

NE  
Comptroller  
Office  
Michael Brown

FILED  
NO. 2001.284  
'01 OCT 30 A11 :18

BARBARA REED  
BY *[Signature]* DEPUTY

# NEVADA PUBLIC AGENCY INSURANCE POOL

## INTERLOCAL COOPERATION AGREEMENT

Revised: May 2, 1997

0526677  
BK1001PG10672

INDEX TO NEVADA PUBLIC AGENCY INSURANCE POOL  
INTERLOCAL COOPERATION AGREEMENT

ARTICLE 1.	<u>Definitions</u>	.	.	.	.	.	.	2
	Section 1.	Agreement	.	.	.	.	.	2
	Section 2.	Pool	.	.	.	.	.	2
	Section 3.	Board of Directors	.	.	.	.	.	2
	Section 4.	Executive Committee	.	.	.	.	.	2
	Section 5.	Fiscal Year	.	.	.	.	.	2
	Section 6.	Policy Year	.	.	.	.	.	2
	Section 7.	Public Agency	.	.	.	.	.	2
	Section 8.	Member	.	.	.	.	.	2
	Section 9.	Participating Member	.	.	.	.	.	2
	Section 10.	Loss	.	.	.	.	.	2
	Section 11.	Claim	.	.	.	.	.	2
	Section 12.	Self-Insured Retention	.	.	.	.	.	3
	Section 13.	Excess Insurance Program	.	.	.	.	.	3
	Section 14.	Maintenance Deductible	.	.	.	.	.	3
ARTICLE 2.	<u>Purposes of the Pool</u>	.	.	.	.	.	.	3
ARTICLE 3.	<u>Parties to Agreement</u>	.	.	.	.	.	.	3
	Section 1.	Members	.	.	.	.	.	3
	Section 2.	Other Districts or Agencies	.	.	.	.	.	4
	Section 3.	Membership of Nevada Association of Counties and Nevada League of Cities	.	.	.	.	.	4
ARTICLE 4.	<u>Name of Pool</u>	.	.	.	.	.	.	5
ARTICLE 5.	<u>Powers of the Pool</u>	.	.	.	.	.	.	5
ARTICLE 6.	<u>Membership</u>	.	.	.	.	.	.	6
ARTICLE 7.	<u>Board of Directors</u>	.	.	.	.	.	.	6
	Section 1.	Appointment and Term of Office	.	.	.	.	.	6
	Section 2.	Voting	.	.	.	.	.	6
	Section 3.	Compensation of the Board	.	.	.	.	.	6
	Section 4.	Meetings	.	.	.	.	.	7
	Section 5.	Quorum	.	.	.	.	.	7
	Section 6.	Manner of Acting	.	.	.	.	.	7
	Section 7.	Legal Counsel	.	.	.	.	.	7

0526677

BK1001PG10673

ARTICLE 8.	<u>Meeting of the Board of Directors</u>	7
	Section 1. Regular Meetings	7
	Section 2. Special Meetings	7
	Section 3. Minutes	7
	Section 4. Open Meeting Law	8
ARTICLE 9.	<u>Powers of the Board of Directors</u>	8
ARTICLE 10.	<u>Officers</u>	9
	Section 1. Chairman and Vice Chairman	9
	Section 2. Conducting Meetings	9
	Section 3. Powers and Duties of the Chairman	10
	Section 4. Powers and Duties of the Vice Chairman	10
ARTICLE 11.	<u>Liability of the Board of Directors or Officers</u>	10
	Section 1. Standard of Care	10
	Section 2. Limitation of Liability	10
	Section 3. Holding Harmless	10
	Section 4. Insurance	10
ARTICLE 12.	<u>Executive Committee of the Board of Directors</u>	11
	Section 1. Members	11
	Section 2. Business of the Executive Committee	11
	Section 3. Meetings	11
	Section 4. Quorum	11
	Section 5. Manner of Acting	11
ARTICLE 13.	<u>Staff</u>	12
	Section 1. Executive Director	12
	Section 2. Fiscal Officer	12
	Section 3. Other Staff	12
ARTICLE 14.	<u>Development, Funding and Implementation of Pooling Programs</u>	12
	Section 1. Program Coverage	12
	Section 2. Minimum Participation	13
	Section 3. Program and Pool Costs	13
	Section 4. Development Charge	13

	Section 5.	Billing . . . . .	13
	Section 6.	Deficiencies . . . . .	14
	Section 7.	Annual Contributions . . . . .	14
	Section 8.	Billing . . . . .	14
	Section 9.	Program Implementation and Effective Date . . . . .	14
	Section 10.	Membership . . . . .	15
	Section 11.	Late Entries . . . . .	15
	Section 12.	Conditions of Late Entry . . . . .	15
ARTICLE 15.	<u>Accounts and Records</u> . . . . .		15
	Section 1.	Annual Budget . . . . .	15
	Section 2.	Funds and Accounts . . . . .	16
	Section 3.	Report of the Fiscal Officer . . . . .	16
	Section 4.	Annual Audit . . . . .	16
ARTICLE 16.	<u>Responsibilities for the Pool's Funds and Property</u> . . . . .		16
	Section 1.	Custody and Disbursements . . . . .	16
	Section 2.	Maintenance and Safekeeping . . . . .	16
	Section 3.	Responsibility for Funds and Property . . . . .	17
	Section 4.	Bonds . . . . .	17
ARTICLE 17.	<u>Trust Accounts, Checks, Deposits &amp; Revenues</u> . . . . .		17
	Section 1.	Establishment of a Trust Account . . . . .	17
	Section 2.	Use of the Trust Account . . . . .	17
	Section 3.	Expenditures from Trust . . . . .	18
	Section 4.	Excess Funds . . . . .	18
	Section 5.	Expenses of Administration . . . . .	18
	Section 6.	Checks . . . . .	18
	Section 7.	Deposits . . . . .	18
	Section 8.	Other Funds . . . . .	18
ARTICLE 18.	<u>Risk Management</u> . . . . .		19
	Section 1.	Risk Management Services . . . . .	19
	Section 2.	Treatment of Costs . . . . .	19
ARTICLE 19.	<u>Responsibilities of Members</u> . . . . .		20
ARTICLE 20.	<u>Administration of Claims and Litigation</u> . . . . .		21
	Section 1.	Pool Responsibilities . . . . .	21
	Section 2.	Information From Member . . . . .	21

0526677

BK1001PG10675

	Section 3.	Appointment of Claims Committee . . . . .	21
	Section 4.	Litigation Cooperation . . . . .	21
	Section 5.	Litigation Management . . . . .	22
	Section 6.	Litigation Strategy Committee . . . . .	22
	Section 7.	Litigation Costs . . . . .	22
	Section 8.	Litigation Participation . . . . .	22
	Section 9.	Advice From Members . . . . .	23
	Section 10.	Settlement Consent . . . . .	23
	Section 11.	Claims Handling . . . . .	23
	Section 12.	Claim Service Company Responsibilities . . . . .	23
ARTICLE 21.		<u>Term of Agreement</u> . . . . .	24
ARTICLE 22.		<u>Withdrawal</u> . . . . .	24
	Section 1.	Member Insolvency . . . . .	24
	Section 2.	Notice of Withdrawal . . . . .	24
	Section 3.	Effect of Withdrawal . . . . .	24
	Section 4.	Payments Before Withdrawal . . . . .	24
	Section 5.	Release Conditions . . . . .	24
ARTICLE 23.		<u>Cancellation or Termination of Membership</u> . . . . .	25
ARTICLE 24.		<u>Effect of Withdrawal or Cancellation From the Pool</u> . . . . .	25
	Section 1.	Unearned Contributions . . . . .	25
	Section 2.	Entitlement to Return of Contributions . . . . .	26
	Section 3.	Termination of the Pool . . . . .	26
ARTICLE 25.		<u>Termination and Distribution of Assets</u> . . . . .	26
	Section 1.	Pool Activities After Termination . . . . .	26
	Section 2.	Asset Distribution . . . . .	26
	Section 3.	Final Contributions . . . . .	26
ARTICLE 26.		<u>Contractual Obligation and Member's Liability</u> . . . . .	27
	Section 1.	Member's Additional Obligations . . . . .	27
	Section 2.	Enforcement of This Agreement . . . . .	27
	Section 3.	Consideration . . . . .	27
	Section 4.	Duplicate Originals . . . . .	27
	Section 5.	Limitation of Members' Relationships . . . . .	27
	Section 6.	Members' Liability . . . . .	28

0526677

BK1001PG10676

	Section 7.	Responsibility for Assessments . . . . .	28
ARTICLE 27.	<u>Assessments</u>	. . . . .	28
	Section 1.	Additional Contributions and Surcharges for Excess Losses	28
	Section 2.	Assessments When Liabilities Exceed Assets . . . . .	28
	Section 3.	Assessments for Operational Costs Deficiencies . . . . .	28
	Section 4.	Enforcement of Assessments	29
ARTICLE 28.	<u>Bylaws and Procedures Manual</u>	. . . . .	29
	Section 1.	Bylaws . . . . .	29
	Section 2.	Procedures Manual . . . . .	29
ARTICLE 29.	<u>Notices</u>	. . . . .	29
	Section 1.	Notices to Members . . . . .	29
	Section 2.	Notices to the Pool . . . . .	29
ARTICLE 30.	<u>Amendments</u>	. . . . .	29
ARTICLE 31.	<u>Prohibition Against Assignment</u>	. . . . .	30
ARTICLE 32.	<u>Agreement Complete</u>	. . . . .	30
ARTICLE 33.	<u>Governing Law and Severability</u>	. . . . .	30
	Section 1.	Governing Law . . . . .	30
	Section 2.	Severability . . . . .	30
ARTICLE 34.	<u>Filing With Attorney General</u>	. . . . .	30



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**INTERLOCAL COOPERATION AGREEMENT**

THIS AGREEMENT, is made by and between the political subdivisions existing under the Constitution and laws of the State of Nevada and which are signatory to this agreement.

WHEREAS, Nevada Revised Statutes 277.080 to 277.180 permits political subdivisions to make the most efficient use of their powers by enabling them to cooperate with other political subdivisions on a basis of mutual advantage and thereby provide services which will best accord needs of their citizens; and

WHEREAS, Nevada Revised Statutes 277.055 permits two or more political subdivisions of the State of Nevada to enter into a cooperative agreement for the purchase of insurance or the establishment of a self-insurance reserve or fund for coverage under a plan of: casualty insurance, as defined in NRS 681A.020, excluding workman's compensation and employer's liability; marine and transportation insurance as defined in NRS 681A.050; property insurance as defined in NRS 681A.060; surety insurance as defined in NRS 681A.070; or insurance for any combination of these kinds of insurance; and

WHEREAS, the political subdivision executing this agreement desire to join together for the purpose of providing insurance coverage and jointly funding programs of pooled self-insurance, insurance and excess insurance for property, casualty and surety insurance; and

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and subject to the provisions of Nevada Revised Statutes and all other applicable rules and regulations, the parties hereto agree as follows:

**ARTICLE 1**  
**DEFINITIONS**

1. **"Agreement"** shall mean this agreement entitled "Nevada Public Agency Insurance Pool Interlocal Cooperation Agreement" and as amended in the future.
2. **"Pool"** shall mean the Nevada Public Agency Insurance Pool created by this Agreement.
3. **"Board of Directors"** or **"Board"** shall mean the governing body of the Pool.
4. **"Executive Committee"** shall mean the Executive Committee of the Board of Directors as described in Article 12 of this Agreement.
5. **"Fiscal Year"** shall mean that period of twelve months as established by the Board of Directors as the fiscal year of the Pool.
6. **"Policy Year"** shall mean for each insurance or pooling program of the Pool that period commencing upon the effective date of the program and each twelve month period thereafter.
7. **"Public Agency"** shall mean any county, incorporated city and town, unincorporated town, school district, rural hospital as defined in NRS 449.0177 whether non-profit or public, and any special or other district or agency per NRS 277.100, organized and existing under the Constitution and laws of the State of Nevada.
8. **"Member"** shall mean any Public Agency which is a member of the Pool and shall include school districts, rural hospitals as defined in NRS 449.0177, whether a non-profit or a public hospital, and such districts to which the Board has granted voting status. Other districts or agencies whether or not the governing body of the City or County is *ex officio* the governing body as described in and subject to Article 3 of this Agreement may be a party to this Agreement but shall not be considered a Member for the purpose of voting or participation as a voting member of the Board or any Executive or other committee in which voting Member status is required except when granted voting status pursuant to the following criteria. Voting status as a Member will exist for any Public Agency which meets three of the following criteria:

1. Pays premiums and administrative costs of at least \$10,000 annually



2. Contributes to the Loss Fund at least \$10,000 annually
3. Maintains a payroll of at least \$500,000 annually
4. Has property values of at least \$1,000,000 annually.

Such criteria may be changes from time to time by vote of the Board of Directors which change shall take effect subsequent to the meeting at which the Board approved the changes.

9. "Participating Member", as used in reference to an insurance or pooling program of the Pool, shall mean a current Member of that program.

10. "Loss" shall mean a liability or potential liability of a Member including litigation expenses, attorneys' fees and costs covered by an insurance or pooling program of the Pool.

11. "Claim" shall mean a claim made against a Member arising out of a Loss which is covered by an insurance or pooling program of the Pool.

12. "Self-insured Retention" shall mean that portion of a Loss experienced by a Member which is retained as a liability or potential liability of the Pool.

13. "Excess Insurance Program" shall mean a program of the Pool under which Members or Participating Members are protected against designated Losses in excess of their Self-insured Retention levels.

14. "Maintenance Deductible" shall mean, as to any one Loss, that portion payable by the Member directly and not the Pool or its excess insurers.

## **ARTICLE 2**

### **PURPOSES OF THE POOL**

The Members in entering into this Agreement, desire to establish:

A. A mechanism whereby each Member may join with other Members to pool their insurance programs and jointly administer said programs in an effort to deliver to each of them a reasonable, cost effective casualty, property and surety program;

B. Procedures whereby additional qualifying political subdivisions of the State of Nevada may be added to this Agreement;

C. A mechanism whereby additional and/or alternative insurance programs may be developed for the benefit of the Members; and

D. Administrative services as necessary to implement this Agreement to include, but not limited to, risk management consulting, Loss prevention, Loss control, centralized Loss reporting, actuarial consulting, claims adjusting and legal services.

### ARTICLE 3

#### PARTIES TO AGREEMENT

Section 1. Members. Each Member, as a party to this agreement, certifies that:

A. It intends to and does contract with all other Members as parties to this Agreement and with any other Public Agency as may later be added as parties to this Agreement;

B. The removal of any party from this Agreement shall not affect this Agreement nor such Member's intent to contract as described in subsection A above with the other parties to the agreement then remaining.

Section 2. Other Districts or Agencies. A Member may contract on behalf of, and shall be deemed to include:

A. Any district in which the city or county is *ex officio* the governing board, from the date that the Member provides the Pool written notice of the name and inclusion of such district, upon approval of the Board of Directors;

B. Any other local Public Agency at its request upon approval of the Board of Directors and from the date that such entity is accepted into the Pool; and

C. Such district or other local Public Agency shall be considered a separate party to this Agreement but shall not affect any Member's representation

on the Board of Directors and shall be part of and represented by the Member for all purposes under this Agreement.

**Section 3. Membership of Nevada Association of Counties and Nevada League of Cities.** The Nevada Association of Counties and the Nevada League of Cities shall become a Member of the Pool upon its execution of this Agreement, subject to all obligations and rights of all other Members, except that neither shall be counted for the purposes of determining a quorum or the number of votes required for any purpose, and neither shall have an official representative nor be entitled to vote on any matter pursuant to this Agreement.

**ARTICLE 4**  
**NAME OF POOL**

The name of the fund established by the Members hereunder shall be "NEVADA PUBLIC AGENCY INSURANCE POOL."

**ARTICLE 5**  
**POWERS OF THE POOL**

The Pool shall have all of the powers common to any Public Agency and all additional powers set forth in the interlocal cooperation laws of the State of Nevada, and the Pool is authorized to do all acts necessary for the exercise of said powers, including but not limited to, the following:

- A. To make and enter into contracts;
- B. To incur debts, liabilities, and obligations;
- C. To acquire, hold, or dispose of property, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations, and governmental entities;

- D. To sue and be sued in its own name;
- E. To settle any claim against the Pool or its Members as hereinafter provided;
- F. To receive and use contributions and advances from Members, including contributions or advances of personnel, equipment, or property;
- G. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Nevada laws applicable to investments by a Public Agency; and
- H. To carry out all provisions of this Agreement.

**ARTICLE 6**  
**MEMBERSHIP**

Section 1. **Eligibility.** Membership in the Pool shall be open to any political subdivision of the State of Nevada that is deemed by the Board of Directors to qualify for membership.

Section 2. **Conditions.** The Board of Directors may impose such conditions on membership to protect the interests of the Pool and to provide for the benefits of Members as are required by this Agreement, the Bylaws of the Pool, and applicable statutes or regulations.

**ARTICLE 7**  
**BOARD OF DIRECTORS**

Section 1. **Appointment and Term of Office.** Commencing with the effective date of the Agreement and annually thereafter in January, each Member shall appoint a voting representative and an alternate representative to the Board of Directors to serve for a term of one year. Such representatives shall be eligible for reappointments for successive one year terms and shall serve until his or her successor is duly appointed.

Section 2. Voting. Each Member shall be entitled to one vote by its representative to the Board. There shall be no voting permitted by proxies or other substitutes except the alternate representative. All motions and actions of the Board shall be adopted by a majority of the Board members unless otherwise provided by the Bylaws of the Pool.

Section 3. Compensation of the Board. Members of the Board shall not receive any salary for their services to the Board, but the Board by resolution may allow actual and necessary expenses for attendance at Regular or Special meetings of the Board.

Section 4. Meetings. The Board shall provide for the holding of Regular and Special meetings.

Section 5. Quorum. Forty percent (40%), rounded down to the nearest whole number if a fraction, of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a quorum is present at any meeting, a majority of those members as may be present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of a majority of the members present at a meeting at which a quorum is present shall constitute an act of the Board.

Section 7. Legal Counsel. The Board shall be advised in legal matters with respect to Pool operations by its legal counsel.

## ARTICLE 8

### MEETING OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings. The Board shall hold at least one regular meeting each year, scheduling the time, date and place thereof by resolution.



Section 2. Special Meetings. Special meetings of the Board may be called by the Chairman of the Board, or in his absence by the Vice Chairman, or by any two members of the Board.

Section 3. Minutes. The Executive Director of the Pool, described in Article 13 hereof, shall provide for the keeping of minutes of Regular and Special meetings of the Board, and shall forward a copy of the minutes to each member of the Board.

Section 4. Open Meeting Law. All meetings of the Board shall be called, notice, held and conducted in accordance with the provisions of the "Open Meeting Laws", Nevada Revised Statutes, Chapter 241, and any other laws of the State of Nevada.

## ARTICLE 9

### POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall be the governing body of the Pool to oversee, administer, and determine its overall policies and shall have the following powers and authority:

A. To manage the affairs fo the Pool and to do all things necessary or convenient for the furtherance of the purposes of the Pool, including but not limited to: expending and receiving funds; entering into contracts and other agreements; renting, leasing, purchasing and otherwise procuring or receiving property, real and personal; employing personnel either as employees or by contract; and employing professional consultants such as attorneys, auditors, accountants, risk managers and actuaries;

B. To form an Executive Committee, as provided in Article 12 hereof, and delegate to that committee such powers as it determines, provided that all such delegated powers to Executive Committee shall be exercised under the direction of the Board;

C. To form committees as appropriate to act in an advisory capacity and conduct the business of the Pool, and the membership of such committee may consist in whole or in part of non-Board members;

D. To elect the officers and appoint staff of the Pool as may be necessary for the administration of the Pool and as described in Articles 10 and 13 hereof;

E. To prepare and adopt the annual operating budget of the Pool;

F. To develop and adopt each program of the Pool, including all provisions for insurance and reinsurance, and administrative services as necessary to carry out such programs;

G. To provide for necessary services to the Pool and its Members to include, but not be limited to, risk management consulting, Loss prevention and control, centralized Loss reporting, actuarial consulting, claims adjusting, and legal services;

H. To provide general supervision and policy direction to its Executive Director, either directly or through the Executive Committee, and adopt policies and procedures to carry out the purposes of the Pool;

I. To receive, review and act upon periodic reports and audits of the funds of the Pool as required;

J. To elect the Executive Committee by vote of its members present at the annual meeting;

K. To amend the Bylaws of the Pool by a two-thirds vote of the members present at a meeting, but no amendment shall take effect sooner than thirty days after adoption thereof; and

L. To remove a member of the Board of Directors or of the Executive Committee by a two-thirds vote of the members present at a meeting.

## ARTICLE 10

### OFFICERS

Section 1. Chairman and Vice Chairman. The Board of Directors shall elect from its members a Chairman and Vice Chairman of the Board, each to hold office for one year until the end of each calendar year and thereafter from the beginning of the succeeding calendar year until the end of said year.

Section 2. Conducting Meetings. The Chairman, or if absent, the Vice Chairman, shall preside at and conduct all meetings of the Board and the Executive Committee.

Section 3. Powers and Duties of the Chairman. The Chairman, or together with such other officer or officers as the Board may designate by resolution, may execute any contracts or other instruments as authorized by the Board and shall generally perform all duties incident to the office of Chairman as may be prescribed by the Board.

Section 4. Powers and Duties of the Vice Chairman. The Vice Chairman shall act as Chairman in the latter's absence or inability or refusal to act.

## ARTICLE 11

### LIABILITY OF BOARD OF DIRECTORS OR OFFICERS

Section 1. Standard of Care. The members of the Board of Directors and officers of the Pool should use ordinary care and reasonable diligence in the exercise of their powers and duties hereunder.

Section 2. Limitation of Liability. The members of the Board of Directors shall not be liable for any mistake of judgement or other action made, taken or omitted by any of their agents, employees or independent contractors selected by them with

reasonable care nor for loss incurred through investment of, or failure to invest, Pool funds, and no director shall be liable for any action taken or omitted by any other director.

Section 3. No Bonds. No director shall be required to give a bond or other security to guarantee the faithful performance of duties hereunder.

Section 4. Insurance. The Pool shall defend and hold harmless any director acting within the scope of his authority for the Pool. The Pool may purchase insurance providing coverage for acts or omissions taken by the Board or performed by an officer or director within the scope of his or her authority for the Pool.

## ARTICLE 12

### EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Section 1. Members. The Pool shall be administered by the Executive Committee of the Board of Directors, composed of five persons from among the Members of the Board of Directors, excluding special districts, school districts and rural hospitals, and two of which shall represent Members with a population of 35,000 or more, if there exist two such Members, and one such member of the Executive Committee shall be the Chairman of the Board of Directors. If there are three or more school district Members or there are three or more rural hospital Members, the Executive Committee shall be expanded to add one representative of school districts and one representative of rural hospitals as members. A representative of the Pool's Administrator, the Executive Director, and the respective executive directors of the Nevada Association of Counties and the Nevada League of Cities shall be ex-officio, non-voting members of the Executive Committee.

Section 2. Business of the Executive Committee. The Executive Committee shall conduct the business of the Pool between meetings of the Board, exercising such powers as are delegated by and under the direction of the Board.

Section 3. Meetings. Meetings of the Executive Committee shall be called at the request of the Chairman, or in his absence, the Vice Chairman, but any two members may request a meeting, and all such meetings shall be conducted in compliance with the provisions of the Nevada Open Meeting Laws.

Section 4. Quorum. Four members of the Executive Committee constitute a quorum for the transaction of business at any meeting, but if less than four members are present at any meeting, a majority of the members present may adjourn the meeting from time to time without further notice. Ex-officio members shall not be counted in determining a quorum.

Section 5. Manner of Acting. The act of a majority of the members present at the meeting at which a quorum is present shall be the act of the Executive Committee, unless a greater number is required by law or by the Bylaws of the Pool. An alternate representative shall not be allowed to act for a member of the Executive Committee.

## ARTICLE 13

### STAFF

Section 1. Executive Director. The Board may employ an Executive Director to administer the business and activities of the Pool, be responsible for all minutes and records of Pool meetings, notices and records of the Pool, and such other duties as are assigned by the Board and the Executive Committee, subject to the general supervision and policy direction of the Board of Directors and the Executive Committee.

Section 2. Fiscal Officer. The Board may employ a Fiscal Officer with duties as described in Articles 15, 16 and 17 hereof.

Section 3. Other Staff. The Board shall provide for the appointment of such other staff as may be necessary for the administration of the Pool.



**ARTICLE 14**  
**DEVELOPMENT, FUNDING AND IMPLEMENTATION**  
**OF POOLING PROGRAMS**

**Section 1. Program Coverage.** Pooling or insurance programs of the Pool may provide coverage for:

- A. Casualty insurance, other than Workman's Compensation and Employer's Liability as defined in NRS 681A.020;**
- B. Marine and transportation insurance as defined in NRS 681A.050;**
- C. Property insurance as defined in NRS 681A.060;**
- D. Surety insurance as defined in NRS 681A.070; and**
- E. Insurance for any combination of these kinds of insurance.**

**Section 2. Minimum Participation.** The Board shall determine for each pooling program, described in Section 1 above, a minimum participation for program implementation, which shall be communicated to each Member the amount of any Maintenance Deductible upon agreement with the excess insurers involved.

**Section 3. Program and Pool Costs.** General administrative expenses of the Pool shall be allocated to the Members as a whole, whether every Member participates in all or part of any program of the Pool. The Board shall determine the method of allocation to each Member and the amount of each Member's share.

**Section 4. Development Charge.** Development costs of a program shall be funded by a development charge, as determined by the Board of Directors, to be paid by each Member joining in the development of the program and thereby reserving the option to participate in the program following its adoption by the Board. Development charges are those costs incurred by the Pool, or by the Nevada Association of Counties acting as sponsor of an Interlocal Cooperation Agreement entered into prior to the creation and organization of the Pool, or the Pool's consultant, in developing a program for subsequent

review and adoption by the Board, including but not limited to research, feasibility studies, information and liaison work among Public Agencies, preparation and review of documents, and actuarial and risk management consulting services, and may also include a share of the Pool's general expense as allocated by the Board of Directors.

**Section 5. Billing.** The development charge shall be billed to all Members upon authorization of program development by the Board and be payable within thirty (30) days of the billing date, and contributions to the Nevada Association of Counties by interested Public Agencies for development of programs prior to the creation and organization of the Pool shall be credited against the development charges for those programs assessed by the Pool.

**Section 6. Deficiencies.** Upon the conclusion of program development, any deficiency in development funds shall be billed to all Members which have paid the development charge on a pro-rata or other equitable basis as determined by the Board, and any surplus in such funds shall be transferred into the loss reserve for the program, or, if the program is not implemented, the Pool's general account.

**Section 7. Annual Contributions.** All costs of program, excluding development charges, shall be funded by annual contributions charged to the Members participating in the program for each Policy Year and also by interest earned on the funds so accumulated. Such contributions shall be determined by the Board upon the basis of a cost allocation plan and rating formula developed by the Pool with the assistance of a casualty actuary, risk management consultant or other qualified person. The contributions for each Participating Member shall include its share of expected program losses, program insurance and reinsurance costs, program administrative costs for the year, and its share of the Pool's general expense allocated to the program by the Board.

**Section 8. Billing.** Annual contributions shall be billed by the Pool at the beginning of each Policy Year and shall be payable within thirty (30) days of the billing

date. At the end of each Policy Year, program costs shall be audited by the Pool. Any deficiency or surplus in the contributions paid by the Participating Member, as shown by such audit, may be adjusted by a corresponding increase or decrease in the contribution charge to that Member for succeeding years, unless the Member withdraws or is canceled from the program, in which case the provisions of Articles 21, 22, 23, 24 and 25 hereof shall be applicable and controlling.

**Section 9. Program Implementation and Effective Date.** Following development of a program and its adoption by the Board, the Pool shall give each Member a written notice of the program which shall include:

- A. The terms of coverage of the program;
- B. The requirements for program implementation; and
- C. The estimated first year contribution by the Member for program participation.

**Section 10. Membership.** Each Member or Participating Member may elect to enter the program by giving written notice of such election, in a form prescribed by the Pool, to the Executive Director within thirty (30) days of the date of the Pool's notice of the establishment of the program.

**Section 11. Late Entries.** A Member not electing to enter a program upon its implementation or within 100 days thereafter pursuant to Section 10 above, or which becomes a party to the Agreement following implementation of the program, may petition the Board for late entry into the program, and such request may be granted upon a vote of two-thirds of the Board of Directors present at the meeting considering same.

**Section 12. Conditions of Late Entry.** As a condition of late entry, the Member or Participating Member shall pay an application charge for the program to cover the costs incurred by the Pool in analyzing its application, risk exposures, Loss data and in determining its annual contribution as of the time of entry.

## ARTICLE 15

### ACCOUNTS AND RECORDS

Section 1. Annual Budget. The Pool shall annually adopt an operating budget to include a separate budget for each program under development or adopted and implemented by the Pool.

Section 2. Funds and Accounts. The Fiscal Officer shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board for each program and the books and records of the Pool shall be open to inspection at all reasonable times by authorized representatives of Members.

Section 3. Report of the Fiscal Officer. The Fiscal Officer, within one hundred and twenty (120) days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to the Board and to each Member.

Section 4. Annual Audit. The Board of Directors shall engage a certified public accountant to make an annual Fiscal Year audit of all accounts and records of the Pool, and a report of the audit shall be filed as a public record by each Member within six months of the end of the Fiscal Year under examination.

## ARTICLE 16

### RESPONSIBILITIES FOR THE POOL'S FUNDS AND PROPERTY

Section 1. Custody and Disbursements. The Fiscal Officer shall have the custody of and disburse the Pool's funds, but may delegate that disbursing authority as may be authorized by the Board, subject to the requirements of Section 2 below.

**Section 2. Maintenance and Safekeeping. The Fiscal Officer shall:**

**A. Receive and acknowledge receipt for all funds of the Pool and deposit them in the Pool's Treasury for the credit of the Pool;**

**B. Be responsible for the safekeeping and disbursement of all Pool funds;**

**C. Pay any sums due from the Pool as approved by the Board of by any body or person to whom the Board has delegated approval authority;**

**D. Verify and report in writing to the Pool and to Members, as of the first day of each quarter of the Fiscal Year, the amount of money held for the Pool, the amount of receipts since the last such report, and the amount paid out since that report; and**

**E. Invest monies in accordance with applicable laws and regulations governing investments by Public Agencies.**

**Section 3. Responsibility for Funds and Property. The Executive Director, Fiscal Officer, and such other persons as the Board may designate, shall have charge of, administer, and have access to the funds and property of the Pool.**

**Section 4. Bonds. The Pool shall provide for fidelity bond or performance bonds in an amount and form specified by the Board for all of its officers and staff authorized by the Pool to hold or disburse funds or have charge or access to property of the Pool.**

## **ARTICLE 17**

### **TRUST ACCOUNT, CHECKS, DEPOSITS & REVENUES**

**Section 1. Establishment of a Trust Account. A trust account shall be established, referred to hereafter as the "Trust Account," in which all Member contributions, policy dividends or premiums received by the Pool, investments made by the Pool and income thereon, and any other money or property which shall come into the possession or control of the Pool shall be placed.**



**Section 2. Use of the Trust Account.** The Board may use the Trust Account to pay all expenses of the Pool, including, but not limited to, payment of premiums for insurance policies, compensation to employees and staff, legal counsel, auditors, consultants, contracted services and other persons as authorized by the Board.

**Section 3. Expenditures from Trust.** Expenditures from the Trust Account may be made for payment of Losses, litigation costs, investigation, insurance premiums and deductible amounts, cost of Loss control activities, and any other costs determined by the Board.

**Section 4. Excess Funds.** Any excess funds in the Trust Account may be used, as determined by the Board, to reduce Member contributions, to increase the cash surplus of the Pool, on a prorated basis determined by the extent of participation by each Member. The extent of participation shall be determined by the Executive Director and may include such factors as contributions, claims experience, safety effort, or other factors deemed appropriate by the Executive Director or the Board.

**Section 5. Expenses of Administration.** At its annual organizational meeting, the Board shall approve rates of compensation for administrative expenses incurred for administration of the Trust Account and legal services related thereto and shall approve its budget.

**Section 6. Checks.** All checks, drafts or orders for payment of money, notes or any other evidence of indebtedness issued in the name of the Pool shall be signed by the Executive Director, or by such other person and in the manner as the Board may designate and in such manner as shall be prescribed.

**Section 7. Deposits.** All funds of the Board shall be deposited to the credit of the Pool in such banks, trust companies or other depositories as the Board may determine.

Section 8. Other Funds. Pool funds in possession or control of the Board shall be received, disbursed, controlled and accounted for by the Fiscal Officer.

## ARTICLE 18

### RISK MANAGEMENT

Section 1. Risk Management Services. An individual or organization shall be selected by the Executive Committee to provide risk management and insurance consulting services to include Loss prevention, review of Loss data, promotion and evaluation of Loss prevention programs, and reports to Members and shall have the title of Risk Manager. The Risk Manager will be selected by the Executive Committee on the basis of skill, experience and approval of the Board. The Executive Director may act as the Risk Manager. The Risk Manager's responsibilities include:

- A. Liaison with the Member's staff assigned the risk management and safety responsibility;
- B. Development and implementation of risk management policies for Members;
- C. Identification and evaluation of risk and Loss potentials, aided by a claims service company and legal counsel;
- D. Recommendations as to affirmative steps in order to avoid or reduce risks and Losses;
- E. Development of a system of claims reporting and on the scene investigation by Member's personnel; and
- F. Development and production of risk prevention educational programs for Member's personnel.

Section 2. Treatment of Costs. Costs of the Risk Manager and risk management services shall be a general administrative expense of the Pool.

**ARTICLE 19**  
**RESPONSIBILITIES OF MEMBERS**

Members shall have the following responsibilities:

- A. To appoint an officer or employee to be responsible for the risk management function with that Member's organization to serve as a liaison between the Member and the Pool for all matters relating to risk management and insurance;
- B. To maintain an active safety program and act upon recommendations of the Pool to reduce or eliminate unsafe practices;
- C. To pay development charges, annual contributions, insurance premiums, and contributions surcharges to the Pool within thirty (30) days of the billing date thereof;
- D. To pay to the Pool any additional insurance premiums or contributions due as determined and assessed by the Board within thirty (30) days after the Member's act of withdrawal, cancellation, or termination from the Pool;
- E. To provide the Pool at its request such other information or assistance as may be reasonably necessary for the Pool to develop and implement programs under this Agreement;
- F. To cooperate with and assist the Pool, and any insurer of the Pool, in all matters relating to this Agreement;
- G. To comply with all Bylaws of the Pool and other rules adopted by the Board; and
- H. To have such other responsibilities as provided in this Agreement or established by the Board under this Agreement.

## ARTICLE 20

### ADMINISTRATION OF CLAIMS AND LITIGATION

**Section 1. Pool Responsibilities.** The Pool shall be responsible for investigations, settlements, litigations and appeals of claims made and suits or proceedings instituted against a Member arising out of a Loss.

**Section 2. Information From Member.** A Member shall furnish to the Pool with respect to any Loss or potential Loss:

- A. Prompt written notice of any claim made or suit brought against the Member;
- B. Any other information requested by the Pool in order to settle or defend a claim;
- C. Cooperation in all matters in which the Pool is acting on behalf of the Member.

**Section 3. Appointment of Claims Committee.** The Board shall appoint a five member committee, to be entitled the "Claims Committee", to administer the claims program, settle claims and manage litigation. The Executive Director, Risk Manager, Claims Administration Company, and the Pool's Administrator shall be non-voting, ex-officio members of the Claims Committee.

**Section 4. Litigation Cooperation.** Members shall be kept advised of the progress of litigation. All claims or cases shall be referred immediately to the Pool's Claims Administrator by the Member upon which notice is given by a claimant or a complaint served. The Claims Administrator shall review the claim or case, investigate the facts where appropriate, and assign trial counsel. A Member may request assignment of a specific trial counsel including its own staff attorney. Such assignment shall be made upon the approval of the Claims Administrator and/or Committee with concurrence of the excess insurers. The assigned trial counsel shall cooperate with the Member's legal counsel in the defense or settlement of litigation.

**Section 5. Litigation Management.** Management of litigation shall include evaluation of claims, assignment of qualified attorneys to represent the Member, monitoring of the litigation, providing periodic status and evaluation reports to the Executive Director, aid in promoting and evaluation risk management, and recommending reserves for claims in litigation.

**Section 6. Litigation Strategy Committee.** The Board shall appoint a committee entitled the "Litigation Strategy Committee". The members of the Litigation Strategy Committee shall include at least five Member's attorneys, consisting of Members which are both cities and counties. A Member objecting to a decision of the Claims Administrator or Committee as to assignment of counsel to represent that Member, may appeal the assignment within thirty (30) days thereafter to the Litigation Strategy Committee. The Committee's decision as to assignment of counsel, when concurred with by the excess insurers, shall be final.

**Section 7. Litigation Costs.** Litigation Management and fees from assigned attorneys shall be treated as a general expense of the Pool.

**Section 8. Litigation Participation.** In the event that the Executive Committee has approved the handling of a claim or litigation by the Member involved, the Pool, exercising its own discretion and at its expense, shall have the right to participate with a Member in the settlement, defense, or appeal of such claim, suit or proceeding where, in the judgement of the Pool, may involve liability of the Pool.

**Section 9. Advice From Members.** The Board of Directors will promulgate rules and procedures to allow Members the reasonable opportunity in cases or claims to advise the Pool with regard to settlement of the case or claim.

**Section 10. Settlement Consent.** A Member shall not enter into any settlement involving liability of the Pool without the prior consent of the Claims Administrator.



**Section 11. Claims Handling.** The Pool shall select a duly licensed claims administration company on the basis of its ability to handle claims in a professional, efficient and economical manner, to be responsible for processing and settling claims filed against the Pool in accordance with policies established by the Board of Directors.

**Section 12. Claim Administration Company Responsibilities.** The Pool shall engage a Claims Administration Company which shall:

A. Investigate all claims against the Pool or its Members for which the Pool provides indemnification as directed by the Claims Committee;

B. Make settlements in accordance with the authority granted by the Executive Committee of the Board;

C. In addition to actually paying claims, provide periodic claim reports detailing each Member's losses, recommend proper and adequate reserves for outstanding and anticipated claims, file required reports to the State of Nevada, and provide any other related services as approved by the Board; and

D. Refer cases which may require legal services to the Claims Committee and consult with the Pool's legal counsel with respect to legal issues as necessary.

## **ARTICLE 21**

### **TERM OF AGREEMENT**

This Agreement shall be effective upon execution by the signatory parties and shall remain in effect until:

A. Terminated upon election of three-fourths of the Members; or

B. Suspended or superseded by a subsequent agreement between the Members.

**ARTICLE 22**  
**WITHDRAWAL**

**Section 1. Member Insolvency.** A Member may not withdraw as a Member for a period of two (2) years after its initial entry, except in case of insolvency or change in its legal status as a Public Agency.

**Section 2. Notice of Withdrawal.** After two years following its initial entry, a Member may withdraw from the Pool upon giving ninety (90) days written notice to the Board.

**Section 3. Effect of Withdrawal.** The withdrawal of a Member shall not effect the continuance of the Pool by the remaining Members.

**Section 4. Payments Before Withdrawal.** In order to withdraw, the Member shall pay any outstanding amounts due and owing to the Pool.

**Section 5. Release Conditions.** Withdrawal does not release the withdrawing Member from liability for further payments or assessments as provided elsewhere in this Agreement.

**ARTICLE 23**

**CANCELLATION OR TERMINATION OF MEMBERSHIP**

**The Board of Directors:**

**A. May cancel the membership of any Member in the Pool on a vote of two-thirds of the Board members present at a meeting called for that purpose, and such Board action shall result in the cancellation of that Member's participation in all programs of the Pool as of the date of the Board cancellation;**

B. May cancel any Member's participation in a program of the Pool without cancelling its membership in the Pool or participation in other programs on a vote of two-thirds of the Board members present at a meeting called for that purpose;

C. Cause the Pool to give ninety (90) days advance written notice to the Member of the effective date of any cancellation under the foregoing provisions, and upon such effective date, the Member shall be considered as having voluntarily withdrawn from the Pool, or from the program of the Pool, as the case may be.

## **ARTICLE 24**

### **EFFECT OF WITHDRAWAL OR CANCELLATION FROM THE POOL**

Section 1. Unearned Contributions. If a Member's participation in a program of the Pool is canceled under Article 23 hereof, with or without cancellation of membership in the Pool, and such cancellation is effective before the end of the Policy Year for that program, the Pool shall promptly determine and return to the Member the amount of any unearned contributions payments for the Policy Year.

Section 2. Entitlement to Return of Contributions. Except as provided in Section 1 above, a Member, which withdraws or has its membership canceled in the Pool, or from any program of the Pool, shall not be entitled to the return of any contributions or other payments to the Pool, or of any property contributed to the Pool.

Section 3. Termination of the Pool. In the event of termination of this Agreement and concomitantly the Pool, a Member having withdrawn or its membership canceled prior thereto may share in the distribution of assets of the Pool as determined by the Board.

## **ARTICLE 25**

### **TERMINATION AND DISTRIBUTION OF ASSETS**

**Section 1. Pool Activities After Termination.** If this Agreement is terminated at any time, the Pool shall continue to exist after such termination for the limited purpose of disposing of all outstanding claims, distributing its assets, and performing all other functions necessary to conclude its affairs and business.

**Section 2. Asset Distribution.** All assets of the Pool utilized in each program shall be distributed among those Members which participated in that program in proportion to that Member's contributions, including cash contributions and property contributed determined at market value when contributed. The Board shall determine such distribution within six months after final distribution of all claims pending at the termination of this Agreement and the Pool.

**Section 3. Final Contributions.** Any Member, which was a participant in a program of the Pool, shall be responsible for any additional amount of contributions as determined by the Board in accordance with a Loss allocation formula as necessary for final disposition of all claims arising from losses under that program during the Member's period of participation.

## **ARTICLE 26**

### **CONTRACTUAL OBLIGATION AND MEMBER'S LIABILITY**

**Section 1. Member's Additional Obligations.** In addition to the obligations and responsibilities of the Members expressly set forth in this Agreement, the Members agree to take no action or engage in any conduct inconsistent with this Agreement and the Bylaws of the Pool.

**Section 2. Enforcement of This Agreement.** The terms of this Agreement may be enforced in a court of law either by the Pool or by any of its Members.

**Section 3. Consideration.** The consideration for the duties herewith imposed upon the Members to take certain actions and to refrain from certain other actions shall be based upon the mutual promises and agreements of the Members set forth herein.

**Section 4. Duplicate Originals.** This Agreement and the Bylaws of the Pool may be executed in duplicate originals, and their execution and approval by the Members shall be evidenced by a certified copy of a resolution by the Board of Directors, provided, however, that except to the extent of the financial contributions to the Pool agreed to herein, or such additional obligations as may come about through amendments to the Agreement, or the Bylaws of the Pool, no Member shall be responsible for any claims in tort or contract asserted against any other Member.

**Section 5. Limitation of Members' Relationships.** In the creation of the Pool, the Members intend only to establish an organization for joint insurance and self-insurance programs in accordance with the terms and within the scope of this Agreement and have not intended to create as between Members any other relationships of surety, indemnification or responsibility for the debts or claims of any other Member.

**Section 6. Members' Liability.** The liability of each Member for the obligations of the Pool shall be individual, several and proportionate liability, and not joint.

**Section 7. Responsibility For Assessments.** Members who have withdrawn or have been terminated shall remain subject to the payments of any assessments for the year(s) during which such Member was a participant in the program of the Pool.



**ARTICLE 27**  
**ASSESSMENTS**

**Section 1. Additional Contributions and Surcharges For Excessive Losses.**

If the Pool experiences such a number of Losses or costs under a program during a Policy Year, so that notwithstanding insurance and reinsurance coverage for individual Losses, the joint pooled funds for the program may be exhausted, the Executive Committee may, upon consultation with a casualty actuary, impose contributions and/or surcharges on all Participating Members, which, in total amount, will assure adequate resources to the Pool for the payment of all such Losses, but not to exceed two times the most recent annual contribution without approval of two-thirds of the Board of Directors.

**Section 2. Assessments When Liabilities Exceed Assets.** The amount of any liability in excess of assets shall be assessed to the Members that are or were members of the Pool within thirty (30) days after a deficiency is identified and shall be payable thereafter by the Members within ninety (90) days.

**Section 3. Assessments For Operational Costs Deficiencies.** The Board at its discretion may assess the Members for cost incurred in the operation and maintenance of the Pool and for its purposes in the form, manner and amount prescribed by the Board for the Policy Year out of which the deficiency arose.

**Section 4. Enforcement of Assessments.** The Pool is empowered to enforce the assessments hereunder and as provided elsewhere in this Agreement by appropriate legal proceedings.

**ARTICLE 28**

**BYLAWS AND PROCEDURES MANUAL**

**Section 1. Bylaws.** The Board shall adopt Bylaws to provide for the operation and administration of the Pool.

**Section 2. Procedures Manual.** The Board shall cause the preparation of a Procedures Manual to govern the day-to-day operations of the Pool.

**ARTICLE 29**

**NOTICES**

**Section 1. Notices To Members.** The Pool shall address all notices, billings and other communications to a Member under this Agreement as directed by the Member to the Pool.

**Section 2. Notices To The Pool.** Members shall address notices and communications to the Pool to the Executive Director, Nevada Public Agency Insurance Pool, 308 N. Curry Street, Suite 205, Carson City, Nevada, 89703.

**ARTICLE 30**

**AMENDMENT**

This Agreement may be amended at any time by a vote of two-thirds of the Members, acting through their governing bodies.

**ARTICLE 31**

**PROHIBITION AGAINST ASSIGNMENT**

No Member may assign any right, claim or interest it may have under this

Agreement, and no creditor, assignee or third party beneficiary of any Member shall have any right, claim or title to any part, share, interest, fund, contribution, premium or asset of the Pool.

## ARTICLE 32

### AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the Members. There are no oral understanding or agreements not set forth in writing herein.

## ARTICLE 33

### GOVERNING LAW AND SEVERABILITY

Section 1. Governing Law. The construction, validity, and affect of this Agreement shall be governed by the laws of the State of Nevada.

Section 2. Severability. Should any covenant, condition, term or provision in this Agreement be deemed by a court of competent jurisdiction to be invalid or unenforceable, all of the remaining covenants, conditions, terms and provisions herein shall remain in full force and effect.

## ARTICLE 34

### FILING WITH ATTORNEY GENERAL

The Executive Director of the Pool shall file a notice of this Agreement with the office of the Attorney General within thirty (30) days of its effective date as required by Nevada Revised Statutes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year below written.

DATED this 31<sup>st</sup> day of March, 20 1900

ATTEST:

Margaret A. Colescott  
Signature  
Office Manager  
Title

By: Jacqueline Zehly  
Douglas County Redevelopment Agency

ATTEST:

[Signature]  
Signature  
Executive Director  
Title

NEVADA PUBLIC AGENCY  
INSURANCE POOL

By: Michael Schubert  
Chairman, NPAIP Board of Directors

REQUESTED BY  
**DOUGLAS COUNTY**  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

2001 OCT 31 AM 11: 36

LINDA SLATER  
RECORDER

\$ 0 PAID K2 DEPUTY

0526677

BK 1001 PG 10708

**CERTIFIED COPY**

The document to which this certificate is attached is a full, true and correct copy of the original on file and on record in my office.

DATE: October 30, 2001  
B. REED Clerk of the 9th Judicial District Court  
of the State of Nevada, in and for the County of Douglas.

By [Signature] Deputy

SEAL