



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
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**Minutes of Meeting of the Board of Directors and of the Executive Committee of
Public Agency Compensation Trust**

Place: John Ascuaga's Nugget, Sparks, Nevada

Time: 10:00 a.m. or

Upon adjournment of Joint Board Meeting

Date: April 26, 2013

1. Introductions and Roll

A sign-in sheet was circulated and a quorum determine to be present. The meeting was called to order at 10:55 a.m.

2. Public Comment

None was received.

**3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From
Consent Agenda**

- **Approval of Minutes of Board Meetings:
Board Meeting April 28, 2012**
- **Approval of Minutes of Committee Meetings
PACT Executive Committee May 23, 2012
PACT Executive Committee June 8, 2012**
- **Acceptance of Interim Financial Statements for 2-28-13**
- **Amend Records Retention Policy Statement to Remove Current
PACT Policy Language and to Adopt the Local Government Records
Retention Schedule as Published by the Nevada State Library and
Archives as the PACT Records Retention Policy Statement**

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

4. For Possible Action: Acceptance of Audit for June 30, 2012

Chair Kalt reviewed the audit noting that the Audit Committee reviewed it and recommended acceptance as did the Executive Committee.

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

5. For Possible Action: Cardiac Wellness Program Status Report

Jackie Cox, CEO of SpecialtyHealth, reviewed progress in the Cardiac Wellness Program (CWP). SpecialtyHealth serves as the PACT's MCO and administers the CWP. She commented about the growth of participation in the program from 16 to 20 Member agencies and from 442 to 586 physical examinations being reviewed. She said their goal is to increase CWP individual participants from 114 to 144 for the coming year. She complimented Central Lyon Fire Protection District for having achieved 100% participation in the CWP along with North Lyon Fire Protection District at 80%, Mesquite fire at 75%, Churchill County at 63%, Elko City Fire Department at 60%. Others were below 50%, but they were being targeted for improvements. She noted that the health risk profile showed a high percentage of individuals with insulin resistance, pre-diabetes or diabetes and metabolic syndrome. She provided several examples of before and after risk profiles of participants in the CWP. She further offered a CWP option for other than public safety employees in which a portion of the health insurance would cover and the balance would be out of pocket unless the health insurer offered a wellness benefit. Chair Kalt thanked her for her report.

No action was taken.

6. For Possible Action: Acceptance of Reports

- a. Claims Review Report**
- b. Large Loss Report**
- c. Actuarial Update**
- d. Claims Services Audit Report**

- a. Wayne Carlson review the claims by member type, commenting on some of the larger losses. He noted that this review was an annual regulatory review requirement. He responded to questions.
- b. Doug Smith reviewed the large losses (over \$100,000) since inception of PACT.
- c. Doug Smith reviewed several portions of the actuarial report on reserves as well as the rate development report, commenting on the trends in both frequency and severity.
- d. Wayne Carlson noted that the independent claims audit was conducted a year ago with a very positive result on reserve accuracy. Another audit, this time from the Division of Industrial Relations was to be scheduled sometime in the next fiscal year.

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

7. For Possible Action: Acceptance of Renewal Reinsurance Proposals and Options

Bob Lombard presented background on the renewal process, noting that the reinsurance premiums have come down slightly. He noted that County Reinsurance, Ltd. (CRL) had reduced its premium largely as a result of lower payrolls and some rate reduction. Safety National Casualty Company (SNCC) offered a flat renewal premium; however, the increased the aggregate retention from \$8,243,866 (on a comparable payroll basis) to \$9,564,134. Since the aggregate retention had normally been significantly higher than the average annual losses, the Executive Committee discussed the impact and concluded that it would be minimal. Doug Smith noted that the PACT actuary indicated very little charge for the aggregate limits due to the high retention. Doug indicated that since PACT's captive, Public Compensation Mutual, had the ability to replace the aggregate excess limits at about the same loading as SNCC, it was not of concern. Bob Lombard commented that it may be better

to continue with SNCC on the aggregate excess since most carriers do not like this coverage and that once it is gone, it may be difficult to get back. Doug agreed and suggested continuing with SNCC, but watching this further for the future.

On motion and second to accept the renewal proposal from the incumbent reinsurers, the motion carried.

8. For Possible Action: Approval of Renewal Risk Retention Options

On motion and second to accept the renewal at current retentions with the higher SNCC aggregate retention, the motion carried.

9. For Possible Action: Acceptance of Budget for 2013-2014

On motion and second to accept the budget as proposed, the motion carried.

10. For Possible Action: Approval of Amendments to Interlocal Cooperation Agreement

- a. Changing Member voting status upon change of form of government from independent to advisory board status**
- b. Changing method for approving towns and special districts for voting status**
- c. Changing composition of Executive Committee membership**
- d. Changing notice of withdrawal from 120 days advance notice to 120 days notice in advance of program renewal date**
- e. Changing method for approval of interlocal cooperation agreement changes**
- f. Correcting typographical errors**

Wayne Carlson walked the board through the various changes, explaining the purpose for each one. Regarding item 10.a., he explained that the Town of Pahrump was subject to a vote about dissolving the town board form of government into an advisory board which would eliminate their voting status on the PACT board. However, the ballot measure was appealed by the town, lost at district court and was pending Nevada Supreme Court review and decision, thus no action was necessary until 2015 when the vote takes effect or when the court makes its ruling. He suggested no change be made at this time.

Regarding 10.b., this change was to clarify the current language, but not the intent.

Regarding 10.c., he noted that this was a policy decision for the board since when hospitals first joined there were ten members so an automatic position on the Executive Committee was created, but that is down to five members so the board should determine whether or not to continue the position or to merge it into all other towns and special districts.

Item 10.e. changes a provision that was unworkable since the whenever there was a change in voting member representation, the PACT board was not the proper board to replace the representative, but the Member organization's board. In addition, changes to the Interlocal Cooperation Agreement should be made by the PACT board and not be subject to additional action by the individual member board.

Item 10.f. removed typographical errors.

Chair Kalt called for discussion of the various changes. Paul Johnson proposed a motion, which was seconded, to accept the changes excluding any changes to the town provisions or the Executive Committee composition. Under discussion, Gerry Eick suggested a possible amendment to the motion regarding the hospital position, but neither the motion maker nor the second accepted the changes. Paul Johnson called the question. Alan Kalt suggested this be studied in the future perhaps as part of a retreat. The motion carried.

11. For Possible Action: Approval of Amendments to Bylaws

- a. Changing method for filling vacancies of Member board positions**
- b. Changing provision as to when a vacancy is deemed to have occurred**

Chair Kalt introduced the item. Wayne Carlson reviewed the proposed changes as clarifications for handling vacancies. Josh Foli suggested that an additional item be added under 4.04 as (f) to eliminate the board position entirely if the Member withdraws. On motion and second to approve the changes and to direct staff to work with legal counsel for final language to add (f) as proposed, the motion carried.

12. For Possible Action: 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**

Chair Kalt opened this discussion noting that item b. had been reviewed earlier in this meeting. He also commented about the financial progress of Pershing General Hospital since being under review by the Department of Taxation and indicated he did not believe they should be removed from membership. Pat Irwin thanked the board for its support of the hospital during the recovery.

On motion and second to take no adverse action against any member, the motion carried.

13. For Possible Action: Election of Executive Committee for Two Year Terms from 2013-2015

- a. One Representative from Counties and/or Cities with less than 35,000 Population**
- b. One Representative from Hospitals**
- c. One Representative of School Districts**

Chair Kalt reviewed the list of incumbents up for reelection noting they were willing to continue to serve. He noted the vacancy of the hospital position.

On motion and second to retain the incumbents, the motion carried.

Pat Irwin from Pershing General Hospital was nominated to fill the hospital vacancy. On motion and second to elect Pat Irwin, the motion carried.

14. For Possible Action: Election of Chair and Vice Chair

Chair Kalt indicated that both he and Vice Chair Minor were willing to continue to serve. On motion and second to elect both incumbents, the motion carried.

15. Public Comment

None was received.

16. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 12:24 p.m.

The Agenda was posted at the following locations:

**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**