



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

Date: April 21, 2022

Time: upon adjournment of Joint Board and Executive Committee Meeting which starts at 8:00am

Join Zoom Meeting

<https://us02web.zoom.us/j/85892154845?pwd=MXgyNOJwMC93eVlxTEV1c3pBd29EUT09>

Meeting ID: 858 9215 4845

Passcode: 554718

One tap mobile

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Minutes

1. Introductions and Roll

Chair Paul Johnson called the meeting to order at 10:55 AM

2. Public Comment

The Chair asked if there were any Public Comments. There were no comments.

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

a. Approval of Minutes of Board Meetings of April 22, 2021

b. Acceptance of Interim Financial Statements

On motion to approve the consent agenda by Josh Foli, second by Cindy Hixenbaugh, the motion carried.

4. For Possible Action: Acceptance of Audit for June 30, 2021

Alan Kalt, CFO, reviewed the PACT Audit slide deck. Noting that the Net Position decreased from \$10,692,182 in Fiscal Year Ending 6-30-2022 to \$7,455,083 at 6-30-2021. This reduction is due primarily to increases in loss and loss reserves due to adverse claim development during the year. The claims and adjustment expenses increased \$1.8M during the year from \$9.1M to 10.9M in FYE 6-30-21. He reviewed 5 years of Statement of Net Position and Statement of Revenues, Expenses and Change in Net Position to make the point. He reminded the Board that PACT has contributed \$53,700,939 of Net Position to the Captive (Public Compensation Mutual) since establishing PCM. PCM's Total Surplus has grown to \$85,066,480 as of December 31, 2021. Hence, management has recommended and built into the various budgets the transfer of Surplus from PCM to PACT in the amount of \$2.5M over the next 9 months to strengthen the Net Position of PACT and allow funds for the payment of claims. PACT experienced adverse claim development related to Nye County over the past several years which impacted the financial strength of the program. Nye County left the program

effective July 1, 2021, and it is anticipated this will benefit PACT over the long-term given their claims history. Kalt reviewed various key financial benchmark figures over the past ten years.

On motion to accept the audit report by Josh Foli, second by Elizabeth Frances, the motion carried.

5. For Possible Action: Approval of PACT Retention and Renewal Reinsurance Proposals

Stephen Romero presented the PACT renewal presentation. He reviewed the structure graph noting PACT's \$300,000 SIR, PCM taking \$700,000 excess the \$300,000 and CRL taking 75% of the \$2M Specific Excess and PCM taking the remaining 25% from \$1M to \$3M in individual claim costs. He explained the Aggregate Retention where Safety National takes 50% and PCM the other 50% of the \$3M Aggregate excess up to statutory limits. The renewal presentation is to keep the same structure in place. He reviewed the Year of Year reinsurance comparison noting the pricing changes of the various layers of coverage.

After a brief discussion, on motion to approve the reinsurance renewal made by Josh Foli, second by Cindy Hixenbaugh, the motion carried.

6. For Possible Action: Approval of Budget for 2022-2023 including Actuarial Overview

Alan Kalt reviewed the PACT budget as provided for in the board packet. Management staff is recommending that the PACT class code rates increase by a Flat Rate of 8% across all class codes rather than the projected increase of 13.22%. He noted that the individual entity rate increases will be affected by payroll levels and changes in the x-mods as calculated by the independent actuary. He spoke to the need to monitor PACT's Financial Stability and evaluate members with excess claims costs, as that can have a significant impact on the financial condition as noted with the recent large member who left. The proposed budget reflects the transfer of surplus from PCM to PACT in the amount of \$4.5M over the next 9 months. The allocation of the PACT budget has 65.5% for Loss Fund and Insurance expense, 15.9% for Program Expenses, 13.4% in Administration Expenses and 5.2% in Net Operating Income/Contingency.

After a brief discussion, on motion to approve the budget by Josh Foli, second by Elizabeth Frances, the motion carried.

7. For Possible Action: Approval of Renewal Contract with Davies Claims Solutions

Wayne Carlson reviewed the Davies Claims Solution contract included in the board packet.

On motion to approve the renewal contract with Davies Claims Solutions by Josh Foli, second by Cindy Hixenbaugh, the motion carried.

8. 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**

Wayne Carlson noted that this review is required by the Nevada Administrative Code. He stressed the importance of reviewing the financial conditions of the members as well as the claims experience of PACT and its individual members. He reviewed the overall claims experience over the past five years. Alan Kalt noted that he is not aware of any member operating in hazardous financial condition. A couple of the members are under watch by the Committee on Local Government Finance, but it does not appear to have any significant financial issues to be a hazardous condition. Margret Malzahn, Davies WC Claims Adjuster reviewed the Summary of Losses by Location for the period of 7-1-2016 to 2-28-2022 noting that Nye County had total incurred claims of \$10,307,379 which is significantly higher than the next highest at \$4,418,076 by East Fork Fire & Paramedic District. She noted that Nye is no longer a

member but has 41 open claims that will be paid by PACT. She noted that the Fire Districts had significant total incurred cost during this period of review. This is due to the significant cost of heart, lung, and cancer claims that are occurring within the group. She encouraged those members to actively participate in the Fit for Retirement program to mitigate against these claims by promoting a healthy workforce in these physically demanding jobs.

After a brief discussion, the Chairman noted that we reviewed the items required by NAC.–

9. For Possible Action: Election of Executive Committee for Two Year Terms 2022-2024
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

Wayne Carlson reviewed the open positions on the Executive Committee. Noting that unexpired term of Cash Minor needs to be filled as well as the three positions noted on the agenda. Cindy Hixenbaugh and Elizabeth Frances will be leaving their respective organizations, so they are not seeking re-election. Amanda Osborne of Elko County is recommended to fill Cash Minor's term. Robin Dunckhorst from Humboldt General Hospital was willing to serve as the Hospital representative, and Paul Johnson is willing to continue to serve as the School District's representative. There were no other nominations from the floor.

On motion to appoint Amanda Osborne to fill the County/City with population over 35,000 term ending June 30, 2023 and to appoint Robin Dunckhorst for the two-year term 2022-2024 as Hospital representative and Paul Johnson for the School representative for the two-year term 2022-2024 by Josh Foli, second by Cindy Hixenbaugh, the motion carried. Wayne Carlson and Paul Johnson thanked Cindy Hixenbaugh and Elizabeth Frances for their dedicated service to the PACT board.

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

Chair Paul Johnson indicated that he was willing to continue to serve as Chair if elected to serve. He asked if there was any other Executive Committee member willing to serve as Chair.

On motion by Josh Foli to appoint Paul Johnson as Chair, seconded by Elizabeth Frances, the motion carried.

As for the election of the Vice Chair position, it was noted that two candidates were willing to serve as Vice Chair: Mike Giles from the City of Lovelock and Josh Foli from Lyon County.

On motion by Josh Foli to appoint Mike Giles as Vice Chair, second by Elizabeth Frances, the motion carried.

11. Public Comment

The Chair called for any Public Comments. There were no public comments.

12. For Possible Action: Adjournment

Chair Johnson adjourned the meeting at 11:45 AM