



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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**Minutes of the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: Whitney Peak Hotel, 255 N. Virginia Street, Reno, Nevada
Time: 10:30 a.m. or
Upon adjournment of PACT Board Meeting
Date: April 17, 2019**

1. Introductions and Roll

On confirmation of a quorum being present, Josh Foli, meeting chair, called the meeting to order.

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 and Committee Meetings:
 - i. Board Meeting April 20, 2018**
 - ii. Acceptance of Interim Financial Statements****

Chair Foli asked whether any item should be removed from the consent agenda and hearing none called for a motion to approve as a whole.

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

4. For Possible Action: Acceptance of Audit for June 30, 2018

Alan Kalt reviewed highlights of the audit results. He provided key performance ratios and commented on how these were important to POOL's long-term success. He explained that the audit reflects transfers of capital to PRM, POOL's captive, resulted in a decrease of surplus in order to enhance PRM's risk bearing capacity. It was noted that there was an operating loss during the fiscal year.

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

5. For Possible Action: Acceptance of Reports

- a. Large Loss Report**
- b. Legislative Report**

Donna Squires reviewed large losses over \$300,000 noting that in December 2018 several large settlements occurred some from old claims and others from recent claims. These settlements

resulted in payouts over \$8 million dollars. The claims included a special education claim, jail custody death claim and public administrator claim. She provided summary information about other claims as well.

Wayne Carlson provided a legislation update noting bills that did not pass the first house committee and others that were voted out of the committees. He noted some bills had a significant fiscal impact that was mitigated somewhat through amendments, but still were active in the process. He responded to questions.

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

Mary Wray presented an overview of the marketing efforts that led to this year's results. She noted specifically the difficulty in the property reinsurance market. For the POOL property program, the current lead underwriter demanded a 10% increase even for their best accounts of which the POOL is one. As a consequence, an alternative lead underwriter was sought from a current participant on the program. Thus, we switched leads to keep the pricing down to a 5% increase. However, this diminished available capacity that she believes will be filled, although it is possible that PRM may need to fill out some of the high limit layer – less than a \$3 million dollar share of the layer. She then reviewed the liability program rate changes noting that some went up a significant amount due to loss experience and others increased modestly. Staff had recommended to have PRM not take any of the school district layer above the SIR and to have United Educators take 100% in lieu of 75%. The overall reinsurance program cost rose by about 5% compared to the current year. The overall increase will be larger due in part to increases in the loss fund contribution as determined by the actuary and member services program cost during the year. Stephen Romero noted that the special programs pricing remained flat, although there may be some increase in the airports liability program since that is still being marketed after a three-year policy. She responded to questions.

On motion and second to accept the renewal based upon staff recommendations and to authorize staff to approve the sliver of property reinsurance if necessary, the motion carried.

7. For Possible Action: Acceptance of Budget for 2019-2020

Alan Kalt reviewed the proposed budget highlighting the key revenue and expense categories. He noted that the loss fund was based upon an actuarial 75% confidence level. He commented that an additional revenue item reflects a contribution from PRM to POOL to support the risk management program services. He noted that while an 11.3% increase was occurring, the budget net income was for no margin to mitigate needed increases due to losses and expense allocations. He noted a net operating loss will occur primarily due to the amortization of capital transferred to PRM; otherwise, neutral after investment income.

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

8. For Possible Action: Action regarding these topics:

- 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 commented that Alan Kalt had contacted the Department of Taxation regarding whether any members were on their fiscal watch list and learned that none were. Included in the board packet was the comparative five-year loss experience report by type of member and noted that no member's experience was excessive.

On motion and second to note for the record that this reviewed occurred, the motion carried.

9. For Possible Action: Approval of Changes to POOL Form

Wayne Carlson noted that the only substantive change proposed was to eliminate the \$500,000 sublimit under the Data Security Liability coverage for Privacy Response so that the full \$3 million limit is available for liability and privacy response events. He noted that CRL changed their reinsurance coverage as well. Other changes were to the POOL Form coverage period.

On motion and second to approve the POOL Form changes, the motion carried.

10. For Possible Action: Election of Executive Committee for Two Year Terms from 2019-2021

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

Chair Foli opened this item and Wayne Carlson commented that Dan Corona, who represented counties and cities with less than 35,000 population was not seeking reelection. He commented that Geof Stark from Churchill County was the only declared candidate for this position. He said that Dan Murphy had been appointed to fill a vacancy and was willing to serve for a full term representing school districts. Chair Foli asked whether there were any other candidates and hearing none, called for a motion.

On motion and second to elect the incumbents Dan Murphy, Cash Minor, Josh Foli and to elect Geof Stark for two-year terms from 2019 to 2021, the motion carried.

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

Chair Foli (Vice Chair) indicated that both he and Cash Minor (current Chair) were willing to continue to serve. He asked if there were any others interested and hearing none, called for a motion.

On motion and second to elect Cash Minor as Chair and Josh Foli as Vice Chair, the motion carried.

12. Public Comment

Chair Foli opened the public comment period. Gerry Eick thanked the attendees for their participation and staff's efforts in preparing for this meeting. He felt that the sessions on the previous day were very well received and helpful to the attendees. Mike Rebaleati announced that the Joint Executive Committee should save November 4, 2019 as the next meeting date. Carol Ingalls asked for recap/clarification of overall rate increases for both POOL and PACT. Chair Foli commented that POOL was an 11.6% increase and PACT was a 10% rate increase plus exposure changes and a \$1.00 increase in the public safety heart rate.

No other comments being heard, Chair Foli closed the comment period.

13. For Possible Action: Adjournment

On motion and second to adjourn, the meeting was adjourned at 11:45 a.m.

The Agenda was posted at the following locations and on the State's Website notice.nv.gov:

**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 Administration
155 North Taylor Street
Fallon, NV 89406**

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