



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

Date: May 23, 2016

Time: 1:30 P.M.

Place: POOL Building Conference Room 2

201 S. Roop St., Carson City, NV 89701

and by conference call 1-800-593-9034; Passcode: WayneC

1. Roll

Members Present: Alan Kalt, Roger Mancebo, Chris Mulkerns, Pat Irwin, Steve West, Paul Johnson, Pat Whitten, Lisa Jones, Bev Conley, Ann Wiswell, Gerry Eick
Members Absent: Josh Foli, Cash Minor

2. Public Comment

Chair Kalt opened public comment and none was given so the comment period was closed.

**3. For Possible Action: Consent Agenda - Approve as a Whole Unless Moved From Consent Agenda
a. Approval of Minutes of Meeting of Joint Executive Committee April 28, 2016**

On motion and second to approve the consent agenda, the motion carried.

**4. For Possible Action: Selection of Pollution Legal Liability Insurance Program
a. Blanket Pollution Legal Liability Program
b. Scheduled Pollution Legal Liability Program**

a. Stephen Romero of Willis Re Pooling provided an overview of the scope of coverage and the final pricing. Wayne Carlson noted that the POOL Board had agreed to absorb the premium without any charge back to the Members. The limits to be provided were \$2,000,000 per claim made with a \$10,000,000 aggregate subject to a \$250,000 deductible to be borne by the POOL. Members would have a \$25,000 deductible.

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

b. It was noted for the record that no scheduled pollution legal liability program option had been received, thus no action was needed since item a. was approved.

**5. For Possible Action: Approval of Prospective PACT Members:
a. Minden Gardnerville Sanitation District
b. Kingsbury General Improvement District
c. Tahoe Transportation District**

a. Wayne Carlson reviewed the prospective members underwriting information. He noted that they presently are a POOL Member. On motion and second to approve Minden Gardnerville Sanitation District for membership in PACT, the motion carried.

b. Wayne Carlson reviewed the prospective members underwriting information. He noted that they presently are a POOL Member. On motion and second to approve Kingsbury General Improvement District for membership in PACT, the motion carried.

c. Wayne Carlson reviewed the prospective members underwriting information. He noted that PACT was to cover only the Nevada employees for this bistate compact entity (California and Nevada). They were going to cover their California employees in a California risk pool. On motion and second to approve Minden Gardnerville Sanitation District for membership in PACT, the motion carried.

**6. For Possible Action: Approval of Prospective POOL Members:
a. Southern Nevada Health District**

a. Wayne Carlson reviewed the prospective members underwriting information. He noted that they presently were a PACT Member. He responded to questions regarding their loss history since over 25 years of data was provided and there were two large losses, although the average was much lower over the years. On motion and second to approve Southern Nevada Health District for membership in POOL, the motion carried.

7. For Possible Action: Review of Douglas County and East Fork Fire Protection District PACT Experience Rating History and Approval of Corrective Action

Chair Kalt asked Wayne Carlson to provide a summary of the history of this situation in addition to noting his written report. He commented that he had been working on recreating a retrospective calculation of the two entities experience modification (x-mod) factors to address the allocation issues that arose from losses being allocated only to Douglas County, thus increasing their factor and decreasing the East Fork factor. He reviewed whether or not capping losses year over year would have had an effect on the differences between the entities, showing that it was a minor factor. Balancing the members as a whole to the target loss fund for PACT usually changes the earned x-mods by 1 or 2% so that is not a major factor either.

He also commented that it appeared the relative credibility of the data due to the size differences of the two entities made the results not offset completely. To address the issue going forward, he recommended that the Douglas County x-mod be reduced from the 1.34 (for 2015-2016 on a combined entity basis) and from the 1.18 (for 2016-2017 for Douglas County only) to a new beginning x-mod of 1.00. This amounts to about a one-third reduction and subsequent years would be capped at a plus or minus 10% change year over year. With this, Douglas would receive credit over three years for the differential between the restated x-mods and the actual over the past 10 years. PACT would subsidize the shortfall from the earned x-mod for at least three years.

For East Fork, their x-mod would rise from .59 to .72 beginning 2016-2017 and increase by one third each subsequent year until its x-mod was reflective of its own losses and credibility. PACT would subsidize the difference from the actual earned x-mod for three years until normalized.

Chair Kalt reviewed his notes and asked questions of Wayne Carlson to be certain he had calculated the differential reasonably in order to be certain he understood the issues. He explained in detail how he arrived at his calculations and reasoning in evaluating the proposed resolution. He indicated that he viewed it as a community allocation issue primarily since the same taxpayers were being served; just the budget allocations were disparate. He commented that it does not appear that there was any intent to favor one over the other, but a error. He thought that the two entities could resolve the past between each other if they chose, but the books were closed for prior years so that may not be achievable. He suggested that the solution should be a prospective one and that the proposal from management seems to be a fair means to resolve the disparity over a relatively short period of time in the future. Other committee members made observations about the issues as well.

Representatives of Douglas County were present and Chair Kalt invited them to comment. Christine Valetich, Assistant County Manager for Finance, spoke about their views of the situation. She explained that they felt they had overpaid for the past by about \$958,762 and asked about the last quarter of 2015-2016. They do not agree with combining the solution with East Fork. They believe Douglas County should get the entire amount for itself.

Wayne Carlson responded that a change in the 2015-2016 year would have a significant impact on all PACT members and a particularly significant increase in East Fork at the end of a budget year. He had advised both entities that he did not intend to change anything in the middle of a budget year, but that he was working on a transition going forward. He responded to additional questions and comments from those in attendance.

Gerry Eick made his observations about the effect on other PACT members and asked for further clarification from Douglas County about what it wants if they still believe the recommendations are not adequate. A Douglas County representative asked about equalizing the amounts as a better way to offset the differences. Alan Kalt responded that the actuarial credibility factor prevented such equalization so it does not come out equally. Douglas County responded that they did not think the full amount would be repaid in the proposed solution. Various committee members commented about how it equalizes over the future and suggested that Douglas County may want to offer something more specific in the future for consideration.

Wayne Carlson noted that both entities would be subsidized by about \$330,000 so that over the next three years they do recover the difference. Douglas County still disputed that this was a solution in which Douglas County recovered fully. They did not think East Fork should be considered in the solution.

Several committee members commented that the solution should be combined for both entities and that the proposed solution accomplishes that. Chair Kalt invited Douglas County to offer some alternative if they still believe the proposal is not fair. He also commented that other members conceivably could ask for a retrospective reevaluation of their x-mods and that would not be reasonable. In addition, comments were made regarding the problems with a mid-budget year impact on any member and that the proposal was fair for all entities. Douglas County was invited to provide future proposals if they so desire.

On motion and second to implement the recommendation from management for 2016-2017 with the proposed caps on x-mods as a phased three year solution for both Douglas County and East Fork Fire Protection District, the motion carried.

8. Public Comment

Chair Kalt opened public comment and none was given so the comment period was closed.

9. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 3:30 p.m.

The Agenda was posted at the following locations and <https://notice.nv.gov/>:

**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**

