



Nevada Public Agency Insurance Pool
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**Minutes of Meeting of the
Board of Directors and of the Executive Committees of
Nevada Public Agency Insurance Pool
Place: John Ascuaga's Nugget Hotel,
1100 Nugget Ave., Sparks, Nevada
Time: 1:00 p.m. or
upon adjournment of PACT Board Meeting
Date: April 28, 2006**

1. Roll

Chairman Rebaleati called the meeting to order at 2:40 p.m. upon a quorum being present.

2. Action Item: Approval of Minutes of Board and Acceptance of Committee Minutes:

- a. **Board Meeting of April 29, 2005**
- b. **Executive Committee Meeting of June 30, 2005**

On motion and second to approve the board minutes and to accept the committee minutes, the motion carried.

3. Action Item: Financial Report

Chairman Rebaleati reviewed the February and March financial reports. On motion and second to accept the report, the motion carried.

4. Action Item: Acceptance of Reports

- a. **Claims Activity Summary Report**
- b. **Large Loss Report**
- c. **Actuarial Update**

Wayne reviewed the claims activity report and summary. Doug Smith reviewed the large losses over \$100,000, \$200,000 and over \$500,000. Of the claims over \$100,000 (52 totaling \$12,145,199) only 3 were over \$500,000 (totaling \$2,854,458) over the last 10 years. Doug then reviewed the actuarial report exhibits for property and liability. He explained that the trend in the most recent two years was up, but not of great concern because the years were fairly fresh. He indicated that the loss trends resulted in an increase in funding recommended by about 11%.

Donna Squires presented her report showing how ASC was seeking to follow the POOL strategic plan, but also adding some additional goals they had determined for themselves. She elaborated in her presentation that ASC was investing in continual training of adjusters and seeking excellence in claims management. She commented on the recent flurry of claims audits of her office by CRL, United Educators and Kentfield & Associates all had been positive overall. She noted that she and Mike Livermore planned to visit members in one of four quadrants in each quarter to review claims trends, reporting requirements and to assist the members with understanding the claims process. They

also will continue their coordination with the loss control staff and will begin a quarterly newsletter. She announced that ASC had redeemed all shares from outside investors, moved their office downstairs in their current location and were converting from Gensource to CSSStars for their claims computer system. These changes will enhance their services and reporting capability.

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

5. Action Item: Amend the Interlocal Cooperation Agreement

- a. **Approve Clarifying Amendments to Article 3, Section 4 and Article 26 of Interlocal Cooperation Agreement regarding Limitation on Right to Sue and Members' Enforcement of the Agreement to Clarify that the Limitation on Right to Sue Applies to Litigation or Lawsuits for Damages, not Declaratory Relief Actions Seeking to Interpret the Agreement or any POOL Coverage Agreement**

Wayne Carlson commented that these changes were clarifying corrections to the Interlocal cooperation agreement and bylaws. On motion and second to approve both changes, the motion carried.

6. Action Item: Amend Policy on Equity

Chairman Rebaleati reminded the board that this change was consistent with the discussion during the PACT meeting to increase the equity to retention ratio from 8 to 1 to 12 to 1 in order to reflect past practices and the enhance financial stability. On motion and second to approve the change, the motion carried.

7. Action Item: Acceptance of Renewal Programs and Options

Bob Lombard provided an historical overview of the POOL exposure and membership growth and historical loss fund development. He then showed a comparison of the expiring program rates applied to the renewal exposure bases in order to compare renewal options. Bob reviewed the property and liability market negotiations with the current reinsurers which resulted in an overall 5.4% increase in the reinsurance program costs. This option combined is \$3,515,250.

He then presented a second option in which the schools portion of County Reinsurance, Ltd. (CRL) is replaced with United Educators (UE), a risk retention group. UE is a schools, university and colleges specialist liability reinsurer that offers substantial risk management services. Bob handed out an overview of UE and its services. He noted that 15% of the UE premium is a capitalization charge that reduces to 3% next year, but may be eliminated in the future. The other reinsurers remain the same except that CRL's price is reduced as a result of UE replacing that portion for schools. Overall pricing totals \$3,501,680.

A third option combines the second option with a change from MARP to ACE for the liability in excess of \$2,000,000 up to \$10,000,000. While the terms with ACE are less favorable than MARP, the overall pricing totals \$3,535,596.

Bob responded to questions regarding the various options and about the services UE offers. Mike Rebaleati said that the Executive Committee reviewed these options and recommended the second option with UE. On motion and second to select the second option to add UE for schools, reduce CRL's school exposure and to renew current reinsurers for other coverages for the total amount of \$3,501,680, the motion carried.

Wayne Carlson then presented some options he had just received for the Pollution Legal Liability Program. The current program has limits of \$5,000,000 per occurrence and a shared aggregate of \$5,000,000 subject to a \$50,000 deductible. AIG has offered to reduce the deductible to \$25,000 for an priding increase per category of 10% to 15%. They also offered to reduce the current limit to \$2,000,000 per occurrence, but increasing the shared aggregate to \$8,000,000 for the same price as the current limit or to \$10,000,000 aggregate for less than 5% more. The current matrix pricing has not

been released and may increase slightly and the options would be percentages more relative to the new base pricing. On motion and second to offer all options, the motion carried.

8. Action Item: Acceptance of Budget for 2006-2007

Chairman Rebaleati noted the budget summary in the board packet and asked if there were questions about it. On motion and second to approve, the motion carried.

9. Action Item: Recognition of members for Loss Control Excellence Program Awards

Doug Smith referred the board to the Loss Control Committee minutes of October 17, 2005 and March 28, 2006 for a list of the award recipients. For a new Loss Control Excellence Program (LCEP) award, Gardnerville Ranchos General Improvement District and Pershing County School District. For a recertification award, Pershing County, Eureka County and Elko County. For Continuation award, City of Mesquite, Boulder City, City of Yerington, Incline Village General Improvement District, Nevada Rural Housing Authority, Douglas County and Humboldt County.

10. Action Item: Election of Executive Committee

- a. **One representative from Counties and/or Cities with 35,000 or more population for a two year term from 2006-2008**
- b. **One representative from Counties and/or Cities with under 35,000 population for a two year term from 2006-2008**
- c. **One representative of school districts for a two year term from 2006-2008**
- d. **One representative of special districts for a two year term from 2006-2008**

Chairman Rebaleati reviewed the list of incumbents interested in reelection and open the floor for nominations. On motion and second to close the nominations, the nominations were closed. On motion and second to reelect the incumbents, the motion carried.

11. Public Comment

Bruce Brooks asked for additional information and discussion about the Larry Beller contract and the next action to be taken. On advice of legal counsel, Chairman Rebaleati said that individual questions could be asked of staff following closure of the meeting. Wayne Carlson indicated that he would be scheduling an Executive Committee meeting within a couple of weeks and Alan Kalt asked that the board be advised of the date and time for that meeting. No further public comment was received.

12. Action Item: Adjournment

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

The 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 Courthouse
155 North Taylor Street
Fallon, NV 89406