



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
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**Minutes of the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: 1:00 p.m. or
Upon adjournment of PACT Board Meeting
Date: April 29, 2011**

1. Introductions and Roll

A quorum being present, Chair Mike Rebaleati called the meeting to order at 1:29 p.m.

2. Action Item: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda

- **Approval of Minutes of Board Meetings:
Board Meeting April 27, 2010**

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

3. Action Item: Acceptance of Audit for June 30, 2010

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

4. Action Item: Acceptance of Reports

- Claims Review Report**
- Large Loss Report**
- Actuarial Update**
- Claims Services Audit Report**

a., b., c. Wayne Carlson highlighted the claims review which showed the experience of all of the members for the last five years, categorized by category of member type. Doug Smith reviewed the large losses and highlights of the actuarial report and claims trends. He noted that the overall results for both property and liability loss fund projections were slightly down, but that since they were slightly up the previous year and that amount was not included in the renewal loss fund, the decrease would not be included either in order to maintain stability over time.

Brent Kolvet, defense counsel for the POOL on the Fernley canal breach cases, provided a report on the settlement of those cases on behalf of the City of Fernley and Lyon County. He noted the rationale behind tort caps and discretionary immunity for governmental entities. He also commented on the lessons learned as a result of the litigation: 1) there can be competing interest between developers and multiple governmental entities regarding a project and 2) that the discretionary immunities might

be impaired if certain specific conditions were to be applied to situations such as granting permits, thus entities should be careful to protect their immunity when making these considerations.

d. This item was discussed during the Joint Board meeting so was not repeated here.

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

5. Action Item: Acceptance of Budget for 2011-2012

Wayne Carlson commented that the overall budget for administration was flat as was the loss fund and reinsurance cost projections. The renewal options will determine the final amounts. On motion and second to accept the budget, the motion carried.

6. Action Item: Approval of POOL Form Changes Effective July 1, 2011

Wayne Carlson commented that legal counsel was working on some changes to the monies and securities section to clarify coverages and that there were some minor changes to the liability section for clarification as well. On motion and second to approve the POOL Form changes, subject to legal counsel approval of the changes, the motion carried.

7. Action Item: Acceptance of Renewal Reinsurance Proposals and Options

Bob Lombard provided an overview of the marketing efforts for the renewal which were undertaken in light of the substantial increase from Munich in the liability reinsurance section the prior year and the effect of the Fernley canal breach litigation. He provided a list of those who were approached and their responses: incumbents Munich, CRL, UE, Lloyds, Travelers Boiler Re and PRM quoted; for liability new prospective reinsurers Brit, GEM and Chartis quoted; ACE, CV Starr and Genesis did not quote. He then provided a base comparison using 2010-11 rates and applying them to the 2011-12 exposures for total premiums (excluding terrorism coverage) of \$4,545,741. He provided additional details about how the property coverage program with Lloyds was structured and a list of the participating syndicates and their shares.

Bob then showed the renewal using the current reinsurers (excluding terrorism) with total premiums of \$5,358,050 an increase largely driven by Munich's substantial increase, nearly \$700,000. Lloyds increase was about 5% driven by the worldwide earthquake events, the latest of which was in Japan, affecting the Lloyds reinsurers' costs. Terrorism pricing came in slightly down at \$136,349 for property and \$42,138 for liability plus taxes and fees of \$7,139. It was noted that United Educators (UE) had granted a dividend to POOL in the amount of about \$18,000 in the form of a renewal credit.

Option 1 was presented using our current reinsurers, except Munich, and replacing Munich with Chartis via County Reinsurance, Ltd. (CRL) and with CRL increasing its capacity by \$1,000,000 to \$3,000,000. Chartis provided \$7,000,000 excess of \$3,000,000. The total premiums excluding terrorism were \$4,550,604. PRM increased its costs since it was quota sharing with CRL presently at 25% of \$1,500,000 excess of \$500,000 and under the renewal option would be 25% of \$2,500,000 excess of \$500,000. CRL's quota share of 75% also rose to reflect the higher limit being offered. UE's costs increase since their limit was also raised to \$2,500,000 excess of \$500,000.

Option 2 utilized the current reinsurers, except Munich, increased CRL's limit to \$2,500,000 excess of \$500,000 and added two additional liability reinsurers: Government Entities Mutual (GEM) and Brit. GEM offered \$2,000,000 excess of \$3,000,000 and Brit offered \$5,000,000 excess of \$5,000,000. The total cost was \$4,397,170.

Wayne Carlson provided an overview of GEM commenting upon its similarity to CRL as a member-owned captive in which POOL would have an equity position. He indicated that the required contribution of capital would be 70% of net written premium or \$500,000, whichever was larger in order to attain Premiere status which grants voting rights and a share of the net income gains of non-voting Associate members. He cited the POOL's equity in CRL presently was \$297,374, which would not need to be increased for CRL's additional limit. Wayne noted that he and Doug Smith had been invited to and attended a GEM board meeting and found that they operated similarly to CRL and had about the same overall capital bases as CRL and PRM. In response to a question from the board, he indicated that for this option POOL should contribute \$500,000 in order to attain Premiere status since going in as an Associate member required \$100,000 and a commitment to become a Premiere member within five years. He noted the POOL's present net assets were sufficient to transfer capital for this purpose.

Bob Lombard provided background on Brit, a Lloyds Syndicate who also was a participant on the property program. He noted their public entity premium volume and commitment to stability in the market over time.

Board discussion ensued regarding the options. On motion and second to select Option 2 that added GEM for \$2,000,000 excess of \$3,000,000 and Brit for \$5,000,000 excess of \$5,000,000 and to become a Premiere member of GEM, the motion carried.

8. Action Item: Approval of Renewal Risk Retention Options

- a. Authorize Additional Capitalization to Public Risk Mutual**
- b. Authorize Renewal Credits**

a. Wayne Carlson noted that board policy authorized transfer of up to 50% of the net asset gains in a fiscal year to its captive (PRM) in its discretion. He indicated that the audited gain as of June 30, 2010 was \$4,553,238. On motion and second to authorize transfer of up to 50% of the gain to PRM, the motion carried.

b. Wayne Carlson advise the Chair that this item was placed on the agenda prior to the recent Executive Committee meeting during which the Executive Committee decided to have it removed from the agenda as a topic. The Chair declared the item removed from this agenda.

9. Action Item: Election of Executive Committee for Two Year Terms from 2011-2013

- a. One Representative from school districts**
- b. One Representative from Counties and/or Cities with under 35,000 population**
- c. Two representatives from Counties and/or Cities with 35,000 or more population**

Chair Mike Rebaleati noted that Claudette Springmeyer was vacating he seat on the Executive Committee for large counties and asked whether Josh Foli was interested in serving. Claudette confirmed that Darcy Worms of Douglas County would not be a candidate. He opened the floor for other nominations and seeing none, called for election of the incumbents and Josh Foli. On motion and second to elect Mike Rebaleati, Cash Minor, Pat Whitten, Lisa Jones and Josh Foli, the motion carried.

10. Action Item: Election of Chair and Vice Chair

Mike Rebaleati indicated that he was willing to continue to serve as Chair and opened the nominations. Cash Minor was nominated to be Vice Chair. No further nominations were made so the nominations were closed. On motion and second to elect Mike Rebaleati as Chair and Cash Minor as Vice Chair, the motion carried.

11. Public Comment

None was received.

12. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at 2:43 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**

**Eureka County Courthouse
10 S. Main Street
Eureka, NV 89316**

**Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701**

**Churchill County Administrative Complex
155 North Taylor Street
Fallon, NV 89406**