



**Nevada Public Agency Insurance Pool  
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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: December 19, 2005**

**1. Roll**

Committee members present: Mike Rebaleati, Alan Kalt, Claudette Springmeyer, Cash Minor, Paul Johnson, Lisa Jones, Mike Pennacchio, Mike Tourin

Committee members absent: Marilou Walling, Jeff Zander, Dan Newell, Roger Mancebo, Toni Inserra, Linda Bingaman

Others present: Wayne Carlson, Doug Smith, Ann Wiswell, Debra Connally, Larry Beller, Michael Brown, Curtis Calder

A quorum of each committee being present, Chairman Kalt called the meeting to order noting that he and Chairman Rebaleati would alternate handling each item on the agenda.

- 2. Action Item: Approval of Minutes of Meetings:**
- a. Joint Executive Committees of October 17, 2005**
  - b. PACT Executive Committee of November 21, 2005**
  - c. POOL Executive Committee of June 30, 2005**

On motion and second to approve all of the minutes listed, the motion carried.

**3. Action Item: Acceptance of Audit Committee Report and of Audit for POOL**

Chairman Kalt commented that this item has been pulled from the agenda pending resolution between the actuary and the auditor and will be presented to the POOL Executive Committee at a future date.

- 4. Action Item: Consideration of Cooperative for Human Resources Management Committee Recommendations to Extend the contract with Beller & Associates for an Additional Year Effective July 1, 2006 then to Conduct a Request for Proposal Process for Consideration of Other Potential Service Provider(s) including Beller & Associates**

Wayne Carlson reviewed a presentation he had provided to the CHRM Oversight Committee meeting that covered issues relating to Action Items 4 and 5. Included was a review of various members total contributions to POOL compared to various rating bases to show relative

comparisons of costs. Also included was discussion of the comparison of key vendors' fees to total program costs and allocation of vendors' costs between POOL and PACT. Wayne noted that the CHRM Oversight Committee recommended extension of the Beller contract for an additional year from July 1, 2006 and then to conduct an RFP process for consideration by the boards. He also noted the distribution of members by size based upon employee counts.

Curtis Calder, Chairman of the CHRM Oversight Committee, summarized the discussion and decision of the committee. He commented that the committee would be surveying members and that the Board Retreat facilitator Roberta McCreary would assist with the survey development and tabulation of results. The Committee was planning to hold a workshop likely in February to review the survey results, consider the scope of services and the RFP scope and process.

Mike Rebaleati commented on the diversity of needs of members and the size of members, indicating that he had expressed willingness to pay more as a smaller agency in order to have these services available.

Claudette Springmeyer indicated that the diversity of needs was important and tailoring services to the size of agency also was needed. She expressed support for CHRM including some degree of cost sharing across the membership, but stated that the proportional cost sharing was an issue. She made a motion to extend the contract, which Mike Tourin seconded. Discussion ensued.

Michael Brown commented on the fact that each of the service providers was a private company, independent contractor, and that he believed these contracts should be bid as a matter of public policy due diligence as well as to determine if there were cost savings available. He also expressed that in-house should be considered rather than contracting and that 3-4% of the total program costs, given the size of the pools, still was a significant dollar amount.

Curtis Calder said that his agency conducts an RFP or RFQ process for professional services every five years including for engineering services and insurance broker. In response to a question, he said he did not think they had done this for city attorney services.

Wayne Carlson spoke at length about the historical reasons for independent contractors and how the program had evolved to integrate their services. He noted that consideration to change vendors should be done as a strategic consideration given the relationships between them and members, the interconnectedness of the various vendors in service delivery, the steep learning curve when changing vendors and other factors. He said that if a vendor was not performing effectively, of course, then that would be an important reason to consider alternatives. He commented that the pools had experienced turnover in the claims area several years ago and considered going to RFP, but because the pools decided to work through the issues with the company, they were able to continue services until replacements were recruited and trained. He noted that Beller had acknowledged his turnover problem and that he was working to address it. Wayne also commented that conducting an RFP process on a regular cycle could adversely change the dynamics of the relationships between the vendors and the pools as those relationships had been built up from the approach that they were part of a support team to the pools.

Mike Tourin commented that while an RFP process would require a new vendor proposal to overcome the established vendor's relationship and service history, the pools should not forego the opportunity to use an RFP as a method.

Alan Kalt spoke at length about his views of RFP processes and the value of his own agency's RFP for banking services in holding down and reducing banking costs. He said that services scope, service provider quality, performance and cost all were considerations that could lead to a need for an RFP, but also a reason to retain current vendors. Relationships were important to the decision as well.

Mike Rebaleati asked Claudette to restate the motion, which she did. Larry Beller commented that there had been no negotiation as to the terms, scope of services or costs and that these should be considered. Mike Rebaleati agreed and asked Claudette if she would amend the motion to enter into negotiations to extend the contract. She agreed and the second agreed. Mike Rebaleati asked Curtis Calder to have the CHRM Oversight Committee further review the scope of services and bring their recommendations back to the Executive Committees. Curtis agreed to do so.

On motion and second to enter into negotiations with Beller & Associates to extend the contract, the motion carried.

**5. Action Item: Review POOL and PACT Allocation Methods for Overhead including Major Service Provider Cost Distribution between POOL and PACT and for Various Types or Sizes of Members**

Wayne Carlson referred the committees to a spreadsheet showing the current cost allocations between the pools for each of the major vendors. He illustrated alternative cost splits between the two pools, one of which would shift all CHRM costs fully to POOL away from PACT as well as shift more of loss control to PACT instead of POOL. The overall effect shifted about \$457,000 to POOL and reduced PACT accordingly since CHRM has been split 50-50 currently. He indicated that the Executive Committees had discussed these allocations previously but that if they wanted to change the allocation, this spreadsheet would demonstrate the effect. Discussion ensued regarding whether to allocate costs differently between the pools.

Wayne also showed an illustration of the effect of shifting costs based upon full-time equivalent employee size of agency, stating that the percentage shares for each vendor were fairly arbitrary assignments of anticipated usage. Presently, the four major vendors are spread equally at a combined 13% overhead charge. This illustration would shift more of the costs to the middle-sized FTE groups and away from the smallest ones.

On motion and second to leave the allocation between the pools as at present, the motion carried.

**6. Action Item: Approval of Draft Strategic Plan for POOL and PACT to Fulfill the Board Retreat Results**

Wayne Carlson explained that the draft strategic plan took into account discussions at the retreat and were provided as a stimulus to discussion by the committees. Alan Kalt led the committees through each section of the draft plan to see what items should be removed, changed or added. Wayne responded to questions on several items. Mike Rebaleati asked that the next version of the plan identify which items were continuations of the existing plan and which ones were new items to facilitate budget discussions and recommendations to the board later on. No action was taken on this item.

**7. Action Item: Consideration of Potential Performance Measurement Factors for Service Providers**

Wayne Carlson reviewed a spreadsheet showing potential performance measurements for CHRM as an illustration. He commented that he had reviewed this with Larry Beller and that Larry said that most of these quantitative measurements currently were provided to the CHRM Oversight Committee or that his database contained sufficient information upon which to draw to provide the information sought. Wayne indicated that this was a draft approach and that he would be seeking input from the other vendors for various measures. Michael Brown noted that there were no qualitative measurements listed. Wayne responded that he was under the impression from the retreat results that the board wanted quantitative measures. He asked what qualitative measures Douglas County used for its human resources function and any ideas of appropriate qualitative

measures that could be used for the purpose of measuring other vendors. He agreed to provide input. No action was taken on this item except to direct Wayne to continue to develop performance measurement possibilities for all vendors.

**8. Action Item: Review of Preliminary Budget Requests for FY 2006-2007**

Wayne Carlson offered the following suggestions for possible inclusion in the budget:

**POOL:**

- a) \$100,000 per year for the PATC Law Enforcement agency certification program with a goal of having all of our 23 agencies certified over a 4-5 year cycle. The program would be voluntary, but target vulnerable agencies that have expressed a need for assistance.
- b) Extend liability coverage to include third party pollution legal liability for all members. A preliminary estimate is a reinsurance cost of about \$300,000 plus an estimated \$120,000 contribution to the POOL Loss Fund to fund its retention of \$500,000. Members already in the current pollution liability program would be able to obtain pollutant clean-up coverage extensions. All others would have to apply for the site specific clean-up coverage.
- c) Purchase one additional SkidCar for possible location in the Elko area for regional driving training and discuss with the Community College of Southern Nevada the potential for rental of their SkidCar for Southern Nevada members. Continuation of the rental program for uncovered areas.

**PACT:**

- a) Extend the voluntary law enforcement heart wellness pilot program to additional agencies. A proposal has not been received from SpecialtyHealth at this time, but the pilot project cost \$250 per officer and has shown great results. There was a suggestion to enable a spousal option for participating officers.

Wayne invited committee members to suggest budgetary items and responded to questions. Without formal action by the committees, the Chairmen asked that these items be incorporated into the preliminary budgets for 2006-2007 for further review by the committees.

**9. Action Item: Approval of Prospective POOL Members**

**a. Central Nevada Regional Water Authority**

Wayne Carlson commented that this Authority was being created by several counties in a manner similar to current POOL member Humboldt River Basin Water Authority. Their scope and purpose focuses on water issues in the rural counties particularly with respect to water rights sought by Southern Nevada communities.

On motion and second to approve Central Nevada Regional Water Authority as a prospective member, the motion carried.

**10. Action Item: Approval of Settlement Agreement between POOL and Willis regarding New York Attorney General's Investigation about Contingent Commissions**

Wayne Carlson provided a review of the background of this settlement arising out of the New York and Minnesota Attorneys General investigations into contingency agreements. Willis agreed to settle the allegations via a settlement fund and the proposed settlement reflects that agreement. Wayne noted that Willis Pooling had done its own internal due diligence last year and had not found the contingency arrangement. A Willis corporate independent auditor was hired and discovered that the New York office of Willis corporate had entered into such an

arrangement without the knowledge of Willis Pooling. Wayne commented that Willis Pooling was on a fee basis with the POOL since July 1, 2002 and no contingencies were permitted. Bob Lombard confirmed Wayne's comments and added that certain corporate officials had been relieved of duties as a result of the independent audit and that internal controls were in place to prevent future problems.

On motion and second to approve the settlement agreement, the motion carried.

**11. Public Comment**

Bob Lombard suggested that the various committees should seek to establish committee meeting dates on an annual calendar to facilitate attendance planning.

**12. Action Item: Adjournment**

The meeting was adjourned at 3:30 p.m.