlson noted that it would bend the long term cost curve somewhat for the career employees and reduce costs even more for those that serve between five and twenty years due to the year for year provision.

Mike then commented on some other bills of interest including AB 110, AB 182 and SB 193. Jeanne Greene commented on her analysis of SB 193 and Mike and Wayne agreed to share that information with both NACO and NLC&M in case those organizations wanted to amend the bill.

No action was taken.

Chair Kalt recessed the meeting briefly, then reconvened it 20 minutes later.

7. For Possible Action: Acceptance of Reports

- a. Claims Administrator Report**
- b. Loss Control Committee Report**
- c. Human Resources Oversight Committee Report**

a. Donna Squires reviewed the NPAIP losses over \$300,000, noting which ones remained opened and which were closed. She commented on the larger settlements. Gerry Eick raised the issue of whether there were problems with cooperation by the Members such that NPAIP should consider a “hammer” clause in the POOL Form. Donna responded that there is a cooperation clause in the form now and that the resistant Members do come around when reminded of it, although there have been some that refused to follow legal advice. Wayne Carlson noted that agenda item 9 included a review of possible POOL Form changes so we could discuss the “hammer” clause under that item further. Mike Livermore then reviewed the PACT large losses, commenting that most of the largest ones were heart claims, although there was a shooting death and a cancer death claim that each exceeded \$1,000,000.

b. Ann Wiswell provided a review of the Loss Control Strategic Plan and initiatives planned for 2015-16. She noted that the workshop preceding the annual board meeting would focus on various risk management and loss control topics. She indicated that another back safety initiative would be proposed regarding HILT lift devices that replace back boards and reduce injuries.

c. Jeanne Greene highlighted the Human Resources Oversight Committee activities and strategies that are proposed for review by that committee prior to the annual board meeting. She noted the progress under the current grant.

On motion and second to appt the reports as a whole, the motion carried.

8. For Possible Action: Approval of Pooling Resources, Inc. Grant Renewal Proposal

Wayne Carlson commented that the grant proposal was for a five year term instead of the current three years, but otherwise the terms were the same with some modifications to the scope of services. He indicated that the budget amounts reflected a modest increase each year of the grant and the five year total was \$5,964,000 payable in annual installments as shown in the grant. Gerry Eick suggested that Exhibit B, paragraph 9.c.(3) and (4) required that the audit be completed in 90 days after the end of the fiscal year and suggested that it be increased to 120 days.

On motion and second to approve the five year grant and to have this action ratified at the annual board meeting, with the amendment to a 120 days period for completion of the annual audit, the motion carried.

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

- a. Willis Pooling Report**
- b. Review of NPAIP Coverage Form Changes for 2015-2016**
 - 1. Unmanned Aerial Vehicles (Drones) coverage option**
 - 2. Pollution legal liability coverage sublimit**
- c. Review of Reinsurance Coverage and Retention for NPAIP and PACT**

a. Bob Lombard reviewed current insurance market conditions noting that there exists substantial capacity and thus stable pricing in the market generally. He commented that Alan Kalt and Wayne Carlson would be going to the Lloyds meetings this year for the property renewal

program. He plans to propose some options for higher all other perils limits and other sublimits. Regarding the liability program, indications are for stable pricing from all of our current markets so likely will not propose any changes except possibly in the quota share arrangements once the quotes come in.

b. Regarding Unmanned Aerial Vehicles (drones), Wayne explained that CRL was offering a sublimit for drones coverage and was developing a draft coverage form. He suggested that our Members may need to be surveyed to determine whether or not there are any plans to acquire or use drones. He noted that UNR has a public private partnership to develop the drone industry (NIAS) and they have been contacting rural airports to enter into agreements for use of the airports for drone launching. Cash Minor commented that Elko City and County were approached to jointly develop an off-airport drone launch site. Wayne said the Boulder City was one of the first to let us know they were contacted. He suggest that NPAIP may want to extend its coverage along with the captive for a sublimit that utilizes CRL's capacity for a total liability limit of \$3,000,000 but require that each drone be scheduled. Property coverage could extend as well, but likely will be within the current property retention of \$500,000.

As for Pollution Legal Liability, the concept would be to extend a coverage sublimit for all members, not just the scheduled ones under the current separate policy. It would be site specific and perhaps only for certain operations.

The "hammer" clause was discussed as another option that primarily would affect the Wrongful Acts coverage. In discussion, it was suggested that perhaps the deductible would increase for noncooperation without excluding coverage completely for noncooperation.

c. No changes in retention were recommended for either NPAIP or PACT although the captives may alter the quota share depending upon the quotes.

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

- a. **PACT Budget for 2015-2016**
- b. **NPAIP Budget for 2015-2016**

a. Wayne Carlson advised the Members that the City of Fallon had given notice to withdraw from PACT effective July 1, 2015, which would reduce revenues by about \$358,000. He reviewed the major changes in the proposed budget which generally was a modest increase overall due to payroll increases.

b. Wayne Carlson reviewed the major changes in the proposed budget which generally was a modest increase overall due to exposure changes.

On motion and second to approve the budgets for recommendation to the board at the annual meeting, the motion carried.

11. 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 Carlson commented that with Mike Rebaleati's term ending and his being appointed to a sub-entity of Eureka County and also serving as a lobbyist for the pools, he would be stepping down as Chair. The committee discussed potential candidates for the various upcoming positions. Wayne introduced Holly Luna from Douglas County School District as one declared candidate for a large school district in NPAIP. Various names were suggested as possible candidates to be contacted to see if interested in serving.

b. The Joint Boards, NPAIP and PACT proposed agendas were reviewed. Various topics were suggested to the workshop that primarily will focus on risk management and loss control topics. Ann Wiswell will coordinate development of topics.

c. PRM and PCM annual meeting agenda were reviewed.

No action was deemed needed on these items.

12. Public Comment

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

13. For Possible Action: Adjournment

Chair Kalt adjourned the meeting at 2:46 p.m.

The Agenda was posted at the following locations and linked to the Official State Website <https://notice.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
0 S. Main Street
Eureka, NV 89316**

**Churchill County Courthouse
155 North Taylor Street
Fallon, NV 89406**