Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

Minutes of Meeting of the Board of Trustees and Executive Committee of Public Agency Compensation Trust

Date: April 19, 2024
Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595
Time: upon adjournment of Joint Boards and Executive Committees Meeting which starts at 8:00am

1. **Introductions and Roll**
   A quorum being present, Chair Johnson called the meeting to order.

2. **Public Comment**
   Chair Johnson opened public comment and hearing none, closed the comment period.

3. **For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
   a. **Approval of Minutes of Board Meeting of April 21, 2023**
   b. **Approval of Minutes of PACT Executive Committee Meeting of December 19, 2023**
   c. **Acceptance of Interim Financial Statements**

   On motion by Josh Foli second by Joe Westerlund, to approve the consent agenda as a whole, the motion carried.

4. **For Possible Action: Acceptance of Audit for June 30, 2023**

   Alan Kalt reviewed key results of the PACT audit noting that the auditor gave an unqualified opinion. He highlighted the net position growth from $5.9 Million to $11.6 Million. He reviewed the income statement and the cash flow statement, showing the reversal from a net loss to a net gain as a result of stable claims and improved investment income. Administrative expenses showed a slight reduction. PACT's financial position improved greatly. PACT is undergoing regulatory audits for administrative compliance and payroll audit compliance. He showed a pie chart showing the allocation of key expense categories, commenting that the majority of expenses were for loss fund and reinsurance costs. He briefly reviewed key exhibits from the actuarial report explaining the range of confidence levels for consideration with PACT having used 75%. Alan discussed the need for collecting adequate funding to pay for future losses. He reviewed charts showing trends in claims severity and frequency over 10 years, then commented about the structure graph which shows PACT self-insured retentions that must be funded.

   On motion by Josh Foli, second by Mike Giles, to accept the audit, the motion carried.

5. **For Possible Action: Review of Changes Regarding Effective Dates of Rate and Experience Modification Factor Changes and Payroll Methodology**

Alan Kalt reviewed the presentation given to the PACT Executive Committee in December 2023 to review and approve the rates for calendar year 2024 per the board policy to make rate changes on a calendar year basis. He showed the budget draft at the time of presentation and the rate changes chart. Calendar year payroll and calendar year rates align. He reviewed the calculations for the CRL share of reinsurance costs using a 10 year look back period where PACT's oldest clean years are being replaced by adverse years for the next few years. He also reviewed key large claims. Margaret Malzahn of Davies commented about the PACT Claims 101 she presents and invited others to have her do this presentation. Alan then said the rate increases were 1% for schools, 3% for hospitals and 5% for all other classifications.

On motion by Ben Marchant, second by Josh Foli, to accept the report, the motion carried.

6. **<u>For Possible Action:</u> Approval of PACT Retention and Renewal Reinsurance Proposals**

Stephen Romero reviewed the structure graph and showed the markets participating in the PACT program. He discussed "who pays what" showing how a claim is paid out at the various levels of risk transfer and key large losses. He pointed out that risk management seeks to find ways to prevent such losses. He noted that over the last 10 years PACT has paid out over $60 Million in losses. Regarding the reinsurance placement, he noted how the markets responded versus the projections for rate changes. He showed a spreadsheet comparing the changes in exposures (4.29% payroll increase) and the renewal reinsurance rates 8% overall.

On motion by Brian Sparks, second by Gina Rackley, to approve the PACT renewal program, the motion carried.

7. **<u>For Possible Action:</u> Approval of Special Health Wellness Agreement Effective 7-1-2024**

Alan Kalt discussed the Fit For Retirement program purpose and results. He stated that a reduction in the plan costs from $615,000 to $500,000 annually was negotiated with no change in scope. He described the purpose of the program was to improve the health and wellness of public safety officers.

On motion by Mike Giles, second by Josh Foli, to approve the SpecialtyHealth agreement, the motion carried.

8. **<u>For Possible Action:</u> Approval of Budget for 2024-2025 including Actuarial Overview**

Alan Kalt reviewed key elements in the budget including the updated reinsurance costs based upon the renewal quotations. He detailed certain of the expense components. He reviewed a comparison of performance results over time.

On motion by Josh Foli, second by Mike Giles, to approve the budget for 2024-2025, the motion carried.

9. **<u>For Possible Action:</u> Action regarding these topics as required by Nevada Administrative Code:**
    a. **Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**
    b. **Review of the loss experience of each Member of the association - Claims Experience Report Summary**
    c. **Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**

Wayne Carlson reviewed the claims comparisons by counties, cities, school districts, hospitals, and towns and special districts. The regulatory goal was to require the board to understand the claims and to hold each other accountable for the results. He noted the overall 3 and 5 year average claims payouts. In response to a question about comparing the claims per $100 of payroll, he commented that the comparison was done internally. He then discussed frequency of claims comparisons. Paul Johnson reminded the board that the Loss Control Committee also reviewed claims trends to address them. Paul noted that there were no members operating in a hazardous financial condition.

On motion by Josh Foli, second by Rachael Holt, to accept the review, the motion carried.

10. <u>For Possible Action:</u> Election of Executive Committee for Two Year Terms 2024-2026

a. One Representative from School Districts

b. One Representative from Counties and/or Cities with less than 35,000 Population

c. One Representative of Hospitals

Wayne Carlson noted the incumbents were interested in continuing to serve, although Craig Roisum was reluctant given his workload. Gina Rackley nominated Paul Sikora of Boulder City to represent small cities. Hearing no further nominations, Paul closed the nominations.

Paul called for a voice vote on the city candidates and Paul Sikora was elected to represent small cities/counties.

On motion to approve Paul Johnson for school districts and Robyn Dunckhorst for hospitals, the motion carried.

11. <u>For Possible Action:</u> Election of Chair and Vice Chair

Chair Johnson indicated that he was willing to serve as was Vice Chair Giles.
On motion by Josh Foli, second by Gina Rackley, the motion carried.

12. Public Comment

Alan Kalt conducted a drawing for the completion of the payroll audits on time and Eureka County was selected. There being no further comment, the comment period was closed.

13. <u>For Possible Action</u>: Adjournment

Chair Johnson adjourned the meeting.