



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 for
Public Agency Compensation Trust
Place: Conference Call & 201 S. Roop St.
Carson City NV 89701
Date: September 24, 2007 Time: 12:00 Noon**

JOINT

1. Introductions and Roll

Members Present: Mike Rebaleati, Alan Kalt, Claudette Springmeyer, Lisa Jones, Cash Minor, Paul Johnson, Mike Tourin, Toni Inserra, Dan Newell, Jeff Zander, Mike Pennacchio
Members Absent: Marilou Walling
Others Present: Pat Whitten, Wayne Carlson, Jeff Furnish

2. Action Item: Approval of Minutes of Joint Executive Committee Meeting of June 8, 2007

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

3. Action Item: Authorize Proceeding with GASB 45 Program Proposal from Bickmore Risk Services for POOL/PACT Members

Wayne Carlson commented that Jeff Furnish from Bickmore Risk Services was on the line to review and respond to questions about the GASB 45 proposal. Alan Kalt asked Jeff to proceed. Jeff reviewed his proposal, then added comments about a recent court decision and a legal opinion given to the PEBP board regarding the responsibility for GASB 45 benefits and actuarial costs. He noted that an actuarial study at this time extends the time by two years before the next biennial actuarial study would have to be done under full GASB 45 implementation. He also noted that by doing a group study, there would be cost savings to the individual members who participate due to the commonality of key issues. However, each study would be tailored to the individual entity's own funding requirements and resources. Jeff responded to various questions regarding GASB 45 and how it applied to local governments.

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

Jeff agreed to send Wayne Carlson some information for notifying the members of this service and obtaining their participation

4. Executive Director's Report

Wayne Carlson reviewed the highlights of his report. He noted that there was one request for relief under the payroll audit policy change that was on the PACT agenda for consideration. He reviewed need for policy statements reviews and the possibility of a retreat to consider all of the policies along with board governance structure issues at a possible board retreat in the future.

5. Action Item: POOL/PACT Human Resources Program Grant Progress Report

- a. Summary of Activities
- b. Financial Report
- c. Status of Audit

- a. During his Executive Director's report, Wayne Carlson noted that Pooling Resources, Inc. (PRI), the nonprofit he formed at the board's direction to provide the human resources services, has been performing effectively and efficiently under Mitch Brust's direction. He noted that members had expressed satisfaction with the new organization and leadership, which not only proved cost effective, but also delivered greater services and high quality.
- b. Wayne reviewed the unaudited financial statements, noting that part of the substantial margin of \$355,964 came from pre-funding the startup by \$87,000, and that the performance had been better than expected from the outset. He reminded the committee that any funds remaining at the end of the grant reverted to POOL/PACT at their direction or remained with PRI to continue future grant work. He noted that the Executive Committees had agreed to extend the grant an additional year subject to a financial review in the Spring of 2008.
- c. Wayne noted that an IRS form 1023 had to be prepared and filed in order to obtain an IRS advanced ruling as a 501(c)3 organization officially. The documents were filed, but the audit will be held up pending the advanced ruling so that a tax liability footnote would not be necessary.

6. Public Comment

None was received.

7. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.

POOL

1. Introductions and Roll

Chairman Rebaleati called the meeting to order, noting that the attendees for the Joint meeting remained and a quorum was present.

2. Action Item: Approval of POOL Building Renewal Lease Rates and Terms

- a. For State Risk Management, PACT and NACO
- b. Pooling Resources, Inc. determination whether to continue as grant expenditure or to enter into lease

Wayne Carlson reviewed the status of the lease agreements, the proposed lease renewal rate increase of 3.4% and the rates of return over the previous five years. He indicated that all of the tenants expressed interest in continuing to lease from the POOL. He noted that the PRI auditor had asked about a lease agreement for PRI and was advised that it was an item in the grant budget.

On motion and second to approve the renewal lease rates and to continue the arrangement with PRI as a grant expenditure, the motion carried.

3. Action Item: Review of Investment Policy

Wayne Carlson noted that the AGRIP standards required an annual review of the investment policy. He commented that no policy changes were recommended as this time, but that the investment advisor had indicated that adding Exchange Traded Treasury Funds and Treasury Inflation Protected Securities might be an appropriate strategy allowable under the current policy.

On motion and second to accept the investment policy as is, the motion carried.

4. Status report regarding Audit

Wayne Carlson noted that Michael Bertrand was conducting his normal audit process and was awaiting the actuarial reports before releasing a draft. Preliminary indications showed positive developments in prior years' reserves, but those were not yet agreed to between the actuary and the auditor at his time.

5. **Action Item: Approval of Building Appraisal Options**

- a. **Maximus contract adjustment for enhanced appraisal (informational item)**
 - b. **Appraisals of Historic Properties including Discussion of Extension of Coverage for Replication Costs**
- a. Wayne Carlson commented that he had authorized an expanded appraisal process that lowered the threshold for on-site appraisals from \$425,000 to \$250,000 and expanded the number of detailed desktop appraisals for buildings valued between \$100,000 and \$250,000. He also noted that as a result of lessons learned in claims, valuations have been low in several cases and stronger trends were being used. The additional cost this year would be \$56,000 above the normal \$26,000.
- b. Wayne reviewed discussions he has had with Maximus about historic properties valuations and whether and how the POOL should consider replication or reproduction of these properties in lieu of the current replacement cost valuations. He noted that Maximus can do appraisals for reproduction, but that a specialist appraiser would be necessary and an additional cost would be required in order to conduct them. He reviewed with the committee the valuation issues that may arise with historic properties and that it would be best if the members considered whether the community would support replication even if no insurance applied. He noted that London designates historic properties in various tiers that noted whether fully interior and exterior replication was required with original features, exterior with modern materials replicating historic features or allowing gutting of the interior completely with modern materials while preserving the exterior to the extent possible. He has been evaluating coverage language to clarify how coverage would apply. Wayne responded to various committee questions about the valuation process, how to obtain appraisals, how to determine which buildings to consider for replication, historic district involvement and others.

On motion and second to have staff further work on a method for coverage as an option, to gain member agreement up front about the replication extent, to develop quote options for member and to work with Maximus to obtain appropriate appraisals, the motion carried.

6. **Public Comment**

None was received.

7. **Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned.

PACT

1. **Introductions and Roll**

Chairman Kalt called the meeting to order, noting that the attendees for the Joint meeting remained and a quorum was present.

2. **Action Item: Approval of New PACT Member – Truckee Meadows Regional Planning Agency**

Wayne Carlson commented that because of a mistake by EiCON in notifying the agent of nonrenewal of all public agencies, the agent asked to place coverage effective July 1, 2007 and staff agreed. He noted that there had been no losses and that the risk primarily was that of an office staff. On motion and second to approve, the motion carried.

3. **Action Item: Appeal of Nevada Rural Housing Authority of Audit Additional Assessment Resulting from Board Policy Change in Payroll Period**

Wayne Carlson read a letter from this member requesting relief from the audit additional charge of \$2,200 in light of their change in staffing in May and June of 2006 which resulted in them reducing their ACH transfer amounts for the subsequent fiscal year. Their timing resulted in an increase when the method of auditing changed from fiscal year to calendar year by action of the PACT board.

Considerable discussion ensued about the effect on other members and whether granting an exception would necessitate contacting other members to offer the same to them.

A motion to accept the appeal was defeated for lack of a second. On motion and second to reject the appeal, the motion carried with one dissenting vote.

4. Action Item: Replacement of PACT Executive Committee Member for Small Cities/Counties under 35,000 Population

Wayne Carlson noted that with Linda Bingaman being defeated as Mayor of Carlin, a vacancy was created on the Executive Committee for small cities and counties under 35,000 population. He indicated that he had discussed with Steve West of Winnemucca whether he might be interested in serving and Steve had said he would be. On motion and second to appoint Steve West, City Manager of Winnemucca, the motion carried.

The board directed staff to obtain a plaque commending Linda Bingaman for her service and to invite her to attend the next annual meeting at PACT expense to receive the recognition.

5. Action Item: Approval of POOL Building Renewal Lease

On motion and second to approve the renewal lease, the motion carried.

6. Action Item: Review of Investment Policy

Wayne Carlson noted that the AGRIP standards required an annual review of the investment policy. He commented that no policy changes were recommended at this time, but that the investment advisor had indicated that adding Exchange Traded Treasury Funds and Treasure Inflation Protected Securities might be an appropriate strategy allowable under the current policy.

On motion and second to accept the investment policy as is, the motion carried.

7. Status report regarding Audit

Wayne Carlson noted that Michael Bertrand was conducting his normal audit process and was awaiting the actuarial reports before releasing a draft. Preliminary indications showed positive developments in prior years' reserves, but those were not yet agreed to between the actuary and the auditor at his time.

8. Public Comment

None was received.

9. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.