



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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**Minutes of Joint Meeting and Agenda for the Executive Committees of
Nevada Public Agency Insurance Pool and for Public Agency Compensation Trust**

Date: March 11, 2008

Time: 9:00 A.M.

**Place: 201 S. Roop St., Conference Room 2
Carson City, Nevada 89701**

1. Roll

Committee Members Present: Mike Rebaleati, Alan Kalt, Claudette Springmeyer, Cash Minor, Roger Mancebo, Paul Johnson, Toni Inserra, Steve West, Mike Tourin, Lisa Jones, Mike Pennacchio
Committee Members Absent: Jeff Zander, Marilou Walling
Others Present: Bob Lombard, Wayne Carlson, Ann Wiswell, Debra Connally, Donna Squires, Mitch Brust

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

a. Approval of Minutes of Meetings:

- 1) Joint Executive Committee - September 24, 2007
- 2) PACT Executive Committee - December 3, 2007
- 3) POOL Executive Committee - none

b. Approval of PARMS Performance Compensation for 2007 per Contract

c. Executive Director's Report

d. Financial and Investments Reports

e. Website and E-learning Status Report

f. Review of Strategic Plan Progress

Wayne Carlson noted that there are corrections to be made to item a 1) so it should be addressed separately.

On motion and second to approve the items on the consent agenda excluding a 1), the motion carried.

Wayne Carlson reviewed corrections to the Joint Executive Committee Minutes of September 24, 2007 as submitted by Paul Johnson as follows: 1) under the section entitled JOINT, item 3, change "PEBS" to "PEBP" and under 5.a., change the typographical error on the fourth line from "he" to "the;" 2) under the section entitled PACT, change the typographical error in item 6, second line, from "as" to "at." On motion and second to approve the minutes as corrected, the motion carried.

3. Action Item: Acceptance of reports

a. Willis Pooling Report

b. Claims Audit Report

c. Large Loss Report

d. Wells Earthquake Report

e. Actuary Report for POOL and PACT

f. Loss Control Committee Report

a. Bob Lombard provided a general overview about the continuing positive support Willis Pooling within the Willis corporate structure. He mentioned Willis Pooling's Symposium in Savannah, Georgia at which staff and various Executive Committee members were in attendance. He commented on the reinsurance forms reviews with the markets and with Willis Reinsurance staff and with their Property Insurance Group property specialist, Lee Lockrum, who reviewed the form language and market strategies. We plan to use these in our London negotiations. He noted that he would talk about market conditions later in the meeting, but generally they were soft and we will seek reductions although our property price is very favorable.

b. Wayne Carlson provided an overview noting that the auditor reviews each program every other year. He noted that after the last audit, there were a number of recommendations and discussion with the auditor about his findings. Donna Squires described the results of the PACT audit, noting that recommendations from two years ago had been implemented and resulted in overall case reserves being within 2% of the auditor's reserves. Alan Kalt inquired about whether a customer survey has been done. Wayne responded that ASC nationally has surveyed, but not locally of the members. However, he indicated that if we learned about any service complaints we addressed them immediately.

c. Wayne Carlson reviewed the POOL large property losses (over \$100,000) and liability losses (over \$300,000). He noted that the Wells earthquake was not on the list, but the reserve likely would be nearly \$2,000,000. He then reviewed the PACT large losses (over \$300,000).

d. Wayne Carlson provided an overview of the earthquake damage and issues facing the city. Donna Squires added additional details noting that 34 of the 40 city buildings suffered some damage, two Elko County School District buildings were damaged and damage was also reported in McDermitt. She said that Belfor has been active on site in assessing and making initial repairs to several structures. Wayne said that Craig Buchholz should be commended for spending from Friday through Tuesday serving as the city's temporary safety officer, attending incident command briefings and assisting the city as needed. Wayne also said there was a critical incident stress debriefing by our EAP program provider. Mitch said that Horizon Behavioral Services spent a couple of hours helping Wells staff to cope with the stress of all of the demands from citizens and businesses on city staff. Wayne discussed the issue of unreinforced masonry buildings and the Nevada Earthquake Safety Council's efforts to obtain an inventory of these buildings. He commented on the difficulties with having to have multiple inspections of structures after 25 aftershocks over 3.0 that required reinspection. The city was under pressure to grant certificates of occupancy, but significant code upgrades would be required that would burden most businesses.

Wayne commented about the response from Belfor and that we were in discussions with them prior to the earthquake about various disaster response capabilities. He said that legal counsel said that as an emergency action item, we could approve Belfor's contract. Donna indicated that Belfor had provided estimates that damages could be nearly \$1.6 million for the city buildings. On motion and second to authorize execution of the Belfor contract, the motion carried.

e. Wayne Carlson noted that in the annual report for the POOL, there were errors in the printed report and reviewed the correct information for clarification to the members. He then reviewed the actuary report for PACT, noting that the POOL reports had not yet been received. For PACT, the rate indications were fairly level for schools, hospitals and municipalities. Wayne reviewed the status of the heart rate study indicating that the funding level likely will go up, but study data is still being gathered. He commented that he did not think there would be a significant change in the POOL indications.

Mike Rebaleati commented about the actuarial studies being done regarding the GASB 45 liabilities. Wayne commented that the Bickmore Risk Services actuarial services were an endorsed program to help get these reports done in a cost effective manner due to the collective learning from the pool members that would help them facilitate the studies in a cost effective way. Wayne reviewed his efforts before the Committee on Local Government Finance's subcommittee on implementing SB 544 GASB 45 trusts and their regulatory concerns. He noted that their main concerns revolve around the expertise regarding investments and they are looking at a threshold of \$100 million before investments can be

made in other than the Retiree Benefits Investment Fund, managed by PERS. He commented that once governmental funds go into the irrevocable trusts, they lose their governmental character so there is no constitutional constraint on the investments. They also are concerned about the governing boards of these trusts having sufficient expertise to manage the trust. He noted that he had suggested a pooled trust for governance purposes, rather than investments, but there is a legal question as to whether a pooled trust would be acceptable. Wayne indicated that he planned to contact the attorney used by some of the large governments to set up their trusts to ask this question.

f. Ann Wiswell reviewed the Web site survey results and the E-learning program efforts noting how well the site was received by the members. She commented on pending additional E-learning programs, particularly on safety topics. Alan Kalt suggested the Web site/E-learning be demonstrated at the annual board meeting. Ann then provided the Loss Control Committee report noting that Cash Minor was the new chair and listing the voting members of the committee under the restructured format. She noted the committee's changes to the charter and work on a mission statement, planned strategies and the processes they were working through to establish activities for the future including benchmarking as an underlying element.

4. Action Item: Approval of Contracts

a. Proposal from Maximus for Disaster Recovery Assistance to City of Wells

b. Authorize Participation in PERi Data Exchange

c. Approve E-Learning Content Licensing Agreement with PERi

Item 4.a. was taken out of order in connection with the discussion of the Wells earthquake. Wayne Carlson explained the background about Maximus disaster recovery services that help entities recover costs that are not insured such as infrastructure items. This service assists with both FEMA and state disasters. We had conversations with Maximus about a one-call disaster recovery assistance to pool members whenever there was a disaster. However, the Fernley flood occurred and Jerry Quinn sent Wayne some documents about disaster accounting to assist the city of Fernley. When the Wells earthquake occurred, Wayne forwarded that information to Wells and discussed the services with Jolene Supp, city manager of Wells. He noted the scope of services and the potential recovery sources aside from FEMA and the State of Nevada that Jerry Quinn would seek out in addition to the FEMA funds. Wayne said that he told the city he would bring the proposal to the Executive Committee for consideration as to partial funding of the service to assist the city. He reviewed the cost of the services totaling \$58,000 and suggested that the committee consider part of full funding. Discussion ensued about helping a fellow member out.

On motion and second to approve the Maximus contract as a POOL contract on behalf of the city, the motion carried.

Cash Minor noted that Elko County had sent \$100,000 to assist Wells. Others commented on problems with unreinforced masonry buildings and how an inventory could help with getting funding for retrofitting or building new buildings with earthquake resistance. Wayne commented that Ann Wiswell had worked with the Nevada Rural Water Association on non-structural mitigation and had developed presentations delivered to water system operators. She also developed a program for school districts on this subject. It was suggested that this be a lessons learned presentation at the annual meeting.

b. Ann Wiswell reviewed the PERi Data Exchange program and how it can benefit the pools and members by being able to benchmark against national data sources. The data would be provided by ASC in a secure manner to the Data Exchange and benchmark reports can be retrieved. Ann noted that individual members could obtain their own data and benchmark it or groups of members could agree to benchmark against each other as well. Considerable discussion ensued regarding the capabilities of the data exchange and the comparisons they offer. Ann responded to questions and noted that the annual cost to submit data was only \$150. On motion and second to approve entering into the PERi Data Exchange arrangement, the motion carried.

c. Ann provided an overview of PERi on-line programs and the costs to take their programs. She approached PERi to see if we could turn these into E-Learning to be delivered to our members over our Web site for free through us paying them a one-time licensing fee of \$2,500. She noted that the PERi E-Learning Content Licensing agreement still was under review to clarify some issues, but that the intent is for us to purchase a one-time license for the content, then to convert it into an E-Learning training program. It would be co-branded with PERi and the copyright would be shared. On motion and second to approve the content licensing arrangement, the motion carried.

5. Action Item: POOL/PACT HR Services Grant Changes

- a. Pooling Resources, Inc. Grant Financial Report**
- b. Human Resources Oversight Committee Report**
- c. Budget for Extended Additional Year Grant Term Effective July 1, 2008**
- d. Scope of Services under Grant**

Mitch Brust provided an overview of the services delivered under the grant since July 1, 2006 to present indicating that they had been able to deliver greater services with more flexibility than in the past and that helped produce some of the savings. He reviewed the scope of services proposed under the grant extension for 2008-09 noting that the HR Oversight Committee wanted to add legislative tracking to the scope of services in addition to continuing the current scope with some enhancements.

Mitch reviewed the financial results to date and the proposed grant budget for 2008-09 commenting on the savings from the first year and the anticipated savings in the second year. He noted that the proposed revenue for the 2008-09 year was reduced by \$40,000 and that the net income would be a negative \$78,000 so that the combined three years grant results would yield a 10% margin. Discussion ensued regarding the key costs within the budget. Mitch noted that the salaries increase reflected implementation of a succession plan in 2009 that would possibly include increased staff hours, promotions of two current employees to further develop them as future consultants and the potential for transitional hiring to replace senior consultants in the event of retirements, although there are no planned retirements at this time.

On motion and second to approve the grant budget as presented, the motion carried.

6. Action Item: Approval of Proposal for Contracts

- a. Alternative Services Concepts, LLC for Claims Management Services for POOL and PACT**
- b. Public Agency Risk Management Services, Inc. for Executive Director/Risk Management Services for POOL and PACT**

a. Donna Squires presented her proposed renewal three-year contract cost-plus 15% margin budget with two scenarios. She highlighted the historical contract terms and those costs are allocated between the pools based upon claims volume and staffing considerations. She explained that the base scenario included 5% for additional salary costs; Scenario 1 increased the salary costs to 8% to reflect internal promotions and the addition of some ergonomic workstations, other equipment and training; and Scenario 2 including the element of Scenario 1 plus an additional clerical staff person. She said she preferred Scenario 2 and explained the value of reducing the clerical part of the claims load on the adjusters.

Alan Kalt commended Donna and her staff for their excellence in handling claims for POOL and PACT. He asked Donna to explain some of the detailed budgeted costs and how they were allocated. He said that he had been thinking about the results the pools achieved by taking "in-house" the human resources services and given the tight budgets within the counties, perhaps an analysis of the possibility of doing the same with ASC would be appropriate given the total costs. He emphasized the satisfaction with performance, but wondered how much better it could be if we packaged up the local staff and brought them in house to save money. Wayne commented about the contractual considerations that had to be taken into account including a non-hiring provision. He suggested that the 15% margin plus the corporate overhead were areas of additional costs that may be reduced if in-house in some way. Alan Kalt said that there is value in the corporate support, but how much. Paul Johnson indicated that he had similar observations. Donna said that for PACT, an independent TPA was required. She also said that

corporate support in the event of turnover ten years ago was a key factor. Mike Rebaleati indicated that these costs were a concern globally for all service providers including PARMS and that we could consider this at a retreat. Alan agreed that a retreat may be a good place to discuss these issues. Donna indicated that right now the local office effectively is a dedicated unit. Further, that there is value in having an independent firm handle claims separately from the pools so there is a degree of objectivity. Cash Minor asked whether the captives could do this. Wayne Carlson said that the TPA requirement appeared to exclude insurance companies so that may be an option to consider. Alan Kalt indicated that a renewal contract would be in order to allow further due diligence to determine whether to consider a transition in-house. Perhaps a one-year term would be in order. Also, a review of all other service providers at the retreat may help. Alan further commented that more local control over employees' compensation decisions would be desirable. Wayne commented that there are numerous considerations to reach a decision about this issue and that he was aware of other pools that had gone in-house. He also said that giving due respect for the 20 year relationship is an important factor in determining whether to go in-house or continue the contractual relationship. Paul Johnson expressed concerns about bringing claims in-house from his previous experiences and also the cost-plus method for contracting because it tends to grow costs faster. Wayne suggested a minimum one-year contract term to allow appropriate time for evaluation and discussion with ASC, then discuss at the retreat and look at the options including in-house and continuing to contract, consider operational needs and transition issues if we go in-house as a result of retreat discussions; otherwise, write a new contract following the retreat. He suggested Scenario 2 should be recommended to the board. Donna agreed with the need. He offered to talk to Bob Bennett, President of ASC, who will be at a conference. Wayne also will be attending to discuss this situation with him.

On motion and second to recommend Scenario 2 for a one-year contract with ASC, directing Wayne Carlson to research options and to include this as a retreat topic, the motion carried.

b. Wayne Carlson reviewed the narrative explanation of the proposed PARMS contract fee changes. Elimination of the equity based bonus provision was proposed since the board's goal was to grow equity by 15% on rolling four year averages, which had been accomplished. However, since equity has grown so significantly, the amount to sustain 15% annual growth was quite large so the provision served the pools well. However, it no longer should be an objective at that level so he proposed eliminating the provision and incorporating \$50,000 into the contract. He indicated that the base fee would be increased by 3%. He noted that PARMS contract did not contemplate lease payments, but that he recently learned that the statutory requirements for beneficial use required that a lease should be entered into. The amount would be an additional \$60,000. Overall the POOL/PACT contract would increase by 2.4% with incorporating the bonus into the base, plus the \$60,000 additionally for rental costs as a pass through. He then indicated that the contracts with the captives would increase by \$15,000 each to reflect the additional time, efforts and expense associated with the captives that would be more fairly allocated to the captive than the pools. Regarding PRI, he proposed an increase of \$15,000 in the management fee to offset costs of replacement computers and additional IT service costs. Alan Kalt noted that the combined increase overall was about \$118,000. He commented that the pools need to consider succession planning for PARMS as an issue at the retreat. He asked whether this was a one year contract and Wayne responded that it was proposed as a three year contract with these amounts for the first year and subsequent years would be a 3% increase.

On motion and second to approve the proposed fee changes to the contract with PARMS, the motion carried.

7. Action Item: Capitalization Policies and Review of Captives' Performance

a. Review POOL Capitalization Policy Statement

b. Authorize Additional Capitalization of Public Risk Mutual

c. Review PACT Capitalization Policy Statement

d. Authorize Additional Capitalization of Public Compensation Mutual

a. and b. Wayne Carlson reviewed the policy statement for POOL and a spreadsheet that showed the amount of funds available for potential transfer from the POOL to PRM as additional capitalization was

50% of the additional equity gained as a result of the previous year's audit. Discussion ensued regarding whether PRM would assume additional retention. Wayne indicated that it was possible depending upon the property renewal negotiations and the additional capital would enable that. The gains enhance both POOL and PRM. Discussion ensued on the merits of transferring the funds. Wayne indicated that he would discuss with the actuary, the suggested maximum retentions with any changes in the capitalization for both. He reviewed the potential retentions in the future for both programs. He said that the committee did not have to make a decision at this time, but had the authority to do so at any time and could wait for renewal options to make the decision later. Wayne mentioned that he and Lloyd Kelley will be presented the topic "Strategic Capital Planning" at the AGRiP conference that incorporates financial modeling and strategic objectives into capital planning. The scenarios will be based upon PACT data with modifications to show how various scenarios could affect financial performance. Roger Mancebo expressed support for moving the assets to the captive now. Alan Kalt mentioned that anything transferred to the captive comes back to the POOL first in the event of dividends.

On motion and second to transfer 50% or \$3,919,238 to Public Risk Mutual effective immediately, the motion carried.

c. and d. Wayne Carlson reviewed the policy statement for PACT and a spreadsheet that showed the amount of funds available for potential transfer from the PACT to PCM as additional capitalization was 50% of the additional equity gained as a result of the previous year's audit. Discussion ensued regarding whether PCM would assume additional retention. Wayne indicated that at this time no increase was contemplated since the captive took on a substantial amount of risk in the current year via the quota share with CRL. However, the additional capital would further strengthen PCM for the future. Wayne said that PCM's initial capitalization was \$5,000,000 and noted that Cash Minor had suggested \$10,000,000 at that time. Now the available amount is over \$11,000,000 at this time. Wayne cautioned about the need for PACT to retain equity in light of the pending heart study for PACT and the implementation strategies that will need to be determined. Alan Kalt asked about the equity to retention ratios that would remain if the \$11 million were transferred and commented that the financial strength of PACT was retained if the transfer occurred.

On motion and second to transfer 50% or \$11,738,392 to Public Compensation Mutual immediately, the motion carried.

8. Action Item: Review for Revision and Adoption of Policy Statements

a. Investment Guidelines for POOL and PACT

b. Policy Statement on Board and Committee Meeting Expenses

a. Mike Rebaleati asked about the reason the investment guidelines were on the agenda with no suggested changes. Wayne mentioned that one of the AGRiP pooling standards required a review of the investment policy annually so this would accomplish that standard. Also, as a result of the review of the investment policies for the captives, Joe Woods noted that the pools policies needed some changes due to internal inconsistencies and problems with selected benchmarks. He suggested that a task force should review these along with other policy statements. Mike Rebaleati commented on the bond fund index as one which is performing poorly now so we may want to revise that. Paul Johnson commented on some problem areas within the policies as well. Mike suggested that this could be added to item 13's task force on policies and that perhaps Paul Johnson would be suitable to lead that effort in light of his comments. On motion and second to accept the guidelines as current stated and to have a task force review them for future changes, the motion carried.

b. Mike Rebaleati commented that having a policy statement like this is not necessary, but perhaps providing assistance on a grant basis to those having financial problems may be needed. Cash Minor and Claudette Springmeyer indicated that it is not really a financial issue as much as a commitment of time that some entities face. Paul Johnson suggested that it might be better to invest in video conferencing capability than to do expense reimbursement. Discussion ensued regarding video conferencing as a solution to both the time and expense issues. Helping those who need assistance

financially may be appropriate on a discretionary basis, but the consensus was that commitment to the pools was needed.

On motion and second not to adopt the proposed policy statement, but to grant discretionary authority to the Executive Director in case of financial need to reimburse expenses, not to exceed \$10,000 per year for POOL and PACT combined, the motion carried.

9. Action Item: Review of Services and Approval of PACT Budget for 2008-2009

Wayne Carlson reviewed the key elements that changed in the budget. Key elements reviewed were the ASC and PARMS contracts changes, estimated loss fund changes that were minimal based upon the actuary report and the anticipated reduced margin. He reviewed the previous financial results and trends noting that in the past he had added amounts to achieve the 15% minimum equity growth targets, but no longer would do that. He estimated that the reinsurance costs would not change much. He commented that the 75% confidence level loss fund amounts coupled with investment income should be sufficient to generate an appropriate margin.

On motion and second to accept the budget as proposed, the motion carried.

10. Action Item: Review of Services and Approval of POOL Budget for 2008-2009

Wayne Carlson reviewed the key elements that changed in the budget. Key elements reviewed were the ASC and PARMS contracts changes, estimated loss fund changes that were anticipated to be minimal pending receipt of the actuary report and the anticipated reduced margin. He reviewed the previous financial results and trends noting that in the past he had added amounts to achieve the 15% minimum equity growth targets, but no longer would do that. He indicated that property appraisal value increases would affect property loss fund and reinsurance costs as would the recent adverse loss experience depending upon how negotiations go with London. Casualty should remain flat or down somewhat. He commented that the 75% confidence level loss fund amounts coupled with investment income should be sufficient to generate an appropriate margin.

On motion and second to accept the budget as proposed, the motion carried.

11. Action Item: Review of POOL and PACT Program Renewal Status and Action on Options

- a. **Market Conditions and Status Overview**
- b. **Marketing Strategies for Reinsurance**
- c. **Public Risk Mutual Proposal for Renewal Coverage**
- d. **Public Compensation Mutual Proposal for Renewal Coverage**
- e. **Review of POOL Coverage Form Changes for 2008-2009**
- f. **Review of Reinsurance Issues for POOL and PACT**
- g. **Consider Payment for Appraisals of Historic Buildings; Coverage Scope**

Bob Lombard commented on items a. and b., explaining that market conditions are favorable for property overall, but the POOL's own rate is thin and there have been several property losses this year that could play out adversely. Liability markets likely will be favorable for pricing for CRL and UE. Munich Re America has faced increasing competition that could positively affect our prices.

CRL's property capability also will be considered as part of our renewal property strategy with London. He noted that insurance to value is a critical issue so our appraisals are an important component. Wayne mentioned that Mike Rebaleati and Roger Mancebo would be going to London to participate in the property renewal negotiations. Bob commented that Willis Re and Lee Lockrum of the Willis Property Insurance Group reviewed our reinsurance and POOL forms, the reinsurance structure and pricing strategies that will assist the negotiations. Wayne also commented about the public works bidding requirements versus insurance payments by private insurers, so it may make sense to have PRM provide

first dollar coverage subject to a \$250,000 deductible in lieu of the retention that may raise an argument that claims would be subject to the public bidding laws.

Bob commented on the meeting on March 13th with Michael Vaughn-Fowler regarding Munich's renewal program. He commented on some wording issues to be discussed with Munich Re next week. He plans to also ask CRL to offer a reinsurance option with AIG for full limits and an option with ACE. One Beacon is another market possibility, but they do not want to be excess of CRL or UE, but below them.

For PACT, no changes in the renewal program are expected due to the restructuring efforts done this year.

Wayne responded to a question from Cash Minor regarding the effect of a change to a deductible via PRM on the business plan for PRM indicating no effect would be likely. He indicated that PRM would retain similar amounts net, but if more capital is transferred to PRM, they would evaluate the retentions. He said that Doug may want to raise the property rates due to the recent losses and that Wayne and he had debates over pricing between the POOL and PRM continuously. Wayne commented that the appraisals showed an increase of about 11.5% overall for the POOL so exposures alone will raise premiums, but rate negotiations with London may help offset this. For casualty, the exposures generally are flat and with softer pricing, cost increases will be mitigated.

Regarding PCM, renewal will be status quo since the actuary report indicates that the underlying funding levels remain static and the loss trend continues downward. Additional capitalization will support the long-term, but the restructuring done this year should be maintained since the additional risks taken need time to develop.

Regarding coverage form changes, Wayne noted that a small pollution coverage limit such as \$100,000 with an aggregate of \$1,000,000 is being considered for inclusion within the POOL Form in light of a few incidents incurred by members. Wayne responded that the deductible likely would be \$25,000. He noted that several school districts had had mercury spill incidents, but that none of them bought the schools blanket pollution program we offered a few years ago.

Wayne commented that the Landfill Financial Assurance program continues, but that NDEP indicated a lack of communication between the landfill operators and the POOL and AIG. They also were concerned about the confusion with the operators about the purpose of the program to fund final cell closure and not for interim closures and that further education was needed to clarify this.

Wayne discussed the problems with unreinforced masonry (URM) buildings in earthquakes coupled with the historic preservation interests. He mentioned the potential collapse hazard and the replacement cost valuation issues that would ensue in the event of an earthquake claim. He explained that more detailed and costly appraisals would need to be made to evaluate the historical valuation options from full replication to exterior only preservation depending upon the member's interest. Defining replacement cost for historical buildings insurance purposes is difficult. Wayne described some of the options used in London for this purpose, noting that all of them require special definitions and appraisals. He explained that his concept was that the choice needs to be a community decision preferably prior to a loss, not post-loss since there would be ongoing additional premium costs and the community may not want to pay for it. Also, the community should decide which buildings have historic character that needs preservation compared to those that simply are old. Further, they should decide whether a modern building or modern interior features with an historic shell would better serve the community. Ideally, the decision should be made whether or not insurance would apply so the community focuses on the real historic value of a particular building. The concept would be that the POOL provides a list of the possible URM buildings and ask the members to have a public community debate regarding whether to pay for insurance to replicate as an historic structure or to replace with a modern building and whether they would do this if no insurance applied. If not done in advance of a loss, the debate would create problems in resolving a loss as coverage would not be available for the full amount of historical replication if that is desired. Discussion ensued about who should pay for the

appraisals with a general indication that the members should pay for the appraisals, not the POOL. It was suggested that not only the appraisal, but also the cost of coverage should be provided to assist with the decision by the member.

12. **Action Item: 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. **Appointment of Members to Audit, HR, Loss Control Committees**
 - c. **Amendment of PACT Bylaws to Incorporate Statutory Provisions**
 - d. **Policy Statement re: Use of POOL Panel Counsel**
 - e. **Decision re Board Retreat in 2008 – Dates, Place; Possible Topics include Comprehensive Review of Mission, Vision and Policy Statements; Board and Committee Configuration and Recruitment of Board Members to Assure Stability**

Mike Rebaleati suggested Eureka as a retreat site again and a September date. Alan Kalt commented that due to the limited distractions, it remained a good place for this purpose. Topics should include strategic partnerships and succession planning. Add notice about the retreat to the board agenda. Wayne commented that policy reviews would be a longer term process so it may not possible to do it at the retreat. Wayne reviewed drafts of the annual meeting agendas and asked for input. He reviewed the re-election schedule for the Executive Committee members of each pool. Alan Kalt suggested that review of the financial condition of members should have more formalized guidelines. Wayne noted that a proposed Bylaws change to incorporate that review was made necessary as a result of the review of regulations that said it should be in the Bylaws. We have been reviewing them as an agenda item. Wayne asked for any additions or changes to the draft agenda be sent right away.

13. **Action Item: Establish a Board Policy Review Task Force to Review POOL and PACT Board Policy Statements**

Wayne suggested that Paul Johnson could be a possible chair and recruit members. He suggested that the chairs could appoint the task force members.

On motion and second to have the chairs appoint the task force members, the motion carried.

14. **Public Comment**

None was received.

16. **Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned at about 2:25 p.m.

This 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 Administrative Complex
155 North Taylor Street
Fallon, NV 89406**