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Minutes of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: March 12, 2024
1:30 PM vía ZOOM

https://us02web.zoom.us/j/82703855301?pwd=S05nb2JyeXQxU3NYb3pJTWVMbkZsZz09
Meeting ID: 827 0385 5301 Passcode: 770080

1. **Roll**

POOL Chair Josh Foli called the meeting to order at 1:38 pm for POOL. PACT achieved a quorum a 1:45 pm.

POOL Members present: Josh Foli, Geof Stark, Dan Murphy, Ann Cyr, Gina Rackley and Amanda Osborne.
POOL Members absent: Scott Lindgren
PACT Members present: Paul Johnson, Josh Foli, Joe Westerlund, Robyn Dunckhorst, Craig Roissum.
PACT Members absent: Joe Westerlund, Robyn Dunckhorst and Mike Giles.
Staff members present: Wayne Carlson, Alan Kalt, Stephen Romero, Marshall Smith, Jarrod Hickman, and Stacy Norbeck.

2. **Public Comment**
Chair Foli opened public comment. There was no public comment, so he closed the comment period.

3. **<u>For Possible Action:</u> Approval of Consent Agenda**

   a. **Approval of minutes of Joint Executive Committees Meeting of October 13, 2023**
   b. **Interim Financial Reports**
      1). **PACT Interim Financial Reports**
      2). **POOL Interim Financial Reports**
   c. **NEAM and SAA Investment Reports**
   d. **Report on PRM and PCM 2023 Annual Audits**

Ann Cyr made a motion to approve the consent agenda for all the POOL related items. Dan Murphy second the motion which carried. Upon achieving a PACT quorum, Josh Foli made a motion to approve the consent agenda for all PACT related items. Second by Craig Roissum. Motion carried.

4. **<u>For Possible Action:</u> Approval of Grants and Agreements**

a. **Nevada Risk Pooling, Inc Grant Renewal; Lease expires 7/1/2024 - Included as Expense in Grant Budget**

Alan Kalt indicated that the NRP Board met on March 11th to approve the budget and grant provisions. After the budget presentation and financial update, the NRP board approved to reduce the upcoming grant base amount by $500,000. This would still provide for a balanced budget and a growth in ending net assets. NRP has not hired the same level of staffing that Willis Pooling had in their operations and does not currently have plans to expand the risk management staff. Based on the current allocation, this reduction in the contract amount would bring in savings of $201,236 for POOL, $49,230 for PRM, $200,770 in PACT, and $49,230 for PCM. It also approves the payment of the rental lease costs directly within the NRP grant and budget at the current rate plus an annual increase of 3% which reflects current fair market rental rates. After a brief discussion, Paul Johnson made a motion to approve and recommend approval to the full board the Nevada Risk Pooling, Inc grant renewal and lease provision payment. Gina Rackley seconded the motion which passed unanimously.

b. **Public Agency Risk Management Services, Inc. Lease – One Year Term**

Alan Kalt indicated that the proposed lease agreement with Public Agency Risk Management Services, Inc be for a one-year period using the current rate +3% each year to keep within fair market rental rates. This lease is for Wayne's office and is based on square footage consistent with prior lease agreements. Paul Johnson made a motion to approve the PARMS lease for a one-year term as noted in the agreement. Gina Rackley seconded the motion which passed unanimously.

5. **<u>For Possible Action:</u> Recommendation to the PACT Board re: SpecialtyHealth Wellness Agreement Effective 7-1-2024**

Marshall Smith provided an update on the status of the contract discussions with SpecialtyHealth for our Wellness Program. SpecialtyHealth has provided various utilization reports as required by the contract. Marshall and Jarrod are reviewing the reports and have had a couple of meetings with SpecialtyHealth. It is anticipated that a new proposed contract will be available for the Committee's consideration in early April with the final version being presented at the Annual Meeting on April 19. No action was taken on this item.

6. **<u>For Possible Action:</u> Approval of Proposed Reinsurance/Insurance Coverage and Risk Management Programs for Fiscal Year 2024-2025 for Recommendations to the Boards:**
   a. **POOL**
      i. **Rate Indications**
      ii. **Loss Fund Contribution Indications**
      iii. **Retention Options and Reinsurance Strategies**
      iv. **Ancillary Programs (Student Accident, Pollution Legal Liability, EAP, and Airports)**

Stephen Romero reviewed a PowerPoint presentation on the meetings held during the London market property renewal. It was noted there were 3 days of meeting with 14 different markets. This is POOL's 20th year placing property coverage in the London Market. It has been a very beneficial long-term relationship for the POOL and the Market. Given our longevity, claims history, and stability, our rate of increases has been less than the amount provided to other pools and businesses. Stephen noted that we discussed our POOL Board, Executive Committee and Administration staff. The presentation included our risk management program, member's mitigation measures as well as our appraisal program with Centurisk. A detailed overview of our property exposures and the premium fatigue by our membership. It was noted there was more supply in the market with less restrictions and the heat is coming off having double digit increases. The market has seen a reduction in CAT losses but has been hit hard by secondary perils such as wind, hail, and convective storms. The market emphasized the value of the Nevada POOL, its' risk management services and the long-term relationship. We should see rate stability and be able to keep our capacity and limits. Several markets indicated that if we had a significant loss ($20M-$50M) we would continue to be renewed with stable pricing due to our long-term relationship. Steve Firman should have rates from the syndicates in the first week of April.

Stephen and Alan returned from the AGRIP Conference where they met with several of the liability markets in addition to attending the educational sessions. The school liability carrier, Old Republic indicated a low single digit increase plus exposure changes. GEM and CRL are finalizing their pricing by the end of March. Our independent actuary, Derek Burkhalter, from Bickmore Actuarial is working on the PRM Captive pricing for their layer.

Stephen showed the year over year comparison spreadsheet focusing on the exposure data. He noted that Property TIV was up 7.79%, member payroll +5.31%, school employees up 4.22%, autos for all members up 8.67% and school's ADA down 1.07%. As a result of these exposure increases, even if we had a flat renewal on the rates, the overall premiums would increase with these exposure increases. He reminded the Committee just like if you purchase a new vehicle at home, you must pay additional insurance for the vehicle. The same thing occurs with the POOL. Stephen walked through the renewal quotes received and projected pricing noting that the red numbers were still pending. We continue to work with the markets to obtain favorable pricing and answer their underwriting questions. It is anticipated that the final numbers will be received by the first week of April. He does not expect any numbers to be materially different from the estimated projected pricing.

After discussing the exposures and tentative pricing, Geof Stark made a motion to approve the 2024-2025 NPAIP Renewal Quotes noting that the numbers will be adjusted to reflect final pricing by the markets and recommend approval to the full Board at the Annual Meeting. Paul Johnson seconded the motion which carried.

b. PACT

i. Rate Indications from Reinsurers Effective 7/1/2024.
ii. Loss Fund Contribution Rate Indications Effective 1/2025
iii. Retention Options and Reinsurance Strategies

Alan Kalt reminded the Executive Committee of their action taken on December 19, 2023 to set the classification rates and accept the actuarially determined x-mods effective January 1, 2024 to December 31, 2024 for the Fiscal Year 2024-2025. We are still working with CRL and the actuary for PCM pricing on the reinsurance layers. The CRL rate is expected to be double digit due to a year with zero claims rolling off and the new year has $2.0M in claims. This was projected into the budget for the 2024 rate setting. Alan noted that once we get the final reinsurance pricing, those figures will be included in the final budget which will be presented at the Annual Board meeting on April 19th. The board took no action at this time at this meeting.

7. <u>For Possible Action:</u> Approval of Proposed Budgets for Fiscal Year 2024-2025 For Recommendations to the Boards:

a. POOL

Alan Kalt reviewed the POOL Budget provided in the meeting materials. He noted that the numbers in red were numbers that needed to be updated once final quotes were received from the markets. The open items are primarily in the Loss Fund and Insurance expense items within the budget. Stephen has been working hard with the markets to get the most favorable renewal terms for the program. Alan noted that our independent actuary has provided the funding level for POOL's property and liability coverage. He is still working on the PRM layers for the program. Alan noted that the Administrative Expenses are showing a budget increase less than one half of one percent over the current year budget. Management remains very committed to cost cutting measures for the program. Non-operating investment income is anticipated to increase as the book yields on the investments. Kalt noted that the estimated increase in premiums on this draft budget is 8% which reflects the exposure changes and inflationary costs.

After a detailed discussion, Paul Johnson made a motion to approve the proposed budget for Fiscal Year 2024-25 and recommend approval to the full board at the Annual Meeting. He noted that the draft budget would change as the final market quotes are received. Dan Murphy seconded the motion. The motion carried.

b. PACT

Alan Kalt reviewed the PACT Budget provided in the meeting materials. He noted that the Executive Committee approved the tentative budget, and the classification rate increases at their December 19, 2023 meeting. The classification rate increases were as follows: 1% for school and hospital classifications, 3% for governmental classifications and 5% for police/fire classification codes. Alan noted that the actuary is still working on the funding levels for PACT and PCM. We are pending the renewal quotes from CRL and Safety National for their layers. The final budget with these updated numbers will be presented at the Annual Meeting. The classification rates and experience modification rates as calculated by the actuary have already been adopted and sent to the membership for their January 1st payroll system implementation.

After a brief discussion, Josh Foli made a motion to approve the proposed budget subject to final revisions and make a recommendation to the full board for approval at the Annual Meeting. Dan Murphy seconded the motion which was carried unanimously.

c. Notices of Potential Withdrawal from POOL or PACT

- **i. City of Elko for POOL and PACT**
- **ii. Southern Nevada Health District for POOL and PACT**
- **iii. Central Lyon Fire Protection District for PACT**
- **iv. Mt. Grant General Hospital for PACT**
- **v. Pershing General Hospital for PACT**
- **vi. Grover C. Dills Hospital for PACT**
- **vii. Battle Mountain General Hospital for PACT**

Wayne Carlson gave an overview of potential withdrawal of members from POOL and PACT as listed on the agenda. It was noted that some of these notices are for due diligence purposes by the members at the request of their governing boards. The rural hospitals are struggling financially, and a separate broker from Nevada Rural Hospital Partners (NRHP) is pitching a different program which appears to cost less and does not have services. Wayne and Stephen have met with NRHP and are collaborating with them to explain the total value of the program and services to their hospital entities beyond the insurance coverage. Paul Johnson asked if there would be value in members reaching out to these entities to assist them in better understanding POOL/PACT and the programs and services provided if that would be beneficial. He offered to contact some of them if requested. It is unknown which entities, if any, will leave the program effective July 1st.

8. <u>For Possible Action:</u> Review of Candidates for POOL and PACT Executive Committees for Election at Annual Meeting

Staff reviewed the positions up for election at the Annual Meeting. The POOL Committee members up for election include Gina Rackley, Counties/Cities with less than 35,000 population, Ann Cyr, School District Representative and Scott Lindgren Special Districts representative. It was also noted that Geof Stark from Churchill County will be retiring so his unexpired term through July 1, 2025 and Vice Chair will be open as well.

The PACT Committee Members up for election are Robyn Dunckhorst, Hospital Representative, Craig Roissum, Counties/Cities with population less than 35,00 and Paul Johnson, School District representative. The existing members were willing to continue to serve.

It was noted that Jan Baum, Elko City Manager, has expressed an interest in serving on the POOL Board. Wayne Carlson encourages the committee to reach out to members they feel would be great board members to consider running for Executive Committee at the Annual Board meeting.

9. <u>Information Only:</u> Staff Updates

Staff gave a brief update on activities noting that the Enterprise Risk Management Excellence Program is highly active and e-learning continues to reach more and more members and their employees. Stephen Romero noted that Nye County has contacted him to consider quoting for POOL and PACT coverages in the upcoming year. Various committee members indicated that due to past claims experience they would not welcome a submission. Stephen will advise the agent accordingly.

10. Public Comment

The Chair opened the public comment period and hearing no public comments closed the period.

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

The meeting adjourned at 2:55 pm.