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

Date: April 18, 2025
Location: Grand Sierra Resort, Grand Sierra Resort
500 E 2nd St,
Reno, NV 89595

Time: upon adjournment of the Joint Board and Executive Committee Meeting, which starts at 8:30am, and the Public Agency Compensation Trust meeting.

1. **Introductions and Roll**

A quorum being present, Chair Foli called the meeting to order at 1:48 pm.

2. **Public Comment**

Chair Foli 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 19, 2024**
   b. **Acceptance of Minutes of POOL Executive Committee of October 18, 2024**
   c. **Acceptance of Interim Financial Statements**

On motion by Paul Johnson, second by Dan Murphy, to approve the consent agenda, the motion carried.

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

Alan Kalt reviewed the audit report included in the meeting packet. Noting an unqualified clean opinion from the independent auditors. There was an increase in Net Position from $23,037,738 to $26,412,613 during the year. Investments grew from $24,076,484 to $29,134,391. Total assets increased from $35,331,249 to $39,045,468 during the year. Total liabilities increased from $12,293,511 to $12,632,855 due to increases in the Reserve for claims and claims adjustment expenses as determined by the independent actuary. On the operation side of the financial statements, the loss and loss adjustment expense amount increased from $3,013,224 in FY 2023 to $5,731,541 in FY 24 due to an increase in claims activity and poor development in open claims. The administration expenses were lower in FY 24 compared to FY from $1,668,913 to $1,643,363 in FY 2024, Non-operating investment income was $1,389,273. Net position grew by $3,374,875 in the fiscal year compared to $2,787,670 in the prior year. Kalt noted that the benchmark ratios have improved during the year. After a brief discussion, Gina Rackley made a motion to accept the audit report. Paul Sikora second the motion which carried.

5. **For Possible Action: Approval of Renewal Reinsurance and Insurance Proposals and 668**

Stephen Romero commented that Dan Murphy, Alan Kalt, and himself traveled to London to meet with property markets. Dan Murphy gave a presentation on his experience. Noting the long-term relationships that NPAIP has with the London market. He was able to share his experience at Pershing County School District as well as his experience as a Sheriff Deputy and his role as a volunteer firefighter. Dan talked about school safety enhancements with the use of a grant from POOL/PACT and how it helped during a school lockdown situation. He appreciated the opportunity to go represent POOL/PACT and encourage any Executive Committee member to attend if the opportunity is given. He introduced Steve Firman, POOL's WTW London Broker, to introduce himself and his relationship with the POOL over 19 years. He discussed Lloyd's Syndicates, which are like insurance companies, and how they write business. He explained the importance of in-person meetings with the markets. He discussed the capacity of the individual syndicates at various layers to get to the $300 Million limit. Because the POOL has been in the market for 21 years and profitable for the markets the limit was maintained. There were 18 separate meetings with the various syndicates who are competitors seeking to obtain the POOL's coverage. POOL staff explain the POOL and how it operates and how it is a good match with the syndicates' interests. He talked about the distribution of types of buildings and values at risk the POOL retains as well as the largest valued locations. Steve Firman explained the importance of accurate property values. He noted that the POOL's long-term loss ratio is 20% with the markets. Stephen Romero shared the theme of the Opportunity Coin that we presented to the markets during the renewal while Dan and Alan passed out the coins to those who were present. Accountability, Service, Stability and Strength are value words on the edge of the coin. The NPAIP Logo and American flag was on one side of the coin, with the Union Jack flag and Mind The Gap underground logo on the other side of the opportunity coin. These coins and the value message were very well received by the markets.

Stephen then reviewed the reinsurance renewal negotiations. He reviewed the exposure changes from the current year noting that property values were up 3.05%, building and contents were up 1.99%, payrolls for all members down 0.17% with employee count down 1.77% non-schools and down 0.89% for schools. He indicated that rate increases are mitigated this year compared to last year especially in the property market. The most difficult was increases in the liability rates due to law enforcement and SAM claims. Turning to the rate changes, he showed a comparison of last year's rate applied to this year's exposures to this year's rates and exposures. Overall, the final reinsurance rate changes were a reduction of 3.50%. CRL casualty rate without schools was up 24.24%, Old Republic casualty for schools was up the trend factor of 3.52%. GEM layer is up 5.73% and PRM property rate is up 3.76% compared to the current year. Lloyd's property rates were down 14.18% which will help mitigate the overall increases in the total cost. He reviewed the structure graph for property and liability limits and how he markets the total program. He described how the captive (PRM) takes a portion of the property, cyber and liability layers. He showed that over the last 10 years, over $28.4 Million of property claims and $27.9 Million of liability have been paid within the retentions of POOL and PRM. Stephen reviewed who pays what with our structure graph on large claims He further reviewed some large losses and the impact they are having on the CRL and PRM layers. Stephen noted the importance of due diligence and renewal strategies with the various markets to provide stability and financial stability and strength to the POOL program by going out to the various markets. By everyone being accountable and providing program services and risk management; a lower renewal rate is possible for the members of the POOL.

On motion by Paul Johnson, second by Lisa Schuette, to approve the renewal program, the motion carried.

6. **<u>For Possible Action</u>: Approval of Budget for 2025-2026 including Actuarial Funding Update**

Alan Kalt reviewed the budget highlighting the key elements of net position, income statement and statement of cash flows. He emphasized the nonprofit status of the POOL and its rate stability goals. The budget increase overall shows a 2.4% increase in revenue for all programs including the reinsurance costs. This reflects exposure changes and rate increases and decreases for the various lines of reinsurance. Individual members' proposals will reflect their specific exposures and deductibles. He reviewed the reinsurance costs for property and liability at the various layers and reinsurers. The budget reflected a total Loss Fund and Insurance expense of $24,354,623, Program expenses of $3,442,579. Administrative expenses of $1,487,327. Projected net income of $326,799 and non-operating investment income of $1,487,327 on investments managed by NEAM. The loss fund and insurance make up 82.2% of the total budget compared to a benchmark average of 65%. Member services of 7.4%, agent commissions at 6.8%, Davies TPA at 3.0% and Admin cost of 5.1%. The loss and loss fund contributions are based on the 75% confidence level as calculated by Derek Burkhalter, the independent actuary with Bickmore Actuarial Services. Kalt noted the change in the NRP expense allocation as discussed in detail at the PACT meeting. He noted that the budget reflects transparency, accountability, service to the members, stability, and strength to pay for the complete program services and claims that may occur. Alan Kalt reviewed the Public Risk Mutual Budget that supports the layer provided to the POOL. On motion by Paul Sikora, second by Joe Crimm, to approve the budget, the motion carried.

7. **<u>For Possible Action:</u> Approval of POOL Coverage Form Changes for 2025-2026**

    a. **POOL Cyber Risk Coverage Form**

Stephen Romero reviewed the changes included in the POOL Coverage form for Cyber Risk Coverage. The changes were reviewed and approved by outside legal counsel. The changes were in red-lined format in the meeting materials. There was discussion on the importance of making good faith progress on the PNA recommendations made by Tony Rucci to not have an increased deductible assessment on any cyber claim. Paul Johnson made a motion to approve the changes in the POOL Cyber Risk Coverage Form as presented. Second by Lisa Schuette. Motion carried.

8. **<u>For Possible Action:</u> Action regarding these topics:**
    a. **Review of the 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 history comparison for counties, cities, school districts, and special districts and towns included in the packet. He also noted that Josh Foli, Gina Rackley and Paul Johnson serve on the Committee on Local Government Finance (CLGF). The CLFG works with the Department of Taxation to monitor local governments that may be operating in hazardous financial condition. Members of the committee noted none. On motion by Johnny Gorum, second by Dan Murphy, to accept the reviews, the motion carried.

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

   a. One Representative from Counties and/or Cities with Less Than 35,000 Population
   b. Two Representatives from Counties and/or Cities with 35.000 or More Population
   c. One Representative of School Districts

Alan Kalt reviewed the Election schedule in the packet. All the incumbents were willing to continue to serve on the Executive Committee. Kim Todd from Eureka County was willing to serve in the VACANT position. A motion by Paul Johnson and a second by Camron Kinney was made to approve the following representatives to the board: Amanda Osborne, Josh Foli, Dan Murphy, and Kim Todd. Motion carried.

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

Alan Kalt noted that Chair Josh Foli and Vice-Chair Dan Murphy were willing to continue to serve in their current capacity if approved by the Board. Paul Johnson made a motion to elect Josh Foli as Chair and Dan Murphy as Vice Chair. Second by Gina Rackley. Motion carried**.**

11. Public Comment

Alan Kalt recognized Gina Rackley for her dedication and service to POOL/PACT over the years. She has been very dedicated to Humboldt County, CFOA, CLGF and mentoring other POOL/PACT members. She will be retiring before the next Annual Meeting. On behalf of the entire POOL/PACT Board, we wanted to thank her for her service, accountability and stability to our organization resulting in financial strength. During her standing ovation, she was presented with gift cards to recognize her long-term contributions.

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

No other business to conduct Chair Foli adjourned the meeting at 2:48 pm.