



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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**Notes from the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: Harrah's Hotel,
Reno, Nevada
Time: 1:00 a.m. or
Upon adjournment of PACT Board Meeting
Date: April 27, 2007**

NOTE: Due to lack of a quorum, the meeting was treated as an informational workshop to inform the Executive Committee about the issues and concerns of the board members present. No action was taken.

1. Introductions and Roll

Upon determining that a quorum was not present for the meeting, Chairman Rebaleati announced that the meeting would be held as a workshop to explain the issues on the agenda and to receive comments, questions and objections from the members present. He announced that the same agenda items had been posted as a Joint Executive Committee meeting on Wednesday, May 2, 2007 at 3:00 p.m. He directed staff to notify all board members of the meeting and invite them to participate by calling in to the conference call.

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

- **Approval of Minutes of Board Meetings:
Board Meeting April 27 & 28, 2006**
- **Acceptance of Minutes of Committee Meetings**
- **Acceptance of Reports:
Claims Experience Report**
- **Ratify Executive Committee Decision to Approve Amendment to Contract with Alternative Services Concepts, LLC. For Claims Management Services Adjusting Cost Plus Fee Schedule to 12% Margin**

Chairman Rebaleati asked whether there were any comments or questions about any of the consent agenda items. No board comments were made.

3. Action Item: Acceptance of Audit for June 30, 2006

Wayne Carlson reviewed the key financial indicators and the financial results and responded to questions.

4. Action Item: Acceptance of Reports
a. Large Loss Report
b. Actuarial Update

Doug Smith reviewed the large loss report, noting there were only a few losses above the \$500,000 liability retention of POOL in the last 20 years. He noted that those that were higher, often were substantially higher and that affected the excess insurers. He noted that stability of claims frequency at a lower threshold over the last few years compared to several years ago. Wayne commented that a POOL claims audit this year confirmed the reserving practices at ASC were sound.

5. Action Item: Acceptance of Budget for 2007-2008

Wayne Carlson reviewed the highlights of the budget summary, noting that the risk management grants would be from equity, not ongoing expenses, in an amount of \$100,000 to start. Chairman Rebaleati asked for comments.

6. Action Item: Approve Broker/Loss Control Services Contract with Willis Pooling

Chairman Rebaleati noted that Bob Lombard had provided his stewardship report during the PACT meeting. He noted the increase was 4%.

7. Action Item: Adoption of Capitalization Strategy Policy Statement

Wayne Carlson reminded the board of the discussion during the PACT meeting about the use of a capitalization strategy for financial planning purposes. He noted that since POOL had established Public Risk Mutual as its captive insurer, the issue was whether and when additional capitalization would be appropriate based upon the needs of POOL and the opportunities for PRM. He showed examples based upon the renewal options to be presented next.

8. Action Item: Approve Additional Capitalization to Public Risk Mutual

Wayne Carlson suggested that an additional \$2,000,000 capitalization of PRM would enable it to take a portion of the liability layer between \$500,000 and \$2,000,000 current provided by CRL on a quota share basis while still maintaining the minimum equity to retention ratios required by board policy. He indicated that the Executive Committee recommended this to the board.

9. Action Item: Approval of POOL Coverage Form for 2007-2008

Ann Wiswell highlighted changes to the coverage form that resulted from extensive discussions with POOL's reinsurance partners. POOL had received form reviews and suggestions from CRL, MARP, UE and our own coverage counsel and many of these changes were being incorporated. Notably, the use of the "per campus" aggregate was being eliminated since that limit was used by markets who offered low limits, but with POOL's \$10,000,000 limit, the reinsurers felt they could not support the per campus concept and preferred a per Event limit.

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

Bob Lombard presented the current structure, renewal with the same structure and an option that enabled PRM to take a quota share portion of CRL's layer and POOL to take a higher property

deductible of \$250,000 with or without a \$250,000 corridor deductible. Doug Smith commented that the quota share suggested could be 20% or 30% of the \$1,500,000 limit borne by CRL and that the actuary had indicated funding would be similar to the share of CRL pricing so the effect would be neutral as to price. There would be a savings for the property deductible change.

Bob Lombard also mentioned an additional product for schools that would provide extra expense for responding to a school disaster situation that otherwise is not normally covered by the POOL. These expenses may arise when there is no physical damage, but a crisis such as a school shooting. He indicated that the overall cost would be about \$31,000 for this option.

Chairman Rebaleati asked if there were any comments or questions about the renewal options. Russ McMullen asked if the flood zone A limit could be increased from \$5,000,000 to \$10,000,000 and Bob Lombard indicated he would look into that.

11. Action Item: Election of Executive Committee

- a. **One representative from Counties and/or Cities with 35,000 or more population for a two year term from 2007-2009**
- b. **One representative from Counties and/or Cities with under 35,000 population for a two year term from 2007-2009**
- c. **One representative of school districts for a two year term from 2007-2009**

Chairman Rebaleati indicated those up for election saying that each had expressed interest in continuing to serve. He asked for additional nominations, but none were forthcoming.

12. Action Item: Election of Chairman and Vice Chairman

Chairman Rebaleati indicated that both he and Claudette Springmeyer were interested in continuing to serve and asked for additional nominations, but none were made.

13. Public Comment

No public comments were received. Chairman Rebaleati reminded the board of the Executive Committee meeting and invited them to participate.

14. Action Item: Adjournment

The meeting adjourned at 2:25 p.m.

ANNUAL MEETING OF THE MEMBERS OF PUBLIC RISK MUTUAL
Time: Upon Adjournment of the Meeting of Nevada Public Agency Insurance Pool
Agenda: See separate agenda for Public Risk Mutual