



2020

M E M B E R S H I P

SOUTH DAKOTA PUBLIC ASSURANCE ALLIANCE

A N N U A L R E P O R T

Our Purpose

Protecting local government assets since 1987, the South Dakota Public Assurance Alliance is a Member-owned local government risk-sharing pool providing liability and property coverage and risk management services to South Dakota municipalities, counties, townships, conservation districts, and special districts.

Our mission is to provide exceptional coverage and service to our Members, ensuring stable rates and risk reduction for South Dakota's future.

Board of Directors



Mike Wiese
Chair
Brown County



Lisa Katzenstein
Vice Chair
City of Sturgis



Kathy Glines
Secretary/Treasurer
Harding County



Jim Borszich
City of Huron



Cindy Brugman
Codington County



Becky Brunsing
City of Wagner



Michael Hall
City of Sioux Falls



Steve Harding
City of Pierre



Tracy Turbak
City of Sioux Falls



Yvonne Taylor
SDML



Bob Wilcox
SDACC

Letter from the Board Chair

Dear SDPAA Members:

I am pleased to present this 2020 report to our Members on behalf of the SDPAA Board of Directors and Team.

We continue to work diligently to fulfill our mission to serve our Member entities, their employees and the citizens of South Dakota in innovative and effective ways that truly make a difference in these dynamic and challenging times.

Good news is that our aggregate 1-year loss ratio is one third less than our 3-year loss ratio, bad news is increases in our re-insurance costs will offset the potential savings as those partners recover from ours and similar national and international experiences. A quick review of our financials shows that we have been able to continue to provide innovative services and support to our Members while maintaining stable contribution rates and sustain a healthy fiscal position.

Among the services you should be familiar with are the collaborative efforts associated with the evolving COVID-19 pandemic and implementing the recent marijuana initiatives. In addition to the Hotline access that we provide to the best legal experts in government practices and labor law, the SDPAA is expanding our jail staff training opportunities for those Members that have that responsibility. We are also developing resources to identify and address cyber security issues that many of you have responded to and will hear more about at this Conference.

As a long-standing member of AGRiP (Association of Governmental Risk Pools,) I am happy to report that after extensive review the SDPAA has once again been granted a three-year recognition for meeting Advisory standards which places us in the top 25% of member pools nationwide. No small accomplishment.

The SDPAA Board and Team value your trust and partnership with the South Dakota Public Assurance Alliance.

Please feel free to visit our website at www.sdpaaonline.org for more information or reach out to any one of us with any questions, comments or suggestion that you may have.

Sincerely,



Mike Wiese
Board Chair

Letter from the Executive Director

Dear SDPAA Members,

The year 2020 created a new phrase in the public sector: “the need to prioritize the cascading crises confronting local governments.” Prioritization is a daunting task while facing the worst pandemic in a century; the most civil unrest since the 1960’s; the most severe and frequent natural disasters in decades, including severe wind & hail storms in the Midwest; and the most turbulent political climate in our lifetime. In these challenging times, a public entity needs far more than mere indemnification that can be provided by a private insurer. Local governments need uniquely-tailored assistance including sample policies, loss control surveys, and expert legal advice from a team of local government legal experts on practically any issue facing local governments in South Dakota. Sometimes we simply need to commiserate about our common problems with someone who shares our experiences and shares our passion for public service. Only a public entity pool can provide these resources and so much more.

These challenging times also require solid, steady, and enlightened leadership. The SDPAA Board of Directors governs all SDPAA operations and is elected from among their fellow SDPAA Members. The SDPAA Board is a robust group with almost four centuries of collective local government experience who will deftly guide the SDPAA through these crises. This past year the Board witnessed the retirement of two of its members: Mike Hall and Tracy Turbak. Each of them served the public for almost four decades--an astounding testament to their commitment to public service. Any retirements of SDPAA Board members are filled by highly qualified, eager public servants who will continue the Board’s legacy of conscientiously serving SDPAA Members. At the Annual SDPAA Membership Meeting in October, SDPAA Members elected Bill O’Toole and Justin Weiland to fill those positions. Bill is the Director of Human Resources for Sioux Falls. Justin is the City Administrator for Dell Rapids. Each of them brings a passion for public service fueled by decades of experience that will effectively serve the SDPAA Board and its Members for years to come.

In these challenging times your team at the SDPAA remains committed to providing SDPAA Members with exceptional coverage, services, and return on investment.

Sincerely Yours,

David A. Pfeifle

David A. Pfeifle
Executive Director

Member Services

Member-Owned, Protecting Local Government Assets since 1987

In 2020, the SDPAA and its Members faced one of the biggest challenges in Pool history. While normally we look to the skies and cringe at the wind and hail, this year was quite different. Despite the uncertainty of what the future held, our Members took comfort in knowing the services and resources afforded by participation in the SDPAA would step up to offer needed guidance and support.

Throughout 2020, the SDPAA grew to 433 Members which consist of cities, counties, conservation districts, townships and special districts. The growth continued in an extremely competitive environment. The SDPAA has been able to maintain stable rates through its financial strength and solid financial planning.

The SDPAA website continued to be a valuable resource for Members to obtain sample documents and policies, links to training information and the most current news articles prepared by SDPAA staff. The website was, and will continue to be, updated often to include the most up to date information available for our Membership. SDPAA staff continued development and implementation of an updated pool information management system which will afford our Members access to their coverage information and the opportunity to manage their asset schedules more efficiently through a Member Portal.

While our one-on-one visits were cut short due to the COVID-19 Pandemic, we maintained contact with our Members through telephone conferences and Zoom Meetings. We marveled at the ability of our Members to adapt to the temporary normal that the pandemic suddenly forced upon them.

The SDPAA continued to provide one of the broadest coverage programs available to governmental entities in South Dakota. The SDPAA's mission is to provide exceptional coverage and service to our Members ensuring stable rates and risk reduction for South Dakota's future.

We thank the Member-Owners for their long-term dedication and strong support. We will continue to enhance the Member Services Program and look forward to a productive and exciting 2021!

Claims Services

Helping Members Mitigate Damages and Risk

Dealing with claims is a fact of life. Providing our Members with professional, timely, and efficient claims services is one of our top priorities. A key component of the SDPAA's continued success is the close working relationship between Members and the claims administrator, Claims Associates, Inc.

Claims Associates handles liability and property claims for the SDPAA and its Members. Regardless of the type of claim, Claims Associates follows a claims handling policy that requires prompt contact and timely follow-up communications with all parties involved. The goal is to conduct a thorough investigation as close in time as possible to the date of loss or date notice is given while recollections are fresh and other evidence can be examined or collected. Thorough investigations allow for more detailed analysis of claims.

Liability Claims. Claims Associates carefully analyzes liability claims to determine the exposure to the Member and the Pool. Claims found to have merit are resolved in the most efficient and cost-effective manner, and hopefully without resorting to litigation. Claims Associates uses direct negotiation and formal mediation to resolve claims. The Pool maintains an aggressive defense posture against meritless or nuisance claims. When a claimant files suit, Claims Associates assigns defense counsel based on the type of suit, location, and Member input. Claims Associates is fortunate to work with a select group of attorneys experienced in the unique situations that confront public entities. Claims Associates works with defense counsel to expeditiously bring litigation to a successful conclusion or put us on the best footing possible should the case go to trial. The Member is a key part of that team and is consulted and updated throughout the process.

Property Claims. The primary goal in any property claim is to help the affected Member get back to business as usual as quickly as possible. From catastrophic storm damage to buildings to minor fender benders, the adjusters help mitigate the loss and get clean up or temporary arrangements in place. Claims Associates utilizes the latest technology and our vast experience with vehicles, heavy equipment, and buildings of all shape and purpose to assess property losses and assure prompt, fair resolution.

Regardless how any claim is resolved, the SDPAA always looks for ways to leverage any lessons learned for the benefit of all Members. Claims Associates works closely with the SDPAA Executive Director, SDPAA Board, Underwriters, Member Services, and Loss Control personnel to educate Members about changes in law or provide practical advice to help eliminate or minimize future claims.

Loss Control Services

Helping Members Prevent and Manage Risks

Countless liability exposures face local government in South Dakota. Effective risk management and loss control can reduce, and in some cases eliminate, liability. The South Dakota Public Assurance Alliance (SDPAA) contracts with Safety Benefits, Inc. (SBI) to support Members in their efforts to reduce and manage liability exposures.

In 2020 the challenges of the COVID-19 pandemic impacted every aspect of the work SBI conducts on behalf of the SDPAA. Throughout the year, SBI observed recommendations made by the Centers for Disease Control and Prevention and the South Dakota Department of Health. SBI worked closely with each Member to approach services in a manner that was most appropriate for that Member. This ranged from conducting surveys over the phone, holding training sessions online, and/or meeting in person while socially distancing and wearing masks.

SBI conducted 115 loss control surveys for SDPAA Members in 2020. These surveys result in recommendations developed to guide Members in controlling losses. In addition, all properties covered by the SDPAA are surveyed and valued by SBI. This helps ensure that properties are included on the respective Member's statement of values and that each property has sufficient coverage for replacement. Over the past year SBI conducted 81 property valuation surveys, resulting in the review of 2,055 properties.

Two hotlines sponsored by SDPAA and coordinated by SBI continue to provide Members with legal guidance. The Employment Practices Hotline provides Members with free access to attorneys specializing in employment law. In 2020 a total of 68 Members made 199 calls to this hotline. The Government Practices Hotline offers Members free guidance with civil legal issues other than employment practices. During the past year 41 Members made a total of 49 calls to this hotline.

Training programs designed to help reduce liability exposures are offered free of charge to SDPAA Members. While onsite training offerings were limited this past year due to the COVID-19 pandemic, many employees were still able to take advantage of in person training events. In 2020, a total of 1,725 employees attended 69 training classes conducted by SBI on behalf of the SDPAA

Online training offered by the SDPAA was in high demand throughout 2020. These online sessions are user friendly, address a wide variety of risk management subjects, and are free of charge to SDPAA Members. Through FirstNet Learning, employees with a total of 60 Members successfully completed 3,756 online training courses. AP-Safety (formerly Aurora Pictures) provides an online training experience using streaming videos. During 2020 employees of 48 Members viewed 1,059 videos.

As in past years, SDPAA retained legal experts from the Legal Liability Risk Management Institute (LLRMI) to develop and update model policies and procedures designed specifically for South Dakota law enforcement and jails. This service also provides law enforcement agencies and their personnel with access to free online training courses dealing with liability topics for both law enforcement and jails. A total of 49 agencies completed 3,697 training courses in 2020.

Like so many events last year, the 2020 Joint Safety and Risk Management Conference was postponed. Despite there being no safety training conference, 43 SDPAA Members were given safety awards in recognition of their loss control and risk management efforts.

Staff and Service Providers

SDPAA Staff

David Pfeifle, Executive Director
Lynn Bren, Deputy Director
Kristina Peterson, Underwriter
Paytra Nichols, Underwriter
Jerry Krambeck, Member Services Representative
Deb Corkill, Executive Assistant

South Dakota Public Assurance Alliance
Main Office: 208 Island Drive, Ft. Pierre, SD 57532
Satellite Office: 5024 Bur Oak Place, Suite 103
Sioux Falls, SD 57108
Office: 800.658.3633 or 605.224.8654 (Option 2)
Web: www.sdpaaonline.org

Service Providers

Claims Administration

Claims Associates, Inc.
Jeff Jares, President
PO Box 1898
Sioux Falls, SD 57101
888.613.7064

Financial Audit

Eide Bailly
Ryan Donahue, CPA
4310 17th Ave. S.
Fargo, ND 58103
701.476.8826

Actuarial Services

AON Risk Solutions
Mujtaba Dato, Actuarial Practice Leader
100 Bayview Circle, Suite 100
Newport Beach, CA 92660
949.608.6332

Investment & Custodial Services

The First National Bank in Sioux Falls, Trust Department
Kyle Cipperley and Tom Benz
PO Box 5186
Sioux Falls, SD 57117-5186
800.553.7073

Loss Control Services/Property Valuations

Safety Benefits, Inc.
Todd Everson, President
602 E. State St.
Plankinton, SD 57368
888.313.0839

Reinsurance Broker

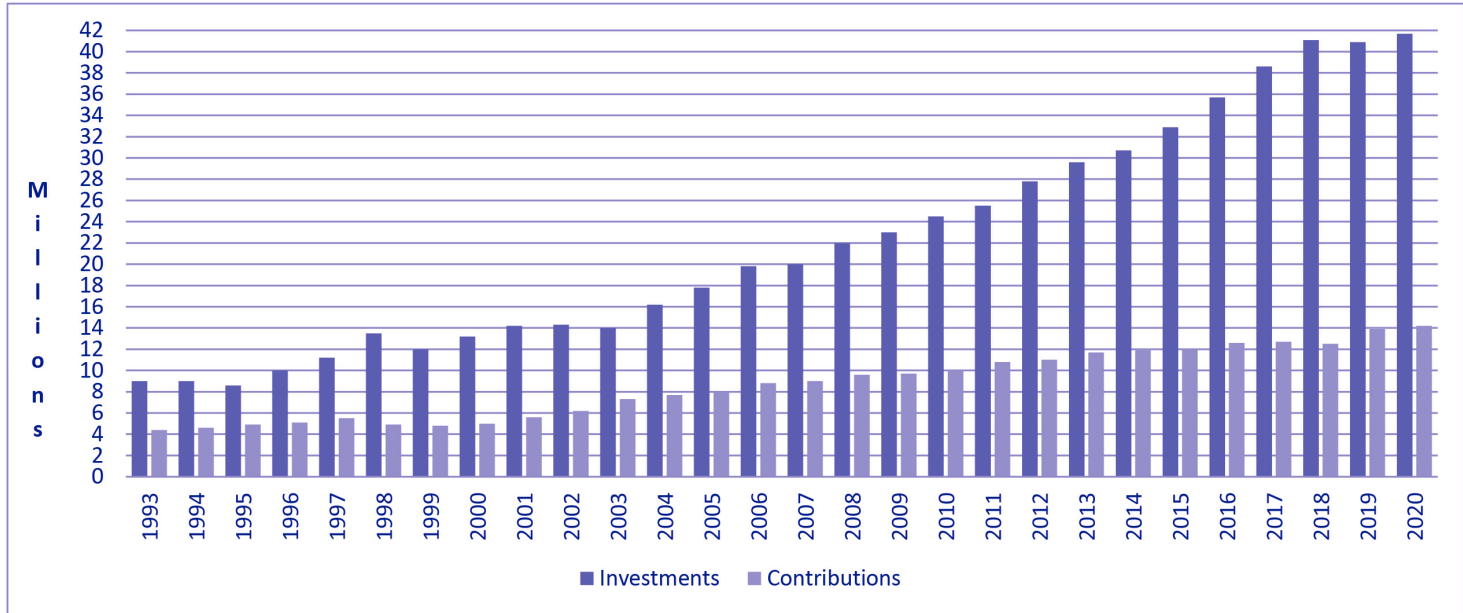
Alliant Insurance Services, Inc.
Doug Wozniak, Sr. Vice President
1301 Dove Street, Suite 200
Newport Beach, CA 92660
949.756.0271

General Counsel

May, Adam, Gerdes and Thompson, LLC
Rob A. Anderson
PO Box 160
Pierre, SD 57501
605.224.8803

Membership Growth & Contributions

Since it began in 1987, the South Dakota Public Assurance Alliance has had steady growth in Membership and contributions. With 433 Members and over \$40 million in investments, SDPAA is one of the largest public entity-owned risk sharing pools of its kind in South Dakota.

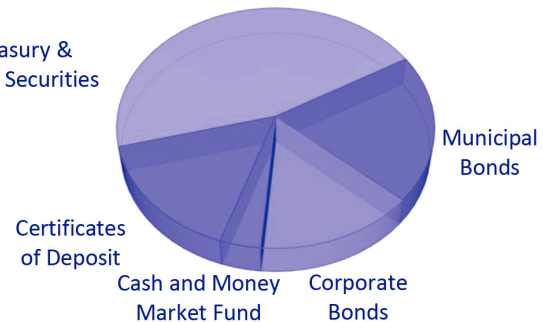


SDPAA Investments

Investment Portfolio 12/31/2020

Cash and Money Market Fund	1,630,855	3.8%
Certificates of Deposit	6,856,686	15.8%
US Treasury & Agencies' Securities	19,771,235	45.6%
Municipal Bonds	8,596,255	19.8%
Corporate Bonds	6,487,084	15.0%
	<u>43,342,115</u>	<u>100%</u>

US Treasury & Agencies' Securities



Statement of Net Position

For the Year Ended December 31, 2020

ASSETS:

Cash and Cash Equivalents	\$ 1,630,855
Receivables	\$ 1,593,814
Investments	\$ 41,711,259
Other Assets	<u>\$ 1,536,322</u>
Total Assets	<u><u>\$ 46,472,250</u></u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES:

Accounts Payable and Accrued Expenses	\$ 45,182
Unearned Contributions	\$ 3,549,188
Losses and Loss Adjustment Expense Reserve	<u>\$ 11,550,977</u>
Total Liabilities	<u><u>\$ 15,145,347</u></u>

NET POSITION

Total Liabilities and Members' Equity	<u><u>\$ 31,326,903</u></u>
	<u><u>\$ 46,472,250</u></u>

Statement of Revenues, Expenses and Change in Net Position

For the Year Ended December 31, 2020

UNDERWRITING:

Contributions	\$ 13,387,637
Reinsurance Ceded	<u>(3,675,645)</u>
Total Operating Revenue	<u>\$ 9,711,992</u>

LOSSES:

Losses and Loss Adjustment Expenses Incurred	<u>\$ 8,136,212</u>
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GENERAL AND ADMINISTRATIVE EXPENSES:

Administrative Expenses	<u>\$ 1,419,390</u>
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Operating Gain/(Loss)

\$ 156,390

NON-OPERATING INCOME AND (EXPENSE):

Net Investment Income	\$ 1,932,179
Earned member equity, NLC Mutual Ins. Co.	36,715
Capitalization Contributions	<u>(1,092)</u>
Total Non-Operating Income	<u>\$ 1,967,802</u>

CHANGE IN NET POSITION

\$ 2,124,192

SDPAA Membership

Townships	Kidder	Badlands	McPherson County	Dakota Dunes Community Improvement District
Aberdeen Civil	Lansing	Beadle	Mellette County	East Custer Sewer and Water District
Alban	Lawrence	Bennett County	Miner	East Jones County Fire District
Allen	Lee	Brookings County	Minnehaha	Edgemont Ambulance District
Andover	LeSueur	Brown-Marshall Soil	Moody County	First District Assn. of Local Governments
Athol	Lincoln	Butte	Pennington	Hartford Area Industrial Park Road District
Baker	Lowe	Campbell County	Perkins County	Health Pool of South Dakota
Brainard	Lyons	Charles Mix	Potter County	Lake Cochrane Sanitary District
Broadland	Mathews	Clark County	Roberts	Lake Herman Sanitary District
Butler	Mellette	Clay County	Sanborn County	Lake Madison Sanitary District
Cambria	Minnesota	Clearfield-Keyapaha & Hamill	South Brown	Lake Pelican Water Project District
Carthage	Montpelier	Codington County Soil	Spink	Lead-Deadwood Sanitary District
Castlewood	North Detroit	Corson	Stanley County	Lyons Volunteer Fire Department
Choteau Creek	Oneota	Custer	Sully County	Meade County Rural Ambulance District
Columbia	Ordway	Davison	Todd County	Meadow Crest Sanitary District
Custer	Rauville	Day County	Tri-County	Metro Communications
Darlington	Richland (Cavour)	Deuel County	Turner	Mountain Pines Road District
Dayton	Richland (Mina)	Douglas County	Walworth County	North East Box Canyon Road District
Dixon	Rosefield	East Pennington	Yankton County	North Marsh Lake Watershed District
Dumarce	Rusk	Edmunds County	Ziebach County	Northwest SD Regional Landfill
Dunkel	South Detroit	Elk Creek		Pickerel Lake Sanitary District
Eden	Spirit Lake	Fall River	Special Districts	Planning & Development District III
Edens	Springlake	Faulk County Soil	Alexandria Fire District	Renner Sanitary District
Elmira	Spring Valley	Grant County	Belle Fourche Irrigation District	South Dakota Municipal League
Elrod	Spring Valley - Bradley	Gregory County	Black Hills Council of Local Governments	SDML Workers' Compensation Fund
Esmond	Star Valley	Haakon County	Boulder Park Road District #2	SD Assn of County Commissioners
Fairview	Sumner	Hamlin County	Brookings Municipal Utilities	SDPAA
Foxton	Swan Lake	Hand County	Brown County Mud Creek Watershed District	SD Public Funds Investment Trust
Fuller	Union	Hanson County	Canyon Springs Preserve Road District	Sioux Falls Regional Airport Authority
Garden Prairie	Union – Howes	Harding County	Canyon Springs Sanitary and Water District	South Eastern Council of Governments
Garland	Wahehe	Hughes County	Castlewood Ambulance District	Southern Missouri Waste Management Assn.
Gem	Ward	Hutchinson County	Castlewood Fire District	Spearfish Rural Fire Protection District
Harmon East & West	Warner	Hyde County	Cedar Hills Road District	Sunset Ranch Road District
Hartland	Wayne	Jackson County	Centennial Hills Road District	University & Bridle Estates Sanitary District
Henry	Webster	Jerauld County	Central Plains Water Development District	Upper Crow Creek Watershed District
Hickman	West Rondell	Jones County	Central South Dakota Enhancement District	West Dakota Water Development District
Highland (Canton)	White Butte	Kingsbury	Claire City Fire Protection District	Woodland Hills Sanitary District
Highland (Wagner)	Whitewood	Lake County	Columbia & Community Fire Association	
Highland (Webster)		Lawrence County	Conde Rural Fire District	
Hillside	Conservation Districts	Lincoln	Corson Village Sanitary District	
Hoffman	American Creek	Marshall County	Custer Ambulance District	
Jones	Aurora County	McCook County Soil	Custer-Fall River Waste Management District	

SDPAA Membership

Cities

Aberdeen	Colman	Hosmer	Nisland	Virgil	Douglas County
Alexandria	Columbia	Hot Springs	North Sioux City	Volga	Edmunds County
Alpena	Conde	Howard	Oacoma	Wagner	Fall River County
Andover	Corona	Hudson	Oelrichs	Wall	Faulk County
Astoria	Crooks	Hurley	Ortley	Warner	Grant County
Aurora	Custer	Huron	Parker	Wasta	Gregory County
Avon	Dallas	Interior	Peever	Watertown	Hamlin County
Badger	Davis	Iroquois	Pickstown	Waubay	Hand County
Baltic	Deadwood	Isabel	Piedmont	Webster	Hanson County
Batesland	Dell Rapids	Java	Pierpont	Wessington	Harding County
Belle Fourche	Delmont	Kennebec	Pierre	Westport	Hughes County
Belvidere	Doland	Keystone	Prairie Village	White	Hutchinson County
Blunt	Draper	Lake Andes	Quinn	White River	Hyde County
Bonesteel	Dupree	Lake City	Ree Heights	Whitewood	Jackson County
Box Elder	Eagle Butte	Lake Preston	Roscoe	Willow Lake	Jerauld County
Brandon	Edgemont	Langford	Roslyn	Wilmot	Jones County
Brandt	Egan	Lead	St. Francis	Wood	Kingsbury County
Brant Lake	Eureka	Lebanon	St. Lawrence	Woonsocket	Lake County
Bridgewater	Fairburn	Lennox	Sherman	Worthing	Lawrence County
Bristol	Fairfax	Long Lake	Sioux Falls	Yale	Lyman County
Britton	Fairview	Madison	Sisseton	Yankton	Marshall County
Brookings	Faulkton	Marion	Spearfish	Counties	McCook County
Buffalo	Flandreau	Martin	Springfield	Aurora County	McPherson County
Buffalo Gap	Florence	McIntosh	Stockholm	Beadle County	Meade County
Camp Crook	Freeman	McLaughlin	Stratford	Bennett County	Mellette County
Canova	Ft. Pierre	Midland	Sturgis	Bon Homme County	Minnehaha County
Canton	Garretson	Milbank	Summerset	Brookings County	Moody County
Carthage	Gary	Miller	Summit	Brown County	Oglala Lakota County
Castlewood	Gettysburg	Mission	Tea	Buffalo County	Pennington County
Cavour	Gregory	Mission Hill	Timber Lake	Butte County	Roberts County
Centerville	Grenville	Mitchell	Tolstoy	Charles Mix County	Sanborn County
Central City	Groton	Monroe	Toronto	Clark County	Stanley County
Chancellor	Harrisburg	Montrose	Trent	Clay County	Sully County
Chelsea	Harold	Morristown	Tripp	Codington County	Todd County
Claire City	Hartford	Mount Vernon	Turton	Corson County	Tripp County
Claremont	Hayti	Murdo	Valley Springs	Custer County	Walworth County
Clark	Hecla	New Effington	Veblen	Davison County	
Clear Lake	Hermosa	New Underwood	Vermillion	Day County	
	Herrick	New Witten	Viborg	Deuel County	
	Hill City	Newell	Vilas		

Past Board Members

Richard Negstad

Brookings County
Commissioner
1986 – 1989

Ray Woodsend

City Attorney, Rapid City
1986 – 1993

Carole Hillard

Councilmember, Rapid City
1989 – 1994

Jack White

Mayor, Sioux Falls
1986 – 1994

Duane Anderson

City Attorney, Sioux Falls
1986 – 1997

Karen Bulman

Councilmember, Rapid City
1993 – 1998

Gary Hanson

Mayor, Sioux Falls
1997 – 2003

Stan Rietveld

Councilmember and Airport
Board, Mitchell
1987 – 1998

Ralph Mack

Codington County
Commissioner/Weed Board
1989 – 1999

George Opitz

Lawrence County
Commissioner
1987 – 2000

Manfred Szameit

Finance Officer, Sioux Falls
1986 – 2001

Gary Drewes

Mayor, Pierre
1995 – 2002

Judy Larson

Black Hills Council of Local
Government
1993 – 2002

Allen Aden

Director of Public Safety, Pierre
1997 – 2008

Gary Colwill

City Attorney, Sioux Falls
2004 – 2008

Ted Eggebraaten

Retired Brookings County Highway
Superintendent, Brookings
2002 – 2011

Jerry Krambeck

Mayor, Spearfish
2002 – 2013

Jeff Heinemeyer

Adviser, Madison
2001 – 2016

Terry Weisenberg

Lawrence County
Commissioner, Lead
2005 – 2016

Dennis Olson

Assistant City Administrator,
Brandon
2000 – 2017

Mic Kreutzfeldt

McCook County Highway
Superintendent, Salem
2012 – 2019

In Appreciation

The South Dakota Public Assurance Alliance takes this opportunity to publicly thank the *South Dakota Municipal League*, for its foresight in creating a liability and property pool. Without the leadership of the League, the Pool would not be in existence today.

The primary goal of both organizations is to provide quality service, stable contributions and practice good risk management. This long-standing partnership has been beneficial to the public entities of South Dakota.

South Dakota Public Assurance Alliance

David Pfeifle, Executive Director

Main Office: 208 Island Drive, Ft. Pierre, SD 57532

Satellite Office: 5024 Bur Oak Place, Suite 103

Sioux Falls, SD 57108

Office: 800.658.3633 or 605.224.8654 (Option 2)

Sponsored and Endorsed By:

South Dakota Municipal League

Yvonne Taylor, Executive Director

208 Island Drive, Ft. Pierre, SD 57532

800.658.3633

Endorsed By:

South Dakota Association of County Commissioners

Bob Wilcox, Executive Director

211 East Prospect Avenue, Pierre, SD 57501

605.224.4554

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