Nevada Public Agency Insurance Pool
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DRAFT Minutes of Meeting of
the Board of Trustees and Executive Committee of
Public Agency Compensation Trust
Date: April 18, 2025
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 8:30am

1. **Introductions and Roll**
   A quorum being present, Chair Johnson called the meeting to order at 12:51 pm,

2. **Public Comment**
   Chair Johnson opened the 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 19, 2024**
   b. **Approval of Minutes of PACT Executive Committee Meeting of December 4, 2024**
   c. **Acceptance of Interim Financial Statements**

On motion by Josh Foli second by Gina Rackley, to approve the consent agenda, the motion carried.

4. **Information Only: Overview of PACT Risk Management Programs with SpecialtyHealth**

Alan Kalt gave an overview of the SpecialtyHealth 4-Month Metabolic Reset Program as part of their Fit for Retirement Program for PACT. Detailed information was included in the packet. The program includes a health questionnaire, teaching packet, initial consultation and lab review, program agreement commitment, e-learning and training, follow-up communications and 4-month lab re-test. The program outlines nutritional interventions, metabolic enhancing tools, exercise and physical activity, sleep optimization, stress management and training resource library. This valued added program for PACT members was designed for First Responders but has value and relevance to all member employees for greater health and wellness.

5. **For Possible Action: Acceptance of Audit for June 30, 2024**

Alan Kalt reviewed key results of the PACT audit noting that the auditor gave an unqualified opinion. He highlighted the net position growth from $11.6 Million to $17.6 Million. He reviewed the income statement and the cash flow statement, showing the reversal from several years of net loss to back to back years with a net gain because of stable claims and improved investment income. Administrative expenses showed a slight reduction. PACT's financial position improved greatly. 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 and importance to collect adequate funding to pay for future losses. PACT needs to be financial strong and fund its long-term claims liabilities to ensure we are not underfunded to protect the injured worker. The 75% confidence interval as calculated by the independent actuary provides that the funding will be adequate 75% of the time and underfunded only 25% of the time. He commented about the structure graph which shows PACT self-insured retentions that must be funded. He noted it was a positive fiscal year for PACT with improvements in the various benchmarks. PACT is undergoing regulatory audits for administrative compliance and payroll audit compliance A motion to accept the Audit for Fiscal Year Ending June 30, 2024, was made by Josh Foli, second by Camron Kinney. Motion carried.

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

Alan Kalt noted that the FY 25-26 rates were approved by the Executive Committee in December 2024 for implementation for calendar year 2025 payroll. The rates remained the same except for the hospital rates being reduced by –9% as recommended by the independent actuary. The actuary also updated the experience modification factors for each member. The actuary performed his annual rate relativity study on the current rates noted recommended increases in various classifications. However, given the PERS rate increases on the members and PACT recent improvement in financial stability, the Executive Committee was comfortable freezing the rates for one year to assist members with their local financial budget challenges. Kalt noted this is one of the benefits of PACT membership. A motion to approve the dates of rates, experience factor and payroll methodology was made by Camron Kinney and seconded by Dan Murphy. Motion carried.

7. For Possible Action: 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 $66.1 Million in losses. Regarding the reinsurance placement, he noted how the markets responded versus the projections for rate changes. The PCM rate increase is 24.17% due to claims activity in that layer. CRL estimated rate decreased -2.89% due to favorable reduction in prior year claim amounts and Safety National has not finalized but gave a not to exceed amount of $147,000 which reflects a 9.3% increase. He showed a spreadsheet comparing the changes in exposures (15.85% payroll decrease) and the renewal reinsurance rates increased by 17.39% overall. However, the PACT classification rates will remain the same except for the reduction of 9% for the hospital worker classification.

On motion by Tyler Viani, second by Joe Westerlund, to approve the PACT renewal program, the motion carried.

8. For Possible Action: Approval of Budget for 2025-2026 including Actuarial Overview

Alan Kalt reviewed the values of Accountability, Stability, Strength, and Service as it relates to the PACT budget. He noted that just like PERS needed to adjust their funding contributions to address their long-term liabilities, PACT must do the same. As a pooling entity, PACT can provide rate stability in the upcoming year with no increases to address the financial reality of members struggling to fund the significant increase in PERS rate contributions. Kalt reviewed key elements in the budget. The budget allocation shows 71.92% of the budget is for Loss Fund & Insurance cost noting that PACT and PCM retain the first $1.0M in claims cost, with Program expenses of 17.5% and Administration Expenses which include the payment to the Division of Insurance at 10.58%. He noted the change in the cost allocation of NRP to reflect the service effort more appropriately by staff to the various pools. The shift to a 60/40 split with POOL/PRM paying 60% (POOL 50.2% PRM 9.8%) and PACT/PCM at 40% (PACT 30.2%, PCM 9.8%). It was noted that the interest earnings on the fixed income portfolio cover the administrative expenses of PACT. The PACT

Funding projections were based on the 75% confidence interval as calculated by the actuary. including the updated reinsurance costs based upon the renewal quotations. He detailed certain of the expense omponents. He reviewed a comparison of performance results over time.

On motion by Josh Foli, second by Scott Lindgren, to approve the budget for 2025-2026, 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**

Alan Kalt noted the claims comparisons by counties, cities, school districts, hospitals, and towns and special districts in the packet. He noted that Paul Johnson, Josh Foli, and Gina Rackley serve on the Committee on Local Government Finance and asked if they were aware of any member entity operating in hazardous financial conditions. Paul, Josh, and Gina noted that there were no members operating in hazardous financial conditions as discussed by the CLGF and Department of Taxation. Gina Rackley made a motion to take no action. Second by Camron Kinney. Motion carried.

10. <u>For Possible Action:</u> Election of Executive Committee for Two Year Terms 2025-2027

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

Alan Kalt noted the three incumbents were interested in continuing to serve: Josh Foli, Lyon County, Amanada Osborne, Elko County, and Joe Westerlund, Town of Tonopah. Alan indicated that Alicia Heiser, Winnemucca City Manager, was interested in running for the vacant seat and Superintendent Russ Klein from Lander County School District was willing to run for the School District seat being vacated with Chair Paul Johnson's retirement on June 30th, 2025. Hearing no further nominations, on a motion to approve the candidates as noted by Johnny Gorum and a second by Dan Murphy. Motion carried.

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

With the retirement of Chair Paul Johnson, a new Chair would need to be nominated. Paul Sikora, Boulder City indicated a willingness to serve as Chair and Russ Klein expressed a willingness to serve as Vice Chair. There were no other nominations. Gina Rackley made a motion to elect Paul Sikora as Chair and Russ Klien as Vice Chair. The motion was seconded by Josh Foli and carried.

12. Public Comment

Alan Kalt addressed the Board and recognized Chair Paul Johnson for his 28 years of service in Local Government and his significant contributions to POOL/PACT. He presented Paul with a polo golf shirt from the Masters golf tournament on behalf of POOL/PACT noting Paul was a Master as Chair and well respected by his follow executive committee members, board, and peers across the State of Nevada. Paul thanked everyone for their commitment to POOL/PACT and the difference the organization has made to his organization and all our members. He encouraged people to get involved, use the services and develop professional and personal relationships with fellow board members. Paul received a heartfelt standing ovation from everyone in the room.

13. <u>For Possible Action</u>: Adjournment
The meeting adjourned at 1:47 pm.