



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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**Notice of Meetings and Agendas for the Joint Meeting of
the Board of Directors and of the Executive Committees of
Nevada Public Agency Insurance Pool and
the Board of Trustees of
Public Agency Compensation Trust
Place: Atlantis Hotel
3800 S Virginia St,
Reno, Nevada**

Date: April 26, 2017 Time: 12:00 Noon

Date: April 27, 2017 Time: 8:00 a.m.

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 26, 2017

Board Workshops

12:00 p.m. – 5:00 p.m. Working Lunch and Workshop:

Super forecasting: Answering the WHY Question for Pools

5:30 p.m. – 6:30 p.m. Board Attitude Assessment

6:30 p.m. – 9:00 p.m. Dinner and Keynote Speaker Rebecca Ryan, Futurist

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 27, 2017

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

1. Introductions and Roll

2. Public Comment

Recess for Meetings of the Captives:

ANNUAL MEETING OF PUBLIC COMPENSATION MUTUAL (PCM)

ANNUAL MEETING OF PUBLIC RISK MUTUAL (PRM)

- 3. For Possible Action: Report of Joint Executive Committee's Approval to Transfer Capital from POOL and PACT to PRM and PCM**
- 4. For Possible Action: Acceptance of Investment Reports and Action on Recommendations:**
 - a. Enterprise Risk Management, Investments and Retention Strategy Overview**
 - b. GR-NEAM Management Investment Manager Report**
 - c. Strategic Asset Alliance Investment Advisor Report**
- 5. For Possible Action: Review and Approval of Investment Guidelines**
 - a. PACT Investment Guidelines**
 - b. POOL Investment Guidelines**
- 6. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
 - a. Approval of Minutes of Board:**

Joint Board Meeting April 28, 2016 – April 29, 2016
 - b. Acceptance of Minutes of Committee Meetings**

Joint Executive Committee Meeting of March 22, 2017
Audit Committee Meeting of November 28, 2016
Human Resources Oversight Committee Meeting of June 17, 2016
Human Resources Oversight Committee Meeting of September 16, 2016
Human Resources Oversight Committee Meeting of December 8, 2016

Human Resources Oversight Committee Meeting of March 10, 2017
Loss Control Committee Meeting of July 11, 2016
Loss Control Committee Meeting of September 12, 2016
Loss Control Committee Meeting of December 9, 2016
Loss Control Committee Meeting of March 21, 2017

- c. Acceptance of Reports**
 - **Strategic Plan Progress Report**
 - **Executive Director's Report**
- 7. For Possible Action: Loss Control Committee**
 - a. Loss Control Committee Report**
 - b. Risk Management Grants and Other Risk Management Program Reports**
- 8. For Possible Action: Acceptance of Reports**
 - a. Alternative Service Concepts Stewardship Report**
 - b. Alternative Service Concepts Five Year Contract Renewal Report**
 - c. Willis Pooling Stewardship Report**
- 9. For Possible Action: POOL/PACT Human Resources**
 - a. HR Oversight Committee Report**
 - b. Grant Progress Report**
 - c. PRI Financial Audit Report**
 - d. EAP Program Utilization Report**
- 10. Board Orientation: POOL Then and Now**
- 11. Public Comment**
- 12. For Possible Action: Adjournment**

This 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 Administrative
Complex
155 North Taylor Street
Fallon, NV 89406**

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.

Report of Joint Executive Committee's Approval to Transfer Capital from POOL and PACT to PRM and PCM

At the March 22, 2017 Joint Executive Committees meeting, substantial discussion occurred regarding what would be the best utilization for accumulated net assets of each pool and the captives. Recently, a comprehensive review of the risk retention and investment strategies of both pools and captives found greater opportunities for enhanced investment income and future risk retention strategies if funds were transferred from the pools to the captives.

The Net Position of each pool has grown substantially over the years. The POOL/PACT boards adopted a strategic capitalization policy for normal years to transfer up to 50% of any annual gains from the pool to the respective captive, which had been done several times. Given the substantial net assets of the pools and a desire to increase utilization of the captives to take on more capacity as reinsurers of the pools, discussion focused on transferring additional capital beyond the annual amounts.

Considerable discussion occurred about the merits of taking this action and the amount of additional capital that would enable both the pools and the captives to maintain substantial net assets for their respective risk retention. The changes strengthen all four organizations and their abilities to bear more risk and achieve greater investment income for the programs.

- POOL's audited Net Position as of June 30, 2016 was \$34,862,387. Following a motion to transfer \$10,000,000 to Public Risk Mutual, POOL's Net Position would be reduced to \$24,862,387. PRM's audited net assets as of December 31, 2016 was \$28,235,546 and after the transfer will be \$38,235,546.
- PACT's audited Net Position as of June 30, 2016 was \$49,919,742. Following a motion to transfer \$25,000,000 from PACT to Public Compensation Mutual, PACT's Net Position would be reduced to \$24,919,743. PCM's audited net assets as of December 31, 2016 was \$39,693,664 and after the transfer will be \$64,693,664.

Staff worked with Strategic Asset Alliance, the investment advisor, and New England Asset Management, the fixed income manager, to develop an orderly transfer plan which is being implemented.

These changes position the captives to utilize their increase capabilities to accept alternative higher retentions than at present. These options will be discussed as part of the renewal proposals.



Partnership at Work™



Enterprise Based Asset Allocation™ Portfolio Transition Update

March 22, 2017

Asset Allocation Transition Process



Recommendations

- Reduce allocation to Cash/Treasuries/Agencies in favor of higher yielding spread product
- Extend duration by ~1.5 to 2 years
- **POOL / PACT**
 - Increase allocation to Agency Mortgage Backed Securities/Collateralized Mortgage Obligations (MBS/CMO)
- **PRM / PCM**
 - Increase allocation to Corporates, Taxable Municipals, & Structured Securities (MBS/CMO)
 - Marginal increase in High Yield and Equities (U.S. & International)

Impact

- Improve Total Return & Income Return – combined increase of \$2mm and 1.5mm, respectively
- Increase book yield by 90+ bps to ~2.7 to 2.9%
- Enhance portfolio diversification
- Modest increase in TVaR from very low levels – from 3-5% of capital to ~6-7% of capital

Fixed Income Portfolio Transition – Transactions



Transactions from January 2016 to February 2017 for the Consolidated POOL/PACT Portfolios

	Purchases	Sales
Amount Transacted	\$82.0mm	\$23.3mm
Duration (Interest Rate Sensitivity)	5.75 years	2.00 years
Book Yield	2.32%	1.25%
Credit Quality	AA+	AA+
Realized Gains	n/a	\$191k
Sectors Emphasized	<ul style="list-style-type: none"> • Corporates • Agency MBS/CMO • ABS/CMBS • Taxable Municipals 	<ul style="list-style-type: none"> • Treasuries • Agencies

Fixed Income Portfolio Transition – Portfolio Impact

PACT / PCM

	12/31/2015	6/30/2016	12/31/2016	2/28/2017
Other Statistics				
Book Value	73.7mm	104.8mm	109.0mm	111.1mm
Market Value	73.5mm	106.2mm	107.1mm	109.5mm
Total Unrealized G/L	(0.2mm)	1.4mm	(1.9mm)	(1.6mm)
Avg Duration	3.22	2.80	4.19	4.19
Average Quality	AA+	AA+	AA+	AA+
Book Yield	1.70%	1.65%	2.02%	2.06%
Annualized Book Income	1.3mm	1.7mm	2.2mm	2.3mm

Key Takeaways

- Maintained high quality
- Improved diversification
- Enhanced liquidity
- Modest duration extension

POOL / PRM

	12/31/2015	6/30/2016	12/31/2016	2/28/2017
Other Statistics				
Book Value	54.2mm	52.0mm	53.5mm	53.4mm
Market Value	54.1mm	53.3mm	53.0mm	53.0mm
Total Unrealized G/L	(0.1mm)	1.3mm	(0.5mm)	(0.4mm)
Avg Duration	3.77	3.69	4.05	4.28
Average Quality	AA+	AA+	AA+	AA+
Book Yield	1.25%	2.01%	2.10%	2.21%
Annualized Book Income	0.7mm	1.0mm	1.1mm	1.2mm

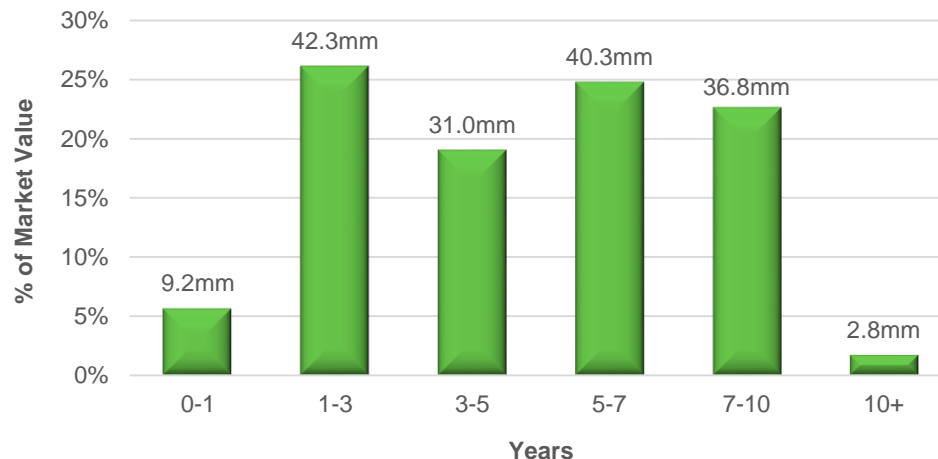
- **Book Yield**
 - +36 bps (PACT/PCM)
 - +96 bps (POOL/PRM)
- **Investment Income**
 - +\$1mm (PACT/PCM)
 - +\$500k (POOL/PRM)

Income Enhancing Opportunities from Reinvesting at Higher Rates



Month	Cashflows		Portfolio	
	Principal	Interest	Book Yield	Investment Income
02/2017	-	-	-	-
03/2017	1,338,794	439,124	2.11	290,057
04/2017	1,006,104	271,506	2.11	291,354
05/2017	1,126,178	395,028	2.12	292,537
06/2017	1,117,143	277,974	2.13	293,753
07/2017	4,207,127	366,897	2.14	294,857
08/2017	1,715,199	461,976	2.14	296,688
09/2017	1,575,380	416,671	2.15	298,994
10/2017	1,164,506	265,408	2.16	300,855
11/2017	874,514	377,727	2.17	302,479
12/2017	1,625,338	264,355	2.17	304,446
Total - 2017	15,750,283	3,536,666		2,966,020
01/2018	1,060,145	269,299	2.19	306,446
02/2018	1,579,656	440,779	2.20	308,810
03/2018	1,374,298	395,282	2.22	311,584
04/2018	1,886,108	254,833	2.23	314,288
05/2018	776,410	367,676	2.25	316,641
06/2018	844,717	244,289	2.25	318,296
07/2018	1,295,785	253,505	2.26	320,226
08/2018	4,454,779	414,429	2.28	324,284
09/2018	1,442,572	372,183	2.31	328,542
10/2018	2,792,347	221,650	2.32	332,377
11/2018	748,924	357,200	2.35	335,827
12/2018	1,677,627	233,820	2.36	338,292
Total - 2018	19,933,368	3,824,945		3,855,613
Total - 2017/2018	35,683,651	7,361,611		6,821,633

Distribution by Average Life



Our forecast is for interest rates to move gradually higher over the next several years, which will allow us to reinvest cashflows rolling off the portfolio at higher rates – resulting in enhanced portfolio book yield and investment income potential.

While higher Treasury rates allow us to reinvest into higher yields, it has the adverse affect of worsening the portfolio's unrealized loss position. However, the income the portfolio generates will more than offset the increase in unrealized losses which is why the portfolio is still projected to generate a positive total return in 2017.

Additionally, given POOL PACT's strong capital position, these unrealized losses due to higher interest rates are temporary and not expected to be realized as we intend to hold these securities to maturity.

Established Customized Performance Benchmarks



December 2016

Board approved investment guidelines & performance benchmarks

POOL / PACT

Prior Benchmark	New Benchmark
100% Barclays US Int Government (BC46)	30% Mortgage Master Index (M0A0) 10% US Corporates A-AAA: 1-5 Yrs (CV10) 60% US Treasury/Agency: 1-10 Yrs (G5A0)

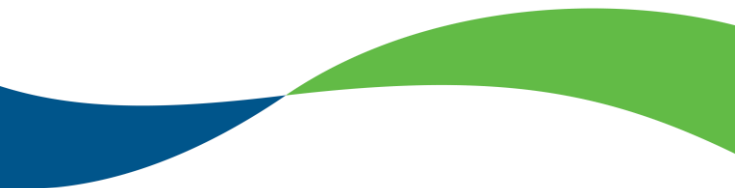
PRM / PCM

Prior Benchmark	New Benchmark
100% Barclays US Int Govt-Credit (BC4)	5% ABS Master Index AAA (R0A1) 5% CMBS Fixed Rate AAA (CB10) 30% Mortgage Master Index (M0A0) 40% Corporates AAA-A (C010) 10% US Corporates BBB 1-10Yrs (C5A4) 10% US Treasury/Agency (G0A0)

POOL / PACT

PRM / PCM

	Prior Benchmark	New Benchmark	Current Portfolio	Prior Benchmark	New Benchmark	Current Portfolio
Sectors						
Cash	0%	0%	2%	0%	0%	0%
Treasury	94%	57%	18%	56%	10%	12%
Agency	6%	3%	19%	10%	0%	6%
Corporates	0%	10%	0%	33%	50%	29%
Agency MBS/CMO	0%	30%	51%	0%	30%	16%
ABS/CMBS	0%	0%	10%	0%	10%	21%
Municipals	0%	0%	0%	0%	0%	16%
Duration	3.87	3.74	3.86	4.03	5.36	5.04
Credit Quality	AA+	AA+	AA+	AA-	AA-	AA



Appendix

Fixed Income Portfolio Transition – PACT / PCM



PACT / PCM

	12/31/2015	6/30/2016	12/31/2016	2/28/2017	Current Book Yield
Sector Distribution					
Cash	3% 1,942,120	17% 18,488,172	2% 2,108,955	1% 1,501,962	0.6%
Treasuries	31% 22,455,810	18% 19,041,690	16% 17,184,421	17% 18,959,307	1.8%
Agencies	29% 21,234,136	17% 18,436,495	14% 14,833,224	13% 14,663,963	2.1%
Corporates	0% 0	1% 1,288,050	7% 7,164,909	8% 8,440,438	2.3%
MBS	5% 3,848,187	18% 19,256,305	29% 30,703,754	29% 31,649,410	2.4%
CMO/RMBS	24% 17,952,585	16% 16,810,537	14% 14,550,774	13% 13,855,916	1.5%
ABS	3% 2,151,897	4% 4,240,468	6% 6,839,932	6% 6,338,623	1.8%
CMBS	5% 3,962,351	8% 8,515,131	8% 9,038,314	8% 8,830,712	2.2%
Taxable Municipals	0% 0	0% 100,421	4% 4,641,340	5% 5,230,764	2.3%
Other Statistics					
Book Value	73.7mm	104.8mm	109.0mm	111.1mm	
Market Value	73.5mm	106.2mm	107.1mm	109.5mm	
Total Unrealized G/L	(0.2mm)	1.4mm	(1.9mm)	(1.6mm)	
Avg Duration	3.22	2.80	4.19	4.19	
Average Quality	AA+	AA+	AA+	AA+	
Book Yield	1.70%	1.65%	2.02%	2.06%	
Annualized Book Income	1.3mm	1.7mm	2.2mm	2.3mm	

Cash balance increased by \$25mm in June from the sale of the Vanguard Short Term Bond ETF. Balance was subsequently invested per the approved strategic allocation targets.

Reduced Treasuries/Agencies in favor of higher yielding agency MBS, while still maintaining high quality and liquidity.

Increased allocation to agency MBS as migrated toward the new strategic target; enhancing diversification and liquidity.

Improved diversification with CMBS and Taxable Municipal allocations.

Gradually extended duration toward the 4.5 year strategic target. Most of the extension occurred late in the 2nd half of 2016 - capitalizing on higher reinvestment rates.

Strategic allocation changes contributing toward goal of enhancing book yield (+36 bps) and investment income (+\$1mm).

Fixed Income Portfolio Transition – POOL / PRM



POOL / PRM

	12/31/2015	6/30/2016	12/31/2016	2/28/2017	Current Book Yield
Sector Distribution					
Cash	2% 1,127,261	1% 512,000	2% 1,119,487	1% 792,547	0.6%
Treasuries	25% 13,610,929	20% 10,678,919	15% 7,683,941	15% 7,709,065	1.9%
Agencies	30% 16,480,643	29% 15,396,221	22% 11,499,546	18% 9,634,285	2.2%
Corporates	12% 6,357,333	11% 5,631,658	9% 4,965,894	11% 5,738,630	2.5%
MBS	5% 2,699,362	11% 5,831,000	21% 10,933,228	23% 12,317,647	2.3%
CMO/RMBS	19% 10,112,824	17% 9,207,841	16% 8,289,337	15% 7,913,947	2.1%
ABS	3% 1,456,194	3% 1,420,840	3% 1,778,698	3% 1,779,862	2.5%
CMBS	4% 2,264,496	9% 4,602,150	9% 4,875,764	9% 4,753,476	2.3%
Taxable Municipals	0% 0	0% 0	3% 1,832,261	5% 2,407,135	2.5%
Other Statistics					
Book Value	54.2mm	52.0mm	53.5mm	53.4mm	
Market Value	54.1mm	53.3mm	53.0mm	53.0mm	
Total Unrealized G/L	(0.1mm)	1.3mm	(0.5mm)	(0.4mm)	
Avg Duration	3.77	3.69	4.05	4.28	
Average Quality	AA+	AA+	AA+	AA+	
Book Yield	1.25%	2.01%	2.10%	2.21%	
Annualized Book Income	0.7mm	1.0mm	1.1mm	1.2mm	

Reduced Treasuries/Agencies in favor of higher yielding agency MBS, while still maintaining high quality and liquidity.

Increased allocation to agency MBS as migrated toward the new strategic target; enhancing diversification and liquidity.

Improved diversification with CMBS and Taxable Municipal allocations.

Gradually extended duration toward the 5 year strategic target. Most of the extension occurred late in the 2nd half of 2016 - capitalizing on higher reinvestment rates.

Strategic allocation changes contributing toward goal of enhancing book yield (+96 bps) and investment income (+\$500k).

Benchmark Transition – Additional Details



	POOL / PACT			PRM / PCM		
	Prior Benchmark	New Benchmark	Current Portfolio	Prior Benchmark	New Benchmark	Current Portfolio
Sectors						
Cash	0%	0%	2%	0%	0%	0%
Treasury	94%	57%	18%	56%	10%	12%
Agency	6%	3%	19%	10%	0%	6%
Corporates	0%	10%	0%	33%	50%	29%
Agency MBS/CMO	0%	30%	51%	0%	30%	16%
ABS/CMBS	0%	0%	10%	0%	10%	21%
Municipals	0%	0%	0%	0%	0%	16%
Duration						
	3.87	3.74	3.86	4.03	5.36	5.04
0-3	41%	38%	41%	38%	28%	16%
3-5	31%	40%	22%	31%	34%	40%
5-10	28%	21%	37%	31%	26%	42%
10+	0%	0%	0%	0%	12%	2%
Credit Quality						
	AA+	AA+	AA+	AA-	AA-	AA
AAA	0%	0%	2%	5%	9%	22%
AA	100%	91%	98%	63%	47%	47%
A	0%	7%	0%	12%	27%	26%
BBB	0%	2%	0%	19%	16%	4%
Below BBB	0%	0%	0%	1%	1%	0%



Investment Review As of March 31st, 2017

April 17th, 2017

Daniel Smereck
Managing Director

We have performed a detailed review of the investment performance for NPAIP & PACT. This report is based upon information submitted by the company and its investment managers. This report reflects all of the information currently received and analyzed. Any changes or corrections to that information may impact the conclusions of this review.



STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

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Executive Summary

- **CAPITAL MARKETS - 1st Quarter 2017**

- **Global equities delivered robust gains in the first quarter amid an upswing in global economic data. Emerging market equities were particularly strong while bond markets saw more mixed performance.**
 - US equities advanced to fresh all-time highs, supported by positive economic data and President Trump's plans to cut taxes and regulations. The Federal Reserve raised rates by a further 0.25%.
 - Eurozone equities delivered robust gains amid upbeat economic releases and receding political worries following the win for the center-right in the Dutch elections.
 - Japanese stocks saw positive but muted returns with the yen gradually appreciating over the quarter.
 - Emerging markets registered a robust return. An upturn in global growth and a lack of follow-through on protectionist trade policy from the Trump administration supported risk appetite.
- **Global fixed income markets generated solid gains over the first three months of 2017 amid heightened political uncertainty.**
 - Robust economic data and continued demand for yield-producing assets supported credit markets, and spreads tightened further. In the US, President Trump's failure to secure a repeal of the Affordable Care Act in Congress cast doubt on prospects for his other policies, reversing some of the post-election sell-off in US Treasuries. The UK took the next step in the Brexit process as Prime Minister May triggered Article 50 – setting the stage for the nation's departure from the European Union – and gilt yields declined. Most currencies strengthened versus the US dollar despite the looming risk of protectionist US trade policies and expectations of additional policy tightening from the Fed.

- **INVESTMENT PROGRAM**

- **All portfolios generated positive returns for the quarter.**
- The enterprise-based asset allocation work ("ERM") indicates the ability of both PCM and PRM to take additional, prudent risk across both fixed income and risk asset portfolios to increase longer-term expected investment returns. However, recent transfers from Pool/PACT to PRM/PCM will be first invested within the fixed income portfolio; risk asset allocation evaluation will occur afterwards.
- As of 12/31/2016, all portfolios are in compliance with their respective investment guidelines.





Q1-2017 CAPITAL MARKETS REVIEW & OUTLOOK





Capital Markets Review First Quarter 2017

DISCLAIMERS: Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for investment, accounting, legal and tax advice. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Any forecasts contained herein are for illustrative purposes only.

The views expressed are those of Strategic Asset Alliance. They are subject to change at any time. These views do not necessarily reflect the opinions of any other firm.



STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Summary Capital Market Commentary – 1st Quarter 2017

● GLOBAL FINANCIAL MARKETS

- **Global equities delivered robust gains in the first quarter amid an upswing in global economic data. Emerging market equities were particularly strong while bond markets saw more mixed performance.**
 - US equities advanced to fresh all-time highs, supported by positive economic data and President Trump's plans to cut taxes and regulations. The Federal Reserve raised rates by a further 0.25%.
 - Economic data released during the quarter was generally encouraging. The Institute for Supply Management's (ISM's) manufacturing index accelerated for the sixth consecutive month, hitting its highest level since August 2014 on stronger orders and production. Nonfarm payrolls grew by 235,000 in February (versus consensus expectations of +200,000) with a net upward revision to the prior two months. The unemployment rate ticked down to 4.7%. Steady labor-market gains, along with rising stock prices and optimism about faster economic growth, helped consumer confidence jump to its highest level in 16 years. Despite higher prices and mortgage rates, the housing market continued to display healthy trends. Homebuilder confidence surged to the best level since June 2005 and new home sales climbed to a seven-month high. Unfavorable developments included the largest US trade deficit since March 2012, as imports exceeded exports by US\$48.5 billion. The increase has been driven partly by the stronger US dollar and indicates that trade is likely to be a headwind to GDP growth early in 2017.
 - Eurozone equities delivered robust gains amid upbeat economic releases and receding political worries following the win for the center-right in the Dutch elections.
 - European stocks (+6.2%) rose in local-currency terms during the period. While macro data for the region improved and deflationary risk abated, this was overshadowed by political uncertainty. The composite purchasing managers' index (PMI) for Europe rose to its highest reading in nearly six years and Eurozone economic confidence improved, achieving its highest level since 2011. This acceleration in activity was broad-based across sectors (manufacturing, construction and services) and countries (Germany and France).
 - Japanese stocks saw positive but muted returns with the yen gradually appreciating over the quarter.
 - Emerging markets registered a robust return. An upturn in global growth and a lack of follow-through on protectionist trade policy from the Trump administration supported risk appetite.
- **Global fixed income markets generated solid gains over the first three months of 2017 amid heightened political uncertainty.**
 - Robust economic data and continued demand for yield-producing assets supported credit markets, and spreads tightened further. In the US, President Trump's failure to secure a repeal of the Affordable Care Act in Congress cast doubt on prospects for his other policies, reversing some of the post-election sell-off in US Treasuries. The UK took the next step in the Brexit process as Prime Minister May triggered Article 50 – setting the stage for the nation's departure from the European Union – and gilt yields declined. Most currencies strengthened versus the US dollar despite the looming risk of protectionist US trade policies and expectations of additional policy tightening from the Fed.
 - Global government bond yields diverged during the quarter. Australian, Canadian, US, and UK yields declined. Eurozone yields trended higher following the benign Dutch election result and waning popularity for French far-right presidential candidate Le Pen. Japanese government bond yields remained anchored by the BOJ's yield-targeting policy, but still rose modestly. Globally, most spread sectors posted positive excess returns as spreads tightened, led by lower-rated sectors.



Executive Summary - Key Capital Market Index Returns

Index	Asset Class	Jan-17	Feb-17	Mar-17	Q1-2017	Trailing 1 Yr	Trailing 2 Yr	Trailing 3 Yr	Trailing 5 Yr
MSCI EM (Emerging Markets)	International Equity	5.48%	3.07%	2.55%	11.49%	17.65%	1.93%	1.55%	1.17%
S&P Composite 1500 Growth	U.S. Equity	2.83%	3.93%	1.13%	8.07%	15.93%	9.13%	11.29%	13.71%
MSCI EAFE Index	International Equity	2.91%	1.45%	2.87%	7.39%	12.25%	1.69%	0.96%	6.32%
MSCI World Ex. US Index	World Equity	2.99%	1.17%	2.65%	6.95%	12.52%	1.74%	0.84%	5.89%
MSCI World Index	World Equity	2.44%	2.82%	1.14%	6.53%	15.43%	5.87%	6.12%	9.99%
S&P 500	U.S. Equity	1.90%	3.97%	0.12%	6.07%	17.17%	9.21%	10.37%	13.30%
S&P Composite 1500	U.S. Equity	1.80%	3.79%	0.07%	5.74%	17.67%	9.12%	10.25%	13.33%
BofA Merrill Lynch US Convertibles	U.S. Convertible Bond	2.67%	1.91%	0.64%	5.30%	18.13%	4.64%	5.77%	9.98%
Dow Jones Industrial Average	U.S. Equity	0.62%	5.17%	-0.60%	5.19%	19.91%	10.64%	10.61%	12.15%
Alerian MLP	Master Limited Partnerships	4.89%	0.40%	-1.30%	3.95%	28.32%	-6.47%	-5.17%	2.64%
S&P MidCap 400	U.S. Equity	1.68%	2.62%	-0.39%	3.94%	20.92%	7.97%	9.36%	13.32%
S&P High Yield Dividend	U.S. Equity	0.85%	3.05%	-0.13%	3.80%	14.44%	11.78%	11.82%	14.46%
S&P Composite 1500 Value	U.S. Equity	0.66%	3.63%	-1.14%	3.12%	19.10%	8.76%	8.88%	12.80%
Barclays Capital U.S. Corporate High Yield	U.S. Fixed Income	1.45%	1.46%	-0.22%	2.70%	16.39%	5.87%	4.56%	6.82%
Barclays Capital Municipal Bond	U.S. Fixed Income	0.66%	0.69%	0.22%	1.58%	0.15%	2.05%	3.55%	3.24%
Citigroup WorldBIG Index	World Fixed Income	0.84%	0.38%	0.11%	1.34%	-2.33%	1.11%	-0.54%	0.38%
Barclays U.S. Treasury: U.S. TIPS	U.S. Fixed Income	0.84%	0.47%	-0.05%	1.26%	1.48%	1.50%	2.03%	0.97%
Barclays Capital U.S. Corporate Investment Grade	U.S. Fixed Income	0.31%	1.15%	-0.23%	1.22%	3.31%	2.11%	3.65%	3.96%
S&P SmallCap 600	U.S. Equity	-0.40%	1.59%	-0.12%	1.06%	24.59%	9.82%	9.45%	14.25%
S&P/LSTA US Leveraged Loan Index	U.S. Fixed Income	0.56%	0.50%	-0.08%	0.98%	9.55%	4.01%	3.51%	4.54%
Barclays U.S. Government/Credit	U.S. Fixed Income	0.28%	0.77%	-0.09%	0.96%	0.54%	1.14%	2.69%	2.46%
Barclays Capital U.S. Aggregate	U.S. Fixed Income	0.20%	0.67%	-0.05%	0.82%	0.44%	1.20%	2.68%	2.34%
Barclays Intermediate U.S. Government/Credit	U.S. Fixed Income	0.27%	0.46%	0.05%	0.78%	0.42%	1.24%	2.01%	1.88%
10-Year US Treasury	U.S. Treasury	0.04%	0.86%	-0.12%	0.77%	-3.97%	-0.52%	2.83%	2.00%
Merrill Lynch US Treasury Master	U.S. Fixed Income	0.23%	0.52%	-0.06%	0.68%	-1.47%	0.46%	2.32%	1.72%
5-Year US Treasury	U.S. Treasury	0.24%	0.24%	-0.02%	0.46%	-1.87%	0.36%	1.55%	1.14%
Citigroup 3-month T-bill	Cash/Cash Equivalent	0.04%	0.04%	0.04%	0.12%	0.34%	0.21%	0.15%	0.11%
Dow Jones U.S. Select REIT	U.S. Real Estate	-0.86%	3.50%	-2.81%	-0.27%	1.21%	3.03%	9.96%	9.45%
S&P GSCI Commodities	U.S. Equity	-1.41%	0.23%	-3.91%	-5.05%	8.45%	-12.05%	-22.71%	-15.00%
S&P GSCI Crude Oil	U.S. Equity	-3.21%	1.31%	-7.25%	-9.06%	10.06%	-19.85%	-33.29%	-22.45%

- **SAA BOTTOMLINE:** While pro-growth market expectations (i.e. the Trump trade) drove the markets during Q1, the party started to slow down in March as the markets began to reassess the reality of “Mr. Trump Goes to Washington” and the odds of implementing a myriad of campaign promises – especially pro-growth initiatives such as tax reform and infrastructure spending. Meanwhile, international equities benefited from more positive economic news and declining deflationary risk.



U.S. Fixed Income Sector Yields & Returns

<u>Index YTW</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>3/31/2017</u>
Aggregate	2.48%	2.25%	2.59%	2.61%	2.61%
U.S. Credit	3.18%	3.01%	3.54%	3.29%	3.23%
U.S. Treasury	1.44%	1.43%	1.73%	1.89%	1.91%
Municipal Bond	3.15%	2.09%	2.11%	2.65%	2.46%
U.S. High Yield	5.64%	6.61%	8.74%	6.12%	5.84%
U.S. 5-Yr Treasury	1.74%	1.65%	1.76%	1.92%	1.93%
U.S. 10-Yr Treasury	3.03%	2.17%	2.28%	2.43%	2.39%
Global Aggregate (USD)	2.11%	1.62%	1.77%	1.60%	1.64%
<u>Change to Current Period</u>					
Aggregate	▲ 0.13%	▲ 0.36%	▲ 0.02%	▬ 0.00%	
U.S. Credit	▲ 0.05%	▲ 0.22%	▼ -0.31%	▼ -0.06%	
U.S. Treasury	▲ 0.47%	▲ 0.48%	▲ 0.18%	▲ 0.02%	
Municipal Bond	▼ -0.69%	▲ 0.37%	▲ 0.35%	▼ -0.19%	
U.S. High Yield	▲ 0.20%	▼ -0.77%	▼ -2.90%	▼ -0.28%	
U.S. 5-Yr Treasury	▲ 0.19%	▲ 0.28%	▲ 0.17%	▲ 0.01%	
U.S. 10-Yr Treasury	▼ -0.64%	▲ 0.22%	▲ 0.11%	▼ -0.04%	
Global Aggregate	▼ -0.47%	▲ 0.02%	▼ -0.13%	▲ 0.04%	

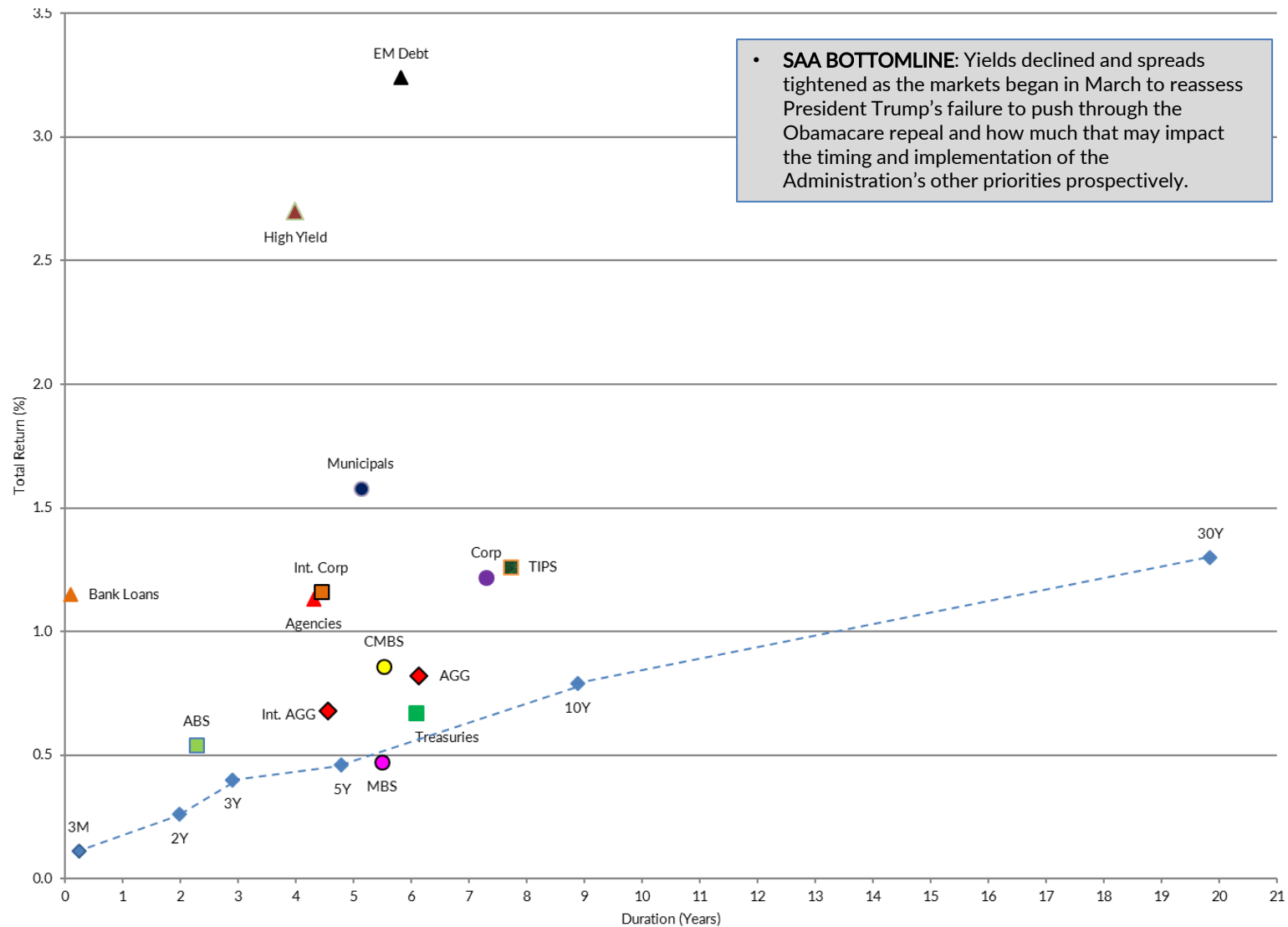
U.S. Agg. vs. Global Agg.	▲ 0.37%	▲ 0.63%	▲ 0.82%	▲ 1.01%	▲ 0.97%
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Note: Bloomberg Barclays Indices

- **SAA BOTTOMLINE:** Rinse and repeat for Q1-2017 as the difference between U.S. yields and Global ex-U.S. yields narrowed slightly during the quarter. Even with expectations of continuing U.S. economic growth and moderate inflation which position the Fed to progress with further rate hikes, strong capital flows from foreign investors seeking higher yields continue to place downward pressure on longer-dated U.S. fixed income maturities.



Q1-2017 Fixed Income Sector/Duration - Total Return



• **SAA BOTTOMLINE:** Yields declined and spreads tightened as the markets began in March to reassess President Trump's failure to push through the Obamacare repeal and how much that may impact the timing and implementation of the Administration's other priorities prospectively.





KEY INVESTMENT THEMES



Key U.S. Economic Indicators

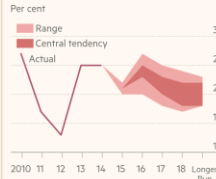
Federal Reserve projections

At four of its rate-setting meetings every year the Fed publishes economic projections from its policymakers. These show the growth, inflation and unemployment outlooks of the Fed presidents and board members and help guide the debate on how policy should respond to the outlook.

Read more
What happens when rates rise

Real GDP growth

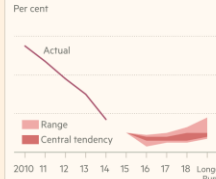
Change in real GDP



Source: Federal Reserve

Unemployment rate

Unemployment rate



Source: Federal Reserve

PCE Inflation

PCE Inflation



Source: Federal Reserve

Inflation

The Federal Reserve looks closely at its inflation target of 2 per cent, using it as a metric policymakers must feel 'reasonably confident' about before raising interest rates.

Consumer inflation in February

2.7%

Core inflation in February

1.75%

Consumer price inflation

US consumer inflation

Annual % change



Source: Bloomberg, 15 Mar 2017

Core inflation

US core inflation

Annual % change



Source: BLS/Bloomberg, 15 Mar 2017

CPI, the headline inflation reading, measures the weighted average price of a basket of consumer goods and services, such as transportation, food and medical costs.

Core inflation, which strips out the impact of food and fuel, is the metric most closely watched by policymakers to gauge whether domestic price pressures are increasing.

Where is the US going?

The US economy is expected to continue growing steadily over the next few years, outpacing many other western countries.

About the nowcast
now-casting.com uses statistical modelling to determine what individual economic data points tell us about the rate of growth. The nowcast chart (right) shows the model's evolving prediction of GDP growth in the current quarter.

Current Q2 2017 nowcast

3.3%

Prediction for Q2

Predicted quarterly growth rate

Quarter-on-quarter % change



Source: Now-casting.com, April 7

Data provided by NOW-CASTING.COM

Economists' forecasts

Predicted US economic growth

Annual real GDP % change



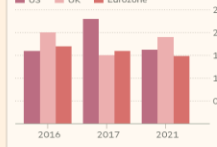
Source: Congressional Budget Office, Mar 14 2017

Official forecasts show steady growth this year, before slowing slightly in subsequent years.

International context

Predicted economic growth

Annual % change



Source: International Monetary Fund, January 2017

The UK was the fastest growing G7 economy in 2016 and growth in the Eurozone also surpassed that in the US. But the US is forecast to be the fastest growing major advanced economy this year.

Read more
Eurozone economy quietly outshines the US

Labour market

The strengthening jobs market has been core to the Federal Reserve's debates on whether to raise interest rates.

As the economy approaches full employment, officials believe wage growth will start getting driven up and that inflation could accelerate above the central bank's 2 per cent target, arguing for rates to be lifted further.

Change in non-farm payrolls in March

98k

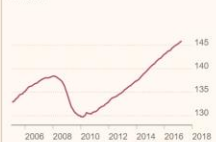
Unemployment rate in March

4.5%

Non-farm payrolls

People in employment

Millions



Source: BLS/Bloomberg, 07 Apr 2017

Proportion out of work

US unemployment rate

%, seasonally adjusted



Source: BLS/Bloomberg, 07 Apr 2017

Pay

US average wage growth

Hourly earnings, annual % change



Source: BLS, 10 Mar 2017

US job growth and employment have been strong, while wages have seen only small growth. This suggests there may still be some slack in the labour force.

Interest rates

A stronger economy has given the Federal Reserve cover this year to accelerate its pace of interest rate increases. Prior to 2017, the Fed had increased rates only twice over the course of two years.

Federal funds target rate

1%

Average 30-yr prime mortgage rate

4.14%

Effective interest rates

Federal funds effective interest rate

%



Source: Federal Reserve/Bloomberg, 13 Apr 2017

Mortgage costs

30-yr fixed mortgage rate

Average prime offer, %



Source: Bloomberg, 06 Apr 2017

Rates have been at rock-bottom levels since the financial crisis. While they are starting to rise, on the Federal Reserve's own projections they will not return to pre-crisis levels in the foreseeable future. The effective rate is the average of what banks are actually paying each other, hence the fluctuations in the graph.

Although rates have been see-sawed on previous turmoil in the financial markets, long-term mortgage rates, which are far more common in the US than many other countries, are still relatively low in historic terms.

- **SAA BOTTOMLINE:** While the policies and priorities of the Trump Administration continue to fuel political uncertainty, the current trends across U.S. economic indicators still remain mostly positive and generally support the argument for further interest rate hikes by the Fed in 2017.

Consumers

As the labour market has strengthened, so has US consumer spending, which has remained subdued, however. There are few signs of runaway spending growth, with consumers staying in a cautious mood.

Annual change in retail sales in February

5.7%

Consumer spending

US retail sales

Year-on-year % change



Source: US Census Bureau/Bloomberg, 14 Mar 2017

One question that has perplexed policymakers is the apparent reluctance of US consumers to spend the savings from the oil price fall. Sales however have firmed in recent months, suggesting some of that hesitancy is disappearing.

Read more
US consumer spending rises by most in 7 years

Consumer confidence

US consumer comfort index

Net positive responses



Source: Bloomberg, 13 Apr 2017

Confidence among US consumers remains comfortably higher than in recent years. The metric jumped even further following the US election.

Home sales

Sales of new one family homes

000s



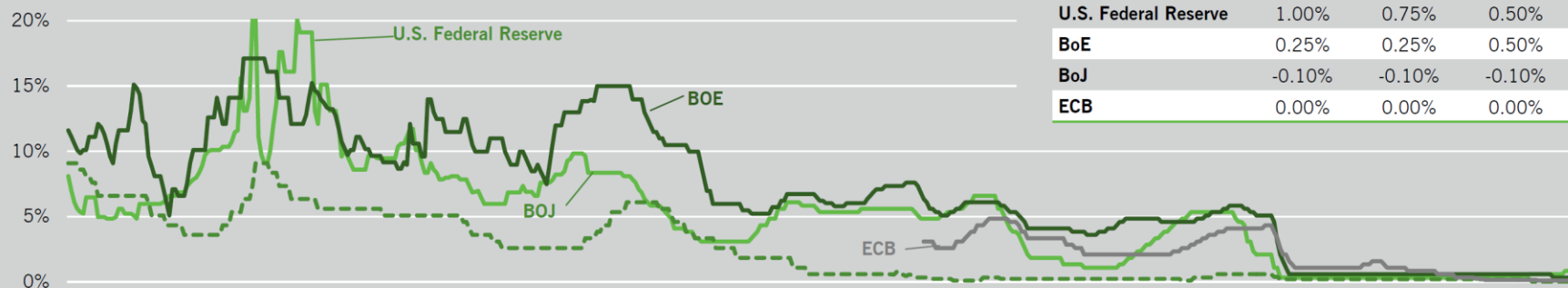
Source: Bloomberg, 23 Mar 2017

Sales of new homes have rebounded in recent months as the housing market regains some steam as solid jobs growth gives more people the means to buy. However the volumes sold remain substantially lower than seen pre-crisis.

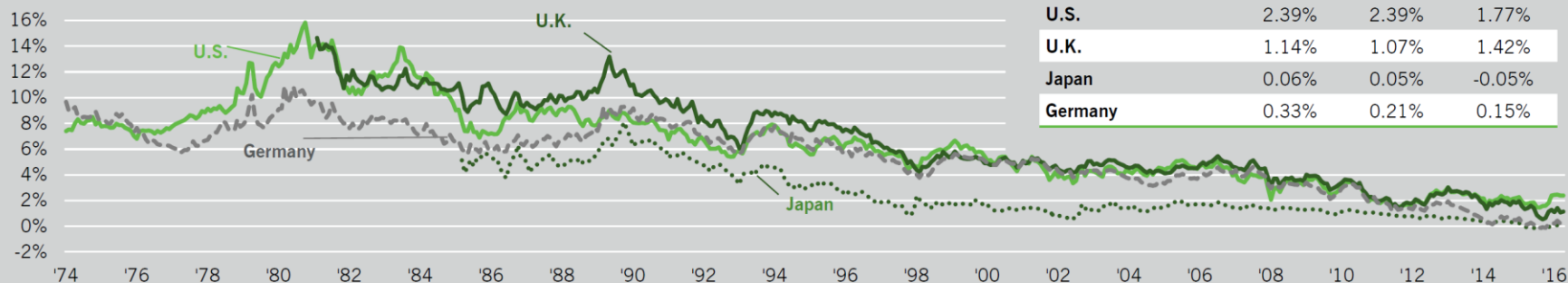


Monetary Policy

Central Bank Policy Rates



10-year Sovereign Bond Yields

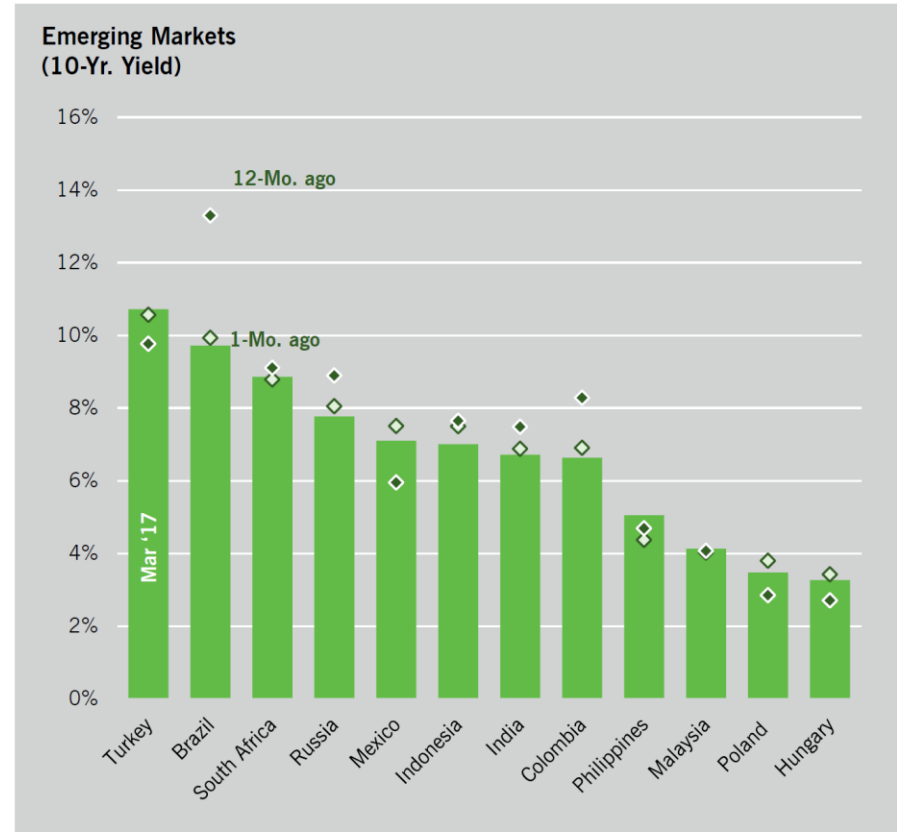
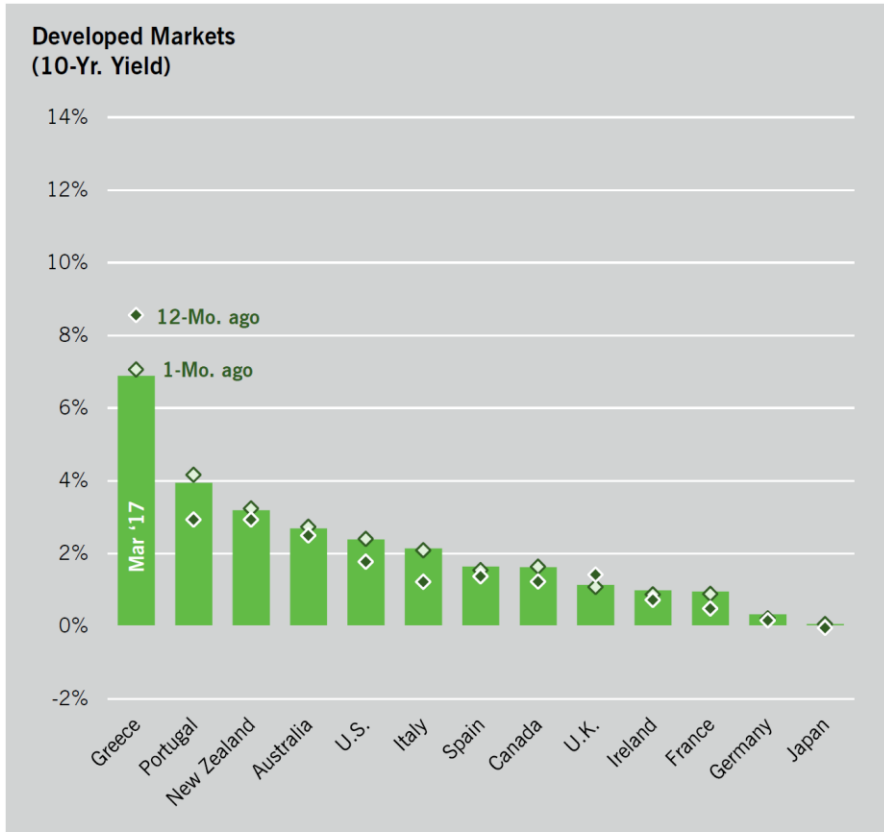


Source: Bloomberg, Factset as of 3/31/17. Data provided is for informational use only. Past performance is no guarantee of future results. See end of report for important additional information.

- **SAA BOTTOMLINE:** Yields are only slightly above 12/31/2015 levels and central bank policies around the world remain largely accommodative. Even if U.S. yields continue to rise in 2017, yields will remain low by historic standards and continue to pressure the investment earnings power of fixed income portfolios.



Global Government Bond Yields – Low for Longer...



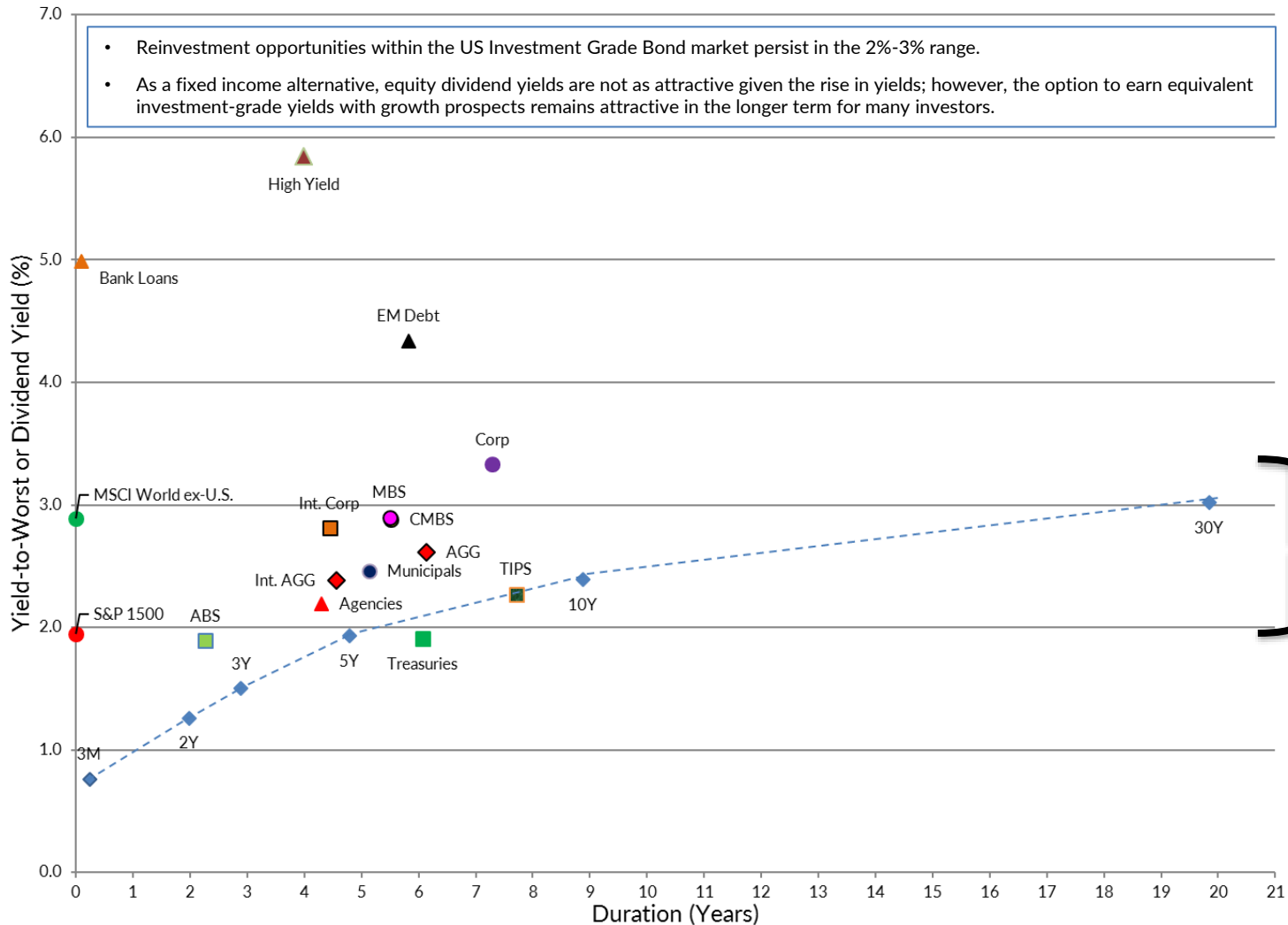
Source: Bloomberg and Factset as of 3/31/17. Data provided is for informational use only. Past performance is no guarantee of future results. See end of report for important additional information.

• **SAA BOTTOMLINE:**

- The 10yr UST yield as of 3/31/2017 is only 11 bps above 12/31/2015 levels.
- Globally, most developed markets' 10yr government bond yields remain in a range of 0% to 2%, while emerging market bonds offer significantly more yield – in a range of 3% to 10% depending on policy/regulatory constraints, risk appetite and currency-hedging considerations.



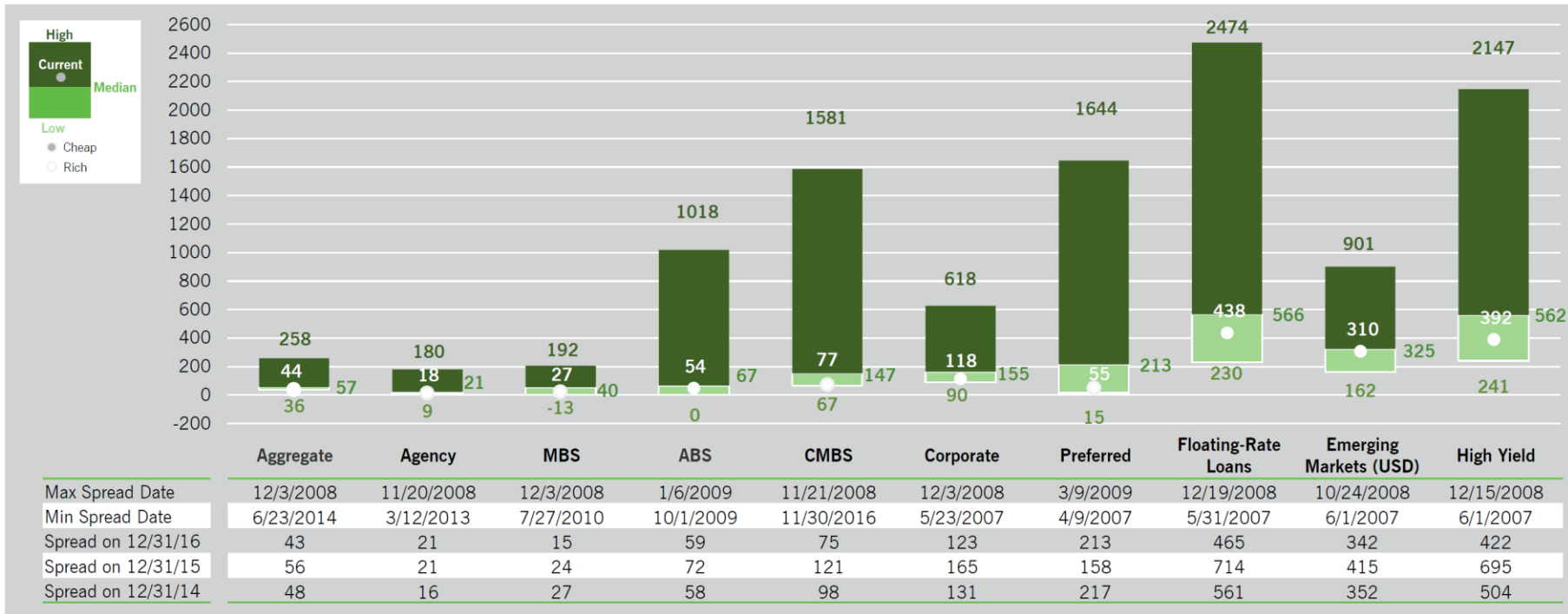
Q1-2017 U.S. Fixed Income Sector/Duration - Yields



New money and reinvestment yields for U.S. investment grade fixed income range from 2% to 3%



Fixed Income Spreads

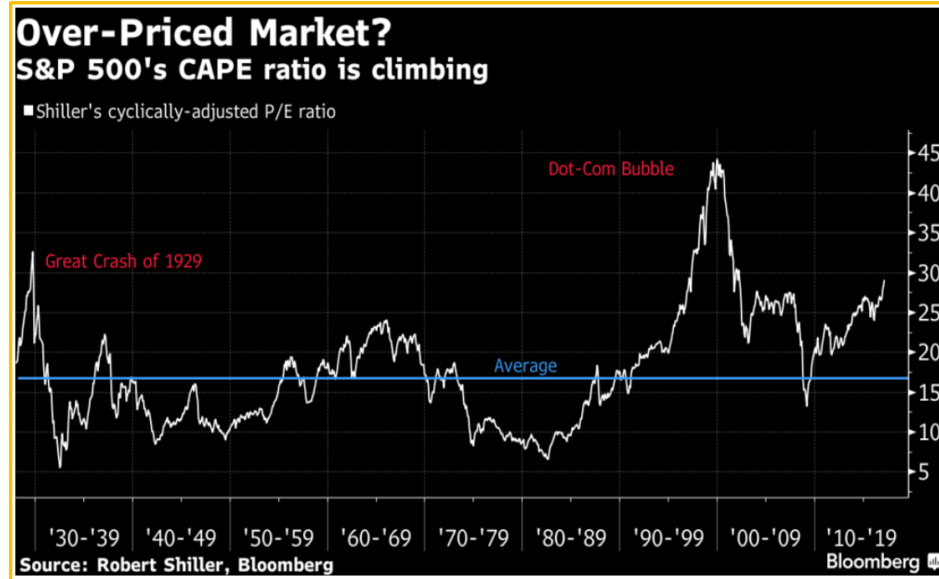


Source: Factset as of 3/31/17. Spread history measures past 10 years. Data provided is for informational use only. Past performance is no guarantee of future results. See end of report for important additional information. All fixed-income spreads are in basis points and measure option-adjusted yield spread relative to comparable maturity U.S. Treasuries using daily data. Loan Index spread represents the three-year discounted spread over LIBOR. Agency represented by Bloomberg Barclays U.S. Agency Index. MBS represented by Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index. ABS represented by Bloomberg Barclays U.S. Asset Backed Securities (ABS) Index. CMBS represented by Bloomberg Barclays U.S. CMBS Investment Grade Index. Corporate represented by Bloomberg Barclays U.S. Corporate Investment Grade Index. Preferred represented by BofA Merrill Lynch Fixed Rate Preferred Securities Index. Floating-Rate Loans represented by S&P/LSTA Leveraged Loan Index. Emerging Markets(USD) represented by JPMorgan Emerging Markets Bond Index (EMBI) Global Diversified. High Yield represented by BofA Merrill Lynch US High Yield Index.

- **SAA BOTTOMLINE:** Similar to Q4-2016, all the fixed income sectors noted above are richly priced relative to spreads compiled over the last ten years. The current “rich” situation makes sector and security evaluation more difficult for fixed income managers trying to “put money to work” and to find risk-adjusted value in the low yield environment.



U.S. Equity Market Valuations – Overpriced?



- **SAA BOTTOMLINE:** As referenced by Warren Buffet as “probably the best single measure of where valuations stand at any given moment,” this metric is the ratio of the Total U.S. Equity Market Capitalization to Total U.S. GDP. At present, the indicator continues upward and points to “market overvaluation” which suggests a cautious long-term outlook and guarded expectations.
- Given today's low annualized inflation rate and the low expected return on fixed income investments, the continuing appeal of equities, despite overvaluation risk, is not too surprising.

- **SAA BOTTOMLINE (Part 2):** Prof. Robert Shiller of Yale University invented the Shiller P/E to measure the market's valuation (P = price and E =Earnings). The Shiller P/E ratio, also known as the cyclically adjusted P/E ratio, uses a 10-year average of inflation-adjusted earnings to value the stock market. Historically, the S&P 500's Shiller P/E has averaged 16.5 over the long term.
- With CAPE ratios below, will overseas markets experience inflows from investors' rotation out of “overpriced” U.S. equities?
 - US – 27.5
 - Developed Europe – 17.6
 - Emerging Markets – 14.9
- In SAA opinion, investors must be careful as it is difficult to compare the CAPE ratio across the decades given changing conditions – political, technological, demographical, etc.





NEVADA PUBLIC AGENCY INSURANCE POOL



POOL - Performance Summary

Portfolio	Market Value	% of MV	Q1-2017	Annualized						Inception Date
				1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	
POOL										
NEAM - Fixed Income ¹	\$28,009,808	100.0%	0.75%	-0.18%	1.02%	1.63%	1.44%	3.54%	4.61%	Jul-91
Benchmark - BC Int. Government			0.53%	-0.68%	0.84%	1.60%	1.26%	3.34%	5.02%	
Relative Performance			▲ 0.22%	▲ 0.50%	▲ 0.18%	▲ 0.03%	▲ 0.18%	▲ 0.20%	▼ -0.41%	
Key Market Indices										
Barclays U.S. Aggregate			0.82%	0.44%	1.20%	2.68%	2.34%	4.27%		
Barclays Intermediate U.S. Government/Credit			0.78%	0.42%	1.24%	2.01%	1.88%	3.76%		
Barclays U.S. Corporate Investment Grade			1.22%	3.31%	2.11%	3.65%	3.96%	5.44%		
Notes:										
1) NEAM replaced EAM as fixed income manager 1/1/2016										
2) Includes cash balances.										
3) Blended benchmark of 55% S&P 500 / 35% Barclays Intermediate Gov/Credit / 10% 90 day T-Bill to March 2015; thereafter market-weighted by fund/ETF benchmark.										
4) Market-weighted benchmark using Eagle fixed income and Consolidated ETF/Mutual Fund benchmarks.										
-- All returns net of fees										
-- Fixed Income Market values include accrued income										
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance										

1st Quarter Market Issues & Performance Drivers:

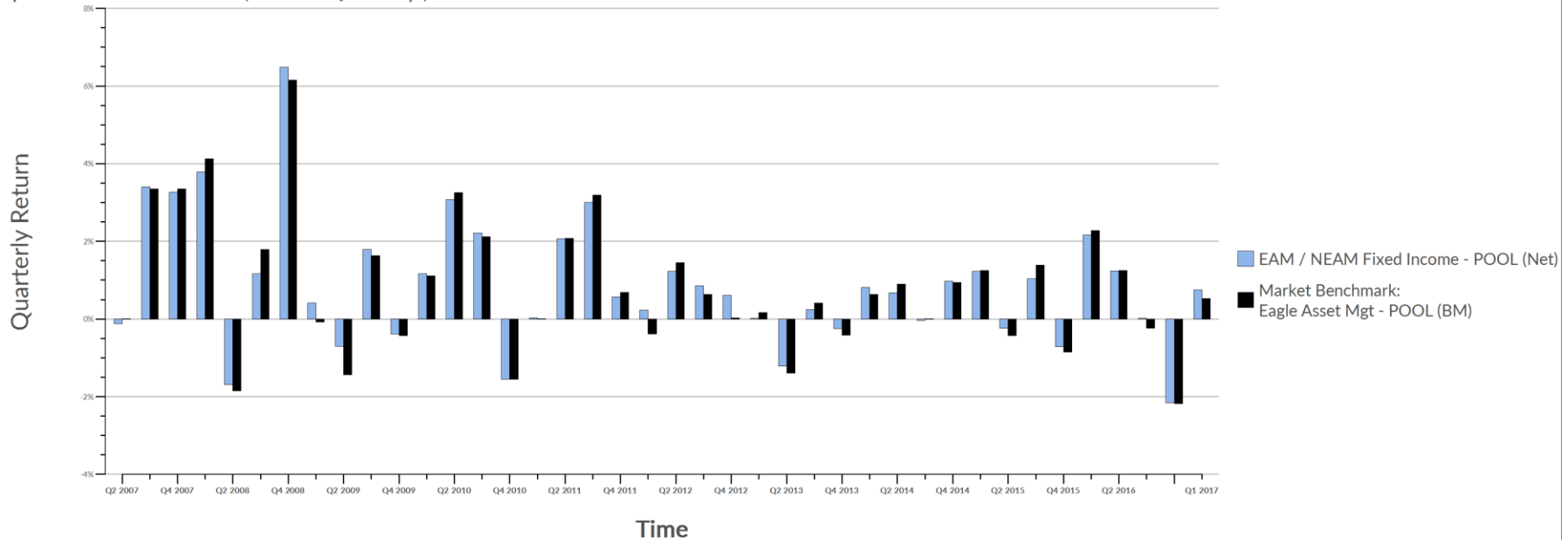
- FIXED INCOME** – Robust economic data and continued demand for yield-producing assets supported credit markets, and spreads tightened further. In the US, President Trump's failure to secure a repeal of the Affordable Care Act in Congress cast doubt on prospects for his other policies, reversing some of the post-election sell-off in US Treasuries. The UK took the next step in the Brexit process as Prime Minister May triggered Article 50 – setting the stage for the nation's departure from the European Union – and gilt yields declined. Most currencies strengthened versus the US dollar despite the looming risk of protectionist US trade policies and expectations of additional policy tightening from the Fed.



Quarterly Return Profile – Latest 10 Years

Quarterly Return / Time

April 2007 - March 2017 (Shown Quarterly)



Custom Table

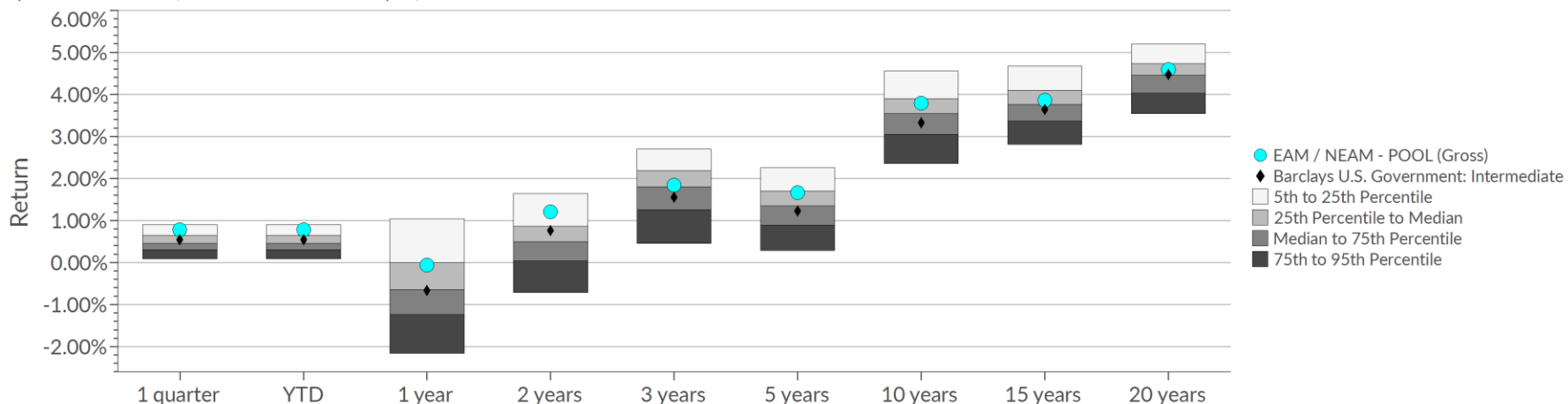
April 2007 - March 2017: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Down Periods	Average Down Return	# of Up Periods	Average Up Return	Maximum Drawdown	Information Ratio vs. Market	Alpha vs. Market	Beta vs. Market
EAM / NEAM Fixed Income - POOL (Net)	3.54%	3.33%	0.88	11	-0.82%	29	1.54%	-2.15%	0.38	0.37%	0.95
Benchmark	3.34%	3.48%	0.78	12	-0.93%	28	1.60%	-2.42%	0.00	0.00%	1.00



Performance Peer Analysis

POOL Fixed Income Portfolio vs Morningstar Intermediate Government: Return
July 1991 - March 2017 (not annualized if less than 1 year)



Manager vs Morningstar Intermediate Government: Return
July 1991 - March 2017 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	3 years	5 years	10 years	15 years	20 years
	278 mng	278 mng	276 mng	274 mng	274 mng	270 mng	247 mng	237 mng	202 mng
5th Percentile	0.90%	0.90%	1.04%	1.64%	2.70%	2.26%	4.55%	4.67%	5.20%
Median	0.45%	0.45%	-0.65%	0.49%	1.80%	1.34%	3.54%	3.76%	4.45%
95th Percentile	0.09%	0.09%	-2.16%	-0.72%	0.46%	0.29%	2.35%	2.81%	3.54%
Eagle Asset Mgt - POOL (Gross)	0.78%	0.78%	-0.06%	1.20%	1.84%	1.66%	3.79%	3.85%	4.60%
Barclays U.S. Government: Intermediate	0.54%	0.54%	-0.67%	0.76%	1.55%	1.23%	3.32%	3.64%	4.47%

Manager vs Morningstar Intermediate Government: Return Rank
July 1991 - March 2017 (not annualized if less than 1 year)

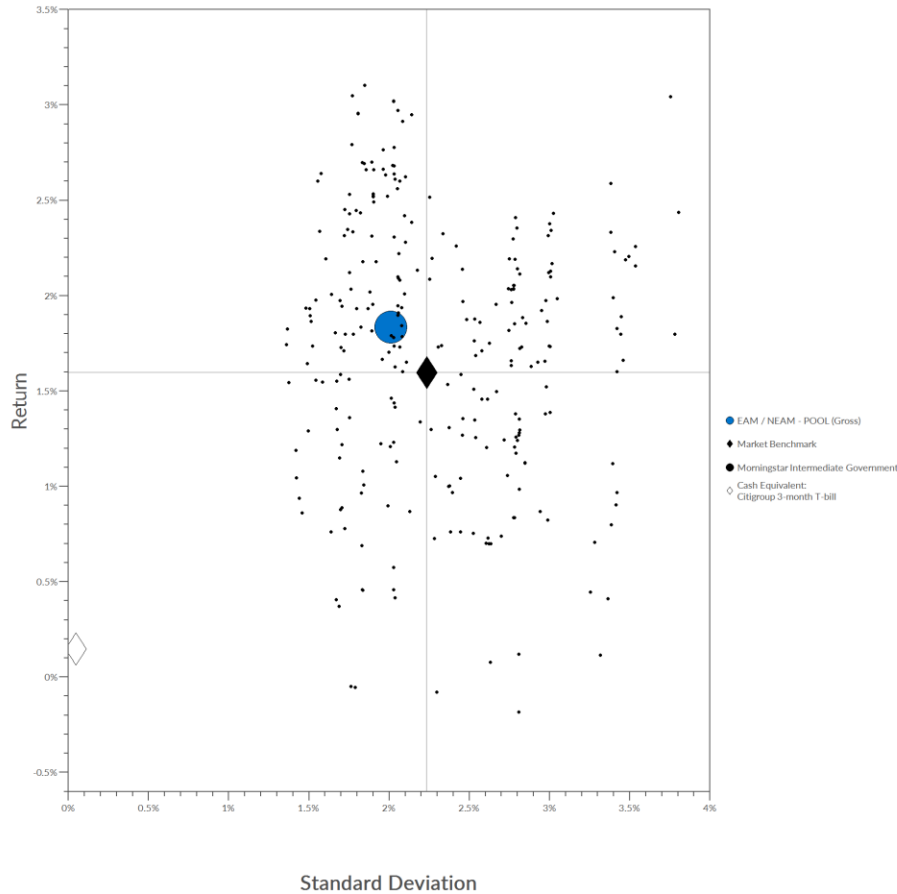
	1 quarter	YTD	1 year	2 years	3 years	5 years	10 years	15 years	20 years
	278 mng	278 mng	276 mng	274 mng	274 mng	270 mng	247 mng	237 mng	202 mng
Eagle Asset Mgt - POOL (Gross)	11.72%	11.72%	26.49%	11.51%	46.46%	25.95%	29.51%	40.32%	37.64%
Barclays U.S. Government: Intermediate	40.13%	40.13%	51.71%	32.72%	64.05%	57.58%	61.88%	59.95%	49.37%



Performance Risk/Reward Analysis

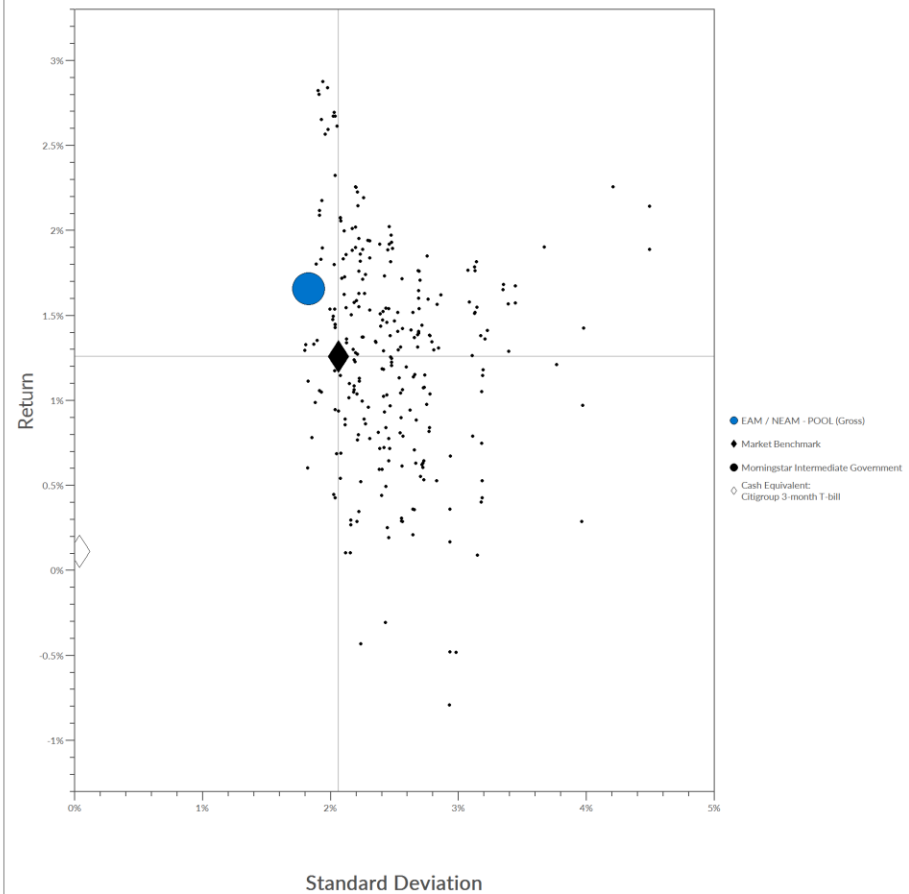
Risk / Return - Latest 3 Years

April 2014 - March 2017 (Single Computation)



Risk / Return - Latest 5 Years

April 2012 - March 2017 (Single Computation)





PUBLIC RISK MUTUAL



PRM - Performance Summary

Portfolio	Market Value	% of MV	Q1-2017	Annualized						Inception Date
				1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	
PRM - Captive										
NEAM - Core Fixed Income	\$24,724,804	69.9%	0.73%	-0.34%	0.89%	1.54%	1.35%	3.46%	3.32%	Oct-04
Benchmark - BC Int. Gov/Credit			0.78%	0.42%	1.24%	2.01%	1.88%	3.76%	3.62%	
Relative Performance			▼-0.05%	▼-0.76%	▼-0.35%	▼-0.47%	▼-0.53%	▼-0.30%	▼-0.30%	
HY/Global Fixed Income ETF/Mutual Fund	\$1,535,120	4.3%	3.04%	11.31%	4.32%	3.14%	N/A	N/A	3.18%	Jul-13
HY/Global Benchmark			2.33%	9.74%	4.48%	4.18%	N/A	N/A	3.77%	
Relative Performance			▲0.71%	▲1.57%	▼-0.16%	▼-1.04%	N/A	N/A	▼-0.59%	
Equity ETF/Mutual Fund	\$9,116,690	25.8%	4.89%	14.65%	7.82%	6.82%	N/A	N/A	10.13%	Jul-13
Benchmark - Market-Weighted			4.94%	15.57%	8.04%	9.58%	N/A	N/A	12.55%	
Relative Performance			▼-0.05%	▼-0.92%	▼-0.22%	▼-2.76%	N/A	N/A	▼-2.42%	
Consolidated ETF/Mutual Fund²	\$10,671,064	30.1%	4.57%	14.09%	7.26%	6.09%	N/A	N/A	7.77%	Jul-13
Benchmark ³			4.56%	14.72%	7.52%	8.04%	N/A	N/A	9.32%	
Relative Performance			▲0.01%	▼-0.63%	▼-0.26%	▼-1.95%	N/A	N/A	▼-1.55%	
Consolidated PRM Portfolio	\$35,395,868	100.0%	2.01%	4.20%	2.93%	3.08%	N/A	N/A	4.33%	Jul-13
Benchmark ⁴			2.10%	4.91%	3.24%	4.46%	N/A	N/A	5.47%	
Relative Performance			▼-0.09%	▼-0.71%	▼-0.31%	▼-1.38%	N/A	N/A	▼-1.14%	
Key Market Indices										
Barclays U.S. Aggregate			0.82%	0.44%	1.20%	2.68%	2.34%	4.27%		
Barclays Intermediate U.S. Government/Credit			0.78%	0.42%	1.24%	2.01%	1.88%	3.76%		
Barclays U.S. Corporate Investment Grade			1.22%	3.31%	2.11%	3.65%	3.96%	5.44%		
Barclays U.S. Corporate High Yield			2.70%	16.39%	5.87%	4.56%	6.82%	7.46%		
Barclays U.S. Treasury: U.S. TIPS			1.26%	1.48%	1.50%	2.03%	0.97%	4.24%		
S&P 500			6.07%	17.17%	9.21%	10.37%	13.30%	7.51%		
S&P MidCap 400			3.94%	20.92%	7.97%	9.36%	13.32%	8.96%		
S&P SmallCap 600			1.06%	24.59%	9.82%	9.45%	14.25%	8.80%		
MSCI EAFE Index			7.39%	12.25%	1.69%	0.96%	6.32%	1.53%		
MSCI Emerging Markets			11.49%	17.65%	1.93%	1.55%	1.17%	3.05%		
MSCI Frontier Emerging Markets			7.55%	7.76%	-2.46%	-2.36%	2.50%	N/A		
MSCI World Ex. US Index			6.95%	12.52%	1.74%	0.84%	5.89%	1.63%		
Notes:										
1) NEAM replaced EAM as fixed income manager 1/1/2016										
2) Includes cash balances.										
3) Blended benchmark of 55% S&P 500 / 35% Barclays Intermediate Gov/Credit / 10% 90 day T-Bill to March 2015; thereafter market-weighted by fund/ETF benchmark.										
4) Market-weighted benchmark using Eagle fixed income and Consolidated ETF/Mutual Fund benchmarks.										
-- All returns net of fees										
-- Fixed Income Market values include accrued income										
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance										

1st Quarter Market Issues & Performance Drivers:

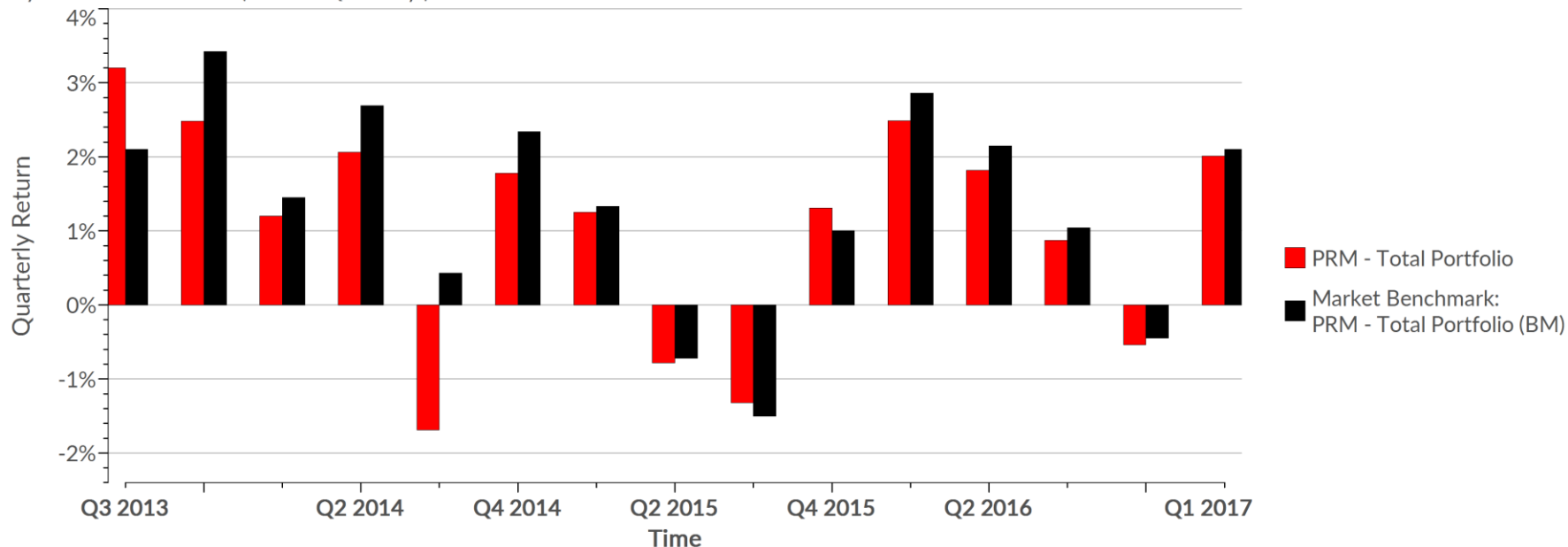
- Fixed Income** – Robust economic data and continued demand for yield-producing assets supported credit markets, and spreads tightened further. In the US, President Trump's failure to secure a repeal of the Affordable Care Act in Congress cast doubt on prospects for his other policies, reversing some of the post-election sell-off in US Treasuries. The UK took the next step in the Brexit process as Prime Minister May triggered Article 50 – setting the stage for the nation's departure from the European Union – and gilt yields declined. Most currencies strengthened versus the US dollar despite the looming risk of protectionist US trade policies and expectations of additional policy tightening from the Fed.
- Risk Assets** - Global equities (+1.1%) rallied for the fifth consecutive month, ending March with a 5.8% gain year to date. Political uncertainty in Europe weighed on investors' minds, particularly over the French presidential election. However, polls toward the end of the month suggested that French centrist Emmanuel Macron had slightly increased his lead over anti-euro candidate Marine Le Pen. As expected, the European Central Bank (ECB) kept policy on hold, but ECB President Mario Draghi's press conference helped to stoke risk appetites. Draghi acknowledged the improving outlook for Eurozone GDP growth, highlighting that deflation risks had dissipated and the economy had performed well despite political uncertainty. While risks stemming from US President Donald Trump's ambitious legislative agenda and European elections were top of mind, economic data releases across most major economies remained robust, helping the rally in equity markets to continue.



Total Portfolio: Quarterly Return Profile**

Quarterly Return / Time

July 2013 - March 2017 (Shown Quarterly)



Custom Table

July 2013 - March 2017: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Down Periods	Average Down Return	# of Up Periods	Average Up Return	Maximum Drawdown	Information Ratio vs. Market	Alpha vs. Market	Beta vs. Market
PRM - Total Portfolio	4.33%	2.97%	1.41	4	-1.08%	11	1.86%	-2.09%	-0.82	-0.75%	0.94
PRM - Total Portfolio (BM)	5.47%	2.82%	1.90	3	-0.89%	12	1.91%	-2.21%	0.00	0.00%	1.00



PRM – Asset Allocation

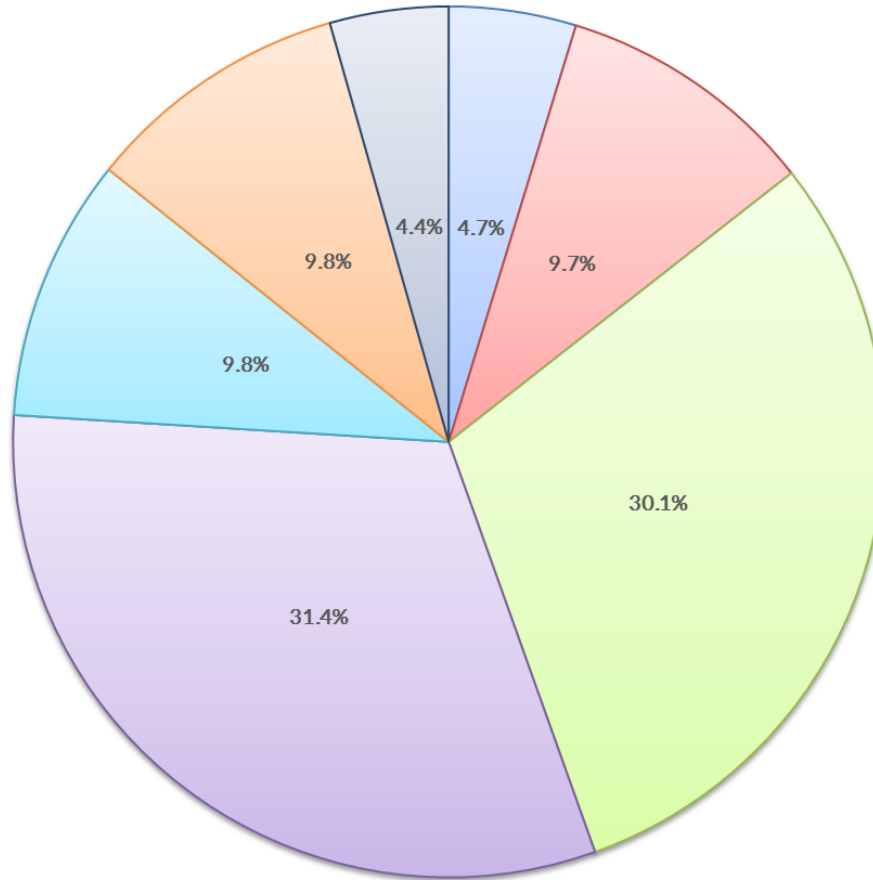
Asset Class	Market Value	Minimum	Maximum	Old Target	SAA Target	Current vs. SAA Target	Current
Core Fixed Income*	\$ 24,744,058	50%	100%	60%	65%	▲ 4.91%	69.91%
Risk Assets	\$ 10,651,810	20%	40%	40%	35%	▼ -4.91%	30.09%
Risk Assets As % of 12/31/2015 Surplus							41.12%
<i>US Large Cap</i>	\$ 6,558,402				60%		61.6%
<i>US Mid Cap</i>	\$ 1,041,199				10%		9.8%
<i>US Small Cap</i>	\$ 1,048,355				10%		9.8%
<i>US High Yield Fixed Income</i>	\$ 1,032,242				10%		9.7%
<i>International Equity</i>	\$ 468,734				5%		4.4%
<i>World Fixed Income</i>	\$ 502,878				5%		4.7%
Total	\$ 35,395,868				100%		100%
<i>* NEAM Fixed Income & Cash in Risk Asset account</i>							

- The Enterprise-Based Asset Allocation analysis indicates that additional prudent risks across both fixed income and risk assets may be taken to support higher expected investment returns. However, recent transfers from Pool to PRM will be first invested within the fixed income portfolio; risk asset allocation evaluation will occur afterwards.



PRM Risk Asset Allocation

PRM Risk Asset Allocation: \$10.6M or 41.1% of 12/31/2015 Surplus

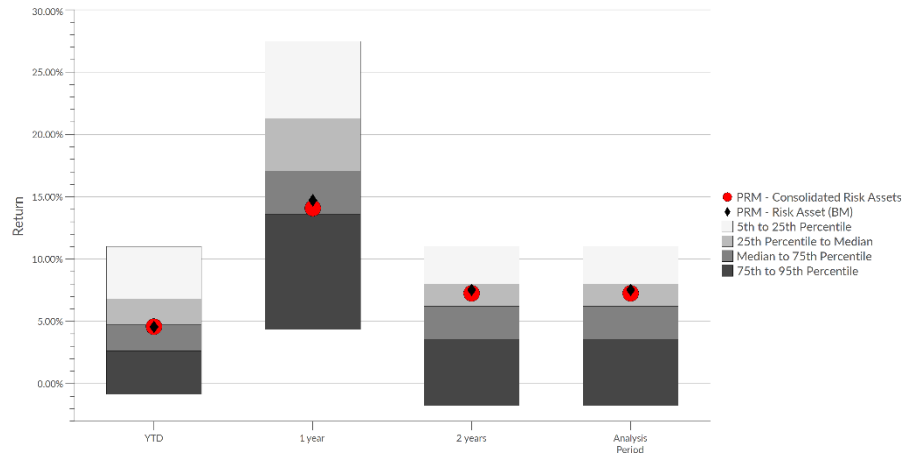


- Templeton Global Bond
- Vanguard High Yield Bond
- Vanguard Dividend Growth
- Vanguard High Dividend Yield
- Vanguard Mid Cap
- Vanguard Small Cap
- Vanguard FTSE All World ex-US

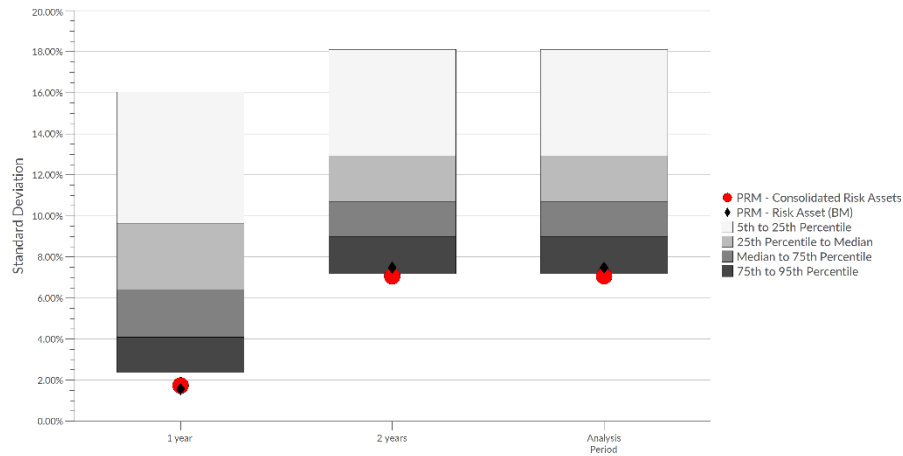


Risk Asset Performance Peer Analysis

PRM ETF/Mutual Fund Portfolio vs Morningstar All Domestic Equity Managers: Return
 April 2015 - March 2017 (not annualized if less than 1 year)



PRM ETF/Mutual Fund Portfolio vs Morningstar All Domestic Equity Managers: Standard Deviation
 April 2015 - March 2017 (not annualized if less than 1 year)



Using Morningstar All U.S. Domestic Equity Peer Universe



PRM – Risk Asset Holdings & Returns Detail

Manager vs Benchmark: Return

April 2015 - March 2017 (not annualized if less than 1 year)

	YTD	1 year	2 years	Analysis Period
PRM - Consolidated Risk Assets	4.57%	14.09%	7.26%	7.26%
-- Market-Weighted Benchmark	4.56%	14.72%	7.52%	7.52%
Vanguard High Dividend Yield Index Inv	3.33%	15.90%	10.15%	10.15%
-- FTSE High Dividend Yield Index	3.36%	16.11%	10.31%	10.31%
Vanguard Dividend Growth Inv	5.87%	10.67%	7.63%	7.63%
-- NASDAQ US Dividend Achievers Select	6.18%	13.19%	8.02%	8.02%
Vanguard High-Yield Corporate Adm	2.25%	11.22%	4.92%	4.92%
-- ML BB-B US High Yield Index	2.30%	13.80%	5.38%	5.38%
Vanguard Mid Cap Index Adm	6.19%	16.74%	5.71%	5.71%
-- CRSP US Mid Cap TR Index	6.20%	16.80%	5.74%	5.74%
Vanguard Small Cap Index Adm	3.74%	21.51%	6.22%	6.22%
-- CRSP US Small Cap TR Index	3.74%	21.47%	6.19%	6.19%
FTSE ALL-WORLD EX US INDEX	7.92%	13.85%	2.19%	2.19%
-- Vanguard FTSE All-World ex-US ETF (MKT)	8.61%	14.23%	1.98%	1.98%
Templeton Global Bond Adv	4.65%	11.46%	3.35%	3.35%
-- Citigroup World Government Bond Index	1.55%	-3.65%	1.02%	1.02%

Funds/ETFs shown reflects SAA's recommendation with an inception date of April 2015.





PUBLIC AGENCY COMPENSATION TRUST



PACT - Performance Summary

Portfolio	Market Value	% of MV	Q1-2017	Annualized						Inception Date
				1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	
PACT										
NEAM Fixed Income - Consolidated¹	\$67,332,990	100.0%	0.62%	-0.28%	0.74%	1.39%	1.27%	3.44%	4.12%	Jul-96
Benchmark - BC Int. Government			0.53%	-0.68%	0.84%	1.60%	1.26%	3.34%	4.51%	
Relative Performance			▲ 0.09%	▲ 0.40%	▼ -0.10%	▼ -0.21%	▲ 0.01%	▲ 0.10%	▼ -0.39%	
Key Market Indices										
Barclays U.S. Aggregate			0.82%	0.44%	1.20%	2.68%	2.34%	4.27%		
Barclays Intermediate U.S. Government/Credit			0.78%	0.42%	1.24%	2.01%	1.88%	3.76%		
Barclays U.S. Corporate Investment Grade			1.22%	3.31%	2.11%	3.65%	3.96%	5.44%		
Barclays U.S. Treasury: U.S. TIPS			1.26%	1.48%	1.50%	2.03%	0.97%	4.24%		
Notes:										
1) NEAM assumed fixed income management of PACT on 1/1/2016, and PCM on 6/1/2016.										
2) Includes uninvested cash balances.										
3) Blended benchmark of 55% S&P 500 / 35% Barclays Intermediate Gov/Credit / 10% 90 day T-Bill to March 2015; thereafter market-weighted by fund/ETF benchmark.										
-- All returns net of fees										
-- Fixed Income Market values include accrued income										
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance										

1st Quarter Market Issues & Performance Drivers:

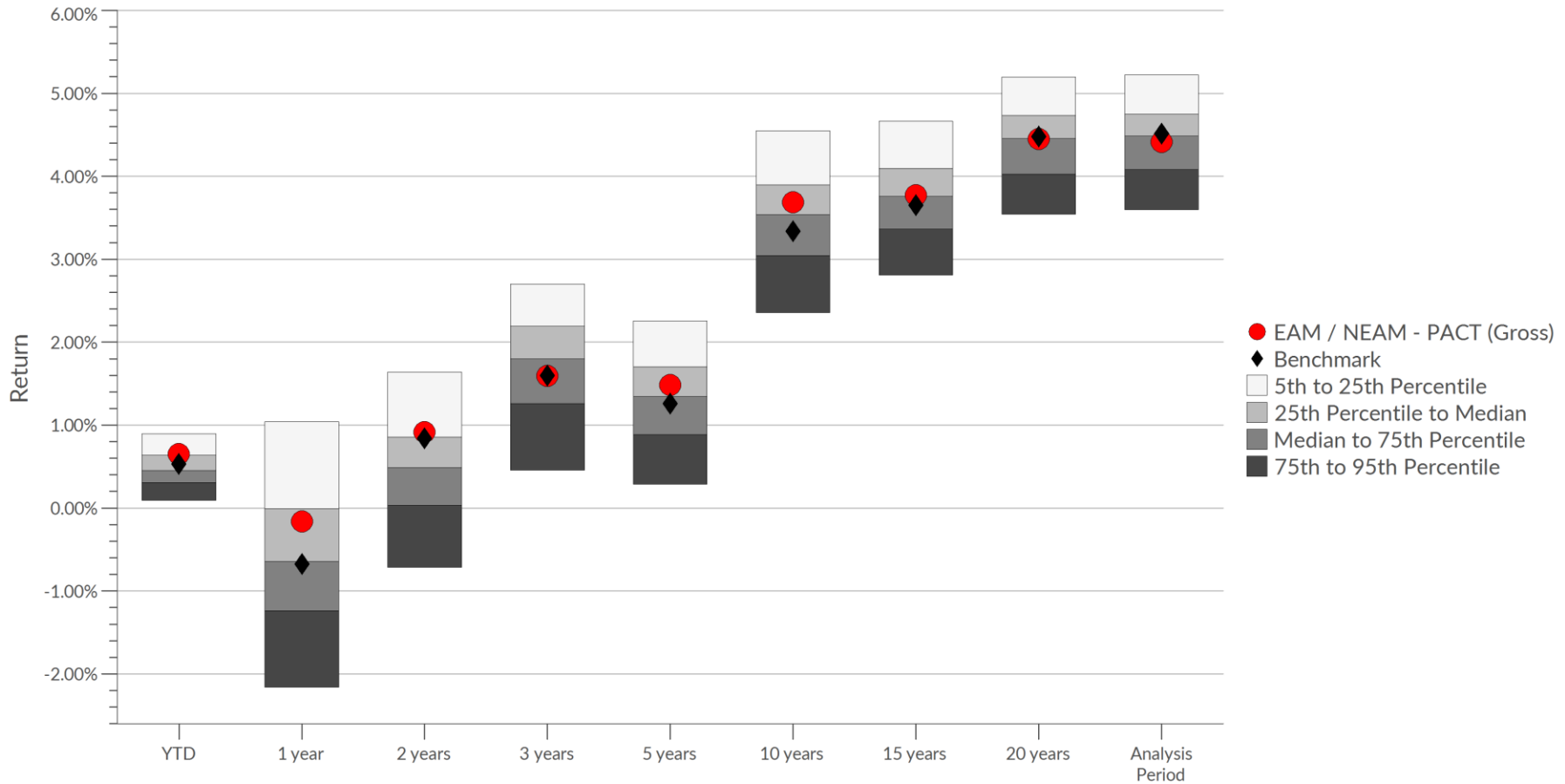
- FIXED INCOME** – Robust economic data and continued demand for yield-producing assets supported credit markets, and spreads tightened further. In the US, President Trump's failure to secure a repeal of the Affordable Care Act in Congress cast doubt on prospects for his other policies, reversing some of the post-election sell-off in US Treasuries. The UK took the next step in the Brexit process as Prime Minister May triggered Article 50 – setting the stage for the nation's departure from the European Union – and gilt yields declined. Most currencies strengthened versus the US dollar despite the looming risk of protectionist US trade policies and expectations of additional policy tightening from the Fed.



Eagle Asset Management - Performance Peer Analysis

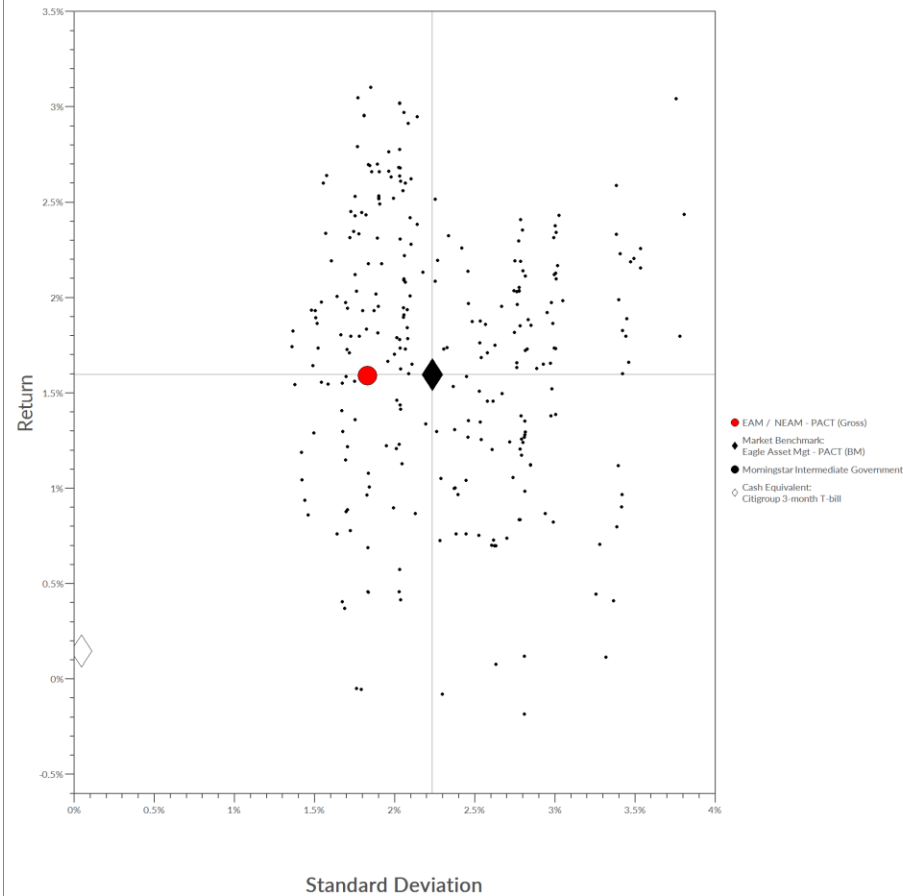
PACT - EAM/NEAM Fixed Income Portfolios vs Morningstar Intermediate Government: Return

July 1996 - March 2017 (not annualized if less than 1 year)

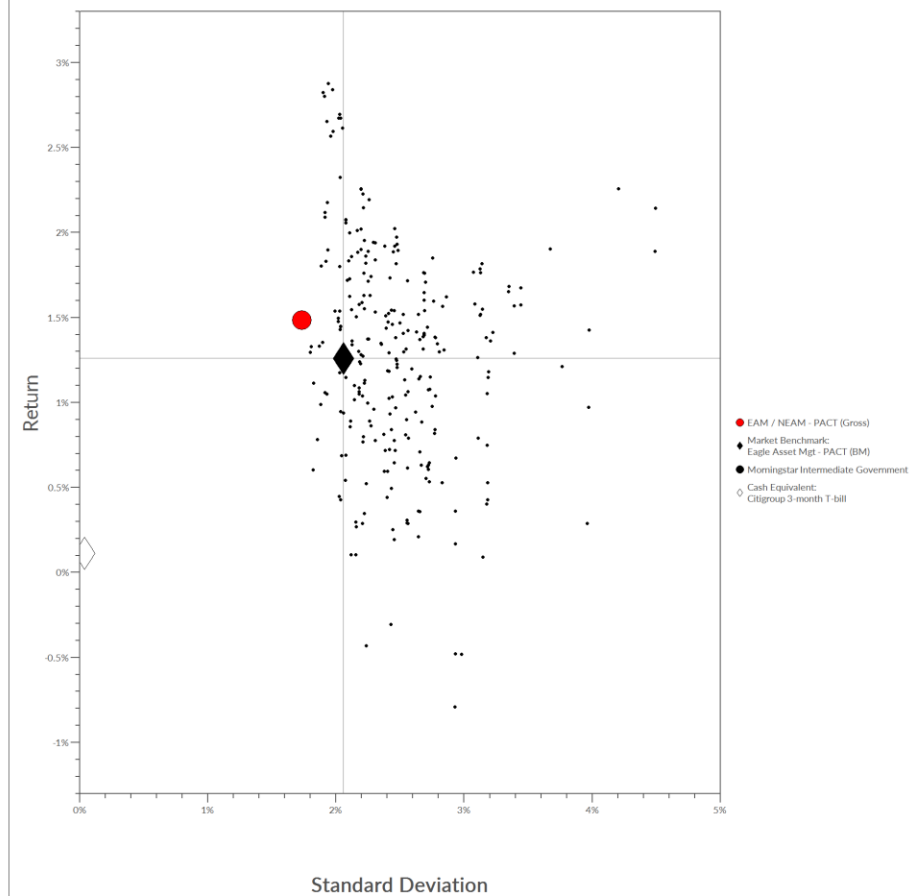


Eagle Asset Management - Performance Risk/Reward Analysis

Risk / Return - Latest 3 Years
 April 2014 - March 2017 (Single Computation)



Risk / Return - Latest 5 Years
 April 2012 - March 2017 (Single Computation)





PUBLIC COMPENSATION MUTUAL



PCM - Performance Summary

Portfolio	Market Value	% of MV	Q1-2017	Annualized						Inception Date
				1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	
PCM - Captive										
Core Fixed Income¹	\$41,553,254	72.6%	0.75%	-1.55%	-0.15%	0.75%	N/A	N/A	0.37%	Apr-13
Benchmark - BC Int. Gov/Credit			0.78%	0.42%	1.24%	2.01%	N/A	N/A	1.48%	
Relative Performance			▼-0.03%	▼-1.97%	▼-1.39%	▼-1.26%	N/A	N/A	▼-1.11%	
Risk Assets ETF/Mutual Fund	\$15,657,582	27.4%	4.57%	14.13%	7.28%	6.28%	N/A	N/A	8.69%	Apr-13
Benchmark - Market-Weighted			4.54%	12.80%	6.87%	8.79%	N/A	N/A	11.92%	
Relative Performance			▲0.03%	▲1.33%	▲0.41%	▼-2.51%	N/A	N/A	▼-3.23%	
Consolidated PCM Portfolio²	\$57,199,788	100.0%	2.07%	3.62%	2.44%	2.67%	N/A	N/A	3.22%	Apr-13
Benchmark ³			2.14%	5.10%	3.16%	5.10%	N/A	N/A	6.68%	
Relative Performance			▼-0.07%	▼-1.48%	▼-0.72%	▼-2.43%	N/A	N/A	▼-3.46%	
Key Market Indices										
Barclays U.S. Aggregate			0.82%	0.44%	1.20%	2.68%	2.34%	4.27%		
Barclays Intermediate U.S. Government/Credit			0.78%	0.42%	1.24%	2.01%	1.88%	3.76%		
Barclays U.S. Corporate Investment Grade			1.22%	3.31%	2.11%	3.65%	3.96%	5.44%		
Barclays U.S. Corporate High Yield			2.70%	16.39%	5.87%	4.56%	6.82%	7.46%		
Barclays U.S. Treasury: U.S. TIPS			1.26%	1.48%	1.50%	2.03%	0.97%	4.24%		
S&P 500			6.07%	17.17%	9.21%	10.37%	13.30%	7.51%		
S&P MidCap 400			3.94%	20.92%	7.97%	9.36%	13.32%	8.96%		
S&P SmallCap 600			1.06%	24.59%	9.82%	9.45%	14.25%	8.80%		
MSCI EAFE Index			7.39%	12.25%	1.69%	0.96%	6.32%	1.53%		
MSCI Emerging Markets			11.49%	17.65%	1.93%	1.55%	1.17%	3.05%		
MSCI Frontier Emerging Markets			7.55%	7.76%	-2.46%	-2.36%	2.50%	N/A		
MSCI World Ex. US Index			6.95%	12.52%	1.74%	0.84%	5.89%	1.63%		
Notes:										
1) NEAM assumed fixed income management of PACT on 1/1/2016, and PCM on 6/1/2016.										
2) Includes uninvested cash balances.										
3) Blended benchmark of 55% S&P 500 / 35% Barclays Intermediate Gov/Credit / 10% 90 day T-Bill to March 2015; thereafter market-weighted by fund/ETF benchmark.										
-- All returns net of fees										
-- Fixed Income Market values include accrued income										
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance										

1st Quarter Market Issues & Performance Drivers:

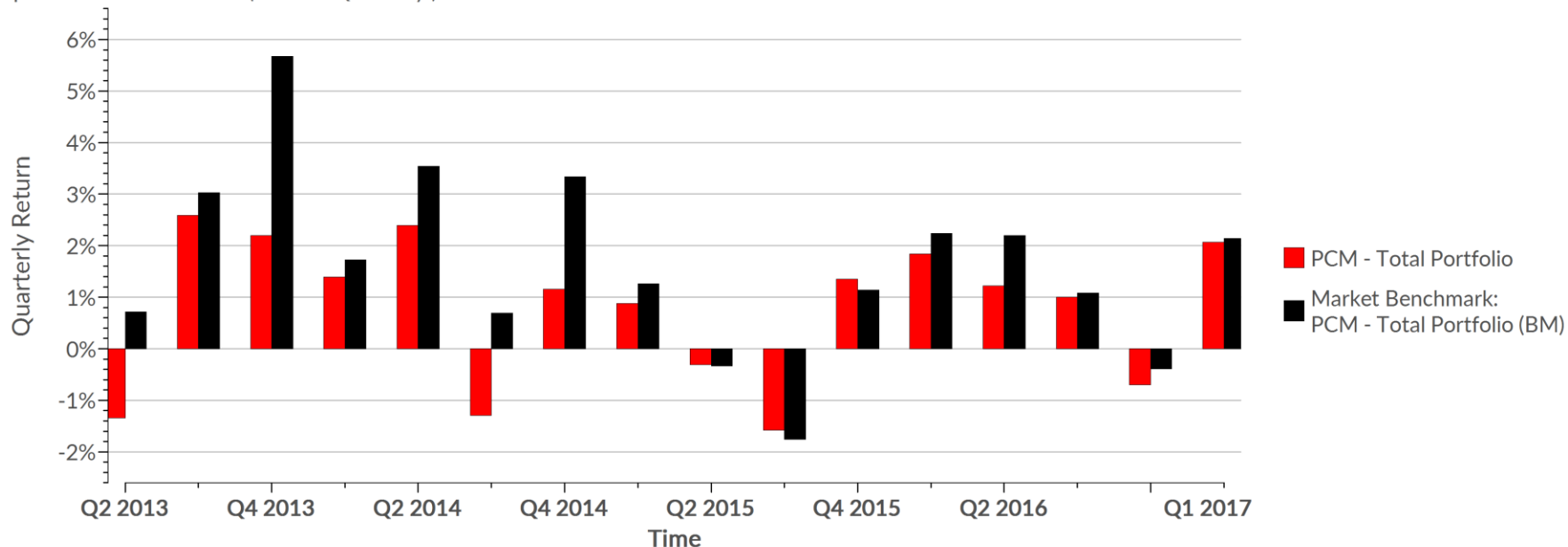
- Fixed Income** – Robust economic data and continued demand for yield-producing assets supported credit markets, and spreads tightened further. In the US, President Trump's failure to secure a repeal of the Affordable Care Act in Congress cast doubt on prospects for his other policies, reversing some of the post-election sell-off in US Treasuries. The UK took the next step in the Brexit process as Prime Minister May triggered Article 50 – setting the stage for the nation's departure from the European Union – and gilt yields declined. Most currencies strengthened versus the US dollar despite the looming risk of protectionist US trade policies and expectations of additional policy tightening from the Fed.
- Risk Assets** - Global equities (+1.1%) rallied for the fifth consecutive month, ending March with a 5.8% gain year to date. Political uncertainty in Europe weighed on investors' minds, particularly over the French presidential election. However, polls toward the end of the month suggested that French centrist Emmanuel Macron had slightly increased his lead over anti-euro candidate Marine Le Pen. As expected, the European Central Bank (ECB) kept policy on hold, but ECB President Mario Draghi's press conference helped to stoke risk appetites. Draghi acknowledged the improving outlook for Eurozone GDP growth, highlighting that deflation risks had dissipated and the economy had performed well despite political uncertainty. While risks stemming from US President Donald Trump's ambitious legislative agenda and European elections were top of mind, economic data releases across most major economies remained robust, helping the rally in equity markets to continue.



Total Portfolio: Quarterly Return Profile**

Quarterly Return / Time

April 2013 - March 2017 (Shown Quarterly)



Custom Table

April 2013 - March 2017: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Down Periods	Average Down Return	# of Up Periods	Average Up Return	Maximum Drawdown	Information Ratio vs. Market	Alpha vs. Market	Beta vs. Market
PCM - Total Portfolio	3.22%	2.80%	1.10	5	-1.04%	11	1.64%	-1.89%	-1.64	-0.94%	0.63
PCM - Total Portfolio (BM)	6.68%	3.56%	1.84	3	-0.83%	13	2.21%	-2.08%	0.00	0.00%	1.00



PCM – Asset Allocation

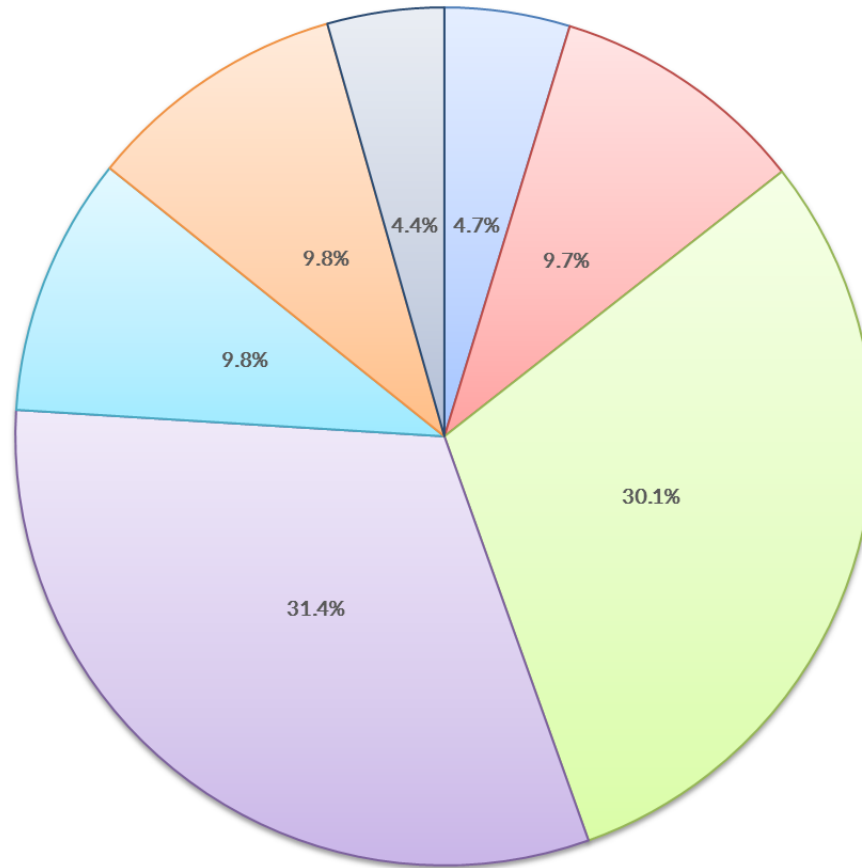
Asset Class	Market Value	Minimum	Maximum	Old Target	SAA Target	Current vs. SAA Target	Current
Core Fixed Income*	\$ 41,553,254	50%	100%	60%	65%	▲ 7.65%	72.65%
Risk Assets	\$ 15,646,534	20%	40%	40%	35%	▼ -7.65%	27.35%
Risk Assets As % of 12/31/2015 Surplus							42.70%
<i>US Large Cap</i>	\$ 9,575,446				60%		61.2%
<i>US Mid Cap</i>	\$ 1,545,004				10%		9.9%
<i>US Small Cap</i>	\$ 1,576,037				10%		10.1%
<i>US High Yield Fixed Income</i>	\$ 1,537,376				10%		9.8%
<i>International Equity</i>	\$ 674,403				5%		4.3%
<i>World Fixed Income</i>	\$ 738,267				5%		4.7%
Total	\$ 57,199,788				100%		100%
* NEAM Fixed Income & Cash in Risk Asset account							

- The Enterprise-Based Asset Allocation analysis indicates that additional prudent risks across both fixed income and risk assets may be taken to support higher expected investment returns. However, recent transfers from PACT to PCM will be first invested within the fixed income portfolio; risk asset allocation evaluation will occur afterwards.



PCM Risk Asset Allocation

PCM Risk Asset Allocation: \$15.6M or 42.7% of 12/31/2015 Surplus

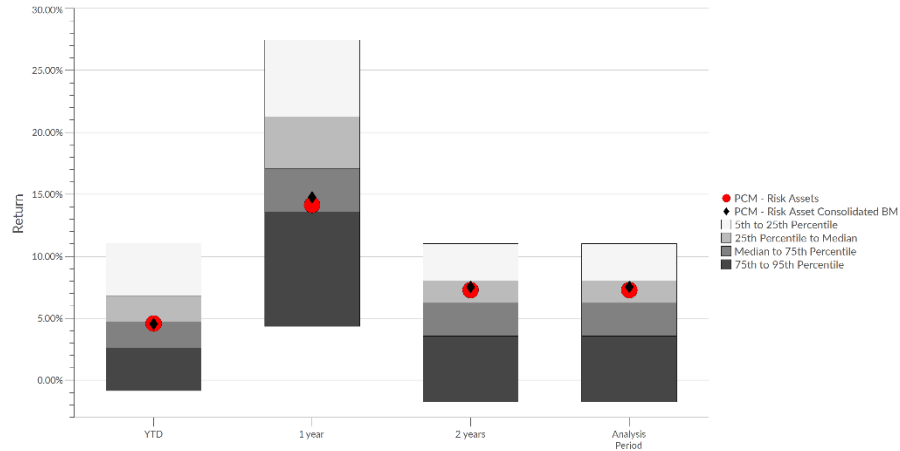


- Templeton Global Bond
- Vanguard High Yield Bond
- Vanguard Dividend Growth
- Vanguard High Dividend Yield
- Vanguard Mid Cap
- Vanguard Small Cap
- Vanguard FTSE All World ex-US

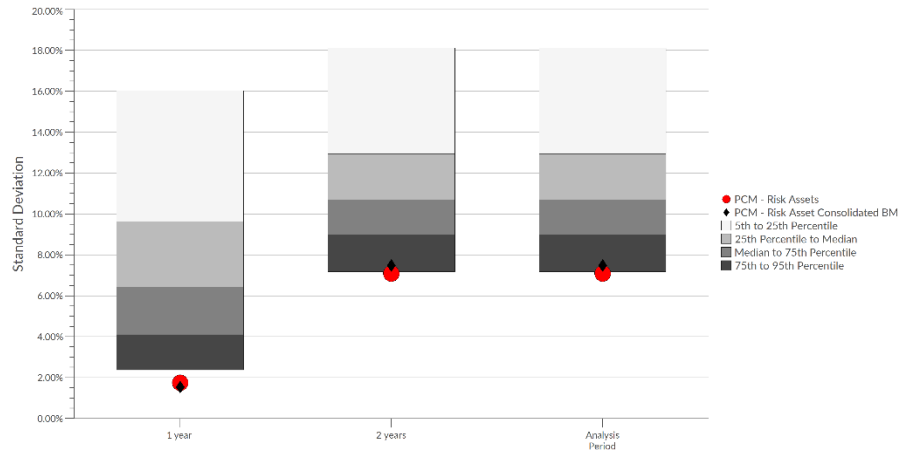


Risk Asset Performance Peer Analysis

PCM ETF/Mutual Fund Portfolio vs Morningstar All Domestic Equity Managers: Return
April 2015 - March 2017 (not annualized if less than 1 year)



PCM ETF/Mutual Fund Portfolio vs Morningstar All Domestic Equity Managers: Standard Deviation
April 2015 - March 2017 (not annualized if less than 1 year)



Using Morningstar All Domestic Equity Manager Peer Universe



PCM ETF/Mutual Fund Holdings – Returns Detail

Manager vs Benchmark: Return

April 2015 - March 2017 (not annualized if less than 1 year)

	YTD	1 year	2 years	Analysis Period
PCM - Risk Assets	4.57%	14.13%	7.28%	7.28%
-- PCM - Risk Assets Consolidated BM	4.54%	14.76%	7.53%	7.53%
Vanguard High Dividend Yield Index Inv	3.33%	15.90%	10.15%	10.15%
-- FTSE High Dividend Yield Index	3.36%	16.11%	10.31%	10.31%
Vanguard Dividend Growth Inv	5.87%	10.67%	7.63%	7.63%
-- NASDAQ US Dividend Achievers Select	6.18%	13.19%	8.02%	8.02%
Vanguard High-Yield Corporate Adm	2.25%	11.22%	4.92%	4.92%
-- ML BB-B US High Yield Index	2.30%	13.80%	5.38%	5.38%
Vanguard Mid Cap Index Adm	6.19%	16.74%	5.71%	5.71%
-- CRSP US Mid Cap TR Index	6.20%	16.80%	5.74%	5.74%
Vanguard Small Cap Index Adm	3.74%	21.51%	6.22%	6.22%
-- CRSP US Small Cap TR Index	3.74%	21.47%	6.19%	6.19%
FTSE ALL-WORLD EX US INDEX	7.92%	13.85%	2.19%	2.19%
-- Vanguard FTSE All-World ex-US ETF (MKT)	8.61%	14.23%	1.98%	1.98%
Templeton Global Bond Adv	4.65%	11.46%	3.35%	3.35%
-- Citigroup World Government Bond Index	1.55%	-3.65%	1.02%	1.02%





POOLING RESOURCES, INC.



Pooling Resources Inc. - Performance Summary

Portfolio	Market Value	% of MV	Q1-2017	Annualized						Inception Date
				1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	
Pooling Resources, Inc.										
Core Fixed Income¹	\$1,178,844	100.0%	0.26%	0.35%	0.59%	0.72%	0.63%	N/A	0.64%	Jul-11
Benchmark - BC Int. Government			0.87%	0.51%	1.48%	1.32%	0.99%	N/A	0.97%	
Relative Performance			▼ -0.61%	▼ -0.16%	▼ -0.89%	▼ -0.60%	▼ -0.36%	N/A	▼ -0.33%	
Key Market Indices										
Barclays U.S. Aggregate			0.82%	0.44%	1.20%	2.68%	2.34%	4.27%		
Barclays Intermediate U.S. Government/Credit			0.78%	0.42%	1.24%	2.01%	1.88%	3.76%		
Barclays U.S. Corporate Investment Grade			1.22%	3.31%	2.11%	3.65%	3.96%	5.44%		
Barclays U.S. Corporate High Yield			2.70%	16.39%	5.87%	4.56%	6.82%	7.46%		
Barclays U.S. Treasury: U.S. TIPS			1.26%	1.48%	1.50%	2.03%	0.97%	4.24%		
Notes:										
1) EAM assumed fixed income mangement on 1/1/2016.										
-- All returns net of fees										
-- For each measurement period , Green indicates outperformance, and Red indicates underperformance										





FUND/ETF PERFORMANCE ANALYSIS



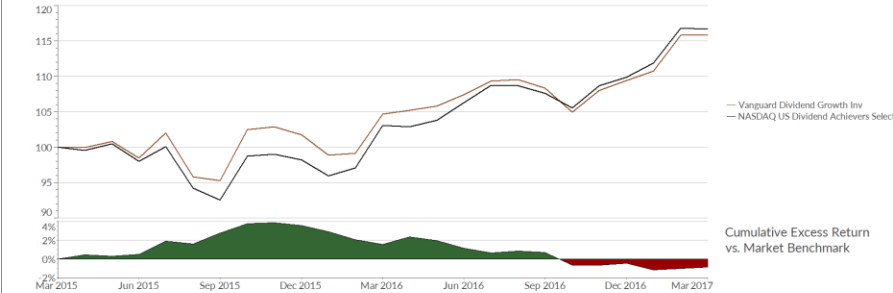
Performance Analysis Guide

Guide to Fund Analysis Page Sections		Zephyr StyleADVISOR: Strategic Asset Alliance
<p>Section (1) - Fund Performance</p> <ul style="list-style-type: none"> -- Funds' normalized performance over the last ten years or from funds' inception, whichever is less. -- Includes normalized cumulative excess returns relative to fund benchmark over the time period. 	<p>Section (4) - Peer Analysis Chart</p> <ul style="list-style-type: none"> -- Compares the fund performance on a percentile basis relative to a peer group of other funds of similar investment style. Morningstar peer groups are utilized for analysis purposes. - Time period over the last ten years or from funds' inception, whichever is less. 	
<p>Section (2) - Drawdown</p> <ul style="list-style-type: none"> -- Illustrates negative fund performance over the last ten years or from funds' inception, whichever is less. -- Illustrates downside volatility more clearly for riskier asset classes. 	<p>Section (5) - Peer Group Analysis Returns Range</p> <ul style="list-style-type: none"> -- Compares the fund and benchmark performance relative to the median, 5th percentile and 95th percentile returns of the peer group. -- Annualized returns over the last ten years or from funds' inception, whichever is less. 	
<p>Section (3) - Risk/Return</p> <ul style="list-style-type: none"> -- Illustrates the risk/return characteristics of the fund relative to the fund benchmark and peer group over a period of time. -- Time period over the last ten years or from funds' inception, whichever is less. 	<p>Section (6) - Performance Attribution</p> <ul style="list-style-type: none"> -- Using market indices relevant to the fund's style and investment policy, this analysis compares the actual fund returns with the relevant market indices to generate a performance attribution the funds' total returns. -- Used rolling one-year periods for analysis. 	

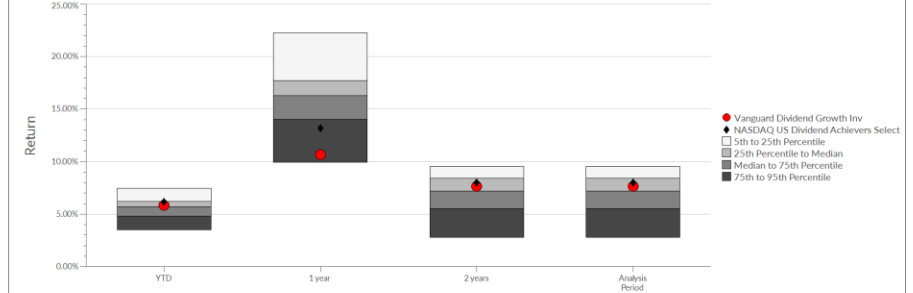


U.S. Large Cap Equity: Vanguard Dividend Growth

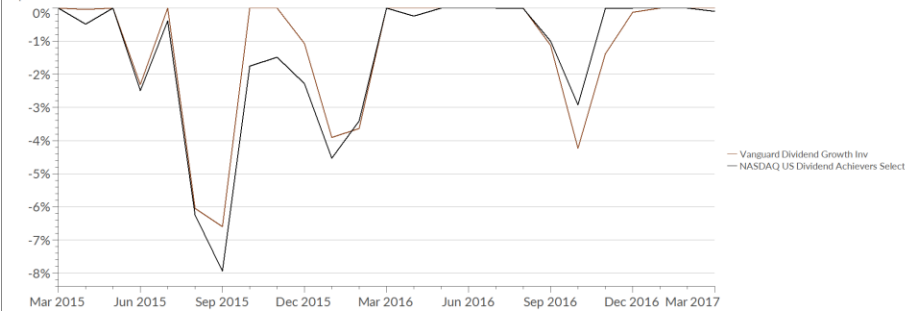
Manager Performance
April 2015 - March 2017 (Single Computation)



Manager vs Morningstar Large Blend: Return
April 2015 - March 2017 (not annualized if less than 1 year)



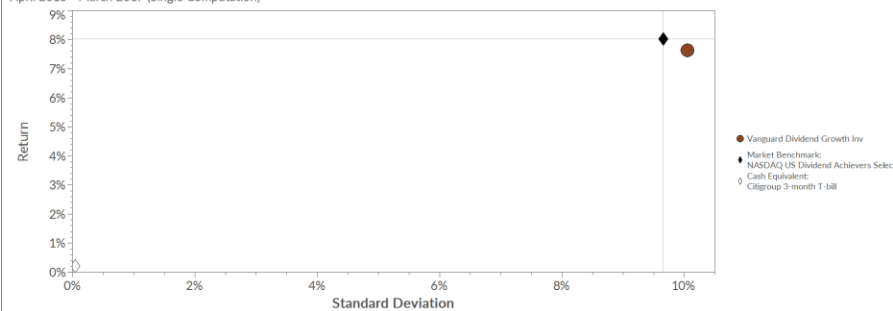
Drawdown
April 2015 - March 2017



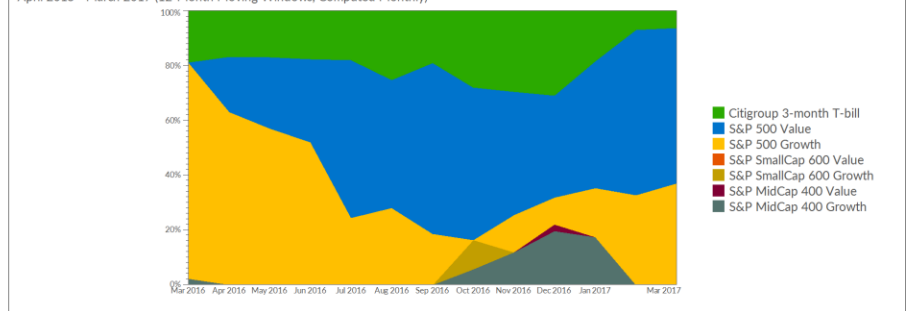
Manager vs Morningstar Large Blend: Return
April 2015 - March 2017 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	Analysis Period
	1416 mng	1416 mng	1373 mng	1339 mng	1339 mng
5th Percentile	7.48%	7.48%	22.25%	9.52%	9.52%
Median	5.72%	5.72%	16.27%	7.21%	7.21%
95th Percentile	3.52%	3.52%	9.93%	2.78%	2.78%
Vanguard Dividend Growth Inv	5.87%	5.87%	10.67%	7.63%	7.63%
NASDAQ US Dividend Achievers Select	6.18%	6.18%	13.19%	8.02%	8.02%

Risk / Return
April 2015 - March 2017 (Single Computation)

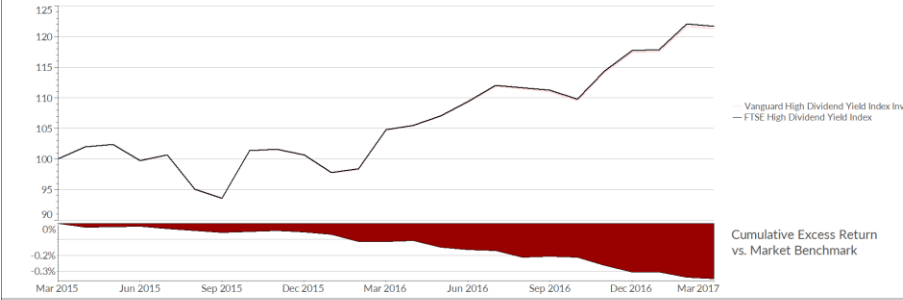


Asset Allocation Vanguard Dividend Growth Inv
April 2015 - March 2017 (12-Month Moving Windows, Computed Monthly)

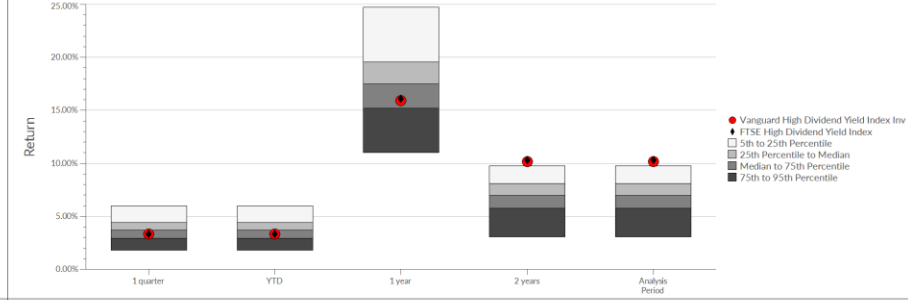


U.S. Large Cap Equity: Vanguard High Dividend Yield

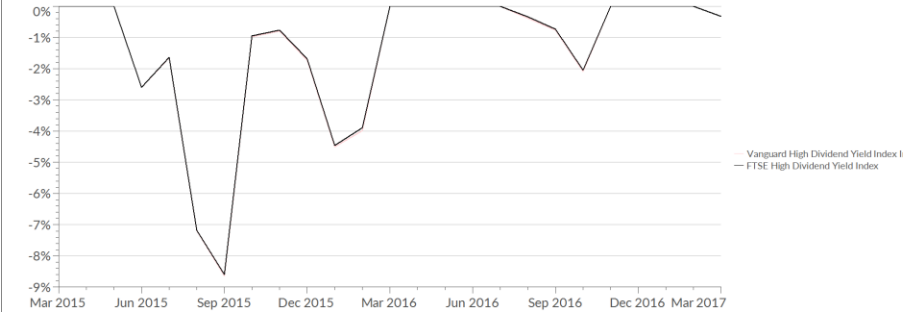
Manager Performance
April 2015 - March 2017 (Single Computation)



Manager vs Morningstar Large Value: Return
April 2015 - March 2017 (not annualized if less than 1 year)



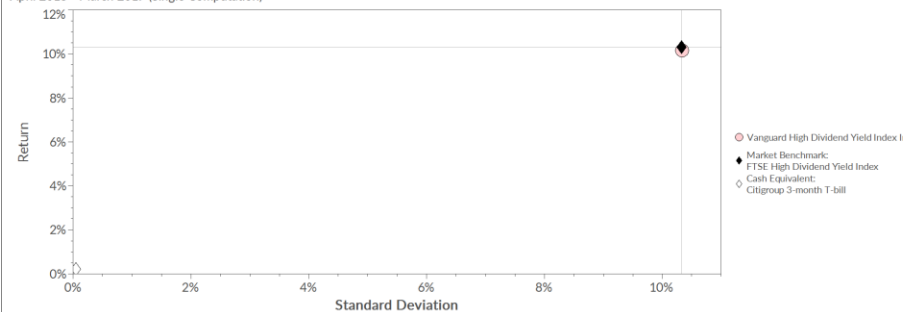
Drawdown
April 2015 - March 2017



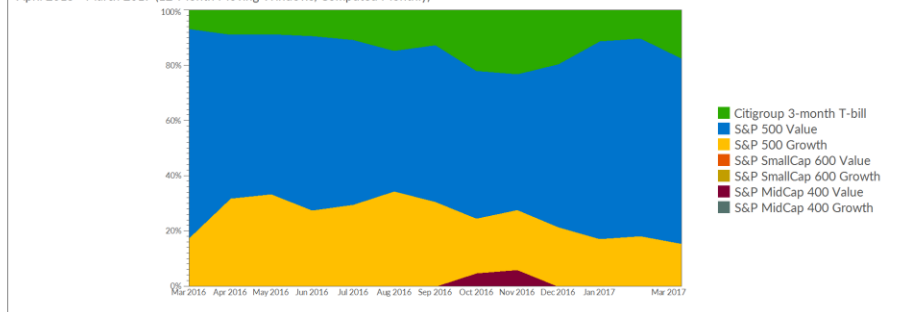
Manager vs Morningstar Large Value: Return
April 2015 - March 2017 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	Analysis Period
	1261 mng	1261 mng	1241 mng	1194 mng	1194 mng
5th Percentile	5.98%	5.98%	24.71%	9.75%	9.75%
Median	3.68%	3.68%	17.51%	6.98%	6.98%
95th Percentile	1.82%	1.82%	11.01%	3.08%	3.08%
Vanguard High Dividend Yield Index Inv	3.33%	3.33%	15.90%	10.15%	10.15%
FTSE High Dividend Yield Index	3.36%	3.36%	16.11%	10.31%	10.31%

Risk / Return
April 2015 - March 2017 (Single Computation)

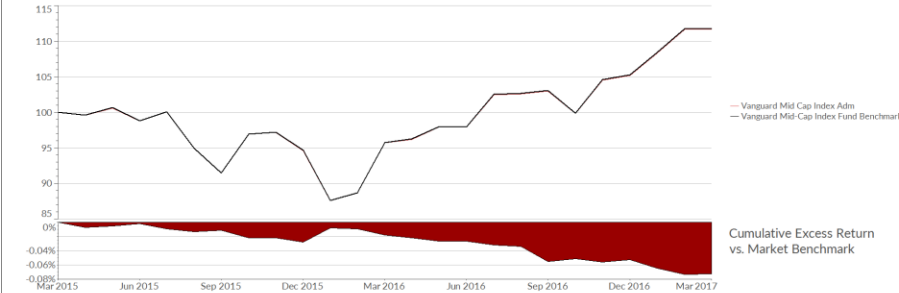


Asset Allocation Vanguard High Dividend Yield Index Inv
April 2015 - March 2017 (12-Month Moving Windows, Computed Monthly)

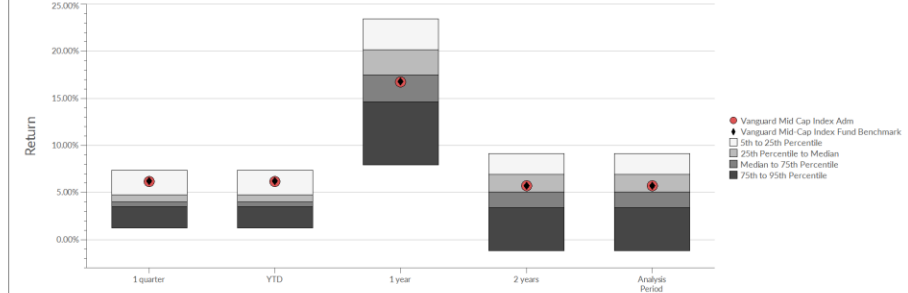


U.S. Mid Cap Equity: Vanguard Mid Cap Index

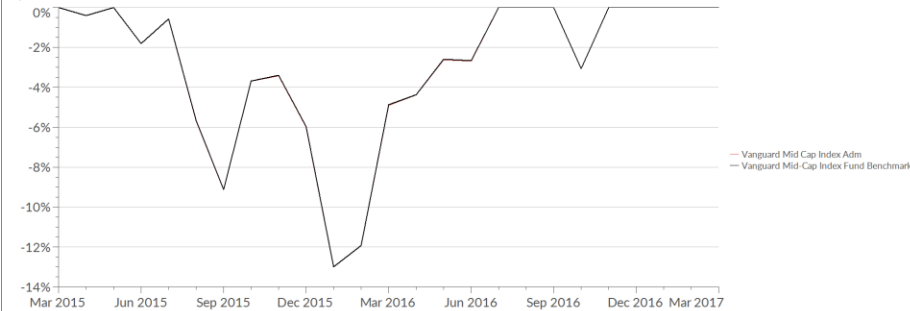
Manager Performance
April 2015 - March 2017 (Single Computation)



Manager vs Morningstar Mid-Cap Blend: Return
April 2015 - March 2017 (not annualized if less than 1 year)



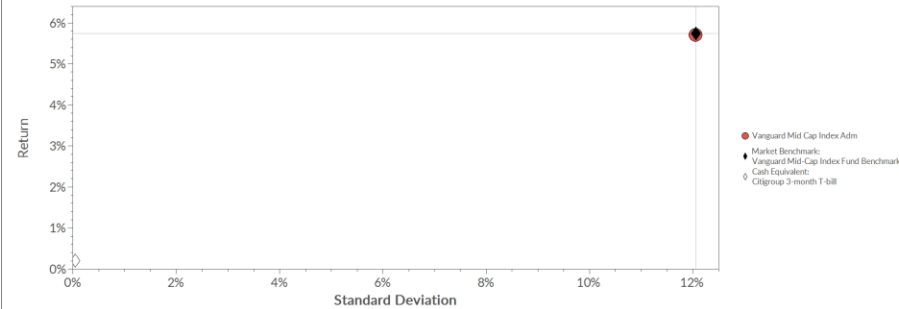
Drawdown
April 2015 - March 2017



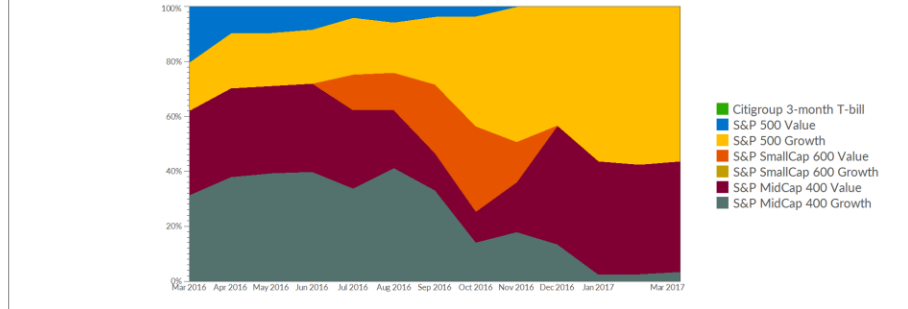
Manager vs Morningstar Mid-Cap Blend: Return
April 2015 - March 2017 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	Analysis Period
	449 mng	449 mng	426 mng	399 mng	399 mng
5th Percentile	7.36%	7.36%	23.43%	9.14%	9.14%
Median	3.98%	3.98%	17.49%	5.06%	5.06%
95th Percentile	1.23%	1.23%	7.95%	-1.19%	-1.19%
Vanguard Mid Cap Index Adm	6.19%	6.19%	16.74%	5.71%	5.71%
Vanguard Mid-Cap Index Fund Benchmark	6.20%	6.20%	16.80%	5.74%	5.74%

Risk / Return
April 2015 - March 2017 (Single Computation)

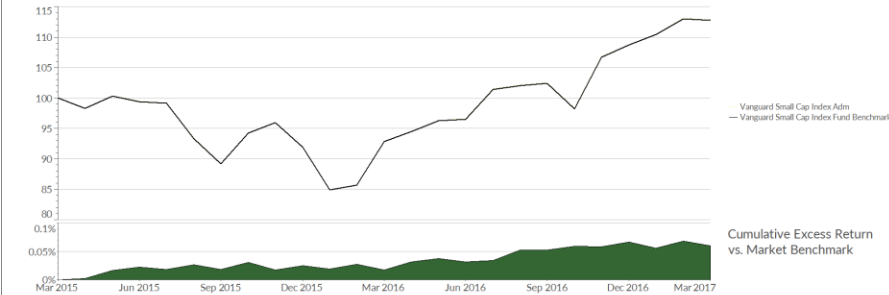


Asset Allocation Vanguard Mid Cap Index Adm
April 2015 - March 2017 (12-Month Moving Windows, Computed Monthly)

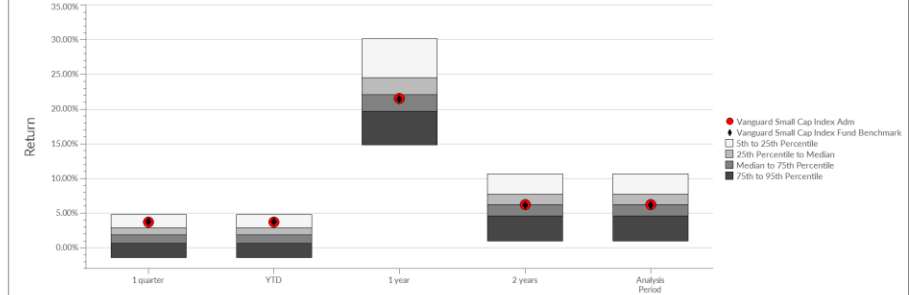


U.S. Small Cap Equity: Vanguard Small Cap Index

Manager Performance
April 2015 - March 2017 (Single Computation)



Manager vs Morningstar Small Blend: Return
April 2015 - March 2017 (not annualized if less than 1 year)



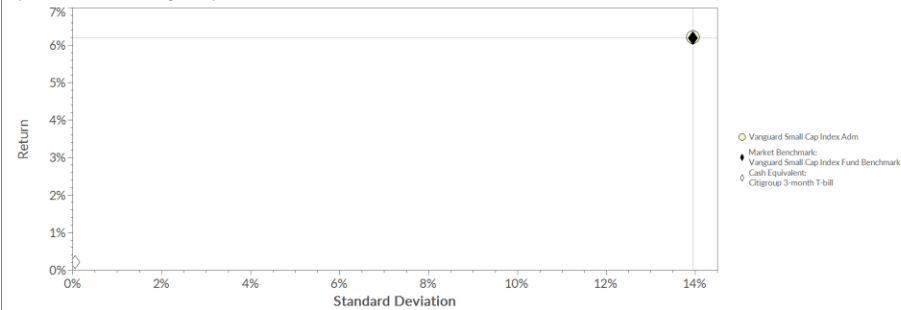
Drawdown
April 2015 - March 2017



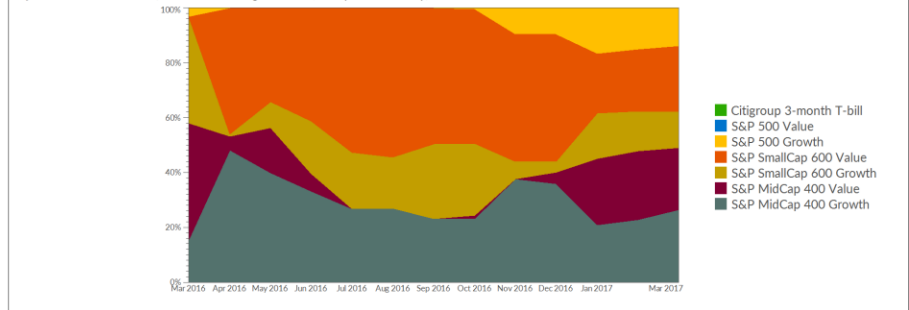
Manager vs Morningstar Small Blend: Return
April 2015 - March 2017 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	Analysis Period
	790 mng	790 mng	778 mng	730 mng	730 mng
5th Percentile	4.78%	4.78%	30.12%	10.71%	10.71%
Median	1.87%	1.87%	22.07%	6.24%	6.24%
95th Percentile	-1.39%	-1.39%	14.82%	0.95%	0.95%
Vanguard Small Cap Index Adm	3.74%	3.74%	21.51%	6.22%	6.22%
Vanguard Small Cap Index Fund Benchmark	3.74%	3.74%	21.47%	6.19%	6.19%

Risk / Return
April 2015 - March 2017 (Single Computation)

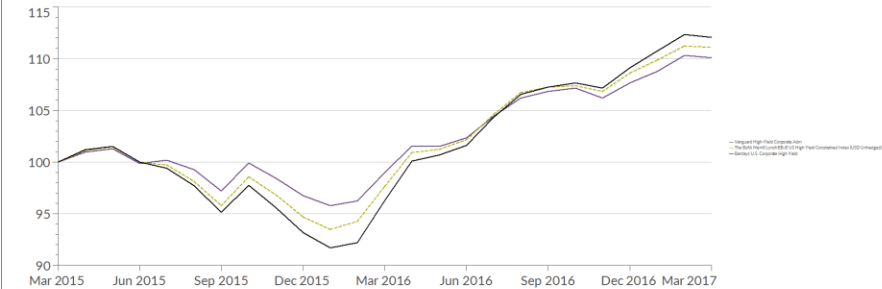


Asset Allocation Vanguard Small Cap Index Adm
April 2015 - March 2017 (12-Month Moving Windows, Computed Monthly)

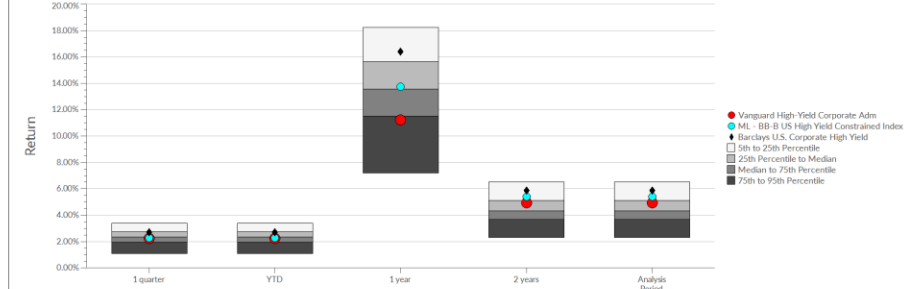


U.S. High Yield Fixed Income: Vanguard High Yield Corporate

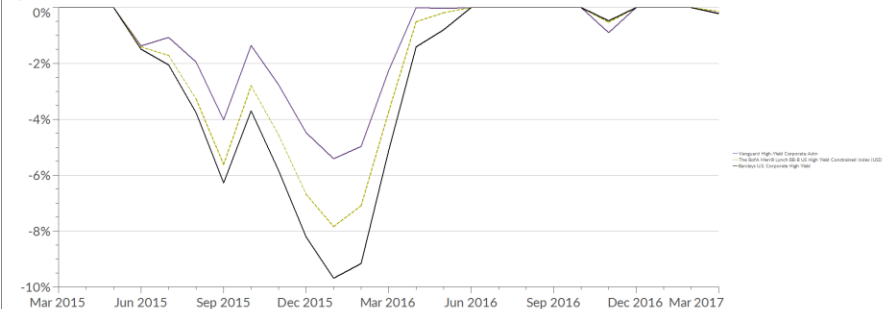
Manager Performance
April 2015 - March 2017 (Single Computation)



Manager vs Morningstar High Yield Bond: Return
April 2015 - March 2017 (not annualized if less than 1 year)



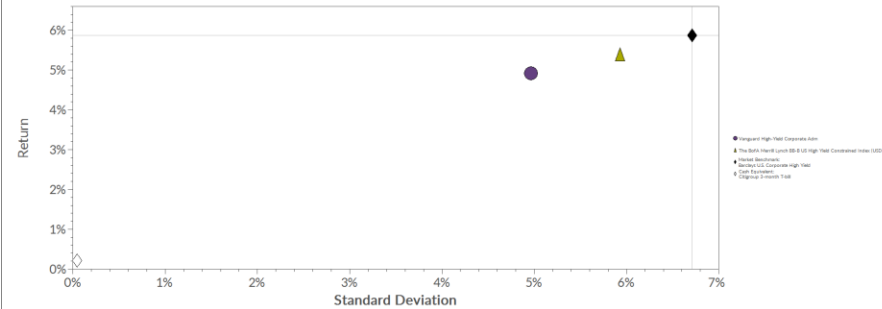
Drawdown
April 2015 - March 2017



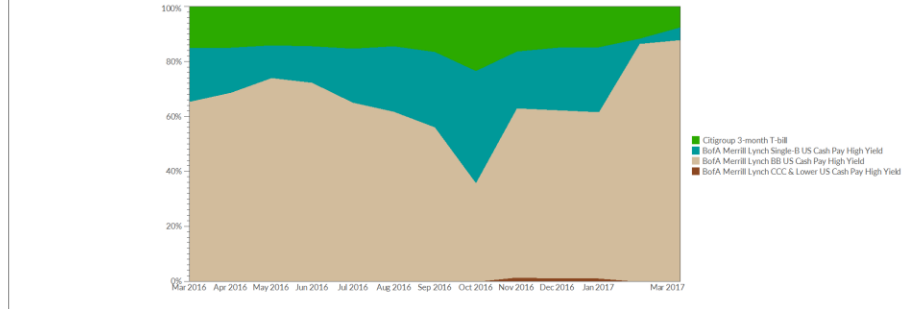
Manager vs Morningstar High Yield Bond: Return
April 2015 - March 2017 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	Analysis Period
mng	713 mng	713 mng	712 mng	674 mng	674 mng
9th Percentile	3.38%	3.38%	18.25%	6.50%	6.50%
Median	2.35%	2.35%	13.58%	4.32%	4.32%
95th Percentile	1.10%	1.10%	7.19%	2.31%	2.31%
Vanguard High-Yield Corporate Adm	2.25%	2.25%	11.22%	4.92%	4.92%
The BofA Merrill Lynch BB-B US High Yield Constrained Index USD Unhedged	2.28%	2.28%	13.76%	5.40%	5.40%
Barclays U.S. Corporate High Yield	2.70%	2.70%	16.39%	5.87%	5.87%

Risk / Return
April 2015 - March 2017 (Single Computation)

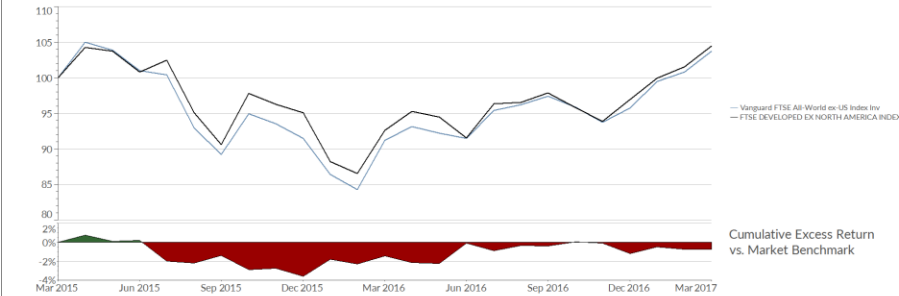


Asset Allocation Vanguard High-Yield Corporate Adm
April 2015 - March 2017 (12-Month Moving Windows, Computed Monthly)

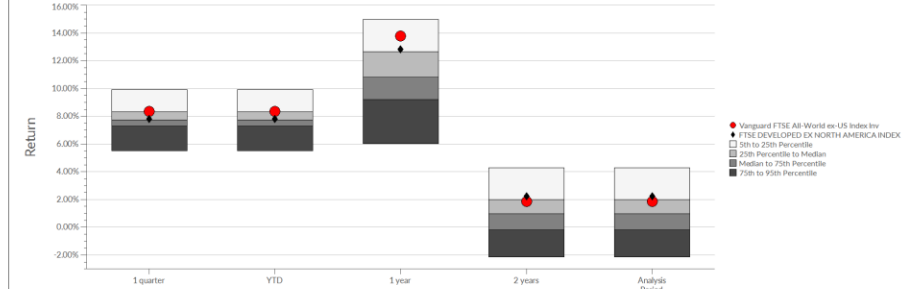


International Equity: Vanguard FTSE All-World Ex-US Index

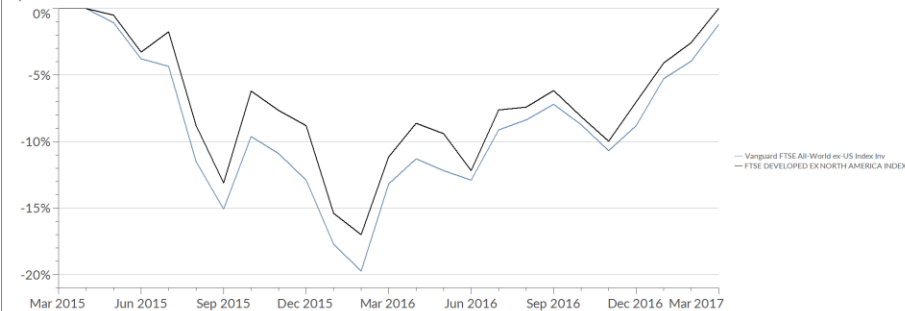
Manager Performance
April 2015 - March 2017 (Single Computation)



Manager vs Morningstar Foreign Large Blend: Return
April 2015 - March 2017 (not annualized if less than 1 year)



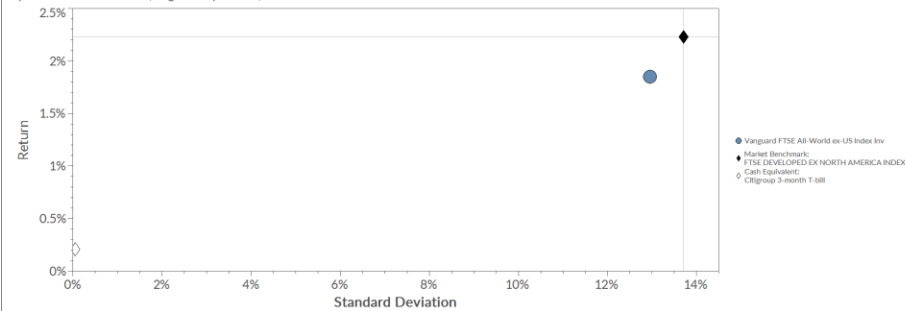
Drawdown
April 2015 - March 2017



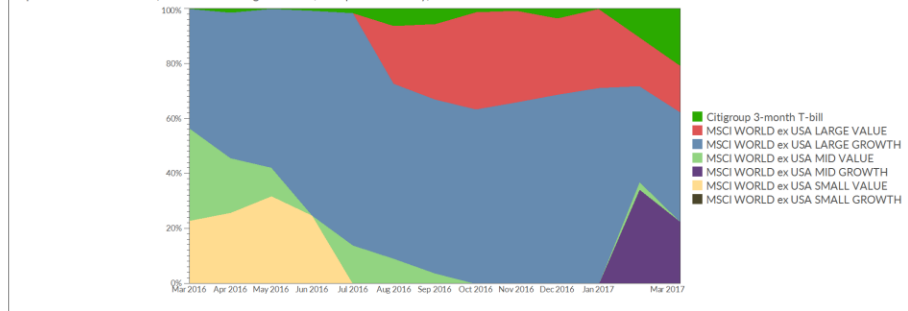
Manager vs Morningstar Foreign Large Blend: Return
April 2015 - March 2017 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	Analysis Period
	748 mng	748 mng	716 mng	659 mng	659 mng
5th Percentile	9.91%	9.91%	14.97%	4.28%	4.28%
Median	7.75%	7.75%	10.81%	0.98%	0.98%
95th Percentile	5.50%	5.50%	6.03%	-2.15%	-2.15%
Vanguard FTSE All-World ex-US Index Inv	8.35%	8.35%	13.78%	1.85%	1.85%
FTSE DEVELOPED EX NORTH AMERICA INDEX	7.79%	7.79%	12.82%	2.23%	2.23%

Risk / Return
April 2015 - March 2017 (Single Computation)

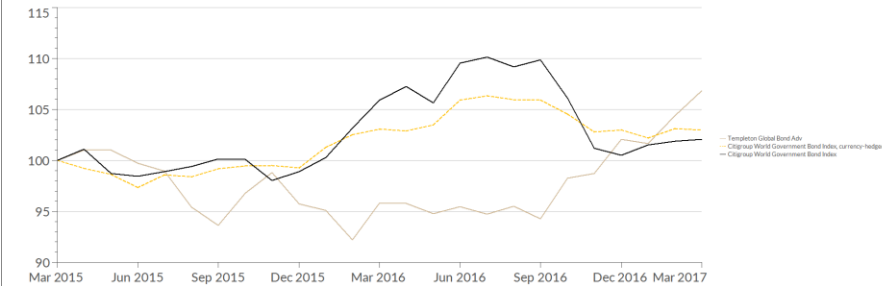


Asset Allocation Vanguard FTSE All-World ex-US Index Inv
April 2015 - March 2017 (12-Month Moving Windows, Computed Monthly)

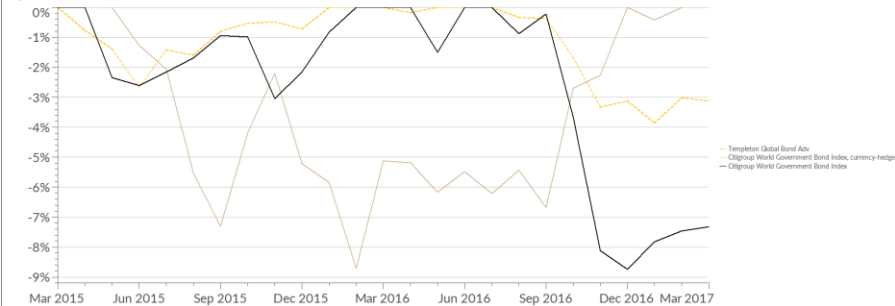


World Fixed Income: Templeton Global Bond

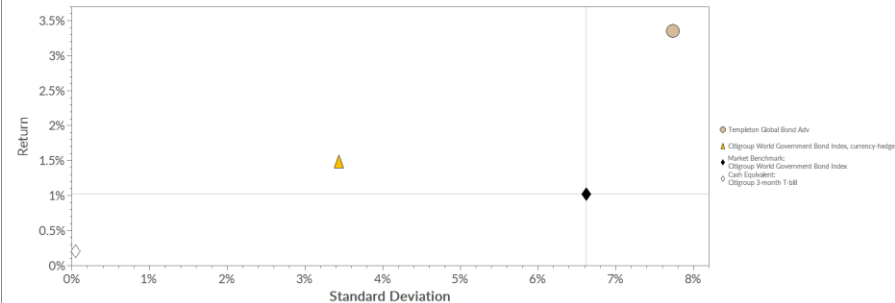
Manager Performance
April 2015 - March 2017 (Single Computation)



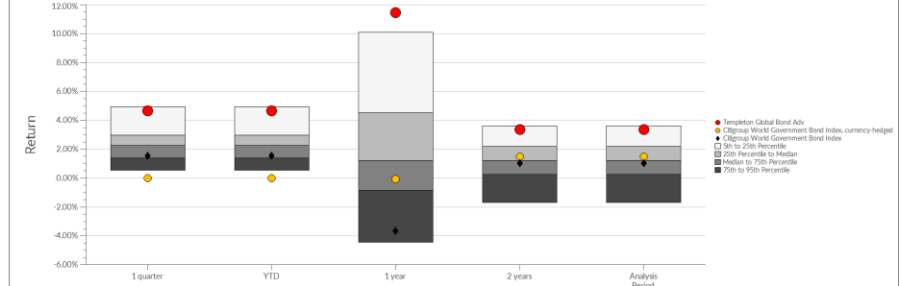
Drawdown
April 2015 - March 2017



Risk / Return
April 2015 - March 2017 (Single Computation)



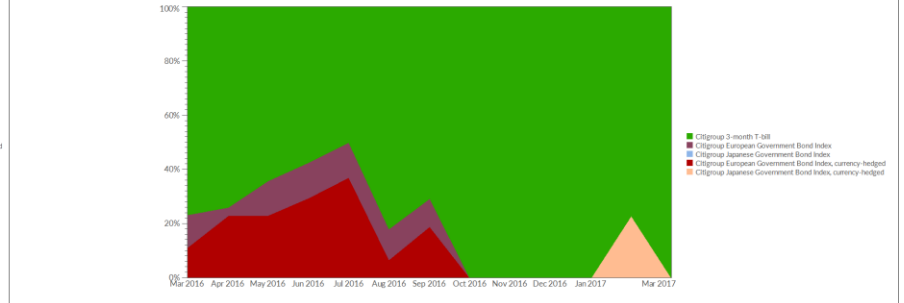
Manager vs Morningstar World Bond: Return
April 2015 - March 2017 (not annualized if less than 1 year)



Manager vs Morningstar World Bond: Return
April 2015 - March 2017 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	Analysis Period
	333 mng	333 mng	316 mng	313 mng	313 mng
5th Percentile	4.94%	4.94%	10.10%	3.62%	3.62%
Median	2.27%	2.27%	1.21%	1.24%	1.24%
95th Percentile	0.53%	0.53%	-4.43%	-1.69%	-1.69%
Templeton Global Bond Adv	4.65%	4.65%	11.46%	3.35%	3.35%
Citigroup World Government Bond Index, currency hedged	0.00%	0.00%	-0.07%	1.49%	1.49%
Citigroup World Government Bond Index	1.55%	1.55%	-3.65%	1.02%	1.02%

Asset Allocation Templeton Global Bond Adv
April 2015 - March 2017 (12-Month Moving Windows, Computed Monthly)



- As a result of low foreign interest rates, the Templeton fund has developed a strategy that is very different from the Index. The fund is now primarily invested in emerging market credits, which provide higher yields than US dollar fixed income, and there is a large currency overweight on the US dollar with short positions in the euro and yen. This strategy finally paid off but it has resulted in very high volatility against the index since we funded the mandate.



Glossary of Terms – Page One

- **Annualized Return:** The annualized return is the geometric mean of the returns with respect to one year.
- **Excess Return:** The difference between the manager return and the benchmark return. A positive excess return implies that the manager outperformed the benchmark.
- **Standard Deviation:** Standard deviation of return measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager.
- **Skewness:** Skewness characterizes the degree of asymmetry of a distribution around its mean.
 - Positive skewness indicates a distribution with an asymmetric tail extending toward more positive values.
 - Negative skewness indicates a distribution with an asymmetric tail extending toward more negative values.
- **Kurtosis:** Kurtosis characterizes the relative peakedness or flatness of a distribution compared with the normal distribution.
 - Positive kurtosis indicates a relatively peaked distribution.
 - Negative kurtosis indicates a relatively flat distribution.
- **Semi Standard Deviation and Upside Deviation:** The semi standard deviation and upside standard deviation differ from the ordinary standard deviation insofar as the sum is restricted to those returns that are less than the mean (semi standard deviation) or more than the mean (upside deviation).
- **Alpha:** Alpha is the mean of the excess return of the manager over beta times benchmark. Generally, the returns generated by a manager not just attributable to market movement via the benchmark volatility.
- **Beta:** Beta is a measure of systematic risk, or the sensitivity of a manager to movements in the benchmark. A beta of 1 implies that you can expect the movement of a manager's return series to match that of the benchmark used to measure beta.
- **Value at Risk:** Based on a probability distribution, Value at Risk quantifies the expected loss under extreme market conditions. In the context of the Zephyr's classification system, VaR measures tail risk based on the historical profile of the returns being examined.



Glossary of Terms – Page Two

- **Sharpe Ratio:** The Sharpe Ratio of a manager series is the quotient of the annualized excess return of the manager over the cash equivalent and the annualized standard deviation of the manager return. The Sharpe Ratio is a risk-adjusted measure of return which uses standard deviation to represent risk.
- **Information Ratio:** The Information Ratio of a manager series vs. a benchmark series is the quotient of the annualized excess return and the annualized standard deviation of excess return. The Information Ratio measures the consistency with which a manager beats a benchmark.
- **Significance Level:** The significance level of a manager series vs. a benchmark series indicates the level of confidence with which the statement “the manager’s annualized excess return over the benchmark is positive” or “the manager’s annualized excess return over the benchmark is negative,” as the case may be, holds true.
- **Up & Down Capture:** The up and down capture is a measure of how well a manager was able to replicate or improve on phases of positive benchmark returns, and how badly the manager was affected by phases of negative benchmark returns.
- **Batting Average:** The batting average of the manager is the ratio between the number of periods where the manager outperforms a benchmark and the total number of periods.
- **Upside & Downside Deviation (Using MAR):** Here, MAR stands for “minimum acceptable return.” To calculate this, we first determine the sum of the squared distances between the returns and the MAR constant, where the sum is restricted to those returns that are more than MAR (upside deviation) or less than the MAR (downside deviation). Used to test return volatility based on an expected hurdle rate of expected return.
- **Sortino Ratio:** The Sortino Ratio is a modification of the Sharpe ratio but penalizes only those returns falling below a user-specified target, or required rate of return, while the Sharpe ratio penalizes both upside and downside volatility equally. It is thus a measure of risk-adjusted returns that treats risk more realistically than the Sharpe ratio. Thus, the ratio is the actual rate of return in excess of the investor's target rate of return, per unit of downside risk.
- **Pain Index:** The Pain Index is the area enclosed by the drawdown graph and the zero drawdown line, divided by the length of the time interval. The more, the bigger, and more often the icicles, the greater the pain index.
- **Pain Ratio:** The Pain Ratio is a modification of the Sharpe ratio which uses the Pain Index as the measure of risk instead of Standard Deviation.
- **Omega:** The ratio of the likelihood of getting a return over the MAR to the likelihood of getting a return below the MAR. So, in essence, it is a benefit/cost ratio. For a given MAR, higher Omegas are always better, but this can change at different MARs.
- **Gain to Loss Ratio:** The ratio of the average gain in an up period to the average loss in a down period.



PUBLIC AGENCY COMPENSATION TRUST

INVESTMENT GUIDELINES

1. Scope

This investment policy applies to all financial assets of PACT. These funds are accounted for in PACT's annual financial report.

2. Statement of Purpose

- A. Safety of principal is an important objective of the investment program. To ensure that investment of funds is accomplished in a safe and secure manner, particularly with respect to limiting the exposure of the PACT to unnecessary risk investments shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, diversification is required in accordance with these guidelines.
- B. To provide adequate liquidity to meet all operating obligations which reasonably may be anticipated.
- C. To structure an investment portfolio which is designed to attain a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and cash flow characteristics of the portfolio. A balanced return of current income and modest growth of principal is an important objective. In addition, a related objective is to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of PACT.
- D. To assure that the investment allocation does not impair the maintenance of capital in accordance with the PACT Capitalization Policy Statement.

3. Investment Strategy

- A. PACT generally will adhere to the concept of matching amounts and maturities to uses of funds.
- B. Investment officers acting in accordance with written procedures and exercising due diligence will not have personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officials will adhere to the Prudent Investor Rules that state that a fiduciary must:

- 1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
- 2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.
- 3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary's central concern.
- 4. Provide for the reasonable diversification of investments.
- 5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

C. Investment strategy will facilitate an appropriate balance of these investment objectives:

- 1) capital preservation;

- 2) diversification among types of investments, issuers and credit ratings;
- 3) allocation of investments in a manner consistent with principles of prudent investment management; and
- 4) liquidity to meet operating obligations.

D. The investment strategy will conform to state statutes governing investment of public funds.

4. Investment Risk

A. It is the policy of PACT that safety of principal is an important objective of the investment program and seeks to mitigate to mitigate risks to the extent possible. Four types are recognized:

1. Credit Risk - is the risk that the issuer of a security will default on the principal and interest. PACT will not assume significant credit risk in an attempt to enhance return. Therefore, below investment grade securities shall not be utilized. Acceptable credit ratings for securities shall be AAA or AA as rated by Moody's or Standard & Poor's. In addition, PACT will diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

2. Liquidity Risk - is the risk that an investment may not be converted into cash if a need for cash arises. PACT will minimize liquidity risk to the extent possible through planning investment maturities to ensure that funds are available to meet cash flow needs (static liquidity) and maintain a portion of the funds in money market mutual funds which offer same-day liquidity for short-term funds. In addition, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

3. Maturity Risk - is the risk that an investment may yield poor results if the length of maturity or maturity structure is inappropriate for the market conditions. The PACT will minimize this risk by actively managing the maturity structure to enable holding securities to maturity unless 1) the security has declining credit and needs to be sold early to minimize loss of principal, 2) a security swap would improve the quality, yield or target duration of the portfolio, or 3) liquidity needs of the portfolio require that the security be sold.

4. Market Risk - arises from the change in the value of the investment as economic conditions and interest rates change. PACT will, to the extent possible, minimize market risk by matching investments with its liabilities, making it possible to hold investments to maturity if appropriate. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles consistent with investment risk constraints and liquidity needs.

5. Investment Responsibility

A. Investment authority for PACT rests with the Board of Trustees. This authority may be delegated to the Executive Committee and the Executive Director.

B. The Board of Trustees may contract with investment advisor(s) to advise and manage the PACT's investments. Such advisor(s) shall provide a comprehensive report at least annually to the Board of Directors or its designee of all transactions and the investment performance of funds under management. The report shall suggest changes in policies or improvements that might be made in the investment program.

C. The Executive Director will manage all investment activity as closely as is practicable. The Executive Director will make day-to-day investments. In all cases, the Executive Director will:

1. Ensure that all investments are made in accordance with PACT policies;

2. Make recommendations to the Board of Trustees concerning investment policy and strategy;
3. Inventory all securities held by PACT (This shall be done in conjunction with the annual CPA audit);
4. Provide quarterly reports to the Executive Committee and annually to the Board of Trustees of all investment activity. The report shall include a listing of all securities bought, sold and matured. The report will also include a status of all investments held;
5. The Board of Trustees will review the investment report, and shall make the review a matter of record in the minutes;
6. The Board of Trustees may appoint a Fiscal Officer. The Fiscal Officer will, at the direction of the Board of Trustees, make investments and execute transactions in cooperation with the Executive Director.
7. Officers, the Executive Director and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Such persons shall disclose to the Executive Director or to the Chairman of the Board any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the PACT.
8. The Board of Directors will review this investment policy and the asset allocation, diversification and risks at least annually and at any other time as needed to fulfill its fiduciary responsibility.

6. Authorized Investments

A. The following types of securities are eligible investments subject to asset allocation:

1. U.S. Treasury Securities;
2. Federal Agency Securities;
3. Federal Funds;
4. Bank Certificates of Deposit insured ;
5. Savings and Loan Certificates of Deposit insured ;
6. Repurchase Agreements;
7. Money Market Mutual Funds;
8. Statutorily eligible Mortgage-backed securities at a price not to exceed 102% of par value
9. Such other securities as authorized under Nevada laws applicable to the PACT.

Not more than ten percent (10%) of the fixed income portfolio should be to any one issuer, other than securities of the U.S. government or agencies.

B. A Master Repurchase Agreement must be signed with the bank or dealer.

C. If governmental sponsored pools and/or mutual funds are to be utilized, a thorough investigation of the pool/fund is required prior to investing, and on a continual basis. The following general information must be addressed:

1. A description of the eligible investment securities, and a written statement of investment policy and objectives
2. A description of interest calculations and how its is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes) and how often the securities are priced and the program audited.

4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. A statement regarding utilization by the pool/funds of reserves or retained earnings.
7. A fee schedule and when and how it is assessed.
8. A statement regarding whether the pool/fund is eligible for bond proceeds and/or whether it will accept such proceeds.

7. Authorized Financial Dealers and Institutions

The Executive Director will maintain a list of financial institutions authorized by the Board or the Executive Committee to provide investment services. No public deposit shall be made except in a qualified public depository as established by Nevada law. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Executive Director with the following evidence of qualifications:

- a. audited financial statements
- b. proof of National Association of Security Dealers certification
- c. trading resolution
- d. proof of Nevada registration
- e. completed broker/dealer questionnaire
- f. certification as having read the PACT's Investment Guidelines and depository contracts

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Executive Director. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the PACT invests.

8. Investment Guidelines and Limitations

A. Diversity. There will be sufficient diversity in the authorized instruments to allow for variety in the makeup of the portfolio. The Board of Trustees will review investment activity reports to assure appropriate diversity exists. PACT will diversify its investments by maturity, security type and issuer. Maturities selected shall provide for stability of income and reasonable liquidity. For cash management funds, the following guidelines shall apply: Liquidity shall be assured through practices ensuring that the next disbursement date is covered through maturing investments or marketable U.S. Treasury bills

Risks of market price volatility shall be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

With the exception of U.S. Treasury securities, money markets, certificates of deposit, exchange traded funds and authorized pools, no more than fifteen percent (15%) of the PACT's total investment portfolio will be invested in a particular issuer or class of securities or in an industry or company.

B. Maximum Maturities. To the extent possible, the PACT will attempt to match its investments with anticipated cash flow requirements. The PACT will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The average maturity of the portfolio will not exceed five (5) years.

C. Return on Investment. The PACT's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the PACT's investment risk constraints and the cash flow characteristics of the portfolio.

D. Performance Standards. The investment portfolio results will be compared to reasonably comparable indexes reflective of the investment goals listed below:

1. Goal - to outperform over a 4-5 year period the risk free return from short-term U.S. Treasury bills by at least 100 to 200 basis points per year.
2. Goal - to outperform the Consumer Price Index over a 4 to 5 year period by at least 200 basis points per year.
3. Goal - to perform in line with the iShares Lehman 1-3 Year Treasury Bond Fund (currently trading as SHY) over a 4 to 5 year period.

9. Safekeeping and Custody

Securities purchased by the PACT will be held by a professionally qualified institution that has the necessary specialization to provide accurate and timely safekeeping of the assets of PACT. If securities are purchased from outside dealers, then trades will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

The Executive Director shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Audit Committee and with the independent auditor. The controls shall be designed to prevent the loss of PACT funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees, service providers and officers of PACT.

10. Collateralization

Collateralization will be required on two types of investments: certificates of deposit in excess of current FDIC insurance limits and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest.

Collateral always will be held by an independent third party with which the PACT has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the PACT and retained.

The right of collateral substitution is granted.

11. Selection and Performance Review of Investment Managers

The PACT Board of Directors will select appropriate investment managers to manage PACT assets. A qualifying investment manager must meet the following minimum criteria:

- Be a registered investment advisor under the Registered Investment Advisors Act of 1940 or be a bank, insurance company or investment management company.
- Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.
- Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel.
- Clearly articulate the investment strategy that will be followed and document that the strategy successfully has been adhered to over time.
- Have no outstanding legal judgments or past judgments that may reflect negatively on the firm.
- Provide in writing acknowledgement of fiduciary responsibility to PRI.

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration will be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this investment policy statement.

The Board of Directors intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason, including the following:

- Investment performance that significantly is less than anticipated given the discipline employed and the risk parameters established or unacceptable justification of poor results.
- Failure to adhere to any aspect of this investment policy statement including communication and reporting requirements.'
- Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

12. Reporting

The Executive Director will include a market report on investment activity and returns in the PACT's Financial Report, which will be distributed quarterly to the Executive Committee and at each Board meeting.

13. Investment Policy Adoption

The PACT's investment policy will be adopted by the Board of Trustees. The policy will be reviewed on an annual basis by the Executive Committee and any modifications made thereto must be approved by the Board.

Adopted 9/91
Revised 10/95
Revised 4/98
Revised 5/1/2000
Revised 9/13/2006
Revised 5/1/2009
Revised 5/1/2015

NEVADA PUBLIC AGENCY INSURANCE POOL

INVESTMENT GUIDELINES

1. Scope

This investment policy applies to all financial assets of the POOL. These funds are accounted for in the POOL's annual financial report.

2. Statement of Purpose

- A. Safety of principal is an important objective of the investment program. To ensure that investment of funds is accomplished in a safe and secure manner, particularly with respect to limiting the exposure of the POOL to unnecessary risk, investments shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, diversification is required in accordance with these guidelines.
- B. To provide adequate liquidity to meet all operating obligations which reasonably may be anticipated.
- C. To structure an investment portfolio which is designed to attain a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and cash flow characteristics of the portfolio. A balanced return of current income and modest growth of principal is an important objective. In addition, a related objective is to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of POOL.
- D. To assure that the investment allocation does not impair the maintenance of capital in accordance with the POOL Capitalization Policy Statement.

3. Investment Strategy

- A. POOL generally will adhere to the concept of matching amounts and maturities to uses of funds.
- B. Investment officers acting in accordance with written procedures and exercising due diligence will not have personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officials will adhere to the Prudent Investor Rules that state that a fiduciary must:

1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.
3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary's central concern.
4. Provide for the reasonable diversification of investments.

5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

C. Investment strategy will facilitate an appropriate balance of these investment objectives:

- 1) capital preservation;
- 2) diversification among types of investments, issuers and credit ratings;
- 3) allocation of investments in a manner consistent with principles of prudent investment management; and
- 4) liquidity to meet operating obligations.

D. The investment strategy will conform to state statutes governing investment of public funds.

4. Investment Risk

A. It is the policy of the POOL that safety of principal is an important objective of the investment program and seeks to mitigate risks to the extent possible. Four types are recognized:

1. Credit Risk - is the risk that the issuer of a security will default on the principal and interest. POOL will not assume significant credit risk in an attempt to enhance return. Therefore, below investment grade securities shall not be utilized. Acceptable credit ratings for securities shall be AAA or AA as rated by Moody's or Standard & Poor's. In addition, POOL will diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

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3. Maturity Risk - is the risk that an investment may yield poor results if the length of maturity or maturity structure is inappropriate for the market conditions. The POOL will minimize this risk by actively managing the maturity structure to enable holding securities to maturity unless 1) the security has declining credit and needs to be sold early to minimize loss of principal, 2) a security swap would improve the quality, yield or target duration of the portfolio, or 3) liquidity needs of the portfolio require that the security be sold.

4. Market Risk - arises from the change in the value of the investment as economic conditions and interest rates change. POOL will, to the extent possible, minimize market risk by matching investments with its liabilities, making it possible to hold investments to maturity if appropriate. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles consistent with investment risk constraints and liquidity needs.

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- A. Investment authority for POOL rests with the Board of Directors. This authority may be delegated to the Executive Committee and the Executive Director.
- B. The Board of Directors may contract with investment advisor(s) to advise and manage the POOL's investments. Such advisor(s) shall provide a comprehensive report at least annually to the Board of Directors or its designee of all transactions and the investment performance of funds under management. The report shall suggest changes in policies or improvements that might be made in the investment program.
- C. The Executive Director will manage all investment activity as closely as is practicable. The Executive Director will make day-to-day investments. In all cases, the Executive Director will:
 - 1. Ensure that all investments are made in accordance with POOL policies;
 - 2. Make recommendations to the Board of Directors concerning investment policy and strategy;
 - 3. Inventory all securities held by POOL (This shall be done in conjunction with the annual CPA audit);
 - 4. Provide quarterly reports to the Executive Committee and annually reports to the Board of Directors of all investment activity. The reports shall include a listing of all securities bought, sold and matured. The reports will also include a status of all investments held;
 - 5. The Board of Directors will review the investment report, and shall make the review a matter of record in the minutes;
 - 6. The Board of Directors may appoint a Fiscal Officer. The Fiscal Officer will, at the direction of the Board of Directors, make investments and execute transactions in cooperation with the Executive Director.
 - 7. Officers, the Executive Director and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Such persons shall disclose to the Executive Director or to the Chairman of the Board any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the POOL.
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 - 1. U.S. Treasury Securities;
 - 2. Federal Agency Securities;
 - 3. Federal Funds;
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 - 6. Repurchase Agreements;
 - 7. Money Market Mutual Funds;

8. Statutorily eligible Mortgage-backed securities at a price not to exceed 102% of par value
9. Such other securities as authorized under Nevada laws applicable to the POOL.

Not more than ten percent (10%) of the fixed income portfolio should be to any one issuer, other than securities of the U.S. government or agencies.

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- C. If governmental sponsored pools and/or mutual funds are to be utilized, a thorough investigation of the pool/fund is required prior to investing, and on a continual basis. The following general information must be addressed:
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 2. A description of interest calculations and how its is distributed, and how gains and losses are treated.
 3. A description of how the securities are safeguarded (including the settlement processes) and how often the securities are priced and the program audited.
 4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
 5. A schedule for receiving statements and portfolio listings.
 6. A statement regarding utilization by the pool/funds of reserves or retained earnings.
 7. A fee schedule and when and how it is assessed.
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- b. proof of National Association of Security Dealers certification
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- B. **Maximum Maturities.** To the extent possible, the POOL will attempt to match its investments with anticipated cash flow requirements. The Pool will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The average maturity of the portfolio will not exceed five (5) years.
- C. **Return on Investment.** The POOL's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the POOL's investment risk constraints and the cash flow characteristics of the portfolio.
- D. **Performance Standards.** The investment portfolio results will be compared to reasonably comparable indexes reflective of the investment goals listed below:
 - 1. Goal - to outperform over a 4-5 year period the risk free return from short-term U.S. Treasury bills by at least 100 to 200 basis points per year.
 - 2. Goal - to outperform the Consumer Price Index over a 4 to 5 year period by at least 200 basis points per year.
 - 3. Goal - to perform in line with the iShares Lehman 1-3 Year Treasury Bond Fund (currently trading as SHY) over a 4 to 5 year period.

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Securities purchased by the POOL will be held by a professionally qualified institution that has the necessary specialization to provide accurate and timely safekeeping of the assets of POOL. If securities are purchased from outside dealers, then trades will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

The Executive Director shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Audit Committee and with the independent auditor. The controls shall be designed to prevent the loss of POOL funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees, service providers and officers of POOL.

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The POOL Board of Directors will select appropriate investment managers to manage POOL assets. A qualifying investment manager must meet the following minimum criteria:

- Be a registered investment advisor under the Registered Investment Advisors Act of 1940 or be a bank, insurance company or investment management company.
- Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.
- Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel.
- Clearly articulate the investment strategy that will be followed and document that the strategy successfully has been adhered to over time.
- Have no outstanding legal judgments or past judgments that may reflect negatively on the firm.
- Provide in writing acknowledgement of fiduciary responsibility to PRI.

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration will be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this investment policy statement.

The Board of Directors intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason, including the following:

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- Failure to adhere to any aspect of this investment policy statement including communication and reporting requirements.
- Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

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The Executive Director will include a market report on investment activity and returns in the POOL's Financial Report, which will be distributed quarterly to the Executive Committee and at each Board meeting.

12. Investment Policy Adoption

The POOL's investment policy will be adopted by the Board of Directors. The policy will be reviewed on an annual basis by the Executive Committee and any modifications made thereto must be approved by the Board.

Adopted 9/91
Revised 10/95
Revised 4/98
Revised 5/1/2000
Revised 9/13/2006
Revised 5/1/2009
Revised 5/1/2015



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Minutes of the Joint Meeting of the
Board of Directors and of the Executive Committees of
Nevada Public Agency Insurance Pool and
the Board of Trustees of
Public Agency Compensation Trust
Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502**

Date: April 28, 2016 Time: 1:30 p.m.

Date: April 29, 2016 Time: 8:00 a.m.

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 28, 2016

Board Workshops

Since these are training workshops, no minutes were required for this portion of the annual meeting.

1:30 p.m. – 2:30 p.m. Unmanned Aerial Systems (UASs or Drones) Overview

2:30 p.m. – 2:45 p.m. Break

2:45 p.m. – 4:45 p.m. Human Resources Quiz Show for Board Members

5:30 p.m. – 6:30 p.m. Board Attitude Assessment (cocktails)

6:30 p.m. – 9:00 p.m. Dinner and Entertainment (Utility Players)

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 29, 2016

1. Introductions and Roll

A quorum was confirmed present and Chair Kalt called the Joint meeting to order.

2. Public Comment

Chair Kalt opened Public Comment. Kim Johnson, Douglas County Deputy District Attorney, made comments regarding the Executive Director's report. She noted that it did not seem complete in describing the issue with Douglas County's experience rating results over the last ten years. She indicated that the estimated over payment due to calculation errors over the last year could be over \$800,000 and that while they were awaiting further calculations, they had estimated that I could be nearly \$1,000,000 difference. The County believes there was a serious error and they were doing their fiduciary duty to account for the difference.

3. For Possible Action: Acceptance of Reports and Action on Recommendations:

a. Strategic Asset Alliance Investment Advisor Report

b. GR-NEAM Management Investment Manager Report

c. GR-NEAM Enterprise Risk Management, Investments and Retention Strategy Overview

d. Bickmore Actuarial Report for POOL and PACT

a. Dan Smerek of SAA provided an overview of the investment strategies, market conditions and results. He noted that one of his first tasks was to conduct a selection process for the fixed income investment manager which resulted in the selection of GR-NEAM. This resulted in fee reductions from investment management and custodial services, and GR-NEAM included investment accounting services which was a new service. He showed a comparison of investment strategies of a group of similar pooling clients, noting how they compared on leverage ratios and distribution of investment types.

b. Patrick Scully and Kelly Sullivan provided a review of investment market conditions and trends. They reviewed the investment results for NPAIP, PACT, PCM and PRM since they took over the fixed income portfolio. Their investment accounting systems were in place and being implemented. They reviewed the results and responded to questions about the various investments.

c. Mark Yu introduced the concepts and methodology behind the enterprise risk management process GR-NEAM was undertaking for the pools and captives to help assess appropriate investment strategies relative to underlying operational needs and leverage ratio. He explained how insurance companies and pools need to consider the interrelationships of these risks and investment strategies in order to assure solvency and effective investment results. He said that the process is in the early stages and will unfold over several months. Once the results are incorporated into a model, we can test various risk scenarios enabling us to quantify the risk retention decisions we consider.

d. Derek Burkhalter from Bickmore, our actuarial firm, provided a review of his actuarial reports on reserves and funding estimates for the pools and captives. He commented on the loss development and trends over time for each pool and captive, noting that the results generally indicated a fairly neutral or modest upward trend in the funding recommendations.

4. For Possible Action: Review and Approval of Investment Guidelines

a. PACT Investment Guidelines

b. POOL Investment Guidelines

Paul Johnson asked about potential revisions to the investment guidelines based upon the SAA and GR-NEAM reviews. Dan Smerek indicated that this was part of the process with SAA and GR-NEAM once they had the investment accounts analyzed and the enterprise risk management review was completed. They then would make suggestions for revisions.

On motion and second to approve the investment guidelines as at present, the motion carried.

5. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda

a. Approval of Minutes of Board:

Joint Board Meeting April 30, 2015 - May 1, 2015

b. Acceptance of Minutes of Committee Meetings

Joint Executive Committee Meeting of May 27, 2015

Joint Executive Committee Meeting of August, 31, 2015

Joint Executive Committee Meeting of October, 23, 2015

Joint Executive Committee Meeting of March, 21, 2016

Audit Committee Meeting of October 15, 2015

Human Resources Oversight Committee Meeting of June 19, 2015

Human Resources Oversight Committee Meeting of October 2, 2015

Human Resources Oversight Committee Meeting of December 11, 2015

Human Resources Oversight Committee Meeting of March 18, 2016

Loss Control Committee Meeting of June 5, 2015

Loss Control Committee Meeting of September 4, 2015

Loss Control Committee Meeting of December 15, 2015

Loss Control Committee Meeting of February 9, 2016

Loss Control Committee Meeting of April 13, 2016

c. Acceptance of Reports

○ **Executive Director's Report**

○ **Strategic Plan Progress Report**

Josh Foli requested that the Executive Director's Report be pulled from the consent agenda in light of the Public Comment and that he wished to make comments regarding it. Chair Kalt removed this item from the consent agenda.

On motion and second to approve the consent agenda items as a whole, excluding the Executive Director's report, the motion carried.

Chair Kalt then recognized Josh Foli for his comments on the issues raised by Douglas County. Josh Foli commented that Douglas County should not expect a retroactive restatement of its experience modification factors because that would affect all other members. The PACT allocation was correct under the original calculations and that one cannot reallocate post fact on a scenario of splitting out sub-entities. It could be used as a guideline for internal allocation, but is not an actual difference.

On motion and second to accept the Executive Director's report, the motion carried.

6. For Possible Action: Loss Control Committee

a. Loss Control Committee Report

b. Risk Management Grant Report

c. Recognition of Members for Loss Control Excellence Program Awards

d. Data Security Project Report: Mike Rebaleati and Antonio Rucci

a and b. Mike Rebaleati provided an overview of the loss control committee activities, noting school bus safety training and HILT grants specifically. He highlighted the risk management grants were being underutilized, but substantial funds remained available.

c. Mike Rebaleati then gave awards for the LCEP to Eureka County, accepted by Bev Conley, Pershing County, accepted by Roger Mancebo, and White Pine County School District, accepted by Paul Johnson.

d. Mike Rebaleati did a brief introduction of the data security project he initiated with Tony Rucci as the data security consultant. Mike emphasized the growing cyber breach treats and the need for development of assistance to our POOL Members. He reviewed the current coverage provided. He described the scope as inclusive of developing sample policies, training and various levels of security testing for Members willing to participate. Tony Rucci then presented a review of the risks arising from cyber breach events and commented about various ways hackers are able to get into systems to steal data or to install ransom wear to extort funds.

7. For Possible Action: Stewardship Reports

a. Alternative Service Concepts

b. Willis Pooling

a. Donna Squires added to the stewardship report that was in the board packet by discussing a closed case review of the litigation outcomes. Based on her review, she analyzed the case resolutions and attorney effectiveness compared to the fees generated to defend or settle cases. Mike Livermore reviewed the highlights of the workers compensation claims activity and trends.

b. Mary Wray of Willis Re Pooling provided a stewardship report noting the corporate change with Willis and Towers Watson merging and Willis Pooling becoming a unit with Willis Re, thus gaining even more depth. She touched on the highlights of the report and introduced her staff. She explained the marketing process for this year, noting that she, Stephen Romero and Courtney Giesseman traveled to London with Wayne Carlson and Mike Rebaleati to negotiate the property coverage program with Lloyds. Stephen and Courtney commented about the experience with the London underwriters since it was their first trip to meet the various underwriters. They also talked about the importance of the long term relationships with the London underwriters and how they value our connections with them. Rick Hudson reviewed highlights of the risk control services provided to the members.

On motion and second to accept the stewardship reports, the motion carried.

8. For Possible Action: POOL/PACT Human Resources

a. HR Oversight Committee Report

b. Grant Financial Audit Report

Jeanne Greene reviewed the POOL/PACT services delivered and how it had expanded this year. She introduced her staff noting that this was the 10th year of Pooling Resources, Inc. and the 20th year of the POOL/PACT Human resources services. She recognized John Bates and Stacey Norbeck as the longest serving consultants to the Members. The grant financial audit then was reviewed.

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

9. For Possible Action:

a. Board Orientation: POOL PACT Overview

b. Adoption of Changes to Mission, Vision, Goals and Core Values

a. Wayne Carlson provided a review of the POOL/PACT services available to all Members.

b. Wayne Carlson noted that at its previous board retreat, there were several recommended changes to Mission, Vision, Goals and Core Values that had not been formally acted on by the boards.

On motion and second to adopt the changes, the motion carried.

10. Public Comment

Public Comment period was opened, but none was received.

11. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at about 12:22 p.m.

The Agenda was posted at the place of the meeting, at the following locations and on the State's Website:

**N.P.A.I.P. / P.A.C.T.
201 S. Roop Street, Suite 102
Carson City, NV 89701**

**Eureka County Courthouse
Complex
10 S. Main Street
Eureka, NV 89316**

**Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701**

**Churchill County Administrative
155 North Taylor Street
Fallon, NV 89406**



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Minutes of Meeting of the
Audit Committee of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: November 28, 2016
Time: 1:30 P.M.
Place: 201 S. Roop St., Suite 102
Carson City, NV 89701 and
Conference Call: 1-800-593-9034; Passcode: 15042**

1. Roll

Committee Members Present: Gerry Eick, Josh Foli, Cash Minor
Others Present: Michael Bertrand, Mike Rebaleati, Melissa Mack, Debra Connally, Wayne Carlson

2. Public comment

Chair Eick opened public comment and hearing none, closed the public comment period.

3. Action Item: Approval of Minutes of Meeting of October 15, 2015

On motion and second to approve the minutes, the motion carried.

**4. Action Item: Acceptance of Auditor's Report and Recommendations
Regarding Public Agency Compensation Trust**

Chair Eick invited Michael Bertrand, CPA and Auditor, to provide his report. Michael Bertrand reviewed his report noting the ongoing prior year comments that had not been fully implemented. Of particular concern was the reconciliation of the quarterly assessments receivable for which only one quarter was done. He noted that Michael Rebaleati and he had discussed the creation of the task control list with regular meetings to follow up on these recommendations. Michael Rebaleati indicated he was scheduling a review of the task list assignments within two weeks with all staff and then regularly after that. Bertrand also reemphasized the need to cell protect the spreadsheets although he only found one minor input error. He noted that with the change in investment managers to NEAM with their accounting support, there were reconciliation problems that had to be rectified during the audit. For the future, he recommended that this be done monthly. Turning to the audit figures, he noted the results and commented that while there was an operating loss, it largely was due to the amortization of contributions to the PCM captive. Investment income offset much of the operating loss for an overall increase in net position. He then responded to various questions.



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Gerry Eick commented that he was disappointed that the prior year recommendations continued to be an ongoing problem. He emphasized the importance of getting these implemented as Michael Rebaleati had noted. He would like to see significant progress on this during the year.

Gerry Eick also suggested that the PACT Executive Committee be asked to consider moving the Member Services and Risk Management Grants expenses from Administration to Program Expenses to better reflect those purposes and value to members. Various committee members and staff concurred.

On motion and second to accept the auditor's report, the motion carried.

5. Action Item: Acceptance of Audit: Public Agency Compensation Trust

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

**6. Action Item: Acceptance of Auditor's Report and Recommendations
Regarding Nevada Public Agency Insurance Pool**

Chair Josh Foli asked Auditor Michael Bertrand to review his report. Michael Bertrand noted that the only prior year recommendation not implemented was to cell protect the spreadsheets. Michael Rebaleati indicated that this would be resolved with the task control list processed previously described in reviewing PACT. Michael Bertrand noted that one of the new recommendations was to review the capital asset policy since there were two instances of inconsistent application of the current policy and that the threshold may be too low given the current size of NPAIP. He then reviewed the financial results noting that there was an operating loss largely due to amortization of contributions to PRM which was offset largely by investment gains for a modest increase in net position. He responded to questions. The same issue regarding moving Members Services and Risk Management Grants from Administrative Expenses to Program expenses was noted. Various comments were made thanking staff for their efforts.

On motion and second to accept the auditor's report, the motion carried.

7. Action Item: Acceptance of Audit: Nevada Public Agency Insurance Pool

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

8. Public comment

No public comment was received.

9. Action Item: Adjournment

On motion and second to adjourn, the meeting was adjourned.



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The Agenda was posted at the following locations:

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201 S. Roop Street, Suite 102
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Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701

Eureka County Courthouse
10 S. Main Street
Eureka, NV 89316

Churchill County Courthouse
155 North Taylor Street
Fallon, NV 89406

DRAFT



POOL/PACT Human Resources (HR)
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**APPROVED MINUTES OF THE
NEVADA PUBLIC AGENCY INSURANCE POOL AND
PUBLIC AGENCY COMPENSATION TRUST
HUMAN RESOURCES
OVERSIGHT COMMITTEE MEETING**

**Date: June 17, 2016 Time: 10:30 a.m.
Place: POOL/PACT Offices
201 S. Roop Street
Carson City, NV 89701**

1. Oversight Committee Roll Call

Members participating in person: Geof Stark. Members participating by phone: Chairman Curtis Calder; Ben Sharit; Cindy Hixenbaugh; Robert Quick; Emily Carter; Tim Logan. Members not participating: Pat Whitten; Tina Hubbard; Jose Delfin; Danelle Shamrell. PRI Staff: Jeanne Greene; Stacy Norbeck; Marshall Smith; Erica Amatore.

2. Item: Public comment:

Jeanne Greene introduces Marshall Smith to the Oversight Committee. Marshall has been an employee of PRI for approximately one month and will assume duties for both the Human Resource and Risk Management aspects of POOL/PACT.

Jeanne thanks Ben Sharit for his service and states this is Ben's last meeting as he is retiring on June 30, 2016.

3. For Possible Action: Approval of Minutes of Meeting March 18, 2016

Ben Sharit made a motion to approve the minutes of March 18, 2016. Tim Logan seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 15/16 Strategic Plan to date

Jeanne reviewed the 15/16 Strategic Plan.

New Trainings —Jeanne states there have been three new trainings developed. HR Rep, a five day course, was completely rewritten by Stacy Norbeck, as well as, two Drug and Alcohol trainings were created; one for all employees and one for managers and supervisors.

Revisions — Three classes were updated and are complete.

Regional Trainings — 15 completed. *EMS* was given eight times this year. *Advanced HR Rep* was presented in August. *AEMS* was taught twice in Carson City and scheduled to be taught in Eureka, but was cancelled due to an insufficient number of participants. *AHRR* was scheduled for the spring, but cancelled due to an insufficient number of participants. *AHRR* is rescheduled for October 12 – 13, 2016.

Workshops Utilizing Outside Resources — Negotiations training was provided in four locations around the state by Charlie Cockerill and Thoran Towler. Ann Alexander and Becky Bruch have provided medical marijuana and legal court cases about pregnancy discrimination in four different locations.

New Briefings — Four scheduled. Two are complete at this time. *Exempt Employees* and *Non-Exempt Employees* will be finalized by next week.

Updated Briefings — 28 briefings have been identified for revision. 16 are completed and the remaining briefings will be complete by July 1, 2016.

Statewide Webinars — Four have been completed.

Sample Personnel Policy Annual Update — Changes have been noted and sample personnel policies will be updated and distributed by July 1, 2016. In addition, the CDL policy manual is currently being updated and will be released by July 1, 2016 as well.

Alerts — Six alerts have been issued.

Trainings — 168 trainings have been completed with approximately 3,100 participants. The average instructor rating is 4.7 out of 5.

HR Briefings — Six completed with 49 participants.

FRISK — John Bates completed 14 classes with approximately 112 participants. The status of members listed on the service plan:

Fernley hasn't confirmed a date and the class may be taught next year.

Boulder City is scheduled for next fiscal year.

Nye County is still tentative.

Phase I HR Compliance Assessment Program — Some older assessments are still not complete, therefore, the status is being assessed; if there is no progress they are being removed from the list and can reapply if they choose.

Nevada Tahoe Conservation District is no longer interested in the assessment due to staff reduction and limited resources.

Ely has not confirmed a date for assessment.

Fernley Pool and the Town of Round Mountain both had managers resign; their assessment may be pushed to next year due to the transition.

Phase II HR Compliant Assessment Program- Four scheduled and all four on-site assessments are completed.

5. For Possible Action: Report on Other Activities

a. Report on Employment Related Claims

Jeanne states this report is unavailable for this meeting due to a new software upgrade; however, it should be available by the next meeting.

b. Eureka County Service Status Report

Jeanne reports this update is current from the last presented on 3/18/16. Next year's contract went to the county commission at their last meeting and they approved the contract. We have been working with the District Attorney as the primary contact for human resources related issues; however, the Commission has designated the Comptroller as the new contact.

6. Draft of Member Survey — Jeanne states this survey is sent out every two years to the HR contact, as well as, the CEO of the organization. The survey requests members rate the value and quality of HR services provided, as well as, the staff interactions. Jeanne states we are open to any suggestions or comments to improve the survey.

Curtis asks when the survey will go to the members. Jeanne states there isn't a specific date set, but would like it to go out after July 1 and no later than September. Curtis states September is fine for the survey to go out.

Jeanne asks if there are any changes that need to be made to the survey. Geof states we should add a column to the quality of current services that states "unaware of services."

Curtis states to add the column of "unaware services" to the quality of current services. Jeanne states the report is a little cumbersome, but is helpful to obtain the information needed to improve trainings and staff interaction. Jeanne asks the committee members if there are questions listed that are not needed on the survey. No comments made about unnecessary information on the survey.

Geof made a motion to approve the Member Survey with the addition of the "unaware of services" column added in the quality of services section, as well as, having the survey done and distributed in September. Ben seconded the motion. Motion carries.

7. For Possible Action: HR Seminar 2016 — Informational reminder of the upcoming HR Seminar. Currently 44 individuals are signed up with plenty of room for more to register.

- 8. For Possible Action: HR Assessment Grant Application Approval** — Jeanne states this is for Lyon County School District in the amount of \$500 and will be used for office supplies and to assist paying for a temporary employee to organize personnel files.

Cindy made a motion to approve the grant application for Lyon County School District. Emily seconded the motion. Tim Logan abstains the motion. Motion carries.

- 9. For Possible Action: HR Scholarship Application Approval** — Jeanne states there are two scholarship applications. The first one is for Abel Del-Real Nava, a new employee to Humboldt County, who has assumed some HR duties and is interested in getting his SHRM SCP Certification. The total cost is \$1,045.

The second scholarship application is for Brooke Thompson, a long-term employee with Indian Hills General Improvement District. She is interested in obtaining her IPMA Certified Professional Certificate. The total cost is \$1,394.62 to be reimbursed to her as she has already paid out of her pocket.

Ben made a motion to approve both scholarships. Robert seconded the motion. Motion carries.

- 10. For Possible Action: Schedule Next Regular Meeting for POOL/PACT Human Resources Oversight Committee**

Next meeting is tentatively scheduled for either September 16 at 9:30 a.m. or September 23 at 10:30 a.m. Jeanne states a survey will be emailed out to determine availability and can be scheduled with the majority response.

- 11. Item: Public comment**

No public comment.

- 12. For Possible Action: Adjournment**

Curtis called the meeting adjourned at 11:06 a.m.



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**APPROVED MINUTES OF THE
NEVADA PUBLIC AGENCY INSURANCE POOL AND
PUBLIC AGENCY COMPENSATION TRUST
HUMAN RESOURCES
OVERSIGHT COMMITTEE MEETING**

Date: September 16, 2016 Time: 9:30 a.m.
Place: POOL/PACT Offices
201 S. Roop Street
Carson City, NV 89701

1. Oversight Committee Roll Call

Members participating in person: Chairman Curtis Calder. Members participating by phone: Cindy Hixenbaugh; Emily Carter; Geof Stark; Robert Quick; Tim Logan. Members not participating: Pat Whitten; Tina Hubbard; Danelle Shamrell; Jose Delfin; Scott Baker. PRI Staff: Jeanne Greene; Erica Amatore.

2. Item: Public comment:

No public present; no public comment.

3. For Possible Action: Approval of Minutes of Meeting June 17, 2016

Geof Stark made a motion to approve the Minutes of June 17, 2016 as presented. Robert Quick seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 15/16 Final Strategic Plan

Jeanne reviewed the 15/16 Strategic Plan.

New Trainings — Jeanne stated the rewrite of the *HR Representative* course was complete, as well as, the new *Drug and Alcohol* class.

Revisions — Three courses were updated and are complete.

Regional Trainings — *EMS* was presented nine times last year. *Advanced HR Rep* was presented in August. *AEMS* was presented three times. *HR Rep* was also taught. *Advanced EMS* was cancelled two different times in Eureka due to lack of participant registration.

Workshops Utilizing Outside Resources — Negotiations training was provided in four locations around the state by Charlie Cockerill and Thoran Towler. Ann Alexander and Becky Bruch have

provided medical marijuana and legal court cases about pregnancy discrimination in four different locations.

New Briefings — Four new briefings were completed.

Updated Briefings — 27 briefings were updated. There was one briefing, *Personnel Records Management*, moved to the next fiscal year.

Statewide Webinars — Four webinars were conducted in conjunction with the EAP provider.

Sample Personnel Policy Annual Update — All sample personnel policies, including the CDL policy, were updated.

Alerts — Six alerts were issued.

Trainings — 194 trainings were completed with approximately 3,400 participants. There were 14 *FRISK* courses with 112 participants and 8 briefings with 49 participants.

Phase I HR Compliance Assessment Program — Some older assessments are still not complete and have been removed due to lack of progress by the member. These include:

Humboldt County School District

City of Wells

Eureka County

Lander County

Nevada Tahoe Conservation District

Phase II HR Compliant Assessment Program — Mount Grant Hospital and Tahoe Douglas Fire were inadvertently noted as Phase I and should have been noted as Phase II. The statuses of these assessments include:

City of Carlin — removed; no progress has been made

Mount Grant — 100% complete

Tahoe Douglas Fire — 100% complete

Robert Quick asked about Lander County and their assessment progress. He asked if the County is not cooperating due to change in staff. Jeanne states they can't seem to get their policies adopted, which is critical. Robert understood and agrees. Jeanne states once their staffing is more stable, a follow up assessment meeting may be scheduled.

b. 16/17 Strategic Plan to date

Jeanne reviewed the current 16/17 Strategic Plan.

New Trainings — Two new classes are scheduled to be developed. *Dear HR, The Toughest Supervisor Challenges* is almost complete and will pilot in December in Carson City. *Communication Styles* will be started after *Dear HR* is complete.

Revisions — Many trainings have been identified to be revised. The list will be updated throughout the fiscal year.

Regional Trainings — *EMS* has started in Boulder City and will conclude on October 12, Southern Nevada Health District will conclude *EMS* on September 23, and *EMS* will start in Carson City on October 5. *EMS* is scheduled in Elko starting on March 8. Jeanne states this list will be updated throughout the year.

Workshops Utilizing Outside Resources — Jeanne states the Member Survey is still open and results will be reviewed in order to discuss and select topics for workshops.

New Briefings — Four briefings will be developed this year. One is *Stay Interviews* and the goal is to have it completed by November.

Updated Briefings — Jeanne states the goal is to update half of the briefings every other year.

Statewide Webinars — *Mental Health Awareness* will be presented on October 5.

Sample Personnel Policy Annual Update — Jeanne states all the policies will be updated at the end of the fiscal year to incorporate the legislative changes from the upcoming session.

Alerts — Three alerts have been issued this year.

Trainings — 17 trainings have been completed with 320 participants. Six *FRISK* trainings and five briefings have been completed.

Member Survey — The survey went out to members on September 7.

Phase I HR Compliance Assessment Program — Ten organizations have been identified to participate in the Phase I Assessment Program, three have already been scheduled.

Phase II HR Compliant Assessment Program — Four organizations have been identified to participate in the Phase II Assessment Program.

NRHA — completed the Phase II Assessment about three years ago and they received a grant. They are requesting POOL/PACT HR perform the assessment again due to new management on staff. They understand there will be no grant issued at the end of the assessment.

Robert Quick asked if POOL/PACT is gearing up for a legal briefing on recreational marijuana which is on the ballot. Jeanne states POOL/PACT attorneys have told us that the Feds still do not recognize it as a legal drug even if Nevada passed it, if the organization is receiving federal money the employees cannot

be under the influence of marijuana nor have any in their system while they are at work. Jeanne states we will follow up on this.

5. For Possible Action: Report on Other Activities

a. Report on Employment Related Claims

Jeanne stated there were 30 claims last year; five of which closed with no costs. So far this year there are five claims.

b. Eureka County Service Status Report

Jeanne states the last couple of months have been really busy in Eureka. There have been a number of recruitments to assist with, as well as, assisting with employee issues. They are eliminating vacant positions for salary savings and POOL/PACT HR has helped with revising job descriptions.

Curtis asked Jeanne if assisting Eureka is impacting any other work commitments. Jeanne states there is no impact at this time and tasks are being completed.

6. For Possible Action: General Manager Report — Jeanne reminded everyone about the HR Seminar coming up on September 29 and 30, at the Atlantis in Reno. There are approximately 85 participants registered so far.

The Member Survey went out to 201 members and so far we have 52 responses. The deadline is October 21.

Robert asked Jeanne what the average response is to the survey. Jeanne stated it is about one third to one half.

Jeanne mentioned new members. Regional Transportation Committee (RTC) and Tahoe Transportation District became members of PACT on July 1. Southern Nevada Health District joined PACT in July of 2015 and joined POOL in July of 2016. They have approximately 500 employees.

7. For Possible Action: HR Assessment Grant Application Approval —Curtis states this is for the Town of Tonopah for completing the Phase II assessment recommendations. They are requesting a laptop computer for \$536.42.

Robert Quick made a motion to approve the grant application. Tim Logan seconded the motion. Motion carries.

8. For Possible Action: HR Scholarship Application Approval — There are no scholarship applications at this time.

9. For Possible Action: Schedule Next Regular Meeting for POOL/PACT Human Resources Oversight Committee

Next meeting is scheduled for December 9, 2016, at 10:30 a.m., in Carson City.

10. Item: Public comment

No Public Comment.

11. For Possible Action: Adjournment

Curtis called the meeting adjourned at 10:13 a.m.



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**APPROVED MINUTES OF THE
NEVADA PUBLIC AGENCY INSURANCE POOL AND
PUBLIC AGENCY COMPENSATION TRUST
HUMAN RESOURCES
OVERSIGHT COMMITTEE MEETING**

Date: December 9, 2016 Time: 10:30 a.m.
Place: POOL/PACT Offices – Suite 103
201 S. Roop Street
Carson City, NV 89701
(Minutes approved 3/10/17)

1. Oversight Committee Roll Call

Members participating in person: Geof Stark; Pat Whitten. Members participating by phone: Chairman Curtis Calder; Cindy Hixenbaugh; Robert Quick; Tim Logan; Danelle Shamrell; Jose Delfin. Members not participating: Scott Baker; Dave Mendiola. PRI Staff: Jeanne Greene; Stacy Norbeck; Erica Amatore.

2. Item: Public comment:

No public present; no public comment.

3. For Possible Action: Approval of Minutes of Meeting September 16, 2016

Jose Delfin made a motion to approve the Minutes of September 16, 2016 as presented. Robert Quick seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 16/17 Strategic Plan to date

Jeanne reviewed the 16/17 Strategic Plan.

New Trainings — Two new trainings. *Dear HR, Toughest Supervisor Challenges*, scheduled to pilot in Carson City on January 25, 2017. *Miscommunication and Her Friend Misunderstanding*, scheduled to be completed by the end of February 2017.

Revisions — *HR Rep* (all five sessions) is being revised and is on track to be taught beginning February 1. *Interviewing Techniques* and *Taking Control of Conflict* are also scheduled for revisions.

Regional Trainings — *EMS* has been presented three times this year and is scheduled in Carson City for February 8 and in Elko for March 8. *Advanced HR Rep* was presented in October. *AEMS*

was presented in December and is scheduled for April 19 in Carson City. *HR Rep* is scheduled in February in Carson City. *Workplace Mediation* is scheduled to start on March 29 in Carson City and will be scheduled in Elko as well by June 30.

Workshops Utilizing Outside Resources — Stacy Norbeck is currently reaching out to PERS for trainings on PERS Audits to be taught this Spring.

New Briefings — *Tips to Staying Happy at Work* is complete. *Stay Interviews* will be completed by next week, and *Employee Recognition* is to be completed by the end of the fiscal year.

Updated Briefings — 5 of 24 briefings have been completed.

Statewide Webinars — Two webinars have been completed and two more are scheduled to be completed by the end of the fiscal year in conjunction with the EAP provider.

Sample Personnel Policy Annual Update — All sample personnel policies will be updated after Legislation.

Alerts — Nine alerts were issued.

Trainings — 81 trainings were completed with approximately 2,000 participants. There were nine *FRISK* courses with 147 participants and five briefings with 105 participants.

Phase I HR Compliance Assessment Program — Six members have committed. These include:

Mineral County

North Lyon County Fire

Lovelock

Pershing County

Ely

Round Mountain

There are a possible five more to be done this year.

Phase II HR Compliant Assessment Program — Three possible members for Phase II assessment include:

City of Elko

Nevada Rural Housing Authority – requested a second Phase II Assessment with the understanding they would not be eligible for a second grant.

Winnemucca

b. Report on Employment Related Claims

Jeanne stated there were nine claims filed so far this year.

c. Eureka County Service Status Report

Jeanne stated we are currently assisting Eureka with job descriptions and their personnel policies. Jeanne met with the Chairman of their County Commission to discuss personnel policies and he wants to hold off on the policy revisions due to budget reports, but has committed to have this completed by July 1.

5. For Possible Action: HR Seminar Evaluation – Stacy discussed the HR Seminar evaluations. The overall rating of the Seminar was 4.85 out of 5. Day one’s rating was 4.15 with Kelly George being the highest rated speaker at 4.77. All speakers were rated over 4. Day two’s rating were 4.59 with Charity Felts being the highest rated speaker with 4.72; nonetheless, all speakers for day two were rated over 4.5. The facility was rated 4.77 out of 5. Stacy stated there were comments noted about the Round Table discussions and having beverages out sooner and assured the committee these requests will be addressed for the next seminar. Next year’s seminar is scheduled for September 28-29, 2017.

6. For Possible Action: Approval of Member Survey — Stacy stated 67 participants from 54 entities completed the survey. The value of current services was rated 3.31 out of 4. The quality of current services was rated 3.47 out of 4. The accessibility of web-based services was rated 3.79 out of 4. POOL/PACT HR staff was rated 3.94 out of 4. Training topics was rated 3.48 out of 4.

Geof made a motion to approve the Member Survey as presented. Pat Whitten seconded the motion. Motion was carried.

7. For Possible Action: General Manager Report – Jeanne stated two Oversight Committee Members would no longer be on the board; Emily Carter and Tina Hubbard. The PRI board approved Dave Mendiola, the County Manager for Humboldt County, as a committee member. There is one vacancy and Jeanne has reached out to Southern Nevada Health District to recruit someone. Jeanne met with the Chairman of the Eureka County Commission, as noted earlier, and discussed the continuation of assisting with HR services. Eureka has made some changes in their Comptroller’s office and plan to assume all HR services by July 1. Jeanne is retiring from POOL/PACT HR on June 30 and Stacy has been voted in by the PRI board to assume the role of General Manager. Jeanne stated Legislative tracking has started and there are currently 90 bills on each side being reviewed.

8. For Possible Action: Approval of 17/18 Strategic Plan –

Jeanne reviewed the 17/18 Strategic Plan.

Revisions — *EMS* (all four sessions) and *Workplace Violence*, an on-line course, are scheduled to be revised.

Regional Trainings — *EMS, AEMS, HR Rep, Advanced HR Rep, Workplace Mediation, and Dear HR* are all scheduled to be taught throughout the fiscal year.

Workshops Utilizing Outside Resources — Jeanne stated if PERS audit training cannot be scheduled this fiscal year it will roll over to the next fiscal year.

New Briefings — Three new briefings are scheduled to be completed.

Statewide Webinars — EAP webinars will be scheduled to be completed by the end of the fiscal year in conjunction with the EAP provider.

Phase I HR Compliance Assessment Program — Jeanne stated the number of members to complete the Phase I assessment are running low. A second Phase I assessment may be offered. It will be further discussed during the Strategic Planning Meeting next fiscal year.

Curtis asked when the last time the EAP usage services and contract was reviewed. Jeanne stated the usage report has not been sent, but she will obtain this for the next OSC meeting. Geof stated seeing a usage report would be useful to further review the EAP services. Cindy stated the EAP is very useful for her staff at the hospital and she uses it for management referrals. Curtis stated the usage report and contract should be reviewed to make sure the appropriate services are received. Jeanne stated this will be placed on the agenda for the next OSC meeting.

Danelle made a motion to approve the 17/18 Strategic Plan. Robert seconded the motion. Motion was carried.

- 9. For Possible Action: HR Assessment Grant Application Approval** — Curtis stated there are two: Elko Central Dispatch and Tahoe Douglas Fire Department.

Tim made a motion to approve the Elko Central Dispatch grant for \$699.38 and the Tahoe Douglas grant for \$750. Jose seconded the motion. Motion was carried.

- 10. For Possible Action: HR Scholarship Application Approval** — There are no scholarship applications at this time.

- 11. For Possible Action: Schedule Next Regular Meeting for POOL/PACT Human Resources Oversight Committee**

Next meeting is scheduled for March 10, 2017, at 10:30 a.m., in Carson City.

- 12. Item: Public comment**
No Public Comment.

- 13. For Possible Action: Adjournment**
Curtis called the meeting adjourned at 11:25 a.m.



POOL/PACT Human Resources (HR)
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**UNAPPROVED MINUTES OF THE
NEVADA PUBLIC AGENCY INSURANCE POOL AND
PUBLIC AGENCY COMPENSATION TRUST
HUMAN RESOURCES
OVERSIGHT COMMITTEE MEETING**

Date: March 10, 2017 Time: 10:30 a.m.
Place: POOL/PACT Offices
Upstairs Training Room
201 S. Roop Street
Carson City, NV 89701

1. Oversight Committee Roll Call

Members participating in person: Chairman Curtis Calder; Dave Mendiola. Members participating by phone: Cindy Hixenbaugh; Geof Stark; Robert Quick; Tim Logan; Scott Baker; Dee Carey. Members not participating: Pat Whitten; Jose Delfin; Danelle Shamrell. PRI Staff: Jeanne Greene; Stacy Norbeck; Christine Vido.

2. Item: Public comment:

Jeanne Greene announced Dee Carey from Incline Village GID as the newest member of the Oversight Committee.

3. For Possible Action: Approval of Minutes of Meeting September 16, 2016

Geof Stark made a motion to approve the Minutes of December 9, 2016 as presented. Dave Mendiola abstained from the vote. Cindy Hixenbaugh seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 16/17 Strategic Plan to date

Jeanne reviewed the 16/17 Strategic Plan and stated POOL/PACT HR was on track to complete all items listed.

New Trainings — Two new trainings. *Dear HR, Toughest Supervisor Challenges* and *Miss Communication and Her Friend, Miss Understanding* are complete.

Revisions — 10 of 11 revisions are complete.

Regional Trainings — *Advanced Essential Management Skills* planned for Pahrump has been postponed awaiting new dates from Nye County Sheriff's Office. Five *Essential Management Skills* have been scheduled; four are complete and one in progress in Elko. One *Advanced Essential Management Skills* course was completed in Carson City, an additional one is scheduled. *Human Resources Representative* and *Advanced Human Resources Representative* were presented in Carson City. Workplace Mediation is scheduled in Carson City and Elko.

Workshops Utilizing Outside Resources — *PERS Audit training* has been presented once in Carson City and a second training has been scheduled in Boulder City in April.

New Briefings — *Tips to Staying Happy at Work*, *Stay Interviews*, and *Employee Recognition* are complete.

Updated Briefings — 7 of 24 briefings have been completed. The balance will be done by June 30th.

Statewide Webinars — Two webinars have been completed and two more are scheduled to be completed by the end of the fiscal year in conjunction with the EAP provider.

Sample Personnel Policy Annual Update — All sample personnel policies will be updated after the Legislature adjourns.

Alerts — Eleven alerts were issued.

Trainings — 103 trainings were completed with over 2,000 participants. There were ten *FRISK* courses with 158 participants and five briefings with 105 participants.

Dee Carey stated she is interested in having *FRISK* presented at Incline Village GID.

Phase I HR Compliance Assessment Program — Six out of ten on-site assessments have been completed this year.

Phase II HR Compliant Assessment Program — Winnemucca has already completed the on-site visit. The City of Elko is the other member which has been contacted about the assessment this year.

b. Report on Employment Related Claims

Jeanne stated there were nine claims filed so far this year.

c. Eureka County Service Status Report

Jeanne explained that she intends to present the Eureka County Commission with a notice that POOL/PACT HR will not be renewing the contract to provide HR services after the current contract expires. Jeanne stated two employees in the County have been attending POOL/PACT HR trainings as well as working with Jeanne and Neal. Jeanne is confident these employees will be able to take over the HR function for the County.

Dave Mendiola asked for a history of the contract. Jeanne explained the County's difficulty in keeping HR personnel. POOL/PACT HR was asked to provide these services, which is outside the normal scope of Business Partner services, for a fee.

5. For Possible Action: EAP Contract

Jeanne stated this agenda item was added at the request of Curtis Calder. Jeanne pointed out areas of interest:

(1) An amendment to the contract removed three face-to-face visits per issue due to NAC 695F.500. The current contract states employees receive three face-to-face visits in a six-month period.

(2) The training hours were increased from 8 to 10 hours. Jeanne also advised the committee the cost to POOL/PACT for all members is \$164,000 per year.

Curtis stated the contract presented as a handout was good information and gave him more insight as to the type and amount of services offered. He explained the City of Elko had a critical situation occur in which many employees were affected. The EAP was contacted and a counselor was sent out, however, Curtis felt the service should have been more robust. Instead of finding someone locally, he had hoped a professional from Reno or Salt Lake City would have been brought in to deal with the traumatic event. Curtis stated looking at the contract, the EAP fulfilled its minimum requirement but it could have been better.

Scott Baker asked if the EAP followed up with anyone in Elko to see if their needs had been met or if the employees were satisfied with the response. Curtis stated he knew of one employee who felt the counselor was working outside of their scope.

Scott mentioned he works with a non-profit group who provides support services for First Responders. Jeanne asked if he could provide the contact info to her.

Jeanne stated she assisted Nye County with a critical situation and to her knowledge, the County was satisfied with the services received.

Dee Carey advised she had received quite a bit of employee feedback which was negative about the EAP, especially the lack of response from providers recommended by the EAP.

Jeanne asked Curtis if anyone from the EAP had contacted Elko administration to follow up on the situation. Curtis replied he had not been contacted, but he would follow up with Aubree, his HR Director.

6. For Possible Action: EAP Usage Report

Curtis stated the report had good information. Jeanne stated she thought the report was disappointing. She continued by stating POOL/PACT HR makes mention of the EAP during many trainings to get the word out to the members. The overall usage is down. Geof asked if there was a way to put the EAP orientation video in the eLearning platform, it may be a good way to get the information out to new hires by making it a mandatory video to view. Jeanne stated she would inquire into doing that. Stacy Norbeck suggested creating procedures for employers to access critical incident services to the website. Jeanne also stated she has been satisfied with the management referral services offered by the EAP. Curtis agreed not all the services provided are bad. Dee agreed there is a good response on mandatory referrals.

7. For Possible Action: Member Usage Report

Jeanne stated this report was originally requested by Pat Whitten to be provided on an annual basis to the Oversight Committee. The report shows organizations who have updated policies, trainings attended, number of participants, and number of claims and their associated costs. Curtis added he recalled the intention of the report was to reflect members who utilized POOL/PACT HR services would not be facing litigation as much as members who do not take advantage of the services. Curtis asked for this report to be placed on the next meeting agenda so Pat is available to review.

8. For Possible Action: General Manager Report

Jeanne presented the committee with a Training Value Report created to show the value of trainings provided to members. To calculate the value of trainings, Jeanne explained \$150 was used for trainings of less than one day and \$300 for full day trainings. Jeanne asked for feedback from the committee if the cost was appropriate. Curtis stated for the quality of the services offered, the costs are conservative. Dee Carey and Tim Logan agreed. Jeanne added that other services provided by POOL/PACT HR are not included such as consultation, alerts, briefings, and sample policies. Jeanne asked if the committee would approve the report as presented to take to the Executive Committee. Robert Quick made a motion to approve. Dave Mendiola seconded the motion. Motion was carried.

9. For Possible Action: Legislation

Stacy Norbeck presented bills of interest. The report presented to the committee was dated 3/1/17 and Stacy pointed out more bills have been added since the report was created.

AB42 – Reorganizes public record law under NRS to align with the Federal Freedom of Information Act, specifically identifying the nine document categories considered confidential information.

Curtis asked if this bill addresses public requests for PERS retiree records. Stacy responded the bill does not mention PERS specifically.

AB71 – Establishes a hybrid retirement system of PERS for employees hired after July 1, 2018, which includes a defined benefit and a defined contribution. The bill would make each plan an employee/employer contribution at 6% contribution. Local government organizations would have to pay an additional 6% if there is an unfunded liability of 15% or more. There would be no purchase of service credits allowed. The minimum retirement age for full benefits would match social security; police/fire retirement age would be less 10 years.

Jeanne pointed out this bill was requested by the State Controller and a hearing has not been scheduled. Jeanne also stated in the bill language, the unfunded liability payment does not include the State.

AB121 – Requires employers to continue paying per prior CBAs.

AB151 – Requires POST certification for dispatchers.

AB178 – States the time to file a complaint with the Nevada Equal Rights Commission would be increased from 300 days to two years. The time to retain wage records would increase from two to five years.

SB48 – States CBAs expire for all purposes at the end of the term and a notice must be made by employers of the intent to negotiate. If employers intend not to negotiate, the employer may establish the terms and conditions of employment. If employers intend to negotiate, the negotiation must promptly begin.

SB157 – Removes daily overtime provision for private sector and the State.

Stacy stated POOL/PACT HR asked Wayne Carlson and Mike Rebaleati to contact the Nevada League of Cities and Nevada Association of Counties to see if they can lobby to get local government (NRS 281) included in this bill. Jeanne offered to provide a copy of the language proposed by POOL/PACT HR to any committee member who requests it.

SB176 – Requires certain peace officers to wear portable recording device while on duty and requires employers to adopt policies and procedures. Gives County boards the authority to charge an additional fee to each customer for providing emergency services.

SB193 – Prohibits employers from paying a terminating employee a settlement agreement which is higher than the Governor's annual salary.

SB106/AB175/SJR6 – All make various amendments to minimum wage. The Assembly and Senate bills change the minimum wage for private sector. The Senate Joint Resolution changes the overtime provision of the Nevada Constitution.

Jeanne advised the HR-related legislation would be posted to the POOL/PACT website every Monday.

10. For Possible Action: HR Assessment Grant Application Approval

Curtis stated there were three applications. Each would be considered and approved separately.

- 1) Mt. Grant General Hospital: Completed Phase II Assessment. Requesting \$610 for a laptop for training purposes. Cindy Hixenbaugh made a motion to approve as presented. Robert Quick seconded. Motion was carried.
- 2) Kingsbury General Improvement District: Completed Phase II Assessment. Requesting \$750 to attend POOL/PACT HR Seminar and to purchase a training computer. Dee Carey made a motion to approve the application as presented. Geof Stark seconded. Motion was carried.
- 3) Indian Hills General Improvement District: Completed Phase II Assessment. Requesting \$750 toward the purchase of fire proof cabinets for filing personnel records. Tim Logan made a motion to approve the application as presented. Dave Mendiola seconded. Motion was carried.

11. For Possible Action: HR Scholarship Application Approval

There are no scholarship applications at the time of the meeting.

12. For Possible Action: Schedule Next Regular Meeting for POOL/PACT Human Resources Oversight Committee

Next meeting is scheduled for June 9, 2017, at 10:30 a.m., in Carson City.

13. Item: Public comment

Tim Logan asked if he needed to attend the Spring board meeting. Jeanne advised she would check and notify him of who is designated as the voting member of his organization, as they should be the one in attendance.

14. For Possible Action: Adjournment

Curtis called the meeting adjourned at 11:48 a.m.



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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Facsimile (775) 883-7398

**Minutes of Joint Meeting of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust**

Date: Wednesday, March 22, 2017

Time: 9:00 A.M.

Place: at 201 S. Roop Street, Carson City, NV 89701

Conference Call-In Phone No: 1-800-593-9034; Passcode: WayneC.

1. Roll

Committee Members Present: Cash Minor, Alan Kalt, Josh Foli, Gerry Eick, Roger Mancebo, Ann Wiswell, Paul Johnson, Chris Mulkerns, Lisa Jones

Members Absent: Steve West, Missy Rowe, Bev Conley

Others Present: Jeanne Greene, Stacy Norbeck, Donna Squires, Marshall Smith, Mike Rebaleati, Wayne Carlson, Geoff Stark

A quorum being present, Chair Minor called the meeting to order.

2. Public Comment

Chair Minor opened Public comment and hearing none, closed the public comment period.

3. For Possible Action: Consent Agenda

- a. Approval of Minutes of Meeting of May 23, 2016**
- b. Executive Director's Report**
- c. Interim Financial Reports of NPAIP and PACT**
- d. Approval of Special District Voting Status for Southern Nevada Health District**

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

As an additional part of 3. B. Andrew Halsall, CEO of Government Entities Mutual (GEM), one of our reinsurers, was introduced and provided an overview of GEM's capacity and ability to offer higher limits. He reviewed the history of GEM and the mix of members.

4. For Possible Action: Investment Strategies

- a. Review/Revise Investment Guidelines for NPAIP and PACT**
- b. Investment Program Review and Action**

Chair Minor recessed the meeting to enable meetings of the captives Public Risk Mutual and Public Compensation Mutual.

Chair Minor reconvened the meeting for Item 4.b. Kelly Sullivan of New England Asset Management presented a review of the Enterprise Based Asset Allocation analysis their firm had conducted to assist in understanding the investment and operational risks interaction to guide investment strategies. She explained the process used was comprehensive for both pools and captives since they have different risk tolerances and investment options. Using various combinations of those strategies she showed how each of the organizations could expand their investment options and still maintain a relatively low investment risk tolerance while increasing returns.

Following this presentation, Chair Minor opened item 4.a. On motion and second to affirm the current investment policies were reviewed and changes were not required, the motion carried.

5. **For Possible Action: Review of 2016 Financial Audit of**
a. Public Risk Mutual
b. Public Compensation Mutual

The committee was able to listen to the captives meetings including a review of their 2016 audit. It was noted that the notes to the financial statements for NPAIP and PACT should have some revised notes language to clarify investment guidelines and subsequent events in next year's audits for both the captives and the pools.

On motion and second to approve the review and to work

6. **For Possible Action: Capitalization of Captives**
a. Authorize Additional Capitalization of Public Risk Mutual
b. Authorize Additional Capitalization of Public Compensation Mutual

Chair Kalt opened discussion on this item. It was noted that the net assets of each pool had grown substantially over the years. The board had adopted a strategic capitalization policy for normal years to transfer up to 50% of any annual gains from the pool to the captive, which had been done several times. Given the substantial net assets of the pools and a desire to increase utilization of the captives to take on more capacity as reinsurers of the pools, discussion focused on transferring additional capital beyond the annual amounts. Considerable discussion ensued about the merits of taking this action and the amount of additional capital that would enable both the pools and the captives to maintain substantial net assets for their respective risk retention amounts. Various options were discussed. Staff indicated they would work with Strategic Asset Alliance, the investment advisor, to develop an orderly transfer plan.

On motion and second to transfer \$10,000,000 from NPAIP to Public Risk Mutual subject to being phased in to avoid incurring net losses from sales of investments in order to transfer the funds, the motion carried.

On motion and second to transfer \$25,000,000 from PACT to Public Risk Mutual subject to being phased in to avoid incurring net losses from sales of investments in order to transfer the funds, the motion carried.

7. **For Possible Action: Acceptance of Reports**
a. Claims Administrator Report
b. Loss Control Committee Report
c. Data Security Project Staff Report
d. Human Resources Oversight Committee Report

e. Producers Training Program Report

7.a. Donna Squires provided an overview of the large open claims status. She commented that she had added a new, experienced adjuster in Southern Nevada. She noted that she has undergone recent internal and external reviews of claims handling practices, the most recent of which was on the PACT claims. That external review was very positive as in the past. The other reviews also were positive.

7.b. Mike Rebaleati reviewed the Loss Control committee's projects. He noted that the Risk Management Grant program was to undergo an extensive review by the committee. He explained the progress on the current strategic plan.

7. c. At Mike Rebaleati's request, Chair Kalt moved this item to be presented in conjunction with item 8. d.

7. d. Jeanne Greene and Stacy Norbeck reviewed the strategic plan progress report presented to the HR Oversight Committee. They included a slide showing an analysis of the estimated costs of providing the services to members should they have to purchase these services elsewhere. That figure came to over \$3.6 million without including costs of day-to-day trouble shooting and counseling of members. Given the substantial value, committee members requested that this be included in the annual meeting presentation. They noted the extraordinary value of the services delivered. It was noted that Jeanne Greene will be retiring at the end of July 2017 and that Stacy Norbeck had been approved by the Pooling Resources, Inc. board as her replacement. The Committee thanked both and expressed confidence in Stacy's new role.

7. e. Mike Rebaleati reviewed the recently delivered day-long Producer's Training Program which included many producers and their staff. He said he hoped to be able to repeat this every couple of years to keep them refreshed on the pools' scope and services. Comments from participants were very favorable.

On motion and second to accept the reports on items 7. a, b, d ad e, the motion carried.

8. For Possible Action: Approval of Contracts:

a. Alternative Services Concepts, LLC (ASC) 5 Year Renewal Contract from July 1, 2017 to June 30, 2022 for NPAIP and PACT

b. Resources for Living EAP, an Aetna Company Extension of Contract that Expires 5/31/2017 to Expire June 30, 2018

c. SpecialtyHealth MCO and Cardiac Wellness Contracts Extension of Contract that Expires 5/12/2017 to Expire June 30, 2018

d. Information International Associates, Inc. (IIA) extension of Contract that expires 4/30/17 to Expire June 30, 2018

8.a. Donna Squires reviewed the cost estimates in the two contracts noting that otherwise the terms would remain the same for the renewal period. On motion and second to approve the renewal contracts from July 1, 2017 to 2022, the motion carried.

8.b. Wayne Carlson requested this item be pulled as there were questions regarding the final contract terms since the firm had requested a two year extension but the signed documents for the extension could not be located.

8. c. Wayne Carlson reviewed the progress of these services and the value of them to help manage losses or loss potential. Discussion ensued regarding AB267 in the current Legislature which may adversely affect their ability to assist employers with physical examination reviews and offers to participate in our wellness programs. Staff is working with NACO and Clark County to oppose this provision and others in the bill that adversely affect PACT.

8. d. Mike Rebaleati provided a status report on the current usage of Tony Rucci's assistance with developing cyber policies. He explained that the proposed contract with IIA expands the scope of services to include a passive assessment of system vulnerability. He said that Churchill County and Lyon County both volunteered for a pilot assessment. He demonstrated the Churchill Report showing the scope and parameters of the assessment and results. Many of the identified issues from these assessments may be addressed by the entity's existing IT staff. Some may require additional specialized assistance. The proposed services expand the assessments ultimately to all members. The contract is an hourly fee based upon blocks of hours per week of 10, 20 or 30 hours depending upon how fast we want to roll these out to the members. Mike thought that it may take a couple of years to get to everyone, especially the smaller ones, but that at least the 20 hours per week would get to a great number of members with 30 hours per week even more members in a more compressed time frame. The estimated cost would be about \$350,000 for the 30 hour contract.

The committee discussed the value of the assessments and what the final deliverable would provide. It was suggested that given the decision to add additional substantial capital to PRM and since PRM provided a substantial amount of the reinsurance on the data security issues, that perhaps this could be a PRM program.

Chair Minor reconvened the PRM captive board to consider this contract as a PRM service. After discussion, they approved the contract as noted in the PRM minutes.

There was no action from POOL or PACT on this contract considering the PRM Board's decision.

- 9. For Possible Action: Review of NPAIP and PACT Program Renewal Status and Options**
- a. Willis Pooling Report**
 - b. Review of Reinsurance Coverage and Retention for NPAIP and PACT**
 - c. Renewal Reinsurance Strategies**
 - d. Review of NPAIP Coverage Form Changes for 2017-2018**

9. a – b. Mary Wray and Stephen Romero of Willis Pooling provided background about the current market conditions, status of the renewal application gathering and release of their website submission to the various reinsurance markets for both POOL and PACT. She reviewed the existing structure of limits and the comparison using the current year's exposure base. Notably, the estimated cost changes for the renewal of both programs was fairly flat overall. Wayne Carlson commented that he had just received the actuarial draft reports and it appeared that the renewal loss fund amounts likewise were fairly flat.

Stephen Romero reviewed the joint purchase insurance program renewal for Student Accident Medical, Terrorism Property and Liability, Blanket Pollution Legal Liability. Each of these programs were offering fairly flat renewals as well. The Student Accident Policy insurer was offering options for increasing the limit from \$10,000 to \$15,000 or \$25,000. At the \$25,000 limit an additional catastrophic limit would be included. Committee members expressed interest in the option to increase the limit to \$25,000.

9. c. Mary Wray reviewed reinsurance options for schools to include United Educators being interested in a quota share with PRM and in offering higher limits up to \$10,000,000. Great American and Brit both were interest in replacing UE entirely or a portion of the limits. Brit presently participates in the \$7,000,000 excess of \$3,000,000 layer on a quota share basis for all members. Great American is a new market. GEM also presently participates on a quota share basis in the \$7,000,000 excess of \$3,000,000 layer.

Discussion ensued about UE considering some onerous new reinsurance contract terms that were being negotiated over a lengthy period of time. These raised questions about UE's commitment to risk pooling reinsurance, thus the review of other potential replacements. It was noted that UE's risk services in the education space was important and extensive. This was a valuable basis for retaining membership. Options were discussed including having PRM quota share 25% of the present UE layer with UE cut back to 75% quota share. There was a desire to continue to find a way to work with UE, but giving them a share of the higher limits was not of interest now. The other markets have seen the submission and can still work on options for consideration in the various layers for both schools and all other members.

Meetings at Lloyds in London the first week of April look promising for stable rates. Although the recent flood claims reserves will impact their coverage layers, the market may still be able to give us a flat pricing. We will know more after those visits. Steve Firman, the Willis Reinsurance Broker for the property program at Lloyds was invited and will attend our annual meeting this year. He has been instrumental in achieving solid results for us with Lloyds.

Regarding PACT, Mary Wray reported that they anticipated a slight decrease from both CRL and SNCC. Wayne Carlson commented that the retention funding should be flat, thus overall a good result for PACT. Given the capital infusion into PCM, it was suggested that an option for increasing the PCM quota share percentage by an additional 10% to 35% and reducing CRL to 65% quota share depending upon the pricing differential.

9. d. Wayne Carlson reviewed the proposed changes in the NPAIP Coverage Form and the rationale for each one. He noted that one proposed change may have to be reworded due to a proposed legislative bill that may alter some of the definitions used in the draft. Discussion ensued about the proposed changes to the specialized equipment replacement cost provision affected by the bill language. Donna Squires noted that one of the provisions drafted was to require a different deductible on a percentage basis for the high valued vehicles such as 10% or 20% if a member elects the option to be paid the full stipulated amount on the schedule in the event of a total loss. Discussion ensued about whether or not the 10% or 20% would be a reasonably affordable option for the members to bear. Also, consideration of the age of the vehicle as a factor was suggested so that the deductible might be as low as 10% for vehicles under 10 years of age and 20% for older vehicles.

No action was taken as the above options will be further refined for presentation to the board at the annual meeting.

10. For Possible Action: Review of Services and Approval of

a. PACT Budget for 2017-2018

b. NPAIP Budget for 2017-2018

c. PRI Budget for 2017-2018

10. a. Wayne Carlson reviewed the highlights of the proposed budget noting that reformatting of certain expense from administrative to program as suggested by Gerry Eick during an Audit

Committee meeting. He noted that one significant change would be the transfer of Marshall Smith from the PRI budget to the PARMS management services since he has been focusing more on the risk management functions in recent months. This change will reduce some revenue and expenses in the PRI Budget since his costs were split between the organizations. The other significant change is in the technology services budget.

Mike Rebaleati reviewed the technology changes and costs. He suggested that the transfer of the technology assets from PARMS to NPAIP, then allocating the costs as a service fee to the various organizations would allow for the pools and captives data to be housed on their own devices rather than as PARMS. Given the growth of the programs, it would be prudent for the pools to have more control over their technology assets and data. Wayne commented that while he purchased most of the technology assets for both the pools, captives and PRI, he thought that since the management fees came from those organizations, there was no reason to expect any compensation for the assets transfer. Mike indicated that the actual transfer process would be fairly straightforward and could be accomplished fairly soon. Mike suggested the allocation of costs would be on a headcount basis to the various organizations. He also noted that the budget likely was on the high side, but he wanted to be certain there were sufficient funds for the initiative. Regarding the post-employment heart rate loading, Wayne included another reduction of 1.00 in the rate from 4.85 to 3.85 per \$100 of payroll to reflect the accumulation of net assets for this risk category. Otherwise, revenues would be relatively flat.

On motion and second to approve the PACT budget, the motion carried.

10. b. Wayne Carlson reviewed the key elements of the NPAIP budget noting that similar expense changes and allocations were made as discussed under the PACT budget review. He noted that the POOL Building expense would be affected as a result of interior and exterior water intrusion that will be mitigated soon after several months of delays due to weather and availability of contractors to perform the repairs. He also noted that the two State agency tenants both requested two year extensions on their leases which Chair Minor had signed and were submitted to the State Board of Examiners for execution.

10.c. Wayne Carlson commented that the PRI board had approved the proposed budget with the changes from the transfer of Marshall Smith to PARMS. It also contemplated the retirement of Jeanne Greene as General Manager at the end of July, 2017 and the promotion of Stacy Norbeck to General Manager in her stead. The Committee thanked Jeanne for her leadership and expressed confidence in Stacy's new role. No action was deemed necessary on this item as it is part of a multi-year grant.

11. For Possible Action: Review and Revise Drafts of Annual Meeting Agendas Including:

- a. Executive Committee and Officers Up for Election at the Annual Meeting, Candidates and Conduct of the Elections**
- b. Joint Board Agenda, NPAIP Board Agenda, PACT Board Agenda**

11. a. Wayne Carlson reviewed the members of the committee up for election and the declared candidates for election at the annual meeting. He noted that Missie Rowe from Grover Dils Hospital had been appointed by Chair Kalt to replace Pat Irwin who had changed jobs and thus no longer qualified. Missie will serve for the remainder of Pat's term, then stand for election. He also announced that Roger Mancebo was not reappointed as voting representative for Pershing County, thus no longer was eligible to serve thus not running for re-election. Wayne thanked Roger for his long time service and support of the pools. Roger thanked the Members for the opportunity to share in the experience of developing and growing the pools. He said he has

served on the board for 27 years and valued that experience and the relationships. He will miss the people most. He also commended the Members and Wayne Carlson for seeing us through the initiation and success of the pools. Several Committee Members commended Roger for his support and many shared experiences were noted.

12. Public Comment

Chair Kalt opened public comment. Comments received were further reflections of Roger's service and the shared commitment to the success of the pools.

13. For Possible Action: Adjournment

On motion and second to adjourn, the meeting was adjourned at 3:50 p.m.

The Agenda was posted at the following locations and linked to the Official State Website <https://notice.nv.gov>:

**N.P.A.I.P.
201 S. Roop
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 Courthouse
155 North Taylor Street
Fallon, NV 89406**



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475

4/7/17 draft – ZH

**Minutes of Meeting of the Loss Control Committee of
Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**

Date: Tuesday, March 21, 2017

Time: 10:00 A.M.

Place: POOL/PACT Offices

201 S. Roop St. Carson City, NV 89701

CONFERENCE CALL-IN # 1-800-351-4899, Passcode: MikeR

1. Roll

Members Present: Cash Minor, Ann Wiswell, Bob Spellberg, Geof Stark, Steve West, Dan Murphy, Darren Wagner
Members Absent: Bryce Boldt, John Dollar
Others Present: Mike Rebaleati, Wayne Carlson, Shani Dues, Sheriff Rick Adams, Undersheriff Bill Ferguson, (Mineral County), Zaria Hanses, Marshall Smith

2. Public Comment

Chair Minor opened Public comment and hearing none, closed the public comment period.

3. For Possible Action: Approval of Minutes of Committee Meeting of December 9, 2016.

On motion and second to approve the minutes, the motion carried.

4. For Discussion: Shani Dues (Lyon County School District), to present review and summary of Lyon County December 2016 lock-out incident.

Shani Dues summarized an event occurring in December 2016. She related that because of the information and training provided by Jeff Kaye (Safe School Operations) and the completed Hazard Vulnerability Assessment, District personnel, in coordination with law enforcement were able to quickly respond to the facts and transformed the initial lock-down to a lock-out situation. All personnel worked well together and the management of information assisted in resolving the matter efficiently. She indicated that the principals' secretaries were of great assistance as well.

5. For Discussion: Discussion of whether Pool/Pact should continue funding of BLR OSHA 30 and OSHA 10 courses.

Staff indicated the costs associated with the on-line BLR training courses: OSHA 30 (under \$200 per person) and OSHA 10 (under \$100 per person), were very helpful for more remote members. WILLIS trainers remain ready to conduct live training when there are 15 to 20 students available for training.

6. **For Discussion:** Discussion of whether Pool/Pact should augment its learning management system with BLR (general courses, i.e. Confined Spaces, Crane Operators) and TargetSolutions (specific courses for Fire/EMS).

Staff reviewed the new active shooter courses available to members through ELearning portal and information relating to other courses available through BLR and TargetSolutions.

7. **For Discussion:** Discussion of whether Pool/Pact should provide ELearning courses in Spanish.

The Committee discussed the need for training to be provided in Spanish. As this was the first such request for training, the Committee will continue to monitor the need for such training, particularly for safety courses.

8. **For Discussion:** Discussion re PP Risk management grants:
- a. Whether PP Risk Management Grants of less than \$10,000.00 should require 25% matching funds from applicant to conform with grants requests of more than \$10,000.00.
 - b. Whether grants for Stryker equipment could include cost of preventative maintenance service contracts.

Staff presented issues relating to whether the Risk Management Program should be re-evaluated and re-structured with new guidelines. The Committee discussed the need for evaluation and changes, including whether to continue funding Stryker Equipment to be placed on agenda of next Committee meeting.

9. **For Discussion:** Discussion of whether Pool/Pact should provide funding to members to address costs associated with software limited to enhanced cyber security. Currently, the only software grants accepted are dispatch software for law enforcement, fire, and EMS.

Mike Rebaleati explained that cyber security threats and data security can be achieved primarily through software. Further discussion relating to allowing cyber security related software will be placed on the next agenda for further discussion and possible action.

10. **For Discussion:** Discussion of whether LCC staff should work with Mike Van Houten to write and produce ELearning course regarding Nevada Heart/Lung requirements for fire and law enforcement agencies to use as training and clarification. NAC 617.080-090, NRS 617.455-457.

Staff presented information to the Committee regarding the need to provide more information to fire and law enforcement members relating to the policies, benefits, and application of Nevada's Heart/Lung statutory requirements. The Committee requested that additional information be presented to the Committee during the next meeting for discussion and possible action, including a draft ELearning course.

11. **For Discussion:** Discussion of whether Pool/Pact should offer to pay membership dues to the Sierra Nevada Chapter of the American Association of Safety Engineers, a national organization designed to promote the growth and the development of the safety professional. Currently there are chapters in Carson, Churchill, Douglas, Elko, Eureka, and Humboldt, Lander, Lyon, Mineral, Pershing, Storey, and Washoe counties. Annual dues are approximately \$175.00 per member. Pool/Pact Currently covers PRIMA membership at a cost of approximately \$385.00 per year per member.

Ann Wiswell provided information to the Committee regarding the benefits of supporting the Sierra Chapter of the ASSE. The matter will be put on the next agenda for discussion and possible action.

- 12. For Discussion:** Discussion of whether Pool/Pact should host Rural Domestic Preparedness Consortium (RDPC): Crisis Management for School-Based Incidents – Partnering Rural Law Enforcement, First Responders, and Local School Systems course (8 Hours). There is no charge - requires only providing adequate site location. Requires minimum of 20 participants.

Staff provided an overview of the RDPC programs and possible benefits to members in conjunction with Safe School Operation training.

- 13. For Discussion:** Review of Risk Management Grants approved and/or funded since September 1, 2016:
 - a. Educational Grants..... Est. \$ 24,117.70
 - b. RM Grants of less than \$10,000.... Est. \$ 18,168.10
 - c. RM Grants more than \$10,000..... Est. \$ 338,629.47

The Committee will continue to review, discuss, and consider restructuring the Risk Management Grant Program at the next regular Committee meeting in connection with agenda item 8.

- 14. For Possible Action:** At the December 9, 2016 LCC meeting Mike Rebaleati reviewed the Loss Control Excellence Program. Mike indicated that there has been a reduction in the number of members who have participated in the LCEP and perhaps increasing the award amounts may be in order. He also related that Pat Irwin had provided an outline for developing procedures relating to a Loss Control Excellence Program for volunteer fire departments. A motion was made to place the information for developing a LCEP for volunteer fire departments on the next meeting’s agenda. The motion was seconded and approved.

The Committee discussed whether a program should be a component of the overall member LCEP. On motion and second to table establishing a sub-entity LCEP competent, the motion carried.

- 15. For Possible Action:** Discussion and consideration of whether the LCC wants to present and sponsor a Risk Management seminar in 2017.

The Committee discussed the numerous other risk management and related trainings sponsored by Pool/Pact, and on motion and second a decision was made not to sponsor a Risk Management Seminar in 2017, the motion carried.

- 16. For Possible Action:** Consideration and approval of offering additional (2) Risk Management Educational Grants to member school districts for attendance at International Safety School Safety Institute Conference: October 11-12, 2017. The cost to Pool/Pact members is \$450 for the three day conference.

The Committee discussed whether the two additional grants should be identified as “scholarships” instead of grants for administrative and accounting reasons. On motion and second, two additional scholarships would be made available to each member to attend the conference, the motion carried.

- 17. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Mineral County (Sheriff's Office) for replacement of dumb-waiter. Total: \$24,850, PP: \$18,638; Member: \$6,212. (Note: Sheriff Adams and Undersheriff Ferguson will be present to address the Loss Control Committee).

Sheriff Adams and Undersheriff Ferguson presented information in support of the need for replacement of the dumb-waiter and informed the Committee that future maintenance and inspection costs would be borne by Mineral County. After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$18,638.00.

- 18. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Mineral County (Parks and Recreation) for swimming pool electrical retrofit, grounding, and bonding. Total: \$39,000; PP: \$29,250, Member: Mineral County: \$5,750, Parks and Recreation (PIK): \$1,000, Hawthorne Public Utilities (PIK) \$4,000.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$29,250.00

- 19. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by East Fork FPD for (2) Stryker PowerLoads. Total: \$42,606.00; PP: \$31,954.50; Member: \$10,651.50.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$31,954.50. One member voted nay, Bob Spellberg abstained.

- 20. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Eureka County for Cyber Security Software. Total: \$16,351.90; PP: \$12,263.93; Member Amount: Cash \$2,736.08 and PIK: \$1,351.90.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$12,263.93.

- 21. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Eureka County for (1) PowerCot and (1) PowerLoad. Total \$37,752.16; PP: \$28,314.12, Member Amount: \$9,438.04.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$28,314.12. One member voted nay.

- 22. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Mason Valley Fire Protection District for Stryker (1) PowerLoad and (1) PowerCot. Total \$: \$37,392; PP: \$28,044; Member: \$9,348.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$28,044.00. One member voted nay.

- 23. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Carson City School District for Security Cameras. Total: \$666,440.88; PP: \$119,000; Member Amount: \$547,000.

Ann Wiswell presented additional information relating to this grant application. She indicated that she confirmed with the District will bear all upkeep and future costs and the District would not apply for a risk management grant for three years. After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$119,000.00. Ann Wiswell abstained from this vote.

- 24. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by North Lyon County Fire Protection District for Emergency Dispatch software (Spillman). Total: \$62,917; PP: 50,333.60, Member: \$15,729.25 (\$3,932.30 from Lyon, Mason, Central, and Smith Valley).

After discussion, a motion was made to table the item to allow North Lyon County Fire Protection District to present additional information at the next Loss Control Committee meeting. The motion was seconded and approved.

- 25. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Pahrangat Valley Fire Protection District for Stryker (1) PowerLoad (1) PowerCot, (1) Chair System. Total: \$43,143; PP: \$32,357.25; Member; \$10,785.75.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$32,357.25. One member voted nay.

- 26. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Smith Valley Fire Protection District for (1) PowerLoad. Total: \$24,215.16; PP: \$18,161.37; Member: \$6,053.79.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$18,161.37. One member voted nay.

- 27. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Tahoe Fire Protection District for Stryker (1) PowerLoad. Total: \$35,242; PP: \$26,431.50; Member: \$8,810.50.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$26,431.50. One member voted nay.

- 28. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Town of Tonopah for replacement of municipal park playground equipment. Total: \$103,969.00; PP: \$77,976.80; Member: \$25,992.26.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$77,976.80.

- 29. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Town of Pahrump for Stryker (4) PowerPro Cots. Total: \$93,396; PP: \$70,047; Member: \$23,349.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$70,047.00. Two members voted nay.

- 30. For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Washoe County Fire Suppression for Stryker (1) PowerPro. Total: \$37,162.00; PP: \$27,871.50; Member: \$9,290.50.

After discussion a motion was made, seconded, and approved for Pool/Pact funding in the amount of \$27,871.50. One member voted nay.

- 31. For Possible Action: Adjournment**

After discussion a motion was made, seconded, and approved.

These Minutes were posted at the following locations and at notice.nv.gov:

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Carson City, NV 89701**

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**Minutes of Meeting of the Loss Control Committee of
Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**

Date: Monday, July 11, 2016

Time: 9:00 am

Place: POOL/PACT Offices

201 S. Roop St. Carson City, NV 89701

CONFERENCE CALL-IN # 1-800-351-4899, Passcode: MikeR.

1. Roll

Members Present: Cash Minor, Dan Murphy, Geof Stark, Bob Spellberg, Dan Murphy, John Dollar, Norma Santoyo, John Dollar, Steve West

Others Present: Mike Rebaleati, Wayne Carlson, Mel Ida, Rick Hudson, Josh Wilson, Ann Wiswell, Marshall Smith

2. Public Comment

Chair Minor opened public comment and hearing none, closed the comment period.

3. For Possible Action: Approval of Minutes of Committee Meeting of April 13, 2016.

On motion and second to approve the minutes, the motion carried.

4. For Possible Action: Development of a plan for setting goals for loss control services to members such as: (1) Improving communications for loss control services; (2) Quantifying our services to educate members as to the value added services provided: HR/Safety/Risk Management/Information; (3) Expand outreach to members: Consideration of more comprehensive annual on-site communication with members.

Mike Rebaleati indicated that a number of these Agenda items should be reviewed and considered by the Loss Control Committee. The Committee then indicated that in light of the number of valuable programs and services provided by Pool/Pact, there should be greater communication to members of what services are provided. If members are unaware of these programs they will not use them. Consideration was given to increasing the communication platforms to include: maintaining updated email lists of persons who need to know about the information through Constant Contact, website updates, and more comprehensive presentation of HR and Loss Control information to members during annual site visits.

On motion and second, staff will research and take steps necessary to procure customer relationship management tools to assist with achieving the goals referenced and discussed in item 4, the motion carried.

5. **For Possible Action: Survey of members regarding Pool/Pact programs and services. Review of the pending draft survey queries to ascertain what programs/services members are familiar with, using, and what services are being under-utilized. It can also bring awareness to members relating to programs and services that are currently available.**

The Committee discussed the bi-annual survey which Pool/Pact HR sends to members. A similar loss control survey, when targeted to the correct parties, could inform members of loss control programs and services, inform the Committee of what services are being utilized, and inform the Committee of the needs of members for future program development. No action on this item.

6. **For Possible Action: Checklist of required safety plans and development of boilerplate safety plans. Consideration of providing safety plans, committee structures, and hazard communication policies via web based E-Learning platform and on-site training.**

The Committee discussed what safety information would be helpful to members, including safety programs, safety committees, and hazardous communication programs, development of a webpage devoted to safety information, increased on-site training, and ELearning programs. No action on this item.

7. **For Possible Action: Cyber-security awareness. Consideration of available risk specific insurance coverages, web based learning, and on-site trainings at various locations to garner the greatest member participation.**

Mike Rebaleati provided a review of potential new coverages which will be made available and listed on a webpage and available for review to members. Cyber-security awareness can be incorporated in to new employee orientation policies. There is also reference to new videos posted on the Pool/Pact website regarding cyber-security issues and topics. Discussion regarding regional or possible on-site cyber-security training. Discussion regarding whether this matter was part of the five year strategic plan and whether there is existing authority to proceed with implementing this item.

On motion and second, staff will research and confirm whether this item was previously authorized under the five year loss control strategic plan prior to further consideration by the Committee, the motion carried.

8. **For Discussion: Update on school district sample polices (excluding HR) project.**

Mike Rebaleati provided a review of information provided by United Educators and need for many school districts to update policies. There is a need for more communication with members regarding policy updates and ensure that Pool/Pact makes these policies and guidance available to members.

9. **Public Comment**

Chair Minor opened public comment and hearing none, closed the comment period.

10. **For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

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**Minutes of Meeting of the Loss Control Committee of
Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**
Date: Monday, September 12, 2016
Time: 9:00 am
Place: POOL/PACT Offices
201 S. Roop St. Carson City, NV 89701
CONFERENCE CALL-IN # 1-800-351-4899, Passcode: MikeR.

1. Roll

Members Present: Cash Minor, Dan Murphy, Geof Stark, Bob Spellberg, Norma Santoyo, John Dollar, Ann Wiswell, Steve West

Others Present: Mike Rebaleati, Mel Ida, Curtis Trujillo, Mike Van Houten, Zaria Hanses, Alan Kalt, Marshall Smith

2. Public Comment

Chair Minor opened public comment and hearing none, closed the comment period.

3. For Possible Action: Approval of Minutes of Committee Meeting of July 11, 2016.

On motion and second to approve the minutes, the motion carried.

4. For Discussion: Presentation by Board Member Alan Kalt of video testimonial regarding risk management benefits of Pool/Pact's Risk Management Grant Program.

Alan Kalt, member of the Executive Committee for NPAIP and PACT, with the assistance of his son, produced a three minute exemplar video testimonial to illustrate the benefit of receiving a Pool/Pact Risk Management Grant for the Churchill County Juvenile Detention Center. The objective of the project is to inform members about and encourage them to utilize the risk management grant funding opportunities associated with membership with Pool/Pact. The decision to place the video on the Pool/Pact website will be presented to the Committee at the next regularly scheduled Loss Control Committee meeting.

5. For Discussion: Presentation by Member John Dollar regarding the practical and compliance benefits of utilizing MSDSONline.

John Dollar and Curtis Trujillo, (Senior Human Resources Analyst/Risk Management IVGID), presented a history of IVGID's safety committee policies and procedures relating to MSDSONline and the practical and compliance benefits of utilizing MSDSONline.

6. For Discussion: ELearning update and review by Mike Van Houten (ELearning Administrator)

Mike Van Houten, (Pool/Pacts site administrator for TORCH/ELearning), presented a summary and review of the online learning platforms, projects, and current capabilities presented by Pool/Pact.

7. For Discussion: Stryker information and pricing update.

Marshall Smith (Pool/Pact Risk Management) informed the Committee that as a result of discussions with Stryker, all Stryker products purchased by members via Pool/Pact risk management grants will receive 24% discount.

8. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by Esmeralda County.

Pool/Pact Funding: \$42,404.00. Upon motion and second, the grant application was approved.

9. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by Nye County.

Pool/Pact Funding: \$4679.75. Upon motion and second, the grant application was approved.

10. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by City of Ely.

Pool/Pact Funding: \$34,735.50. Upon motion and second, the grant application was approved

11. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by Storey County.

Pool/Pact Funding: \$14,172.25. Upon motion and second, the grant application was approved

12. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by North Lake Tahoe Fire Protection District.

Pool/Pact Funding: \$89,687.47. Upon motion and second, the grant application was approved.

13. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by Mineral County.

As no motion was presented to the board, no action was taken on this item.

14. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by East Fork Fire Protection District.

15.

Pool/Pact Funding: \$34,950.99. Upon motion and second, the grant application was approved. Bob Spellberg abstained.

16. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by North Lyon County Fire Protection District.

Pool/Pact Funding: \$59,456.25. Upon motion and second, the grant application was approved

17. For Possible Action: Consideration and Approval of Risk Management Grant Application Submitted by Pahranaagat Valley Fire District.

Pool/Pact Funding: \$29,631.00. Upon motion and second, the grant application was approved.

18. For Possible Action: Consideration and Approval of payment to *Clarion Aquatic Signs* for signage recommended by Tom Griffiths (Aquatic Safety Research Group) at all member swimming pool locations for a total amount not to exceed \$3,500.00. (Signage for 26 swimming pools).

Pool/Pact Funding: \$3,500.00. Upon motion and second, the grant application was approved. Upon motion and second, the grant application was approved.

19. For Possible Action: Consideration and Approval of offering additional Risk Management Educational Grants to member school districts for attendance at International Safety School Safety Institute 2016 Conference October 12-13, 2016.

Upon motion to extend two additional Risk Management Educational Grants to member school districts to attend this conference, the matter was approved.

20. For Discussion: Update by Mike Rebaleati on special projects: cyber security.

Mike Rebaleati discussed and presented additional information regarding the existing insurance policies relating to cyber security and member integrity assessments which may be available to members.

21. For Discussion: Should Risk Management Grants have maximum limit?

Mike Rebaleati requested direction from the Committee as to whether there should be a maximum limit to risk management grants for consistency and fairness to all members. An action item to set a maximum risk management grant limit will be agendized for the Committee at the next regularly scheduled Loss Control Committee meeting.

22. Public Comment

Dan Murphy requested that the Committee revisit the grant application that Pershing County had obtained in May 2016 for its Stryker at a 50/50 funding amount and consider increasing the Pool/Pact funding amount consistent with more recent 75/25 approvals.

23. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

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Copies of documents which may be reviewed by the Committee may be obtained electronically by emailing ZariaHanses@poolpact.com.

DRAFT



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Telephone (775) 885-7475

**Minutes of Meeting of the Loss Control Committee of
Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**

Date: Monday, December 9, 2016

Time: 2:00 p.m.

Place: POOL/PACT Offices

201 S. Roop St. Carson City, NV 89701

CONFERENCE CALL-IN # 1-800-351-4899, Passcode: MikeR.

1. Roll

Members Present: Dan Murphy, Bob Spellberg, John Dollar, Ann Wiswell, Steve West, Darren Wagner

Others Present: Mike Rebaleati, Josh Wilson, Rick Hudson, Mel Ida, Zaria Hanses, Wayne Carlson, Marshall Smith

2. Public Comment

Vice Chair, Bob Spellberg opened public comment and hearing none, closed the comment period.

3. For Possible Action: Approval of Minutes of Committee Meeting of September 12, 2016.

On motion and second to approve the minutes, the motion carried.

4. For Discussion: Dan Murphy to present review and summary of Pershing County School District's recent lock-out incident.

Dan Murphy presented a well-crafted review and summary of the Pershing County School District Hazard Vulnerability Assessment, which was supported by Pool/Pact and prepared by Jeff Kay (*School Safety Operations*). Dan then detailed how plans outlined in the HVA were put into operation during an actual lock-out event which occurred on August 31, 2016. Dan pointed out that there were some objections to the campus control and safety changes recommended by the HVA, until the incident occurred.

5. For Discussion: Discussion and review of Loss Control Excellence Program relating to status and function.

Mike Rebaleati reviewed the Loss Control Excellence Program. Mike indicated that there has been a reduction in the number of members who have participated in the LCEP and perhaps increasing the award amounts may be in order. He also related that Pat Irwin had provided an outline for developing procedures relating to a Loss Control Excellence Program for volunteer fire departments. A motion was

made to place the information for developing a LCEP for volunteer fire departments on the next meeting's agenda. The motion was seconded and approved.

6. For Possible Action: Discussion regarding linking Alan Kalt's video presentation regarding risk management benefits of Pool/Pact's Risk Management Grant Program to Pool/Pact's website.

A motion was made to link the video that Alan Kalt and his son prepared to highlight and inform members regarding Pool/Pact's Risk Management Grant program during the September 12, 2016 meeting to the Pool/Pact website. On motion and second, the motion was approved.

7. For Discussion: Discussion of whether Pool/Pact should have a risk management grant limitation of \$120,000.00 per grant.

There was discussion regarding whether an upper limit dollar amount should be placed on the RM Grant program. There was discussion that the RM Grant program was initially designed to fund risk mitigation/reduction projects and that placing a limit on the amount could inhibit applications and creativity. The Committee is currently able to consider, accept, or reject non-capital grant applications based upon reduction of risk exposure irrespective of amount. No change will be made to the current RM Grant program.

8. For Possible Action: Discussion and consideration of reimbursement to Pershing County (Lovelock Ambulance Service) for May 2016 Stryker purchase at current funding level of 75% in the amount of \$15,264.68.

During the September 12, 2016 meeting, Dan Murphy requested that the Committee consider increasing the funding level of a Stryker grant Pershing County submitted, from 50% to 75% to be consistent with 25/75 funding level established during the April 13, 2016 LCC meeting. A motion was made to increase the Pershing County's grant funding from 50% to 75% in the amount of \$15,264.68. The motion was seconded and the motion was approved. Dan Murphy abstained from the vote.

9. For Possible Action: Discussion, review, and analysis of updated Risk Management Grant Process (both general and educational) relating to grant applications: format, FAQ, procedures, and supporting documents.

There was discussion regarding the need to update, simplify, and provide additional information regarding the Risk Management Grant process. This would include streamlining the grant application, providing more instruction regarding the application process, and updating the on-line information provided to applicants. A motion was made to update the RM Grant application process, which was seconded and approved.

10. Public Comment

Mike Rebaleati presented information regarding automatic CPR machines which may helpful to those emergency operations which are responsible for patient care during long distance transport.

11. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

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Executive Director's Report to Board April 2017

POOL and PACT Budgets:

PACT expenses remain relatively flat. It is anticipated that medical inflation will continue. Substantial presumptive benefits losses can surprise at any time. Ratable exposures are estimated at a 3% increase this renewal, PACT revenues will decline over the prior year's audited results due to the decrease in rates particularly the post-employment heart lung rate. Actuarial indications for the loss fund are flat. Changes in investment income allocation should be positive.

For POOL, property rates should be stable and perhaps reduced; other liability rates likely will see a slight increase. Overall, the budget assumes no changes in the gross assessments from exposure changes. Actuarial indications for the loss fund are flat. Changes in investment income allocation should be positive.

Refer to the separate discussions about the Notices of Intent to Withdraw from POOL and PACT below.

Amortization of contributions to the captives continues to reduce results from operating income, although that is a planned conservative strategy to grow the captives. Both POOL and PACT have accumulated substantial reserves from positive years, so overall financial standing remains sufficient. Additional capitalization was approved at the Joint Executive Committee meeting on March 22, 2017 to enhance the risk bearing capabilities and investment income in each captive. The amount transferred from POOL to PRM was \$10,000,000 and the amount transferred from PACT to PCM was \$25,000,000.

Both program budgets rely on a 70% actuarial confidence level to generate sufficient margin. The draft budget will need further revision following receipt of quotes prior to and at the annual board meeting after renewal decisions are reached.

Renewal Strategies:

POOL:

The property coverage program is placed through Willis Re in various syndicates at Lloyds of London. We have scheduled our renewal negotiations in London the week of April 3-7, 2017. Wayne Carlson and Mike Rebaleati of PARMS and Mary Wray and Stephen Romero of Willis Pooling will be meeting with the various syndicates. Our broker indicates that we should be able to negotiate favorable rates based upon our experience and long term relationships. We will negotiate to retain our current \$500,000 retention and the \$150 million of earthquake and flood aggregates. Steve Firman, our primary Willis London contact, will attend this year's annual meeting since it is our 30th year and Lloyds has been a significant partner on our property program.

Public Risk Mutual will offer a liability renewal at current terms in which it takes a 25% quota share of \$7,000,000 excess of \$3,000,000 POOL retention as well as 30% of the \$2,500,000 liability limit above POOL's retention of \$500,000. Additional coverage layers

in both property and liability may present opportunities to grow participation depending upon renewal terms from other reinsurers.

County Reinsurance, Ltd. (CRL), a member owned captive insurance company in which NPAIP placed a substantial capital contribution, reinsures the liability layer of \$2,500,000 above the POOL retention of \$500,000 on an 70% quota share basis with PRM bearing 30%. CRL preliminary indications are for a slight rate decrease.

United Educators writes a liability limit of \$2,500,000 excess of the POOL's \$500,000 retention. Unfortunately, they have experienced losses that likely will put upward pressure on rates of about 2+%. They have proposed revisions to their reinsurance agreement, some of which we still are negotiating. UE is a member-owned captive risk retention group in which POOL has a subscribers' surplus account. The current Subscribers Savings Account balance is \$275,781. We intend to continue this relationship but are exploring alternative reinsurers as necessary, perhaps utilizing some of our PRM capacity.

Government Entities Mutual (GEM), a member owned captive insurance company in which NPAIP placed a substantial capital contribution, reinsures 35% quota share of the layer of \$7,000,000 above the POOL retention of \$3,000,000. Rates are expected to increase slightly. GEM reviewed its methodology for analyzing its allocation of equity to members and clarified the policy which benefits the POOL.

Brit provides 40% quota share of liability limits of \$7,000,000 excess of POOL's \$3,000,000 retention. Rates are expected to remain stable. They have offered to participate in other layers, if desired.

Our equipment breakdown reinsurer is Travelers Boiler Re which provides up to \$100,000,000 with various sublimits. Since their limits and pricing have been stable for several years now, we anticipate renewal with them as our best option. We received a profit sharing distribution again this year which we apply toward our loss control programs.

NOTICES OF INTENT TO WITHDRAW:

We received notices of intent to withdraw from:

- Douglas County and Douglas County Redevelopment Agency
- Town of Genoa
- Truckee Meadows Fire Protection District

If these withdrawals occur, there will be an impact on the budget of about \$809,000 or 6% of assessments revenues. Staff has been meeting with the various entities to persuade them to remain members. We will provide an update at this meeting.

PACT:

Public Compensation Mutual (PCM) bears \$500,000 excess of PACT's \$500,000 retention plus a quota share of 25% of the next \$2,000,000 excess of \$1,000,000. CRL bears 75%.

Safety National now attaches at \$3,000,000 and covers to statutory limits. Both PCM and Safety National provide 50% quota-share of the \$3,000,000 aggregate limit that attaches above a high aggregate retention along with PCM.

PACT Member Nye County was placed on fiscal watch by the Committee on Local Government Finance which will require additional monitoring and reporting about their financial condition.

NOTICES OF INTENT TO WITHDRAW:

We received notices of intent to withdraw from:

- Douglas County and Towns of Gardnerville, Genoa and Minden, Douglas County Mosquito District
- Truckee Meadows Fire Protection District

If these withdrawals occur, there will be an impact on the budget of about \$2,434,000 or 15% of assessments revenues. Staff has been meeting with the various entities to persuade them to remain members. We will provide an update at this meeting.

PACT Regulatory Issues

With a Legislative Session upon us, we did not expect efforts to modify the presumptive benefits law, although a reversal from Republican control to Democratic control changed that. Last Session, Senator Settlemeyer (R) stated he did not want to see this issue come back again. However, he will not be in as strong a position this session. One bill of concern is AB 267, which makes claims handling and payments different for public safety from other employees and restricts access to physical examinations which may affect the Cardiac Wellness Program. Our claims supervisor has provided substantial support for opposition to this bill and we have shared information with NACO and Clark County as well. Legal counsel likewise reviewed the bill and assisted with testimony before the Assembly Commerce and Labor Committee.

As of June 30, 2016, we accumulated restricted net assets of \$20,570,890 thus reaching the minimum target range recommended by our actuary. The executive committee approved reducing the post-employment rate for FY2016-2017 by \$1.00 to \$4.85. I am recommending that we reduce the rate by another \$1.00 to \$3.85 for the upcoming fiscal year. We'll still collect over \$1,700,000 per year in assessments.

PACT Cardiac Wellness Program:

Participation is growing slightly as we continue to promote the program to more agencies. We have had some success stories that demonstrate the efficacy of the program. SpecialtyHealth staff continues to make site visits with members to recruit participation. We continue to experience spotty resistance to submission of physical examinations to SpecialtyHealth, often because of misunderstanding of the law and the program purposes. AB267 (discussed previously) could impair our efforts with this program. SpecialtyHealth will present an update of the cardiac wellness program at the annual board meeting. One initiative from the Loss Control Committee is to develop an e-Learning course that explains the employer's and employee's responsibilities under the law and how the wellness program works.

POOL Data Security Liability Program:

Staff initiated a contract with Tony Rucci (Information International Associates, Inc.) to assist with data security policies and risk evaluations on a pilot basis. Mike Rebaleati led this effort. Policies were made available to the members. Pilot security assessments are being worked on and PRM agreed to extend his contract with a goal of expanding such assessments to all members over the next few years.

POOL Form Changes:

Staff has been reviewing potential changes in coverages or program additions.

- We have only scheduled two drones this year. CRL decided that it no longer would require scheduling drones with them, but would accept them if listed by the POOL. In the renewal application process, we included a drone supplemental questionnaire to identify other drones owned by members. We will treat them like our vehicle schedules and cover them by reference, relying on a definition of drones as under 55 pounds and as scheduled.
- Some revisions to clarify the form are proposed as well. A detailed explanatory memo is included in the materials.

NPAIP/PACT Service Provider Agreements Renewing in FY 2017-18 Approved at the Joint Executive Committee Meeting on March 22, 2017:

Alternative Service Concepts, LLC (ASC): This agreement has a five-year term that runs through July 1, 2017. The new term runs from July 1, 2017 to July 1, 2022. Some changes in key personnel occurred with the unfortunate death of Diane Evans. She was replaced by Greg Gilliam, a very experienced adjuster, in the Southern Nevada territory.

SpecialtyHealth: Both the MCO and the Cardiac Wellness Program agreements expire May 12, 2017. The extension will expire June 30, 2018 so that future agreements tie to our fiscal year.

Information International Associates, Inc. (Tony Rucci): These services have been ongoing and we propose an extension to June 30, 2018. This will enhance our ability to develop preventative strategies for data security as well as improve our ability to respond to a cyber breach. This contract was referred to PRM and PRM approved the proposal.

Assigned to PARMS/Risk Management

GOAL: Enhance communication with members in a manner that provides members with easy access to essential information and resources. Plan, promote and implement risk management initiatives to reduce liability and protect public assets.

Objectives:	Strategies	Target Date	Progress/Status Report
Goal: Enhance Communications with Members and Access to Information			
Communications Plan			
Written plan to address: periodic print publications;	Risk Management Bulletins	FY 2015-18	4 bulletins a years + as needed 4 Newsletters a year+ new letter for LMS admins only; "Sparks" newsletter for Torch
online communications;	Website enhancements; Pooling Perspectives newsletter	FY 2015-18	adminsitrators
meeting and conference materials;	Board packets, RM Conference materials, banners, giveaways	FY 2015-18	as needed by BLG
media relations and public relations materials;	Industry association communications, member orientation tools	FY 2015-18	as needed by BLG
marketing and sales tools;	targeted communication pieces; LCEP, Property Risk Control, ELearning brochures	FY 2015-18	as needed by BLG Adobe Connect licensed for unlimited online meetings w/ up to 100 persons in meeting
committee and board communiques;	Web Meetings, enhanced meeting tools (Connect)	FY 2015-18	ongoing; periodicals
annual reports;	Access online and in print	FY 2015-18	
Enhance & Market POOL/PACT E-Learning Program			
	Course development	FY 2015-18	As defined by LC Committee Torch implented 2014.; upgrades 2017
	LMS Development	FY 2015-18	Site visits, webinars, reference materials
	Member Utilization	FY 2015-18	
Goal: Plan, promote and implement risk management initiatives to reduce liability and protect public assets.			
Evaluate loss trends	Quarterly review of large losses; monthly review of loss development		ongoing
Monitor Swimming Pool exposures and continually train operators	Inspect each swimming pool every three years; host annual Swimming Pool Operators certification course.	FY 2015-18	annual pool inspections rotating every three years annual electrical inspections rotating every three years & as needed
Monitor electrical hazards in aging buildings	Conduct thermal imaging surveys of select buildings based on COPE data	FY 2015-18	Bullying legislation, EOP's, Security issues completed 2013; updates planned
Plan, promote and implement risk management initiatives to address exposures unique to school districts	Host workshops on relevant topics	FY 2015-18	FY 2016-18
	Webinar series on student affairs policies	FY 2015-18	ongoing;periodicals
	Circulate UE publications	FY 2015-18	
Plan, promote and implement risk management initiatives to address exposures unique to law enforcement agencies	Constitutional Law Update, Supervising the Toxic Officer	annually	Elko FY 2015
	Implement standardized policies; available on website	annually	Full update FY 2015
	Deliver Emergency Management Dispatch Training	quarterly	ongoing quarterly program
Deliver Elected Officials Liability Training Workshops	Open Meeting Law	FY 2015-18	available online for 2015; 10 members 2016; 9 members 2017
	Positive Governance	FY 2015-18	10 members 2016; 8 members 2017
	Ethics	FY 2015-18	available online for 2015; 10 members 2016; 9 members 2017
Risk Management Contract Review	Review member contracts for risk transfer, assumption of liability and insurance requirements	FY 2015-18	ongoing
Risk Research Projects	Conduct ad hoc research and publish relevant findings to membership in newsletters and rm bulletins	FY 2015-18	ongoing
Wellness programs	Promote Cardiac Wellness to Law Enforcement and Fire agencies	annually	done 2015-16;2016-2017

Loss Control

Assigned to: Loss Control Committee/Willis

Goal: Deliver risk control services by planning, promoting, and implementing safety, health, and environmental initiatives to protect

Objectives:	Strategies	Target Date	Progress/Status Report	2017-2020
OSHA and ADA Compliance	Accessibility Surveys as requested	FY 2017-20	as requested of Willis	as requested of Willis
	Playground Surveys as requested	FY 2017-20	as requested of Willis	as requested of Willis
	Premises Site Surveys	FY 2017-20	as requested of Willis	as requested of Willis
	MSDS Online Web Service expansion of scope	FY 2017-20	Contract renewed 2015, Service under utilized. Needs more promotion for more utilization.	renewing 7/1/15;evaluating options
E-Learning Curriculum Development	HAZCOM Globalization Harmonization Systems (GHS)	FY 2017-20	course license renewed FY 2015	
	Promote and deliver Fire Extinguisher Training Program	FY 2017-20	as requested of Willis	as requested of Willis
	Respirator Fit Testing Program	FY 2017-20	Routine annual testing by Willis and by request if needed	as requested of Willis
	ADA training on 2010 Accessibility Design Standards	FY 2017-20	completed; evaluating on going need FY2015-18	
Emergency Planning	Torch Online training development	FY 2017-20	19 new courses FY2015; 5 more FY 2016-18	
Emergency Planning	Further coordination with DoE on School EOP's	FY 2017-20	Coordination efforts with DOE - Jeff Kaye HVA reports are being deployed.	
	Non Structural Earthquake Mitigation	FY 2017-20	Belfor training being coordinated FY 2015-16	
Claims Analysis/Benchmarking	Committee evaluates major POOL/PACT trends	FY 2017-20	semi annual review of PACT; reviewed 2/2015	ongoing
	Aging workforce trends	FY 2017-20		ongoing
	EMC/First Responder back injury rates and the impact of the Stryk	FY 2017-20	reviewed 2/2015	ongoing
	Property losses/aging infrastructure impact	FY 2017-20	reviewed 2/2015	
Auto/Driver Safety training	Cyber liability trends	FY 2017-20	presented on @ board workshops 3/2015	
	Online Defensive Driving course (includes backing accidents)	FY 2017-20	ELEARNING source	Elearning/Torch
Wellness/Body Mechanics	Ongoing program. Assets located in Boulder City, Elko & Nye County. No additions planned FY 2015-18	FY 2017-20		as requested by Willis
	Skidcar instructor training and courses for members	FY 2017-20	as requested by Willis	as requested by Willis
	Ergonomics, Back Injury Prevention; Wellness education & aware	FY 2017-20	as requested by Willis	as requested by Willis
Cyber Risk	Blood borne Pathogens, CPR training	FY 2017-20	Continued contractual services from International Information Associates (IIA). This includes initial response to new cyber incidents, member network vulnerability assessments, and policy development.	on going
Cyber Risk	Cyber Security Training	FY 2017-18		
Objectives:	Strategies	Target Date	Progress/Status Report	2017-2020
Annual Risk Management Symposium	Symposium at Silver Legacy, information sharing and networking for safety coordinators/directors all services and programs available to members.	FY2017-18	Reno May 2016	Instead of 2017 Symposium, the Loss Control Committee committed to supporting regional risk management/awareness trainings.
Loss Control Excellence Program	Promote excellence in risk management through promotion of LCEP	FY2017-20	Program promoted through Pooling Perspectives, website & Willis Pooling, Loss Control Committee to review and update current program	ongoing
Risk Management Grant Program	Promote risk management through funding of training, compliance and acquisition of safety equipment	FY2017-20	Program promoted through Pooling Perspectives, website, ASC, HR & Willis: Since September 2016, over \$750,000 in grants have been approved: e.g. educational grants for costs association with specialty safety training; Risk Management Grants for Stryker Equipment (power gurneys and lifting systems for EMS to reduce and eliminate back injuries/strains), security fencing for water systems; on-campus video security systems; cyber security software	Focus on providing additional ELearning courses for Fire/EMS, Heart/Lung information, OSHA training.
	Monitor and revise grant program as necessary	FY 2017-20	Revised 7/2012, 7/2015, 9/2016 (update grant applications, forms, and procedures)	Evaluating annual grant deadlines FY 2015-18, rolling training grants significant revisions anticipated in July 2017 Loss Control Meeting to assess successes and focus resources to maximize risk management.

Human Resources Management

Responsible Committee: HR Oversight

Goal: Serve as a business partner with POOL/PACT members to enhance their human resource programs, improve employee/employer relations, and reduce liability.

Strategy: Provide resources and training that increase members' ability to manage human resources risks and to incorporate best practices techniques into their operations. Increase awareness and understanding of effective human resources management practices and methods to mitigate risks.

Objectives:	Action Plans	Target Date	Progress/Status Report
Develop and Revise Training Courses	Develop two new instructor-led training courses.	Annually	FY2016/17, Completed, developed 2 new courses
	Update and revise three instructor-led training courses.	Annually	FY2016/17, Completed, revised 11 courses
	Provide regional workshops utilizing outside resources.	Annually	FY2016/17, Completed 1 session, 1 session scheduled
Enhance and Market Online Training Communications and Access to Information	Offer six regional training courses throughout the State.	Annually	FY2016/17, 8 Completed, additional 3 scheduled
	Offer four mandatory on-line training courses for new employees.	Annually	FY2016/17, Completed
	Market and promote e-learning and webinars.	Annually	FY2016/17, Completed
	Develop three new briefings.	Annually	FY2016/17, Completed
	Update ten briefings.	Annually	FY2016/17, 7 Completed, 17 in process
Continue to Improve Use of Technology	Maintain a library of 200 job descriptions	Annually	FY2016/17, Completed
	Issue alerts as needed.	Annually	FY2016/17, Completed, 11 alerts issued
	Conduct three to six webinars on timely issues as necessary.	Annually	FY2016/17, 2 Completed, 2 scheduled
Conduct HR Practices Assessments	Update and maintain HR documents on website	Annually	FY2016/17, Completed
	Offer HR compliance assessment 1 program to a minimum of ten members.	Annually	FY2016/17, 7 Completed, 4 scheduled
Develop and Deliver Member Service Plans	Offer HR compliance assessment 2 program to a minimum of 3 members.	Annually	FY2016/17, 1 Completed, balance of members have not committed
	Develop member service plans to include trainings, briefings, and policy development.	Annually	FY2016/17, Completed
Maintain Sample HR Policies	Annually review, update, and create new sample policies for small organizations, large organizations, schools and CDL holders.	Annually	FY2016/17, Completed
Coaching and Problem Solving	Assist members with HR-related issues by providing advice and consultation.	Annually	FY2016/17, Completed
New Services	Conduct biennial survey of services	FY16/17	FY 2016/17, Completed

Claims

Assigned to: ASC/PARMS

GOAL: Provide effective claims and litigation management systems for the benefit of members. Assist members in understanding claims trends and members' role in reducing claims to control costs. Increase awareness and understanding of regulatory requirements associated with internal claims

Objectives:	Strategies:	Target Date	Progress/Status Report
POOL			
Excellence in claims management	POOL claims audit every two years		2013 Audit completed week of March 18, 2013. Results reported at 2013 POOL/PACT Board meeting
	POOL claims audit every three years		2015 Audit completed week of March 2, 2015. Results reported at 2015 POOL/PACT Board meeting 2018 Next audit due Spring 2018. Results will be reported at Spring 2018 Board Meeting # of litigated claims closed in 2016 calendar year=72. Total paid in legal expense \$993,990.93. Average legal paid is \$13,805.43 per claim. Total indemnity paid \$651,289.77. Average indemnity paid is \$9,045.69 per claim. All claims resolved for less than the SIR. 55 cases closed with no indemnity payment. 14 cases closed with indemnity payment < \$25,000 authority. 0 cases closed with indemnity payment between \$25,001 and \$50,000. 3 cases closed with indemnity payment between \$50,001 and \$500,000.00. Largest settlement paid was \$225,000.00.
Reduce claims severity	Use effective litigation management; # cases resolved < authority, < \$50,000 and < SIR Large loss report (cases with total incurred xs \$300k)	annually annually	Will be presented at the 2017 Board meeting ASC staff regularly attends webinars sponsored by various vendors and reinsurers throughout the year. All staff attends annual fraud training through G4S. In May 2016 Donna and Mike attended and presented at the POOL/PACT Risk Management Symposium. In February 2017 Greg attended HR training for Nye County Sheriff's Office. In March 2017 Donna and Jasmine attended an employment law update seminar done by Erickson, Thorpe & Swainston. Donna, Dan, Greg and Jasmine all attended the POOL Litigation Strategy Workshop. The Large Loss Report and Stewardship reports are presented annually at the POOL PACT Board Meetings and incorporate trends analysis.
Develop claims adjuster capabilities	Attend two HR and one Law Enforcement training course; attend litigation workshop Conduct lessons learned workshop and publications from case histories ; Trends Reports	annually annually	Litigation Strategy Workshop held March 17, 2017
Enhance members understanding of loss trends and risks Enhance defense and members' counsel capacity to prevent and contain litigation	Assist Members with internal claims management and prevention; Conduct litigation strategy educational workshop Train members on internal claims reporting, adjusters role, members role	annually annually ongoing	
PACT			
Excellence in claims management	PACT claims audit every three years after 2014		Audit performed March 2017; results to annual board meeting April 2017; reserves were within acceptable range of +/- 10% of audit recommendation.
Reduce claims severity	Police/fire members cardiac wellness program expand to more members	ongoing	Work with ARC to bring standardized, improved annual physicals to members. CWP member participation expansion is handled by Specialty Health. Met with PACT members this past year: Nye County, City of Boulder City, So. Nevada Health District, Mt Charleston Fire, Truckee Meadows Fire (monthly), East Fork Fire, N Lake Tahoe Fire; new member orientation mtngs with Tahoe Transportation District, Washoe RTC, Minden-Gardnerville Sanitation District.
Assist members' understanding of loss causes and trends	Produce annual claims trend analysis reports and review with members during quarterly visits	ongoing	ASC screens all new claims for potential SIF recovery. 9 open claims have been granted SIF recovery. \$126,639 were recovered in FY 2016. Total SIF recovery is now \$2,625,825.29. There are 18 claims currently under workup for potential SIF recovery or pending a written decision from the SIF Board for potential appeal. 1 claim is in litigation on the SIF Board's denial of recovery.
Utilize Subsequent Injury Fund	Identify potential SIF cases and file timely Consult for medical management of difficult cases; identify potential heart/lung problems in any claim for fire or law enforcement; involve SH in cardiac wellness training	ongoing ongoing	Monthly meetings are held with SH for review of complex claims selected for case management. All requests for surgery, physical therapy and diagnostic testing (other than x-rays) are submitted to SH for preauthorization utilization review.
Utilize SpecialtyHealth MCO	Utilize SH to identify potential medical complexities in all new claims	ongoing	All new claims are submitted to SH for Medical Director review of diagnosis correlation to injury mechanism. All claims meeting prespecified injury criteria (major joint or spine involvement, etc.) are assigned for MCO case management.
Train members on claims management practices	Train members on internal claims communications with employees, adjusters role, members role, SH role with filing claims, evidence preservation, documnetation, and claim reviews.	ongoing	Met with PACT members this past year: Nye County, City of Boulder City, So. Nevada Health District, Mt Charleston Fire, Truckee Meadows Fire (monthly), East Fork Fire, N Lake Tahoe Fire; new member orientation mtngs with Tahoe Transportation District, Washoe RTC, Minden-Gardnerville Sanitation District.
	Conduct quarterly visits with members for training purposes on rotating basis.	annually	Met with PACT members this past year: Nye County, City of Boulder City, So. Nevada Health District, Mt Charleston Fire, Truckee Meadows Fire (monthly), East Fork Fire, N Lake Tahoe Fire; new member orientation mtngs with Tahoe Transportation District, Washoe RTC, Minden-Gardnerville Sanitation District.

Executive

Assigned to: Executive Committee & PARMS Jointly

GOAL: Lead the pools effectively to assure accomplishment of the mission and vision adopted by the board. Develop the capacity of the pools to maintain financial solvency and flexibility to meet future financial conditions and strategies for program development.

Objectives:	Strategies:	Target Date	Progress/Status Report
Goal: Grow Members net assets; Increase Financial Strength of Pools			
Grow net assets of each pool and captive	POOL & PACT: Target at least 15% average net assets growth per year over rolling 4 year cycles;	annually	Refer to Assset Change Tracking Tab
	Maintain net assets to highest SIR ratio of at least 12:1 for each pool		
	POOL: continue to grow above target to enable increased retention - SIR \$500,000 = \$6,000,000	annually	70:1 even with amorization of contributions to captive
	PACT: continue to grow above target to cushion for increased retention - SIR \$500,000 = \$6,000,000	annually	100:1 even with amorization of contributions to captive
Enhance boards' understanding of financial results	Produce M D & A reports showing critical benchmarks and financial performance ratios; review with Boards	annually	done 2015;2016
	Provide actuarial summary each board meeting	annually	done 2015;2016
	Prepare annual report with financial audit	annually	done 2015;2016
	Include fiscal impact notes in budget documents showing overall effect of changes	annually	done 4/2015;4/2016
	Review budgets with Executive Committees; include discussion of actuarial confidence level selection and allocation methodology	annually	done 3/2015; 3/2016; 3/2017
Goal: Grow Leadership Capacity of Pools			
Enhance board leadership	Executive Committees attend AGRIP trustees training	annually	3/2015; 3/2016; 3/2017
Board & Member Development	Conduct new board member orientation	annually	5/1/2015; 4/2016
	Conduct board development training at annual meeting	annually	done 2015; 2016
Strenghten Services Delivery	Conduct member orientations about POOL/PACT programs and services	annually	done 4/2015; 4/2016;
	Monitor strategic plan progress on goals and review objectives	annually	done 4/2015; 3/2016;3/2017
	Monitor service provider performance	annually	done 4/2015; 3/2016' 3/2017
Monitor Legislation and Regulation	Require annual stewardship reports from service providers	annually	done 4/2015; 3/2016; 4/2017
	Utilize lobbyist effectively during legislative sessions	bi-annually	done 2015 session; 2017 session ongoing
	Participate in regulatory process for Division of Insurance and Division of Industrial Insurance Regulation	annually	2015; 2016; 2017

Audit Year Ended June 30	POOL Net Assets	PACT Net Assets	Combined Net Assets	% Change vs. Prior Year	\$ Change over Prior Year	Surplus to Retention Ratio - POOL	Surplus to Retention Ratio - PACT
2016	\$ 34,862,387	\$ 49,919,742	\$ 84,782,129	3.5%	\$ 2,828,807	69.72	99.84
2015	\$ 34,163,124	\$ 47,790,198	\$ 81,953,322	4.4%	\$ 3,431,728	68.33	95.58
2014	\$ 32,917,916	\$ 45,603,678	\$ 78,521,594	3.5%	\$ 2,628,732	65.84	91.21
2013	\$ 31,185,669	\$ 44,707,193	\$ 75,892,862	-0.6%	\$ (423,229)	62.37	89.41
2012	\$ 29,769,405	\$ 46,546,686	\$ 76,316,091	2.5%	\$ 1,894,936	59.54	93.09
2011	\$ 26,261,322	\$ 48,159,833	\$ 74,421,155	3.8%	\$ 2,746,317	52.52	96.32
2010	\$ 23,786,160	\$ 47,888,678	\$ 71,674,838	10.4%	\$ 6,770,288	47.57	95.78
2009	\$ 19,232,942	\$ 45,671,608	\$ 64,904,550	12.1%	\$ 7,005,271	38.47	91.34
2008	\$ 16,701,095	\$ 41,198,184	\$ 57,899,279	22.4%	\$ 10,578,159	33.40	82.40
2007	\$ 15,084,263	\$ 32,236,857	\$ 47,321,120	40.2%	\$ 13,559,577	30.17	64.47
2006	\$ 12,178,425	\$ 21,583,118	\$ 33,761,543	68.1%	\$ 13,673,374	24.36	43.17
2005	\$ 8,256,650	\$ 11,831,519	\$ 20,088,169	44.3%	\$ 6,166,251	16.51	23.66
2004	\$ 6,878,950	\$ 7,042,968	\$ 13,921,918	12.9%	\$ 1,590,310	13.76	14.09
2003	\$ 7,332,480	\$ 4,999,128	\$ 12,331,608	35.3%	\$ 3,215,759	14.66	10.00
2002	\$ 6,075,569	\$ 3,040,280	\$ 9,115,849	20.1%	\$ 1,522,630	12.15	6.08
2001	\$ 5,097,350	\$ 2,495,869	\$ 7,593,219			10.19	4.99
Net Asset Change between 2013-2016	\$ 3,676,718	\$ 5,212,549	\$ 8,889,267	996.5%	% Change since 2001	Excess of Target 15% Annually	
Net Asset Change between 2001-2016	\$ 29,765,037	\$ 47,423,873	\$ 77,188,910	62.3%	Average Annual	47.3%	
	11.8%	11.7%	11.7%				

Audit Year Ended June 30	POOL Net Assets	% Change vs. Prior Year	\$ Change over Prior Year	Audit Year Ended June 30	PACT Net Assets	% Change vs. Prior Year	\$ Change over Prior Year
2016	\$ 34,862,387	2%	\$ 699,263	2016	\$ 49,919,742	4%	\$ 2,129,544
2015	\$ 34,163,124	4%	\$ 1,245,208	2015	\$ 47,790,198	5%	\$ 2,186,520
2014	\$ 32,917,916	6%	\$ 1,732,247	2014	\$ 45,603,678	2%	\$ 896,485
2013	\$ 31,185,669	5%	\$ 1,416,264	2013	\$ 44,707,193	-4%	\$ (1,839,493)
2012	\$ 29,769,405	13%	\$ 3,508,083	2012	\$ 46,546,686	-3%	\$ (1,613,147)
2011	\$ 26,261,322	10%	\$ 2,475,162	2011	\$ 48,159,833	1%	\$ 271,155
2010	\$ 23,786,160	24%	\$ 4,553,218	2010	\$ 47,888,678	5%	\$ 2,217,070
2009	\$ 19,232,942	15%	\$ 2,531,847	2009	\$ 45,671,608	11%	\$ 4,473,424
2008	\$ 16,701,095	11%	\$ 1,616,832	2008	\$ 41,198,184	28%	\$ 8,961,327
2007	\$ 15,084,263	24%	\$ 2,905,838	2007	\$ 32,236,857	49%	\$ 10,653,739
2006	\$ 12,178,425	47%	\$ 3,921,775	2006	\$ 21,583,118	82%	\$ 9,751,599
2005	\$ 8,256,650	20%	\$ 1,377,700	2005	\$ 11,831,519	68%	\$ 4,788,551
2004	\$ 6,878,950	-6%	\$ (453,530)	2004	\$ 7,042,968	41%	\$ 2,043,840
2003	\$ 7,332,480	21%	\$ 1,256,911	2003	\$ 4,999,128	64%	\$ 1,958,848
2002	\$ 6,075,569	19%	\$ 978,219	2002	\$ 3,040,280	22%	\$ 544,411
2001	\$ 5,097,350			2001	\$ 2,495,869		
Net Asset Change between 2013-2016	\$ 3,676,718	11.8%	% Change since 2013	Net Asset Change between 2013-2016	\$ 5,212,549	11.7%	% Change since 2013
Net Asset Change between 2001-2016	\$ 29,765,037	36.5%	Average Annual	Net Asset Change between 2001-2016	\$ 47,423,873	118.8%	Average Annual
		21.5%	Excess of Target 15% Annually			103.8%	Excess of Target 15% Annually

POOL/PACT'S RISK MANAGEMENT TOOLS AND PROGRAMS

PREVENTION OF INJURY AND LOSS THROUGH RISK MANAGEMENT

POOL/PACT provides its members with a substantial array of risk management tools, policies, procedures, training, and information. The following information is designed to inform all members in general, and safety directors specifically, about the risk management programs which are designed to reduce and/or eliminate risks to the public, members, and their employees.

POOL/PACT Loss Control Committee

The Loss Control Committee is responsible identifying risks and developing, administering, and supervising risk management policy, procedure, and planning as well as developing and administering risk control techniques to reduce the frequency and severity of losses. The Committee also administers the Risk Management Grant Program.

Risk Management Grants

POOL/PACT provides funding for various risk reduction/mitigation programs.

1. Risk Management Educational Grants: The Educational Grant program may be applied for any time of the year. Funds may be used to attend a risk management seminar or conference such as AGRIP, PRIMA, PARMA, SHRM, or ASSE. These funds may also be used to host risk management-centered training at the member's location or attending web-based trainings.
2. Risk Management Grants are available for general risk management/reduction projects such as purchasing equipment that promotes employee or premises safety, purchase of equipment or materials that facilitate OSHA or other regulatory compliance.
3. Applications and further information may be found at <http://www.poolpact.com/risk-grant.asp>.

On-Line E-Learning Safety Courses

OSHA Rights and Responsibilities * Slips, Trips, and Falls * Office Ergonomics * MRSA Awareness in Hospitals/Corrections * Strip Search Training * The Complex Quadriplex of Lifeguard Blindness * Cyber Security Awareness * Bloodborne Pathogens * Back Safety in the Workplace * Asbestos Training * Heat-Related Illnesses * GHS Hazard Communication * Defensive Driving * OSHA Ladder Safety * Infectious Diseases in Schools * Contracting Fundamentals * Swimming Pool Safety for Employees * OSHA 30 and OSHA 10 Certifications

Site Safety Inspections, Training, and Audits

Playground & Parks Safety Surveys

Identification of hazards on public playgrounds using ASTM standards, establish a system of repair, retrofit, and/or removal of hazardous equipment.

Workstation Ergonomic Evaluations

Evaluations and education provided to decrease the risk of repetitive strain injuries caused by improper workplace set-up and/or ill-fitted workstation equipment.

Confined Space Risk Assessments

Surveys provided to support the identification and classification of confined spaces. Risk assessments conducted to determine acceptable policies, procedures, and training in compliance with OSHA's Confined Space Standards.

Facility Surveys

Surveys can be conducted to identify hazards in an effort to reduce or eliminate hazards and prevent potential loss or injury including fire and life safety, earthquake remediation, slip, trip, and fall hazards, electrical hazards, machine guarding.

Fire Extinguisher Education

The use of a fire extinguisher in the hands of a trained person can be a life and property saving tool. However, most people have not had fire extinguisher training and don't know how and when to properly use fire extinguishers. Fire extinguisher use requires a sound decision-making process and training on proper use and maintenance.

Respirator Fit Testing and Education

Respirators protect workers against insufficient oxygen environments, harmful dusts, fogs, smoke, mist, gas, vapor, and spray, which may cause cancer, lung impairment, other diseases and death. Compliance with Respiratory Protection Standards could avert hundreds of deaths and thousands of illnesses annually.

CPR/First Aid/AED Education and Training

First Aid, CPR, and Automated External Defibrillator (AED) training and certification meets the needs of workplace responders, emergency responders, and professional rescuers, school staff, and healthcare providers as well as the general public.

Accident Investigation Training

Incident and accident investigation should be an integral part of any loss control program. The unexpected actions of people, equipment, supplies, or surroundings cause most accidents. Accident investigations determine how and why these unexpected actions occur and are used to help prevent future accidents.

Back Safety and Lifting

According to the Bureau of Labor Statistics, more than one million workers suffer back injuries each year, and back injuries account for one of every five workplace injuries or illnesses. Learning proper lifting techniques and the basics of back safety can assist in prevention or reoccurrence.

Defensive and Distracted Driver Education

Defensive Driver Education ensures that participants receive the training they need to drive defensively; knowledge, skills, and perspective that will help them continue to prevent injuries and save lives. Distracted Driver Education provides training on recognizing and

avoiding unsafe driving habits. This awareness is a step in addressing and stopping deadly practices.

Workplace Violence

Workplace Violence awareness and prevention involves understanding and recognizing indicators and appropriate subsequent action plan de-escalate potentially violent situation from essential components of workplace violence prevention.

Personal Protective Equipment

Occupational Safety and Health Administration (OSHA) requires the use of Personal Protective Equipment (PPE) to reduce employee exposure to hazards when engineering and administrative controls are not feasible or effective in reducing these exposures to acceptable levels. If PPE is to be used, a PPE program should be implemented. Such a program should address the hazards present; the selection, maintenance, and use of PPE; the training of employees; and monitoring of the program to ensure its ongoing effectiveness.

Emergency Preparedness

Emergency preparedness is designed to provide a source of information and resources for preparing for and responding to public emergencies.

OSHA Compliance Training

Hazard Communications: Chemicals pose a wide range of health and physical hazards. Hazard Communications is training designed to ensure that information about these hazards and associated protective measures are known. POOL/PACT provides members with a subscription service to *EHS/Velocity – MSDS Online*, which is an on-line service to identify, control, and monitor all on-site hazardous materials.

Blood Borne Pathogens: Participants learn how bloodborne pathogens are spread and how to prevent exposure incidents by following work practice controls. Topics include engineering controls, PPE, personal hygiene, cleaning/disinfecting equipment and supplies; and recognizing, reporting, and following up on employee exposures to infectious materials. POOL/PACT can assist a member with establishing an Exposure Safety Plan.

Lockout/Tagout Training: Lockout/Tagout training covers the servicing and maintenance of machines and equipment in which the unexpected energization or startup of the machines or equipment, or release of stored energy, could harm employees. This standard/training establishes minimum performance requirements for the control of hazardous energy.

Electrical Safety: Working with electricity can be dangerous. Electricity can be a serious workplace hazard. Electrical Safety training is necessary to educate and protect employees exposed to dangers such as electric shock, electrocution, fires, and exposures. POOL/PACT can also provide infrared heat inspections to discover failing electrical systems.

Safety Program and Committee Training: Generally, Nevada employers with 10 or more employees are required to have a Written Workplace Safety Program. Employers with 25 or more employees are required to have a Safety Committee. POOL/PACT can assist with review, updating, or implementing a Safety Program for any of its members.

Loss Control Excellence Program: Each member is served by a dedicated loss control representative who is available to meet with the member and explore various loss control strategies appropriate for their given operations. The Loss Control Excellence Program (LCEP) involves a rigorous review of the member's policies and procedures geared towards the reduction of loss. Members who complete the program receive a cash award and a plaque representing their commitment to implementing effective loss control measures. Additionally, upon completion of the LCEP, the member may appoint a representative to sit on the Loss Control Committee and participate in development of loss control programs.

Wellness/Health Education and Training

Diet/Nutrition/Portion Control: Portion control is an important concept when you are trying to lose weight and keep it off. Education and training can assist employees with tools to implement appropriate serving sizes.

Cardiovascular Disease and Lung Health: POOL/PACT partners with Specialty Health to identify high-risk individuals and develop a plan to address and resolve risk factors and provide multiple resources to return individuals to good health.

Stress Management: Stress management involves controlling and reducing the tension that occurs in stressful situations by making emotional and physical changes. The degree of stress and the desire to make the change will determine how much improvement takes place.

Weight and The Workforce: Understanding the importance of weight management is critical to a healthy lifestyle. Proper nutrition and diet training can greatly improve the quality of life.

Swimming Pool Safety Policies, Inspections, and Training

POOL/PACT can provide comprehensive aquatic facility and program assessments. Such assessments will assist pool directors/supervisors with maintaining proper pool documentation (permits, inspections, operations manuals, emergency procedures, operator certifications, lifeguard certifications, accident reports, and inspection logs; emergency procedure and lifeguard skill assessments; employee chemical safety training; fencing, volunteer policies, premises assessment, water chemistry, equipment inspections, ladders, steps, and boards; pool decking review; pool safety equipment; and compliance with Nevada Administrative code. POOL/PACT also sponsors an annual Aquatics Risk Management seminar.

Law Enforcement Training and Policies

POOL/PACT has partnered with the Legal Liability Risk Management Institute (LLRMI). LLRMI is a network of risk management professionals dedicated to enhancing professionalism, effectiveness, and risk management of public safety/criminal justice through training, policies, procedures, and legal support. It provides a team approach when assisting Nevada law enforcement agencies and can address specific needs through a network of legal experts on state and federal standards as well as subject matter experts in accepted practices for law enforcement, jails/corrections, and other areas of public safety and criminal justice.

Cyber Security Training and Policies

POOL/PACT provides its members with a vast array of information and programs for cyber security services and provides advice and information in support of data protection and cyber security enhancement which includes help with strengthening physical, personnel, administrative, and operations through a variety of training, policies, and procedures. These policies will enhance the security postures for each member organization. POOL/PACT can also provide cyber security event hotline services.

School District Emergency Operations Plans, Training, and Policies

Development of NRS required School Safety and Emergency Operations Plans; updating and standardizing individual emergency management and training programs; providing best practices in the FEMA Guide for High Quality School Emergency Operations Plans, Homeland Security Presidential Directive; providing Hazard Vulnerability Assessment and Report.

2017 Risk Management POOL/PACT Sponsored Trainings

International Safety School Safety Institute Conference, October 11-12, 2017
Sierra Chapter of the American Society of Safety Engineers, November 8, 2017

For additional information, contact:

Marshall Smith, Risk Manager

marshallsmith@poolpact.com

(775) 887-2240

Website: www.poolpact.com

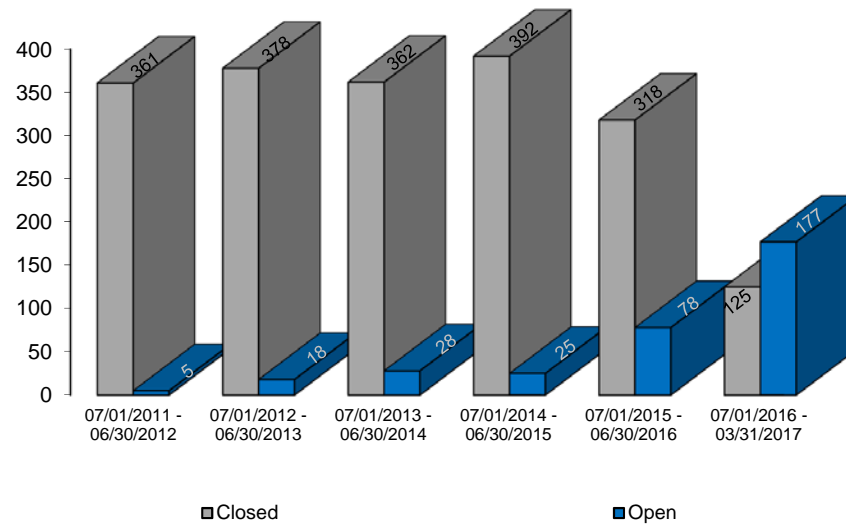


Liability Report



Total Claims by Policy Year excluding Incidents 07/01/2011 - 03/31/2017

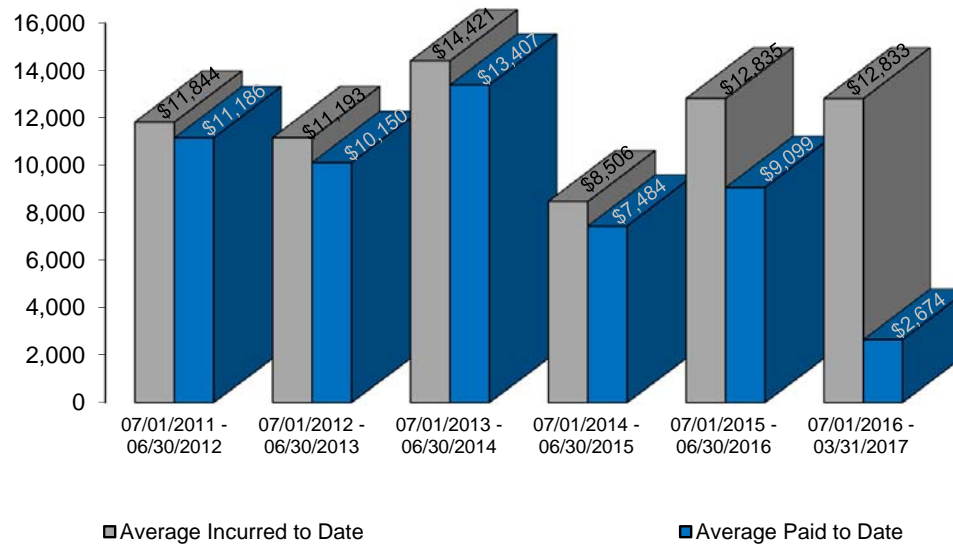
Policy Year	Total Claims	
	Closed	Open
07/01/2011 - 06/30/2012	361	5
07/01/2012 - 06/30/2013	378	18
07/01/2013 - 06/30/2014	362	28
07/01/2014 - 06/30/2015	392	25
07/01/2015 - 06/30/2016	318	78
07/01/2016 - 03/31/2017	125	177





Average Incurred & Paid by Policy Year 07/01/2011 - 03/31/2017

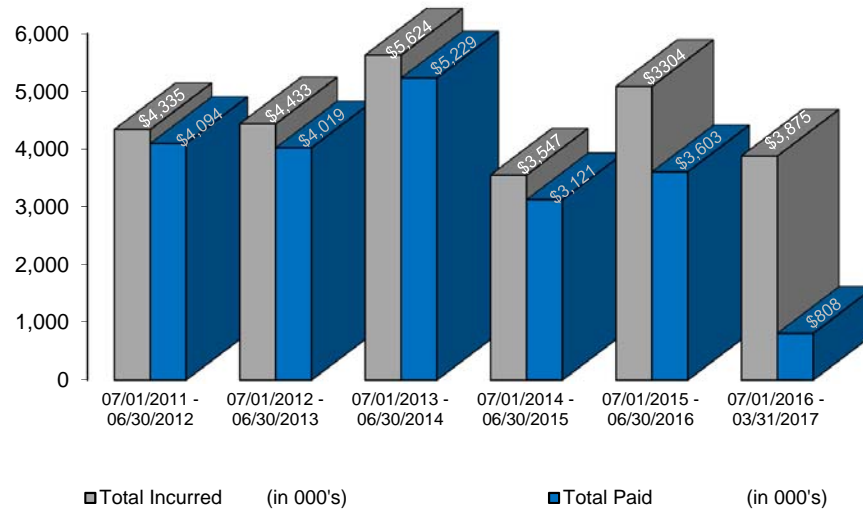
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/2011 - 06/30/2012	\$11,844	\$11,186
07/01/2012 - 06/30/2013	\$11,193	\$10,150
07/01/2013 - 06/30/2014	\$14,421	\$13,407
07/01/2014 - 06/30/2015	\$8,506	\$7,484
07/01/2015 - 06/30/2016	\$12,835	\$9,099
07/01/2016 - 03/31/2017	\$12,833	\$2,674





Incurred vs Paid by Policy Year 07/01/2011 - 03/31/2017

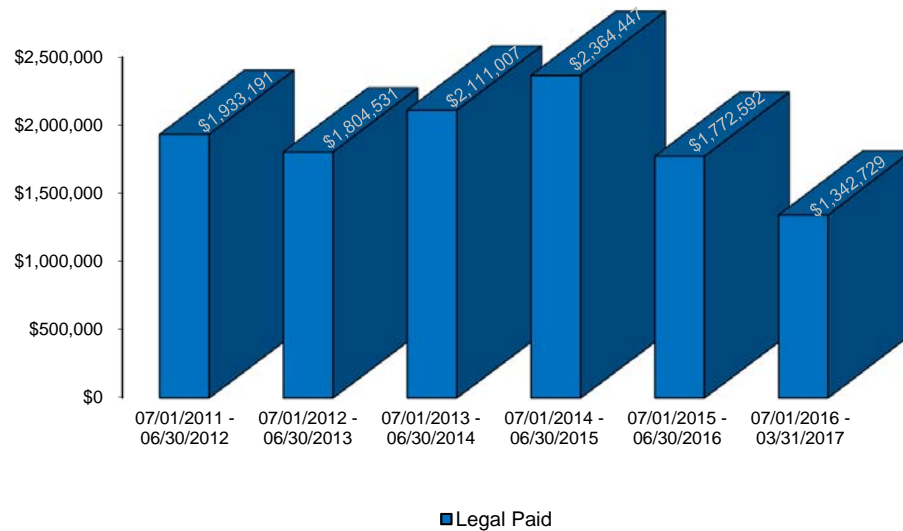
Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/2011 - 06/30/2012	\$4,335	\$4,094
07/01/2012 - 06/30/2013	\$4,433	\$4,019
07/01/2013 - 06/30/2014	\$5,624	\$5,229
07/01/2014 - 06/30/2015	\$3,547	\$3,121
07/01/2015 - 06/30/2016	\$5,083	\$3,603
07/01/2016 - 03/31/2017	\$3,875	\$808





Legal Expenses Paid to Date by Policy Year for All Claims 07/01/2011 - 03/31/2017

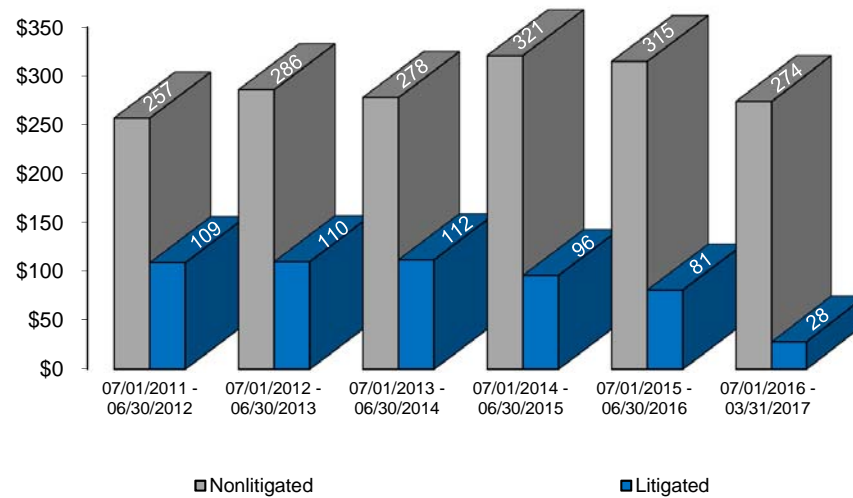
Policy Year	Legal Expenses Paid to Date
07/01/2011 - 06/30/2012	\$1,933,191
07/01/2012 - 06/30/2013	\$1,804,531
07/01/2013 - 06/30/2014	\$2,111,007
07/01/2014 - 06/30/2015	\$2,364,447
07/01/2015 - 06/30/2016	\$1,772,592
07/01/2016 - 03/31/2017	\$1,342,729
Grand Total	\$11,328,497





Litigated Claims by Policy Year for claims reported 07/01/2011 - 03/31/2017

Policy Year	Litigated Claims	
	Nonlitigated	Litigated
07/01/2011 - 06/30/2012	257	109
07/01/2012 - 06/30/2013	286	110
07/01/2013 - 06/30/2014	278	112
07/01/2014 - 06/30/2015	321	96
07/01/2015 - 06/30/2016	315	81
07/01/2016 - 03/31/2017	274	28





Lag Time Average - by Location

07/01/2011 - 03/31/2017

Location	Avg. Days
Alamo Sewer And Water Gid	542
Elko Co. Agricultural Assoc., DbA Elko Co. Fair Board	245
Lovelock (City Of)	228
Esmeralda County	178
Palomino Valley General Improvement Dist	150
Nye County	133
Minden Gardnerville Sanitation District	132
Tahoe Douglas District	129
Lyon County	97
Churchill County	96
Carlin (City Of)	85
Pahrump (Town Of)	84
East Fork Swimming Pool District	82
Lander County	66
Elko County	65
Boulder City (City Of)	65
Gardnerville Ranchos Gid	65
Pershing County	55
Humboldt County School District	53
Tahoe-Douglas Fpd	53
Lovelock Meadows Water District	51
Mineral County	51
Moapa Valley Water District	48
Humboldt County	48
Yerington (City Of)	48
Winnemucca (City Of)	45
Douglas County Sewer Improvement District #1	44
Nevada Commission For The Reconstruction	44



Lag Time Average - by Location

07/01/2011 - 03/31/2017

Location	Avg. Days
Nevada Association Of Counties	43
Mesquite (City Of)	42
Storey County	41
Douglas County	38
Churchill County School District	34
Beatty Water & Sanitation District	34
White Pine County Fire Protection	33
Virginia City Convention & Tourism Autho	33
Canyon Gid	31
Elko County School District	31
White Pine County	31
Churchill County Mosquito & Weed Abateme	29
White Pine Co. Tourism & Rec. Board,Db a Bristlecone Convention Center	28
Fernley (City Of)	25
Ely (City Of)	25
Kingsbury Gid	25
Lander County School District	22
Nye County School District	22
Elko (City Of)	22
Carson City School District	22
West Wendover (City Of)	22
White Pine County School District	21
Lincoln County School District	19
Minden (Town Of)	19
Nevada Public Agency Insurance Pool	19
West Wendover Recreation District	19
Truckee Meadows Fpd	18
Tonopah (Town Of)	17



Lag Time Average - by Location

07/01/2011 - 03/31/2017

Location	Avg. Days
Eureka County	17
Caliente (City Of)	15
Sierra Fpd	15
Lyon County School District	15
Skyland Gid	15
Virgin Valley Water District	13
Douglas County School District	13
Nevada Rural Housing Authority	12
Incline Village Gid	11
Indian Hills Gid	10
Gardnerville (Town Of)	10
Genoa (Town Of)	10
Lincoln County	9
Wells (City Of)	9
Western Nevada Regional Youth Center	9
Esmeralda County School District	9
Storey County School District	8
Sun Valley Gid	8
North Lake Tahoe Fpd	8
Elko Convention & Visitors Authority	7
Mineral County School District	7
U.S. Board Of Water Commissioners	7
Round Mountain (Town Of)	6
Pahrump Library District	5
Eureka County School District	5
Pershing County School District	4
Stagecoach Gid	4
Silver Springs Stagecoach Hospital District	3



Lag Time Average - by Location 07/01/2011 - 03/31/2017

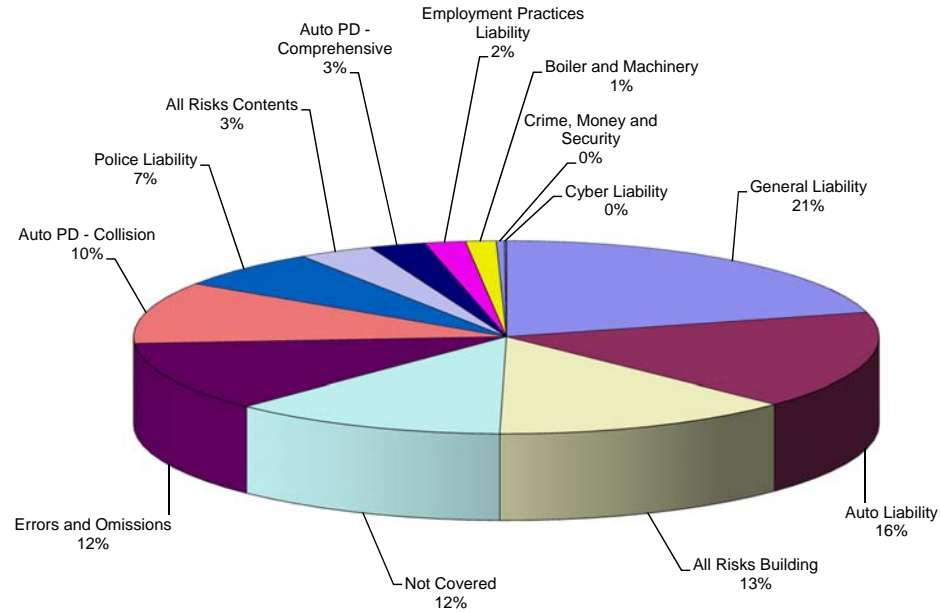
Location	Avg. Days
Truckee Meadows Regional Planning Agency	2
Mt Charleston Fire Protection District	2
Wendover Administrative Authority	2
Southern Nevada Health District	1
Douglas County Mosquito Abatement District	1
Elko Central Dispatch	1
Carson City	1
Fernley Swimming Pool District	1



Frequency of Claims by Coverage

07/01/2011 - 03/31/2017

Coverage	# of Claims
General Liability	474
Auto Liability	371
All Risks Building	295
Not Covered	271
Errors and Omissions	264
Auto PD - Collision	236
Police Liability	147
All Risks Contents	74
Auto PD - Comprehensive	55
Employment Practices Liability	40
Boiler and Machinery	30
Crime, Money and Security	8
Cyber Liability	2

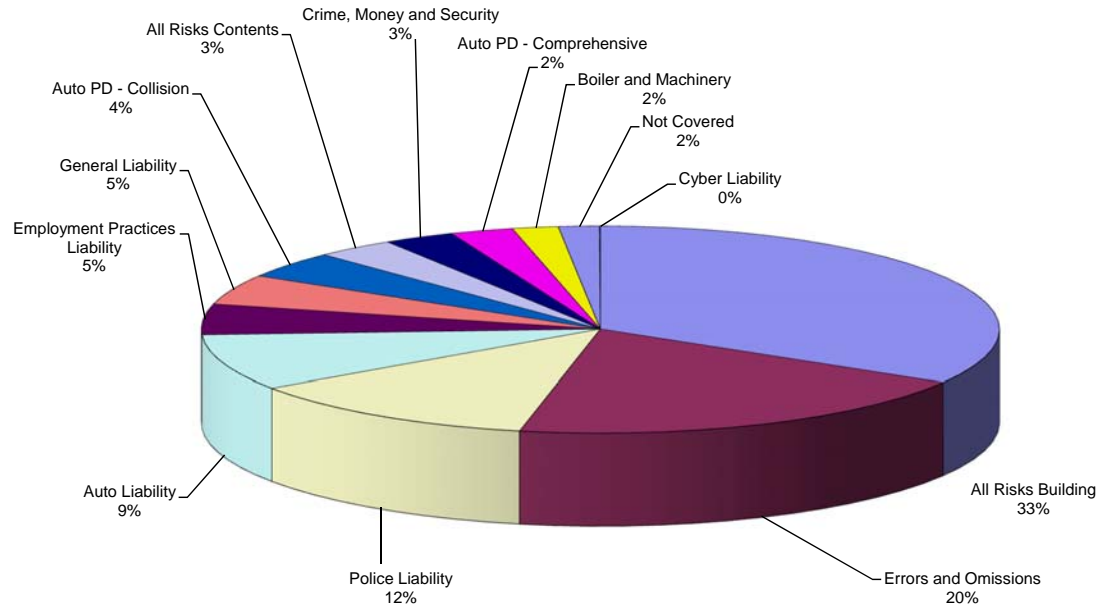




Severity of Claims by Coverage

07/01/2011 - 03/31/2017

Coverage	Total Incurred
All Risks Building	\$ 9,035,223
Errors and Omissions	\$ 5,284,051
Police Liability	\$ 3,259,879
Auto Liability	\$ 2,352,546
Employment Practices Liability	\$ 1,289,909
General Liability	\$ 1,267,547
Auto PD - Collision	\$ 1,126,962
All Risks Contents	\$ 865,605
Crime, Money and Security	\$ 774,014
Auto PD - Comprehensive	\$ 685,916
Boiler and Machinery	\$ 500,664
Not Covered	\$ 445,244
Cyber Liability	\$ 9,283

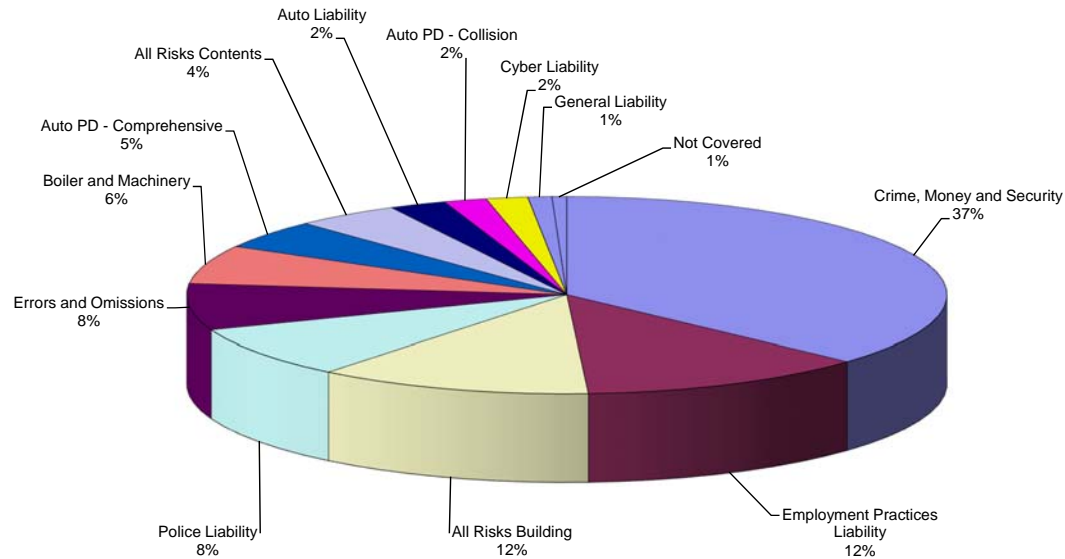




Average Incurred by Coverage

07/01/2011 - 03/31/2017

Coverage	Average Incurred
Crime, Money and Security	\$ 96,752
Employment Practices Liability	\$ 32,248
All Risks Building	\$ 30,628
Police Liability	\$ 22,176
Errors and Omissions	\$ 20,015
Boiler and Machinery	\$ 16,689
Auto PD - Comprehensive	\$ 12,471
All Risks Contents	\$ 11,697
Auto Liability	\$ 6,341
Auto PD - Collision	\$ 4,775
Cyber Liability	\$ 4,642
General Liability	\$ 2,674
Not Covered	\$ 1,643





Historical Data Excluding Incidents 07/01/2011 - 03/31/2017

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Nbr of Claims						
Open	5	18	28	25	78	177
Closed	361	378	362	392	318	125
Total	366	396	390	417	396	302

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Total Incurred						
Open	\$597,000	\$938,988	\$3,437,464	\$554,123	\$3,230,968	\$3,357,645
Closed	\$3,737,889	\$3,493,533	\$2,186,803	\$2,992,807	\$1,851,805	\$517,821
Total	\$4,334,889	\$4,432,521	\$5,624,267	\$3,546,930	\$5,082,773	\$3,875,466

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Total Paid						
Open	\$356,163	\$525,763	\$3,041,891	\$127,989	\$1,751,563	\$289,705
Closed	\$3,737,889	\$3,493,533	\$2,186,803	\$2,992,807	\$1,851,805	\$517,821
Total	\$4,094,052	\$4,019,296	\$5,228,694	\$3,120,796	\$3,603,368	\$807,526

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Average Incurred						
Open	\$119,400	\$52,166	\$122,767	\$22,165	\$41,423	\$18,970
Closed	\$10,354	\$9,242	\$6,041	\$7,635	\$5,823	\$4,143
Average Incurred	\$11,844	\$11,193	\$14,421	\$8,506	\$12,835	\$12,833

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Open Claims						
Claims	5	18	28	25	78	177
Total	5	18	28	25	78	177



Summary by Location

07/01/2011 - 03/31/2017

Location	# of Claims	# Open Claims	Total Incurred
Alamo Sewer And Water Gid	1		\$ 34,040
Beatty Water & Sanitation District	8	1	\$ 85,714
Boulder City (City Of)	143	8	\$ 846,721
Caliente (City Of)	17	1	\$ 474,328
Canyon Gid	1	1	\$ 50,001
Carlin (City Of)	12		\$ 112,591
Carson City	1		\$ -
Carson City School District	59	6	\$ 549,999
Churchill County	29	4	\$ 616,181
Churchill County Mosquito & Weed Abateme	4		\$ 1,022
Churchill County School District	37	2	\$ 482,866
Douglas County	187	29	\$ 1,028,590
Douglas County Mosquito Abatement District	1		\$ 8,046
Douglas County School District	115	17	\$ 583,337
Douglas County Sewer Improvement District #1	1	1	\$ 500
East Fork Swimming Pool District	3	1	\$ 6,630
Elko (City Of)	110	12	\$ 833,207
Elko Central Dispatch	1		\$ 3,718
Elko Co. Agricultural Assoc.	3		\$ 93,068
Elko Convention & Visitors Authority	3		\$ 1,498
Elko County	80	11	\$ 1,232,399
Elko County School District	105	10	\$ 1,438,904
Ely (City Of)	37	3	\$ 135,431
Esmeralda County	21	4	\$ 371,270
Esmeralda County School District	6		\$ 29,101
Eureka County	45	2	\$ 288,699
Eureka County School District	4	1	\$ 132,045
Fernley (City Of)	36	6	\$ 166,984
Fernley Swimming Pool District	2	1	\$ 8,725
Gardnerville (Town Of)	8	1	\$ 9,125



Summary by Location

07/01/2011 - 03/31/2017

Location	# of Claims	# Open Claims	Total Incurred
Gardnerville Ranchos Gid	2	1	\$ 10,000
Genoa (Town Of)	2		\$ 4,455
Humboldt County	56	5	\$ 1,467,687
Humboldt County School District	46	4	\$ 579,002
Incline Village Gid	61	13	\$ 284,457
Indian Hills Gid	2		\$ 28,700
Kingsbury Gid	7	1	\$ 60,029
Lander County	40	5	\$ 963,454
Lander County School District	14	3	\$ 637,675
Lincoln County	26	2	\$ 214,988
Lincoln County School District	17	4	\$ 760,126
Lovelock (City Of)	6	1	\$ 26,122
Lovelock Meadows Water District	2		\$ 4,292
Lyon County	85	18	\$ 1,146,228
Lyon County School District	69	8	\$ 224,403
Mesquite (City Of)	62	2	\$ 2,521,965
Minden (Town Of)	15	3	\$ 373,291
Minden Gardnerville Sanitation District	5	2	\$ 9,164
Mineral County	46	10	\$ 421,763
Mineral County School District	30	5	\$ 823,205
Moapa Valley Water District	5		\$ 29,252
Mt Charleston Fire Protection District	1	1	\$ 55,000
Nevada Association Of Counties	1		\$ -
Nevada Commission For The Reconstruction	5	4	\$ 10,726
Nevada Public Agency Insurance Pool	2	1	\$ 22,399
Nevada Rural Housing Authority	8	2	\$ 121,417
North Lake Tahoe Fpd	11	2	\$ 115,629
Nye County	142	41	\$ 2,469,302
Nye County School District	57	6	\$ 610,816
Pahrump (Town Of)	21	3	\$ 372,701



Summary by Location

07/01/2011 - 03/31/2017

Location	# of Claims	# Open Claims	Total Incurred
Pahrump Library District	1		\$ 1,885
Palomino Valley General Improvement Dist	1		\$ -
Pershing County	27	3	\$ 126,509
Pershing County School District	5	1	\$ 108,798
Round Mountain (Town Of)	2		\$ 8,792
Sierra Fpd	5	1	\$ 11,714
Silver Springs Stagecoach Hospital District	1		\$ 3,330
Skyland Gid	4	3	\$ 15,270
Southern Nevada Health District	2	2	\$ 19,500
Stagecoach Gid	2		\$ 23,396
Storey County	42	14	\$ 834,151
Storey County School District	10	6	\$ 168,658
Sun Valley Gid	16	1	\$ 49,306
Tahoe Douglas District	8	1	\$ 72,442
Tahoe-Douglas Fpd	2	1	\$ 915
Tonopah (Town Of)	6	1	\$ 2,120
Truckee Meadows Fpd	24	10	\$ 199,187
Truckee Meadows Regional Planning Agency	1		\$ -
U.S. Board Of Water Commissioners	2		\$ 3,299
Virgin Valley Water District	6	1	\$ 122,810
Virginia City Convention & Tourism Autho	1		\$ 1,040
Wells (City Of)	10		\$ 73,003
Wendover Administrative Authority	1		\$ -
West Wendover (City Of)	35	5	\$ 94,929
West Wendover Recreation District	11	1	\$ 196,809
Western Nevada Regional Youth Center	4	1	\$ 23,319
White Pine Co. Tourism & Rec	2		\$ 1,403
White Pine County	57	6	\$ 265,916
White Pine County Fire Protection	1		\$ -
White Pine County School District	27	3	\$ 330,198



Summary by Location

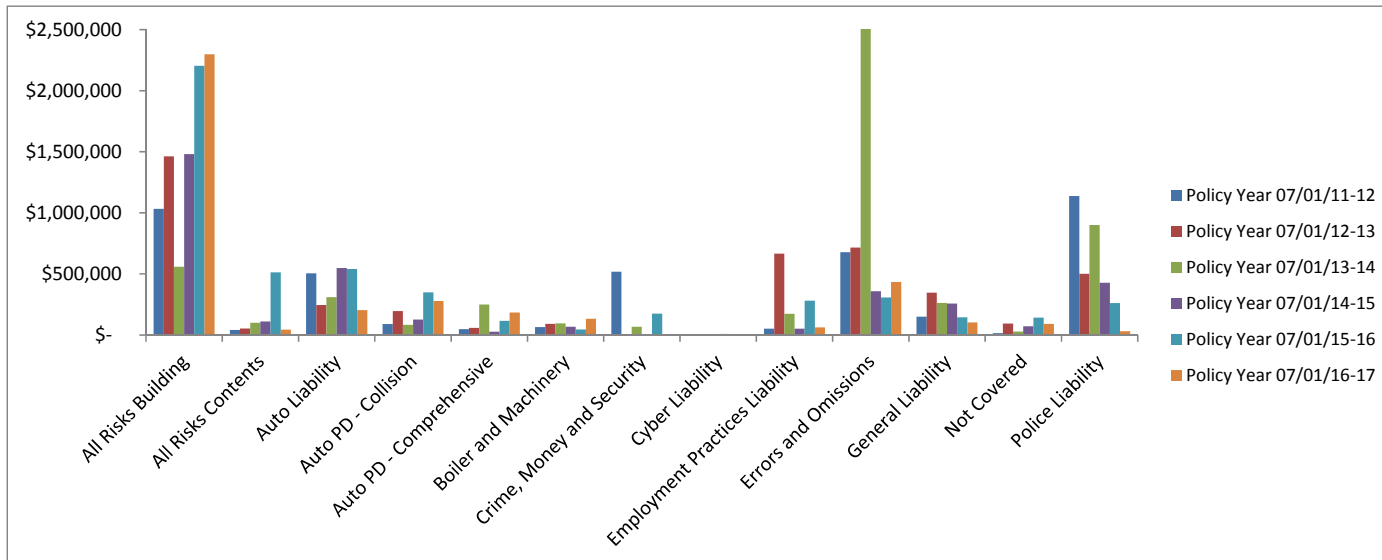
07/01/2011 - 03/31/2017

Location	# of Claims	# Open Claims	Total Incurred
Winnemucca (City Of)	19	1	\$ 109,449
Yerington (City Of)	6		\$ 35,709
TOTAL	2267	331	\$26,896,844



Total Incurred by Coverage by Policy Year

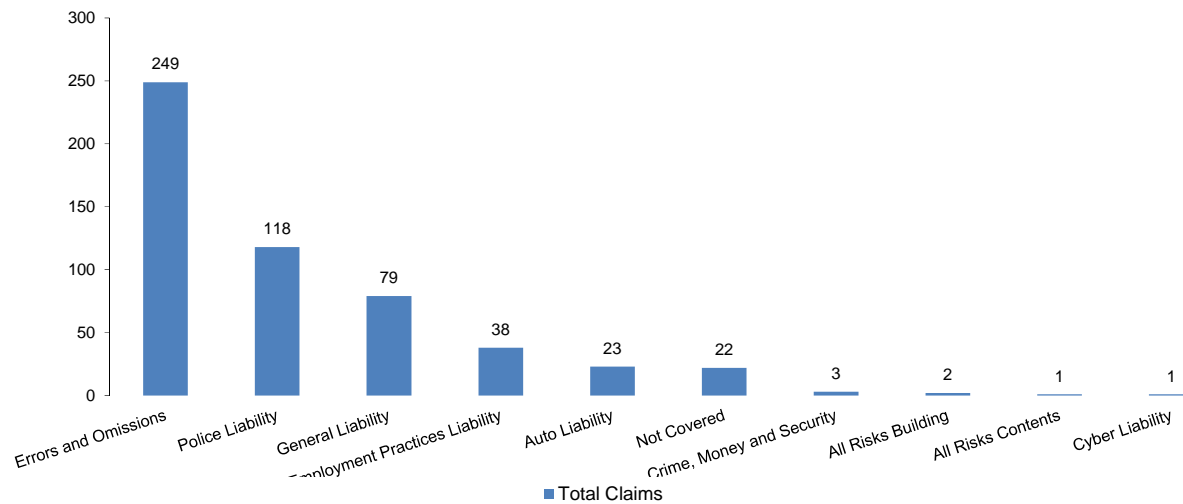
Coverage	Policy Year 07/01/11-12	Policy Year 07/01/12-13	Policy Year 07/01/13-14	Policy Year 07/01/14-15	Policy Year 07/01/15-16	Policy Year 07/01/16-17
All Risks Building	\$ 1,032,394	\$ 1,462,155	\$ 558,656	\$ 1,479,953	\$ 2,203,907	\$ 2,298,159
All Risks Contents	\$ 42,083	\$ 54,353	\$ 100,632	\$ 112,154	\$ 511,939	\$ 44,446
Auto Liability	\$ 504,386	\$ 246,108	\$ 310,300	\$ 547,411	\$ 539,345	\$ 204,996
Auto PD - Collision	\$ 90,988	\$ 196,707	\$ 83,502	\$ 126,774	\$ 350,258	\$ 278,734
Auto PD - Comprehensive	\$ 48,351	\$ 58,531	\$ 250,270	\$ 27,867	\$ 116,244	\$ 184,654
Boiler and Machinery	\$ 66,020	\$ 91,458	\$ 95,621	\$ 68,034	\$ 45,391	\$ 134,141
Crime, Money and Security	\$ 517,387		\$ 68,000	\$ 6,127	\$ 175,500	\$ 7,000
Cyber Liability				\$ 9,283	\$ -	
Employment Practices Liability	\$ 52,000	\$ 665,488	\$ 175,000	\$ 53,000	\$ 281,921	\$ 62,500
Errors and Omissions	\$ 677,594	\$ 715,016	\$ 2,790,827	\$ 358,766	\$ 308,257	\$ 433,591
General Liability	\$ 150,430	\$ 346,844	\$ 262,859	\$ 258,017	\$ 145,593	\$ 103,804
Not Covered	\$ 16,406	\$ 95,031	\$ 28,432	\$ 71,847	\$ 142,305	\$ 91,222
Police Liability	\$ 1,136,850	\$ 500,831	\$ 900,167	\$ 427,698	\$ 262,113	\$ 32,220





Litigated Claims by Coverage for Policy Years 07/01/2011 - 03/31/2017

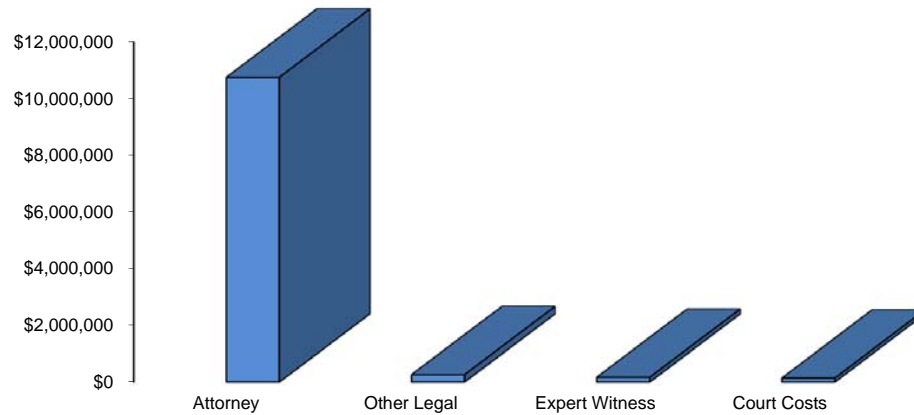
Litigated Claims by Coverage	
Coverage	Total Claims
Errors and Omissions	249
Police Liability	118
General Liability	79
Employment Practices Liability	38
Auto Liability	23
Not Covered	22
Crime, Money and Security	3
All Risks Building	2
All Risks Contents	1
Cyber Liability	1





Legal Expenses Paid by Type for 07/01/2011 - 03/31/2017

Legal Expenses paid by Type	
Legal Expense Type	Amount
Attorney	\$ 10,756,120
Other Legal	\$ 261,991
Expert Witness	\$ 168,103
Court Costs	\$ 142,283
Grand Total	\$ 11,328,497



■ Amount ■

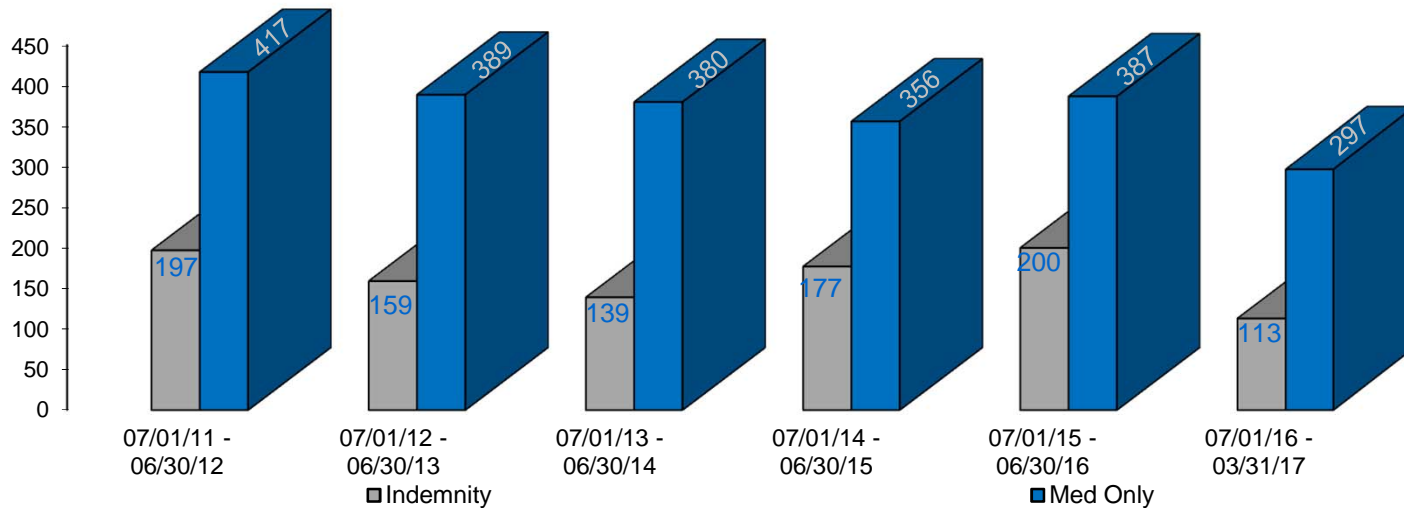


Worker's Compensation Report



Claim Frequency excluding Incidents 07/01/2011 - 03/31/2017

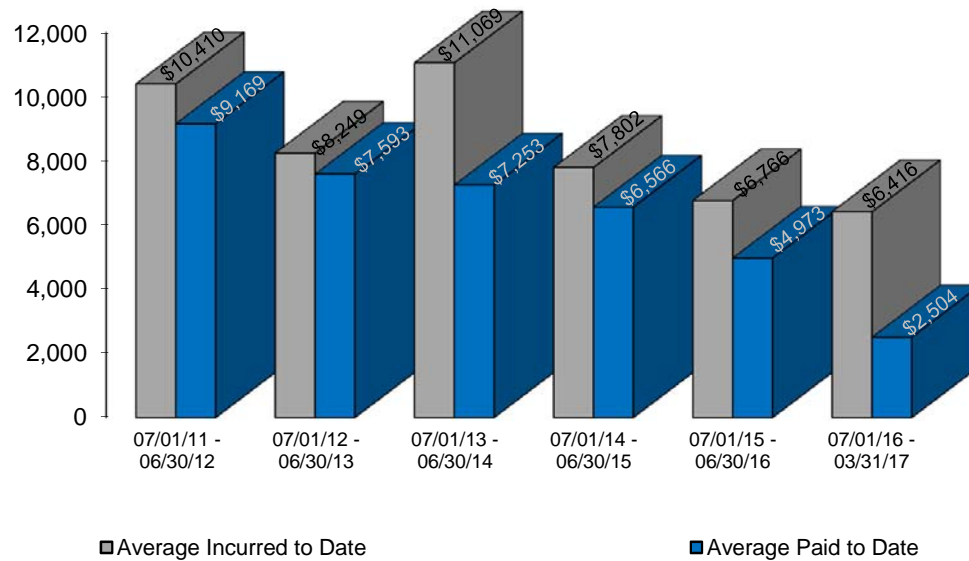
Policy Year	Indemnity		Medical Only		Total Claims
	Open	Closed	Open	Closed	
07/01/11 - 06/30/12	15	182	0	417	614
07/01/12 - 06/30/13	8	151	0	389	548
07/01/13 - 06/30/14	14	125	0	380	519
07/01/14 - 06/30/15	19	158	0	356	533
07/01/15 - 06/30/16	60	140	9	378	587
07/01/16 - 03/31/17	86	27	162	135	410
					3,211





Average Incurred & Paid by Policy Year 07/01/2011 - 03/31/2017

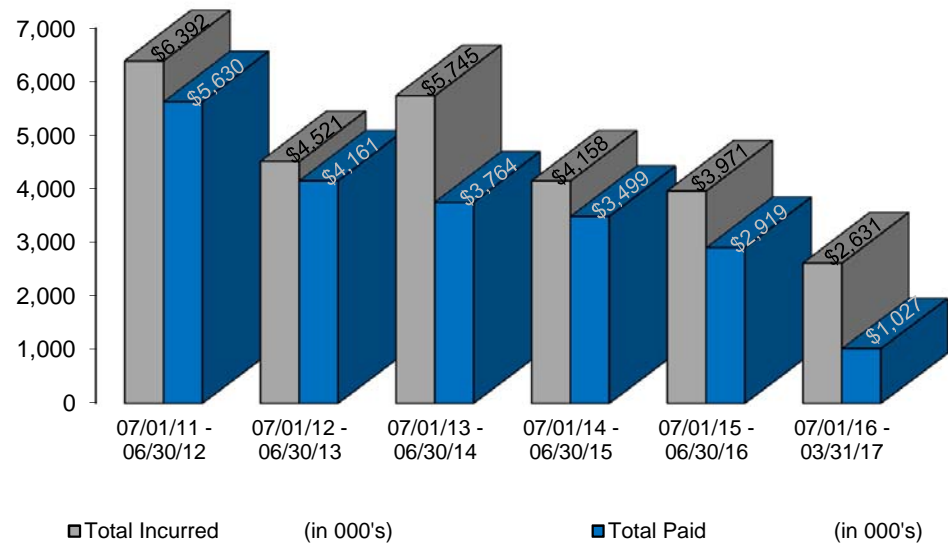
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/11 - 06/30/12	\$10,410	\$9,169
07/01/12 - 06/30/13	\$8,249	\$7,593
07/01/13 - 06/30/14	\$11,069	\$7,253
07/01/14 - 06/30/15	\$7,802	\$6,566
07/01/15 - 06/30/16	\$6,766	\$4,973
07/01/16 - 03/31/17	\$6,416	\$2,504





Incurred vs Paid by Policy Year 07/01/2011 - 03/31/2017

Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/11 - 06/30/12	\$6,392	\$5,630
07/01/12 - 06/30/13	\$4,521	\$4,161
07/01/13 - 06/30/14	\$5,745	\$3,764
07/01/14 - 06/30/15	\$4,158	\$3,499
07/01/15 - 06/30/16	\$3,971	\$2,919
07/01/16 - 03/31/17	\$2,631	\$1,027





Lag Time Average by Location 07/01/2011 - 03/31/2017

Location	Avg. Days
Winnemucca (City Of)	42
Carlin (City Of)	39
White Pine County Tourism & Recreation Board	25
East Fork Swimming Pool District	25
Nevada Rural Housing Authority	23
Lincoln County School District	22
Lander County	22
Esmeralda County School District	19
Pershing County Water Conservation Distr	19
North Lyon County Fire Protection District	18
Tahoe-Douglas Fpd	18
Incline Village General Improvement Dist	17
Lincoln County	17
Eureka County	17
Wells (City Of)	17
Mesquite (City Of), Personnel Director	17
Fallon (City Of)	16
East Fork Fire & Paramedic District	16
Mason Valley Fpd	16
Pahrump (Town Of)	15
Grover C. Dils Medical Center	14
Douglas County	14
South Lyon Medical Center	14
Pershing General Hospital	14
Lyon County	13
Nye County	13
Churchill County Communications	13
Humboldt General Hospital	13
Boulder City (City Of)	13



Lag Time Average by Location 07/01/2011 - 03/31/2017

Location	Avg. Days
White Pine County School District	13
White Pine County Fp District	13
Churchill County	12
Pershing County	12
Elko (City Of)	12
West Wendover (City Of)	12
Central Lyon County Fpd	12
Humboldt County	12
Genoa (Town Of)	12
Mineral County School District	11
Beatty Water & Sanitation District	11
Pershing County School District	11
Sierra Fpd	11
Battle Mountain General Hospital	11
Douglas Co Sever Improvement District #1	11
Ely (City Of)	10
Elko County	10
Mineral County	10
Storey County	9
Humboldt County School District	9
Douglas County Mosquito Abatement Distri	9
Caliente (City Of)	9
Lander County School District	9
White Pine County	8
North Lake Tahoe Fpd	8
Truckee Meadows Fpd	8
Minden (Town Of)	7
Esmeralda County	7
Mount Grant General Hospital	7



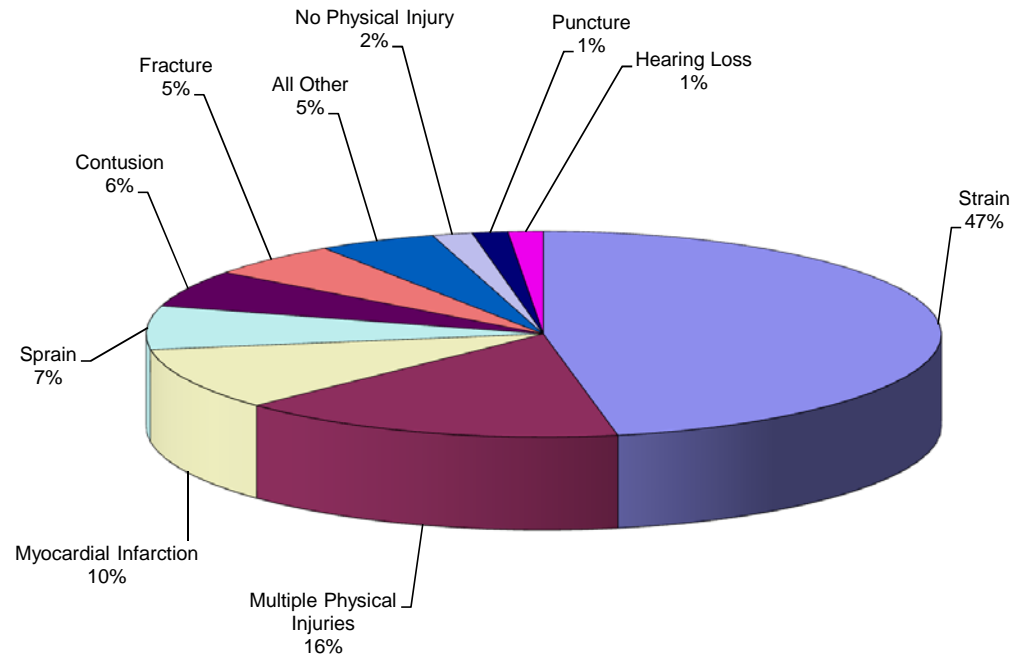
Lag Time Average by Location 07/01/2011 - 03/31/2017

Location	Avg. Days
Yerington (City Of)	6
Eureka County School District	6
Indian Hills Gid	6
Round Mountain (Town Of)	6
Virgin Valley Water District	6
White Pine Historical Railroad Foundatio	6
Tonopah (Town Of)	6
Fernley (City Of)	6
Boulder City Hospital	5
Rtc Washoe County	5
Lovelock (City Of)	4
Churchill County Mosquito & Weed Abatement Distric	4
Gardnerville (Town Of)	3
Southern Nevada Health District	3
Smith Valley Fpd	3
Canyon Gid	2
Fernley Swimming Pool District	1



Top Ten Nature of Injury 07/01/2011 - 03/31/2017

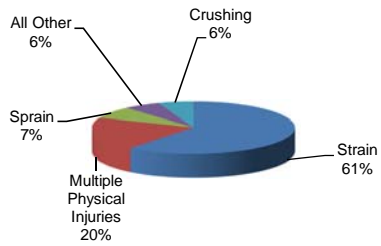
Nature of Injury	# of Claims	Total Incurred
Strain	920	\$ 11,612,108
Multiple Physical Injuries	304	\$ 3,904,194
Myocardial Infarction	10	\$ 2,409,252
Sprain	300	\$ 1,689,542
Contusion	366	\$ 1,438,026
Fracture	99	\$ 1,351,068
All Other	185	\$ 1,186,134
No Physical Injury	28	\$ 402,334
Puncture	251	\$ 358,582
Hearing Loss	17	\$ 353,877



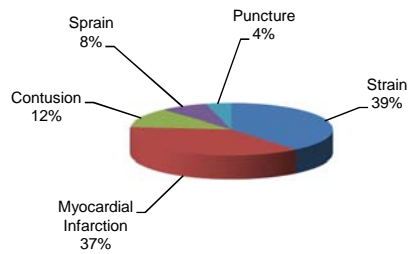


Nature of Injury Trends for 07/01/2011 - 03/31/2017

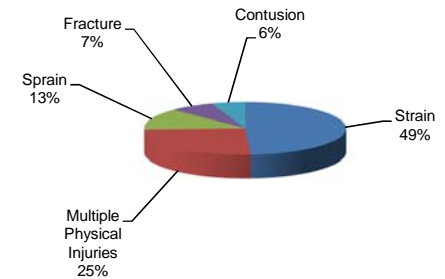
2011 Top 5 Nature



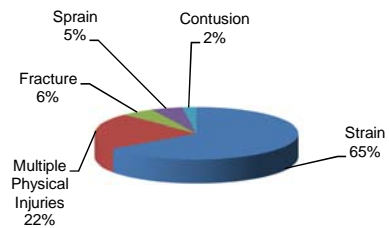
2013 Top 5 Nature



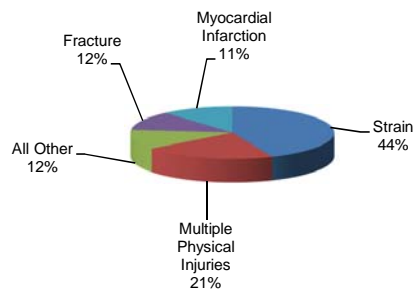
2015 Top 5 Nature



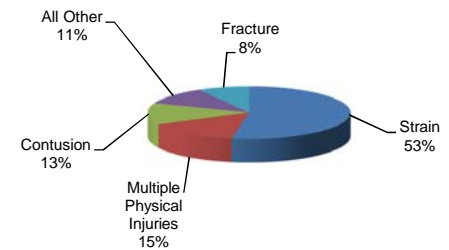
2012 Top 5 Nature



2014 Top 5 Nature



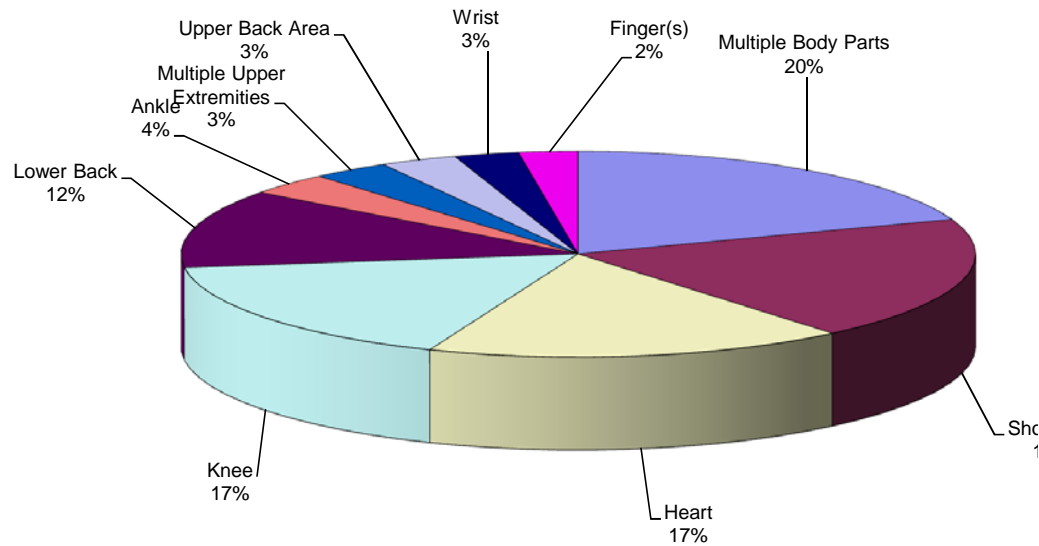
2016 Top 5 Nature





Top Ten Part of Body 07/01/2011 - 03/31/2017

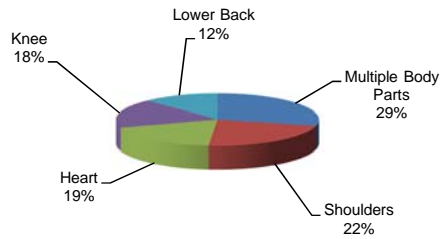
Part of Body	# of Claims	Total Incurred
Multiple Body Parts	344	\$ 4,244,347
Shoulders	195	\$ 4,216,057
Heart	53	\$ 3,716,432
Knee	309	\$ 3,649,807
Lower Back	283	\$ 2,679,542
Ankle	126	\$ 744,582
Multiple Upper Extremities	43	\$ 688,943
Upper Back Area	45	\$ 681,952
Wrist	102	\$ 571,341
Finger(s)	249	\$ 522,046



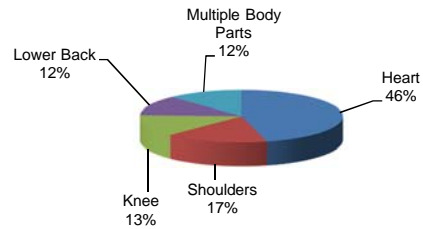


Body Part Trends for 07/01/2011 - 03/31/2017

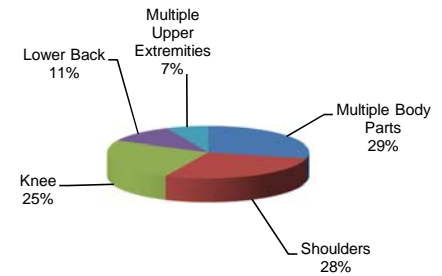
2011 Top 5 Body Part



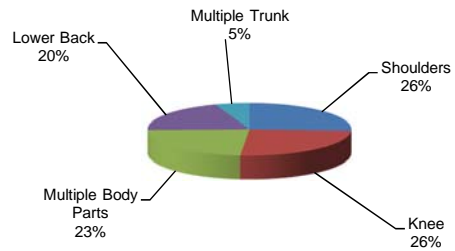
2013 Top 5 Body Part



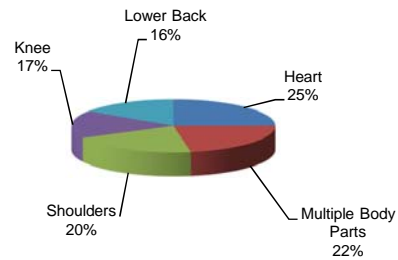
2015 Top 5 Body Part



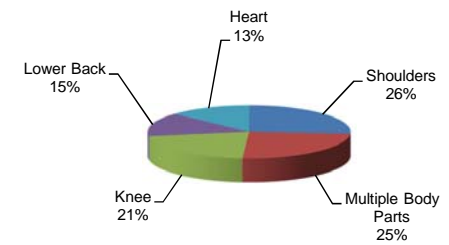
2012 Top 5 Body Part



2014 Top 5 Body Part



2016 Top 5 Body Part

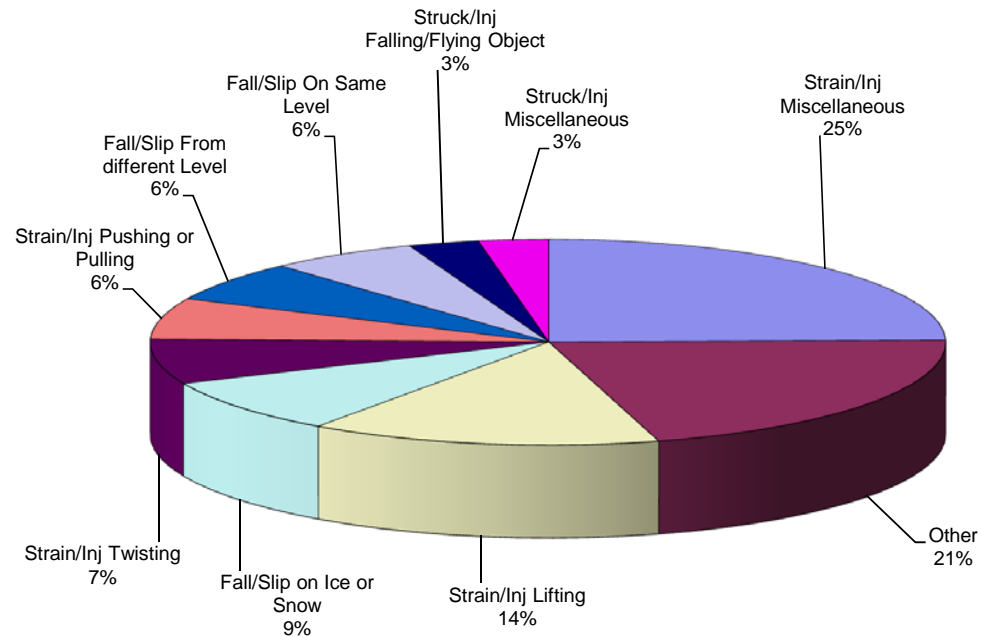




Top Ten Cause of Injury

07/01/2011 - 03/31/2017

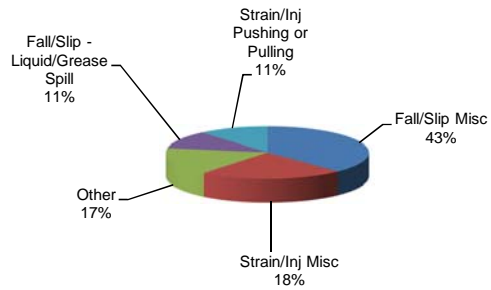
Cause of Injury	# of Claims	Total Incurred
Strain/Inj Miscellaneous	438	\$ 4,734,268
Other	198	\$ 3,984,457
Strain/Inj Lifting	263	\$ 2,723,175
Fall/Slip on Ice or Snow	105	\$ 1,645,545
Strain/Inj Twisting	147	\$ 1,346,753
Strain/Inj Pushing or Pulling	74	\$ 1,238,936
Fall/Slip From different Level	67	\$ 1,215,715
Fall/Slip On Same Level	160	\$ 1,158,618
Struck/Inj Falling/Flying Object	61	\$ 547,381
Struck/Inj Miscellaneous	71	\$ 542,782



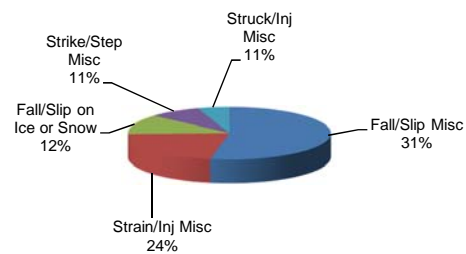


Cause of Injury Trends for 07/01/2011 - 03/31/2017

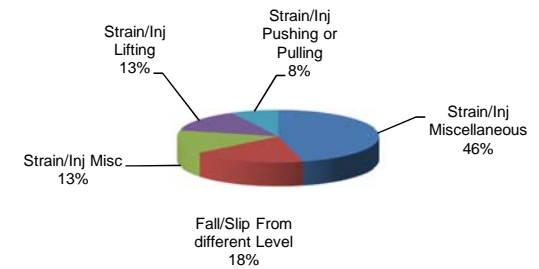
2011 Top 5 Cause of Injury



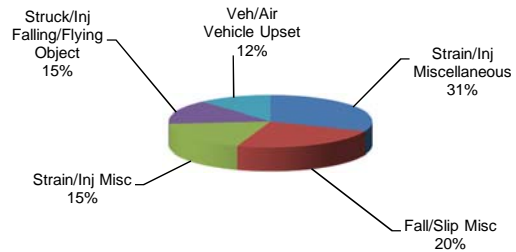
2013 Top 5 Cause of Injury



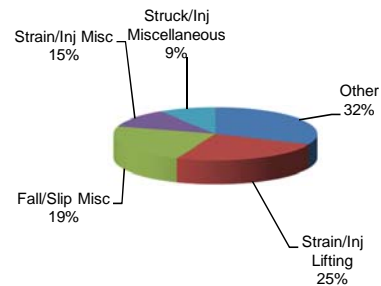
2015 Top 5 Cause of Injury



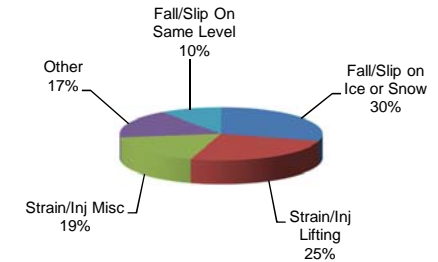
2012 Top 5 Cause of Injury



2014 Top 5 Cause of Injury



2016 Top 5 Cause of Injury





Historical Data Excluding Incidents 07/01/2011 - 03/31/2017

Nbr of Claims

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Indemnity	197	159	139	177	200	113
Med Only	417	389	380	356	387	297
Total	614	548	519	533	587	410

Total Incurred

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Indemnity	\$6,150,489	\$4,277,810	\$5,405,638	\$3,938,933	\$3,645,053	\$2,069,048
Med Only	\$241,243	\$242,799	\$339,306	\$219,560	\$326,394	\$561,608
Total	\$6,391,732	\$4,520,609	\$5,744,944	\$4,158,493	\$3,971,447	\$2,630,656

Total Paid

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Indemnity	\$5,388,644	\$3,917,937	\$3,424,788	\$3,279,922	\$2,619,431	\$768,550
Med Only	\$241,243	\$242,799	\$339,306	\$219,560	\$299,666	\$258,028
Total	\$5,629,887	\$4,160,736	\$3,764,094	\$3,499,482	\$2,919,097	\$1,026,578

Average Incurred

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Indemnity	\$31,221	\$26,904	\$38,889	\$22,254	\$18,225	\$18,310
Med Only	\$579	\$624	\$893	\$617	\$843	\$1,891
Average Incurred	\$10,410	\$8,249	\$11,069	\$7,802	\$6,766	\$6,416

Open Claims

	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 06/30/16	07/01/16 - 03/31/17
Indemnity	15	8	14	19	60	86
Med Only	0	0	0	0	9	162
Total	15	8	14	19	69	248



Summary by Location

07/01/2011 - 0/31/2017

Location	# of Claims	# Open Claims	Total Incurred
Nye County	284	52	\$ 3,081,810
Douglas County	267	31	\$ 2,489,164
Central Lyon County Fpd	44	6	\$ 1,881,787
Lyon County	159	20	\$ 1,718,339
Truckee Meadows Fpd	112	23	\$ 1,609,344
East Fork Fire & Paramedic District	87	15	\$ 1,074,592
Storey County	69	11	\$ 1,056,838
North Lake Tahoe Fpd	154	17	\$ 933,874
Mineral County	91	6	\$ 844,874
Elko County	135	7	\$ 820,168
Lander County	63	8	\$ 794,464
Boulder City (City Of)	88	9	\$ 730,145
Incline Village General Improvement Dist	88	24	\$ 663,707
White Pine County	80	8	\$ 655,773
Humboldt General Hospital	104	20	\$ 636,955
Ely (City Of)	25	6	\$ 543,582
Eureka County	40	1	\$ 541,503
Elko (City Of)	114	8	\$ 533,982
Tahoe-Douglas Fpd	71	8	\$ 435,382
Humboldt County	62	10	\$ 403,120
Pahrump (Town Of)	62	4	\$ 388,978
Yerington (City Of)	23	2	\$ 363,508
Fallon (City Of)	50		\$ 351,682
Mesquite (City Of),Personnel Director	58		\$ 343,983
West Wendover (City Of)	25	3	\$ 339,396
Pershing County School District	24	2	\$ 322,588
Sierra Fpd	9	1	\$ 317,982
Pershing County	37	3	\$ 317,925
Winnemucca (City Of)	40	4	\$ 278,209
Churchill County	64	10	\$ 261,976
Pershing County Water Conservation Distr	11	1	\$ 164,543



Summary by Location

07/01/2011 - 0/31/2017

Location	# of Claims	# Open Claims	Total Incurred
Mount Grant General Hospital	63	4	\$ 161,220
Esmeralda County School District	7	1	\$ 160,574
Humboldt County School District	19		\$ 145,314
Pershing General Hospital	44	5	\$ 143,383
White Pine County School District	43	4	\$ 142,235
Lincoln County School District	23	1	\$ 134,950
Boulder City Hospital	25		\$ 132,192
South Lyon Medical Center	51	1	\$ 130,474
Mineral County School District	32	1	\$ 124,729
Lander County School District	16	2	\$ 108,536
Churchill County Mosquito & Weed Abatement Distric	3		\$ 105,167
Carlin (City Of)	24	1	\$ 102,909
Lovelock (City Of)	16	2	\$ 84,172
Lincoln County	24		\$ 82,658
Fernley (City Of)	24	1	\$ 80,208
Battle Mountain General Hospital	43	5	\$ 68,823
White Pine Historical Railroad Foundatio	10	1	\$ 53,998
Gardnerville (Town Of)	7	1	\$ 48,831
Southern Nevada Health District	21	7	\$ 47,499
Eureka County School District	9	1	\$ 44,654
North Lyon County Fire Protection District	12	1	\$ 40,889
Grover C. Dils Medical Center	23	4	\$ 37,631
Virgin Valley Water District	4		\$ 37,397
East Fork Swimming Pool District	24	1	\$ 37,370
Mason Valley Fpd	12		\$ 36,663
Esmeralda County	13		\$ 36,631
Tonopah (Town Of)	7	1	\$ 30,958
Wells (City Of)	7		\$ 29,303
Churchill County Communications	9		\$ 26,181
White Pine County Fp District	10	2	\$ 25,385
Minden (Town Of)	15	1	\$ 18,517



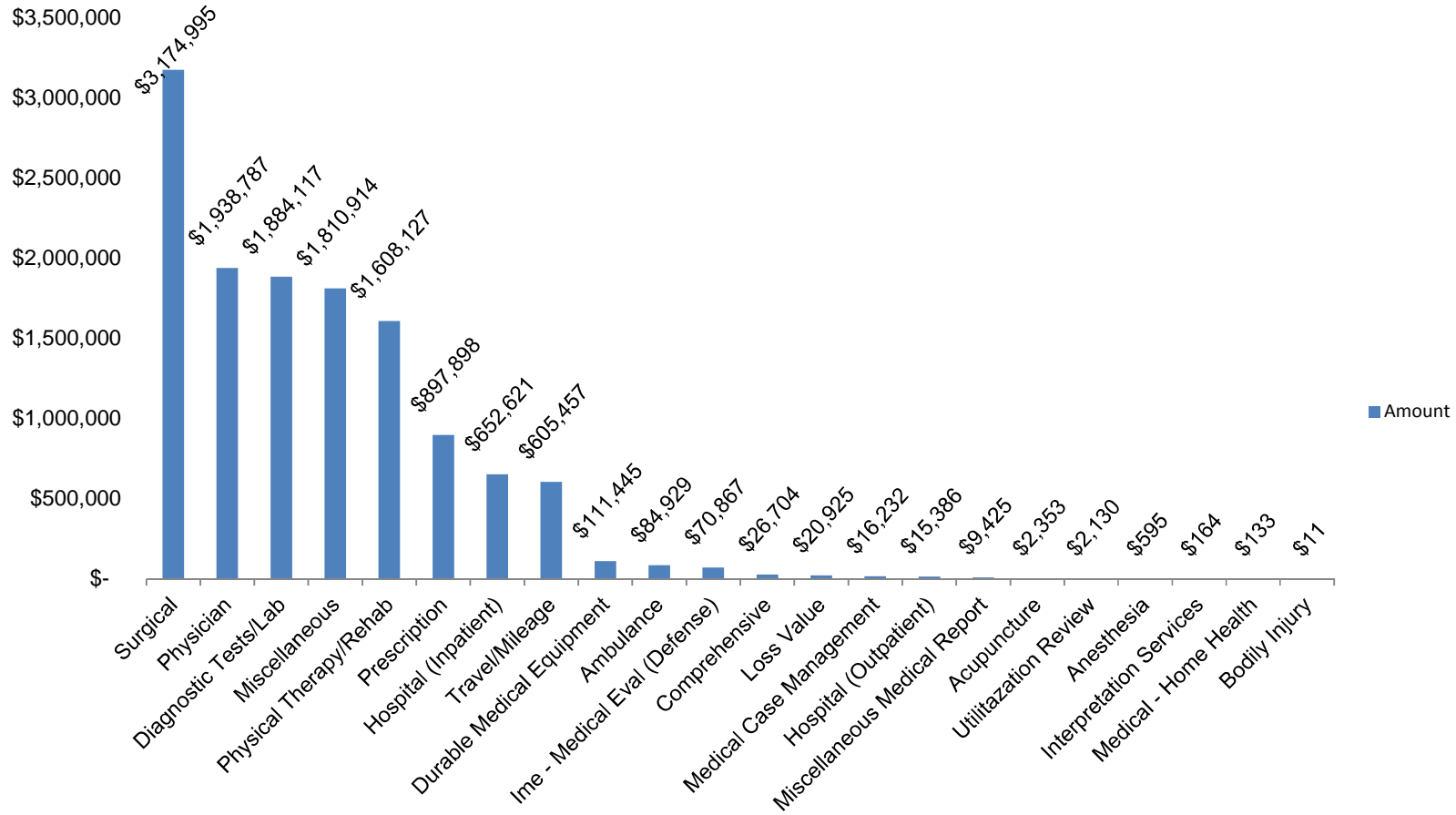
Summary by Location 07/01/2011 - 0/31/2017

Location	# of Claims	# Open Claims	Total Incurred
Caliente (City Of)	11		\$ 18,142
White Pine County Tourism & Recreation Board	1	1	\$ 10,600
Nevada Rural Housing Authority	3	2	\$ 8,407
Beatty Water & Sanitation District	2	1	\$ 5,728
Genoa (Town Of)	2		\$ 4,107
Indian Hills Gid	1	1	\$ 3,450
Canyon Gid	3		\$ 2,512
Smith Valley Fpd	1		\$ 1,501
Fernley Swimming Pool District	2		\$ 1,422
Rtc Washoe County	1		\$ 1,021
Douglas County Mosquito Abatement Distri	1		\$ 610
Douglas Co Sever Improvement District #1	2		\$ 608
Round Mountain (Town Of)	1		\$ 150
Total	3211	373	\$27,417,880



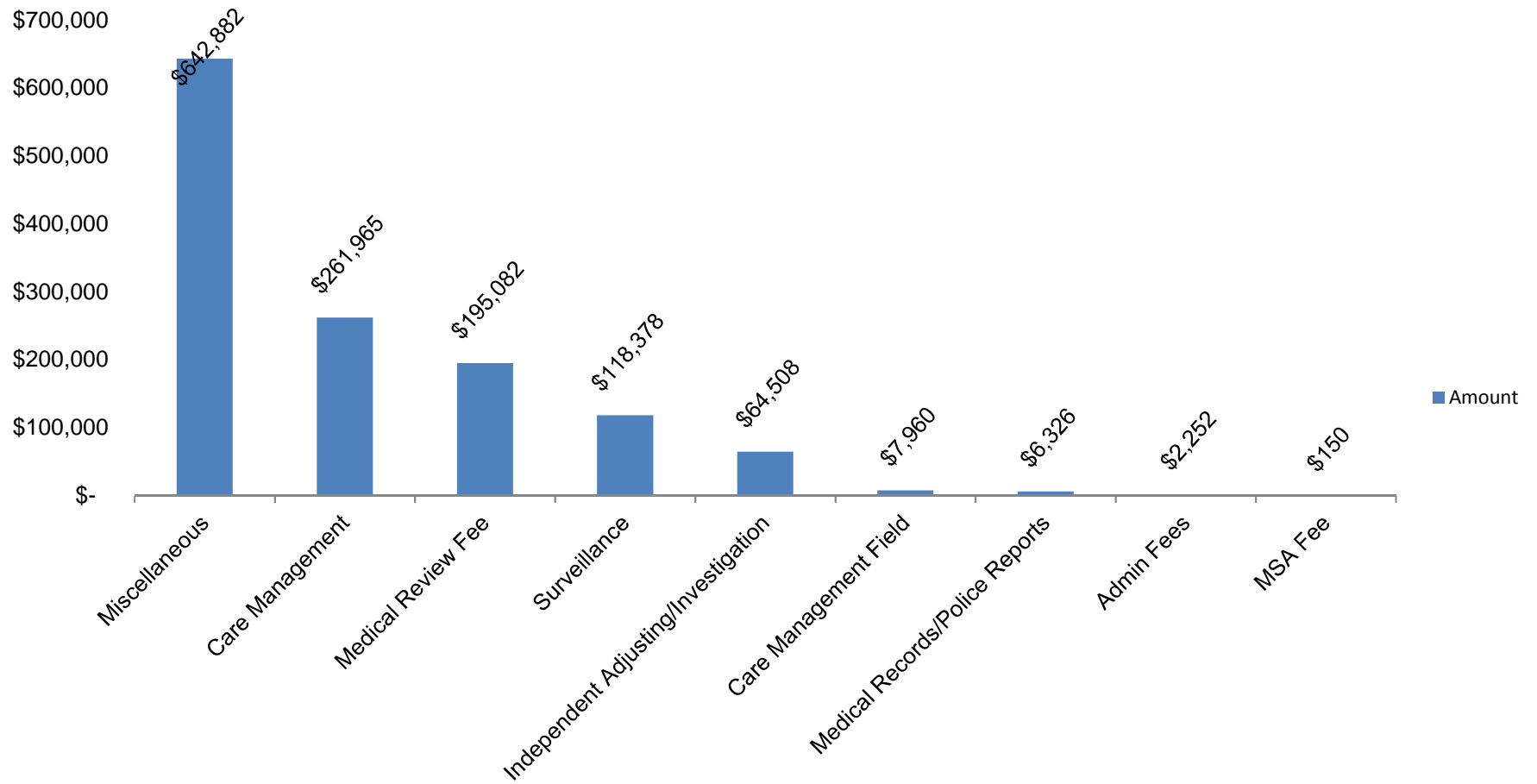
Medical Payments by Type

07/1/2011 - 03/31/2017





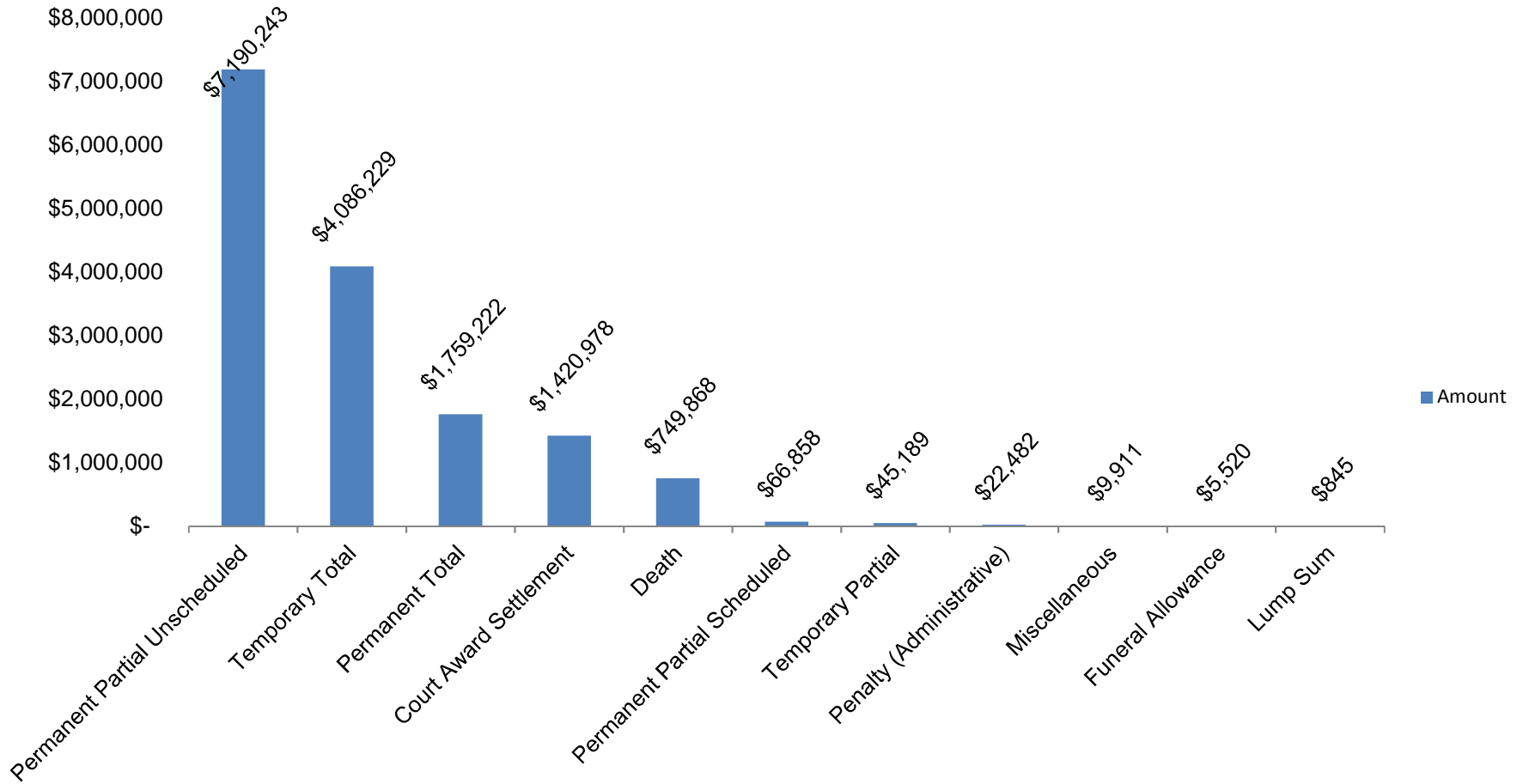
Expense Payments by Type 07/01/2011 - 03/31/2017





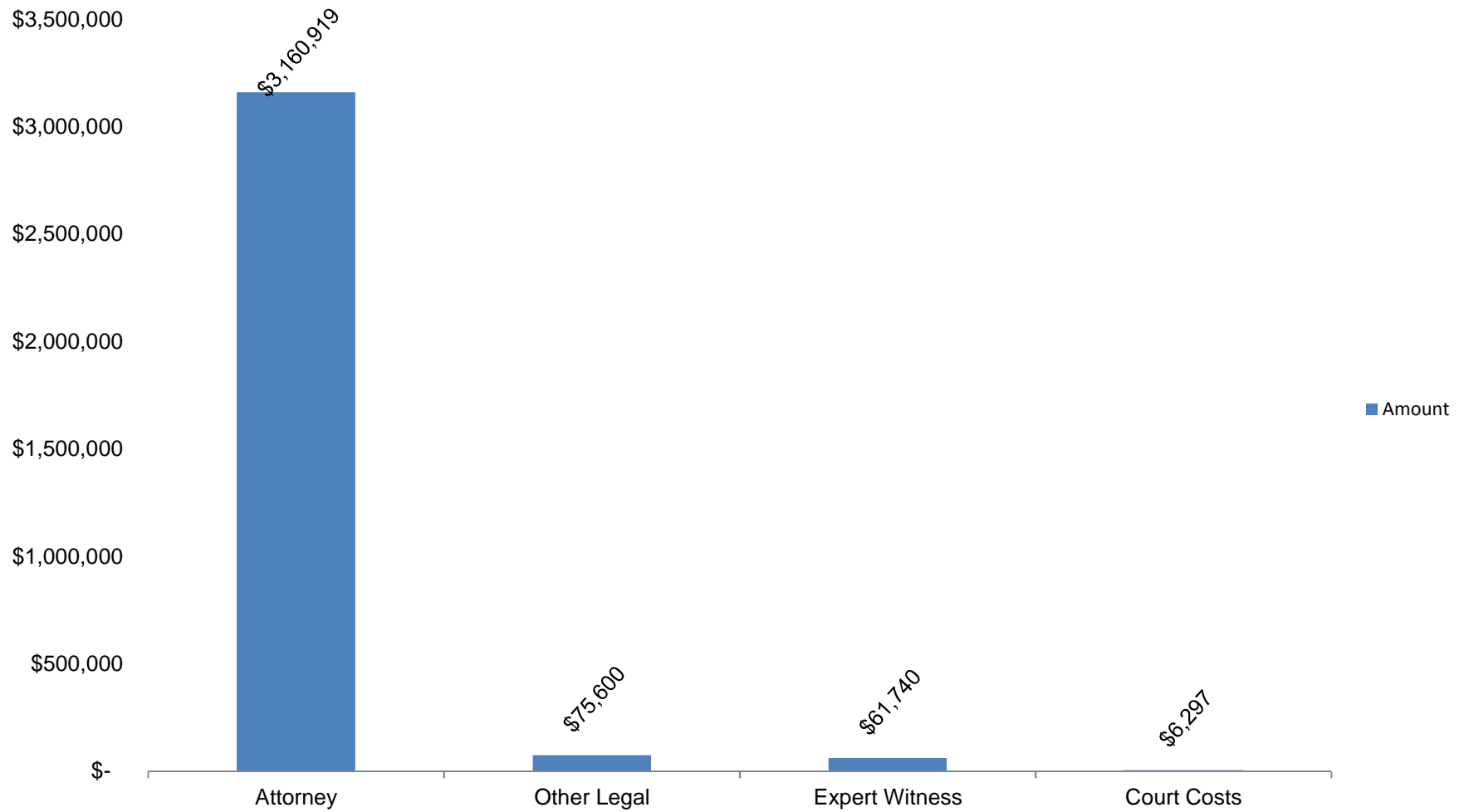
Indemnity Payments by Type

07/01/2011 - 03/31/2017



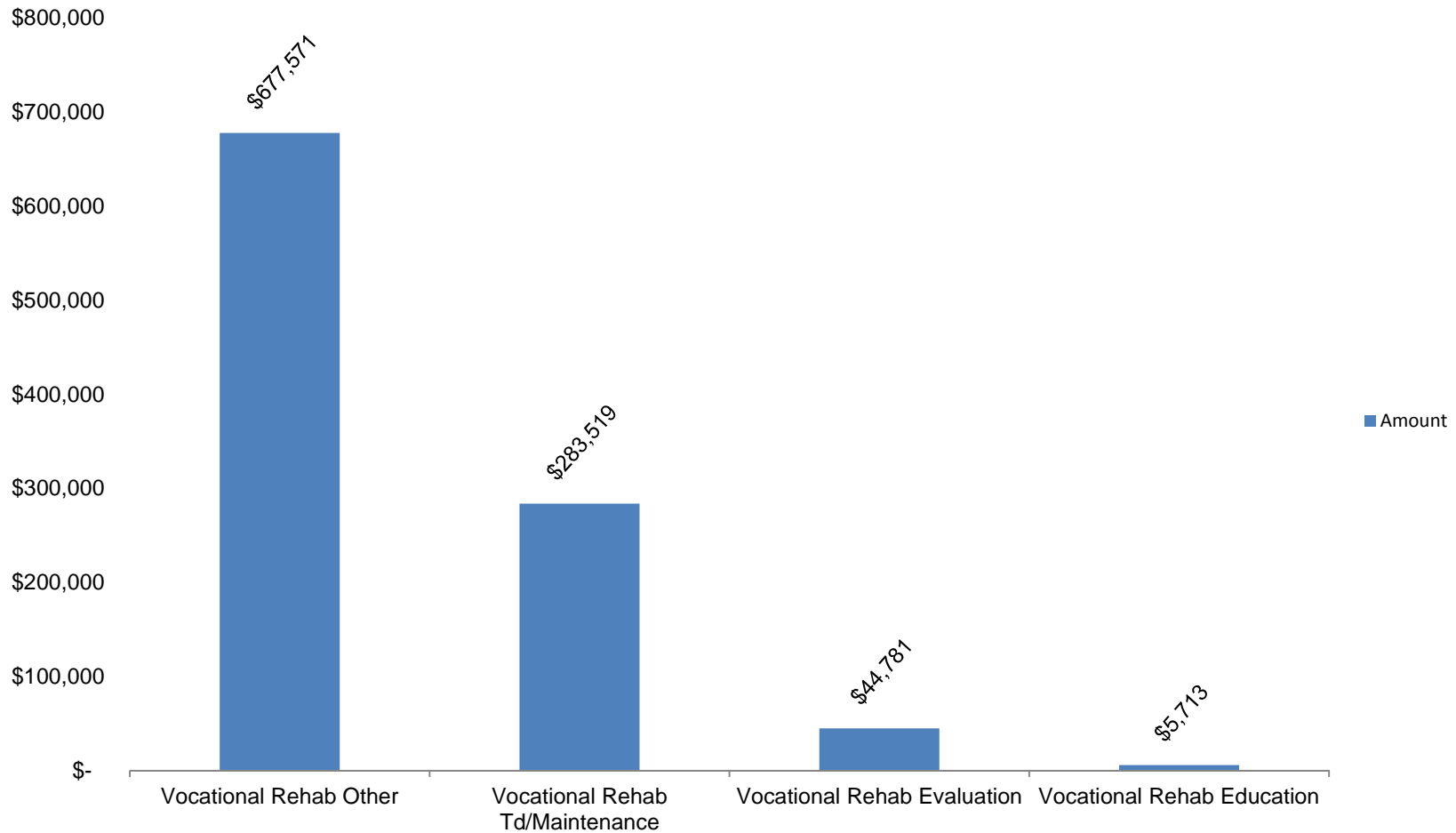


Legal Payments by Type 07/01/2011 - 03/31/2017





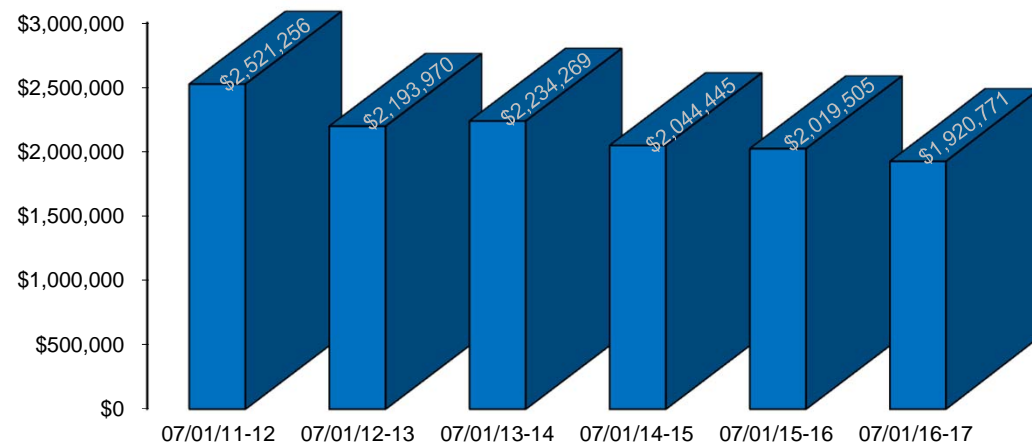
Voc Rehab Payments by Type 07/01/2011 - 03/31/2017





Medical Payment Trends 07/01/2011 - 03/31/2017

Policy Year	Medical Payments
07/01/11-12	\$2,521,256
07/01/12-13	\$2,193,970
07/01/13-14	\$2,234,269
07/01/14-15	\$2,044,445
07/01/15-16	\$2,019,505
07/01/16-17	\$1,920,771
Total	\$12,934,215

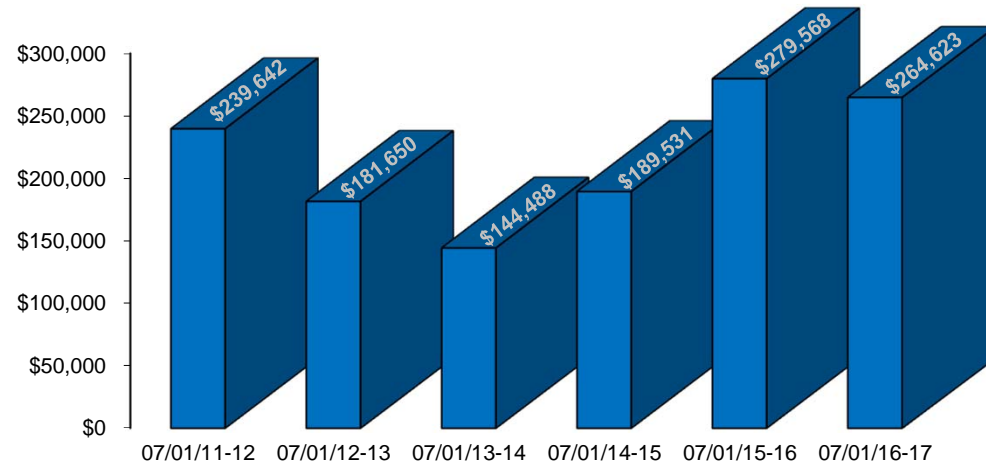


■ Medical Payments



Expense Payment Trends 07/01/2011 - 03/31/2017

Policy Year	Expense Payments
07/01/11-12	\$239,642
07/01/12-13	\$181,650
07/01/13-14	\$144,488
07/01/14-15	\$189,531
07/01/15-16	\$279,568
07/01/16-17	\$264,623
Total	\$1,299,503

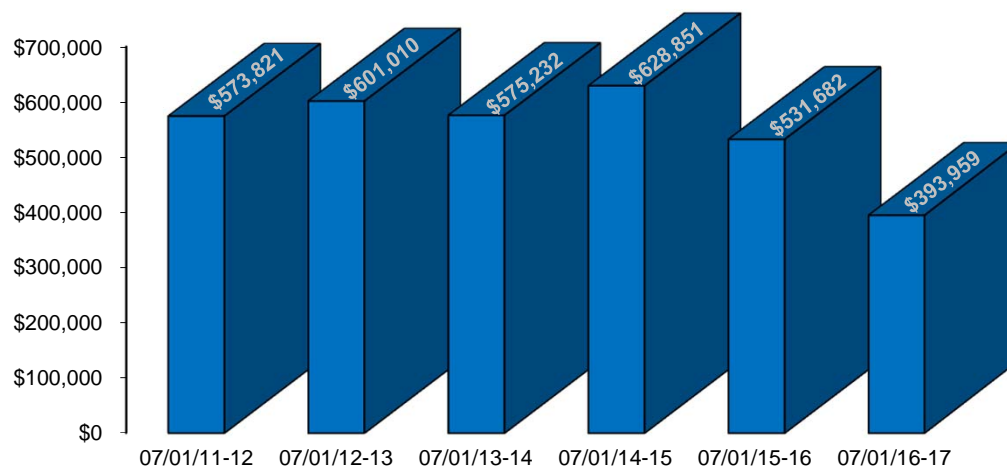


■ Expense Payments



Legal Payment Trends 07/01/2011 - 03/31/2017

Policy Year	Legal Payments
07/01/11-12	\$573,821
07/01/12-13	\$601,010
07/01/13-14	\$575,232
07/01/14-15	\$628,851
07/01/15-16	\$531,682
07/01/16-17	\$393,959
Total	\$3,304,556

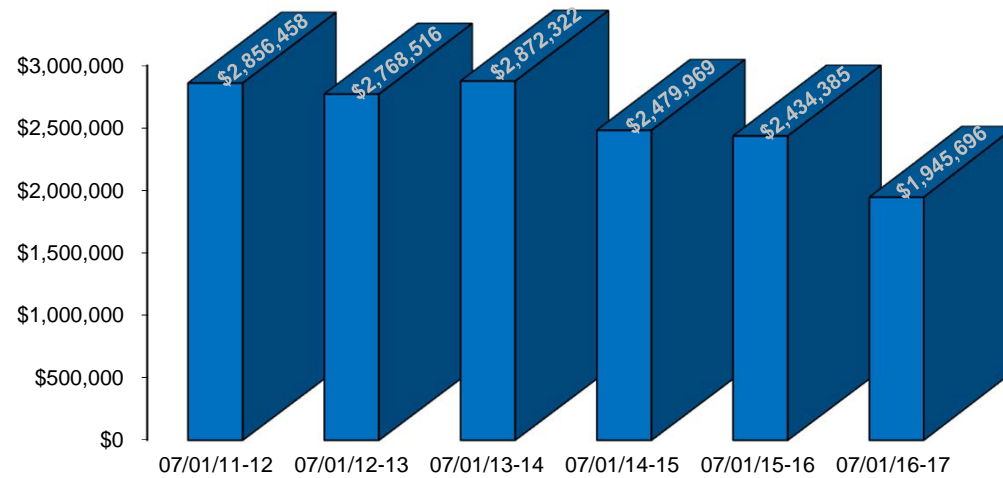


■ Legal Payments



Indemnity Payment Trends 07/01/2011 - 03/31/2017

Policy Year	Indemnity Payments
07/01/11-12	\$2,856,458
07/01/12-13	\$2,768,516
07/01/13-14	\$2,872,322
07/01/14-15	\$2,479,969
07/01/15-16	\$2,434,385
07/01/16-17	\$1,945,696
Total	\$15,357,345

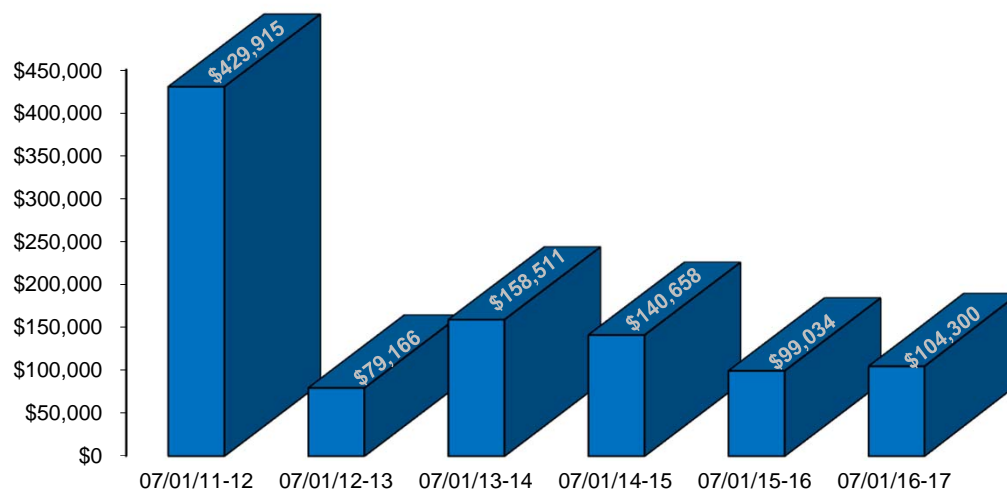


■ Indemnity Payments



Voc Rehab Payment Trends 07/01/2011 - 03/31/2017

Policy Year	Voc Rehab Payments
07/01/11-12	\$429,915
07/01/12-13	\$79,166
07/01/13-14	\$158,511
07/01/14-15	\$140,658
07/01/15-16	\$99,034
07/01/16-17	\$104,300
Total	\$1,011,584



■ Voc Rehab Payments



POOL/PACT HUMAN RESOURCES

BEGAN OPERATIONS JULY 1996

POOLING RESOURCES INC. FORMED 2006



HR OVERSIGHT COMMITTEE MEMBERS

CURTIS CALDER, CITY OF ELKO, CHAIR

SCOTT BAKER, TAHOE DOUGLAS FIRE PROTECTION DISTRICT

DEE CAREY, INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

JOSE DELPHIN, CARSON CITY SCHOOL DISTRICT

CINDY HIXENBAUGH, PERSHING GENERAL HOSPITAL

TIM LOGAN, LYON COUNTY SCHOOL DISTRICT

DAVE MENDIOLA, HUMBOLDT COUNTY

ROBERT QUICK, LANDER COUNTY SHERIFF'S OFFICE

DANELLE SHAMRELL, NYE COUNTY

GEOF STARK, CHURCHILL COUNTY

PAT WHITTEN, STOREY COUNTY

POOL/PACT HR EMPLOYEES

Jeanne Greene - General Manager

Erica Amatore -Administrative Assistant

John Bates - Senior HR Business Partner

Jeff Coulam - Senior HR Business Partner

Neal Freitas - Senior HR Business Partner

Sharon Gesick - Administrative Assistant

Dora Moya - Administrative Assistant

Stacy Norbeck - Senior HR Business
Partner and Training Manager

Christine Vido - HR Business Partner



POOL/PACT HR TRAINING VALUE

COURSE/PROGRAM	DESCRIPTION	MINIMUM COMPARABLE COST PER PARTICIPANT*
Essential Management Skills (EMS)	Regional 4 full-day certificate program	\$1 200
Advanced EMS	Regional 2 full-day certificate program	\$600
Human Resources Representative (HRR)	Regional 5 full-day certificate program	\$1 500
Advanced HRR	Regional 2 full-day certificate program	\$600
Non-certificate trainings	Trainings presented at member location	Partial day: \$150 Full day: \$300
HR Seminar	2 full-day annual seminar utilizing subject matter expert speakers from across the country	\$600
ADDITIONAL BENEFITS		
Scholarship Program	Provides member employees with funding necessary to attain national HR certification	Average scholarship: \$1,550
HR Assessment Program	2 phases of assessment to review current HR practices to reduce liability	Grant for completion: Phase 1: \$500 Phase 2: \$750

* To simplify, \$300 is used for full day and \$150 for partial day.

MASTER SUMMARY OF HR TRAINING VALUE

REGIONAL COURSE/PROGRAM since inception	# of employees	Estimated Cost
4-day EMS	1138	\$1,365,600
2-day AEMS	214	\$128,400
5-day HRR	201	\$301,500
2-day AHRR	42	\$25,200
2-day HR Seminar	235	\$141,000
CLASSES GIVEN ON-SITE since July 2014		
Drugs/Alcohol	1406	\$210,900
Harassment/Discrimination	3525	\$528,750
Misconduct	1412	\$211,800
Compliance trainings by outside legal counsel	282	\$42,300
All other trainings	3752	\$601,200
ADDITIONAL BENEFITS since inception		
Phase I Assessment Program	55	\$27,500
Phase II Assessment Program	18	\$13,500
Scholarship Program	18	\$27,900
TOTAL		\$3,625,550



COMPLETION OF HR ASSESSMENT

EAST FORK SWIMMING POOL – PHASE I

ELKO CENTRAL DISPATCH – PHASE II

INDIAN HILLS GENERAL IMPROVEMENT DISTRICT – PHASE II

KINGSBURY GENERAL IMPROVEMENT DISTRICT – PHASE II

MT. GRANT GENERAL HOSPITAL – PHASE II

STOREY COUNTY – PHASE II

TAHOE DOUGLAS FIRE PROTECTION DISTRICT – PHASE II

TOWN OF TONOPAH – PHASE II

POOL/PACT HR – 2016/17 ACCOMPLISHMENTS

TRAINING

- Developed 2 new classes
 - Dear HR: The Toughest Supervisor Challenges
 - Miss Communication & Her Friend Miss Understanding
- Revised 11 classes
- Conducted approximately 120 training sessions with 2500 participants to date
 - Regional Trainings
 - ◆ EMS (4 day class): 5 times
 - ◆ AEMS (2 day class): 2 times
 - ◆ HRR (5 day class): 1 time
 - ◆ AHRR (2 day class): 1 time
 - ◆ Workplace Mediation (1 ½ day class): 2 times
 - ◆ EAP Webinars: 4 times
 - ◆ Coordinated PERS Audit Training: 2 times

DEVELOPED 3 NEW BRIEFINGS – UPDATING 24 BRIEFINGS

ISSUED 11 ALERTS TO DATE

11 PHASE I ASSESSMENTS SCHEDULED

2 PHASE II ASSESSMENTS SCHEDULED

PRESENTED ANNUAL HR SEMINAR

CONDUCTED MEMBER SURVEY

TRACKING HR RELATED LEGISLATION AND WILL UPDATE POLICIES AT THE END OF THE LEGISLATIVE SESSION

POOL/PACT HR Training Value

POOL/PACT HR training is provided at no additional cost to members*; similar training conducted by outside organizations would be an additional cost to an organization.

Course/Program	Description	Minimum Comparable Cost per participant**	Comparable training/program
Essential Management Skills (EMS)	Regional 4 full-day certificate program	\$1200	UNR Extended Studies "Supervisory Management Certificate": \$2500 (10 courses)
Advanced EMS	Regional 2 full-day certificate program	\$600	
Human Resources Representative (HRR)	Regional 5 full-day certificate program	\$1500	UNR Extended Studies "Human Resources Management Certificate" \$2150 (10 courses)
Advanced HRR	Regional 2 full-day certificate program	\$600	
Non-certificate trainings	Trainings presented at member location	Partial day: \$150 Full day: \$300	Nevada Association of Employers \$90 to \$300 depending on class
HR Seminar:	2 full-day annual seminar utilizing subject matter expert speakers from across the country	\$600	SHRM "Essentials of HR Management": 2-day course: \$1300 members, \$1600 non-members
Compliance training using outside legal counsel	Half- to full-day training using POOL legal counsel or other specialized resources, provided at locations throughout the state	Partial day: \$150 Full day: \$300	
ADDITIONAL BENEFITS			
Scholarship Program	Provide member employees with funding necessary to attain national HR certification	Average scholarship is \$1,550	
HR Assessment Program	2 phases of assessment to review current practices in HR and compensation practices to reduce liability	Grant issued for completion: Phase 1: \$500 Phase 2: \$750	

*Travel cost may be incurred by members; however, travel grants are available from POOL/PACT.

** To simplify, \$300 is used for full day and \$150 for partial day.

Notes:

- Classes are approved for POST, DOE and CPO credit.
- Additional services provided by POOL/PACT HR not included in the above savings to members include consultations with business partner, on-line training courses, Alerts, HR Briefings, sample personnel policies, sample job descriptions, open meeting law recruitments, and Employee Assistance Program (EAP) and related webinars.

**POOL/PACT HR Training Value Report
MASTER SUMMARY**

REGIONAL COURSE/PROGRAM since inception	# of Employees		Estimated cost if training provided by outside entity (\$300 for full day; \$150 for half day)
	completed	currently enrolled	
4 day EMS	1074	64	\$ 1,365,600
2 day AEMS	199	15	\$ 128,400
5 day HRR	173	28	\$ 301,500
2 day AHRR	42	0	\$ 25,200
2 day HR Seminar	235	0	\$ 141,000
CLASSES GIVEN ON-SITE since 2014			
A Perfect Storm	46	0	\$ 6,900
Avoiding Litigation Landmines	75	0	\$ 11,250
Bullying in the Workplace	290	0	\$ 43,500
Dealing with the Irate Customer	421	0	\$ 63,150
Dear HR: Toughest Supervisor Challenges	19	0	\$ 2,850
Discovering Values/Creating Ground Rules	58	0	\$ 8,700
Drugs/Alcohol	1406	0	\$ 210,900
Employee from Hell	186	0	\$ 27,900
Ethics in the Workplace	134	0	\$ 20,100
FRISK™ Documentation Model	616	0	\$ 92,400
Great Customer Service	891	0	\$ 133,650
Harassment/Discrimination	3525	0	\$ 528,750
Interviewing Techniques	65	0	\$ 9,750
Manager-as-Mediator (MAM)	32	0	\$ 14,400
Misconduct	1412	0	\$ 211,800
Miss Communication/Miss Understanding	87	0	\$ 13,050
Performance Management Part I	178	0	\$ 26,700
Performance Management Part II	96	0	\$ 14,400
So, You Think You Want to be a Supervisor?	192	0	\$ 57,600
Taking Control of Conflict	228	0	\$ 34,200
The Good, The Bad, and The Ugly	39	0	\$ 5,850
Workplace Violence	99	0	\$ 14,850
COMPLIANCE TRAINING USING OUTSIDE LEGAL COUNSEL since 2014			
Advanced Negotiations	54	0	\$ 8,100
Internal Investigations	102	0	\$ 15,300
Medical Marijuana	45	0	\$ 6,750
Negotiations 101	81	0	\$ 12,150
ADDITIONAL BENEFITS			
Phase I Assessment Program	27	28	\$ 27,500
Phase II Assessment Program	12	6	\$ 13,500
Scholarship Program	14	4	\$ 27,900
TOTAL			\$ 3,625,550

Data current as of 2/1/17.

"Classes given on-site" and "Compliance training using outside counsel" includes data as of 7/1/14.

POOLING RESOURCES INC (a non-profit corporation)
FINANCIAL STATEMENTS
June 30, 2016 and 2015

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Statement of Functional Expenditures	6
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BERTRAND & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
Members American Institute of Certified Public Accountants

777 E. William St. Suite 206
Carson City, NV 89701
Tel 775.882.8892
Fax 775.562.2667

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pooling Resources Inc.

We have audited the accompanying financial statements of Pooling Resources Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pooling Resources Inc as of June 30, 2016 and 2015, its activities and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bertrand & Associates, LLC

Carson City, Nevada
November 21, 2016

POOLING RESOURCES INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2016 and 2015

ASSETS	2016	2015
Current assets:		
Cash and cash equivalents	\$ 198,204	\$ 75,547
Investments	1,216,029	1,252,184
Accrued interest income	2,503	2,258
Non trade receivables	2,500	93,587
Total current assets	<u>1,419,236</u>	<u>1,423,576</u>
Other assets:		
Prepaid expenses	20,245	10,104
Other assets	1,534	-
Total other assets	<u>21,779</u>	<u>10,104</u>
Total assets	<u>1,441,015</u>	<u>1,433,680</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	9,911	15,105
Accrued payroll	26,003	-
Compensated absences	31,111	30,001
Total current liabilities	<u>67,025</u>	<u>45,106</u>
Net assets: temporarily restricted	1,373,990	1,388,574
Total net assets	<u>1,373,990</u>	<u>1,388,574</u>
Total liabilities & net assets	<u>\$ 1,441,015</u>	<u>\$ 1,433,680</u>

See notes to financial statements

POOLING RESOURCES INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended June 30, 2016 and 2015

REVENUES	2016	2015
Grant income	\$ 1,130,000	\$ 1,093,000
Contract revenues	35,625	32,611
Total revenues	<u>1,165,625</u>	<u>1,125,611</u>
 EXPENDITURES		
Program activities:		
Salaries and payroll taxes	683,014	628,004
Retirement	81,239	76,039
Health insurance costs	74,592	35,453
Member education services	66,429	50,088
Professional development	5,386	10,136
Travel	51,723	50,970
Total program activities	<u>962,383</u>	<u>850,690</u>
General activities:		
Casualty insurance	9,369	9,125
Dues and subscriptions	6,052	3,751
Legal and professional	17,528	22,645
Management Services	45,000	45,000
Office supplies	8,793	11,935
Rent	91,092	89,298
Telephone	17,953	19,153
Other operating expenses	22,504	11,145
Total supporting activities	<u>218,291</u>	<u>212,052</u>
Total expenses	<u>1,180,674</u>	<u>1,062,742</u>
 Increase in operating net assets - temporarily restricted	 (15,049)	 62,869
 Increase in non-operating net investment income	 465	 9,229
 Change in net assets - temporarily restricted	 <u>(14,584)</u>	 <u>72,098</u>
 Net assets at beginning of year	 <u>1,388,574</u>	 <u>1,316,476</u>
Net assets at end of year - temporarily restricted	<u><u>\$ 1,373,990</u></u>	<u><u>\$ 1,388,574</u></u>

See notes to financial statements

POOLING RESOURCES INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
For the years ended June 30, 2016 and 2015

	2016			2015		
	Program	General	Total	Program	General	Total
Salaries & related expenses	\$ 683,014	\$ -	\$ 683,014	\$ 628,004	\$ -	\$ 628,004
Pension plan contributions	81,239	-	81,239	76,039	-	76,039
Health insurance	74,592	-	74,592	35,453	-	35,453
Member education services	66,429	-	66,429	50,088	-	50,088
Professional development	5,386	-	5,386	10,136	-	10,136
Travel	51,723	-	51,723	50,970	-	50,970
Casualty insurance		9,369	9,369	-	9,125	9,125
Dues & subscriptions		6,052	6,052	-	3,751	3,751
Legal & professional		17,528	17,528	-	22,645	22,645
Management services		45,000	45,000	-	45,000	45,000
Office supplies		8,793	8,793	-	11,935	11,935
Rent		91,092	91,092	-	89,298	89,298
Telephone		17,953	17,953	-	19,153	19,153
Other operating expense		22,504	22,504	-	11,145	11,145
Total expenses	\$ 962,383	\$ 218,291	\$ 1,180,674	\$ 850,690	\$ 212,052	\$ 1,062,742

See notes to financial statements

POOLING RESOURCES INC.
STATEMENT OF CASH FLOWS
For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (14,584)	\$ 72,099
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) in accrued investment income	(245)	(625)
Decrease (increase) in grants receivable	91,087	(1,837)
(Increase) in contract receivable	-	(2,500)
(Increase) decrease in other assets	(1,535)	988
(Increase) decrease in prepaid expenses	(10,141)	771
(Decrease) in accounts payable	(5,193)	(753)
Increase in accrued payroll	26,003	-
Increase (decrease) in compensated absences	1,110	(6,675)
Net cash flows from operating activities	<u>86,502</u>	<u>61,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in investments	<u>36,155</u>	<u>(88,461)</u>
Net cash used in investing	<u>36,155</u>	<u>(88,461)</u>
Increase (decrease) in cash and cash equivalents	122,657	(26,993)
Beginning cash at June 30	75,547	102,540
Cash and cash flow equivalents at year end, June 30	<u>\$ 198,204</u>	<u>\$ 75,547</u>

See notes to financial statements

POOLING RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Pooling Resources Inc. ("PRI") was formed and began operations July 1, 2006 solely for the purpose of providing human resource consulting services to the members of the Nevada Public Agency Insurance Pool (POOL) and the Public Agency Compensation Trust (PACT). PRI's funding comes from a grant that commenced on July 1, 2012 and continues through to June 30, 2016.

Financial Statement Presentation

Financial statement preparation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-210-45-1, *Financial Statements of Not-For-Profit Organizations*. Under FASB ASC 958-210-45-1, PRI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounting Method

PRI uses the accrual method of accounting. Income is recognized when earned and costs and expense are recognized when the obligations are incurred. Accordingly all significant receivables, payables, and other liabilities are reflected.

Cash and Equivalents

For purposes of the cash flow statements, PRI considers securities with original maturities of 90 days or less to be cash equivalents.

Investments

The company has adopted and implemented FASB ASC 820-10 Fair Value Measurements which provides a framework for measuring fair value under GAAP. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy which prioritizes the valuations into three levels as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that affect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information in the circumstances.

Health insurance benefits

Beginning July 1, 2015 PRI extended health insurance benefits to include the dependents of employees.

Income taxes

PRI is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

POOLING RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

PRI uses estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Concentrations

The organization receives its funding from a grant jointly funded by Nevada Public Agency Insurance Pool (POOL) and Public Agency Compensation Trust (PACT). Public Agency Risk Management Services, Inc. (PARMS) provides management services to PRI, as well as to the Nevada Public Agency Insurance Pool and Public Agency Compensation Trust.

NOTE 2 – CASH

The carrying amount of deposits at financial institutions at June 30, 2016 and 2015 was \$198,204 and \$75,547 and is a reasonable estimate of fair value and represents a Level 1 input. The difference between the carrying amount and the bank balance results from outstanding checks and deposits not yet reflected in the bank's records.

The accounts are insured by the Federal Deposit Insurance Corporation and SIPC for amounts up to \$250,000. At times, the account balances may exceed the institution's federally insured limits. The financial institution's balance at June 30, 2016 and 2015 was \$221,428 and \$117,686 respectively.

	<u>2016</u>	<u>2015</u>
Amounts insured through FDIC	\$ 157,851	\$ 103,410
Cash equivalents insured through SIPC	63,577	14,276
Total deposits at financial institutions	<u>\$ 221,428</u>	<u>\$ 117,686</u>

NOTE 3 – INVESTMENTS

Fair values are based on quoted market prices or dealer quotes. If a market price is not available, fair value is estimated using quoted market prices of similar securities. This fair value represents level 2 inputs as described in Note 1. The fair values of long-term investments totaled \$1,216,029 and \$1,252,184 for years ended June 30, 2016 and 2015 respectively. Net investment income represents investment income less investment expenses. The following schedule summarizes investment returns and their classifications in the statement of activities for the years ended June 30,

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	Temporarily Restricted	Temporarily Restricted
Interest income	\$ 12,813	\$ 14,675
Realized gains (losses)	385	(23,545)
Unrealized gains (losses)	203	19,958
Investment expenses	(12,936)	(1,859)
Total investment return	<u>\$ 465</u>	<u>\$ 9,229</u>

POOLING RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 4 – COMPENSATED ABSENCES

Compensated Absences represents unused vacation pay that is payable to the employee upon termination. Employees of PRI are entitled to paid personal time off dependent upon length of service. Vested or accumulated paid time off that is expected to be liquidated is reported as an expenditure and fund liability. Amounts accrued for employees but not used totaled \$31,111 and \$30,001 for years ended June 30, 2016 and 2015.

NOTE 5 - INCOME TAXES

PRI is exempt from federal income tax under Section 501(C) (3) of the Internal Revenue Service Code. As a result, PRI files federal form 990, *Return of Organization Exempt from Income Tax*, and is not liable for payment of corporate income tax as long as PRI's activities do not involve unrelated business taxable income.

NOTE 6 – EMPLOYEE RETIREMENT PLAN

All employees who are expected to receive at least \$5,000 annual compensation are eligible to participate in the SEP one year after their hire date. PRI made contributions of 17% of the employee's annual compensation in 2016 and contributions of 15% 2015. PRI's contribution to the SEP plans totaled \$81,239 and \$76,039 for years ended June 30, 2016 and 2015.

NOTE 7 – RELATED PARTY TRANSACTIONS

Nevada Public Agency Insurance Pool and Public Agency Compensation Trust are co-grantors providing funds for the operations of PRI. The chair of the PACT board serves as one of the three directors and Treasurer of PRI. The grant term covered the period July 1, 2012 through June 30, 2015 and was renewed for an additional five years effective July 1, 2015.

The grant amounts for years ended 2016 and 2015 were \$1,130,000 and \$1,093,000 respectively. Receivables on the contract at June 30 2015 were \$91,087. The grant was renewed for an additional five years effective July 1, 2015 for \$1,130,000 with an annual increase of 3%.

Public Agency Insurance Pool is the owner of the building in which PRI occupies a portion and to whom it paid rent in the amounts of \$91,092 and \$89,298 in 2016 and 2015 respectively. The Chair of the Public Agency Insurance Pool board serves as one of the three directors and Secretary of PRI.

Public Agency Risk Management Services, Inc. (PARMS) received a management fee for fiscal years ended June 30, 2016 and 2015 of \$45,000 for both years as approved in the grant to provide management oversight, grant administration and financial services to PRI. Wayne Carlson, sole owner of PARMS, serves as one of the three directors and President of PRI. PARMS also provides Executive Director services including financial services under a separate contract with both POOL and PACT. PARMS owns the equipment and software that PRI utilizes in its operations.

The contract was renewed for a five year period beginning July 1, 2015 with a base fee of \$45,000 to be increased by 3% for each year beginning July 1, 2016.

POOLING RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 8 – NET ASSET RESTRICTIONS

Net assets are temporarily restricted in accordance with Section 9 of the Grant which states that any funds not expended for the purposes set forth in this Grant shall be subject to refund to Grantor, unless otherwise directed by Grantor. The Grantor may allow retention of unexpended funds for the purpose of carryover to future grants, expansion or redirection of services or service delivery methods or for any other purpose deemed appropriate by Grantor.

NOTE 9 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure within the financial statements for the year ended June 30, 2016. Management has evaluated subsequent events through November 21, 2016 which is the date the financial statements were available to be issued.

Benefits Overview

Employee Assistance Program (EAP)

Employees and household members can confidentially address and resolve personal and workplace challenges through the Employee Assistance Program. The EAP offers short-term counseling on all aspects of life at no cost to you, including:

- Relationship difficulties
- Emotional/psychological concerns
- Work or family stress and anxiety
- Alcohol and drug abuse
- Personal and life improvement
- Legal or financial topics
- Depression
- Childcare
- Eldercare issues
- Grief issues

Legal/Financial Services

You can receive legal and financial guidance from qualified professionals, including a free initial consultation for each issue.* Typical financial matters include credit counseling, debt and budgeting assistance, tax planning, and retirement and college planning.

- Free online will
- Telephonic tax consultation
- Reduced rate for continued services *
- Detailed wills and trust preparation
- Identity theft consultation
- Mediation services
- Website forms and information
- Legal and financial library

Telephonic and Online Worklife Resources

With worklife services, employees and their households can receive assistance for a variety of concerns including childcare, eldercare, adoption, daily living issues and other issues they may encounter.

- Monthly webinars on various topics
- Childcare and eldercare searches
- Public and private school searches
- Adoption resources
- Health assessments and tools
- Health and wellness resources
- Household services
- College search and financing tools
- Veterinarian and pet care searches
- Over one million worklife providers

Confidential assistance is available 24 hours a day,
7 days a week

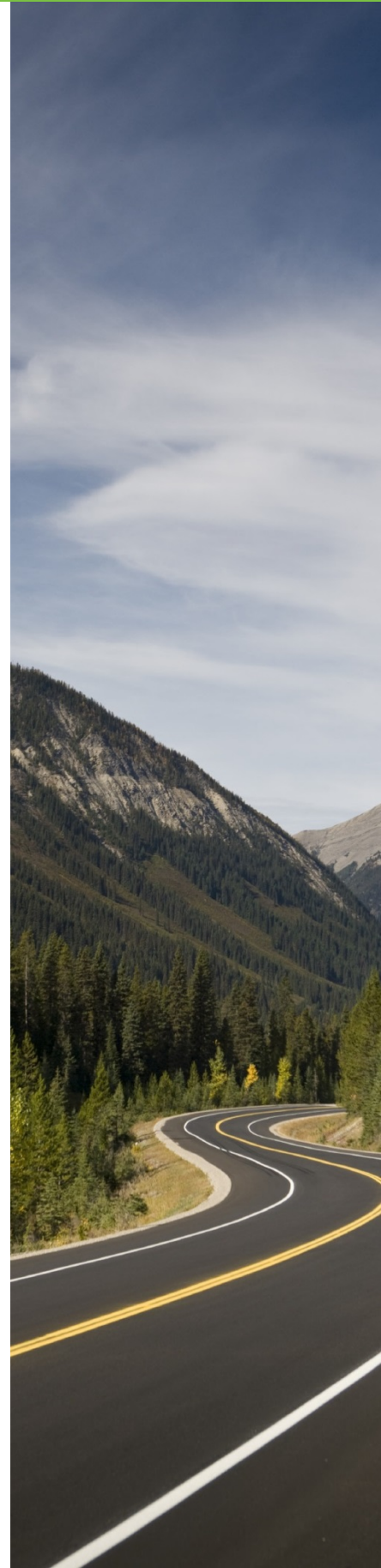
1-800-284-1819 / 3 face-to-face or televideo sessions/person/6 months
www.MyLifeValues.com / USERNAME: poolpact / PASSWORD: eap

* Legal services beyond initial consults are provided at a reduced rate.

The EAP is administered by Resources For Living.

This material is for informational purposes only. All calls are confidential, except as required by law (i.e., when a person's emotional condition is a threat to himself/herself or others, or there is suspected child, spousal or elder abuse, or abuse to people with disabilities). Services are available to you and your household members, including dependent children up to age 26, whether they live at home or not.

Information is believed to be accurate as of the production date; however, it is subject to change.





Resources for Living®

Utilization Report

Nevada Public Agency Insurance Pool and Public Age

January 1, 2016 - December 31, 2016

Utilization Dashboard

	Annual	Average	Prior Yr. Average
Total Covered Employees	12,415	12,415	12,415

Utilization	Annual	Annual Utilization	Prior Yr. Utilization
Face to Face Counseling Referrals	187	1.5%	1.5%
Worklife Referrals	1	0.0%	0.0%
Legal Referrals	28	0.2%	0.4%
Financial Referrals	3	0.0%	0.0%
Critical Incident Consultation Cases	2	0.0%	0.0%
Management Consultation Cases	17	0.1%	0.2%
General Consultations and Referrals	113	0.9%	0.8%
Overall Utilization Rate		2.8%	3.1%

Additional Summary Data	Annual	YTD	Prior Yr.
% Clinical Cases Resolved Within Program	56.1%	56.1%	68.0%
% Usage by Employees / % Usage by Dependents	83.0% / 17.0%	83.0% / 17.0%	88.3% / 11.7%
# Formal & DOT/SAP Referrals	12	12	17
# Critical Incident On-Site Services	3	3	2
# Hours	12.25	12.25	3.75
# Participants	19	19	44
# Training / Webinar Sessions	5	5	3
# Hours	5.00	5.00	3.00
# Participants	129	129	126
# Public Webinar Participants	0	0	0
# Website Sessions / Logins	1436 / 545	1436 / 545	1477 / 528

Comments:
 Current/Prior Year Utilization Rates Are Calculated Using Year-To-Date Utilization Data

Utilization Dashboard

	Q1	Q2	Q3	Q4	Average	Prior Year Average
Total Covered Employees	12,415	12,415	12,415	12,415	12,415	12,415

Utilization	Q1	Q2	Q3	Q4	YTD	Current/ Prior Year
Face to Face Counseling Referrals	59	55	46	27	187	1.5%/1.5%
Worklife Referrals	0	1	0	0	1	0.0%/0.0%
Legal Referrals	7	2	13	6	28	0.2%/0.4%
Financial Referrals	1	0	2	0	3	0.0%/0.0%
Critical Incident Consultation Cases	0	0	0	2	2	0.0%/0.0%
Management Consultation Cases	8	4	3	2	17	0.1%/0.2%
General Consultations and Referrals	25	31	39	18	113	0.9%/0.8%
Overall Utilization Rate	3.2%	3.0%	3.3%	1.8%	2.8%	2.8%/3.1%

Additional Summary Data	Q1	Q2	Q3	Q4	YTD	Prior Year
% Clinical Cases Resolved Within Program	67.9%	53.6%	58.1%	40.0%	56.1%	68.0%
% Usage by Employees / % Usage by Dependents	79.1% / 20.9%	80.3% / 19.7%	87.9% / 12.1%	80.6% / 19.4%	83.0% / 17.0%	88.3% / 11.7%
# Formal & DOT/SAP Referrals	5	4	2	1	12	17
# Critical Incident On-Site Services	0	0	0	3	3	2
# Hours	0.00	0.00	0.00	12.25	12.25	3.75
# Participants	0	0	0	19	19	44
# Training / Webinar Sessions	1	1	0	3	5	3
# Hours	1.00	1.00	0.00	3.00	5.00	3.00
# Participants	28	25	0	76	129	126
# Public Webinar Participants	0	0	0	0	0	0
# Website Sessions / Logins	388 / 107	375 / 151	364 / 140	309 / 147	1436 / 545	1477 / 528

Comments:
 Current/Prior Year Utilization Rates Are Calculated Using Year-To-Date Utilization Data

Division Reporting

Division	Total Utilization	Overall Utilization Rate
Hospitals	13	2.1%
Municipalities	205	3.8%
School Districts	126	2.2%
Other Entities	32	9.8%

Members Who Used Services

Members Who Used Services

Report Period %

YTD %

Dependent	17.0%	17.0%
Employee	83.0%	83.0%
Female	61.1%	61.1%
Male	38.9%	38.9%

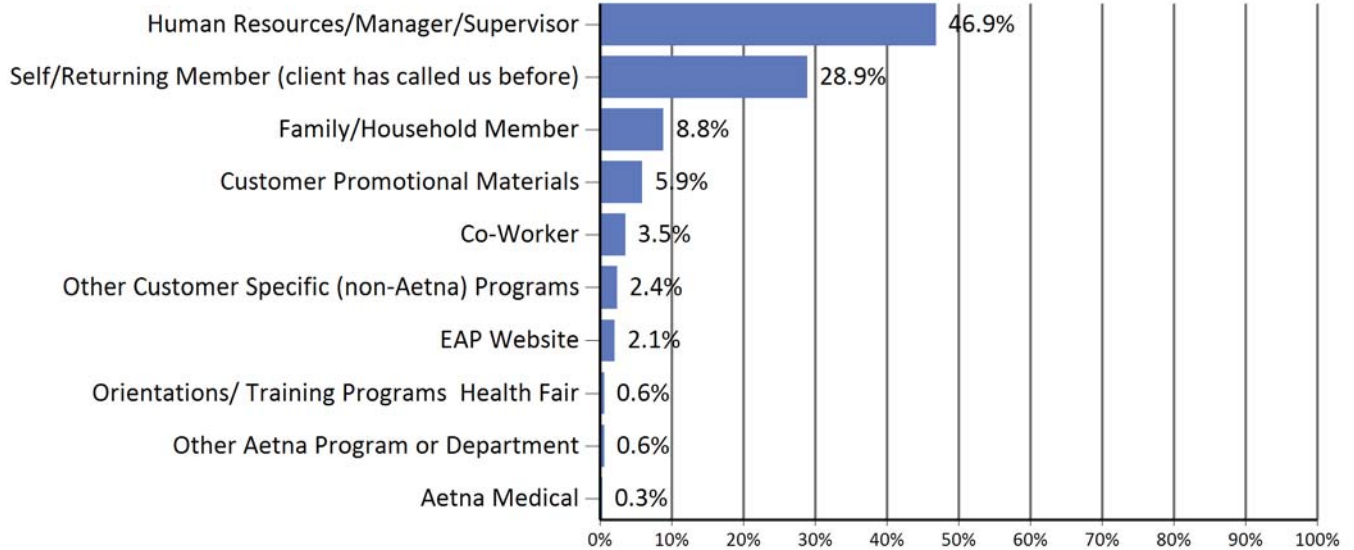
Age Bands

Report Period %

YTD %

Under 18	9.9%	9.9%
18-29	12.3%	12.3%
30-39	28.1%	28.1%
40-49	22.7%	22.7%
50-59	19.2%	19.2%
60+	7.9%	7.9%

Referral Sources %



Top State Utilization

97.0%

NV

When Members Called

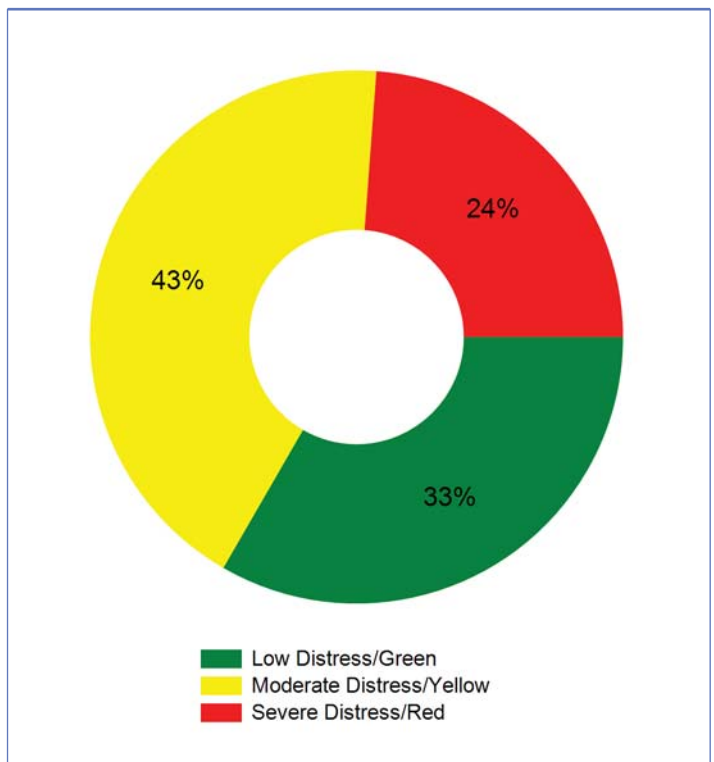
Top Presenting Issues

	Annual
1	Spouse/Significant Other (21%)
2	Legal (12%)
3	Stress/Distress (11%)
4	Grief/Loss (11%)
5	Depressed Mood (11%)
All Others	All Others (34%)

Clinical Rating

	Reporting Period	% of Total
Routine	37	88.1%
Urgent	4	9.5%
Emergent	1	2.4%
Total	42	100.0%

Proprietary SIGNAL System Member's Initial Distress



Program Integration: Member Connections

Referrals to Other Benefits

	# of Referrals	% of Total	YTD
Community Resource	7	100.0%	7
Total	7	100.0%	7

Impact Of Services

	% Resolved within program	% Referred to Behavioral Health Benefit Plan
All Clinical Closed Cases	56.1%	43.9%

Member Satisfaction (Plan Sponsor)

	#	%
Total Surveys Sent	156	N/A
Total Surveys Returned	11	7.1%
Overall Member Satisfaction	8	88.9%

Organizational Services

Organizational Services

	Annual	YTD
Training	5	5
Management Consultations	17	17
Formal Referrals	12	12
DOT/SAP Referrals	0	0
Critical Incident Consultations	2	2
Onsite CISD's	3	3
Total	39	39

Top Management Consultation Topics

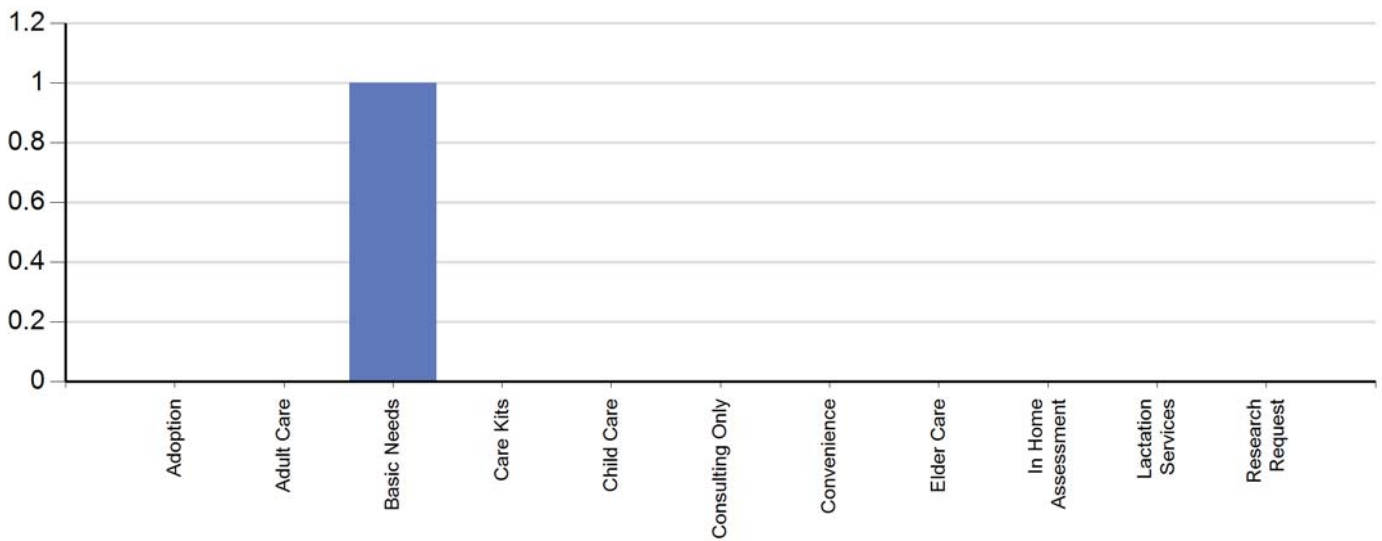
	Annual
1	Emotional / Psychological Stability
2	Anger Management
3	Family Issues
4	Other - Denver only
5	Performance Issues

Worklife Services Summary

Worklife Category	#	%	YTD	%
Intake Sessions	1	25.0%	1	25.0%
Consulting Sessions	0		0	
Follow-Up Session	0		0	
Provider Consultation	3	75.0%	3	75.0%
Worklife Materials	0		0	
TOTAL	4	100.0%	20	100.0%

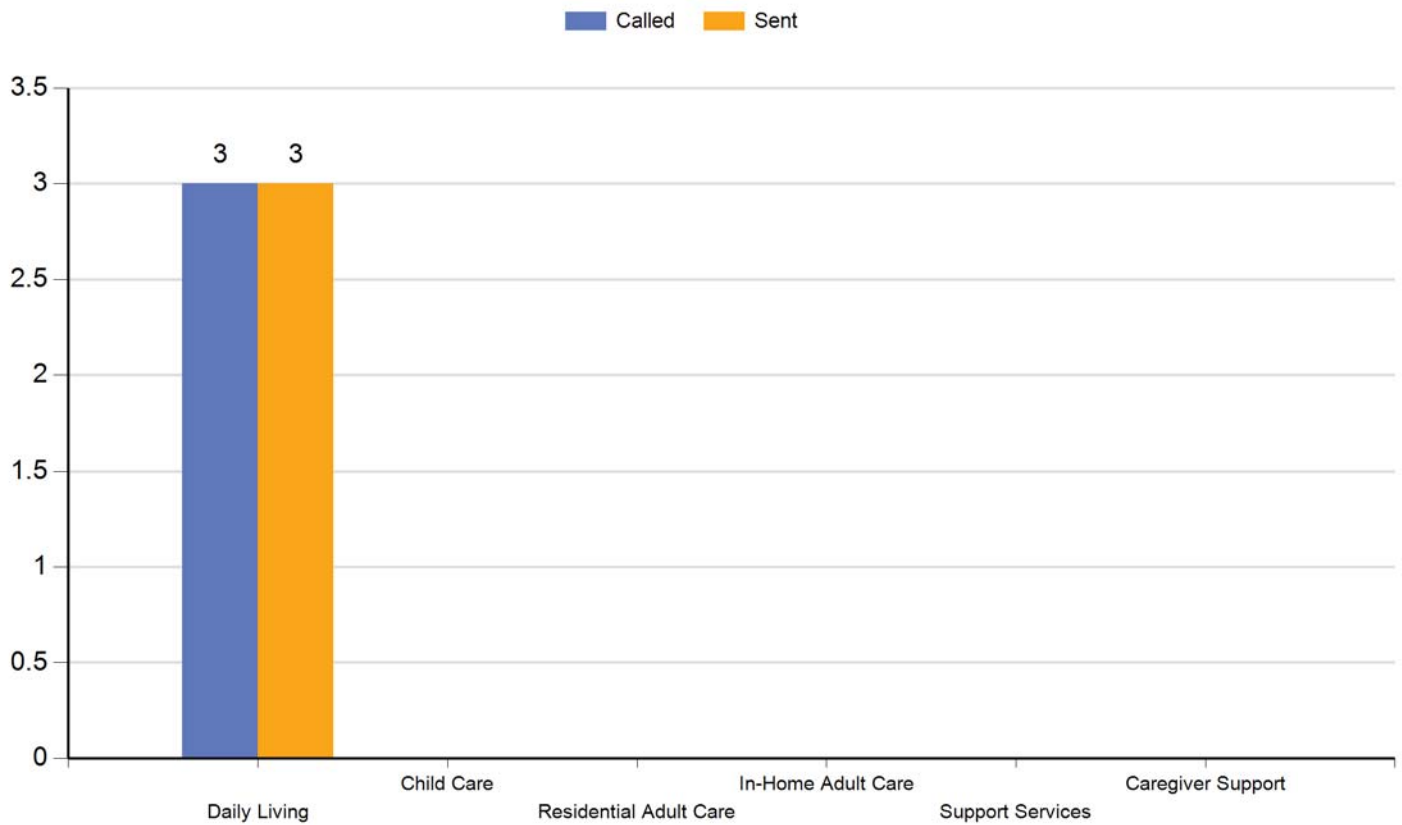
Worklife Cases

Case Type	#
Adoption	0
Adult Care	0
Basic Needs	1
Care Kits	0
Child Care	0
Consulting Only	0
Convenience	0
Elder Care	0
In Home Assessment	0
Lactation Services	0
Research Request	0
TOTAL	1



Worklife Provider Consultations

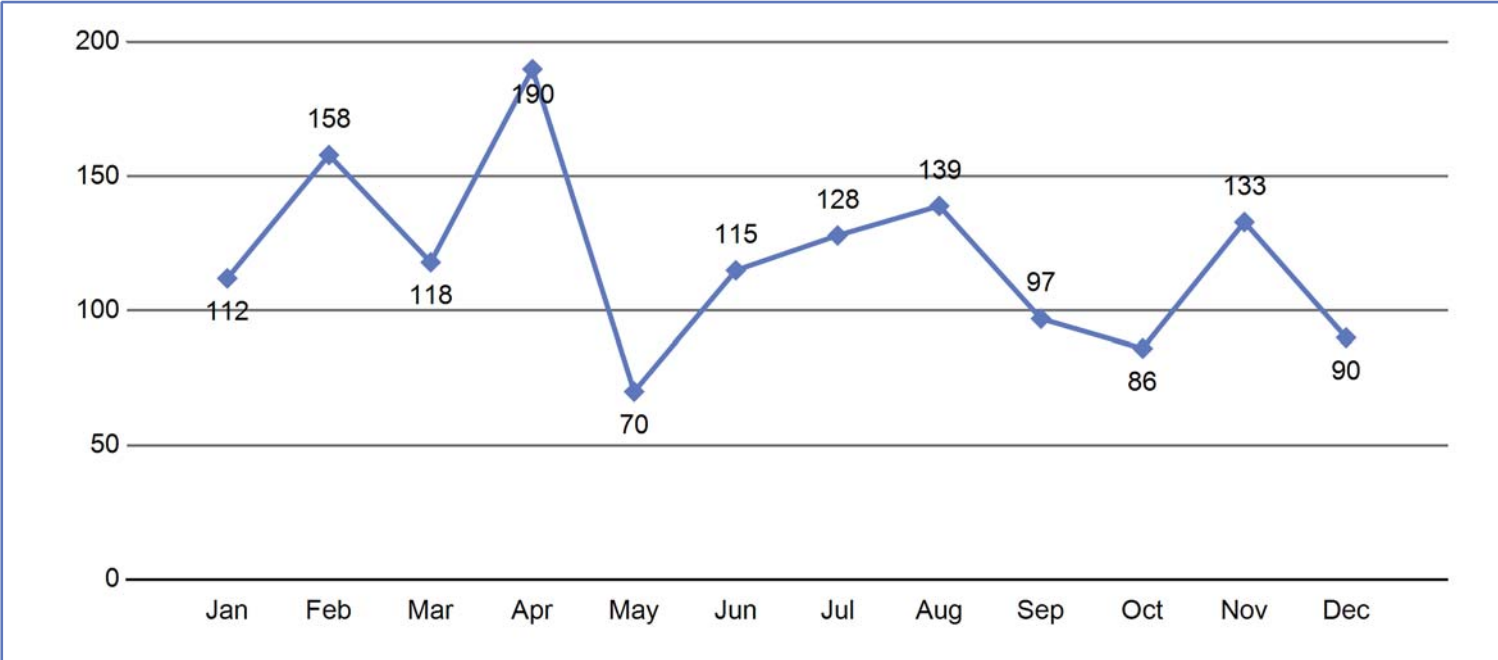
Provider	Called	Sent
Daily Living	3	3
Child Care	0	0
Residential Adult Care	0	0
In-Home Adult Care	0	0
Support Services	0	0
Caregiver Support	0	0
TOTAL	3	3



Web Content Access

Topic Analysis	#
Family	273
Health	256
Life	314
Workplace	173
Benefits	314
What's New	106
TOTAL	1436
Web Log In	545

Total Website Pages Visited



Critical Incident On-Site Services Overview

Date	Reason	Account/ Division	Location	Participants	Hours
11/22/2016	Death (grief)	Municipalities	Elko, NV	15	9.25
12/29/2016	Death (onsite)	Municipalities	Carson City, NV	0	0.00
12/30/2016	Death (onsite)	Municipalities	Tonopah, NV	4	3.00
TOTAL				19	12.25

Training Overview

Date	Name of Seminar	Account/ Division	Location	Participants	Hours
3/2/2016	Emotional Intelligence	Other Entities	Webinar,NV	28	1.00
6/8/2016	Motivating Your Staff And Improving Morale	Other Entities	Webinar,NV	25	1.00
10/5/2016	Mental Health Awareness in the Workplace	Other Entities	Webinar,NV	45	1.00
10/11/2016	Mental Health Awareness in the Workplace	Other Entities	Webinar,NV	1	1.00
12/1/2016	Creating a Positive Workplace	Other Entities	WEBINAR,NV	30	1.00
TOTAL				129	5.00

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Glossary

Total Covered Employees

This is the average count of employees for the reporting period, as reported by plan sponsor.

Utilization

Service	Definition
Telephonic Counseling Referrals	This is a count of all telephonic counseling sessions done with an EAP clinician.
Face to Face Counseling Referrals	<p>This field captures referrals for face to face counseling and does not capture actual sessions.</p> <p>Examples:</p> <ol style="list-style-type: none"> 1. A Member calls and makes an appointment with an EAP provider. EAP staff makes the authorization in the moment. 2. A Member calls to receive a list of EAP providers for Face to Face counseling so EAP staff provide the list.
Worklife Referrals	A count of all Internal Worklife cases created within the reporting period. A worklife case is any initial request for research as well as any additional requests from a member on the same topic.
Legal Referrals	A count of all of the referrals for legal consultations.
Financial Referrals	A count of all of the referrals for financial consultations.
Critical Incident Consultation Cases	A count of all completed telephonic consultations which may or may not result in an on-site critical incident case.
Management Consultation Cases	A count of all management consultations.
General Consultations and Referrals	A count of all services provided which were not previously captured as a higher level of service in the categories above.
Overall Utilization	<p>Overall Utilization = (# of services requested from rows 1 to 9 above / # of days in reporting period) * (365/Avg EE count).</p> <p>The same formula is used to calculate Annual Utilization.</p>

Glossary

Additional Summary Data

Service	Definition
% Clinical Cases Resolved Within Program	<p>The percentage of all resolved face to face and telephone counseling cases. Examples of resolved cases include:</p> <ul style="list-style-type: none"> - Resolved or Client Withdrew - did not complete course of treatment - Client withdrew - did not keep initial appointment - Not known/not reported
% Usage by Employees / % Usage by Dependents	<p>The percent of unique employees served during the reporting period. The percent of unique dependents served during the reporting period.</p>
# Unique Members Served	<p>The count of unique individuals (i.e. employees and household members) served during the reporting period.</p>
# Formal & DOT/SAP Referrals	<p>The number of Formal, Management, Mandatory, Department Of Transportation/Substance Abuse Professionals cases being managed for the reporting period.</p>
# Critical Incident On-Site Services	<p>The number of times a counselor was sent on-site for a critical incident.</p>
# Hours	<p>The total number of hours a counselor spent on-site for a critical incident.</p>
# Participants	<p>The total number of employees who attended during the on-site critical incident response.</p>
# Trainings/Webinar Sessions	<p>The total number of training and webinars held during the reporting period. <i>*sessions are not reported until the post training surveys are received</i></p>
# Hours	<p>The total number of hours used for training and webinar sessions for the reporting period.</p>
# Participants	<p>The total number of employees that attended the training and webinar events for the reporting period.</p>
# Health Fairs/Other Meetings	<p>The number of on-site health fairs and meetings attended by the program representative during the reporting period.</p>
# Website Sessions/Logins	<p>The total number of pages visited and the number of times members log in to the program website.</p>

NPAIP THEN & NOW

A HIERARCHY OF NEEDS



PURPOSE OF ACCUMULATION

Solvency, Risk Financing and Services



RISK RETENTION

Strategies for Risk Management



RETENTION STRATEGIES

1987 \$50,000



2017 \$500,000



Net Position 1987:
\$450,000



Net Position 2016:
\$34,862,687

KEY FINANCIAL RATIOS

1987

**Net Position to
Retention**

9:1

2016

**Net Position to
Retention**

70:1



SERVING MEMBERS NEEDS

SECURITY



RISK MANAGEMENT



RISK MANAGEMENT

Safety, Human Resources, Loss Prevention



CAPTIVE: PUBLIC RISK MUTUAL

Growing the risk financing family: 2004



MEMBERSHIP AND RISK SHARING

POOL
Membership is
a Privilege and
Requires
Mutual
Commitment



30 YEARS OF SUCCESS



McNamara's Hierarchy of Pool Reserve Needs

Self-actualization

Pool can increase SIRs as needed;
Pool can integrate the cost of new programs & services;
Pool can absorb risk associated with new or expanded coverage;
Pool can withstand multiple stressors;
Pool can distribute surplus above target reserve levels;
Pool influences the market.

Esteem

Pool is members' preferred coverage provider; Pool can withstand multiple bad years; Pool can hold rates stable over time; Pool can support non-traditional member risk; Pool can attract preferred reinsurers; Pool can take on additional large members.

Love/Belonging

Pool can support a range of member exposures;
Pool can provide risk management services;
Pool reserves can support claims at a high confidence level
Pool can compete effectively on price.

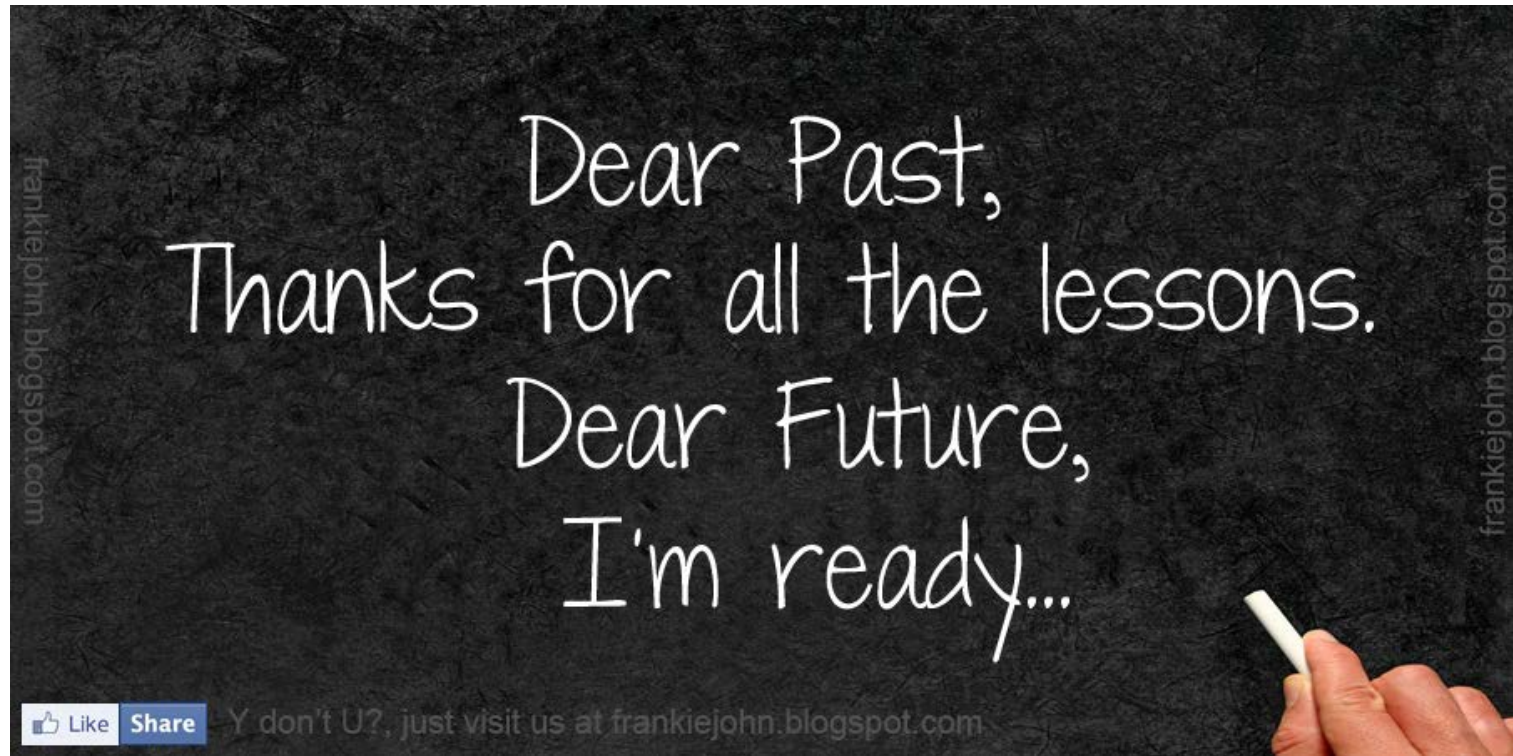
Safety

Pool has sufficient reserves to avoid a member assessment;
Pool can obtain adequate reinsurance.

Physiological

Pool meets minimum statutory/regulatory requirements for existence.

FUTURE





PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
Carson City NV 89701
Phone: (775) 885-7475
Fax (775) 883-7398

Notice of Annual Members Meeting and Agenda for Public Compensation Mutual

Place: Atlantis Casino Resort Hotel

3800 S. Virginia St.

Reno, Nevada 89502

Time: 8:00 a.m.

Date: April 27, 2017

AGENDA

- 1. Roll**
- 2. Action Item: Approval of**
 - a. Minutes of Member Meeting March 22, 2017**
 - b. Ratification of Board Action Taken Since the 2016 Annual Meeting**
- 3. Report - Minutes of Meetings**
 - Meeting of the Board of Directors of November 21, 2016**
 - Meeting of the Board of Directors of January 3, 2017**
 - Meeting of the Board of Directors of March 22, 2017**
- 4. Investments Report**
- 5. Report - Audited Financial Reports for 2016 (Calendar Year)**
- 6. Discussion of Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2017-2018**
- 7. Action Item: Elections/Ratification of Board Members and Officers**
- 8. Action Item: Adjournment**



PUBLIC COMPENSATION MUTUAL

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**Minutes of Annual Members Meeting of
Public Compensation Mutual
Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502
Time: 10:00 a.m. or After
Public Agency Compensation Trust Board Meeting
Date: April 29, 2016**

1. Roll

A quorum being present, Chair Johnson called the meeting to order.

2. Action Item: Approval of

- a. Minutes of Annual Member Meeting May 1, 2015**
- b. Ratification of Board Action Taken Since the 2015 Annual Meeting**

On motion and second to approve the minutes and ratify board actions taken since 2015, the motion carried.

3. Report - Minutes of Meetings

- **Meeting of the Board of Directors of April 29, 2015**
- **Meeting of the Board of Directors of October 23, 2015**
- **Meeting of the Board of Directors of March 21, 2016**

No action required on this item. Doug Smith commented that the PCM board held a second meeting yesterday (4/28/16) to address a needed clarification regarding the PCM renewal proposal to PACT. He indicated that the analysis of an additional retention was illustrative of the risk, not a proposal for adoption, but the motion appeared to adopt it. He noted that if this action stood, then there would be an additional cost to PACT of \$155,000. The PCM board reversed that decision to offer only the existing retentions and the reduction in the aggregate excess premium by \$25,000.



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4. Investments Report

Chair Johnson noted that these reports were covered previously during the Joint POOL/PACT meeting.

5. Report - Audited Financial Reports for 2015 (Calendar Year)

No further discussion was deemed needed.

6. Discussion of Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2016-2017

Doug Smith's previous comments were noted, but no further discussion.

7. Action Item: Elections/Ratification of Board Members and Officers

On motion and second to reelected Alan Kalt as Vice Chair and Secretary and Gerry Eick as board member replacing Mike Rebaleati, the motion carried.

On motion and second to ratify the corporate officers as follows: Mike Rebaleati as President, Wayne Carlson as Vice President and Doug Smith as Chief Risk Officer, the motion carried.

8. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at 2:30 p.m.



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**Minutes of the Board of Directors of
Public Compensation Mutual (PCM)
Date: Monday November 21, 2016
Time: 8 a.m. or when PRM concludes
Place: Pool Pact Building
Carson City, Nevada**

1. Roll

A quorum being present, Chairman Johnson called the meeting to order.

2. Action Item: Approval of Minutes of April 28, 2016

On motion and second to approve the minutes, the motion carried.

3. Staff Reports and Old Business (Action as Necessary):

No additional staff reports provided.

4. Action Item: NEAM Enterprise Risk Management (ERM) presentation and discussion.

A detailed online presentation was presented to the board concerning the proposed Enterprise Based Asset Allocation (EBAA) process as prepared by New England Asset Management (NEAM). EBAA is part of ERM. A detailed explanation was presented by Kelly Sullivan and Mark Yu of NEAM. The EBAA presentation is available as part of these minutes. Discussion was held concerning how the metrics in the EBAA presentation will affect the PCM Investment Guidelines. No action was taken on this item.



PUBLIC COMPENSATION MUTUAL

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Phone: (775) 885-7475
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5. **Action Item: The revision of the Investment Guidelines set in 2012 to utilize ERM criteria. Possible revisions may include:**
 - a. **Combining money management policy with Investment Guidelines.**
 - b. **The addition of an Appendix that includes investment terminology definitions**
 - c. **Setting targets**
 - **Friday, April 29, 2016 following the annual meeting of Public Agency Compensation Trust**

PCM's Investment Advisor, Dan Smereck, explained the details of a Strategic Asset Fixed Income Presentation that was presented at their 2016 Pooling Conference. His presentations helped explain how SAA is helping the returns they are managing for PCM. Discussion was held on managing expectations and sustainability of maintaining reinsurance risks. One major addition to the Investment Guidelines set in 2012 will be financial term definitions added in an Appendix. On motion and second to direct management to proceed with the next iteration of the Investment Guidelines policy to be effective January 1, 2017 subject to final approval of the board at the next meeting, motion carried.

6. **Future 2017 Board Meetings**

A future board meeting will be held at the end of December or the beginning of January 2017 to allow the updates to the Investment Guidelines to take place as of January 1, 2017.

7. **Action Item: Other Business and Announcements**

There was no other business to discuss but it was announced that the PCM audit will commence in January.

8. **Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned.



PUBLIC COMPENSATION MUTUAL

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**Minutes of the Board of Directors of
Public Compensation Mutual (PCM)
Date: Tuesday, January 3, 2017
Time: 8 a.m. or when PRM concludes
Place: Conference Call
Carson City, Nevada**

1. Roll

A quorum being present, Chairman Johnson called the meeting to order.

2. Action Item: Approval of updated PCM Investment Guidelines. These guidelines are to be effective as of January 1, 2017

A discussion was held concerning the items that needed to be finalized on the PCM Investment Guidelines, which will be effective January 1, 2017. Additional discussion was held that frequent reports will be available to board members and how benchmarks under Addendum 2 will be tracked. On motion and second to approve the updated PRM Investment Guidelines to be effective on January 1, 2017 and correct the language of Section 5 (C) (2) to read "Consider the status of investment policy and strategy", the motion carried.

3. Action Item: Other New Business and Announcements

No other business and announcements were conducted.

4. Action Item: Adjournment.

On motion and second to adjourn, the meeting adjourned.



PUBLIC COMPENSATION MUTUAL

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Fax (775) 883-7398

Minutes of the Board of Directors of Public Risk Mutual (PCM)

Date: March 22, 2017

POOL/PACT building

201 S. Roop St., Ste 102

Carson City, NV 89701

1. Roll

A quorum being present, Chairman Johnson called the meeting to order.

2. Staff Reports and Old Business (Action as Necessary):

No staff report or old business was necessary.

3. Action Item: Approval of Minutes of November 21, 2016 and January 3, 2017.

On motion and second to approve the minutes, the motion carried.

4. Action Item: Approval of December 31, 2016 audit - Casey, Neilon & Assoc.

Board member Gerry Eick proposed future changes to be made in the audit to include a table for the information listed in paragraph 2 on page 6 and under "Note 6". He suggested that additional information could be added to several "Notes" sections. In "Note 1", the detailed Concentration of Credit Risk section should be moved from "Note 1". He suggested that more consistency could be increased to emphasis "holding for maturity" instead of listing that our portfolio as "available for sale". Additional historical information on contributions of Surplus could be added to the "Notes" section to help individuals new to the organization can understand how growth of PCM occurred. Under "Note 8", the addition of additional capital should be added as



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“Subsequent Events”. Board discussion was held concerning the details of these suggestions.

On motion and second to approve the December 31, 2016 audit and to include Mr. Eick’s suggestions in the 2017 audit, the motion carried.

5. Discussion on Reinsurance Program for PACT.

Chairman Johnson opened discussion on this item after the NEAM investment presentation. Michael Rebaleati discussed with the board that there will an analysis to consider increasing PCM’s coverage exposure for fiscal year 2018 since more capital capacity will be available. This decision will be made at the annual meeting held on April 27, 2017.

There was considerable discussion concerning the size of PACT’s capacity and what amount could be transferred to PCM from the PACT funds. The intent behind this move will enable the PCM captive to provide more future reinsurance coverage options and increase investment returns. On motion and second to accept a transfer of \$25,000,000 from PACT to PCM, motion carried.

6. Future 2017 Board Meetings

The Thursday, April 27, 2017 PCM meeting will be held at the beginning of the annual meeting of the PACT.

7. Action Item: Other New Business and Announcements

There was no new business or announcements.

8. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.

PUBLIC COMPENSATION MUTUAL

DECEMBER 31, 2016 AND 2015

**PUBLIC COMPENSATION MUTUAL
DECEMBER 31, 2016 AND 2015**

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Casey Neilon, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Compensation Mutual

Report on the Financial Statements

We have audited the accompanying financial statements of Public Compensation Mutual (a Nevada non-profit pure captive insurer) which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of income and comprehensive income, changes in surplus and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Compensation Mutual as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with the Nevada Administrative Code, we have also issued our report dated March 1, 2017, on our consideration of the Company's internal control over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.



Carson City, Nevada
March 1, 2017

**PUBLIC COMPENSATION MUTUAL
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015**

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 607,553	\$ 1,476,754
Investments	42,560,824	38,226,745
Investment income receivable	128,194	227
Total Assets	\$ 43,296,571	\$ 39,703,726
LIABILITIES AND SURPLUS		
Accounts payable	\$ 20,874	\$ 7,434
Reserve for loss and loss adjustment expenses	2,959,000	2,449,000
Unearned assessments	623,033	603,500
Total Liabilities	3,602,907	3,059,934
Surplus	40,103,089	37,539,554
Accumulated other comprehensive income (loss)	(409,425)	(895,762)
Total Surplus	39,693,664	36,643,792
Total Liabilities and Surplus	\$ 43,296,571	\$ 39,703,726

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
INCOME		
Premiums	\$ 1,226,532	\$ 1,207,000
Investment income	<u>821,284</u>	<u>3,436,313</u>
Total Income	<u>2,047,816</u>	<u>4,643,313</u>
EXPENSES		
Administrative fees	67,541	67,020
Loss and loss adjustment expenses	<u>510,000</u>	<u>515,000</u>
Total Expenses	<u>577,541</u>	<u>582,020</u>
Net Income Before Income Taxes	1,470,275	4,061,293
Provision for Income Taxes	<u>-</u>	<u>-</u>
Net Income	<u>\$ 1,470,275</u>	<u>\$ 4,061,293</u>
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ 445,906	\$ (5,960,637)
Less: Reclassification adjustment for gains (losses) recognized in net income	<u>40,431</u>	<u>2,616,552</u>
Other Comprehensive Income(Loss)	<u>486,337</u>	<u>(3,344,085)</u>
Comprehensive Income	<u>\$ 1,956,612</u>	<u>\$ 717,208</u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2014	\$ 33,030,019	\$ 2,448,323	\$ 35,478,342
Net income	4,061,293	-	4,061,293
Surplus contributions	448,242		448,242
Unrealized holding losses arising during the period		(5,960,637)	(5,960,637)
Less: Reclassification adjustment for gains realized in net income	-	2,616,552	2,616,552
Balance, December 31, 2015	<u>\$ 37,539,554</u>	<u>\$ (895,762)</u>	<u>\$ 36,643,792</u>
Net income	1,470,275	-	1,470,275
Surplus contributions	1,093,260	-	1,093,260
Unrealized holding gains arising during the period	-	445,906	445,906
Less: Reclassification adjustment for gains realized in net income	-	40,431	40,431
Balance, December 31, 2016	<u><u>\$ 40,103,089</u></u>	<u><u>\$ (409,425)</u></u>	<u><u>\$ 39,693,664</u></u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING		
ACTIVITIES:		
Net income (loss)	\$ 1,470,275	\$ 4,061,293
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gains) losses on sale of securities	(40,431)	(2,616,552)
Amortization of premium or discount	57,044	-
Changes in assets and liabilities:		
Increase (decrease) in:		
Investment income receivable	(127,967)	(199)
(Increase) decrease in:		
Reserve for loss and loss adjustment expenses	510,000	515,000
Accounts payable	13,440	2,434
Unearned assessments	19,533	-
Net Cash Provided (Used) by Operating Activities	1,901,894	1,961,976
CASH FLOWS FROM INVESTING		
ACTIVITIES:		
Purchase of securities	(29,168,826)	(38,539,525)
Sale of securities	25,304,471	34,851,792
Net Cash Provided (Used) by Investing Activities	(3,864,355)	(3,687,733)
CASH FLOWS FROM FINANCING		
ACTIVITIES:		
Surplus contributions	1,093,260	448,242
Net Cash Provided (Used) by Financing Activities	1,093,260	448,242
Increase (Decrease) in Cash and Cash Equivalents	(869,201)	(1,277,515)
CASH AND CASH EQUIVALENTS, Beginning of Period	1,476,754	2,754,269
CASH AND CASH EQUIVALENTS, End of Period	\$ 607,553	\$ 1,476,754

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

Public Compensation Mutual (“the Company”), a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Public Agency Compensation Trust (PACT). Effective July 18, 2013, the Company became a pure captive authorized by State of Nevada Division of Insurance, prior to this date, the Company was an association captive. PACT is a quasi-governmental entity formed by local governments for the purpose of organizing an association for self-insured workers compensation. The Company’s formation was approved on June 26, 2007 by the State of Nevada Division of Insurance and began operations July 1, 2007.

The Company provides coverage for members of PACT for worker’s compensation losses under a quota-share reinsurance arrangement. From inception through June 30, 2012, the Company provided excess insurance in the layer \$2,000,000 excess of \$500,000, subject to a one time corridor deductible of \$500,000 and a quota share of 25%. Effective July 1, 2012, the Company provided excess insurance in the layer \$250,000 excess of \$500,000 and \$2,225,000 excess of \$750,000 subject to a 25% quota share. Both layers were subject to a one time corridor deductible of \$500,000. Effective July 1, 2014, PCM provides excess insurance in the layer \$500,000 excess of \$500,000 and a 25% quota share of the layer \$2,000,000 excess of \$1,000,000 with no corridor deductible. The Company also provides \$1,500,000 aggregate excess (50% quota share of the \$3,000,000 layer) above an attachment point of approximately \$10,000,000.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the State of Nevada, Division of Insurance. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company do not vary materially from generally accepted accounting principles.

Cash Equivalents:

For the purpose of presentation in the Company’s financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Method of Accounting:

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Available for Sale:

Investments not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. The fair value of substantially all securities is determined by quoted market prices.

Valuation of Investments:

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

Reserve for Loss and Loss Adjustment Expenses:

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

Premiums:

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reinsurance:

In the normal course of business, the Company may seek to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by purchasing reinsurance at certain levels of risk in various areas of exposure with other insurance enterprises.

Income Tax Status:

Under Internal Revenue Code Section 115, and pursuant to regulations and rulings issued by the Internal Revenue Service, organizations formed, operated and funded by political subdivisions formed to pool casualty and other risks arising from their obligations concerning public liability, may exclude income derived from such activities from taxable income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements, and no federal tax returns have been filed. As no tax returns have been filed, there is no statute of limitations to toll, and all years remain open to potential adjustment.

Investments and Investment Income:

Captive insurance companies are governed by 694C.340 regarding allowable investments, however, as a pure captive, the Company is not subject to any restrictions on allowable investments. The Board has, by policy, implemented investment guidelines to which the Company adheres such that investments are in accordance with NRS 682A.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest in the security. The investment guidelines, do not limit investments based upon the rating of a security, but it is policy to limit those securities with potential default risk such that the Company's annual investment income would exceed a loss on a single issuer's securities.

Concentration of Credit Risk:

The Company limits investments in any single mutual fund, exchange traded fund or similar vehicle to no more than 10% of assets; and no more than 35% of the Company's assets may be in common stock. However, as of December 31, 2016, the Company had two mutual investments that were in excess of these thresholds at 10.19% and 10.96% respectively.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company minimizes this risk by maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

Prior Year Reclassifications:

The prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value in conformity with FASB ASC 820-10:

Cash and Cash Equivalents: For these short term instruments, the carrying amount is a reasonable estimate of fair value. This fair value estimate represents a level 1 input as described in Note 1.

Investments in Marketable Securities: For investments in marketable securities, fair values are based on quoted market prices or dealer quotes if available. If a quoted market price is not available, fair value is estimated using quoted market price for similar securities. This fair value estimate represents a level 2 input as described in Note 1.

NOTE 3 - CONCENTRATIONS

As detailed in Note 1, the Company provides reinsurance insurance coverage to PACT; additionally, PACT provided the surplus contribution to the Company, and is the sole insured.

The Company maintains its cash balances in various institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts.

Additionally, as of December 31, 2016 and 2015, the company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 - INVESTMENTS

Available-for-sale securities at December 31, 2016 and 2015 consist of various investments as indicated below:

	December 31, 2016			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 7,596,623	\$ 7,377,748	\$ 10,375	\$ (229,250)
U.S states and local authorities	5,339,508	5,122,610	-	(216,898)
International bonds	199,852	197,464	-	(2,388)
U.S. corporate bonds	15,344,924	14,898,548	2,458	(448,834)
Total debt securities	28,480,907	27,596,370	12,833	(897,370)
Fixed income mutual funds	724,496	705,462	-	(19,034)
Bond mutual funds	1,540,949	1,503,215	-	(37,734)
Equity mutual funds	12,223,899	12,755,777	531,878	-
Total equity securities	14,489,344	14,964,454	531,878	(56,768)
Total available-for-sale securities	\$ 42,970,251	\$ 42,560,824	\$ 544,711	\$ (954,138)

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 4 – INVESTMENTS (continued)

	December 31, 2015			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
Fixed income mutual funds	\$ 2,167,049	\$ 2,011,891	\$ -	\$ (155,158)
Bond mutual funds	25,031,424	24,839,765	-	(191,659)
Equity mutual funds	11,924,034	11,375,089	993	(549,938)
Total equity securities	<u>39,122,507</u>	<u>38,226,745</u>	993	<u>(896,755)</u>
Total available-for-sale securities	<u>\$ 39,122,507</u>	<u>\$ 38,226,745</u>	<u>\$ 993</u>	<u>\$ (896,755)</u>

For purposes of determining gross realized gains, the cost of securities sold is based on specific identification.

	2016	2015
Sales proceeds	<u>\$ 25,304,471</u>	<u>\$ 34,851,792</u>
Gross realized gains	<u>\$ 50,363</u>	<u>\$ 2,917,556</u>
Gross realized losses	<u>\$ (9,932)</u>	<u>\$ (301,004)</u>

Information pertaining to securities with gross unrealized losses at December 31, 2016, aggregated by length of time individual securities have been in a continuous loss position, is as follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government obligations	\$ 5,987,866	\$ 229,250	\$ -	\$ -	\$ 5,987,866	\$ 229,250
U.S. states and local authorities	5,122,610	216,898	-	-	5,122,610	216,898
International bonds	197,464	2,388			197,464	2,388
U.S. corporate bonds	13,443,446	448,835	-	-	13,443,446	448,835
Fixed income mutual funds	-	-	705,462	19,034	705,462	19,033
Bond mutual funds	-	-	1,503,215	37,734	1,503,215	37,734
Total available-for-sale securities	<u>\$ 24,751,386</u>	<u>\$ 897,371</u>	<u>\$ 2,208,677</u>	<u>\$ 56,768</u>	<u>\$ 26,960,063</u>	<u>\$ 954,138</u>

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 4 – INVESTMENTS (continued)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Group to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

All investments have been valued based on quoted prices in active markets for identical assets and liabilities.

Contractual maturities of available-for-sale debt securities at December 31, 2016 and 2015 are as follows:

	Estimated Fair Values	
	2016	2015
1 year or less	\$ -	\$ -
Due in 1 - 5 years	7,778,003	-
Due in 5 - 10 years	9,026,409	-
Due in 10 years or more	10,791,958	-
Total investment in debt securities	<u>\$ 27,596,370</u>	<u>\$ -</u>

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

NOTE 5 – RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES

For the year ended December 31, 2016, estimated unpaid losses have been determined to range from a recommended low of \$2,959,000 to a recommended high of \$3,942,000 based on actuarial estimates; further the actuary has projected expected losses at \$2,290,000. For the year ended December 31, 2015, estimated paid losses have been determined to range from a recommended low of \$2,449,000 to a recommended high of \$2,946,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,824,000. Management has estimated reserves to be \$2,959,000 and \$2,449,000 at December 31, 2016 and 2015. This estimate is based on funding the Company at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 – RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued)

Activity in the reserve for loss and loss adjustment expenses account is summarized as follows:

	<u>2016</u>	<u>2015</u>
Balance at January 1	\$ 2,449,000	\$ 1,934,000
Incurred related to:		
Current year	692,000	672,000
Prior years	<u>(182,000)</u>	<u>(157,000)</u>
Total incurred	<u>510,000</u>	<u>515,000</u>
Net paid	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 2,959,000</u>	<u>\$ 2,449,000</u>

As a result of changes in estimates of incurred events in the prior year, the provision for losses changed by (\$182,000) and (\$157,000), respectively, due to (lower)/higher than anticipated losses on the development of claims.

NOTE 6 – SURPLUS CONTRIBUTION

An additional \$1,093,260 and \$448, 242 in surplus was contributed to the Company from PACT during the years ended December 31, 2016 and 2015 respectively, pursuant to authorization by the Executive Committee of PACT.

NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2016 and 2015.

NOTE 7 – RELATED PARTIES

All premiums and surplus contributions are made by PACT and all claims activity is attributable to the quota share reinsurance agreement with PACT.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to December 31, 2016 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2016. Management has evaluated subsequent events through March 1, 2017, which is the date the financial statements were available to be issued.

Casey Neilson, LLC
Accountants and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors
Public Compensation Mutual

In planning and performing our audit of the GAAP basis financial statements of Public Compensation Mutual (PCM) as of and for the year ended December 31, 2016 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PCM's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction PCM is subject and is not intended to be and should not be used by anyone other than these specified parties.

Casey Neilson

Carson City, Nevada
March 1, 2017

PCM Board Members and Corporate Officers

Name	Entity	Officers	Terms	Proposed	Annual Meeting Action
Paul Johnson	White Pine CSD	Chair	2015-2018		
Alan Kalt	Churchill Co.	Vice Chair/Corp Sec.	2016-2019		
Josh Foli	Lyon Co.	Fiscal Officer/Corp Treas.	2014-2017	2017-2020	Reelect
Cash Minor	Elko Co.		2014-2017	2017-2020	Reelect
Gerry Eick	Incline Village GID		2016-2019		

Other Officers

Mike Rebaleati	President	Ratification
Wayne Carlson	Vice President	Ratification

Note: Other Officers are not elected positions but serve at the pleasure of the Boards



**Notice of Annual Members Meeting and Agenda for
Public Risk Mutual
Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502
Time: 8:00 a.m.
Date: April 27, 2017**

AGENDA

1. Roll
2. **Action Item:** Approval of
 - a. Minutes of PRM Meeting March 22, 2017
 - b. Ratification of Board Action Taken Since the 2016 Annual Meeting
3. Report - Minutes of Meetings
 - Meeting of the Board of Directors of November 21, 2016
 - Meeting of the Board of Directors of January 3, 2017
 - Meeting of the Board of Directors of March 22, 2017
4. Investments Report
5. Report - Audited Financial Reports for 2016 (Calendar Year)
6. Discussion of Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2017-2018
7. Discussion and update on Data Security Project and contract with Information International Associates, Inc.
8. **Action Item:** Elections/Ratification of Board Members and Officers
9. **Action Item:** Adjournment



**Minutes of Annual Members Meeting of
Public Risk Mutual
Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502
Time: Immediately Following
Nevada Public Agency Insurance Pool Board Meeting
Date: April 29, 2016**

1. Roll

A quorum being present, Chair Minor called the meeting to order.

2. Action Item: Approval of

- a. Minutes of Annual Member Meeting May 1, 2015**
- b. Ratification of Board Action Taken Since the 2015 Annual Meeting**

On motion and second to approve the minutes and to ratify the board action taken since the 2015 annual meeting, the motion carried.

3. Report - Minutes of Meetings

- **Meeting of the Board of Directors of April 29, 2015**
- **Meeting of the Board of Directors of October 23, 2015**
- **Meeting of the Board of Directors of March 21, 2016**

No action needed.

4. Investments Report

It was noted that this item was reviewed previously during the Join POOL/PACT Annual Meeting so no further review needed.

5. Report - Audited Financial Reports for 2015 (Calendar Year)

No action deemed needed.

6. Discussion of Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2016-2017

This previously was presented during the POOL Board meeting. Doug Smith commented that with PRM's offer of taking 10% greater quota share of CRL and 10% greater quota share of Brit, increase the combined retention of POOL and PRM to \$3,000,000, a significant, but important landmark in the development of our programs.

7. Action Item: Elections/Ratification of Board Members and Officers

On motion and second to elect Bev Conley to the board to replace Mike Rebaleati and to reelect Alan Kalt, the motion carried.

On motion and second to ratify the officers as follows: Mike Rebaleati as President, Wayne Carlson as Vice President and Doug Smith as Chief Risk Officer, the motion carried.

8. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at 3:44 p.m.



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

**Minutes of the Meeting of the Board of Directors of
Public Risk Mutual (PRM)**

Date: Monday November 21, 2016

Time: 8 a.m.

**Place: Pool Pact Building
Carson City, Nevada**

1. Roll

A quorum being present, Chairman Minor called the meeting to order.

2. Action Item: Approval of Minutes of April 28, 2016

On motion and second to approve the minutes, the motion carried.

3. Staff Reports and Old Business (Action as Necessary):

No additional staff reports provided.

4. Action Item: NEAM Enterprise Risk Management (ERM) presentation and discussion.

A detailed online presentation was presented to the board concerning the proposed Enterprise Based Asset Allocation (EBAA) process as prepared by New England Asset Management (NEAM). EBAA is part of ERM. A detailed explanation was presented by Kelly Sullivan and Mark Yu of NEAM. The EBAA presentation is available as part of these minutes. Discussion was held concerning how the metrics in the EBAA presentation will affect the PRM Investment Guidelines. No action was taken on this item.

5. Action Item: The revision of the Investment Guidelines set in 2012 to utilize ERM criteria. Possible revisions may include:

- a. Combining money management policy with Investment Guidelines.
- b. The addition of an Appendix that includes investment terminology definitions
- c. Setting targets
 - Friday, April 29, 2016 following the annual meeting of Public Agency Compensation Trust



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

PRM's Investment Advisor, Dan Smereck, explained the details of a Strategic Asset Fixed Income Presentation that was presented at their 2016 Pooling Conference. His presentations helped explain how SAA is helping the returns they are managing for PRM. Discussion was held on managing expectations and sustainability of maintaining reinsurance risks. One major addition to the Investment Guidelines set in 2012 will be financial term definitions added in an Appendix.

On motion and second to direct management to proceed with the next iteration of the Investment Guidelines policy to be effective January 1, 2017 subject to final approval of the board at the next meeting, motion carried.

6. Future 2017 Board Meetings

A future board meeting will be held at the end of December or the beginning of January 2017 to allow the updates to the Investment Guidelines to take place as of January 1, 2017.

7. Action Item: Other Business and Announcements

There was no other business to discuss but it was announced that the PRM audit will commence in January.

8. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.



201 S. Roop St., Suite 102
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775-885-7475

**Minutes of the Board of Directors of
Public Compensation Mutual (PRM)**

Date: Tuesday, January 3, 2017

Time: 8 a.m.

**Place: Conference Call
Carson City, Nevada**

1. Roll

A quorum being present, Chairman Minor called the meeting to order.

2. Action Item: Approval of updated PRM Investment Guidelines. These guidelines are to be effective as of January 1, 2017

A discussion was held concerning the items that needed to be finalized on the PRM Investment Guidelines, which will be effective January 1, 2017. Additional discussion was held that frequent reports will be available to board members and how benchmarks under Addendum 2 will be tracked.

On motion and second to approve the updated PRM Investment Guidelines to be effective on January 1, 2017 and correct the language of Section 5 (C) (2) to read "Consider the status of investment policy and strategy", the motion carried.

3. Action Item: Other New Business and Announcements

No other business and announcements were conducted.

4. Action Item: Adjournment.

On motion and second to adjourn, the meeting adjourned.

Public Risk Mutual



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

Minutes of the Board of Directors of Public Risk Mutual (PRM)

Date: March 22, 2017
POOL/PACT building
201 S. Roop St., Ste 102
Carson City, NV 89701

1. Roll

A quorum being present, Chairman Minor called the meeting to order.

2. Staff Reports and Old Business (Action as Necessary):

No staff report or old business was necessary.

3. Action Item: Approval of Minutes of November 21, 2016 and January 3, 2017.

On motion and second to approve the minutes, the motion carried.

4. Action Item: Approval of December 31, 2016 audit - Casey, Neilon & Assoc.

Board member Gerry Eick proposed future changes to be made in the audit to include a table for the information listed in paragraph 2 on page 6 and under "Note 6". He suggested that additional information could be added to several "Notes" sections. In "Note 1", the detailed Concentration of Credit Risk section should be moved from "Note 1". He suggested that more consistency could be increased to emphasis "holding for maturity" instead of listing that our portfolio as "available for sale". Additional historical information on contributions to Surplus could be added to the "Notes" section to help individuals new to the organization can understand how growth of PRM occurred. Under "Note 8", the addition of additional capital should be added as "Subsequent Events". Board discussion was held concerning the details of these suggestions.

On motion and second to approve the December 31, 2016 audit and to include Mr. Eick's suggestions in the 2017 audit, the motion carried.

5. Discussion on Reinsurance Program for NPAIP.

Public Risk Mutual



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

Chairman Minor opened discussion on this item after the NEAM investment presentation. Michael Rebaleati discussed with the board that there was no intent to increase PRM's coverage exposure for fiscal year 2018 since increases were made for fiscal year 2017.

There was considerable discussion concerning the size of NPAIP capacity and what amount could be transferred to PRM from the NPAIP funds. The intent behind this move will enable the PRM captive to provide more future reinsurance coverage options and increase investment returns. On motion and second to accept a transfer of \$10,000,000 from NPAIP to PRM, motion carried.

Further discussion was held on utilizing the investment returns from PRM, to finance the risk management program to educate and assess POOL member's exposure to cyber liability and data losses. On motion and second to use a portion of PRM's investment returns to fund the assessment and cyber incident response program as provided by Information International Associates, Inc. between April 30, 2017 to June 30, 2018, motion carried.

6. Future 2017 Board Meetings

The Thursday, April 27, 2017 PRM meeting will be held at the beginning of the annual meeting of the Nevada Public Agency Insurance Pool.

7. Action Item: Other New Business and Announcements

There was no new business or announcements.

8. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.

PUBLIC RISK MUTUAL
DECEMBER 31, 2016 AND 2015

**PUBLIC RISK MUTUAL
DECEMBER 31, 2016 AND 2015**

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Casey Neilson, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Risk Mutual

Report on the Financial Statements

We have audited the accompanying financial statements of Public Risk Mutual (a Nevada non-profit pure captive insurer) which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of income and comprehensive income, changes in surplus and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Risk Mutual as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with the Nevada Administrative Code, we have also issued our report dated March 1, 2017, on our consideration of the Company's internal control over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.



Carson City, Nevada
March 1, 2017

**PUBLIC RISK MUTUAL
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015**

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 236,079	\$ 331,772
Investments	30,297,527	27,535,027
Investment income receivable	132,416	137,156
Total Assets	\$ 30,666,022	\$ 28,003,955
 LIABILITIES AND SURPLUS		
Accrued expenses	\$ 16,226	\$ 16,435
Claims payable	-	50,000
Unearned premium	505,250	467,500
Reserve for loss and loss adjustment expenses	1,909,000	1,567,352
Total Liabilities	2,430,476	2,101,287
Surplus	28,129,092	26,457,036
Accumulated other comprehensive income (loss)	106,454	(554,368)
Total Surplus	28,235,546	25,902,668
Total Liabilities and Surplus	\$ 30,666,022	\$ 28,003,955

See accompanying notes.

PUBLIC RISK MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
REVENUES		
Premiums earned	\$ 972,750	\$ 935,000
Net investment income	640,095	3,002,168
Total Revenues	1,612,845	3,937,168
EXPENSES		
Administrative expenses	73,240	75,155
Loss and loss adjustment expenses	480,149	456,510
Total Expenses	553,389	531,665
Net Income Before Income Taxes	1,059,456	3,405,503
Provision for Income Taxes	-	-
Net Income	\$ 1,059,456	\$ 3,405,503
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ 697,071	\$ (487,956)
Less: Reclassification adjustment for (gains) losses recognized in net income	(36,249)	(2,447,665)
Other Comprehensive Income (Loss)	660,822	(2,935,621)
Comprehensive Income	\$ 1,720,278	\$ 469,882

See accompanying notes.

**PUBLIC RISK MUTUAL
STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2014	\$ 22,175,410	\$ 2,381,253	\$ 24,556,663
Surplus contributions	876,123	-	876,123
Net income	3,405,503	-	3,405,503
Unrealized holding gains (losses) arising during the period	-	(487,956)	(487,956)
Less: Reclassification adjustment for (gains) losses included in net income	<u>-</u>	<u>(2,447,665)</u>	<u>(2,447,665)</u>
Balance, December 31, 2015	<u>26,457,036</u>	<u>(554,368)</u>	<u>25,902,668</u>
Surplus contributions	612,600	-	612,600
Net income	1,059,456	-	1,059,456
Unrealized holding gains (losses) arising during the period	-	697,071	697,071
Less: Reclassification adjustment for (gains) losses included in net income	<u>-</u>	<u>(36,249)</u>	<u>(36,249)</u>
Balance, December 31, 2016	<u>\$ 28,129,092</u>	<u>\$ 106,454</u>	<u>\$ 28,235,546</u>

See accompanying notes.

**PUBLIC RISK MUTUAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,059,456	\$ 3,405,503
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Realized (gains) losses on sales of securities	(36,249)	(2,447,665)
Amortization of premium or discount	169,152	165,573
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	4,740	(55,079)
Increase (decrease) in:		
Accrued expenses	(209)	8,634
Claims payable	(50,000)	50,000
Unearned premium	37,750	-
Reserve for loss and loss adjustment expenses	341,648	299,352
Net Cash Provided (Used) by Operating Activities	<u>1,526,288</u>	<u>1,426,318</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities	3,839,866	17,812,426
Purchase of investments	<u>(6,074,447)</u>	<u>(21,321,458)</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,234,581)</u>	<u>(3,509,032)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contribution of surplus	<u>612,600</u>	<u>876,123</u>
Net Cash Provided (Used) by Financing Activities	<u>612,600</u>	<u>876,123</u>
Increase (Decrease) in Cash and Cash Equivalents	(95,693)	(1,206,591)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>331,772</u>	<u>1,538,363</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 236,079</u></u>	<u><u>\$ 331,772</u></u>

See accompanying notes.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Public Risk Mutual (the "Company"), a Nevada nonprofit captive association mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Nevada Public Agency Insurance Pool (POOL). Effective July 18, 2013, the Company became a pure captive authorized by State of Nevada Division of Insurance. POOL is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the State of Nevada, and organized to operate as a group self insurer. The Company's formation was approved on July 26, 2004 by the State of Nevada Division of Insurance and began operations September 1, 2004.

The Company provides property reinsurance to POOL on an excess of loss basis. As of July 1 2007, the limit of liability for all covered perils was \$50,000 per loss excess of the underlying POOL retention of \$200,000 per loss. Prior to that time, coverage was for \$50,000 excess of \$150,000. Effective July 1, 2014, the Company provides excess insurance in the layer \$300,000 excess of \$200,000. Also, from inception of the captive until June 30, 2010, Lloyds of London reinsured the Company for property losses exceeding \$50,000 net loss per incident, but that reinsurance is now directly contracted by POOL, not the Company.

The Company's coverage incepted on July 1, 2005. For program years 2005/06 through 2010/11, the Company provided excess insurance in the layer \$250,000 excess of \$2,000,000 to Nevada Public Agency Insurance Pool's liability program. For program years 2007/08 through 2010/11, the Company provided excess insurance in the layer \$1,500,000 excess of \$500,000, subject to a 20% quota share with County Reinsurance Limited, for all non-school entities. In addition, for program years 2011/2012 through 2015/2016, the Company provided excess insurance in the layer \$2,500,000 excess of \$500,000, subject to a 20% quota share for all non-school entities. Effective July 1, 2016, the Company provides excess insurance in the layer \$2,500,000 excess of \$500,000, again subject to a 30% quota share for all non-school entities. Schools were fully insured in this layer by United Educators. For program years 2014/2015 through 2015/2016, the Company provided excess insurance in the layer \$7,000,000 excess of \$3,000,000 subject to a 15% quota share for all members including schools. Effective July 1, 2016, the Company provides excess insurance in the layer \$7,000,000 excess of \$3,000,000 subject to a 25% quota share for all members including schools, in addition to the coverage above.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the Division of Insurance of the State of Nevada for Property and Casualty Insurance Companies. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company, do not vary materially from generally accepted accounting principles.

Cash Equivalents:

For the purpose of presentation in the Company's financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Method of Accounting:

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

Securities Available for Sale:

Investments not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. Realized gains and losses are calculated using the specific identification method. The fair value of substantially all securities is determined by quoted market prices.

Valuation of Investments:

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

Reserve for Loss and Loss Adjustment Expenses:

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

Premiums:

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Reinsurance:

In the normal course of business, the Company may seek to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by purchasing reinsurance at certain levels of risk in various areas of exposure with other insurance enterprises.

Income Tax Status:

Under Internal Revenue Code Section 115, and pursuant to regulations and rulings issued by the Internal Revenue Service, organizations formed, operated and funded by political subdivisions formed to pool casualty and other risks arising from their obligations concerning public liability, may exclude income derived from such activities from taxable income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements, and no federal tax returns have been filed. As no tax returns have been filed, there is no statute of limitations to toll, and all years remain open to potential adjustment.

Investments and Investment Income:

Captive insurance companies are governed by 694C.340 regarding allowable investments, however, as a pure captive, the Company is not subject to any restrictions on allowable investments. The Board has, by policy, implemented investment guidelines to which the Company adheres such that investments are in accordance with NRS 682A.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest in the security. The investment guidelines, do not limit investments based upon the rating of a security, but it is policy to limit those securities with potential default risk such that the Company's annual investment income would exceed a loss on a single issuer's securities.

Concentration of Credit Risk:

The Company limits investments in any single mutual fund, exchange traded fund or similar vehicle to no more than 10% of assets, except for diversified money market funds approved by the NAIC (National Association of Insurance Commissioners); and no more than 35% of the Company's assets may be in common stock. However, as of December 31, 2016, the Company had one mutual investments that was in excess of this threshold.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company minimizes this risk through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

Prior Year Reclassifications:

The prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value in conformity with FASB ASC 820-10:

Cash and Cash Equivalents: For these short term instruments, the carrying amount is a reasonable estimate of fair value. This fair value estimate represents a level 1 input as described in Note 1.

Investments in Marketable Securities: For investments in marketable securities, fair values are based on quoted market prices or dealer quotes if available. If a quoted market price is not available, fair value is estimated using quoted market price for similar securities. This fair value estimate represents a level 2 input as described in Note 1.

NOTE 3 - CONCENTRATIONS:

As detailed in Note 1, the Company provides excess insurance coverage to POOL; additionally, POOL provided the surplus contribution to the Company, and is the sole insured.

The Company maintains its cash balances in various institutions. The balances are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts.

Additionally, as of December 31, 2016 and 2015, the company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition, the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 - REINSURANCE ACTIVITY:

Until June 30, 2011, the Company ceded insurance to another company; however, effective July 1, 2010, POOL no longer passes the property premiums through the Company, and is directly reinsured by an outside reinsurer. This reinsurance contract does not relieve the Company from its obligations to policyholders. Failure of the reinsurer to honor its obligations could result in losses to the Company; the Company does not believe that there is a substantial risk of the reinsurer not honoring its obligations. All claims that were incurred during the period of reinsurance coverage are now closed, and there are no outstanding liabilities or receivables attributable to the reinsurance policies.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 - INVESTMENTS:

Available-for-sale securities at December 31, 2016 and 2015 consist of various investments as indicated below:

	December 31, 2016			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 7,643,561	\$ 7,547,742	\$ 7,303	\$ (103,122)
U.S. states and local authorities	3,559,299	3,518,706	5,565	(46,158)
International bonds	261,025	262,036	1,011	-
U.S. corporate bonds	8,858,391	8,782,455	24,208	(100,144)
Total debt securities	<u>20,322,276</u>	<u>20,110,939</u>	<u>38,087</u>	<u>(249,424)</u>
Fixed income mutual funds	493,497	480,532	-	(12,965)
Bond mutual funds	1,034,630	1,009,306	-	(25,324)
Equity mutual funds	8,340,670	8,696,750	363,451	(7,371)
Total equity securities	<u>9,868,797</u>	<u>10,186,588</u>	<u>363,451</u>	<u>(45,660)</u>
Total available-for-sale securities	<u>\$ 30,191,073</u>	<u>\$ 30,297,527</u>	<u>\$ 401,538</u>	<u>\$ (295,084)</u>

	December 31, 2015			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 7,676,997	\$ 7,652,727	\$ 17,582	\$ (41,852)
U.S. states and local authorities	1,974,516	1,968,356	5,049	(11,209)
International bonds	599,690	600,241	1,607	(1,056)
U.S. corporate bonds	8,240,330	8,198,472	32,821	(74,679)
Total debt securities	<u>18,491,533</u>	<u>18,419,796</u>	<u>57,059</u>	<u>(128,796)</u>
Fixed income mutual funds	481,283	450,757	-	(30,526)
Bond mutual funds	980,611	906,524	-	(74,087)
Equity mutual funds	8,135,968	7,757,950	2,682	(380,700)
Total equity securities	<u>9,597,862</u>	<u>9,115,231</u>	<u>2,682</u>	<u>(485,313)</u>
Total available-for-sale securities	<u>\$ 28,089,395</u>	<u>\$ 27,535,027</u>	<u>\$ 59,741</u>	<u>\$ (614,109)</u>

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 - INVESTMENTS (continued):

For purposes of determining gross realized gains, the cost of securities sold is based on specific identification. Net unrealized holding gains (losses) on available-for-sale debt and equity securities in the amount of \$697,071 and \$(487,956) for the years ended December 31, 2016 and 2015 have been included in accumulated other comprehensive income.

During 2016 and 2015, sales proceeds and gross realized gains and losses on securities classified as available-for-sale were:

	<u>2016</u>	<u>2015</u>
Sale proceeds	<u>\$ 3,839,866</u>	<u>\$ 17,812,426</u>
Gross realized gains	<u>\$ 38,138</u>	<u>\$ 2,518,256</u>
Gross realized losses	<u>\$ (1,889)</u>	<u>\$ (70,591)</u>

Contractual maturities of available-for-sale debt securities at December 31, 2016 and 2015 are as follows:

	<u>Estimated Fair Values</u>	
	<u>2016</u>	<u>2015</u>
1 year or less	\$ 1,750,479	\$ 1,065,274
Due in 1 - 5 years	9,192,126	10,944,368
Due in 5 - 10 years	6,202,755	6,410,154
Due in 10 years or more	<u>2,965,579</u>	<u>-</u>
Total investment in debt securities	<u>\$ 20,110,939</u>	<u>\$ 18,419,796</u>

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Information pertaining to securities with gross unrealized losses at December 31, 2016, aggregated by length of time individual securities have been in a continuous loss position, is as follows:

	<u>Less Than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
U.S. government obligations	\$ -	\$ -	\$ 5,336,233	\$ 103,122	\$ 5,336,233	\$ 103,122
U.S. state and local authorities	-	-	2,461,151	46,158	2,461,151	46,158
U.S. corporate bonds	-	-	4,805,214	100,144	4,805,214	100,144
Fixed income mutual funds	-	-	480,532	12,965	480,532	12,965
Bond mutual funds	-	-	1,009,306	25,324	1,009,306	25,324
Equity mutual funds	-	-	3,032,088	7,371	3,032,088	7,371
Total available-for-sale securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,124,524</u>	<u>\$ 295,084</u>	<u>\$ 17,124,524</u>	<u>\$ 295,084</u>

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 - INVESTMENTS (continued):

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Group to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES:

For the year ended December 31, 2016, estimated unpaid losses have been determined to range from a recommended low of \$1,909,000 to a recommended high of \$2,677,000 with a conservative estimate of \$3,442,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,292,000. For the year ended December 31, 2015, estimated unpaid losses have been determined to range from a recommended low of \$1,273,000 to a recommended high of \$2,043,000 with a conservative estimate of \$2,810,000 based on actuarial estimates; further the actuary has projected expected losses at \$660,000. Management has estimated reserves to be \$1,909,000 and \$1,567,352 at December 31, 2016 and 2015. This estimate is based on funding the Company at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income.

Activity in the reserve for loss and loss adjustment expenses account is summarized as follows:

	<u>2016</u>	<u>2015</u>
Balance at January 1	\$ 1,567,352	\$ 1,268,000
Incurred related to:		
Current year	657,548	960,352
Prior years	<u>(177,399)</u>	<u>(501,041)</u>
Total incurred	<u>480,149</u>	<u>459,311</u>
Net paid	<u>138,501</u>	<u>159,959</u>
Balance at December 31	<u><u>\$ 1,909,000</u></u>	<u><u>\$ 1,567,352</u></u>

As a result of changes in estimates of incurred events in prior years, the provision for losses changed by \$(177,399) and \$(501,041) for the years ended December 31, 2016 and 2015, respectively, due to higher (lower) than anticipated losses on the development of claims.

NOTE 7 - SURPLUS CONTRIBUTION:

An additional \$612,600 and \$876,123 in capital was contributed to the Company from POOL during the years ended December 31, 2016 and 2015, respectively, pursuant to authorization by the Executive Committee of POOL.

NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2016 and 2015.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 8 - RELATED PARTIES:

All premiums and surplus contributions are made by POOL and all claims activity is attributable to the quota share reinsurance agreement with POOL.

NOTE 9 - SUBSEQUENT EVENTS:

Management has evaluated the activities and transactions subsequent to December 31, 2016 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2016, and there were none. Management has evaluated subsequent events through March 1, 2017, which is the date the financial statements were available to be issued.

Casey Neilson, Inc.
Accountants and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors
Public Risk Mutual

In planning and performing our audit of the GAAP basis financial statements of Public Risk Mutual (PRM) as of and for the years ended December 31, 2016 and 2015 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PRM's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction PRM is subject and is not intended to be and should not be used by anyone other than these specified parties.



Carson City, Nevada
March 1, 2017



NEVADA PUBLIC AGENCY INSURANCE POOL POOL | PACT | PARMS



Technical Security Consulting & Network Assessments Support to Nevada Public Agency Insurance Pool

Submitted by:

Antonio A. Rucci

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Submitted to:

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March 5, 2017

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Introduction of Engagement

In support of our longstanding relationship with Nevada Public Agency Insurance Pool (NPAIP) | PACT, Information International Associates, Inc. (Ila) will serve as a Contracted Technical Security Consultant to the NPAIP | PACT in an advisory role in support of their data protection and cyber security enhancement in support of their client base throughout the State of Nevada, providing technical A&A to the contract owner and their customers/clients to help strengthen the Technical (Includes Cyber), Physical, Personnel, Administrative, and Operations Security postures of their operating base through a variety of interactive and participatory support engagements which will ultimately enhance the security postures for each organization in the above respective domains on an as needed basis to the Members of NPAIP.

In the early eighties, public entities throughout the U.S. faced an insurance crisis. Commercial insurance carriers began excessively raising premiums for public entities, and in some cases, exited states or cancelled coverage, leaving many Nevada municipalities without adequate, affordable insurance coverage.

In response to this crisis, The Nevada Public Agency Insurance Pool (NPAIP) was formed by Nevada public entities in 1987. By pooling resources to create NPAIP (also commonly referred to as POOL), Nevada public entities discovered that they could obtain quality property casualty coverage at a reasonable cost. As an added benefit, NPAIP members also found they could access risk management resources superior to those previously offered to smaller, rural municipalities. POOL was created for the following purposes:

- To fill a void in the traditional insurance marketplace, and offer affordable risk financing to its members.
- To identify legislative and regulatory issues affecting public entities and to provide information to assist members in addressing such issues.
- To act as a clearinghouse for the collection and dissemination of data and resources relating to risk management and to encourage and support new research for our members.
- To provide meaningful and significant education and professional support for the members, governing bodies and staffs of our members.

After successfully organizing the property-casualty pool, the members organized the Public Agency Compensation Trust (PACT) in 1996 to provide Workers Compensation coverage for its membership.

POOL and PACT members include counties, cities, school districts, special districts, and towns. Every Member actively manages the risks encountered as a public agency. Membership is a privilege earned by effective agencies committed to sharing resources to benefit their employees and the public they serve.

Both pools were organized under Nevada's Interlocal Cooperation Act. Interlocal Agreements were designed to permit local government entities to band together and share in the provision of essential services. POOL and PACT are owned, controlled and governed by their members. POOL and PACT each have a 45-member Board of Directors, composed of representatives from member agencies which meets annually. An elected eight-member Executive Committee meets routinely throughout the year.

Both POOL and PACT have earned the Advisory Standards Recognition from the Association of Governmental Risk Pools (AGRiP). The award recognizes those pools that adhere to the eighty-eight "best practices" standards as established by AGRiP's Membership Practices Committee, relating to the governance, management, financial accounting and operation of the pool.

About Information International Associates, Inc.

Information International Associates, Inc. (Ila) has been providing the U.S. government with IT and information management services for more than 28 years. Ila's experience includes providing the full range of IT services needed by DoC NOAA. Ila is an ISO 9001:2008-, ISO 20000:2011-, and CMMI Level 3 (Services)-certified large business with expertise ranging from information policy to systems development to operations of government systems and facilities throughout the United States and Europe. Ila's client base consists predominantly of federal agencies, including DoC Patent and Trademark Office (PTO), U.S. Department of Defense (DoD), and U.S. Department of Energy (DOE) organizations focused on modernization, transformation, security, scientific information, and intelligence.

Ila has the management infrastructure and capacity to manage the DoC NOAA services and activities. We currently manage several concurrent IT services contracts that include the DoC Office of the Chief Information Officer (OCIO) criteria in terms of scope and complexity, ranging in value from \$20M to \$135M, and include up to 140 onsite individuals to perform the scope.

Successful contracts result from the appropriate use of project management tools and practices combined with operational procedures and processes. We employ structured frameworks with tasks, milestones, communication planning, examples and templates from previous successful engagements, and best practices, and we measure everything we do. We use industry standard and best practice methodologies and frameworks such as the PMI Project Management Body of Knowledge (PMBOK®), capability-maturity-model integration (CMMI), the information technology infrastructure library (ITIL), International Organization for Standardization (ISO), Control Objectives for Information and Related Technologies (COBIT), and Agile/Scrum to architect efficient IT and project management solutions. These practices have fostered our excellent track record of cost and schedule control for firm fixed price- and time-and-materials-type contracts.

InfoSec and Threat Intelligence

The Ila Information Security and Threat Intelligence Team serves as a trusted partner in the development and deployment of secure technology solutions to customers where protection of critical business information is of paramount importance to their success. Critical Infrastructure Protection and secure technology services portfolios are aimed at addressing critical operational, performance, and cost management objectives through application of proven methodologies and tested technologies to minimize corporate risk management aperture.

We focus on the most overlooked aspect of your company's operations: "SECURITY". We are your trusted partner in secure design, configuration, operation, and management of your secure technology solutions. (HIPAA & HITECH Compliance – PCI Compliance – FISMA – CIP)

InfoSec & Threat Intelligence Core Services and capabilities Include:

- Cyber Security Strategy & Governance
- Security Policy and Procedure Development
- Security Program Execution
- Critical Information Protection & Risk Management
- Disaster Recover & Continuity of Operations (COOP)
- Computer Forensics & Incident Response
- Penetration Testing & Vulnerability Assessments
 - (Red, Blue, Purple Teams)
- Cyber Security Training, Education & Awareness
- Insider Threat Program Development & Training
- NOC/SOC as a Service

When providing IT Services, Software Development, or other technical services, security must be assessed, planned and implemented from the bottom-up. Ila's critical infrastructure consultants and developers take a methodical, intelligence community-proven approach to meticulously assess your critical infrastructure "requirements" through a full-scope evaluation process which assess not only your physical and technical, and personal operating requirements, but also takes into consideration your surrounding environment that which you may or may not be able to inspect or control. Those components, combined with your personnel security posture help you define your essential elements of friendly information (EEFI). (These are your "Crown Jewels") what are those elements of your EEFI, that if your competitor were to control, would give them a competitive edge in your particular market place?

In addition to maintaining appropriate security clearances to support the United States Intelligence Community, Ila has been vetted and has active certifications on record with the State of Nevada as a "Preferred Vendor", including Principal Fingerprints on file with the Nevada Department of Public Safety. Our Principals have completed the mandatory Nevada Information Security Awareness (NISA) training and certification and certificates are on file with NV State EITS.

Proposed Statement of Work, Task Orders and Pricing

Ila's Pricing in support of our discussions and your request for contract renewal and expansion on February 28, 2017

Per our previous discussion, increasing our role this year with expanded assessment services for each of the clients, Ila will perform the duties delineated in Exhibit A (below), at an agreed rate of \$225.00 per hour, dedicating no more than 30 man-hours per week (initially) to the contracted effort. Ila accounting will submit invoices (Time Sheets) approximately a bi-weekly basis, but specifically, on the 15th and last working day of each operational month. Should the scope adjust over time, requiring additional or fewer hours, Ila Principal and NPAIP Principal will renegotiate the terms on an as-needed basis to come to an acceptable term/rate for both parties.

As discussed, due to the technical involvement of the network assessments, it is our expectation is that we will dedicate 30 man-hours per week to this effort, depending on the task order(s), Monday through Friday, excluding holidays and weekends, during normal business hours. The specific days may vary depending on operational requirements and ongoing task orders at hand, however we will ensure they are the most appropriate available for the task orders at hand. Ideally, I believe it will be optimal to carve out no more than 30 man-hours per week to the effort, however, Ila will follow the direction of the NPAIP Principal and remain in contact providing you a summary every other week to ensure your expectations are being met, ensuring the burn rate is acceptable to your budget.

You will receive a monthly invoice capturing the hours billed during the previous month, up to the billing cycle. Billing Cycles generally run on the 20th of the month, on net-30. After normal business hours, weekends and holiday support requirements to this effort will be billed at the weekend rate of \$250.00 per man-hour.

We will adhere to all State of Nevada Security Policies, Procedures, Administrative and Technical Standards, addressing any variances for the purpose of our support activities with the NPAIP | PACT Contract Authority. Additionally, we will abide by and operate within the additional requirements, within reason, as established by your clients, respective county mandates, oversight and operating committees.

EXHIBIT A

Technical Consulting Services Scope of Work

Information International Associates, Inc. (Ila) agrees to provide Information Technology and Technical Security Oversight of design, build, accreditation and commissioning and operations including Members, at the discretion of the NPAIP, to validate IT/TS resources are articulated throughout their organization(s) to ensure all technical support and critical infrastructure requirements are delivered end-to-end, throughout the organization, with appropriate networked resources allocated to support expansion capabilities so organizations are not growth-constrained throughout its lifecycle.

Ila agrees to meet with NPAIP if requested by NPAIP during the period of this agreement to consult with NPAIP on issues relating to the delivery of consulting services.

Assist NPAIP to develop a disciplined Security Lifecycle for its designated Members, in NPAIP's discretion, with whom it would be the most logical to support and help develop their security success criteria, somewhat along the structure of:

- Defining the Overarching Strategy
- Develop and Document Policies & Procedures, specific to their industry vertical which support their industry inspection criteria, if any
- Create Security Education and Awareness training and an implementation strategy
- Implement Controls to measure success
- Monitor and Measure on an as-needed basis when the need arises.
- During FY17 & FY18, Ila will focus on performing Passive Network Assessments supporting the Members' overall IT Infrastructure, assisting the Members' IT Staff when feasible as well as coordinating and advising accordingly remote monitoring and managed service contract representatives if/when they are in existence in a supportive role, particularly each of the respective county government agencies and their outlying subordinate organizations.

The measurement of success will vary for each Member, as will the strategic and tactical requirements to obtain the defined success. Understanding that Technical Security Services and Support is a never-ending lifecycle, a good portion of the consultative support will be advising and educating the current, on-site technical and security staff for each NPAIP Member to enhance their capabilities so that they may become a self-sustaining, resourceful operational team, able to manage their day-to-day operations with minimal external resource requirements.

As this is a multi-faceted effort, supporting multiple independent customer/clients, the scope of the contract will change over time and will periodically be modified. Major Scope, Task Orders and modifications to the Deliverables will require adjustments to the contract and will be re-negotiated accordingly.

To properly assess NPAIP Client's technical network infrastructure, the Ila technical security staff and potentially their subcontractors are required to access the networked environment, physically and remotely. The information security team is required to assess the security posture periodically throughout the prescribed engagement by conducting technical & vulnerability assessments and passive testing of the organizational systems. These activities involve scanning desktops, laptops, servers, network elements, wired and wireless infrastructure as well as telephony, and other end-devices owned by your clients on a regular, periodic basis throughout the period of authorization to discover any past and current potential vulnerabilities present within the network environment. Only with knowledge of these vulnerabilities can we recommend viable security remediation or other compensating controls to improve the security of the physical and technical environment. As such, *no* liability is levied upon Ila, under contract of NPAIP | PACT, as a result of this technical advice and assistance.

The purpose of this engagement is to grant authorization to specific members of our information security team to conduct vulnerability assessments and penetration testing against respective client's primary organization's assets. For example, in a traditional Nevada County architecture, those assets may include, but are not limited to: Assessor, Building Department, Cemetery, Clerk, Treasury, Comptroller, Cooperative Extension, County Commissioners, County Manager, Court Services, District Attorney, District Court, Emergency Management, Engineering & Capital Projects, Facilities & Grounds, Fire Department, Human Resources, Justice Court, Juvenile Justice Center, Library, Parks & Recreation, Planning Department, Recorder, Roads, Sheriff, and Social Services.

NPAIP will:

- Provide all resources, tools, assets on an as-needed basis to support the level of effort requirements throughout each Member engagement in support of this contract.
- Provide Coordination Support with Member introductions to begin rapport establishment, and to assist in gathering initial list of documentation such as the following when feasible:
 - Previous Audit Results (If Any)
 - Existing Self-Assessment Checklists
 - Existing Operations Policies and Procedures
 - Industry Requirements and Specs for Audit Controls and Oversight documents
- Ila will be able to operate remotely, unless operational requirements necessitate on-premises operational duties. Understandably, site visits and meets may require physical presence, especially during initial engagements.

PRM Board Members and Corporate Officers

Name	Entity	Officers	Terms	Proposed	Annual Meeting Action
Cash Minor	Elko Co.	Chair	2014-2017	2017-2020	Reelect
Paul Johnson	White Pine CSD	Fiscal Officer/Corp Treas.	2015-2018		
Josh Foli	Lyon Co.		2014-2017	2017-2020	Reelect
Alan Kalt	Churchill Co.	Vice Chair/Corp Sec.	2016-2019		
Bev Conley	Eureka Co.		2016-2019		
<u>Other Officers</u>					
Mike Rebaleati		President			Ratification
Wayne Carlson		Vice President			Ratification

Note: Other Officers are not elected positions but serve at the pleasure of the Boards



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Notice of Meetings and Agendas for the Meeting of
the Board of Directors and of the Executive Committee of
Public Agency Compensation Trust
Place: Atlantis, Reno, Nevada
Time: 10:00 a.m. or
Upon adjournment of Joint Board Meeting
Date: April 27, 2017**

AGENDA

April 27, 2017

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From
Consent Agenda**
 - Approval of Minutes of Board Meetings:
Board Meeting April 29, 2016**
 - Acceptance of Interim Financial Statements**
- 4. For Possible Action: Acceptance of Audit for June 30, 2016**
- 5. For Possible Action: SpecialtyHealth Cardiac Wellness Program**
 - a. Report and Recommendations**
 - b. Approval of Addition of 24/7/365 Workers Compensation Injury Call Service to
SpecialtyHealth Contract**

6. **For Possible Action: Acceptance of Reports**
 - a. Large Loss Report
 - b. Actuarial Update
7. **For Possible Action: Acceptance of PACT Retention Options and Renewal Reinsurance Proposals and Options**
8. **For Possible Action: Acceptance of Budget for 2016-2017**
9. **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
10. **For Possible Action: Election of Executive Committee for Two Year Terms 2017-2019**
 - 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 Special Districts
 - d. One Representative of Hospitals for Remainder of 2016-2018 Term
11. **For Possible Action: Election of Chair and Vice Chair**
12. Public Comment
13. **For Possible Action: Adjournment**

This Agenda was posted at the following locations and on the State Website:

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 Administrative Complex
155 North Taylor Street
Fallon, NV 89406

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in

writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Minutes of the Meeting of the Board of Trustees
and of the Executive Committee of
Public Agency Compensation Trust
Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502
Time: 10:00 a.m. or
Upon adjournment of Joint Board Meeting
Date: April 29, 2016**

1. Introductions and Roll

A quorum being confirmed, Chair Kalt called the meeting to order.

2. Public Comment

Chair Kalt opened public comment and hearing none, closed the period.

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

- **Approval of Minutes of Board Meetings:
Board Meeting May 1, 2015**
- **Acceptance of Interim Financial Statements**

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

4. Recognition of 20th Anniversary of the Founding of PACT on April 1, 1996

Chair Kalt presented a retrospective review of PACT's formation on April 1, 1996 and the circumstances of its formation. He noted the founding members. Further, he gave anecdotes about the social history of events on April 1st. He showed a slide of the total assets and net position of PACT in 1996 and in 2015 to illustrate our achievements. It was noted that Alan Kalt became the first Chair in 1996 and was still Chair after 20 years. The board applauded PACT's achievements and Alan's leadership.

5. For Possible Action: Acceptance of Audit for June 30, 2015

Chair Kalt noted that the audit committee had reviewed and accepted the audit. On motion and second to accept the audit, the motion carried.

6. For Possible Action: SpecialtyHealth Cardiac Wellness Program Report and Recommendations

Jackie Cox, CEO of SpecialtyHealth presented an overview of the progress of the cardiac wellness program. She highlighted the additional participants and Members. Physicals have been submitted by 61% of Members and 606 individuals with 144 electing to participate in the wellness program. She emphasized a new strategy they have deployed to encourage participation called a train the trainer program. They train wellness leaders within each willing agency so that they can implement the program with their own staff on the approach that peer to peer training will encourage more participation. SpecialtyHealth staff members Shanti Wolfe and Ethan Opdahl presented several successful case studies noting that each success potentially avoided a \$1.8 million claim. They sought opportunities to set up the train the trainer program in more agencies. Several members commented on the value of the program to them. Paul Johnson asked whether such a program could be expanded to all employees since it would also help their group insurance costs. Chair Kalt directed staff to review and consider a task force to evaluate such an option for the future.

On motion and second to accept the report and recommendations, the motion carried.

7. For Possible Action: Acceptance of Reports

a. Claims Review Report

b. Large Loss Report

Chair Kalt noted that much of the information in these reports was reviewed during the Joint Meeting presentations.

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

8. For Possible Action: Acceptance of PACT Retention Options and Renewal Reinsurance Proposals and Options

Courtney Giesseman of Willis Re Pooling discussed the renewal reinsurance proposals. She noted that there was a substantial increase in the County Reinsurance, Ltd. layer as a result of large claims of \$500,000 or more within the ten year look back period for both CRL as a whole and for PACT. PACT has some large claims that will be beyond the ten year period next year. Payroll increased about 5% from the prior year.

On motion and second to accept the renewal proposal, the motion carried.

9. For Possible Action: Acceptance of Budget for 2016-2017

The budget summary was reviewed. Wayne Carlson commented that the budget figures will be adjusted for the decision just reached on the renewal reinsurance costs. Chair Kalt noted that individual Member costs would be based upon their own payroll and loss experience. Gerry Eick commented that the PACT Executive Committee had approved a reduction of 17% in the post employment heart rate.

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

10. 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**

Chair Kalt asked about any Members subject to these considerations. Wayne Carlson noted that Nye County is under fiscal watch and that Pam Webster, County Manager, indicated that they had reduced their budget to address the revenue shortfall due to underassessment and the property tax cap assessments reduction. Josh Foli noted that they had a Sheriff that overspent his budget by \$1,000,000, but would be out of office soon. They were coordinating with the Department of Taxation to address the concerns. Paul Johnson noted that the White Pine County School District had to cut their budget substantially due to charter schools draining student revenue bases. They were on fiscal watch and working to cut various programs in their budget with the Department of Taxation.

On motion and second to note the status of members, the motion carried.

11. For Possible Action: Election of Executive Committee for Two Year Terms

- a. One Representative from Counties and/or Cities with less than 35,000 Population from 2016-2018**
- b. One Representative of Hospitals from 2016-2018**
- c. One Representative of School Districts from 2016-2018**
- d. One Representative of Special Districts from 2016-2017**

Chair Kalt noted the candidates up for reelection and the vacancies. Wayne Carlson noted special districts position vacancy and the two candidates Chris Mulkerns from Town of Tonopah and Ben Sharit of Tahoe Douglas Fire Protection District. He suggested the board consider the incumbents first, the hold a vote on the two declared candidates for special districts. Josh Foli suggest Gerry Eick of Incline Village GID become a candidate for the special districts position. Wayne Carlson noted that Gerry presently was on the POOL Executive Committee.

On motion and second to reelect the incumbents Pat Irwin, Paul Johnson and Steve West, the motion carried.

Chair Kalt asked for statements from any candidates. Chris Mulkerns outlined her involvement working with the Tonopah Town Manager who was on the PACT Executive Committee until he took a position in the private sector. She described her experience. Gerry Eick noted that while he would be willing to serve, he thought that having new people on the various committees helps get more diversity of membership on committees. Pat Irwin

commented about Fire Chief Sharit having been a very positive contributor including on the HR Oversight committee.

On motion and second to elect Chris Mulkerns to fill the position for special districts, the motion carried.

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

Alan Kalt offered to continue and noted that Paul Johnson also was willing to continue to serve. On motion and second to elect Alan Kalt Chair and Paul Johnson Vice Chair, the motion carried.

13. For Possible Action: Approve Changes to Various Documents:

a. Interlocal Cooperation Agreement

b. Bylaws

c. Updates to Existing Board Policies

Chair Kalt asked legal counsel if he had reviewed the proposed changes. Stephen Balkenbush said yes, they are ready for a decision. Wayne Carlson highlighted some of the Interlocal Cooperation Agreement changes, particularly the statement of purpose that PACT is a creature of the interlocal cooperation act and not an insurance company, thus should not be treated as such.

On motion and second to approve items a, b and c as a whole. Wayne Carlson noted that the Loss Fund Policy had been further revised subsequent to the board packet going out to recognize a change in the policy relative to the confidence level requirements. The change would require at least the actuarial expected (50%) confidence level plus a contingency margin without stating the specific confidence level percentage. The appropriate level would be determined by the Executive Committee.

On motion and second to adopt the revised Loss Fund policy as recommended. Paul Johnson requested that the policy expand the language and not use the acronyms. The motion carried with the correction.

14. Public Comment

Gerry Eick noted that SpecialtyHealth had left some brochures with him to distribute to the Members.

15. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at about 2:05 p.m.

The Agenda was posted at the place of the meeting, at following locations and on the State Website:

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 Administrative Complex
155 North Taylor Street
Fallon, NV 89406**

DRAFT

PUBLIC AGENCY COMPENSATION TRUST
Statement of Assets, Liabilities and Equity
February 28, 2017

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
ASSETS			
Cash and Equivalents	721,820.83	857,310.88	1,579,131.71
Pledged Account Cash Equivalents	-	305,875.77	305,875.77
Investments	19,674,637.42	55,698,713.64	75,373,351.06
Investments - State of Nevada	-	4,169,697.76	4,169,697.76
Investments Interest Receivable	78,766.40	236,424.50	315,190.90
Member Assessments Receivable	31,849.74	95,549.45	127,399.19
Heart/Lung Fund Receivable	-	41,361.03	41,361.03
Agent Compensation Receivable	9,179.67	-	9,179.67
Interfund Account	(152,795.34)	152,795.34	-
Interfund Account - Heart/Lung Fund	(56,264.00)	56,264.00	-
Accrued Assessments	142,248.00	410,333.00	552,581.00
Accrued Assessments - Heart/Lung Fund	-	111,752.00	111,752.00
Rec. Invest. Brokers	30.82		30.82
Accrued Agent Compensation	39,974.00		39,974.00
Public Compensation Mutual Investment	2,000,000.00	26,700,939.00	28,700,939.00
PCM Amortization	(1,519,995.00)	(19,352,574.00)	(20,872,569.00)
Specific Recoverable	-	115,888.81	115,888.81
Prepaid Expenses	138,067.69	665,411.08	803,478.77
	21,107,520.23	70,265,742.26	91,373,262.49
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	-	-	-
Agent Compensation Payable	-	-	-
Payable To Investment Brokers	-	-	-
Specific Recoverable	-	115,888.81	115,888.81
Loss Reserves	-	100,639,717.26	100,639,717.26
Loss Reserves - Heart/Lung	-	21,840,329.20	21,840,329.20
Claims Payments	-	(78,559,866.98)	(78,559,866.98)
Claims Payments - Heart/Lung	-	(333,186.38)	(333,186.38)
Fund Balances:			
Fund Balance	21,107,520.23	26,562,860.35	47,670,380.58
	21,107,520.23	70,265,742.26	91,373,262.49
TOTAL LIABILITIES AND FUND BALANCES			

Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST
Income Statement
For the Eight Months Ending February 28, 2017

	<u>Operating Fund (Unrestricted)</u>	<u>Trust Fund (Restricted)</u>	<u>TOTAL FUNDS</u>
REVENUES			
Assessments	1,583,606.17	4,750,818.64	6,334,424.81
Heart Lung Fund	-	1,030,207.25	1,030,207.25
Accrued Assessments	142,248.00	410,333.00	552,581.00
Accrued Assessments - Heart/Lung Fund	-	111,752.00	111,752.00
Accrued Agent Compensation	39,974.00	-	39,974.00
Agent Compensation	118,190.25	-	118,190.25
Investment Interest Income	355,008.71	1,046,754.23	1,401,762.94
Bank Interest Income	-	1,055.54	1,055.54
Investment Realized Gains/(Losses)	717.03	3,760.10	4,477.13
Investment Unrealized Gains/(Losses)	(568,219.63)	(1,568,592.07)	(2,136,811.70)
Premium/Discount Investments	(76,024.44)	(279,566.64)	(355,591.08)
Investments Prior Years Income	-	300.00	300.00
	<hr/>	<hr/>	<hr/>
Total Revenues	1,595,500.09	5,506,822.05	7,102,322.14
LOSS RESERVES EXPENSES			
Claims and Adjustment Expenses	-	2,580,736.12	2,580,736.12
Heart Lung Loss Reserves Expenses	-	1,030,207.25	1,030,207.25
	<hr/>	<hr/>	<hr/>
Total Loss Reserves Expenses	-	3,610,943.37	3,610,943.37
PROGRAM EXPENSES			
Excess Insurance Premiums	-	357,088.00	357,088.00
Reinsurance Premium (PCM)	-	830,704.00	830,704.00
Claims TPA Fees (ASC)	-	461,289.54	461,289.54
Underwriting Fees (Willis Pooling)	-	20,000.00	20,000.00
Nevada Insolvency Fund	-	19,500.00	19,500.00
Security Bond/Regulatory Assessments	-	215,995.59	215,995.59
Specialty Health MCO Contract	-	28,000.00	28,000.00
Amortization Expense	-	1,780,056.00	1,780,056.00
	<hr/>	<hr/>	<hr/>
Total Loss Fund and Program Costs	-	3,712,633.13	3,712,633.13
ADMINISTRATION EXPENSES			
Management Services	285,912.90	-	285,912.90
Sponsorship Fees	1,500.00	-	1,500.00
Travel	21,122.45	-	21,122.45
Casualty Insurance	21,800.00	-	21,800.00
Due and Seminar Fees	9,146.15	-	9,146.15
Audit Expense	22,272.20	-	22,272.20
Printing & Copying Expense	811.46	-	811.46
Postage	1,047.67	-	1,047.67
Office Supplies	908.60	-	908.60
Telephone Expense	5,973.38	-	5,973.38
Legal Expense	6,365.38	-	6,365.38
Miscellaneous Expenses	-	-	-
Board & Committee Meetings	356.02	-	356.02
Actuary Expense	17,540.00	-	17,540.00
Member Education and Services	85,787.50	-	85,787.50
Bank Service Charges	8,647.29	-	8,647.29
PRI Contract Services	237,650.00	-	237,650.00
Agent Compensation	119,498.25	-	119,498.25
Insurance Division Fees	331,061.74	-	331,061.74
Loss Control Expense	270,664.00	-	270,664.00
SMEP Awards	-	-	-
Specialty Health - Cardiac Wellness	193,065.17	-	193,065.17
Risk Management Grants	182,922.07	-	182,922.07
Amortization Expense	133,328.00	-	133,328.00
Investment Expenses	70,727.92	-	70,727.92
	<hr/>	<hr/>	<hr/>
Total Administrative Expenses	2,028,108.15	-	2,028,108.15
	<hr/>	<hr/>	<hr/>
REVENUES OVER EXPENSES	(432,608.06)	(1,816,754.45)	(2,249,362.51)

Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST
Budget Comparison to Actuals
As of February 28, 2017

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	Change Between Years
INCOME:					
Assessments	14,725,617	6,887,006	7,838,611	8,697,178	(1,810,172)
Heart/Lung Assessments	1,924,535	1,141,959	782,576	1,639,477	(497,517)
Agent Compensation	0	158,164	(158,164)	163,945	(5,780)
TOTAL INCOME	16,650,152	8,187,129	8,463,023	10,500,599	(2,313,469)
LOSS RESERVES EXPENSES:					
Claims and Adjustment Expenses	9,203,562	2,580,736	6,622,826	4,282,488	(1,701,752)
Heart/Lung Reserves Expense	1,924,535	1,030,207	894,328	1,245,531	(215,323)
TOTAL LOSS FUND EXPENSES	11,128,097	3,610,943	7,517,154	5,528,018	(1,917,075)
PROGRAM EXPENSES:					
Excess Insurance/Reinsurance Premiums	1,771,938	1,187,792	584,146	1,087,192	100,600
Claims TPA Fees (ASC)	716,483	461,290	255,193	432,304	28,986
Underwriting Fees (Willis Pooling)	30,000	20,000	10,000	20,000	-
Unclaimed Property Payments	-	-	-	-	-
Specialty Health MCO Contract	52,000	28,000	24,000	32,000	(4,000)
Total Program Expenses	2,570,421	1,697,082	873,339	1,571,496	125,586
ADMINISTRATION EXPENSES:					
Management Services	490,136	285,913	204,223	317,240	(31,327)
Sponsorship Fees	3,000	1,500	1,500	1,773	(273)
Travel	35,000	21,122	13,878	11,637	9,486
Casualty Insurance	32,000	21,800	10,200	21,984	(184)
Due and Seminar Fees	13,000	9,146	3,854	19,721	(10,575)
Audit Expense	48,000	22,272	25,728	22,285	(13)
Printing & Copying Expense	4,000	811	3,189	1,375	(564)
Postage	1,500	1,048	452	971	77
Office Supplies	3,000	909	2,091	273	635
Telephone Expense	5,000	5,973	(973)	4,171	1,802
Legal Expense	15,000	6,365	8,635	3,449	2,916
Miscellaneous Expenses	1,000	-	1,000	-	-
Board & Committee Meetings	12,000	356	11,644	2,639	(2,283)
Actuary Expense	40,000	17,540	22,460	16,750	790
Member Education and Services	188,375	85,788	102,588	174,461	(88,674)
Bank Service Charges	10,000	8,647	1,353	9,860	(1,212)
PRI Contract Services	407,400	237,650	169,750	376,667	(139,017)
Agent Compensation	-	119,498	(119,498)	125,634	(6,135)
Insurance Division Fees	346,606	331,062	15,544	349,177	(18,115)
Nevada Insolvency Fund	20,000	19,500	500	16,755	2,745
Security Bond/Regulatory Assessments	300,000	215,996	84,004	241,784	(25,788)
Loss Control Expense	406,000	270,664	135,336	270,664	-
LCEP Awards	5,000	-	5,000	-	-
PCM Amortization Expense	2,871,351	1,913,384	957,967	1,840,504	72,880
TOTAL ADMINISTRATION EXPENSES	5,257,368	3,596,945	1,660,423	3,829,773	(232,828)
TOTAL LOSS FUND, PROGRAM & ADMINISTRATION EXPENSES	18,955,886	8,904,969	10,050,917	10,929,287	(2,024,318)
NET INCOME	(2,305,734)	(717,840)	(1,587,894)	(428,689)	(289,152)

NON-ALLOCABLE INCOME AND EXPENSES

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	% of Change
INVESTMENT INCOME:					
Investment Revenues	1,000,000	(1,085,863)	2,085,863	1,330,521	(2,416,384)
Bank Interest Income	1,000	1,056	(56)	823	233
Investment Expense	-	(70,728)	70,728	(106,559)	35.831
TOTAL NET INVESTMENT INCOME	1,001,000	-1,155,535	2,156,535	1,224,784	(2,380,319)
OTHER EXPENSES:					
Risk Management Grants	955,804	182,922	772,882	68,132	114,790
Specialty Health - Cardiac Wellness	300,000	193,065	106,935	137,812	55,254
TOTAL OTHER EXPENSES	1,255,804	375,987	879,817	205,944	170,044

Net Income	(1,873,375)	796,096
Other Expenses	(375,987)	(205,944)
Income Statement Net Income	(2,249,363)	590,152

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Feb 28, 2017

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID	Account Description	Debit Amt	Credit Amt
1102-C-C	Cash - Claims - Wells Fargo		56,261.08
1102-C-E	Cash - Claims Expense -Wells	111,109.14	
1102-G-A	Cash - Admin. - Wells Fargo	272,884.73	
1150-C-E	Public Compensation Mutual-Inv	26,700,939.00	
1150-G-A	Public Compensation Mutual-Inv	2,000,000.00	
1151-C-E	PCM Amortization		19,352,574.00
1151-G-A	PCM Amortization		1,519,995.00
1200-C-E	Interfund Account - Claims	152,795.34	
1200-C-H	Interfund Account - Heart/Lung	56,264.00	
1200-G-A	Interfund Account - General		152,795.34
1200-G-H	Interfund Account - Heart/Lung		56,264.00
1207-C-E	PACT/State of NV Pledged Acct.	4,169,697.76	
1210-C-E	Pledged Account Cash Equiv.	305,875.77	
1211-C-E	NEAM Cash Equiv. - Claims	802,462.82	
1211-G-A	NEAM Cash Equiv. - Admin.	448,936.10	
1212-C-E	Investments - NEAM Claims	55,698,713.64	
1212-G-A	Investments - NEAM Admin.	19,674,637.42	
1214-C-E	Investment Income Rec. - Claims	226,366.72	
1214-G-A	Investment Income Rec. - Admin.	78,766.40	
1216-C-E	Pledged Account Interest Rec.	10,057.78	
1303-C-E	Member Assessments Receivable	95,549.45	
1303-C-H	Heart Fund Receivable	41,361.03	
1303-G-A	Member Assessments Receivable	31,849.74	
1304-C-E	Accrued Assessments - Claims	410,333.00	
1304-G-A	Accrued Assessments - Admin.	142,248.00	
1305-C-E	Accrued Heart Fund	111,752.00	
1306-G-A	Accrued Agent Comp	39,974.00	
1307-G-A	Agent Compensation Receivable	5,000.00	
1310-C-E	Specific Recoverable	115,888.81	
1312-G-A	Agent Compensation Receivable	4,179.67	
1318-G-A	Rec. Invest. Brokers-Admin.	30.82	
1400-C-E	Pre-Paid Excess Insurance	167,524.00	
1401-C-E	Pre-Paid ASC Admin. Fees	72,526.08	
1402-C-E	Prepaid Willis Pooling Fees	10,000.00	
1403-C-E	Prepaid Reinsurance Premium	415,361.00	
1463-G-A	Pre-Paid Casualty Insurance	2,731.69	
1485-G-A	Prepaid Loss Control Fees	135,336.00	
2110-C-E	Loss Reserves		100,639,717.26
2111-C-H	Heart Lung Loss Reserves		21,840,329.20
2200-C-C	Claims Payments	78,559,866.98	
2201-C-H	Claims Payments - Heart/Lung	333,186.38	
2310-C-E	Specific Recoverable		115,888.81
3501-C-C	Retained Earnings - Claims		28,379,614.80
3501-G-A	Retained Earnings - General		21,540,128.29
4001-C-E	Assessments-Claims-Expense		4,750,818.64
4001-C-H	Heart Lung Fund		1,030,207.25
4001-G-A	Assessments - General Admin.		1,583,606.17
4003-C-E	Accrued Assessments - Claims		410,333.00
4003-G-A	Accrued Assessments - Admin.		142,248.00
4004-C-E	Accrued Heart Fund		111,752.00
4005-G-A	Accrued Agent Comp		39,974.00
4006-G-A	Agent Compensation		118,190.25
5110-C-E	Loss Reserves Expense	2,580,736.12	
5111-C-H	Heart/Lung Loss Reserves Expense	1,030,207.25	
5450-G-A	Management Services	285,912.90	
5456-G-A	Sponsorship Fees	1,500.00	
5462-G-A	Travel	21,122.45	
5463-G-A	Casualty Insurance	21,800.00	
5464-G-A	Dues and Seminar Fees	9,146.15	
5465-G-A	Audit Expense	22,272.20	
5466-G-A	Printing & Copying Expense	811.46	
5467-G-A	Postage	1,047.67	
5468-G-A	Office Supplies	908.60	
5469-G-A	Telephone Expense	5,973.38	
5470-G-A	Legal Expense	6,365.38	
5472-G-A	Board and Committee Meetings	356.02	
5474-G-A	Actuary Expense	17,540.00	
5475-G-A	Member Education and Services	85,787.50	

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Feb 28, 2017

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID	Account Description	Debit Amt	Credit Amt
5476-G-A	Bank Service Charges	8,647.29	
5477-G-A	PRI Contract Services	237,650.00	
5478-G-A	Agent Compensation	119,498.25	
5482-C-E	Insurance Division Fees	215,995.59	
5482-G-A	Insurance Division Fees	331,061.74	
5484-C-E	Nevada Insolvency Fund	19,500.00	
5485-G-A	Loss Control Expense	270,664.00	
5488-G-A	Spec. Health-Cardiac Wellness	193,065.17	
5489-G-A	Risk Management Grants	182,922.07	
6000-C-E	Excess Insurance	357,088.00	
6001-C-E	ASC Claims Admin Fees	461,289.54	
6002-C-E	Willis Pooling Fees	20,000.00	
6003-C-E	Reinsurance Premium (PCM)	830,704.00	
6006-C-E	Specialty Health MCO Contract	28,000.00	
6100-C-C	Interest Income Claims Account		1,046,754.23
6100-G-A	Interest Income Admin. Acct.		355,008.71
6101-C-C	Claims Bank Interest Income		1,055.54
6110-C-E	Claims Realized Gains/(Losses)		3,760.10
6110-G-A	Admin. Realized Gains/(Losses)		717.03
6111-C-E	Clms Unrealized Gains/(Losses)	1,568,592.07	
6111-G-A	Admn Unrealized Gains/(Losses)	568,219.63	
6112-C-E	Claims-Premium/Discount Invest.	279,566.64	
6112-G-A	Admin.-Premium/Discount Invest.	76,024.44	
6113-C-E	Claims Investment Prior Year Inc.		300.00
6151-C-E	Amortization Expense	1,780,056.00	
6151-G-A	Amortization Expense	133,328.00	
7200-G-A	Investment Expense - Admin.	70,727.92	
	Total:	203,248,292.70	203,248,292.70

PUBLIC AGENCY COMPENSATION TRUST
FINANCIAL STATEMENTS
June 30, 2016 and 2015

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Public Agency Compensation Trust

Report on the Financial Statements

We have audited the accompanying statements of net position of the Public Agency Compensation Trust a non-profit corporation, as of June 30, 2016 and 2015 and the related statements of revenues and expenses and changes in net position and statements of changes in cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Agency Compensation Trust as of June 30, 2016 and 2015 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 10 year claims development schedule be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A supplemental schedule of unpaid loss liabilities for workers compensation and heart and lung claims, though not required, is also provided. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

November 23, 2016
Carson City, Nevada

Management's Discussion and Analysis

Purpose:

To further understanding of significant financial issues, this Public Agency Compensation Trust (PACT) management's discussion and analysis

- Provides an overview of PACT's financial activities,
- Identifies significant changes in PACT's financial position and its ability to address subsequent year financial challenges, and
- Provides insights into the long-term financial viability of PACT.

Background:

PACT is subject to Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. PACT's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since PACT operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company. PACT also is regulated by the Nevada Division of Insurance as an association of self-insured public agencies and must file certain financial schedules in addition to the GASB required information.

Using this Annual Report:

Since the financial statements report information about PACT using accounting methods similar to those used by private sector organizations, these statements offer short and long term financial information about PACT's activity. The financial statements show a comparison of two audited years ending June 30, 2015 and June 30, 2016 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all of PACT's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the solvency, liquidity and financial flexibility of PACT.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of PACT's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of PACT's credit worthiness and whether PACT successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about PACT's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations and investments. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since PACT incurs financial obligations to pay for claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights:

Statutory requirements and board policy require PACT to be audited each year by an independent auditor. Since its inception on April 1, 1996 and continuing through this fiscal year, the independent auditor's report offers an unqualified opinion on the financial statements. Such an opinion reflects the highest opinion that can be obtained from an independent auditor.

Changes in Net Position:

Fiscal year ended June 30, 2016: \$49,919,742

Fiscal year ended June 30, 2015: \$47,910,186

Net increase: \$2,129,544 or 4.5%.

PACT's primary revenue source comes from Member contributions to PACT's Loss Fund, administrative budget and reinsurance and excess insurance costs. Interest income on investments constitutes the secondary revenue source.

Total assessments revenues:

Fiscal year ended June 30, 2016: \$16,337,985

Fiscal year ended June 30, 2015: \$16,486,613

Net decrease: (\$148,628) or 0.9%.

The decrease resulted from decreased rates and an increased payroll exposure basis.

Total expenses:

Fiscal year ended June 30, 2016: \$16,379,363

Fiscal year ended June 30, 2015: \$15,251,352

Net increase: \$1,128,041 or 7.4 %.

The key factor that contributed to this change was an increase in claims reserves by \$1,117,573. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years.

Operating Net Position:

Fiscal year ended June 30, 2016: (\$41,378)

Fiscal year ended June 30, 2015: \$1,115,303

Net change: \$1,156,581

Total claims reserves increased by \$1,117,573; Insurance Division Fees decreased by \$205,984; and member education services decreased by \$126,774.

Non-operating net investment income:

Fiscal year ended June 30, 2016: \$2,170,922

Fiscal year ended June 30, 2015: \$1,071,217

Net change: \$1,099,705

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Somewhat improved economic conditions during this fiscal year for fixed income investments contributed to the positive change as well as the increased invested asset base. Restrictions imposed by law on the types of investments PACT may utilize are similar to other local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of PACT's investments are anticipated to be held to maturity.

Assets:

In fiscal year ended June 30, 2016, the net position change in non-operating investment income from June 30, 2015 saw a positive swing of \$1,099,705. There was positive net investment income on a marked to market basis offset by the operating net assets decrease by \$41,378. An explanation about how these results were achieved was provided in the financial highlights.

Amortization of contributions to Public Compensation Mutual (PCM), the PACT- owned non-profit captive mutual insurance company, reflects a conservative financial accounting approach (refer to Note 13). By board policy, if there are gains, then a portion of those gains may be transferred to PCM. A transfer of 50% of the net position gains for the year ended June 30, 2015 was authorized.

Growing the asset base is important to the long term viability and stability of PACT due to the volatility of workers compensation claims and the level of retention taken by PACT. PACT has maintained its retention level and relies in part on PCM to take any additional retention with the contributed assets.

Revenues, Expenses and Changes in Assets:

Gross revenues (assessments plus non-operating net investment income) increased by 5.4% for fiscal year ended June 30, 2016 partially as a result of a rate decreases and exposure basis increases coupled with an increase in net investment income.

Actuarial:

The actuarial analysis for the current fiscal year revealed an increase in case reserves and IBNR reserves over prior years' estimated incurred losses. Refer to Note 11 for the details of Unpaid Loss Liabilities.

Other factors also apply:

- 1) Alternative Risk Services' (ASC -PACT's claims administrator) experienced adjusters have been able to manage claims efficiently and effectively and have maintained quality as evidenced by external claims audits;
- 2) SpecialtyHealth, the managed care organization and MCMC, the bill reviewer, for PACT helped the adjusters manage claims and costs effectively,
- 3) Loss control efforts have proven effective and further initiatives are being implemented, and
- 4) The continuing roll-out of the Cardiac Wellness Program that should help reduce potential heart claims, although implementation impediments continue to slow down the program.

It is important to continue to strengthen these approaches to assure continued success for PACT.

- 5) A legislative change in the 2015 session may reduce the post-employment heart claims since it clarified that only medical benefits are payable and added a time limit for post-employment eligibility, for those working less than 20 years of service, of one-year for each year of service.

Workers compensation self-funded programs experience significant volatility particularly when the retention levels per loss are high. Because PACT retains a substantial portion of the risk in all classifications, it is important to the long term viability of PACT and to assure its ability to meet its obligations to injured workers that PACT monitor its Net Position. We continue to face pressure to increase our retentions in light of medical and wage inflation trends as well as market pressures, which suggests that volatility will further increase and will need to be cushioned strongly. PACT management, consistent with board policy, selected a 70% actuarial confidence level as a prudent level in keeping with the PACT Board's goals of creating and sustaining a durable financial position. As described earlier in the Changes in Net Position discussion, Net Position is affected by amortization of transfers of funds to PCM consistent with the board's policy on Capitalization. PACT maintains an interest in PCM as its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PCM.

Capital Assets and Debt Administration:

PACT has no physical assets and no borrowed funds. It has pledged certain investments to satisfy a regulatory solvency security requirement and thus, cannot access those funds without approval from the Nevada Division of Insurance.

In order to enhance analysis, comparative information is provided for Assets, Liabilities, Net Position, Revenues and Expenses as shown in the chart below. The benchmarks shown in the chart resulted from a pooling and captives' industry study conducted a few years ago by Tillinghast and provides a useful tool to facilitate management's analysis and understanding of the financial results. Other performance indicators may be used by insurance companies but are not necessarily useful comparative indicators for risk pools.

Financial Ratios	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total Revenue	\$ 13,740,006	\$ 14,320,208	\$ 15,701,455	\$ 16,486,613	\$ 16,337,985
Revenue over (under) Expenses	\$ (1,613,147)	\$ (1,839,493)	\$ 896,485	\$ 2,306,508	\$ 2,129,544
Operating Net Assets	\$ (4,103,018)	\$ (1,569,226)	\$ 177,273	\$ 1,235,291	\$ (41,378)
Non-operating Net Investment Income	\$ 2,489,871	\$ (270,267)	\$ 719,212	\$ 1,071,217	\$ 2,170,922
Total Assets	\$ 79,370,901	\$ 80,347,217	\$ 83,611,339	\$ 88,670,007	\$ 94,114,671
Total Liabilities	\$ 32,824,215	\$ 35,640,024	\$ 38,007,661	\$ 40,759,841	\$ 44,194,929
Net Position	\$ 46,546,686	\$ 44,707,193	\$ 45,603,678	\$ 47,910,186	\$ 49,919,742
Net Position to SIR (Board Target 12:1); Benchmark >5:1	93.09	89.41	91.21	95.82	99.84
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.01	0.01	0.01	0.01	0.01
% Assets attributable to Net Position	58.6%	55.6%	54.5%	54.0%	53.0%
Total assets/total liabilities	2.42	2.25	2.20	2.18	2.13
Revenues to Net Position (Benchmark: <2.5:1 and >0)	0.30	0.32	0.34	0.34	0.33
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.41	0.44	0.45	0.46	0.47
Total liabilities to liquid assets: Benchmark <100%	180%	123%	133%	123%	59%
Change in members' Net Position: >-10%	-3.3%	-4.0%	2.0%	5.1%	4.2%
Return on Net Position: Net Operating Income/Net Position	-8.8%	-3.5%	0.4%	2.6%	-0.1%
Return on Net Position: Total Income/Net Position	-3.5%	-4.1%	2.0%	4.8%	4.3%

Economic Factors:

For fiscal year ending June 30, 2016, economic conditions showed signs of stability with some growth continuing for the nation and Nevada. Medical inflation still exceeds the general inflation rate and this affects the underlying costs of claims payable by PACT. There may be future unknown effects from implementation of the Patient Protection and Affordable Care Act as its impact on health care costs unfolds. While Nevada retains a fee schedule to limit cost increases, recent reviews of the fee schedule components resulted in increases in the last few years. Wage inflation generally is low in the public sector, which keeps disability costs down. A legislative change in 2003 resulted in adoption of the 5th Edition of the AMA guide to rating impairments, which increased costs overall. The 2009 Legislature fixed the 5th Edition into statute rather than having the most current edition be implemented by regulation. The 6th edition would have reduced costs in several key ratings of impairments due to recognition of improved medical outcomes.

The Nevada Supreme Court reached a decision in 1998 interpreting the special provisions for heart and lung coverage for qualifying police officers and firefighters that concluded that once these persons meet the five years of continuous service eligibility for benefits, those benefits are available for life regardless of any connection to actual work at the time the claims is made. Staff immediately implemented a judgment loading in the rates for this new interpretation of the statute, pending legislative action. PACT unsuccessfully attempted to have the Legislature modify this court interpretation to require that the claim must manifest within a reasonable time frame from leaving the workplace. As a result of that failed effort, PACT undertook an actuarial study to estimate the lifetime cost of risk associated with this decision. That study was concluded and the results indicated that the present value of the future benefits for former employees was estimated to range from \$5,668,000 to \$22,258,000, depending upon the interpretation as to which legal theory may be applicable. A subsequent actuarial study

confirmed a change in the range of values to between twenty and eighty million, again depending upon the assumptions made about claims manifestation.

These figures were presented to a task force who recommended to the board that they eliminate the judgment loading and implement a funding plan based on the actuarial study effective with the subsequent fiscal year. The board adopted the funding plan for implementation effective July 1, 2002. By taking this action, the board began its mitigation plan for the long-term adverse financial impact of the risk of former police officers and firefighters filing workers compensation claims long after employment. Subsequently, the board authorized acceleration of the funding rate. The rate set in 2002 was increased by 10% as a result of the second actuarial study that increased the range of potential losses from prior studies and demonstrated the need to accelerate needed assessments in future fiscal years as demographic factors begin to influence the post-employment risks.

The heart/lung assessments collected for fiscal year ended June 30, 2016 totaled \$2,682,092 compared to June 30, 2015 of \$2,363,685 based upon a continuing 10% increase in the rates with a flat change in payroll basis. Beginning in the next fiscal year, a rate decrease was approved in light of the accumulation exceeding the target minimum assessments.

PACT sought relief before the United States Supreme Court to address the question of the constitutionality of the post-employment conclusive presumption of eligibility for workers compensation for police officers and firefighters, but was denied review.

We continue to experience adverse rulings at hearing and appeal levels regarding heart-lung cases. Political actions to increase benefits continues each legislative session, particularly by law enforcement and firefighter lobbyists, and that causes pressure by excess insurers and reinsurers to increase PACT's retention or cause increased costs or both, which would require rate increases or weaken the financial position. Demographically, there is an emerging and accelerating likelihood of additional heart-lung claims from both current and post-employment eligible law enforcement officers and firefighters. PACT supported a bill brought forth in 2011 by Sen. Rhoades on behalf of the Nevada Taxpayers Association that would have capped post-employment eligibility, but the bill died in the Assembly. Similar legislation was attempted in 2013, but no sponsor would step forward. In 2015, a modest change was approved which maintains the current benefits for employees with over 20 years of service, but reduces the initial eligibility from 5 years to 2 years and if leaving employment prior to 20 years the post-employment eligibility period becomes year for year of service. No actuarial estimate has been completed, but preliminary indications are for a neutral effect on the costs.

Prior to the 2013 Legislative Session, the Committee on Local Government Finance adopted a temporary regulation requiring self-insured employers and association self-insured groups to report certain actuarial reserve projections, claims data and funding methods for the reserves on a form known as Form 33 in connection with the tentative budget. Such information was to be compiled by the Department of Taxation for the benefit of the Legislature and the public regarding the cost of these benefits. PACT filed its required report. In 2014, the temporary regulation was submitted to the Legislative Commission for final approval, but later was rejected and the Committee decided not to pursue this in light of the 2015 Legislative change unless future indications warranted reviewing it again.

Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:

While the purpose of this discussion and financial report is to provide a general overview of PACT's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790.

Wayne Carlson
Executive Director, Public Agency Compensation Trust

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF NET POSITION
June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 2,176,248	\$ 1,626,906
Investments	72,142,773	66,074,207
Investment income receivable	362,590	336,155
Member assessments receivable	4,464,347	4,425,271
Specific recoverable	57,378	127,624
Commissions receivable	63,962	63,821
Receivable from State of Nevada	485,603	-
Prepaid expenses	33,970	46,358
Total current assets	<u>79,786,871</u>	<u>72,700,342</u>
Noncurrent assets:		
Pledged investments	4,586,046	4,551,292
Contributed surplus PCM, net	9,741,754	11,418,373
Total noncurrent assets	<u>14,327,800</u>	<u>15,969,665</u>
TOTAL ASSETS	<u>94,114,671</u>	<u>88,670,007</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	107,029	208,800
Commissions payable	62,632	61,621
Specific recoverable	57,378	127,624
Current portion of reserve for claims losses	6,151,608	6,125,004
Total current liabilities	<u>6,378,647</u>	<u>6,523,049</u>
Noncurrent liabilities:		
Reserve for Worker's Compensation claims losses	17,245,392	16,488,996
Reserve for Heart & Lung claims losses	20,570,890	17,867,764
Total noncurrent liabilities	<u>37,816,282</u>	<u>34,356,760</u>
TOTAL LIABILITIES	<u>44,194,929</u>	<u>40,879,809</u>
 NET POSITION - unrestricted		
Net position -unrestricted	45,333,696	43,238,906
Net position -restricted for pledged securities	4,586,046	4,551,292
TOTAL NET POSITION	<u>\$ 49,919,742</u>	<u>\$ 47,790,198</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2016 and 2015

REVENUES	<u>2016</u>	<u>2015</u>
Assessments for workers compensation	\$ 13,655,893	\$ 14,122,928
Assessments for heart and lung	<u>2,682,092</u>	<u>2,363,685</u>
Total Revenues	<u>16,337,985</u>	<u>16,486,613</u>
 LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	5,843,507	5,091,253
Heart and Lung loss expenses	2,784,477	2,419,158
Excess insurance premium	414,360	419,286
Re-insurance premium	1,207,000	1,207,000
Underwriting and claims processing	<u>745,539</u>	<u>732,434</u>
Total loss fund and program expenses	10,994,883	9,869,131
 ADMINISTRATION EXPENSES		
Management fees	475,860	462,000
Professional services	95,181	83,496
Administrative and overhead	470,045	372,829
Member education and services	729,656	856,430
Risk management grants	117,460	56,089
Insurance Division fees	303,645	509,629
Insolvency fund and related expenses	16,754	19,586
Loss control expenses	406,000	407,500
Amortization expense	<u>2,769,879</u>	<u>2,734,620</u>
Total administration expenses	5,384,480	5,502,179
(Decrease) increase in operating net position	<u>(41,378)</u>	<u>1,115,303</u>
Non-operating net investment income	<u>2,170,922</u>	<u>1,071,217</u>
Increase in net position	<u>2,129,544</u>	<u>2,186,520</u>
Net position, beginning of year	47,790,198	45,603,678
Net position, end of year	<u>\$ 49,919,742</u>	<u>\$ 47,790,198</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF CASH FLOWS
For Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and other revenues	\$ 16,298,909	\$ 16,412,845
Payment for claims	(5,141,858)	(4,826,371)
Payment to vendors	<u>(5,556,486)</u>	<u>(5,156,636)</u>
Net cash provided from operating activities	5,600,565	6,429,838
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed surplus to Public Compensation Mutual	<u>(1,093,260)</u>	<u>(448,242)</u>
Net cash used for capital and related financing activities	(1,093,260)	(448,242)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,637,405	1,458,006
Sale of investments	18,926,950	32,312,493
Purchases of investments	<u>(24,522,318)</u>	<u>(41,829,798)</u>
Net cash used for investing activities	<u>(3,957,963)</u>	<u>(8,059,299)</u>
Increase (decrease) in cash and cash equivalents	549,342	(2,077,703)
Cash and cash equivalents, beginning of fiscal year	1,626,906	3,704,609
Cash and cash equivalents, year ended June 30	<u>2,176,248</u>	<u>1,626,906</u>
RECONCILIATION FOR OPERATING INCOME		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net income	(41,378)	1,115,303
Adjustments to reconcile operating income		
to net cash provided (used) by operating activities:		
(Increase) Member assessments receivable	(39,076)	(138,142)
Decrease (increase) Specific recoverable	70,246	(78,476)
Decrease (increase) Prepaid expenses	12,388	(13,994)
(Increase) receivable from State of Nevada	(485,603)	-
(Decrease) increase Accounts payable	(101,771)	48,011
(Decrease) increase Specific recoverable	(70,246)	78,476
Increase Amortization of contributed surplus	2,769,879	2,734,620
Increase Loss reserves	3,486,126	2,684,040
Net cash provided by operating activities	<u>\$ 5,600,565</u>	<u>\$ 6,429,838</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of program

Public Agency Compensation Trust (PACT) was formed by local governments for the purpose of organizing a self-insured workers' compensation group. The Trust began operations April 1, 1996. The trust's objective is to provide members with a lower cost alternative achieved through enhanced claims management, program administration, and member services that will reduce the cost of claims. PACT provides workers' compensation coverage to member governmental entities and hospitals pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Trustees comprised of representatives of each member. Any member may withdraw from the program by giving 120 days notice. PACT's independent actuary, who is an approved Rate Service Organization, develops PACT rates.

Principles of presentation

PACT has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. PACT prepares its financial statements on the accrual method of accounting recognizing income when earned and expenses when incurred. PACT has implemented Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and GASB Statement 38, Certain Financial Statement Note Disclosures*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting. Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement focus and basis of accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash and cash equivalents

The Operating Fund has a checking account, money market investment account, and an investment account for long-term investments. For the purposes of the Statement of Cash Flows, the PACT considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Claims Fund has two checking accounts, one for payment of claims and the other for claims related expenses as required by Nevada Revised Statute 616B.368.

Investments and investment income

Investments consist predominantly of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of activities and changes in fund balances. PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grade equity securities. PACT also is authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations. PACT's investments have been restricted by policy of the Board to those allowable for local governments.

Income Taxes

In accordance with Internal Revenue Service code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Prior Year Reclassifications

Prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget

Budgetary to actual results is not presented as there are no legal budgetary requirements.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest of the security. PACT's policy is to invest in corporate debt issues with a minimum of an "AA" rating from Moody's or Standard and Poor's rating services or U.S. Government and government backed securities. In addition, PACT's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

Concentration of Credit Risk:

PACT limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. No more than 15% of the total investment pool will be invested in any one class of security, industry or company. PACT will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. Government and government backed securities.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PACT will, to the extent possible, minimize this risk by matching investment maturities to liability due dates. This allows PACT to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from decreasing interest rates is minimized by investing predominantly in investments with short to mid-term maturities that perform in line with the return of a managed fund comprised of 1 – 3 year Treasury Bonds.

Member Assessments

Member assessments and reports are due 20 days after the end of the quarter. Assessment rates are based on independent actuarial estimates that are reviewed and approved by the Insurance Commissioner.

Losses and loss adjustment expense

Reserves for losses and allocated loss adjustment expenses are provided based on case-based estimates for losses reported and PACT's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

The liability represents the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The liability also includes unallocated costs which are estimated by management. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. The loss reserve estimates are discounted at 3% in 2016 and 2015, the expected investment rate, to show the present value of those reserves.

Insurance Division Annual Fees

The Insurance Division annually assesses fees to the Trust based on prior year's claims expenditures. It is the policy of management to record the invoice or credit received each year as the expense or credit to the expense for that year as these invoices cannot be reasonably estimated and therefore accrued. As of June 30, 2016 there was a receivable from the Division of \$485,603 as a result of the Division's assessment of the fees for the period.

Supplementary development schedule - Unaudited

The statements and development schedule reports claims paid on a reported year basis. Loss reserves shown on the financial statements are discounted; however, the development schedule reflects undiscounted loss reserves.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 2 – CASH & EQUIVALENTS

The carrying amount of PACT's deposits with financial institutions at June 30, 2016 and 2015 are \$2,176,248 and \$1,626,907 respectively. The financial institution balances were \$2,338,200 and \$1,858,164 respectively. The difference between the carrying amounts and financial institution balances results from outstanding checks and deposits not yet reflected in the bank's records.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	328,538	332,248
Cash equivalents at brokerage firm	<u>1,759,662</u>	<u>1,275,916</u>
Total deposits at financial institutions	<u>\$ 2,338,200</u>	<u>\$ 1,858,164</u>

PACT maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm up to the SPIC insurance limit are insured through SPIC and additional amounts are insured by the broker through an insurance policy.

NOTE 3 – INVESTMENT SECURITIES

A summary of investments as of June 30, 2016 is as follows:

	<u>Fair Value</u>	Investment Maturities in Years			
		<u>1 year of less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 19,041,690	\$ 3,016,758	\$ 8,256,702	\$ 7,768,230	\$ -
U.S. Government & Agencies	14,144,384	847,119	12,373,169	924,096	-
U.S. Mortgage-backed securities	36,959,667	99,425	1,546,751	8,946,927	26,366,564
U.S. Government backed securities	6,391,485	-	2,144,859	3,033,985	1,212,641
Less pledged investments	<u>(4,394,453)</u>	<u>(3,016,758)</u>	<u>(643,828)</u>	<u>-</u>	<u>(733,867)</u>
Total investments	<u>\$ 72,142,773</u>	<u>\$ 946,544</u>	<u>\$ 23,677,653</u>	<u>\$ 20,673,238</u>	<u>\$ 26,845,338</u>

A summary of investments as of June 30, 2015 is as follows:

	<u>Fair Value</u>	Investment Maturities in Years			
		<u>1 year of less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 22,332,441	\$ 329,200	\$ 15,171,899	\$ 6,070,844	\$ 760,498
U.S. Government & Agencies	3,368,213	-	2,819,492	506,285	42,436
U.S. Mortgage-backed securities	35,867,795	599,958	11,074,387	5,735,307	18,458,143
U.S. Government backed securities	8,311,642	-	2,955,891	4,348,511	1,007,240
Less pledged investments	<u>(3,805,884)</u>	<u>-</u>	<u>(3,805,884)</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 66,074,207</u>	<u>\$ 929,158</u>	<u>\$ 28,215,785</u>	<u>\$ 16,660,947</u>	<u>\$ 20,268,317</u>

Investment income receivable was \$362,590 on June 30, 2016 and \$336,155 on June 30, 2015.

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. Restricted investments are those investments pledged to the Insurance Commission. All securities are U.S Government or government backed.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 3 – INVESTMENT SECURITIES (continued)

PACT categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

PACT has the following recurring fair value measurements as of June 30, 2016:

1. U.S. Treasuries and U.S. Government guaranteed securities of \$19,041,689 are valued using quoted market prices (Level 1 inputs).
2. U.S. Government Agencies and U.S. back securities of \$53,101,084 are valued using a matrix pricing model (Level 2 inputs).

NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE

Member assessments receivable were \$4,464,347 and \$4,425,271 for the years ended June 30, 2016 and 2015. Amounts receivable at both years' end are primarily assessments for the last quarter of the fiscal year and are determined based on the annual payroll audits.

NOTE 5 – LIABILITY OF MEMBERSHIP

Members of PACT are jointly and severally liable to pay benefits to injured workers as required by law. Workers compensation pools can be subject to assessments by the Insurance Commissioner should other self-insured workers compensation pools encounter financial difficulties.

NOTE 6 – REINSURANCE & EXCESS INSURANCE

In the ordinary course of business, PACT maintains both reinsurance and excess insurance contracts with various insurance carriers through their broker company, Willis Re Pooling. These reinsurance and excess insurance contracts provide both a specific and an aggregate limit of liability to protect PACT against potentially large losses or an accumulation of losses. This provides coverage in excess of PACT's self-insured retention. The limits provided by these reinsurance and excess insurance contracts, including PACT's self-insurance retention, are as follows:

1) Safety National Casualty Company provides a statutory specific limit of liability per accident excess of PACT's self-insured retention per accident of \$3,000,000. PACT reinsures a portion of PACT's \$3,000,000 retention through Public Compensation Mutual, which bears \$500,000 excess of PACT's \$500,000 specific retention plus 25% of \$2,000,000 excess of PACT's \$1,000,000 retention and through County Reinsurance, Ltd., which bears 75% of \$2,000,000 excess of PACT's \$1,000,000 retention.

2) Safety National Casualty Company provides a limit of liability of \$3,000,000 excess of an aggregate retention of \$3.68 per \$100 of payroll, subject to a minimum aggregate retention of \$9,434,838 and \$9,663,733 for years ended June 30, 2016 and 2015. PACT reinsures a portion of PACT's aggregate excess limit of \$3,000,000 through Public Compensation Mutual which bears 50% of PACT's annual aggregate excess limit and through Safety National Casualty Company which bears 50% of PACT's annual aggregate excess limit.

Both Public Compensation Mutual and County Reinsurance, Ltd. are captive insurance companies in which PACT has a financial interest.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 7 - RELATED PARTY TRANSACTIONS

Public Agency Risk Management Services, Inc. (PARMS) is presently contracted to provide management services. PARMS serves both PACT and the Nevada Public Agency Insurance Pool (POOL) as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Management fees paid under the contract for years ended June 30, 2016 and 2015 were \$475,860 and \$462,000 respectively. The management contract agreement was renewed with PARMS commencing July 1, 2014 and terminating on June 30, 2019 with an option to extend with the same terms and conditions for an additional two years. A 3% annual increase for management fees is included in the contract. Minimum future payments are as follows:

2017	\$	490,136
2018		504,840
2019		519,985
Total minimum future payments	\$	<u>1,514,961</u>

PARMS is under obligation to lease office space from the Nevada Public Agency Insurance Pool throughout the term of the management contract. Payments made in 2016 and 2015 were \$69,804 and \$67,092. The contract includes a 2% per annum increase in the lease expenses beginning on July 1, 2014.

Many of the board members of the Nevada Public Agency Insurance Pool (POOL) are also members of PACT as they share a common membership. The board of Public Compensation Mutual comprises of several PACT board members. PACT is the sole policy holder of Public Compensation Mutual Company which was formed as a captive insurance company.

PACT jointly with Nevada Public Agency Insurance Pool (NPAIP) provided a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Wayne Carlson, Alan Kalt and Michael Rebaleati. PRI pays PARMS a management fee to provide operational and financial oversight of PRI. Subsequent to June 30, 2015, PRI directors Wayne Carlson and Michael Rebaleati resigned from the PRI board.

NOTE 8 – PLEDGED INVESTMENTS

According to NRS 616B.353.1(d) and (e) and related regulations, an association of self-insured employers must deposit with the Commissioner a bond or other authorized security, payable to reasonably secure payment of the workers compensation benefits to employees. The amounts pledged for years ended June 30, 2016 and 2015 were \$4,586,046 and \$4,551,292. In the event that PACT becomes delinquent in its payment of workers compensation benefits, the proceeds will be used to satisfy losses, costs or expenses incurred by the Insurance Division. The minimum required deposit for years ended June 30, 2016 and 2015 were \$3,900,000 and \$3,351,000 respectively. Management does not intend to withdraw available funds; however, a withdrawal of funds in excess of the minimum required deposit is available upon giving notice to and receiving approval from the Nevada Division of Insurance.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Cash equivalents	\$ 125,490	\$ 681,417
Investments	4,394,452	3,805,884
Investment income receivable	66,104	63,991
Total	<u>\$ 4,586,046</u>	<u>\$ 4,551,292</u>

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 9 – HEART AND LUNG LOSS FUND

The Heart and Lung Loss Fund reflects special reserves set aside for the purpose of covering post-employment heart or lung disease claims that may be the responsibility of PACT members pursuant to the Last Injurious Exposure Rule interpretation of the law and court cases that determined that coverage for such claims applies to former employees who meet the statutory eligibility requirements for the heart and lung disease benefit.

Post-employment claims historically have not been reflected in rate classifications for the appropriate police officer and firefighter classifications. The actuarial projections of loss and loss adjustment expense are intended to be fully funded, thus assessments for this fund are offset 100% by claims reserves. Management followed this conservative approach because of the uncertainty and volatility inherent in this specific risk. The reserve for 2016 and 2015 is \$20,570,890 and \$17,867,764 respectively.

NOTE 10 – ALLOCATION OF ASSESSMENTS REVENUES

The Nevada Revised Statute 616B.368 requires that 75% of assessment revenues collected be placed in a separate account and that disbursements from this account be limited to paying claims, claims related expenses, excess insurance costs, assessments, payments and penalties related to the subsequent injury fund and the uninsured employer's claim fund. Initially, all funds collected for member assessments and prepayments of assessments and deposits are deposited into the operating account. Periodically, 75% of the assessments are transferred to a separate bank or investment account to comply with this statute.

NOTE 11 – UNPAID LOSS LIABILITIES

PACT establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related loss adjustment expenses. The following represents changes in those aggregate liabilities during the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 40,481,764</u>	<u>\$ 37,797,724</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	9,228,477	8,641,685
Increase (decrease) in provision for insured events of prior fiscal years	<u>(600,493)</u>	<u>(1,131,274)</u>
Total incurred losses and loss adjustment	8,627,984	7,510,411
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,586,366)	(1,508,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(3,555,492)</u>	<u>(3,318,371)</u>
Total Payments	(5,141,858)	(4,826,371)
Unpaid claims and claims adjustment expenses at end of fiscal year	<u>\$ 43,967,890</u>	<u>\$ 40,481,764</u>

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 11 – UNPAID LOSS LIABILITIES (continued)

The current portion of the long term loss reserve for 2016 and 2015 is \$6,151,608 and \$6,125,004 with the long term portion for 2016 and 2015 being \$37,816,282 and \$34,356,760. Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year increased from \$8,641,685 for 2015 to \$9,228,477 for 2016. The increase in the provision for insured events of prior fiscal years for 2016 and 2015 reflects changes in case reserves and actuarial reserve calculations for all prior years cumulatively. Individual case reserves may increase or decrease as the case develops over time for various reasons. This may affect actuarial projections for past and future years since the various actuarial methodologies are based both on individual case reserve changes and long term trends in reserves. The effect of both the individual case reserve changes over time and the actuarial projections combined may result in a significant increase or decrease that is reflected in the current year's audited net assets. In other words, a decrease in reserves results in an increase in net assets, while an increase in reserves reduces net assets.

NOTE 12 – POOLING RESOURCES, INC. GRANT

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with PACT provided a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Wayne Carlson, Alan Kalt and Michael Rebaleati. The cost of this grant was \$565,000 and \$546,500 for June 30, 2016 and 2015 respectively. The grant was renewed for five years beginning July 1, 2015 with future costs being as follows:

Minimum future payments:

2017	\$ 582,000
2018	599,500
2019	611,500
2020	<u>624,000</u>
Total payments	<u>\$2,417,000</u>

PRI provides human resources management services to PACT members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

NOTE 13 – SURPLUS CONTRIBUTION TO PUBLIC COMPENSATION MUTUAL COMPANY

In May of 2007, PACT's board of directors authorized the start up of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company in the amount of \$5,000,000 and subsequent additional surplus contributions have been added. Capitalization at June 30, 2016 was \$28,700,939 with accumulated amortization of \$18,959,185 for a net amount of \$9,741,754. Capitalization at June 30, 2015 was \$27,607,679 with accumulated amortization of \$16,189,306 for a net amount of \$11,418,373.

The company, named Public Compensation Mutual, ("PCM") is domiciled in Nevada and as of July 1, 2007, became one of the workers compensation reinsurers for PACT. Some of the Public Compensation Mutual's board members also serve as board members of PACT. In 2015, PCM converted from an association captive model to a pure captive model, which makes PACT the owner of PCM directly. This reduces certain administrative costs of PCM, which inures to PACT's benefit through reduced reinsurance charges.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 13 – SURPLUS CONTRIBUTION TO PUBLIC COMPENSATION MUTUAL COMPANY (continued)

Public Compensation Mutual was formed by members of PACT to reduce the costs of insurance, to obtain direct access to reinsurance, to provide broader coverage for policyholders, to broaden investment opportunities and to build equity to enable providing coverage not obtainable elsewhere.

As a condition of contributed surplus, but without any expectation that the funds will be returned, PACT required that prior to any distributions such as dividends, the contributed surplus must be repaid to PACT.

Management considers the contributed surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance costs to PACT will recoup the startup capital. Therefore, the PACT's contributed surplus to PCM will be amortized over 10 years. The financial statements of PCM are audited annually by an independent auditing firm.

NOTE 14 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2016 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2016. Management has evaluated subsequent events through November 23, 2016 which is the date the financial statements were available for issue.

PUBLIC AGENCY COMPENSATION TRUST
Supplemental Schedule On Unpaid Loss Liabilities for Workers Compensation and Heart Lung

PACT establishes a liability for both reported and unreported insured events which includes estimates of both future payments of losses and related loss adjustment expenses. The following represents changes in those aggregate liabilities for the workers compensation and heart and lung coverages during the years ended June 30, 2016 and 2015:

	<u>2016</u>			<u>2015</u>		
	<u>Workers Compensation</u>	<u>Heart & Lung</u>	<u>Total</u>	<u>Workers Compensation</u>	<u>Heart & Lung</u>	<u>Total</u>
Unpaid losses and loss adjustment expenses at beginning of the year	\$22,614,000	\$17,867,764	\$40,481,764	\$22,306,000	\$15,491,724	\$37,797,724
Incurred losses and loss adjustment expenses:						
Provision for insured events of current year	6,444,000	2,784,477	9,228,477	6,278,000	2,363,685	8,641,685
Increase (decrease) in provision for insured events of prior fiscal year	(600,493)	-	(600,493)	(1,186,747)	55,473	(1,131,274)
Total incurred losses and loss adjustments	5,843,507	2,784,477	8,627,984	5,091,253	2,419,158	7,510,411
Payments:						
Claims and claim adjustment expense attributable to insured events of current year	(1,586,366)	(81,351)	(1,667,717)	(1,508,000)	-	(1,508,000)
Claims and claims adjustment expense Attributable to insured events of a prior period	(3,474,141)		(3,474,141)	(3,275,253)	(43,118)	(3,318,371)
Total payments	(5,060,507)	(81,351)	(5,141,858)	(4,783,253)	(43,118)	(4,826,371)
Unpaid claims and claims adjustments expenses at end of fiscal year	\$23,397,000	\$20,570,890	\$43,967,890	\$22,614,000	\$17,867,764	\$40,481,764

PUBLIC AGENCY COMPENSATION TRUST
COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT FOR WORKERS COMP AND HEART & LUNG – UNDISCOUNTED - (UNAUDITED)
EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

Required Contributions & Investment Income:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Earned	\$17,528,899	\$19,214,202	\$18,382,217	\$16,856,499	\$14,187,888	\$16,229,877	\$14,049,941	\$16,420,666	\$17,557,830	\$18,508,907
Ceded	(673,485)	(711,236)	(999,595)	(1,019,746)	(760,706)	(821,229)	(1,196,334)	(1,178,052)	(1,626,286)	1,621,360
Net earned	16,857,421	18,504,974	17,384,631	15,836,753	13,427,182	15,408,648	12,853,607	15,242,614	15,931,544	20,130,267
Unallocated Expenses	2,644,815	3,467,687	3,888,708	4,372,365	5,340,792	6,086,457	6,580,620	6,167,162	6,234,613	6,130,390
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	6,932,261	6,211,000	6,699,000	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	6,932,261	6,211,000	6,699,000	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127
Paid (cumulative) as of:										
End of policy year	955,534	1,396,400	1,813,443	1,576,283	1,627,122	1,875,562	1,861,690	1,564,723	1,512,648	1,581,898
One Year Later	2,333,923	3,334,645	3,630,752	3,121,442	3,604,503	3,460,736	3,221,497	2,848,563	2,901,684	
Two Years Later	3,332,247	4,312,797	4,050,129	4,039,612	4,245,842	4,582,100	3,754,301	3,434,826		
Three Years Later	3,930,487	4,768,994	4,496,682	4,357,378	5,004,699	5,268,006	4,110,874			
Four Years Later	4,102,622	5,095,774	4,714,495	4,448,046	5,153,264	5,447,815				
Five Years Later	4,388,188	5,496,210	4,975,855	4,558,563	5,490,173					
Six Years Later	4,518,951	5,639,154	4,989,534	4,654,519						
Seven Years Later	4,629,499	5,823,757	5,049,426							
Eight Years Later	4,736,121	5,894,645								
Nine Years Later	4,850,309									
Re-estimated ceded claims & Expenses	-	-	-	-	-	-	-	-	-	-
Re-estimated Claims & Expense										
End of policy year	6,932,261	6,211,000	6,699,000	7,604,904	7,226,026	8,403,083	8,503,886	8,561,944	8,324,685	8,809,127
One Year Later	6,163,261	7,066,000	7,100,000	7,767,000	8,156,000	8,287,083	8,064,886	8,461,944	8,035,685	
Two Years Later	7,269,261	7,695,000	6,892,000	8,507,000	7,998,000	8,599,083	7,583,886	8,171,944		
Three Years Later	7,555,261	7,612,000	7,010,000	8,178,000	8,204,000	8,590,083	7,436,886			
Four Years Later	7,453,261	8,127,000	6,928,000	7,930,000	8,367,000	8,416,083				
Five Years Later	7,650,261	7,898,000	6,902,000	7,903,000	8,626,000					
Six Years Later	7,665,261	7,863,000	6,789,000	7,928,904						
Seven Years Later	7,602,261	7,784,000	6,790,338							
Eight Years Later	7,649,261	7,720,000								
Nine Years Later	7,602,261									
Increase(Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year:	\$670,000	\$1,509,000	\$91,000	\$324,000	\$1,400,000	\$13,000	(\$1,067,000)	(\$390,000)	(289,000)	-

This information is required by the Governmental Accounting Standards Board

SpecialtyHealth MCO, Inc.
SpecialtyHealth Managed Care Network
Network Pricing (subject to change)
ALL FEES CONFIDENTIAL

Attachment A

Medical/ Surgical (Locations other than SpecialtyHealth Clinic(s))	0-20% discount off D.I.R. Rate
SpecialtyHealth Clinic(s) services	D.I.R. rate
Pharmacy	D.I.R. rate
Radiology (all other contracted centers -Reno)	95% off D.I.R. rate
One Call Medical (Statewide)	See One Call below
Anesthesia	95% off D.I.R. rate
Pre-employment Urine Drug Testing	Current D.A.T. rate
Post injury Drug Testing	Current D.A.T. rate
Random Urine Drug Testing (on-site)	Current D.A.T. rate
Random Urine Drug Testing (At Clinic)	Current D.A.T. rate
Reasonable Cause Urine Drug Testing	Current D.A.T. rate
Breathe Alcohol Testing (E.B.T.)	Current D.A.T. rate
Site Visit Fee for Urine Drug Testing (minimum 10 or more employees)	Current D.A.T. rate
Medication Management Test Program	D.I.R. rate
Functional Restoration Program (4 weeks)	\$19,578.33
24/7/365 Program	\$7,700 one-time set up fee (billed to PACT) \$125.00 / call

Attachment A
MCO Discounts (ALL FEES CONFIDENTIAL)
Page 2

Lab services(APL/AML)

Clinical tests	\$8.50/ unit – RVP*
Pathology (APL/AML)	\$7.40/ unit – RVP*
Urinalysis	\$3.90/ test
CBC	\$4.50/ test
CMP	\$5.40/ test
Lipid panel	\$5.40/ test
Acute hepatitis panel	\$40.20/ test
Advanced cardiac testing	Available upon request
Pre- employment physicals	\$65.00/ physical only
D.O.T. Physicals	\$65.00/ Physical only
Audiograms	\$35.00/ test
Vision test	\$15.00
Respiratory compliance (spirometry/pulmonary Function)	\$55.00/ test
Two- step TB testing	\$15.00 each step
Hepatitis B vaccine series	\$65.00/ injection (195.00 For series of 3)
Hepatitis A/B vaccine	\$95.00/ injection (285.00 For series of 3)
On-site vaccinations (10 or more employees)	\$25.00/ per hour plus cost Of vaccine
DME	D.I.R. rate

Attachment A
MCO DISCOUNTS (ALL FEES CONFIDENTIAL)
Page 3

SpecialtyHealth Clinic:

Translation fee (per 15-minute increment)	\$25.00
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One Call Medical

Southern Nevada

MRI	\$475.00
MRI (contrast)	\$500.00
MRI (contrast/ non-contrast)	\$580.00
CT Scan	\$390.00
CT Scan (contrast)	\$440.00
CT Scan (contrast/non-contrast)	\$490.00
Bone Scans	\$325.00

Northern Nevada

MRI	\$525.00
MRI (contrast)	\$675.00
MRI (contrast/ non-contrast)	\$800.00
CT Scan	\$390.00
CT Scan (contrast)	\$440.00
CT Scan (contrast/non-contrast)	\$490.00
Bone Scans	\$325.00

Reno Diagnostic Center

Thallium Treadmill (78452)	\$900.00
Lexiscan (A2785x4)	\$210.00
Treadmill ECG (93015)	\$100.00
ECG- No treadmill (93017)	\$ 55.00
Ultrasound Echocardiogram	\$410.00
Chest X-ray (2 view)	\$ 40.00
Screening Mammogram with CAD	\$200.00

Attachment A
MCO DISCOUNTS (ALL FEES CONFIDENTIAL)
Page 4

Hospital Services

Northern Nevada Medical Center – and all diagnostic centers in Reno

Inpatient per diem	5% off D.I.R. rate
Outpatient Surgery	5% off D.I.R. rate
Physical Therapy/ Occupational Therapy	80% off D.I.R. rate
Radiology	55% off D.I.R. rate
MRI (non-contrast)	\$475.00
MRI (contrast)	\$675.00
MRI (contrast & non-contrast)	\$800.00
CT Scan	\$490.00
CT Scan (contrast)	\$440.00
CT Scan (contrast & non-contrast)	\$490.00
Bone Scan	\$325.00
Lab (hospital)	45% of D.I.R. rate
Pathology	40% of D.I.R. rate
DME	Cost plus 20% (excluding tax & freight fees)
Pharmacy (hospital)	AWP plus \$4.00/ fill fee
Post- accident urine collections	\$9.00/ collection
Services not listed	5% off D.I.R. rate

Emergency room – Northern Nevada Medical Center Emergency Room facility fees will be reimbursed at 95% of the Medical Fee Schedule by the Department of Industrial Relations.

Emergency Room	95% of D.I.R. rate
----------------	--------------------

Attachment A
MCO DISCOUNTS (ALL FEES CONFIDENTIAL)
Page 5

St. Mary's Regional Medical Center, Dignity Health – after-hours access

Emergency Room	97.5% of D.I.R. rate (if Paid within 60 days from Bill receipt
Inpatient, outpatient, and ancillary services	
Physician office/ urgent care	95% of D.I.R. rate
Thallium Testing	Available upon request
Cardiac Wellness/ Prevention pricing	Available upon request

PHARMACY SERVICES

CypressCare

Retail Brand Names	AWP – 10%
Generic	AWP – 20%
Administration/ fill fee	D.I.R. rate
Prescriptions are billed with discount applied	
Field case management	\$89/ hour (15-minute increments)
Mini Life Care Plan	\$1,500
Medicare Set Aside Reporting (MSA)	\$2,000
Communication with CMS regarding MSA	\$1,000

***R**elative **V**alue for **P**hysicians

**IT IS THE EMPLOYER'S RESPONSIBILITY TO INSURE THE BILL REPRICING
VENDOR OBTAINS A COPY OF THE ORIGINAL HEALTH SERVICE AGREEMENT
(EXHIBIT A) FOR PROPER BILL PROCESSING**

**WHEN RATES WITH THE CONTRACTED PROVIDERS ARE RE-NEGOTIATED YOU
AND YOUR TPA WILL BE NOTIFIED OF THE CHANGES.**



SPECIALTYHEALTH MCO, INC. AND PUBLIC AGENCY COMPENSATION TRUST CONTRACT EXTENSION

THIS AGREEMENT is made and entered into by and between the Public Agency Compensation Trust and SpecialtyHealth MCO Services, Inc.

Both parties agree to the extension of the agreement executed on May 12, 2014, including "Attachment A Network Pricing / MCO Discounts" and "Attachment B MCO Administrative Services and Compensation". It is expressly provided that either party may terminate this agreement without cause at any time by providing sixty (60) days written notice of intent to terminate. Notices must be by U.S. certified return receipt mail.

SpecialtyHealth's 24/7/365 injury call line is a dedicated service provided to triage workers' compensation injuries and illnesses 27 hours a day, 7 days a week, including all holidays. This is a URAC accredited service staffed by registered nurses who are experienced in workers' compensation injuries.

Calls will be triaged to "self-care" or to an MCO panel physician / facility selected by the PACT. All calls are recorded with notification of the injury and its disposition to the PACT's designated TPA and SpecialtyHealth MCO. Call response time is 13 seconds or less, with no holds or wait times.

This services will be over seen by the SpecialtyHealth MCO staff and Medical Director, Scott Hall, M.D.

See attached Fees for the 24/7/365 program.

IN WITNESS WHEREOF, the parties have executed this Addendum on their behalf by the undersigned duly authorized person and will be in effective from April 30, 2017 through June 30, 2018.

SpecialtyHealth MCO, Inc.

Jacqueline C. Cox, President/CEO
SpecialtyHealth, Inc.

Date

330 East Liberty, Suite 200
Reno, NV 89501

Public Agency Compensation Trust

Alan Kalt
PACT Chairman

Date

Claim Number	Date Of Loss	Incurred Total
C143-98-00166 -01	9/5/1998	\$ 428,981.82
C143-05-00348 -01	10/18/2005	\$ 545,968.57
C143-07-02169 -01	7/28/2007	\$ 405,448.93
C143-09-03932 -01	4/3/2009	\$ 397,773.02

Accident Description

HEART--ON DUTY AT SCENE OF ACCIDENT; CHEST BEGAN TO TIGHTEN

S/F ON SLIPPERY FLOOR

HIT BUMP WHILE DRIVING EQUIPMENT

Body Part

Heart

Multiple Body Parts

Lower Back (Lumbar & Lumbosacral)

Claim Number	Date Of Loss	Incurred Total	Accident Description
C143-97-00709 -01	5/24/1998	\$ 560,842.46	BOAT CAPSIZED-DROWNED
C143-00-00055 -01	7/25/2000	\$ 1,835,795.31	STRUCK BY LIGHTENING
C143-00-00347 -01	11/4/2000	\$ 1,285,062.61	ATRIAL FIBRILLATION
C143-00-00474 -01	12/29/2000	\$ 414,536.07	LOWER BACK, NECK, UPPER CHEST; MAKING "U" TURN ATTEMPTING TO MAKE TRAFFICSTOP
C143-03-00159 -01	8/27/2003	\$ 386,856.70	LEFT & RIGHT HANDS/CARPAL TUNNEL SYNDROME--DOING COMPUTER WORK PROPERTY MANAGER
C143-03-00334 -01	10/27/2003	\$ 666,215.52	HEART; CHEST PAIN--SEVERAL EPISODES OF ANGINA AT WORK DEPUTY SHERIFF
C143-03-00794 -01	2/20/2004	\$ 970,277.20	WHILE TRANSPORTING A PRISONER
C143-03-00898 -01	4/11/2004	\$ 503,045.17	LUNGS FILLED WITH WATER, HEART UNABLE TO PUMP IT OFF
C143-03-01086 -01	6/8/2004	\$ 1,095,009.02	WATCHING TV IN CLASS
C143-04-00836 -01	3/3/2005	\$ 1,586,208.61	ROUTINE ANNUAL HEART STRESS TEST- FAILED
C143-06-00272 -01	7/28/2006	\$ 1,778,386.76	ONGOING CHEST PAIN AND WEAKNESS
C143-06-00167 -01	8/23/2006	\$ 379,261.62	LIFTING BLOCKS TO MAKE A RETAINING WALL
C143-07-02238 -01	4/25/2007	\$ 1,571,710.96	ANNUAL PHYSICAL 4-25-07 ABNORMAL TEST
C143-07-01932 -01	5/16/2007	\$ 353,457.90	FELL 12 FEET DOWN OFF A RETAINING WALL WHILE FIGHTING A FIRE
C143-08-02758 -01	2/4/2008	\$ 1,393,262.41	OCC-DISEASE, HEART, CAREER POLICE OFFICER
C143-09-04509 -01	11/17/2009	\$ 706,849.56	ATTEMPTING TO SUBDUE SUSPECT, FELL TO GROUND STRIKING LEFT SIDE ON GROUND.
C143-09-04533 -01	11/18/2009	\$ 1,320,328.14	
C143-10-04905 -01	4/26/2010	\$ 1,572,829.43	
C143-10-05305 -01	8/8/2010	\$ 383,214.72	ON AUGUST 8, 2010 NOTICED ISSUES REGARDING THROAT, GI AND RESPIRATORY
C143-10-05211 -01	8/11/2010	\$ 461,166.27	PICKING UP 50 GALLON GARGAGE BAGS FULL OF BUSHES, ROCKS AND BRANCHES UP TO 100 LBS+. HIP STARTED HURTING
C143-10-05293 -01	9/16/2010	\$ 953,530.29	WALKING DOWN THE FIRE STATION HALLWAY AND HAD A SEIZURE/STROKE
C143-11-05623 -01	2/24/2011	\$ 440,330.86	Shot during domestic violence call
C143-11-06342 -01	12/24/2011	\$ 330,292.29	WHILE CHECKING WATER LEAK, SLIPPED ON WET FLOOR
C143-13-07514 -01	6/21/2013	\$ 330,785.16	WHILE ON A WILDERNESS TRIP WITH JUVENILES, A JUVENILE WAS CLIMBING DOWN OUT A TREE WHEN THE TRUNK BROKE AND JUVENILE AND TREE CAME DOWN ON TOP OF HEAD. WENT BACKWARDS INTO THE ROCK AND TALL SAGE BRUSH
C143-14-07974 -01	1/14/2014	\$ 1,720,157.94	
C143-03-00548 -01	1/9/2004	\$ 1,826,736.30	PREPARING FOR TRAINING STANDING IN DAY ROOM
C143-05-01092 -01	6/28/2006	\$ 486,238.95	S/F BACKWARDS OFF SINK WHILE STANDING ON SINK COUNTER CLEANING WALLS.
C143-07-02353 -01	9/17/2007	\$ 496,591.46	TWISTED KNEE LIFTING A PATIENT, STRAINED BACK

	Budget Amount 2017/2018	% of Total Revenue (Budget Basis)	Comments
3/22/2017 Executive Committee Recommended 70% Confidence Level to Board; Approved by Board 4/--2017			
Revenues			
Assessments	14,346,881	88.9%	
Assessments For Heart & Lung	1,784,475	11.1%	Decreased rate by \$1.00
Total Revenues	<u>16,131,356</u>		
Loss Fund and Program Expenses:			
Claims and Adjustment Expenses	6,912,000	42.8%	
Heart and Lung Loss Expenses	1,784,475	11.1%	Decreased rate by \$1.00
Reinsurance Premium	1,878,442	11.6%	
Underwriting And Claims Processing	796,175	4.9%	
Loss Control Expenses	406,000	2.5%	
MCO Fees	50,000	0.3%	
Member Education And Services	193,375	1.2%	
Total Loss Fund and Program Expenses	<u>12,020,467</u>	74.5%	
Administration Expenses			
Management Fees	504,840	3.1%	
Professional Services	104,990	0.7%	
Administrative And Overhead	131,500	0.8%	
PRI Grant	419,650	2.6%	
Insurance Division Fees	350,000	2.2%	
Insolvency Fund and Related Expenses	320,000	2.0%	
PCM Amortization Expense	2,878,425	17.8%	
Total Administrative Expenses	<u>4,709,405</u>	29.2%	
Operating Net Income	(598,515)	-3.7%	
Investment Income	1,001,000	6.2%	
Net Gain (Loss)	<u>402,485</u>	2.5%	
OTHER EXPENSES:			
Risk Management Grants (Paid from Net Assets)	998,395		
Specialty Health - Cardiac Wellness paid from Net Assets	350,000		

PACT Counties

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average Annual	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims	Claims Costs	Cost 5 years	Annual Cost
	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	7/1/15- 6/30/16	7/1/15- 6/30/16	2011/2012- 2015/2016	2011/2012- 2015/2016	2011/2012- 2015/2016	2013/2014- 2015/2016
CARSON CITY (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CHURCHILL COUNTY	14	\$ 57,431	13	\$ 55,767	14	\$ 17,462	6	\$ 33,955	9	\$ 27,293	56	\$ 191,908	\$ 38,382	\$ 26,237
DOUGLAS COUNTY	79	\$ 631,104	79	\$ 565,984	82	\$ 580,435	81	\$ 481,295	121	\$ 255,009	442	\$ 2,513,827	\$ 502,765	\$ 438,913
ELKO COUNTY	39	\$ 141,792	34	\$ 94,917	34	\$ 239,854	45	\$ 102,050	56	\$ 87,477	208	\$ 666,089	\$ 133,218	\$ 143,127
ESMERALDA COUNTY	2	\$ 3,467	4	\$ 3,422	3	\$ 1,771	4	\$ 20,835	2	\$ 7,309	15	\$ 36,804	\$ 7,361	\$ 9,972
EUREKA COUNTY	13	\$ 59,003	16	\$ 57,791	13	\$ 191,709	2	\$ 197,824	5	\$ 8,656	49	\$ 514,982	\$ 102,996	\$ 132,729
HUMBOLDT COUNTY	11	\$ 47,127	18	\$ 16,227	9	\$ 2,758	18	\$ 144,693	19	\$ 106,802	75	\$ 317,608	\$ 63,522	\$ 84,751
LANDER COUNTY	17	\$ 377,380	11	\$ 98,855	10	\$ 45,525	5	\$ 162,828	10	\$ 54,885	53	\$ 739,472	\$ 147,894	\$ 87,746
LINCOLN COUNTY	6	\$ 17,591	9	\$ 9,239	3	\$ 797	3	\$ 53,931	3	\$ 2,187	24	\$ 83,745	\$ 16,749	\$ 18,972
LYON COUNTY	40	\$ 839,985	37	\$ 15,608	57	\$ 181,015	31	\$ 190,560	31	\$ 226,904	196	\$ 1,454,072	\$ 290,814	\$ 199,493
MINERAL COUNTY	20	\$ 62,961	22	\$ 351,876	11	\$ 278,827	20	\$ 15,851	16	\$ 93,997	89	\$ 803,512	\$ 160,702	\$ 129,558
NYE COUNTY	79	\$ 700,356	66	\$ 368,770	95	\$ 473,774	110	\$ 452,295	109	\$ 243,484	459	\$ 2,238,679	\$ 447,736	\$ 389,851
PERSHING COUNTY	9	\$ 66,805	2	\$ 35,601	10	\$ 72,029	6	\$ 59,066	7	\$ 54,115	34	\$ 287,615	\$ 57,523	\$ 61,736
STOREY COUNTY	17	\$ 103,674	26	\$ 393,734	9	\$ 168,216	12	\$ 27,617	10	\$ 39,484	74	\$ 732,724	\$ 146,545	\$ 78,439
WHITE PINE COUNTY	19	\$ 55,395	17	\$ 202,231	17	\$ 73,355	15	\$ 139,696	35	\$ 162,780	103	\$ 633,457	\$ 126,691	\$ 125,277
TOTAL	365	\$ 3,164,069	354	\$ 2,270,023	367	\$ 2,327,528	358	\$ 2,082,495	433	\$ 1,370,382	1,877	\$ 11,214,496	\$ 2,242,899	\$ 1,926,801

PACT Cities

Member Name	Claims		Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Claims	Claims Costs	Annual Cost 5	Annual Cost
	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	7/1/15- 6/30/16	7/1/15- 6/30/16	2011/2012- 2015/2016	2011/2012- 2015/2016	2011/2012- 2015/2016	2011/2012- 2015/2016	years 2011/2012- 2015/2016	3 years 2013/2014- 2015/2016
BOULDER CITY	25	\$ 57,935	40	\$ 147,545	22	\$ 107,290	29	\$ 83,273	26	\$ 47,792	142	\$ 443,836	\$ 88,767	\$ 79,452		
CALIENTE	3	\$ 1,357	1	\$ 687	4	\$ 2,635	1	\$ 15,854	1	\$ 1,900	10	\$ 22,433	\$ 4,487	\$ 6,796		
CARLIN CITY	6	\$ 2,884	3	\$ 52,257	14	\$ 12,619	5	\$ 4,831	6	\$ 11,776	34	\$ 84,367	\$ 16,873	\$ 9,742		
CITY OF ELKO	38	\$ 150,528	68	\$ 175,047	40	\$ 105,789	30	\$ 6,342	38	\$ 16,539	214	\$ 454,245	\$ 90,849	\$ 42,890		
ELY CITY	3	\$ 1,799	4	\$ 242,156	5	\$ 4,059	5	\$ 14,547	11	\$ 25,438	28	\$ 288,000	\$ 57,600	\$ 14,682		
CITY OF FALLON (No Longer a Member)	19	\$ 277,616	11	\$ 54,960	11	\$ 11,153	11	\$ 7,953	0	\$ -	52	\$ 351,682	\$ 70,336	\$ 6,369		
CITY OF FERNLEY	2	\$ 62,671	7	\$ 1,301	5	\$ 1,655	3	\$ 1,473	5	\$ 8,150	22	\$ 75,250	\$ 15,050	\$ 3,759		
CITY OF LOVELOCK	6	\$ 66,760	6	\$ 2,359	6	\$ 2,112	2	\$ 9,516	3	\$ 1,455	23	\$ 82,202	\$ 16,440	\$ 4,361		
MESQUITE CITY (No Longer a Member)	28	\$ 103,782	24	\$ 120,793	25	\$ 18,023	35	\$ 62,055	15	\$ 61,065	127	\$ 365,718	\$ 73,144	\$ 47,048		
WELLS CITY	2	\$ 25,146	4	\$ 1,353	4	\$ 1,563	3	\$ 892	2	\$ 1,455	15	\$ 30,409	\$ 6,082	\$ 1,303		
CITY OF WEST WENDOVER	3	\$ 27,487	5	\$ 30,947	3	\$ 35,375	7	\$ 204,019	5	\$ 7,274	23	\$ 305,102	\$ 61,020	\$ 82,223		
CITY OF WINNEMUCCA	6	\$ 5,513	9	\$ 50,128	8	\$ 65,183	6	\$ 5,061	7	\$ 98,789	36	\$ 224,675	\$ 44,935	\$ 56,345		
CITY OF YERINGTON	3	\$ 260,780	7	\$ 22,841	0	\$ -	3	\$ 2,375	6	\$ 52,190	19	\$ 338,185	\$ 67,637	\$ 18,188		
TOTAL	144	\$ 1,044,258	189	\$ 902,375	147	\$ 367,458	140	\$ 418,192	125	\$ 333,822	745	\$ 3,066,104	\$ 613,221	\$ 373,157		

PACT Schools

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	Average	Average
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Claims	Claims	Annual Cost	Annual Cost
	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	7/1/15- 6/30/16	7/1/15- 6/30/16	2011/2012- 2015/2016	2011/2012- 2015/2016	2011/2012- 2015/2016	2013/2014- 2015/2016
ESMERALDA COUNTY SCHOOL DISTRICT	2	\$ 830	4	\$ 159,311	1	\$ -	3	\$ 433	3	\$ 855	13	\$ 161,429	\$ 32,286	\$ 429
EUREKA COUNTY SCHOOL DISTRICT	1	\$ 6	3	\$ 484	1	\$ 2,767	3	\$ 8,214	1	\$ 1,328	9	\$ 12,798	\$ 2,560	\$ 4,103
HUMBOLDT COUNTY SCHOOL DISTRICT(No longer	19	\$ 145,314	0	\$ -	0	\$ -	0	\$ -	0	\$ -	19	\$ 145,314	\$ 29,063	\$ -
LANDER COUNTY SCHOOL DISTRICT	9	\$ 1,393	4	\$ 52,166	3	\$ 3,041	3	\$ 26,457	5	\$ 8,650	24	\$ 91,708	\$ 18,342	\$ 12,716
LINCOLN COUNTY SCHOOL DISTRICT	9	\$ 43,256	6	\$ 47,595	16	\$ 5,646	5	\$ 4,651	18	\$ 38,549	54	\$ 139,697	\$ 27,939	\$ 16,282
MINERAL COUNTY SCHOOL DISTRICT	20	\$ 42,261	18	\$ 18,396	16	\$ 52,441	16	\$ 3,457	23	\$ 6,553	93	\$ 123,107	\$ 24,621	\$ 20,817
NYE COUNTY SCHOOL DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY SCHOOL DISTRICT	3	\$ 289,195	4	\$ 2,105	4	\$ 6,936	6	\$ 7,693	4	\$ 17,317	21	\$ 323,245	\$ 64,649	\$ 10,648
WHITE PINE COUNTY SCHOOL DISTRICT	20	\$ 58,912	15	\$ 23,397	17	\$ 3,357	16	\$ 21,349	6	\$ 10,959	74	\$ 117,974	\$ 23,595	\$ 11,888
TOTAL	83	\$ 581,167	54	\$ 303,452	58	\$ 74,187	52	\$ 72,254	60	\$ 84,211	307	\$ 1,115,272	\$ 223,054	\$ 76,884

PACT Hospitals

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL Claims	TOTAL	Average	Average
	Frequency 7/1/11- 6/30/12	Costs 7/1/11- 6/30/12	Frequency 7/1/12- 6/30/13	Costs 7/1/12- 6/30/13	Frequency 7/1/13- 6/30/14	Costs 7/1/13- 6/30/14	Frequency 7/1/14- 6/30/15	Costs 7/1/14- 6/30/15	Frequency 7/1/15- 6/30/16	Costs 7/1/15- 6/30/16	Frequency 2011/2012- 2015/2016	Claims 2011/2012- 2015/2016	Costs 2011/2012- 2015/2016	Annual Cost 5 years 2011/2012- 2015/2016
BATTLE MOUNTAIN GENERAL HOSPITAL	5	\$ 2,063	6	\$ 2,960	9	\$ 5,377	8	\$ 8,036	9	\$ 50,275	37	\$ 68,711	\$ 13,742	\$ 21,229
BOULDER CITY HOSPITAL (No longer member)	12	\$ 45,170	13	\$ 92,160	0	\$ -	0	\$ -	0	\$ -	25	\$ 137,330	\$ 34,333	\$ -
CARSON TAHOE HOSPITAL (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
GROVER C. DILS MEDICAL CENTER	4	\$ 3,549	6	\$ 6,842	0	\$ -	1	\$ 89	5	\$ 6,211	16	\$ 16,690	\$ 3,338	\$ 2,100
HUMBOLDT GENERAL HOSPITAL	19	\$ 64,751	18	\$ 57,000	12	\$ 37,319	19	\$ 127,241	17	\$ 161,303	85	\$ 447,613	\$ 89,523	\$ 108,621
MT. GRANT GENERAL HOSPITAL	9	\$ 2,576	12	\$ 66,334	12	\$ 39,869	15	\$ 29,459	10	\$ 10,799	58	\$ 149,037	\$ 29,807	\$ 26,709
PERSHING GENERAL HOSPITAL	8	\$ 26,791	10	\$ 15,251	8	\$ 6,929	6	\$ 11,758	5	\$ 7,302	37	\$ 68,031	\$ 13,606	\$ 8,663
SO. LYON MEDICAL CENTER (No longer member)	38	\$ 27,277	14	\$ 103,197	0	\$ -	0	\$ -	0	\$ -	52	\$ 130,474	\$ 32,618	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	12	\$ 9,990	12	\$ 9,990	\$ 2,497	\$ 3,330
TOTAL	95	\$ 172,176	79	\$ 343,744	41	\$ 89,493	49	\$ 176,582	58	\$ 245,880	322	\$ 1,027,875	\$ 219,465	\$ 170,652

PACT Special Districts and Towns

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL		TOTAL	Average Annual Cost 5 years	Average Annual Cost 3 years
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs			
	7/1/11-6/30/12	7/1/11-6/30/12	7/1/12-6/30/13	7/1/12-6/30/13	7/1/13-6/30/14	7/1/13-6/30/14	7/1/14-6/30/15	7/1/14-6/30/15	7/1/15-6/30/16	7/1/15-6/30/16	2011/2012-2015/2016	2011/2012-2015/2016		2011/2012-2015/2016	2013/2014-2015/2016
CARSON CITY:															
NEVADA ASSOCIATION OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	0	\$ -	1	\$ 1,507	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,507	\$ 1,507	\$ 301	\$ -
CLARK COUNTY:															
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -	\$ -
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	2	\$ 459	1	\$ 1,607	0	\$ -	1	\$ 1,778	1	\$ 33,553	5	\$ 37,397	\$ 37,397	\$ 7,479	\$ 11,777
CHURCHILL COUNTY:															
CC COMMUNICATIONS	1	\$ 565	4	\$ 2,381	2	\$ 20,631	1	\$ 166	1	\$ 2,437	9	\$ 26,181	\$ 26,181	\$ 5,236	\$ 7,745
CHURCHILL COUNTY MOSQUITO & ABATEMENT DISTRICT	2	\$ 102,121	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,886	3	\$ 105,007	\$ 105,007	\$ 21,001	\$ 962
DOUGLAS COUNTY:															
DOUGLAS CO. MOSQUITO CONTROL DISTRICT	1	\$ -	0	\$ -	1	\$ -	1	\$ 610	0	\$ -	3	\$ 610	\$ 610	\$ 122	\$ 203
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 241	1	\$ 367	2	\$ 608	\$ 608	\$ 122	\$ 203
EAST FOR FIRE & PARAMEDIC DISTRICT	38	\$ 239,767	46	\$ 120,254	36	\$ 151,374	33	\$ 67,827	20	\$ 152,159	173	\$ 731,381	\$ 731,381	\$ 146,276	\$ 123,787
EAST FORK SWIMMING POOL DISTRICT	1	\$ 1,865	1	\$ 942	5	\$ 4,495	10	\$ 12,969	5	\$ 5,328	22	\$ 25,600	\$ 25,600	\$ 5,120	\$ 7,598
GARDNERVILLE, TOWN OF	3	\$ 511	1	\$ -	2	\$ 1,652	2	\$ 6,125	1	\$ 219	9	\$ 8,508	\$ 8,508	\$ 1,702	\$ 2,666
GENOA, TOWN OF	1	\$ 1,293	0	\$ -	0	\$ -	1	\$ -	1	\$ 3,705	3	\$ 4,998	\$ 4,998	\$ 1,000	\$ 1,235
LAKERIDGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
MINDEN, TOWN OF	5	\$ 2,913	3	\$ 3,221	4	\$ 3,510	16	\$ 6,763	3	\$ 2,783	31	\$ 19,190	\$ 19,190	\$ 3,838	\$ 4,352
NV TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
TAHOE DOUGLAS FIRE PROTECTION DISTRICT	13	\$ 30,569	16	\$ 84,653	6	\$ 38,005	15	\$ 136,615	14	\$ 34,595	64	\$ 324,438	\$ 324,438	\$ 64,888	\$ 69,739
ELKO COUNTY:															
ELKO CENTRAL DISPATCH	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
ELKO TELEVISION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
JACKPOT TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
ESMERALDA COUNTY:															
GOLDFIELD TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
SILVER PEAK TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
LANDER COUNTY:															
AUSTIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
AUSTIN VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
BATTLE MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
BATTLE MOUNTAIN VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
KINGSTON TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
KINGSTON VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
LINCOLN COUNTY:															
ALAMO SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -	\$ -
PANACA VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PIOCHE, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PIOCHE VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
LYON COUNTY:															
CENTRAL LYON COUNTY FIRE PROTECT	13	\$ 41,108	13	\$ 22,600	5	\$ 1,947,637	11	\$ 18,037	3	\$ 64,693	45	\$ 2,094,074	\$ 2,094,074	\$ 418,815	\$ 676,789
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	2	\$ 1,422	0	\$ -	2	\$ 1,422	\$ 1,422	\$ 284	\$ 474
MASON VALLEY FIRE PROTECTION DISTRICT	1	\$ 531	2	\$ 3,761	2	\$ 24,999	2	\$ 6,162	5	\$ 1,211	12	\$ 36,663	\$ 36,663	\$ 7,333	\$ 10,791
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NORTH LYON COUNTY FIRE PROTECTION DISTRICT	1	\$ 325	14	\$ 5,780	3	\$ -	1	\$ 242	7	\$ 31,941	26	\$ 38,289	\$ 38,289	\$ 7,658	\$ 10,728
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
SMITH VALLEY FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	1	\$ 1,501	0	\$ -	0	\$ -	1	\$ 1,501	\$ 1,501	\$ 300	\$ 500
MINERAL COUNTY:															
HAWTHORNE FIRE & VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
HAWTHORNE UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
MINERAL CO. CARE & SHARE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NYE COUNTY:															
BEATTY WATER & SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 723	0	\$ -	1	\$ 723	\$ 723	\$ 145	\$ 241
PAHRUMP, TOWN OF	10	\$ 108,482	6	\$ 24,744	10	\$ 7,227	8	\$ 46,641	19	\$ 37,330	53	\$ 224,424	\$ 224,424	\$ 44,885	\$ 30,399
ROUND MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
TONOPAH, TOWN OF	1	\$ 25,987	2	\$ 930	3	\$ 2,986	0	\$ -	0	\$ -	6	\$ 29,903	\$ 29,903	\$ 5,981	\$ 995
TONOPAH PUBLIC UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PERSHING COUNTY:															
PERSHING COUNTY WATER CONSERVATION DISTRICT	4	\$ 7,018	2	\$ 47,384	0	\$ -	3	\$ 60,273	2	\$ 35,823	11	\$ 150,499	\$ 150,499	\$ 30,100	\$ 32,032
STOREY COUNTY:															
CANYON GENERAL IMPROVEMENT DISTRICT	1	\$ 134	1	\$ 148	0	\$ -	0	\$ -	1	\$ 6,255	3	\$ 6,537	\$ 6,537	\$ 1,307	\$ 2,085
WASHOE COUNTY:															
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	23	\$ 262,640	31	\$ 60,747	33	\$ 141,344	87	\$ 464,731	\$ 464,731	\$ 92,946	\$ 154,910

PACT Special Districts and Towns

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	28	\$ 380,821	35	\$ 108,128	53	\$ 109,351	35	\$ 201,856	20	\$ 32,450	171	\$ 832,607	\$ 166,521	\$ 114,552
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SIERRA FIRE PROTECTION DISTRICT (No Longer a Member)	9	\$ 317,982	0	\$ -	0	\$ -	0	\$ -	0	\$ -	9	\$ 317,982	\$ 63,596	\$ -
SUN VALLEY GENERAL IMPROVEMENT DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	4	\$ 40,278	21	\$ 217,554	33	\$ 288,080	23	\$ 294,394	28	\$ 326,963	109	\$ 1,167,269	\$ 233,454	\$ 303,146
TRUCKEE MEADOWS REGIONAL PLANNING AUTHORITY	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WHITE PINE COUNTY:														
ELY MUNICIPAL WATER DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MCGILL RUTH CONSOLIDATED SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY FIRE PROTECTION DISTRICT	2	\$ -	2	\$ 1,882	0	\$ -	3	\$ 9,406	6	\$ 7,505	13	\$ 18,793	\$ 3,759	\$ 5,637
WHITE PINE COUNTY TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 5,600	1	\$ 5,600	\$ 1,120	\$ 1,867
WHITE PINE HISTORICAL RAILROAD FOUNDATION	1	\$ 770	3	\$ 10,919	2	\$ 6,718	1	\$ 66	2	\$ 23,982	9	\$ 42,455	\$ 8,491	\$ 10,255
TOTAL	142	\$ 1,303,499	175	\$ 658,395	191	\$ 2,870,807	202	\$ 933,064	177	\$ 953,131	887	\$ 6,718,896	\$ 1,343,779	\$ 1,585,667

PACT Summary of All Claims
as of 6/30/16

Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	TOTAL Claims Frequency	TOTAL Claims Costs	Average Annual Cost 5 years	Average Annual Cost 3
7/1/11-6/30/12	7/1/11-6/30/12	7/1/12-6/30/13	7/1/12-6/30/13	7/1/13-6/30/14	7/1/13-6/30/14	7/1/14-6/30/15	7/1/14-6/30/15	7/1/15-6/30/16	7/1/15-6/30/16	2011/2012-2015/2016	2011/2012-2015/2016	2011/2012-2015/2016	2013/2014-2015/2016
829	\$ 6,265,168	851	\$ 4,477,989	804	\$ 5,729,473	801	\$ 3,682,587	853	\$ 2,987,425	4,138	\$ 23,142,643	\$ 4,628,529	\$ 4,133,162

PACT Executive Committee

	Term	Entity	Officers	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 1)	Special Districts (Total 1)	Hospitals (Total 1)
Alan Kalt	2015-2017	Churchill County	Chair					
Roger Mancebo (retiring)	2015-2017	Pershing County		X				
Josh Foli	2015-2017	Lyon County	Fiscal Officer		X			
Cash Minor	2015-2017	Elko County			X			
Chris Mulkerns	2016-2017	Town of Tonopah					X	
Missie Rowe (see note below)	2016-2018	Grover C Dils Hospital						X
Steve West	2016-2018	City of Winnemucca		X				
Paul Johnson	2016-2018	White Pine Co. School District	Vice Chair			X		

City/County under 35,000 Candidates 2017-2019
Mike Giles City of Lovelock

Other expiring terms candidates 2017-2019
Incumbents except Roger Mancebo

Hospital Candidates 2/28/2017 appointed by Chair Kalt to fill remaining term after resignation of previous representative
Missie Rowe 2017-2018 Grover C Dils Hospital

Voting Special Districts/Towns:

Tod Carlini	East Fork Fire Protection District						X
Gerry Eick	Incline Village GID						X
Chris Mulkerns	Town of Tonopah						X
tbd	Southern Nevada Health District	applied for					X
tbd	Tahoe Douglas Fire Protection District						X

Voting Hospitals:

Linda Lauritzen or Nancy Lockridge							X
Jason K. Bleak or Missie Rowe <input type="checkbox"/>	Battle Mountain General Hospital						X
Sandi Lehman or Rose Marie Green <input type="checkbox"/>	Grover C Dils Hospital						X
Jonalee Roberts or Greg Schumann <input type="checkbox"/>	Humboldt General Hospital						X
Patti Bianchi or Dana Tuller	Mt Grant General Hospital						X
tbd	Pershing General Hospital						



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
201 S. Roop Street, Suite 102
Carson City, NV 89701-4779
Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Notice of Meetings and Agendas for the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: Atlantis, Reno, Nevada
Time: 1:00 p.m. or
Upon adjournment of PACT Board Meeting
Date: April 27, 2017**

AGENDA

April 27, 2017

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
 - a. Approval of Minutes of Board and Committee Meetings:**
 - o Board Meeting April 29, 2016
 - b. Acceptance of Interim Financial Statements**
- 4. For Possible Action: Acceptance of Audit for June 30, 2016**
- 5. For Possible Action: Acceptance of Reports**
 - a. Large Loss Report**
 - b. Actuarial Update**
 - c. Litigation Status Report: Virgin Valley Water District vs. NPAIP**
- 6. For Possible Action: Approval of POOL Form Effective July 1, 2017**
 - a. Discussion regarding POOL Form and Possible Changes**
 - b. Approve Changes to POOL Form 2017-2018**

7. **For Possible Action:** Acceptance of Renewal Reinsurance and Insurance Proposals and Options
 - a. Presentation by Steve Firman (Willis Re London) about Lloyds of London
 - b. Review of Renewal Reinsurance and Insurance Proposals and Options

8. **For Possible Action:** Acceptance of Budget for 2017-2018

9. **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

10. **For Possible Action:** Election of Executive Committee for Two Year Terms from 2017-2019
 - a. One Representative from School Districts
 - b. One Representative from Counties and/or Cities with under 35,000 population
 - c. Two Representatives from Counties and/or Cities with 35,000 or more population

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

12. Public Comment

13. **For Possible Action:** Adjournment

This Agenda was posted at the following locations and on the State's Website:

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 Administrative
 Complex
 155 North Taylor Street
 Fallon, NV 89406

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.



Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
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Toll Free Phone (877) 883-7665
Telephone (775) 885-7475
Facsimile (775) 883-7398

**Minutes of the Meeting of the
Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502
Time: 1:00 p.m. or
Upon adjournment of PCM Board Meeting
Date: April 29, 2016**

1. Introductions and Roll

Chair Minor called the meeting to order.

2. Public Comment

Chair Minor 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:**
 - o Board Meeting May 1, 2015
- b. Acceptance of Interim Financial Statements**

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

4. For Possible Action: Acceptance of Audit for June 30, 2015

Chair Minor noted that the audit committee had accepted the audit. On motion and second to accept the audit, the motion carried.

5. For Possible Action: Acceptance of Reports

- a. Claims Review Report**
- b. Large Loss Report**

Chair Minor noted that these items had been reviewed previously in the Joint Board meetings. On motion and second to accept the reports, the motion carried.

6. For Possible Action: Approval of POOL Form Effective July 1, 2016

- a. Discussion regarding POOL Form and Possible Changes**
- b. Approve Changes to POOL Form 2016-2017**
- c. Approve Changes to POOL Bond Form 2016-2017**

Wayne Carlson and coverage counsel Jack Angaran reviewed the various changes proposed to the Pool Form and the reasons for recommending them. They responded to questions, They also reviewed changes to the POOL Bond Form and the clarification the changes accomplished to conform to statutory requirements.

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

7. For Possible Action: Acceptance of Reinsurance and Insurance Proposals and Options
a. Property and Casualty Coverages
b. Student Accident Medical Coverage
c. Pollution Legal Liability Coverage

Stephen Romero of Willis Re Pooling discussed the marketing effort and the options that resulted. He noted that he created a baseline comparison using current year exposures to prior year rates to the renewal options. He noted that PRM offered to take a larger liability quota share of Brit (from 15% to 25%) and from CRL (from 20% to 30%). The Lloyds property pricing resulted in a rate decrease and an increase from \$10 million to \$25 million for flood zone A. Overall these changes resulted in a flat reinsurance program renewal cost. He then discussed adding cyber terrorism liability to the terrorism policy and that there was a two year option at a reduced price with no cost adjustment if values increased less than 15% over the two years.

Stephen then reviewed an option to increase the scope of coverage for the student accident policy from transit only to all activities including sports. The program costs would increase by about \$151,000. Wayne Carlson commented that staff was recommending that the entire cost of the expanded option be absorbed by the POOL and not allocated to the Members. The program would save Members administrative costs they currently have and help the students with medical insurance out of pocket costs or who are uninsured.

An additional program Stephen reviewed was replacing the current pollution matrix program that only some members purchased with a blanket pollution legal liability policy. He said that at this point he had an indication of the price that had not yet been confirmed. Wayne Carlson noted that staff recommends this cost be absorbed by the POOL and not allocated to the Members. It is an exposure the members need coverage to protect against, but most do not have it. Wayne commented that the current matrix program from AIG was non-renewed and no replacement quote for that option had been received yet. Doug Smith commented that if either the replacement matrix or the blanket pollution coverage could not be purchase, the POOL could create its own coverage form as well.

On motion and second to accept Options 1 and 2 (PRM larger quota shares) and to include the cyber terrorism coverage under the two year option, to accept the student accident coverage paid for out of POOL funds, and to direct staff to continue to work to obtain the pollution liability coverage for the Executive Committee to accept, the motion carried.

8. For Possible Action: Acceptance of Budget for 2016-2017

Chair Minor noted the budget summary. Wayne Carlson commented that it would be adjusted for the reinsurance decisions just made. On motion and second to approve the budget, the motion carried.

9. 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**

Chair Minor noted that the affect Members were discussed during the PACT board meeting. On motion and second to note this review, the motion carried.

- 10. For Possible Action: Election of Executive Committee for Two Year Terms from 2016-2018**
- a. One Representative from School Districts for a Two Year Term**
 - b. One Representative from Counties and/or Cities with under 35,000 population**
 - c. One Representative from Special Districts**

Chair Minor noted that Holly Luna, Douglas County School District, decided not to seek reelection and thanked her for her service. He noted that Ann Wiswell o Carson City School District was a declared candidate for the school districts representative. Bev Conley of Eureka County the incumbent for counties and cities under 35,000 population was a candidate for reelection. Gerry Eick of Incline Village GID is the incumbent for special districts and a declared candidate for reelection.

On motion and second to elect Ann Wiswell, Bev Conley and Gerry Eick, the motion carried.

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

Chair Minor indicated that he was willing to continue as Chair and Josh Foli was willing to continue as Vice Chair. On motion and second to elect Cash Minor Chair and Josh Foli Vice Chair, the motion carried.

- 12. For Possible Action: Approve Changes to Various Documents:**
- a. Interlocal Cooperation Agreement**
 - b. Bylaws**
 - c. Updates to Existing Board Adopted Policies**

Wayne Carlson and Jack Angaran reviewed the changes to these documents, noting the reasons for them, particularly to make it clear that POOL is a creation under the interlocal cooperation act and not an insurance company, thus should not be regulated as an insurance company. Also of note is to specify the venue as Carson City/County for the purposes of any declaratory relief or other action against the POOL. Wayne noted that with regard to the Loss Fund Policy, he had an additional amendment since the board packet that modifies the current confidence level mandate to require at least the expected (50%) plus a contingency margin which can be determine by the Executive Committee.

On motion and second to accept the proposed changes, the motion carried.

- 13. Public Comment**

Chair Minor opened public comment and hearing none, closed the comment period.

- 14. For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned at 3:40 p.m.

The Agenda was posted at the meeting place, the following locations and on the State's Website:

**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
Complex
10 S. Main Street
Eureka, NV 89316**

**Churchill County Administrative
155 North Taylor Street
Fallon, NV 89406**

DRAFT

NEVADA PUBLIC AGENCY INSURANCE POOL

Balance Sheet
February 28, 2017

ASSETS

Current Assets

Cash - Claims - Wells Fargo	(\$ 70,623.41)
Cash - Admin. - Wells Fargo	252,059.45
A/R PARMS	47.00
Building Accounts Receivable	<u>15,664.39</u>

Total Current Assets 197,147.43

Property and Equipment

Land - 2nd & Roop Streets	466,653.05
Building - 2nd & Roop Streets	1,783,715.41
Building Depreciation	(635,198.75)
Equipment	60,528.00
Equip Accumulated Depreciation	(94,856.66)
Building Equipment	28,645.91
Building Fixtures	1,323.00
Building Furniture	<u>4,359.75</u>

Total Property and Equipment 1,615,169.71

Other Assets

Investments Cash Equivalents	588,050.03
Investments	32,025,006.65
Receivable From Invest. Broker	136.99
Public Risk Mutual- Investment	19,477,263.00
PRM Amortization	(12,636,395.54)
Investment Income Receivable	133,126.91
Assessments Receivable	165,948.46
Specific Recoverable	2,981,808.74
Maintenance Deductibles	694,438.13
Prepaid Reinsurance	1,968,254.63
Prepaid Commission - Current	312,868.20
Prepaid Willis Pooling	85,000.00
Prepaid ASC	52,813.50
Prepaid Loss Control Fees	83,336.00
Prepaid Schools Security Prog	62,187.00
Other Prepaid	396.00
Prepaid Casualty Insurance	<u>54,711.88</u>

Total Other Assets 46,048,950.58

Total Assets \$ 47,861,267.72

LIABILITIES AND CAPITAL

Current Liabilities

Loss Fund	\$ 64,466,407.14
Loss Reserves - LAE	71,014.11
Loss Payments	(73,585,159.21)

NEVADA PUBLIC AGENCY INSURANCE POOL

Balance Sheet
February 28, 2017

Loss Payments - LAE	(36,172,255.28)	
Specific Recoverable	28,145,326.69	
Aggregate Recoverable	765,730.03	
Deductible Reimbursement	15,352,459.56	
Vouchers Within Deductible	9,232,500.43	
Unearned Assessment Reserve	<u>4,616,534.01</u>	
Total Current Liabilities		12,892,557.48
Long-Term Liabilities	<u> </u>	
Total Long-Term Liabilities		<u>0.00</u>
Total Liabilities		12,892,557.48
Capital		
Retained Earnings	34,862,386.35	
Net Income	<u>106,323.89</u>	
Total Capital		<u>34,968,710.24</u>
Total Liabilities & Capital		<u>\$ 47,861,267.72</u>

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2017

	Current Month		Year to Date	
Revenues				
Rental Income	\$ 16,558.00	1.23	\$ 176,936.39	1.97
Equipment Lease Reimbursement	439.68	0.03	3,581.92	0.04
Bldg Equip Maint Reimbursement	431.49	0.03	5,800.97	0.06
Phone Equipment Lease	53.00	0.00	424.00	0.00
Postage Reimbursement	108.99	0.01	1,914.60	0.02
Assessments Written	0.00	0.00	13,839,768.01	154.32
Taxes Written	0.00	0.00	7,219.17	0.08
Change in Unearned Assessments	1,154,129.00	85.64	(4,616,534.01)	(51.48)
Investment Interest Income	76,212.61	5.66	607,528.57	6.77
Investment Discount/Premium	(12,711.29)	(0.94)	(110,294.15)	(1.23)
Realized Gains/(Loss) Invest.	0.00	0.00	65,561.85	0.73
Invest. Unrealized Gain/(Loss)	112,363.09	8.34	(1,065,404.81)	(11.88)
Other Income	0.00	0.00	51,898.19	0.58
	<u>1,347,584.57</u>	<u>100.00</u>	<u>8,968,400.70</u>	<u>100.00</u>
Total Revenues				
Cost of Sales				
Reinsurance Ceded	492,059.00	36.51	3,665,737.00	40.87
Loss Fund Expense	133,947.00	9.94	1,071,576.00	11.95
Commission Expense - Current	64,760.00	4.81	592,615.00	6.61
Willis Pooling Fees	21,250.00	1.58	170,000.00	1.90
ASC Claims Admin. Fees	52,812.00	3.92	407,112.49	4.54
Tax Expense	0.00	0.00	2,166.33	0.02
Loss Control Fees	20,833.00	1.55	166,664.00	1.86
	<u>785,661.00</u>	<u>58.30</u>	<u>6,075,870.82</u>	<u>67.75</u>
Total Cost of Sales				
Gross Profit	<u>561,923.57</u>	<u>41.70</u>	<u>2,892,529.88</u>	<u>32.25</u>
Expenses				
Management Services	0.00	0.00	285,912.90	3.19
Sponsorship Fees	0.00	0.00	1,500.00	0.02
Counsel Opinions	10,488.90	0.78	10,488.90	0.12
Travel	2,964.79	0.22	23,624.75	0.26
Casualty Insurance	5,178.00	0.38	30,841.00	0.34
Due & Seminar Fees	847.50	0.06	6,232.44	0.07
Audit Expense	0.00	0.00	18,000.00	0.20
Printing/Copying/Subscriptions	0.00	0.00	5,841.75	0.07
Postage	42.68	0.00	263.26	0.00
Office Supplies	130.98	0.01	2,574.61	0.03
Telephone Expense	683.74	0.05	3,266.50	0.04
Legal Expense	5,775.52	0.43	43,668.24	0.49
Board & Committee Meetings	0.00	0.00	526.19	0.01
Actuary Expense	0.00	0.00	8,850.00	0.10
Member Education & Services	31,932.24	2.37	366,232.57	4.08
Bank Charges	(19.50)	(0.00)	4.96	0.00
Consultants Appraisals	0.00	0.00	87,500.00	0.98
PRI Contract Services	0.00	0.00	441,350.00	4.92
Loss Control Grants	0.00	0.00	21,074.77	0.23

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2017

	Current Month		Year to Date	
Environmental Consultants	0.00	0.00	18,730.19	0.21
Technology Services	10,695.49	0.79	48,155.19	0.54
PRM Amortization Expense	153,282.00	11.37	1,226,256.00	13.67
Investment Expense	13,792.40	1.02	34,342.22	0.38
Building Maintenance & Repairs	2,065.25	0.15	20,722.82	0.23
Conference Room Expense	160.94	0.01	257.51	0.00
Custodial Services	1,869.80	0.14	15,031.10	0.17
Building Depreciation Expense	3,744.72	0.28	29,929.11	0.33
Bldg. Equipment Maintenance	0.00	0.00	4,529.28	0.05
Bldg Equipment Lease	505.76	0.04	3,325.52	0.04
Building Copier Paper	(387.86)	(0.03)	329.85	0.00
Building Insurance Expense	729.00	0.05	5,832.00	0.07
Building Office Supplies	(308.02)	(0.02)	286.73	0.00
Building Tax Expense	0.00	0.00	4,335.09	0.05
Postage for Meter	163.99	0.01	1,213.99	0.01
Building Utilities	1,738.19	0.13	15,176.55	0.17
	<u>246,076.51</u>	<u>18.26</u>	<u>2,786,205.99</u>	<u>31.07</u>
Total Expenses				
Net Income	<u>\$ 315,847.06</u>	<u>23.44</u>	<u>\$ 106,323.89</u>	<u>1.19</u>

**Nevada Public Agency Insurance Pool
Budget Comparison to Actuals
As of February 28, 2017**

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	Difference Between Years
INCOME:					
Assessments Written	14,331,295	9,223,234	5,108,061	9,299,883	(76,649)
Taxes Written	8,600	7,219	1,381	5,967	1,252
Other Income	7,500	51,898	(44,398)	167,459	(115,561)
TOTAL INCOME	14,347,395	9,282,351	5,065,044	9,473,309	(190,957)
LOSS FUND EXPENSES:					
Loss Fund Expense	4,957,706	1,071,576	3,886,130	3,270,872	(2,199,296)
TOTAL LOSS FUND EXPENSES	4,957,706	1,071,576	3,886,130	3,270,872	(2,199,296)
PROGRAM EXPENSES:					
Reinsurance Ceded	5,201,846	3,665,737	1,536,109	3,277,934	387,803
Commission Expense	986,771	592,615	394,156	595,541	(2,926)
Willis Pooling Fees	255,000	170,000	85,000	170,000	-
ASC Claims Admin. Fees	712,941	407,112	305,829	433,544	(26,432)
Tax Expense	8,600	2,166	6,434	8,247	(6,081)
Loss Control Fees	250,000	166,664	83,336	166,664	-
Total Program Expenses	7,415,158	5,004,295	2,410,863	4,651,931	352,364
ADMINISTRATION EXPENSES:					
Management Services	490,136	285,913	204,223	317,240	(31,327)
Sponsorship Fees	3,500	1,500	2,000	1,773	(273)
Counsel Opinions	45,000	10,489	34,511	70,146	(59,657)
Travel	50,000	23,625	26,375	21,073	2,552
Casualty Insurance	40,000	30,841	9,159	27,111	3,730
Dues & Seminar Fees	13,000	6,232	6,768	16,227	(9,995)
Audit Expense	24,000	18,000	6,000	14,200	3,800
Printing/Copying/Subscriptions	5,000	5,842	(842)	4,085	1,757
Postage	1,000	263	737	273	(10)
Office Supplies	4,000	2,575	1,425	2,167	408
Telephone Expense	8,000	3,267	4,734	2,927	340
Legal Expense	15,000	43,668	(28,668)	27,591	16,077
Miscellaneous Expense	500	-	500	-	-
Board & Committee Meetings	12,000	526	11,474	4,106	(3,580)
Actuary Expense	21,000	8,850	12,150	8,760	90
Member Education, Training & Services	340,500	366,233	(25,733)	250,349	115,883
Bank Charges	-	5	(5)	-	5
Loss Control Excellence Awards	25,000	-	25,000	17,500	(17,500)
Consultants Appraisals	87,500	87,500	-	82,645	4,855
Bad Debt Expense	-	-	-	-	-
PRI Contract Services	756,600	441,350	315,250	376,667	64,683
Equip Depreciation Expense	-	-	-	-	-
Environmental Consultants	-	18,730	(18,730)	13,121	5,609
Technology Services	-	48,155	(48,155)	-	48,155
TOTAL ADMINISTRATION EXPENSES	1,941,736	1,403,563	538,173	1,257,960	145,604
TOTAL LOSS FUND, PROGRAM & ADMINISTRATION EXPENSES	14,314,600	7,479,434	6,835,166	9,180,763	(1,701,328)
NET INCOME	32,795	1,802,917	(1,770,122)	292,546	1,510,371

**Nevada Public Agency Insurance Pool
Budget Comparison to Actuals
As of February 28, 2017**

NON-ALLOCABLE INCOME AND EXPENSES

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	Difference Between Years
BUILDING INCOME:					
Conference Room Revenue	-		-	-	-
Rental Income	257,820	176,936	80,884	176,924	12
Equipment Lease Reimbursements	0	3,582	(3,582)	4,186	(604)
Bld Equip Maint Reimbursements		5,801	(5,801)	3,483	2,318
Phone Equipment Lease	4,000	424	3,576	1,839	(1,415)
Postage Reimbursement	2,000	1,915	85	1,931	(17)
TOTAL BUILDING INCOME	263,820	188,658	75,162	188,364	294
BUILDING EXPENSES:					
Building Maintenance & Repairs	30,000	20,723	9,277	21,296	(573)
Conference Room Expense	200	258	(58)	394	(136)
Custodial Services	25,000	15,031	9,969	14,737	295
Building Depreciation Expense	44,593	29,929	14,664	29,958	(29)
Bldg Equipment Maintenance	1,000	4,529	(3,529)	3,068	1,461
Building Equipment Lease	4,630	3,326	1,304	2,777	549
Building Copier Paper	-	330	(330)	392	(62)
Building Insurance Expense	8,800	5,832	2,968	5,840	(8)
Building Misc Expense	-	-	-	-	-
Building Office Supplies	-	287	(287)	352	(65)
Building Tax Expense	4,600	4,335	265	4,329	6
Postage for Meter	2,000	1,214	786	1,708	(494)
Building Utilities	26,000	15,177	10,823	15,751	(574)
TOTAL BUILDING EXPENSES	146,823	100,970	45,853	100,601	368
NET BUILDING INCOME	116,997	87,688	29,309	87,763	(74)
OTHER INCOME:					
Net Investment Revenues	500,000	(502,609)	1,002,609	783,302	(1,285,911)
Investment Expense	-	(34,342)	34,342	(43,393)	9,051
TOTAL OTHER INCOME	500,000	(536,951)	1,036,951	739,909	(1,276,860)
OTHER EXPENSES:					
Loss Control Grants	683,262	21,075	662,187	111,509	(90,434)
PRM Amortization Expense	1,726,706	1,226,256	500,450	1,183,675	42,581
TOTAL OTHER EXPENSES	2,409,968	1,247,331	1,162,637	1,295,184	(47,853)
NET OTHER INCOME	(1,909,968)	(1,784,282)	(125,686)	(555,275)	(1,229,006)
Net Income		1,802,917		292,546	
Net Building Income		87,688		87,763	
Net Other Income		(1,784,282)		(555,275)	
Income Statement Net Income		106,324		(174,967)	

NEVADA PUBLIC AGENCY INSURANCE POOL

General Ledger Trial Balance

As of Feb 28, 2017

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID	Account Description	Debit Amt	Credit Amt
1104	Cash - Claims - Wells Fargo		70,623.41
1105	Cash - Admin. - Wells Fargo	252,059.45	
1107	Land - 2nd & Roop Streets	466,653.05	
1108	Building - 2nd & Roop Streets	1,783,715.41	
1110	Building Depreciation		635,198.75
1205	Investment Cash Equivalents	588,050.03	
1206	Investments	32,025,006.65	
1208	Receivable From Invest. Broker	136.99	
1210	Public Risk Mutual- Investment	19,477,263.00	
1212	PRM Amortization		12,636,395.54
1214	Investment Income Receivable	133,126.91	
1301	Assessments Receivable	165,948.46	
1310	Specific Recoverable	2,981,808.74	
1313	Maintenance Deductibles	694,438.13	
1325	A/R PARMS	47.00	
1401	Prepaid Reinsurance	1,968,254.63	
1411	Prepaid Commission - Current	312,868.20	
1413	Prepaid Willis Pooling	85,000.00	
1414	Prepaid ASC	52,813.50	
1417	Prepaid Loss Control Fees	83,336.00	
1418	Prepaid School Security Prog	62,187.00	
1420	Other Prepaid	396.00	
1463	Prepaid Casualty Insurance	54,711.88	
1500	Equipment	60,528.00	
1510	Equip Accumulated Depreciation		94,856.66
1600-BLD	Building Equipment	28,645.91	
1620-BLD	Building Fixtures	1,323.00	
1625-BLD	Building Furniture	4,359.75	
2110	Loss Fund		64,466,407.14
2114	Loss Reserves - LAE		71,014.11
2200	Loss Payments	73,585,159.21	
2210	Loss Payments - LAE	36,172,255.28	
2310	Specific Recoverable		28,145,326.69
2311	Aggregate Recoverable		765,730.03
2312	Deductible Reimbursement		15,352,459.56
2320	Vouchers Within Deductible		9,232,500.43
2330	Unearned Assessment Reserve		4,616,534.01
3501	Retained Earnings		34,862,386.35
4000-BLD	Building Accounts Receivable	15,664.39	
4050-BLD	Rental Income		176,936.39
4060-BLD	Equipment Lease Reimbursement		3,581.92
4065-BLD	Bldg Equip Maint Reimbursement		5,800.97
4075-BLD	Phone Equipment Lease		424.00
4080-BLD	Postage Reimbursement		1,914.60
4110	Assessments Written		13,839,768.01
4115	Taxes Written		7,219.17
4330	Change in Unearned Assessments	4,616,534.01	
4401	Reinsurance Ceded	3,665,737.00	
5110	Loss Fund Expense	1,071,576.00	
5411	Commission Expense - Current	592,615.00	
5413	Willis Pooling Fees	170,000.00	
5414	ASC Claims Admin. Fees	407,112.49	
5415	Tax Expense	2,166.33	
5417	Loss Control Fees	166,664.00	
5450	Management Services	285,912.90	
5456	Sponsorship Fees	1,500.00	
5457	Counsel Opinions	10,488.90	
5462	Travel	23,624.75	
5463	Casualty Insurance	30,841.00	
5464	Due & Seminar Fees	6,232.44	
5465	Audit Expense	18,000.00	
5466	Printing/Copying/Subscriptions	5,841.75	
5467	Postage	263.26	
5468	Office Supplies	2,574.61	
5469	Telephone Expense	3,266.50	
5470	Legal Expense	43,668.24	
5472	Board & Committee Meetings	526.19	
5474	Actuary Expense	8,850.00	

NEVADA PUBLIC AGENCY INSURANCE POOL

General Ledger Trial Balance

As of Feb 28, 2017

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID	Account Description	Debit Amt	Credit Amt
5475	Member Education & Services	366,232.57	
5476	Bank Charges	4.96	
5478	Consultants Appraisals	87,500.00	
5482	PRI Contract Services	441,350.00	
5484	Loss Control Grants	21,074.77	
5485	Environmental Consultants	18,730.19	
5486	Technology Services	48,155.19	
6100	Investment Interest Income		607,528.57
6102	Investment Discount/Premium	110,294.15	
6110	Realized Gains/(Loss) Invest.		65,561.85
6111	Invest. Unrealized Gain/(Loss)	1,065,404.81	
6112	PRM Amortization Expense	1,226,256.00	
6160	Other Income		51,898.19
6200	Investment Expense	34,342.22	
7100-BLD	Building Maintenance & Repairs	20,722.82	
7200-BLD	Conference Room Expense	257.51	
7275-BLD	Custodial Services	15,031.10	
7300-BLD	Building Depreciation Expense	29,929.11	
7400-BLD	Bldg Equipment Maintenance	4,529.28	
7450-BLD	Building Equipment Lease	3,325.52	
7475-BLD	Building Copier Paper	329.85	
7500-BLD	Building Insurance Expense	5,832.00	
7725-BLD	Building Office Supplies	286.73	
7750-BLD	Building Tax Expense	4,335.09	
7800-BLD	Postage for Meter	1,213.99	
7900-BLD	Building Utilities	15,176.55	
	Total:	185,710,066.35	185,710,066.35

**NEVADA PUBLIC AGENCY INSURANCE POOL
FINANCIAL STATEMENTS
June 30, 2016 and 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Public Agency Insurance Pool

Report on the Financial Statements

We have audited the accompanying Statements of Net Position of the Nevada Public Agency Insurance Pool as of June 30, 2016 and 2015 and the related Statements of Revenues and Expenses and Changes in Net Position and Statements of Changes in Cash Flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nevada Public Agency Insurance Pool as of June 30, 2016 and 2015 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis beginning on page 5 and 10 year claims development schedule on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

Carson City, Nevada
November 23, 2016

Management's Discussion and Analysis

Purpose:

To further understanding of significant financial issues, this Nevada Public Agency Insurance Pool (NPAIP) management discussion and analysis:

- a) Provides an overview of the NPAIP's financial activities,
- b) Identifies significant changes in the NPAIP's financial position and its ability to address subsequent year financial challenges,
- c) Provides insights into the long-term financial viability of NPAIP.

Background:

NPAIP implemented the Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. NPAIP's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since the Nevada Public Agency Insurance Pool operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company.

Using this Annual Report:

Since the financial statements report information about the NPAIP using accounting methods similar to those used by private sector organizations, these statements offer short and long term financial information about the NPAIP's activity. The financial statements show a comparison of two audited years ending June 30, 2016 and June 30, 2015 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all of the NPAIP's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the liquidity and financial flexibility of NPAIP.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the NPAIP's operations for the fiscal year compared to the previous year and can be used as a measure of the NPAIP's credit worthiness and whether NPAIP successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about the NPAIP's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations and investments. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since NPAIP incurs financial obligations to pay for claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights:

By board policy, NPAIP is audited each year by an independent auditor. Since its inception on May 1, 1987 and continuing through this fiscal year, the independent auditor's report offers an unqualified opinion on the financial statements. Such an opinion reflects the highest opinion that can be obtained from an independent auditor.

Changes in Net Position:

Fiscal year ended June 30, 2016: \$34,862,387

Fiscal year ended June 30, 2015: \$34,163,124

Net change: \$699,264 or 2.0%.

Net Position changes reflect both operating and non-operating net investment income. Increases in Net Position are retained to assure financial stability and strength of NPAIP based upon the board's long term strategy.

Both property and casualty coverages can experience significant volatility particularly when the retention levels per loss are high. Because NPAIP retains a substantial portion of the property and casualty risk, it is important to the long term viability of NPAIP to be able to meet its financial obligations to its Members by growing its Net Position. Insurance market conditions periodically make it important to be able to increase our retentions, which results in increased volatility that must be cushioned strongly. NPAIP board policy requires a 70% actuarial confidence level as a prudent level to develop a strong financial position in keeping with the NPAIP Board's goals of creating and sustaining a durable financial position.

During previous fiscal years 2001 and 2002, the board purchased land and built its office building located at 201 S. Roop Street, Carson City, Nevada. As a result, \$1,645,098 of the total assets for fiscal year end June 30, 2016 consists of capital assets (after depreciation).

Total revenues:

Fiscal year ended June 30, 2016: \$14,377,529

Fiscal year ended June 30, 2015: \$14,364,004

Net change: \$13,525 or .1%)

NPAIP's primary revenue source comes from Member contributions to the NPAIP's Loss Fund, administrative budget and reinsurance costs. A slight reduction in revenues occurred as a result of lower exposure and rates. Rental income constitutes the secondary revenue source and it was up due to rental rate increases. A one-time refund from Travelers BoilerRe of accumulated credits for infrared inspections constituted 90% of the \$181,366 Other Income for June 30, 2016.

Total expenses:

Fiscal year ended June 30, 2016: \$14,887,611

Fiscal year ended June 30, 2015: \$13,826,997

Net change: \$1,060,614 or 7.7%.

The most significant factor in this change was attributable to increased incurred losses. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years.

Contributed Surplus:

Included in the total assets is NPAIP's capitalization to start its own non-profit captive mutual insurance company, Public Risk Mutual. Initially, in 2004, NPAIP invested \$1,000,000, an amount to be amortized over 10 years. At June 30, 2016, NPAIP's contribution to surplus in Public Risk Mutual is \$19,477,263. Amortization expense as of June 30, 2016 was \$1,779,165 based upon NPAIP's policy to continue to amortize each of these contributions over a ten year period. Public Risk Mutual provided reinsurance to the NPAIP for certain property and liability coverage during this year.

Operating Net Position:

Fiscal year ended June 30, 2016: (\$ 510,082)

Fiscal year ended June 30, 2015: \$ 537,007

Net change: (\$1,047,189) or (-195%)

Increases in claims costs comprised \$811,470 of the increase in program expense. The balance of the overall operating expense change came from increased administration expenses of \$479,353 largely from member education and services and amortization expenses.

Net investment income:

Fiscal year ended June 30, 2016: \$1,209,345

Fiscal year ended June 30, 2015: \$688,201

Net change: \$521,144

The net increase reflects improved current investment market conditions. Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Maintaining positive returns under the difficult economic conditions during this fiscal year speaks to the investment strategies employed by NPAIP. The investment portfolio of \$33,121,767 is comprised of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of NPAIP's investments are anticipated to be held to maturity. NPAIP is restricted by Nevada statutes to invest in governmental securities in the same manner as other political subdivisions. Management adjusts the mix of investments as market conditions change.

Capital Assets and Debt Administration:

With NPAIP's purchase of land and completion of construction of its headquarters building, the NPAIP's capital assets comprise 3.61% of its total assets. The building generates rental income and also diversifies NPAIP's investments. NPAIP remains debt free.

Comparative Key Performance Indicators:

In order to enhance analysis, comparative information is provided for Assets, Liabilities, Net Position, Revenues and Expenses as shown in the chart below. The benchmarks shown in the chart resulted from a pooling and captives' industry study conducted a few years ago by Tillinghast and provides a useful tool to facilitate management's analysis and understanding of the financial results. Other performance indicators may be used by insurance companies but are not necessarily useful comparative indicators for risk pools.

Financial Ratios	POOL		POOL		POOL	
	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	
Total Revenue	\$ 14,902,485	\$ 14,832,482	\$ 14,610,828	\$ 14,364,004	\$ 14,377,529	
Total Income (excludes special reserve adjustments 96 & 98)	\$ 3,508,083	\$ 1,416,264	\$ 1,752,247	\$ 1,225,208	\$ 699,263	
Net Operating Income	\$ 2,078,584	\$ 1,540,389	\$ 1,266,150	\$ 537,007	\$ (510,082)	
Net Investment Income	\$ 1,429,499	\$ (124,125)	\$ 486,097	\$ 688,201	\$ 1,209,345	
Total Assets	\$ 41,349,269	\$ 42,911,169	\$ 43,758,612	\$ 44,345,129	\$ 45,516,218	
Total Liabilities	\$ 11,579,864	\$ 11,725,500	\$ 10,820,696	\$ 10,182,005	\$ 10,653,831	
Net Position	\$ 29,769,405	\$ 31,185,669	\$ 32,937,916	\$ 34,163,123	\$ 34,862,387	
Net Position to SIR (Board target: 12:1)	59.5	62.4	65.9	68.3	69.7	
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.017	0.016	0.015	0.015	0.014	
% Assets attributable to Net Position	72.0%	72.7%	75.3%	77.0%	76.6%	
Total assets/total liabilities	3.57	3.66	4.04	4.36	4.27	
Revenues to Net Position (Benchmark: <2.5:1 and >0)	0.50	0.48	0.44	0.42	0.41	
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.39	0.37	0.35	0.34	0.33	
Total liabilities to liquid assets: Benchmark <100%	40%	39%	35%	32%	32%	
Change in Net Position: >-10%	13.4%	4.8%	5.6%	3.7%	2.0%	
Return on Net Position: Net Operating Income/Net Position	7.0%	4.9%	3.8%	1.6%	-1.5%	
Return on Net Position: Total Income/Net Position	11.8%	4.5%	5.3%	3.6%	2.0%	

Economic Factors:

For fiscal year ending June 30, 2016, economic conditions showed continued signs of improvement with some growth continuing for the nation and Nevada. NPAIP's investments, although showing improved results this year, have performed consistently with fixed income investment markets in light of the statutory requirements to invest in governmental securities.

Medical inflation continues to be higher than the overall consumer price index nationally, which affects the underlying costs of liability claims payable by NPAIP. Based upon claims activity and the tendency of plaintiffs to appeal judgments more often, litigation costs continue to rise. The NPAIP's defense costs have risen as a result of the types of cases being filed and the increase in the hourly rate that assures retention of competent counsel to handle civil rights cases in particular.

Fiscal year ending June 30, 2016 evidenced stable insurance market conditions for property and liability reinsurance. Rates in property coverage were stable as were liability rates. NPAIP continued its membership in the following reinsurers in which it has a financial interest:

- ❖ Public Risk Mutual, its own captive, that provides reinsurance for property and liability coverage
- ❖ County Reinsurance, Ltd., a captive mutual reinsurer for all members other than schools for liability coverage
- ❖ United Educators, a captive risk retention group for schools liability coverage reinsurance
- ❖ Government Entities Mutual (GEM), a captive mutual reinsurer, that provides a layer of liability reinsurance

Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:

While the purpose of this discussion and financial report is to provide a general overview of the NPAIP's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop, Suite 102, Carson City, NV 89701-4790.

Wayne Carlson, Executive Director
Nevada Public Agency Insurance Pool

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Net Position
June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 419,052	\$ 1,096,020
Investments	33,121,767	31,146,128
Accrued interest	172,145	192,530
Deductibles receivable	260,779	382,734
Assessments receivable	15,607	3,241
Other Receivables	50	47
Specific and aggregate recoverables	1,792,924	1,450,078
Prepaid expense	21,673	27,095
Total current assets	<u>35,803,997</u>	<u>34,297,873</u>
Capital assets:		
Land, building & equipment, net	1,645,098	1,689,691
Other assets:		
Contributed Surplus Public Risk Mutual, net	8,067,123	8,357,565
Total Assets	<u><u>45,516,218</u></u>	<u><u>44,345,129</u></u>
 LIABILITIES		
Other current liabilities:		
Accounts payable	87,831	41,067
Deferred inflows of resources	-	16,938
Current portion of reserve for claims and claims adjustment expenses	4,552,056	4,280,866
Total current liabilities	<u>4,639,887</u>	<u>4,338,871</u>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	6,013,944	5,843,134
Total non-current liabilities:	<u>6,013,944</u>	<u>5,843,134</u>
Total Liabilities	<u><u>10,653,831</u></u>	<u><u>10,182,005</u></u>
 NET POSITION		
Net Position, unrestricted	33,217,289	32,473,433
Net Position, invested in capital assets	1,645,098	1,689,691
Total Net Position	<u><u>\$ 34,862,387</u></u>	<u><u>\$ 34,163,124</u></u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Revenues, Expenses and Changes in Net Position
For Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Premiums written	\$ 13,938,226	\$ 14,103,472
Rental income	257,937	252,861
Other Income	181,366	7,671
Total revenues	<u>14,377,529</u>	<u>14,364,004</u>
PROGRAM EXPENSES		
Losses and loss adjustment expenses	3,629,644	2,818,174
Excess insurance premiums	5,044,561	5,253,026
Pooling and loss control fees	505,000	505,000
Third party administrator fees	652,721	663,688
Agent commissions	911,271	921,697
Taxes written	8,248	8,579
Total program expenses	<u>10,751,445</u>	<u>10,170,164</u>
ADMINISTRATIVE EXPENSES		
Management fees	475,860	462,000
Building maintenance and utilities	80,948	57,357
Depreciation	44,593	44,593
Amortization	1,779,165	1,698,854
Travel	54,711	42,079
Casualty insurance	40,767	38,971
Operating expenses	232,066	160,343
Legal expenses	40,931	11,354
Loss control awards & grants	185,900	126,348
Consultant appraisals	114,850	141,355
Environmental consultation	18,972	21,200
Member education & training	1,067,403	852,379
Total pool administration expenses	<u>4,136,166</u>	<u>3,656,833</u>
Total program and administration expenses	<u>14,887,611</u>	<u>13,826,997</u>
Increase in operating net position	(510,082)	537,007
Increase in non-operating net investment income	<u>1,209,345</u>	<u>688,201</u>
Increase in net position	699,263	1,225,208
Net position, beginning of year	34,163,124	32,937,916
Net position, end of year	<u>\$ 34,862,387</u>	<u>\$ 34,163,124</u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Cash Flows
For Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Premiums written	\$ 14,030,877	\$ 14,103,264
Rental income	257,937	252,861
Other revenues	181,366	7,671
Payment for claims	(3,187,644)	(2,847,176)
Payment to vendors	(9,361,641)	(9,406,675)
Net Cash Provided from Operating Activities:	<u>1,920,895</u>	<u>2,109,945</u>
Cash flows from investing activities:		
Interest and dividend income, net of expenses	868,608	733,545
Purchases of investments	(14,541,729)	(19,100,442)
Proceeds from sales of investments	12,563,981	15,352,258
Net Cash Used in Investing Activities	<u>(1,109,140)</u>	<u>(3,014,639)</u>
Cash flows from financing activities:		
Increase in capitalization of PRM	(1,488,723)	-
Net Cash Used for Capital Activities	<u>(1,488,723)</u>	<u>-</u>
(Decrease) in Cash and Cash Equivalents	(676,968)	(904,694)
Cash and Cash Equivalents, beginning of fiscal year	1,096,020	2,000,714
Cash and Cash Equivalents, year ended June 30	<u>419,052</u>	<u>1,096,020</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating net income	(510,082)	537,007
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	44,593	44,593
Amortization expense	1,779,165	1,698,854
Decrease (increase) in deductibles receivable	109,589	(266,359)
Decrease in prepaid expense	5,419	180,981
Decrease (increase) in other receivables	20,385	(32,675)
Increase (decrease) in accounts payable	46,764	(20,389)
(Decrease) in deferred inflows of resources	(16,938)	(3,067)
Increase (decrease) in claims and loss adjustment expenses	442,000	(29,000)
Net Cash Provided by Operating Activities	<u>\$ 1,920,895</u>	<u>\$ 2,109,945</u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 1 - NATURE OF ORGANIZATION

The Nevada Public Agency Insurance Pool (NPAIP) is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the state of Nevada and organized to operate as a group self-insurer. The purpose of the organization is to seek the prevention or lessening of casualty losses to its members and injuries to persons, which might result in claims being made against such members. In addition to self-funding and excess insurance protection, the program provides risk management services with emphasis on loss control, claims administration, and management support services. The NPAIP is fully funded by member participants. Members file claims with Alternative Service Concepts, LLC (ASC), which has been contracted to perform claims adjustments for the NPAIP.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Presentation

The Nevada Public Agency Insurance Pool has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. NPAIP has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting.

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash Equivalents:

For purposes of the statement of cash flows, the NPAIP considers investments with original maturity dates less than 90 days to be cash equivalents.

Investment and Interest Income:

Investments are recorded at fair market value. Interest income, realized and unrealized gains and losses are shown as net investment income.

The NPAIP is authorized, by state statutes, to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury the maturities of which cannot be more than 10 years from date of purchase except as permitted by law. The NPAIP is also authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, the U.S. Postal Service and Government National Mortgage Association securities.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest of the security. NPAIP's policy is to invest in corporate debt issues with a minimum of an "AA" rating from Moody's or Standard and Poor's rating services or U.S. Government and government backed securities. In addition, NPAIP's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

Budget

A budget is prepared by management though there is no legal budgetary requirement.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk:

NPAIP limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. No more than 15% of the total investment pool will be invested in any one class of security, industry or company. NPAIP will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. Government and government backed securities.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. NPAIP will, to the extent possible, minimize this risk by matching investment maturities to liability due dates. This allows NPAIP to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from decreasing interest rates is minimized by investing predominantly in investments with short to mid-term maturities that perform in line with the return of a managed fund comprised of 1 – 3 year Treasury Bonds.

Deductible and Specific Excess Recoverable Receivables:

Deductibles receivable represents the portion of a claim to be collected from members. Specific excess recoverables represents amounts to be collected from excess insurers on claims made by members against the NPAIP in excess of the NPAIP's retention.

Fixed Assets:

Equipment on the books is depreciated over the estimated useful lives of the assets using the straight-line method and the lives assigned to assets range from 5 years to 10 years. The office building cost is depreciated using the straight-line method over a period of 40 years with no salvage value.

Legal Fees:

Legal fees included in administration expenses are primarily for corporate legal work only; all legal expenses associated with a particular claim are charged directly to that claim's experience. Legal work on claims affects losses incurred and loss adjustment expenses.

Losses and Loss Adjustment Expenses:

Reserves for losses and allocated loss adjustment expenses are provided based on case basis estimates for losses reported and NPAIP's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined on the basis of an evaluation of the NPAIP's independent consulting actuary. The liability for unpaid losses and loss adjustment expenses has not been discounted for the time value of money. Although such estimates are NPAIP's best estimates of the expected values, the actual results may vary from these values.

Member Loss Fund Contributions and Unearned Member Loss Fund Contributions:

Member contributions are collected in advance and recognized as revenue in the period for which insurance protection is provided. Contributions are allocated by PARMS with actuarial input.

Federal Income Taxes

In accordance with Internal Revenue Service code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Supplementary Development Schedule - Unaudited

The Claims Development Schedule reports claims on a reported year basis. Loss reserves shown on the financial statements are discounted; however, the development schedule reflects undiscounted loss reserves.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 3 – CASH AND INVESTMENTS

The carrying amount of NPAIP’s deposits with financial institutions at June 30, 2016 and 2015 was \$419,052 and \$1,096,020.

The financial institution balance at June 30, 2016 and 2015 was \$498,061 and \$1,270,039 respectively. The difference between the carrying amount and bank balance results from outstanding checks and/or deposits not yet reflected in the bank’s records.

	<u>2016</u>	<u>2015</u>
Amounts insured by FDIC	\$ 219,313	\$ 250,000
Amounts collateralized	-	183,389
Cash equivalents at brokerage firm	<u>278,748</u>	<u>836,650</u>
Total deposits at financial institutions	<u>\$ 498,061</u>	<u>\$ 1,270,039</u>

NPAIP maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm are insured through SIPC and additional amounts above SIPC coverage limits are insured by the broker through an insurance policy.

A summary of investments as of June 30, 2016 is as follows:

	<u>Fair Value</u>	<u>1-5</u>		<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 4,711,348	\$ 760,117	\$ 3,951,231	\$ -	-
U.S. Government & Agencies	5,646,838	5,016,557	630,281	-	-
U.S. Mortgage-backed securities	17,782,680	598,780	4,458,611	12,725,289	-
U.S. Government backed securities	4,980,901	2,004,108	2,381,364	595,429	-
Total cash and investments	<u>\$ 33,121,767</u>	<u>\$ 8,379,562</u>	<u>\$ 11,421,487</u>	<u>\$ 13,320,718</u>	<u>-</u>

A summary of investments as of June 30, 2015 is as follows:

	<u>Fair Value</u>	<u>1-5</u>		<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 7,054,240	\$ 4,560,536	\$ 2,493,704	\$ -	-
U.S. Government & Agencies	3,091,520	1,524,129	1,540,868	26,523	-
U.S. Mortgage-backed securities	14,978,063	2,294,919	1,613,636	11,069,508	-
U.S. Government backed securities	6,022,305	2,288,853	3,057,104	676,348	-
Total cash and investments	<u>\$ 31,146,128</u>	<u>\$ 10,668,437</u>	<u>\$ 8,705,312</u>	<u>\$ 11,772,379</u>	<u>-</u>

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. NPAIP categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NPAIP has the following recurring fair value measurements as of June 30, 2016:

1. U.S. Treasuries and U.S. Government guaranteed securities of \$4,990,098 are valued using quoted market prices (Level 1 inputs).
2. U.S. Government Agencies and U.S. back securities of \$28,131,669 are valued using a matrix pricing model (Level 2 inputs).

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 4 – LAND, BUILDING AND EQUIPMENT

Building and land are reported at cost less accumulated depreciation. Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. NPAIP capitalizes equipment and building related expenditures that are greater than \$5,000. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. Activity for the years ended June 30, 2016 and 2015 was as follows:

Property and equipment activity for the year ended June 30, 2016 was as follows:

	Estimated Useful Life	June 30, 2015	Additions	Dispositions	June 30, 2016
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	94,857	-	-	94,857
		<u>2,345,225</u>	<u>-</u>	<u>-</u>	<u>2,345,225</u>
Less accumulated depreciation		(655,534)	(44,593)	-	(700,127)
Capital assets net accumulated depreciation		<u>\$ 1,689,691</u>	<u>\$ (44,593)</u>	<u>\$ -</u>	<u>\$ 1,645,098</u>

Property and equipment activity for the year ended June 30, 2015 was as follows:

	Estimated Useful Life	June 30, 2014	Additions	Dispositions	June 30, 2015
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	94,857	-	-	94,857
		<u>2,345,225</u>	<u>-</u>	<u>-</u>	<u>2,345,225</u>
Less accumulated depreciation		(610,941)	(44,593)	-	(655,534)
Capital assets net accumulated depreciation		<u>\$ 1,734,284</u>	<u>\$ (44,593)</u>	<u>\$ -</u>	<u>\$ 1,689,691</u>

NOTE 5 – RETENTION

Nevada Public Agency Insurance Pool retains a portion of claims prior to the application of coverage provided by its excess or reinsurance contracts. The coverage limits provided by the NPAIP within its retention amounts are as follows:

<u>NPAIP Limits:</u>	<u>2015-2016</u>	<u>2014-2015</u>
Property blanket limit	\$200,000	\$200,000
Liability per event	\$500,000	\$500,000
Monies & securities per loss	\$500,000	\$500,000
Equipment breakdown	\$ 50,000	\$ 50,000

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 6 – UNPAID CLAIMS LIABILITIES

NPAIP estimates losses and loss adjustment expense based on historical experience and payment and reporting patterns. These estimates are based on data available at the time of the estimate and are reviewed by NPAIP’s independent consulting actuary.

Inherent in the estimates of the ultimate liability for unpaid claims are expected trends in claim severity, claim frequency, and other factors that may vary as claims are settled. The amount and uncertainty in the estimates are affected by such factors as the knowledge of the actual facts and circumstances and amount of historical claims experienced relative to the development period that has been affected by the change in premium levels and increase in closing and settlement of claims.

As discussed in Note A, the NPAIP establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the NPAIP in the last two years:

	<u>2016</u>	<u>2015</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 10,124,000</u>	<u>\$ 10,153,000</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	5,168,000	4,317,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>(1,538,356)</u>	<u>(1,498,826)</u>
Total incurred losses and loss adjustment	3,629,644	2,818,174
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(485,000)	(551,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(2,702,644)</u>	<u>(2,296,174)</u>
Total Payments	(3,187,644)	(2,847,174)
Unpaid claims and claims adjustment expenses At end of fiscal year	<u><u>\$ 10,566,000</u></u>	<u><u>\$ 10,124,000</u></u>

In 2016 the current portion of the reserve, cash expected to be paid within 12 months, is \$4,552,056 and the long-term portion is \$6,013,944. At the end of 2015 the current portion was \$4,280,866 and the long term portion was \$5,843,134.

At June 30, 2016 and 2015, NPAIP recorded the liability for losses and loss adjustment expenses based on an estimate of its independent consulting actuary. The reserve balances were developed by an independent actuary and is management’s best estimate of reserves at June 30, 2016 and 2015.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 7 - RELATED PARTY TRANSACTIONS

Public Agency Risk Management Services, Inc. (PARMS) is presently contracting with the NPAIP and PACT to provide management services from July 1, 2014 through June 30, 2019. PARMS serves both the NPAIP and the PACT as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees paid for years ended June 30, 2016 and 2015 were \$475,860 and \$462,000 respectively.

Minimum future payments:	
2017	\$ 490,136
2018	504,840
2019	519,985
Total payments	<u>\$ 1,514,961</u>

PARMS leases office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a separate lease agreement that coincides with the term of the management contract. Payments made in 2016 and 2015 were \$69,804 and \$67,092. The contract dated July 1, 2013 is for a five year lease period and includes a 2% per annum increase in the lease expenses which began on July 1, 2014.

Minimum future payments:	
2017	\$ 69,781
2018	71,177
Total payments	<u>\$ 140,958</u>

PARMS provides accounting services to the Nevada Association of Counties and Wayne Carlson is authorized as the second signer on checks disbursed from that organization's accounts.

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a grant to Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Cash Minor, Alan Kalt and Curtis Calder. The cost of this grant was \$565,000 and \$546,500 for the years ended June 30, 2016 and 2015 respectively. PRI provides human resources management services to NPAIP members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

Minimum future payments:	
2017	\$ 582,000
2018	599,500
2019	611,500
2020	624,000
Total payments	<u>\$ 2,417,000</u>

Subsequent to June 30, 2015, PRI directors Wayne Carlson and Michael Rebaleati resigned from the PRI board.

NPAIP is the sole policy holder of Public Risk Mutual Company which was formed as a non-profit captive mutual insurance company.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 8 –CONTRIBUTED SURPLUS TO PUBLIC RISK MUTUAL

In May 2004, NPAIP’s board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed to the surplus of the company with an initial \$1,000,000 surplus contribution. The company, Public Risk Mutual, is domiciled in Nevada and as of September 1, 2004, became the excess property insurer for NPAIP. Subsequent contributions to surplus were made by NPAIP. The cumulative contributions were \$19,477,263 and \$17,988,540 as of year ended June 30, 2016 and 2015. Some of the Public Risk Mutual’s board members also serve as board members of NPAIP.

Public Risk Mutual was formed by members of NPAIP to reduce the costs of insurance, to obtain direct access to reinsurance, to provide broader coverage for policyholders, to broaden investment opportunities and to build equity to enable provision of coverage not obtainable elsewhere.

As a condition of providing surplus contributions, but without any expectation that the funds will be returned, NPAIP will recoup the contributions to surplus. Therefore, management considers the surplus contributions a development cost asset that can provide lower operating costs in the future and estimates that the savings in excess insurance costs to NPAIP will recoup the contributions to surplus. Therefore, the NPAIP’s interest in PRM is being amortized over 10 years. Amortization expense was \$1,779,165 and \$1,698,854 for fiscal years ended 2016 and 2015.

	June 30, 2015	Additions	June 30, 2016
Contributed surplus to Public Risk Mutual	\$ 17,988,540	\$ 1,488,723	\$ 19,477,263
Accumulated amortization	(9,630,975)	(1,779,165)	(11,410,140)
Contributed Surplus net of accumulated amortization	<u>\$ 8,357,565</u>	<u>\$ (290,442)</u>	<u>\$ 8,067,123</u>

	June 30, 2014	Additions	June 30, 2015
Contributed surplus to Public Risk Mutual	\$ 17,988,540	\$ -	\$ 17,988,540
Accumulated amortization	(7,932,121)	(1,698,854)	(9,630,975)
Contributed Surplus net of accumulated amortization	<u>\$ 10,056,419</u>	<u>\$ (1,698,854)</u>	<u>\$ 8,357,565</u>

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 9 – EXCESS INSURANCE OR REINSURANCE

Nevada Public Agency Insurance Pool offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown on the table below. However, NPAIP obtains various excess or reinsurance policies from several excess or reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention.

<u>Property limits:</u>	<u>2015 -2016</u>	<u>2014 - 2015</u>
Blanket limit per loss:	\$300,000,000	\$300,000,000
Earthquake Aggregate Sub-limit:	150,000,000	125,000,000
Flood Aggregate Sub-limit:	150,000,000	125,000,000
Equipment Breakdown Sub-limit:	60,000,000	60,000,000
Money & Securities (including Employee Dishonesty) Sub-limit:	500,000	500,000
<u>Liability limits:</u>		
Each and Every Per Event Limit:	10,000,000	10,000,000
Products/Completed Operations (per member)	Included	Included
Wrongful Acts (per member)	Included	Included
Law Enforcement (per member)	Included	Included
Emergency Response to Pollution Aggregate Sub-limit:	1,000,000	1,000,000
Sexual Abuse Sub-limit	2,500,000	2,500,000
<u>Aggregate Limits:</u>		
General Aggregate (per member)	10,000,000	10,000,000
Sexual abuse Sub-limit	2,500,000	2,500,000
<u>Cyber Security Event Liability and Privacy Response Cover Limits:</u>		
Cyber Security Event Liability	2,000,000	2,000,000
Privacy Response Expense	500,000	500,000

NPAIP reinsurance is as follows:

Property 2014-2015: The property limits shown above excess of NPAIP’s retentions as follows:

Retention \$200,000 per event

Public Risk Mutual: \$500,000 limit per loss subject to \$200,000 NPAIP retention all coverages

Travelers Boiler Re: \$50,000 NPAIP retention for Equipment Breakdown

Lloyds of London various syndicates: NPAIP retentions \$500,000 per occurrence except no reinsurance for Equipment Breakdown or Money and Securities

Property 2015-2016 The property limits shown above excess of NPAIP’s retentions as follows:

Retention \$200,000 per event

Public Risk Mutual: \$300,000 limit per loss subject to \$200,000 NPAIP retention all coverages

Travelers Boiler Re: \$300,000 NPAIP retention for Equipment Breakdown

Lloyds of London various syndicates: NPAIP retentions \$500,000 per occurrence except no reinsurance for Equipment breakdown or money and securities

Liability 2015-2016: The liability limits shown above excess of NPAIP’s retention of \$500,000 with:

- a) Public Risk Mutual 20% of \$2,500,000, excluding school districts, plus 15% of \$7,000,000 excess of \$3,000,000
- b) County Reinsurance, LTD. 80% of \$2,500,000, excluding school districts, plus \$750,000 excess of \$250,000 per cyber liability event
- c) United Educators \$2,500,000 for school districts only, plus \$1,500,000 per cyber liability event for school districts only
- d) Government Entities Mutual, Inc., 35% quota share of \$7,000,000 excess of \$3,000,000
- e) Lloyds of London Brit Syndicates, Ltd., 50% quota share of \$7,000,000 excess of \$3,000,000
- f) Public Risk Mutual \$1,000,000 excess of \$1,000,000 per cyber event plus \$250,000 excess \$250,000 each school district

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 10 – LEASES

On March 12, 2015 NPAIP entered into a lease agreement with Sierra Office Solutions for a high-speed copy machine. The lease is classified as an operating lease with minimum monthly payments of \$430 for 60 months.

NPAIP entered into a lease for a postage machine with Mailfinance in March 2015. The lease is an operating lease with minimum monthly payments of \$50 for the first 12 months and \$65 for the remaining 48 months.

Minimum lease payments for leases are as follows for the following years ended June 30,

Minimum lease payments:		
2017	\$	5,936
2018		5,936
2019		5,742
2020		3,870
Total minimum lease payments	\$	<u>21,484</u>

NOTE 11 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2016 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2016. Management has evaluated subsequent events through November 23, 2016 which is the date the financial statements were available for issue.

NEVADA PUBLIC AGENCY INSURANCE POOL
COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT (UNAUDITED)
EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Required Contributions & Investment Income:										
Earned	\$13,785,893	\$14,643,824	\$15,184,061	\$15,721,731	\$14,964,155	\$16,331,984	\$14,843,453	\$14,843,453	\$15,129,697	\$15,659,967
Ceded	(3,758,623)	(3,681,857)	(3,919,235)	(4,388,536)	(4,642,512)	(5,019,808)	(4,812,711)	(4,812,711)	(5,253,026)	(5,044,561)
Net earned	10,027,270	10,961,967	11,264,826	11,333,195	10,321,643	11,312,176	10,030,742	10,030,742	9,876,671	10,615,406
Unallocated Expenses	3,255,602	3,715,519	4,103,075	4,521,913	4,968,874	5,659,813	5,485,380	5,485,380	5,755,797	6,213,405
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000	5,370,000	4,317,000	5,168,000
Ceded	-	-	-	-	-	-	-	-	-	(87,500)
Net Incurred	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000	5,370,000	4,317,000	5,080,500
Paid (cumulative) as of:										
End of policy year	845,000	1,020,000	397,000	417,000	833,000	722,000	652,000	788,000	551,000	485,000
One Year Later	1,764,000	3,301,000	1,078,000	1,546,000	1,736,000	1,538,000	1,670,000	1,538,000	1,681,000	
Two Years Later	3,209,000	4,041,000	1,767,000	2,386,000	2,083,000	2,331,000	1,937,000	2,142,000		
Three Years Later	3,832,000	4,403,000	2,443,000	2,827,000	3,053,000	2,601,000	2,548,000			
Four Years Later	3,836,000	4,505,000	2,594,000	3,401,000	3,306,000	2,723,000				
Five Years Later	3,797,000	4,579,000	2,641,000	3,799,000	3,324,000					
Six Years Later	3,887,000	4,634,000	2,837,000	3,632,000						
Seven Years Later	4,008,000	4,683,000	2,845,000							
Eight Years Later	4,064,000	4,746,000								
Nine Years Later	4,240,000									
Re-estimated ceded claims & Expenses	2,603,191	12,106,451	-	1,125,137	2,435,000	341,501	282,938	300,000	371,978	87,500
Re-estimated Claims & Expense										
End of policy year	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,168,000
One Year Later	3,676,000	6,844,000	4,793,000	4,953,000	4,973,000	4,461,000	4,425,000	4,159,000	3,864,000	
Two Years Later	5,344,000	5,972,000	3,921,000	4,185,000	4,287,000	3,780,000	3,650,000	3,713,000		
Three Years Later	4,714,000	5,353,000	3,272,000	3,618,000	4,051,000	3,297,000	3,137,000			
Four Years Later	4,260,000	4,874,000	3,054,000	3,712,000	4,048,000	3,265,000				
Five Years Later	4,056,000	4,848,000	3,000,000	3,925,000	3,972,000					
Six Years Later	4,073,000	4,750,000	2,923,000	3,743,000						
Seven Years Later	4,108,000	4,793,000	2,845,000							
Eight Years Later	4,326,000	4,838,000								
Nine Years Later	4,385,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(1,113,000)	(2,394,000)	(3,273,000)	(2,293,000)	(1,966,000)	(2,206,000)	(2,233,000)	(1,657,000)	(453,000)	87,500

This information is required by the Governmental Accounting Standards Board

Claim Number	Date Of Loss	Status	Location	Coverage	Incurred Legal	Paid Recovery	Incurred Total	Accident Description
P243-06-00507 -01	10/19/2006	F	DOUGLAS COUNTY SCHOOL	DAL	\$ 14,309.68	\$ -	\$ 500,409.93	
P243-14-03820 -01	11/12/2014	F	NYE COUNTY	AL	\$ 7,223.95	\$ -	\$ 317,223.95	VEHICLE ACCIDENT RESULTING IN 1 FATALITY AND 2 INJURED
P243-12-02755 -01	1/17/2012	F	CHURCHILL COUNTY	CM	\$ 6,512.46	\$ -	\$ 501,045.66	
P243-92-00098 -01	1/5/1993	F	LYON COUNTY	EO	\$ 73,180.23	\$ -	\$ 353,908.68	CLAIMANT ALLEGES CONSTRUCTIVE TERMINATION.
P243-93-00042 -01	10/20/1993	F	INCLINE VILLAGE GID	EO	\$ 69,110.33	\$ -	\$ 426,120.83	RECEIVED DEMAND LETTER FROM EMPLOYEE REPRESENTATION.,CLAIMANT ALLEGES VIOLATION OF ADA AND WRONGFUL TERMINATION.,DOL:,10/21/93
P243-94-00011 -01	7/12/1994	F	ELKO (CITY OF)	EO	\$ 58,402.28	\$ 2,853.99	\$ 471,358.99	CLAIMANT ALLEGES JOB HARRASSMENT WITHOUT DUE CAUSE. SEXUAL DISCRIMINATION. ,Wrongful termination. Claim made: 9-12-94.
P243-95-00246 -01	4/15/1996	F	NYE COUNTY	EO	\$ 371,296.11	\$ 739,000.00	\$ 1,481,380.78	Cimt alleges sexual assault by County Manager while employed as an,Administra- tor at the Hospital.
P243-96-00013 -01	7/8/1996	F	NYE COUNTY	EO	\$ 176,147.51	\$ 50,000.00	\$ 490,634.82	DOL: 1/1/92 (Loss date not within coverage effective date); Cimt alleges, sexual harassment by County Manager.
P243-00-00025 -01	7/27/2000	F	CHURCHILL COUNTY	EO	\$ 122,278.46	\$ 170,278.46	\$ 422,278.46	FALSE ARREST AND PROSECUTORIAL MISCONDUCT
P243-01-00153 -01	10/16/2001	F	CHURCHILL COUNTY	EO	\$ 45,655.11	\$ -	\$ 646,743.54	Alleged Federal wiretapping violations
P243-01-00160 -01	10/24/2001	F	LYON COUNTY	EO	\$ 821,079.12	\$ 577,397.81	\$ 5,571,591.30	ALLEGED VIOLATION OF DUE PROCESS & INTERFERENCE WITH PROSPECTIVE ECONOMIC, ADVANTAGE
P243-02-00219 -01	1/1/2003	F	WEST WENDOVER (CITY OF)	EO	\$ 248,597.70	\$ 108,576.83	\$ 459,576.83	ALLEGED INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE, ETC. IN, CONNECTION WITH ATTEMPTS TO CHANGE WATER SERVICE OF STATE LINE HOTEL &, CASINO FROM UTAH TO NEVADA.
P243-06-00511 -01	10/19/2006	F	DOUGLAS COUNTY	EO	\$ 40,943.33	\$ -	\$ 340,943.33	
P243-08-01890 -01	1/5/2008	F	LYON COUNTY	EO	\$ 961,280.15	\$ 1,759,280.15	\$ 2,261,280.15	
P243-08-01891 -01	1/5/2008	F	FERNLEY (CITY OF)	EO	\$ 786,981.46	\$ 5,286,789.18	\$ 5,812,328.73	
P243-09-01542 -01	3/17/2009	F	NYE COUNTY	EO	\$ 162,333.72	\$ -	\$ 454,833.72	
P243-09-01751 -01	9/10/2009	F	CHURCHILL COUNTY SCHOOL	EO	\$ 159,343.31	\$ 399,343.31	\$ 909,343.31	
P243-10-02006 -01	4/28/2010	F	HUMBOLDT COUNTY	EO	\$ 308,283.25	\$ -	\$ 358,283.25	
P243-10-02087 -01	6/7/2010	F	NYE COUNTY	EO	\$ 296,823.84	\$ -	\$ 521,823.84	
P243-10-02301 -01	12/6/2010	F	CHURCHILL COUNTY SCHOOL	EO	\$ 137,395.32	\$ 339,895.32	\$ 849,895.32	STUDENT WRESTLER WAS REPORTEDLY HAZED AND SEXUALLY ASSAULTED ON TRIP TO LAS VEGAS
P243-92-00019 -01	7/23/1992	F	WINNEMUCCA (CITY OF)	FB	\$ -	\$ -	\$ 1,005,802.38	TOTAL FIRE LOSS - NIXON HALL
P243-96-00379 -01	6/27/1997	F	CARSON CITY	PL	\$ 43,546.90	\$ 207,218.39	\$ 307,218.29	PLT ALLEGES FALSE ARREST AND IMPRISONMENT
P243-99-00386 -01	5/25/2000	F	MESQUITE (CITY OF)	PL	\$ 107,724.11	\$ 1,001.20	\$ 2,510,755.89	PLAINTIFFS ALLEGE GROSS NEGLIGENCE AND VIOLATION OF 42U.S.C.A. 1983 IN, CONNECT ION W/LAW ENFORCEMENT PURSUING A NON-VIOLENT SUSPECT RESULTING IN ,SERIOUS INJU RY AND ONE FATALITY.
P243-00-00161 -01	10/30/2000	F	NYE COUNTY	PL	\$ 362,273.93	\$ 177,606.82	\$ 427,606.82	ALLEGED CIVIL RIGHTS VIOLATIONS AND TORT CLAIMS IN CONNECTION WITH FATAL, SHOOTING OF SCOTT ZIESKE AND DONNA HEWITT BY NYE COUNTY DEPUTIES.
P243-05-00290 -01	2/14/2006	F	NYE COUNTY	PL	\$ 212,994.26	\$ -	\$ 413,284.26	EXCESSIVE FORCE--CLAIMANT TASED FOUR TIMES BY SHERIFF DEPUTY
P243-08-01310 -01	9/11/2008	F	MESQUITE (CITY OF)	PL	\$ 313,047.11	\$ -	\$ 313,047.11	
P243-89-00012 -01	6/2/1989	F	STOREY COUNTY	RB	\$ -	\$ -	\$ 400,063.72	FIRE DESTROYED PUBLIC WORKS BUILDING AND DAMAGED ATTACHED BUILDING.
P243-94-00172 -01	3/6/1995	F	HUMBOLDT COUNTY	RB	\$ 19,032.58	\$ 114,609.38	\$ 454,401.64	FIRE LOSS AT HOSPITAL.
P243-94-00242 -01	6/17/1995	F	ELY (CITY OF)	RB	\$ 21,073.75	\$ 480,000.00	\$ 501,794.12	LOOSE RAIL CAR COLLIDED WITH HISTORIC TOURIST TRAIN CAUSING
P243-01-00395 -01	5/17/2002	F	NYE COUNTY SCHOOL DISTRII	RB	\$ -	\$ 278,524.06	\$ 383,524.06	SPRINKLER SYSTEM FAILED AND FLOODED BUILDING
P243-04-00002 -01	7/7/2004	F	LYON COUNTY	RB	\$ -	\$ 722,857.39	\$ 924,857.39	COMMUNITY CENTER DESTROYED BY FIRE
P243-06-00010 -01	7/18/2006	F	TRUCKEE MEADOWS FPD	RB	\$ -	\$ 221,413.92	\$ 374,188.92	FIRE STARTED IN PUMPER TRUCK DAMAGING TRUCK, RESCUE VEHICLE & ENGINE BAY
P243-07-00598 -01	1/13/2007	F	SUN VALLEY GID	RB	\$ -	\$ 348,693.44	\$ 586,193.44	
P243-08-01060 -01	2/21/2008	F	ELKO COUNTY SCHOOL DISTR	RB	\$ -	\$ 4,351,676.06	\$ 4,908,176.05	
P243-08-01120 -01	4/13/2008	F	LINCOLN COUNTY	RB	\$ -	\$ 202,456.11	\$ 403,968.77	
P243-12-03061 -01	12/26/2012	F	ELKO COUNTY SCHOOL DISTR	RB	\$ -	\$ -	\$ 729,624.95	
P243-15-03912 -01	2/6/2015	F	DOUGLAS COUNTY	RB	\$ -	\$ -	\$ 441,159.36	
P243-05-00141 -01	12/31/2005	F	STOREY COUNTY	RC	\$ -	\$ 459,062.68	\$ 610,226.76	FLOOD WATERS DAMAGED BRIDGES AND ROADS

Claim Number	Date Of Loss	Status	Location	Coverage	Incurred Legal	Paid Recovery	Incurred Total
P243-07-00794 -01	3/21/2007	O	LYON COUNTY	EO	\$ 764,000.00	\$ -	\$ 2,881,140.00
P243-10-01994 -01	4/9/2010	O	VIRGIN VALLEY WATER DISTRICT	EO	\$ 685,127.71	\$ 34,561.26	\$ 835,127.71
P243-14-03602 -01	4/28/2014	O	MESQUITE (CITY OF)	EO	\$ 425,000.00	\$ -	\$ 2,225,000.00
P243-10-02259 -01	11/24/2010	R	NYE COUNTY SCHOOL DISTRICT	EO	\$ 990,401.36	\$ 1,571,849.94	\$ 2,085,596.36
P243-11-02838 -01	8/1/2011	O	ELKO COUNTY	PL	\$ 412,000.00	\$ -	\$ 469,000.00
P243-16-04270 -01	1/2/2016	O	LANDER COUNTY	RB	\$ -	\$ -	\$ 428,000.00
P243-16-04361 -01	2/24/2016	O	LINCOLN COUNTY SCHOOL DISTRICT	RB	\$ -	\$ -	\$ 555,000.00
P243-16-04419 -01	4/8/2016	O	HUMBOLDT COUNTY	RB	\$ -	\$ -	\$ 660,000.00
P243-17-04884 -01	1/9/2017	O	Multiple	RB	\$ -	\$ -	\$ 597,040.80
P243-17-04963 -01	2/9/2017	O	Multiple	RB	\$ -	\$ -	\$ 1,534,500.00

O/S Reserve Total	Accident Description
\$ 2,220,591.50	ALLEGED THEFT BY PUBLIC ADMINISTRTOR
\$ 6,990.25	DISPUTE OVER COMMUNICATION TOWER. SUIT ALLEGES BREACH OF CONTRACT, FRAUDULENT INDUCEMENT, DUE PROCESS AND CONSPIRACY.
\$ 5,940.28	POTENTIAL EO CLAIMS FROM BUILDING HOUSES ON AN OLD LANDFILL
\$ -	ALLEGED ABUSE OF SPECIAL NEEDS STUDENTS
\$ 159,385.93	ALLEGED ILLEGAL SEARCH IN VIOLATION OF 4TH & 14TH AMENDMENT AND STATE LAW CLAIMS.
\$ 275,202.09	WATER LINE BREAK
\$ 151,797.52	FIRE LOSS
\$ 23,465.81	WIND DAMAGE TO RIDING ARENA
\$ 588,607.20	STORM RELATED DAMAGE TO BUILDINGS
\$ 1,517,074.11	STORM RELATED DAMAGE TO BUILDINGS

Summary of Proposed Changes to NPAIP Coverage Form 2017

The following changes will serve to further explain portions of the coverage provided under the NPAIP Coverage Form, July, 2017- July 2018.

(New language is in **Red**. Deletions are crossed out.)

Removal of Attachments C & D in their entirety. Instead, the Declarations page of the Coverage Form will include a retroactive date of May 1, 1987 for all Members.

Attachments C and D currently contain different retroactive dates for each of the Members and different limits of liability for each different retroactive date. It also contained waiver of the retroactive dates up to certain amounts for Wrongful Acts. These schedules are confusing and have caused confusion with excess insurers and reinsurers, who have tried to use the language against Members to deny or limit coverage.

This amendment proposes eliminating these attachments in their entirety in order to simplify the terms of the Coverage Form overall and reduce confusion about how coverage applies. Instead, all Members will be subject to a single retroactive date that will be stated in the Declarations page. The retroactive date will be May 1, 1987, which is the date that the POOL was created.

There are both benefits and risks behind this amendment. The benefit is that for almost all Members, the retroactive date is pushed back farther than their agreements currently allow. Therefore, claims back to the formation of the POOL May 1, 1987 could fall within the scope of the Coverage Form. The limits of liability in the Attachments are also removed for all Members, raising the Limits of Liability for older claims substantially and making it so that only one limit of liability applies regardless of the date of the Wrongful Act or occurrence. The benefit is also that the language is simplified and easy to understand for Members as well as reinsurers as to what risks are covered or not.

However, this also means that the Members are taking on more risk. For occurrence based claims, this change does not have much effect. The statute of limitations for most causes of actions would bar most claims that otherwise might have been affected by a retroactive date.

However, for Wrongful Acts, the Members are accepting an additional risk with this Amendment that claims which might otherwise have been barred by the retroactive date or have a much lower limit of liability now fall within the scope of coverage. This is especially true for minor's claims (which do not accrue until the minor turns 18) and habeus corpus claims. Carson City School District could be used as an illustration. Their retroactive date is June 30, 2000. The new retroactive date will be May 1, 1987. This means that there are 13 years that are now additionally within the scope of the Coverage Form that previously were not. However, it also must be recognized that the likelihood of a claim arising now, which occurred in prior to the year 2000, is very unlikely unless it is the claim of a minor or prisoner.

E. Data Security Event and Privacy Response Expense Coverage Exclusions

This coverage does not apply to any **Claim, Suit**, damages, **Claim Expense** or **Privacy Response Expense**:

1. For, arising out of, or resulting from any liability assumed by any **Assured** under any contract or agreement either oral or written.

Explanation:

One issue that the POOL has come across is that independent contractors that store data are having their clients (Members) enter into contracts where the contractor disclaims liability for any data breach and requires the Member to fully indemnify them, even for losses that were the fault of the contractor. The POOL does not provide coverage to the Member or the third party contractor for such assumption of liability. The POOL was not meant to cover third party private companies and the scope of such an assumption of liability in the cyber security and data field is too broad and undefined for the POOL to cover at this time.

Members should carefully analyze the contracts they enter into with data security and storage firms to ensure that they are not unknowingly or inadvisably assuming liability for risks that are not covered by the Coverage Form.

Section I. Named Assured: The **Named Assured** means each member listed on Attachment A of this Coverage Form and all Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured** whether now or hereafter constituted.

It is agreed that the unqualified word **Assured** wherever used within this coverage includes not only the **Named Assured** but also:

1. (a) any official, trustee, director, officer, volunteer or employee of the **Named Assured** while acting within the course and scope of their duties as such, and

(b) unless otherwise excluded under this Coverage Form, any person, organization, trustee or estate to whom the **Named Assured** is obligated by virtue of written contract or agreement to provide insurance or coverage such as is offered by this coverage, but only with respect to operations by or on behalf of the **Named Assured**; such coverage does not apply to any **Event** that takes place prior to the execution of such contract or agreement,

Explanation:

This change relates directly to the change to Section E. Data Security Event and Privacy Response Expense Coverage Exclusions described above. Aside from the exclusion in that section, under the rest of the Coverage Form, there is coverage for any person, organization, trustee or estate to whom the Named Assured agrees to provide insurance by contract for operations by or on behalf of the Named Assured. Therefore, this language reflects the fact that there is an exclusion in the Coverage

Form that overrides section I.(b) for Data Security Event and Privacy Responses Expense Coverage.

Section III. General Conditions – All Sections

8. ASSIGNMENT/TRANSFER OF RIGHTS AND DUTIES: The **Assured**'s rights, interests, benefits and/or duties (both pre-loss and post loss) under this Coverage Form may not be transferred or assigned without POOL's prior written consent. Any such transfer or assignment without POOL's prior written consent is void and invalid.

Explanation:

The Nevada Supreme Court issued an opinion regarding when anti-assignment clauses in a contract are valid. See *Easton Bus. Opp. v. Town Executive Suites*, 126 Nev. 199, 230 P.3d 827 (Nev. 2010). The case law states that an anti-assignment clause should specifically state that any attempted assignment will be void or invalid. This change is simply adding the language as specified by the case law.

This same change should also be made to the Interlocal Agreement.

Section III. General Conditions – All Sections

11. LIMITATION ON RIGHT TO SUE. An **Assured** shall not sue or maintain any litigation or lawsuit for damages against POOL. By acceptance of this coverage, the **Assured** specifically agrees to waive any right to sue or maintain any litigation or lawsuit for damages against POOL. However, this Section does not prohibit any declaratory relief action seeking to interpret wording of this Coverage Form. Carson City County, Nevada shall be the sole venue for any and all disputes or declaratory relief litigation brought by an **Assured** relating to this Coverage Form or the POOL.

Explanation:

There was a recent case in Washington where an employee of a Member of a self-insured risk pool, like NPAIP here, assigned his rights under the contract to a third party who then sued the pool for bad faith. That pool's interlocal agreement contained an anti-assignment clause, but the policy did not. Therefore, the question arose of whether an employee of a Member, who was not party to the Interlocal Agreement, was bound to the anti-assignment clause.

Our POOL's Coverage Form and the Interlocal Agreement both contain an anti-assignment clause, so that is not an issue here. However, the POOL's Interlocal Agreement contains a limitation on the right to sue, but the Coverage Form does not. The Coverage Form should also contain such a limitation on the right to sue so that there can be no question or dispute that a Member, including its employees or an Assured under the Coverage Form cannot sue the POOL, except for a declaratory relief action to interpret the Coverage Form. Members enter into the

Interlocal Agreement for the benefit of their employees as well as for themselves, and have a direct say in the wording of these agreements.

The POOL relies entirely on the funds of its Members to exist. Therefore, suing the POOL is the same as a Member or an Assured suing every other Member of the POOL. It hurts all Members. This is why there is an agreement that the Members will not sue the POOL for any reason, including bad faith. Extra-contractual liability would deplete the funds meant for self-insurance and meant for the benefits of all Members. It should be clear in both the Interlocal Agreement and the Coverage Form that any Assured under the Coverage Form cannot maintain suit against the POOL.

Section V. PROPERTY COVERAGE

B. Covered Property

This Property Coverage Section covers property, unless excluded, as described in the Schedule of Locations, where ever located, agreed to and kept on file by POOL or its designees that the **Assured**:

- (i) Owns;
- (ii) Operates;
- (iii) Controls; or
- (iv) Contractually agrees to cover for physical loss or damage, to the extent of such contractual obligation.

Covered Property shall also include:

1. New construction, including property while in the course of construction;
2. Additions under construction;
3. Alterations and repairs to any building or structure;
4. Improvements and Betterments in which the **Assured** has a legal interest;
5. Materials, equipment and supplies for new construction, additions, buildings or structures;
6. Temporary structures;
7. **Electronic Data Processing Equipment** as defined in this Coverage Form;
8. Machinery, equipment, and fixtures that are permanently attached to the building;
9. **Automobiles** and mobile equipment as per schedule agreed to and kept on file by POOL or its designees;
10. Covered Property in transit;
11. Personal property of officers and employees of the **Named Assured**, while at a location described ~~location~~ in the Schedule of Locations;
12. The **Assured's** interest in and legal liability for property of others, while at a location described ~~location~~ in the Schedule of Locations; and
13. **Valuable Papers and Records** as defined in this Coverage Form.

Explanation:

This change is simply a clarification of language. The language referred to “described location” which was undefined and may have been unclear that it was referring to property described in the Schedule of Locations.

Section V. PROPERTY COVERAGE

C. Coverage Extensions

7. Unintentional Errors and Omissions:

The property covered herein is based on the schedule of locations and values submitted by the Named Assured prior to the inception of this coverage. However, if any property and/or location is omitted or undervalued because of unintentional errors or omissions of the Named Assured, POOL will accept that property and/or location as being covered subject to **the applicable limit of coverage shown in the Declarations of this Coverage Form** ~~a maximum of \$5,000,000 each loss~~, provided the property and/or location is the same in form and substance as other real and personal property which are scheduled.

The Named Assured agrees to report such errors or omissions as soon as reasonably possible after discovery of such, and to schedule the proper locations and values then and thereafter.

Explanation:

This change simply refers back to the Declarations of the Coverage Form, where the applicable limit is already defined rather than having a separately defined limit within this section of the Coverage Form.

Section V. PROPERTY COVERAGE

D. Property Definitions

Earthquake shall mean earthquake, volcanic eruption, subterranean fire, landslide, subsidence, earth sinking, rising, shifting or any such convulsion of nature **including a resulting tsunami**. If more than one earthquake shock shall occur within one hundred sixty eight (168) hours during the term of this coverage, such shocks shall be deemed to be a single earthquake.

Explanation:

This change makes clear that an earthquake includes a resulting tsunami for purposes of this Coverage Form.

Section V. PROPERTY COVERAGE

E. Property Excluded

7. Satellites, property undergoing insulation tests, aircraft, and watercraft over fifty (50) feet in length. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and ~~any drones or similar~~ "unmanned aerial vehicles." "Unmanned aerial vehicle" means an

aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft, **including drones.**

This exclusion does not apply to “unmanned aerial vehicles” under 55 pounds in weight as equipped and as per the schedule agreed to and kept on file by POOL.

Explanation:

The changes to this exclusion are to clarify the definition of unmanned aerial vehicle. As previously worded, it appeared that drone was different than unmanned aerial vehicle, but a drone is a type of unmanned aerial vehicle. This change also does away with adding an endorsement to the Form for drones and simply has drones under 55 pounds not excluded from coverage as per the schedule.

Section V. PROPERTY COVERAGE

G. Property Conditions

4. Basis of Valuation:
 - d. **Automobiles** and mobile equipment are valued at **actual-cash fair market** value **as defined by NRS 487.730** at the time of loss or the cost to repair, whichever is less; autos hired under a short-term rental car agreement will be covered for replacement cost.
 - e. **Emergency Operations Vehicles (Fire or Ambulance services): If such vehicles are listed for replacement cost on the schedule of vehicles on file with the POOL and:**
 - 1) **at the time of loss a vehicle is determined to be a Total Loss, or**
 - 2) **a physically damaged vehicle is inspected and cannot be certified by a professional mechanic, certified in evaluating emergency vehicles, to be in safe operating condition as an emergency vehicle.**

then the Assured may elect one of the following options:

 - a. **The fair market value as defined by NRS 487.730 or**
 - b. **Only for a vehicle ten years old or less as of the effective date of this Coverage Form, the amount stated on the schedule of vehicles for replacement with a vehicle of like kind and quality, subject to payment of a Maintenance Deductible of 10% of the scheduled replacement cost.**
 - c. **Only for a vehicle over ten years old, but not more than twenty years old, as of the effective date of this Coverage Form, the amount stated on the schedule of vehicles for replacement with a vehicle of like kind and quality, subject to payment of a Maintenance Deductible of 20% of the scheduled replacement cost.**

Explanation:

There has been some confusion in the past regarding how actual value is calculated and what that means. This changes the term to “fair market value”, which is specifically defined by statute so that there can be no dispute regarding how to calculate value under this section of the Coverage Form.

This also adds a section describing how emergency operations vehicles are evaluated and paid for replacement cost, including **Total Loss**, or physically damaged vehicles which cannot be certified by a properly certified professional mechanic for safe operating condition as an

emergency vehicle.. This change also provides valuation options available to the Assured with corresponding **Maintenance Deductible** based upon percentages of cost.

Section VI. LIABILITY COVERAGE

A. Liability Coverage Agreement (Note: Claims-Made for Wrongful Acts)

In consideration of the payment of the Contribution and subject to the Limits of Liability, exclusions, conditions and other terms of coverage, POOL agrees with the **Assured** to pay on behalf of the **Assured** the total sum of damages which the **Assured** becomes legally obligated to pay as damages resulting from an **Event**, such sum (including related medical and legal costs) being reached either through adjudication or compromise after proper deductions for all recoveries and salvages.

Coverage applies to damages due to an **Event** taking place anywhere in the world, provided that the **Assured**'s responsibility to pay damages arising out of such **Event** is determined in a suit on the merits brought in the United States of America or in a settlement of such suit agreed to by the POOL.

D. Liability Conditions

11. ~~Coverage applies to damages due to an Event taking place anywhere in the world, but only if a suit arising out of such Event is brought in the United States of America.~~

Explanation:

First, this change moves the territorial limitation of the Coverage Form from the Liability Condition section to the Liability Coverage Agreement. The territorial limitation is not so much a separate "condition" on coverage as it is an initial consideration of whether there is coverage in the first instance. The insuring agreement is meant to define which risks are covered and is initially looked to determine whether a claim falls within the potential ambit of coverage. Therefore, the territorial limitation should be included in the Coverage Agreement.

Second, this change tightens up the language of this limitation. As currently worded, it requires a suit to be brought but not necessarily maintained. One might improperly bring a suit in the US and have it dismissed, then argue that a suit was brought in the US, so coverage applies. The changes prevent any such roundabout argument.

Section VI. LIABILITY COVERAGE

B. Liability Definitions

4. **Event** means one or more of the following:

- a. an accident that causes **Bodily Injury** or **Property Damage** during this coverage period, **excluding consequential Bodily Injury that arises out of a Personal Injury**;
 - b. **Personal Injury** caused by an offense committed during this coverage period;
- ...
6. **Personal Injury** means injury, **including consequential other than Bodily Injury**, arising out of one or more of the following offenses: False arrest, detention, or imprisonment; malicious prosecution; false or improper service of process; publication or utterance of libel or slander or disparaging material or a publication or utterance in violation of an individual's right to privacy; violation of right of public occupancy; wrongful eviction, wrongful entry, or invasion of premises; assault and/or battery; discrimination; piracy and infringement of copyright of property.

Explanation:

The current language of the Coverage Form is similar to CGL insurance policy language pre-1998. After 1998, the language was amended so that the term “personal injury” specifically included consequential bodily injury, or bodily injury arising out of a personal injury. And coverage for an accident causing Bodily Injury was amended to reflect that it excluded Bodily Injury due to Personal Injury. This basically made it so that both coverages covered entirely separate losses and there was no overlap. As currently worded, if any of the Personal injury offenses were accidental and resulted in Bodily injury, there would be coverage 4.a. But, these offenses and all of their harms are more properly only covered under 4.b.

As currently worded, one issue is that Personal Injury means that any Bodily Injury, including associated mental anguish and harm, is not covered for the “Personal Injury offenses” (ie false arrest, detention, imprisonment, etc.). For example, if a person suffers from humiliation from one of the personal injury offenses without any consequential bodily injury, there is coverage. However, if a person suffers such extreme humiliation that it manifests in bodily injury, there is no coverage. This isn't the intention of the coverage form. There is meant to be coverage for the harms caused by these offenses (subject to the exclusions). Therefore, this amendment clarifies the language to better express the intent of the coverage.

Section VI. LIABILITY COVERAGE

C. Liability Exclusions

- 5. Coverage does not apply to liability arising out of the ownership, maintenance, loading or unloading, use, operation or entrustment to others of any aircraft, airfields, runways, hangars, buildings, or other properties in connection with aviation activities. For purposes of this exclusion, “aircraft” includes but is not limited to both manned aircraft and **any drones or similar** “unmanned aerial vehicles.” “Unmanned aerial vehicle” means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft, **including drones**.

However, this exclusion does not apply to liability arising out of the use of **automobiles** of the **Assured** used in connection with the operation of an airport and on the premises of an airport owned, maintained, or operated by the **Assured**.

Also, this exclusion does not apply to **Wrongful Acts** arising out of airport ownership.

This exclusion does not apply to “unmanned aerial vehicles” under 55 pounds in weight as equipped and as per the schedule agreed to and kept on file by POOL.

Explanation:

The changes to this exclusion are to clarify the definition of unmanned aerial vehicle. As previously worded, it appeared that drone was different than unmanned aerial vehicle, but a drone is a type of unmanned aerial vehicle. This change also does away with adding an endorsement to the Form for drones and simply has drones under 55 pounds not excluded from coverage as per the schedule.

NEVADA PUBLIC AGENCY INSURANCE POOL (POOL) COVERAGE FORM

All terms or phrases in bold print or quotation marks in the body of the Coverage Form are defined terms.

Section I. Named Assured: The **Named Assured** means each member listed on Attachment A of this Coverage Form and all Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured** whether now or hereafter constituted.

It is agreed that the unqualified word **Assured** wherever used within this coverage includes not only the **Named Assured** but also:

1. (a) any official, trustee, director, officer, volunteer or employee of the **Named Assured** while acting within the course and scope of their duties as such, and

(b) any person, organization, trustee or estate to whom the **Named Assured** is obligated by virtue of written contract or agreement to provide insurance or coverage such as is offered by this coverage, but only with respect to operations by or on behalf of the **Named Assured**; such coverage does not apply to any **Event** that takes place prior to the execution of such contract or agreement,
2. as respects Section VI. Liability Coverage and subject to the Definitions and Conditions therein, any person or organization specified in a written contract or agreement to be named an additional assured and who leases equipment to the **Named Assured** or whose land or premises is used by the **Named Assured**, but only with respect to liability for the use of the leased equipment, land or premises by the **Named Assured**, and not to exceed the limits of liability required in the written contract or agreement nor in any case to exceed \$2,000,000 per **Event**, such sublimit applying as part of and not in addition to the Section VI Limits of Liability available to the **Named Assured**.

Such coverage does not apply:

- (a) to any **Event** that takes place prior to the execution of such contract or agreement,
 - (b) to any **Event** which takes place after the equipment lease expires or use of the land or premises ceases;
 - (c) to any **Wrongful Act** or **Law Enforcement Activities**;
 - (d) to any **Event** arising out of the sole negligence of such person or organization;
 - (e) to structural alterations or new construction performed by or on behalf of such person or organization;
3. any person while using an owned automobile or a hired automobile, and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the **Named Assured** or with its permission, and any **Assured** with respect to the use of non-owned automobiles in the business of the **Named Assured**. This Coverage with respect to any person or organization other than the **Named Assured** does not apply:
 - (a) to any person or organization, or to any agent or employee thereof, operating an automobile sales agency, repair shop, service station, storage garage or public parking place, with respect to any accident arising out of the operation thereof;
 - (b) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured in the course of such employment in an accident arising out of the maintenance or use of the automobile in the business of such employer;
 - (c) with respect to any hired automobile, to the owner or a lessor thereof, other than the **Named Assured**, nor to any agent or employee of such owner or lessor;
 4. the interest of the **Named Assured** in any joint venture or interlocal cooperation agreement to which the **Named Assured** is a party and any activities under the supervision or control of the **Named Assured** whether now or hereafter constituted, provided no separate independent legal entity is formed and subject to the Other Insurance or Coverage provisions contained herein.

Section II. Property Limits, Liability Limits and Maintenance Deductible

1. PROPERTY LIMITS

- A. The Blanket Coverage Limit applies on a group basis to all Covered Property described in the Schedule of Locations.
- B. POOL's maximum Coverage Limit for direct physical loss or damage to Covered Property resulting from any one loss shall not exceed the Blanket Coverage Limit set forth in the Property Declarations, subject to any coverage extensions, sub-limits, exclusions, restrictions or limitations.
- C. All sub-limits apply as part of and not in addition to the Blanket Coverage Limit.

2. LIABILITY LIMITS

- A. The Limit of Liability applies separately to each **Named Assured** listed on Attachment A.
- B. POOL's maximum Limit of Liability for all loss resulting from any one **Event** shall not exceed the Per **Event** Limit of Liability set forth in the Liability Declarations nor the Annual Aggregate Limit of Liability, regardless of the number of persons, Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured**.
- C. The inclusion hereunder of more than one **Assured** shall not operate to increase the Pool's Limit of Liability for the **Named Assured**.
- D. All sub-limits apply as part of and not in addition to the Limit of Liability
- E. All expenses including related medical and legal costs are included when calculating appropriate deductible amounts and limits of liability within this coverage section.
- F. All defense costs, including attorney's fees, incurred by NPAIP in defense of an Assured reduce the deductible amounts and limits of liability within this coverage section.

3. MAINTENANCE DEDUCTIBLE

Pool will not be liable for loss or damage in any one loss/**Event** until the amount of loss or damage exceeds the Maintenance Deductible amount shown on the declarations page of this Coverage Form. If two or more Maintenance Deductibles apply to a single loss/**Event**, then the largest Maintenance Deductible amount will apply. However, this Coverage Form allows for application of (a) separate and distinct Maintenance Deductibles; and (b) Maintenance Deductibles for specific loss categories; as shown in the Declarations.

Section III. General Conditions – All Sections

- 1. **SALVAGE AND RECOVERY CLAUSE:** All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this coverage shall be applied as if recovered or received prior to the settlement and all necessary adjustments shall be made by the parties hereto.
- 2. **CANCELLATION/NONRENEWAL:** If the **Assured** fails to pay the Contribution by the date specified by the POOL in its written invoice, 30 days written notice of cancellation will be given. This Coverage is otherwise cancelable only at the end of a coverage period. Either of the parties

may cancel by giving written notice to the other party, provided notice is issued at least 120 days prior to the end of the current coverage period.

3. **BANKRUPTCY AND INSOLVENCY:** In **case of** bankruptcy or insolvency of the **Assured** or any entity comprising the **Assured**, POOL shall not be relieved of the payment of any claim to the **Assured** or its liquidator, receiver or statutory successor under this Coverage Form without diminution because of the insolvency of the **Assured**.
4. **OTHER INSURANCE OR COVERAGE :** If any other coverage, bond or insurance is available that covers a loss covered herein, except for coverage, bond or insurance purchased to apply specifically in excess of this coverage, then this coverage will apply in excess of the other valid and collectable coverage, bond or insurance. When this coverage is excess over other coverage, bond or insurance, POOL will pay only the amount of loss, if any, that exceeds the sum of all deductibles (and self-funded amounts) and the amount all such other coverage, bond or insurance would pay for the loss in the absence of this coverage.
5. **MORTGAGE CLAUSE:** The interest of any creditor, lien holder or mortgagor on property covered hereunder is included as if a separate endorsement were attached hereto to the extent of the amount of the debt, lien or mortgage as of the date of loss subject to the limits of liability set forth in this coverage.
6. **SUBROGATION AND RECOVERIES:** POOL shall be subrogated to all rights which the **Assured** has against any person or other entity in respect to any claim or payment made under this coverage, and the **Assured** shall cooperate with POOL to secure the rights of POOL. In case any reimbursement is obtained or recovery made, the net amount of such reimbursement or recovery, after deducting the actual cost incurred by the **Assured** and/or POOL in obtaining or making the same, shall be applied in the following order: (a) to reduce the amount of loss which exceeds the applicable limit of liability; (b) to reduce POOL loss until POOL is fully reimbursed; (c) to reduce the **Assured's** loss because of the application of the deductible.
7. **WAIVER OF SUBROGATION:** This coverage shall not be invalidated if the **Assured** by written agreement has waived or shall waive its right of recovery from any party for loss or damage covered hereunder; provided that any such waiver is made prior to the occurrence of said loss or damage.
8. **ASSIGNMENT/TRANSFER OF RIGHTS AND DUTIES:** The **Assured's** rights, interests, benefits and/or duties (both pre-loss and post loss) under this Coverage Form may not be transferred or assigned without POOL's prior written consent.
9. **CHANGES:** By acceptance of this coverage, the **Assured** agrees that it embodies all agreements existing between the **Assured** and POOL relating to this coverage. None of the provisions, conditions or other terms of this coverage shall be waived or altered except by written endorsement; nor shall notice to any agent or knowledge possessed by any agent or other person be held to effect a waiver or change in any part of this coverage.
10. **CONCEALMENT, MISREPRESENTATION OR FRAUD:** POOL will not pay for any loss or damage in any case of intentional concealment or misrepresentation or fraud committed by the **Assured** at any time and relating to a claim under this coverage.

Section IV. General Exclusions – All Sections

1. WAR AND TERRORISM EXCLUSION: Coverage does not apply herein for loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- (A) war, invasion, acts of foreign enemies, hostilities or warlike operations, (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (B) any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to an act by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), government(s), power(s), authority(ies) or military force(s),

- (i) that:
 - a. involves the use of force or violence and/or the threat thereof against human life or property;
 - b. is dangerous to human life or property; or
 - c. interferes with or disrupts an electronic or communication system; and
- (ii) the purpose or effect of which is to
 - a. intimidate, coerce or harm a government or the civilian population of a country, state or community;
 - b. disrupt the economy of a country, state or community; or
 - c. influence or affect the policy or conduct of the government of a country, state or community.

An act of terrorism includes but is not limited to an “act of terrorism” as defined by the Terrorism Risk Insurance Act of 2002, as amended, (“TRIA”) or any law enacted to reauthorize or succeed TRIA.

Coverage does not apply to loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (A.) and/or (B.) above.

2. NUCLEAR INCIDENT EXCLUSION:

DEFINITIONS - As used in this exclusion, “hazardous properties” include radioactive, toxic or explosive properties; “nuclear material” means source material, special nuclear material or by-product material; “source material”, “special nuclear material”, and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; “spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; “waste” means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility; “nuclear facility” means (a) any nuclear reactor, (b) any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing spent fuel, or handling, processing or packaging waste, (c) any equipment or device used for the processing, fabrication or alloying of special nuclear material if at any time the total amount of such material in the custody of the **Assured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235, or (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all

operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

PROPERTY- This coverage does not apply to any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however caused. But if Fire is covered and a Fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this Coverage Form) be covered. **LIABILITY-** This coverage does not apply under any Liability Coverage, to injury, sickness, disease, death or destruction:

- (A) with respect to which an **Assured** under the coverage is also an **Assured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an **Assured** under any such policy but for its termination upon exhaustion of its limit of liability; or
- (B) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the **Assured** is, or had this coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- (C) resulting from the hazardous properties of nuclear material if
 - (1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an **Assured** or (b) has been discharged or dispersed therefrom;
 - (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **Assured**; or
 - (3) the injury, sickness, disease, death or destruction arises out of the furnishing by an **Assured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion- 2 (C) (3) - applies only to injury to or destruction of property at such nuclear facility.

With respect to injury to or destruction of property, the words "injury" or "destruction" include all forms of radioactive contamination of property.

3. **POLLUTION HAZARD** - It is agreed that this coverage does not apply to:

- A) any loss or damages which would not have occurred in whole or in part but for the actual, alleged or threatened existence, discharge, dispersal, seepage, migration, release or escape of pollutants, irritants or hazardous substances at any time; "Pollutant" means any solid, liquid, gaseous or thermal irritant, corrosive or contaminant, including but not limited to smoke, vapors, soot, fumes, acids or alkalis, chemicals, metals and waste. Waste also includes materials to be recycled, reconditioned or reclaimed.
- B) any loss, cost or expense arising out of any:
 - (1) request, demand or order that any **Assured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any other way respond to, or assess the effects of pollutants; or
 - (2) claim or suit by or on behalf of a governmental authority or others for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of pollutants.

However, coverage does apply to any loss or damage arising out of:

- i) Heat, smoke or fumes from a hostile fire;
- ii) Backup or overflow of any sewer;

- iii) Use of teargas, mace, or similar substance by any public safety officer within the scope of employment for the **Named Assured**;
- iv) Collision, upset or overturn of any vehicle;
- v) Loss or damage caused by an employee or official of the **Named Assured** (but only while acting within the scope of duty and on behalf of the **Named Assured**) and where property or persons are in danger because of sudden and unexpected discharge, dispersal, release or escape of any pollutant. The onset of the discharge, dispersal, release or escape of pollutants must have occurred no more than 72 hours prior to any **Assured's** arrival at the site or location of the **Event**. POOL's Limit of Liability for all such loss will not exceed \$1,000,000 for any one **Event** or in the aggregate annually. This limit is part of Section VI limits and not in addition to any other limit provided by this coverage.
- vi) Water **intended** for sale or use by an **Assured**, provided **the** damages arise out of pollution that was accidental, demonstrated as having commenced **during** the term of the Coverage Form, became known to the **Assured** within 120 hours, was reported by the **Named Assured** within 14 calendar days from the start of the **Event**, and efforts to terminate the **Event** were expended as soon as reasonably possible;
- vii) Use of chemicals approved by the U.S. Environmental Protection Agency to disinfect or purify a swimming pool owned or operated by the **Assured**;
- viii) Cost of cleanup at the premises of the **Assured** made necessary as a result of covered loss or damage to Covered Property.
- ix) Weed spraying operations by or on behalf of any **Assured**; coverage is extended only for **Property Damage** liability; damage must manifest itself and be reported to POOL within 180 days of the spraying; POOL's Limit of Liability for all such loss will not exceed \$250,000 for any one **Event** or in the aggregate annually. This limit is part of Section VI limits and not in addition to any other limit provided by this coverage.

4. **LEAD**: This coverage does not apply to: any loss or damages arising out of lead or the hazardous properties of lead; any loss or damages for remedial investigations or feasibility studies or the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of lead or any item(s) containing lead; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
5. **SILICA DUST OR ASBESTOS**: This coverage does not apply to any loss or damages arising out of Asbestosis, Silicosis, Mesothelioma, Emphysema, Pneumoconiosis, Pulmonary Fibrosis, Pleuritis, Endothelioma or any lung disease or any ailment caused by or aggravated by asbestos in any form or by silica dust; any loss or damages arising out of the existence of asbestos in any form or of silica dust, including the costs of investigations or feasibility studies, or to the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of any property or substance; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
6. **MOLD/FUNGUS**: This coverage does not apply to any loss, cost or expense directly or indirectly arising out of, resulting from or in any manner related to Fungal Pathogens whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss. "Fungal Pathogens" as utilized herein shall mean any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to mold, mildew, mycotoxins, spores or any biogenic aerosols.

Section V. PROPERTY COVERAGE

A. Property Coverage Agreement

POOL agrees subject to the limits, exclusions, conditions and other terms of this Coverage Form to pay on behalf of the **Assured** for direct physical loss or damage to Covered Property except as excluded or limited in this Coverage Form.

B. Covered Property

This Property Coverage Section covers property, unless excluded, as described in the Schedule of Locations, where ever located, agreed to and kept on file by POOL or its designees that the **Assured**:

- (i) Owns;
- (ii) Operates;
- (iii) Controls; or
- (iv) Contractually agrees to cover for physical loss or damage, to the extent of such contractual obligation.

Covered Property shall also include:

1. New construction, including property while in the course of construction;
2. Additions under construction;
3. Alterations and repairs to any building or structure;
4. Improvements and Betterments in which the **Assured** has a legal interest;
5. Materials, equipment and supplies for new construction, additions, buildings or structures;
6. Temporary structures;
7. **Electronic Data Processing Equipment** as defined in this Coverage Form;
8. Machinery, equipment, and fixtures that are permanently attached to the building;
9. **Automobiles** and mobile equipment as per schedule agreed to and kept on file by POOL or its designees;
10. Covered Property in transit;
11. Personal property of officers and employees of the **Named Assured**, while at a described location;
12. The **Assured's** interest in and legal liability for property of others, while at a described location; and
13. **Valuable Papers and Records** as defined in this Coverage Form.

C. Coverage Extensions

This Property Coverage Section includes the following Coverage Extensions for direct physical loss or damage. These Coverage Extensions:

- i. are subject to the applicable limit of liability;
- ii. will not increase the POOL limit of liability; and
- iii. are subject to POOL coverage provisions, including applicable exclusions, definitions and deductibles, all as shown in this section and elsewhere in the POOL Coverage Form.

1. Accounts Receivable

This Coverage Form is extended to cover all amounts due the **Named Assured** from customers, which the **Named Assured** is unable to collect, as a result of direct physical loss or damage to accounts receivable records.

Coverage includes:

- a. Interest charges on any loan to offset impaired collections pending repayment of sums that can not be collected.
- b. Collection expenses in excess of normal collection costs.
- c. Other reasonable expenses incurred by the **Named Assured** in recreating records of accounts receivable.

However, there shall be no coverage under this extension for bookkeeping, accounting, or billing error or omission; or alteration, falsification, manipulation, concealment, destruction or disposal of accounts or records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, **securities** or other property.

2. Arson Reward

This Coverage Form is extended to cover payment of any reward offered on the **Named Assured's** behalf for information that leads to conviction of the perpetrator(s) of arson or vandalism to Covered Property that sustains direct physical loss or damage covered by this agreement.

POOL's total liability for any one award is ten percent (10%) of the physical loss or damage to Covered Property up to the sub-limit of liability shown in the declarations.

POOL's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.

3. Debris Removal:

POOL shall pay for the reasonable and necessary expense incurred to remove debris from a described location that remains as a result of direct physical loss or damage to Covered Property for which there is coverage under this Property Coverage Section. Subject to the Debris Removal – Mold/Asbestos sublimit shown in the Property Declarations, Debris Removal shall also include removal of mold and asbestos containing materials necessitated as a result of direct physical loss or damage to Covered Property caused by a covered loss including the costs of an environmental consultant.

4. Earthquake and Flood:

Earthquake and **Flood** are covered perils, as defined in this Coverage Form.

5. Equipment Breakdown

- A. Under Section V. F. Perils Excluded, items 4, 5 and 6 are deleted in their entirety with respect to Covered Property. However, there shall be no coverage under this extension for any of the following:
1. Insulating or refractory material; footing, foundation, mounting pad or settings, or piling.
 2. Vessel or vessel part not under pressure of its contents or under vacuum.
 3. Sewer piping, fire protection piping, or water piping; except piping solely supplying boiler feed water or boiler condensate.
 4. **Automobiles**, dragline, excavation or construction equipment.
 5. Products manufactured by the **Named Assured** unless permanently installed.
 6. Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace.
 7. Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification.
 8. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection.
 9. The functioning of any safety or protective device
 10. The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
 11. Any loss or damage to any boiler, fired vessel, electric steam generator, or electrical or electronic equipment while undergoing a test which subjects such equipment to greater than maximum allowable operating conditions as identified by the manufacturer of such equipment.
- B. Under Section V. F. Perils Excluded, items 5 and 14 are deleted in their entirety with respect to **Electronic Data Processing Equipment, Media and Electronic Data**.
- C. This Coverage Extension is subject to the following limitations of coverage:
1. **Loss of Income and Extra Expense**
Coverage is extended to pay for actual **Loss of Income** and **Extra Expense** as defined in this Coverage Form sustained due to a loss covered by this coverage extension.
 2. **Hazardous Substance Coverage:**
Coverage is extended to clean, repair, replace, or dispose of Covered Property that is damaged, contaminated or polluted by a substance declared to be hazardous by a governmental agency as a result of direct physical loss or damage covered by this extension of coverage. The coverage provided by this extension of coverage does not include loss to perishable goods due to contamination from the release of a refrigerant, including but not limited to ammonia.
 3. **Spoilage Coverage:**
Coverage is provided for covered perishable goods due to spoilage resulting from direct physical loss or damage covered by this coverage extension, including damage to perishable goods due to contamination from the release of refrigerant, including but not limited to ammonia. Perishable goods are defined as Covered Property that is subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.
 4. **Data Restoration**
Coverage is extended to pay for the **Named Assured's** reasonable and necessary cost to research, replace or restore lost **Electronic Data** and any **Media** upon which it is stored. However, there shall be no coverage for a loss to media or data that results from any error in machine programming or machine instructions.

6. Expediting Expenses:

POOL shall pay for reasonable and necessary extra costs to expedite:

- a. Temporary repairs to; and
- b. Permanent repairs to or replacement of;

Covered Property sustaining direct physical loss or damage covered by this Coverage Section.

Expediting Expenses do not include:

- 1) Expenses payable elsewhere in the Property Coverage Section.
- 2) The cost of permanent repair or replacement.

7. Unintentional Errors and Omissions:

The property covered herein is based on the schedule of locations and values submitted by the **Named Assured** prior to the inception of this coverage. However, if any property and/or location is omitted or undervalued because of unintentional errors or omissions of the **Named Assured**, POOL will accept that property and/or location as being covered subject to a maximum of \$5,000,000 each loss, provided the property and/or location is the same in form and substance as other real and personal property which are scheduled.

The **Named Assured** agrees to report such errors or omissions as soon as reasonably possible after discovery of such, and to schedule the proper locations and values then and thereafter.

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8. Money and Securities

Money and securities of the **Named Assured** only are Covered Property with respect to this coverage extension.

Under Section V. F., Perils Excluded, item 2 is deleted in its entirety but only for this coverage extension. This coverage extension shall apply to direct physical loss or damage resulting from:

- a. Dishonest or fraudulent acts including theft and forgery committed by an official, trustee, director, officer, volunteer or employee of the **Named Assured** acting alone or in collusion with others while in the **Named Assured's** service and who the **Named Assured** compensates directly with salary, wages or commissions; or who are furnished to the **Named Assured** by an employment agency or service and under the **Named Assured's** direct control while performing such services in substituting for a permanent employee on leave, or meeting seasonal or short-term workload conditions.

For purposes of this extension, direct physical loss or damage means loss or damage to tangible property, and does not include consequential, detrimental economic impact or a diminution of value to covered property. Tangible property means property that has physical form and characteristics.

- b. The actual destruction or disappearance of such property.
- c. A peril covered by this Property Coverage Section.

The following are added to Section V. F., Perils Excluded, but only for this coverage extension:

- 16. Misappropriation, conversion, infidelity, dishonest or fraudulent acts committed by any:
 - a. Agent, broker, consignee, independent contractor, subcontractor or similar representatives;

- b. Employee of the **Named Assured** who has previously committed dishonest or fraudulent acts resulting in direct physical loss or damage to **money** and **securities**; or
- c. Person (excluding employees) to whom the property may be entrusted; Whether committed alone or in collusion with others at any time, on the part of the **Named Assured** or any additional interest.

17. The **Named Assured's** inability to realize income that would have been earned had there been no loss of **money** or **securities**; Loss or damage when the only proof of such loss or damage is an inventory computation, or a profit and loss computation.

18. Loss or damage to **money** or **securities** while in transit or at an unnamed location except for:

- a) Robbery while such property is in the care and custody of an employee of the **Named Assured**, or
- b) Actual destruction or disappearance while at a banking institution or similar safe depository.

19. Accounting or arithmetical errors or omissions.

9. Protection and Preservation of Property:

POOL shall pay for the reasonable and necessary costs incurred to temporarily protect or preserve Covered Property at a described location in order to avoid or prevent immediately impending physical loss or damage from a peril covered by this Property Coverage Section.

10. Ordinance or Law:

If at the time of direct physical loss or damage covered by this Coverage Form, there is in force any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures, POOL shall pay for increased claim costs that are the result of enforcement of such law or ordinance as a direct result of such loss or damage, including:

- a.) the cost to demolish any physically undamaged portion of the buildings or structures
- b.) the cost incurred to actually rebuild the physically damaged and the demolished portions of such buildings or structures with materials and in a manner to comply with the law or ordinance.

11. Loss of Income and Extra Expense:

POOL shall pay for actual **Loss of Income** and **Extra Expense** sustained by the **Named Assured** due to the necessary suspension of the **Named Assured's** operations during the **Period of Restoration** as defined in this Coverage Form. The suspension must be caused by direct physical loss of or damage to Covered Property at premises that are described in the Schedule of Locations agreed to and kept on file by POOL or its designees, such loss being caused by a covered peril.

Coverage shall also be provided for actual **Loss of Income** sustained and **Extra Expense** caused when access to the described location is prohibited by order of civil authority. This order must be given as a direct result of physical loss or damage from a peril of the type covered by this Property Coverage Section. POOL will be liable for the actual amount of loss sustained at such location for a period of up to 30 consecutive days from the date of this action.

In order to determine any **Loss of Income** and/or **Extra Expense** loss payable, POOL shall give consideration to the experience of the **Named Assured** before and the probable experience after the **Period of Restoration** and continuation of only those normal charges and expenses that would have existed had no interruption of or suspension of business operations or services occurred.

POOL will not be liable for any loss payable under this coverage extension to the extent that it can be reduced by the **Named Assured** through use of any suitable property or service owned or controlled by the **Named Assured**, or obtainable from other sources.

Any salvage value of such property remaining at the end of the period of interruption for property obtained above will be taken into consideration in the adjustment of any loss.

For purposes of determining the loss payable under this Coverage Extension, **Loss of Income** and **Extra Expense** will not include:

- a. Any loss during any period in which goods would not have been produced.
- b. Any loss during any period in which business operations or services would not have been maintained.
- c. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order.
- d. Any loss due to:
 - 1.) Fines or damages for breach of contract.
 - 2.) Late or non-compliance of orders or penalties of any nature whatsoever.
 - 3.) Any other consequential or remote loss.
- e. Any loss resulting from physical loss or damage to property in transit.

12. Transmission Facilities:

This Coverage Form is extended to cover direct physical loss or damage covered by this Property Coverage Section to electrical and telecommunication equipment; and electrical, telecommunication, fuel, water, steam, and, refrigeration transmission lines; all situated on or within 1000 feet of the described location.

Coverage is excluded for loss resulting from:

- a) The lack of incoming services described above; or
- b) Physical loss or damage to transmission facilities providing these services; that occurs beyond 1000 feet of the described location.

D. Property Definitions

Actual Cash Value is the replacement value of the property, at the time and place of the loss or damage, less proper deduction for depreciation.

Automobile means any land motor vehicle or trailer/semi-trailer) or mobile equipment owned by the **Named Assured** or for which the **Assured** has an obligation to provide coverage.

Earthquake shall mean earthquake, volcanic eruption, subterranean fire, landslide, subsidence, earth sinking, rising, shifting or any such convulsion of nature including a resulting tsunami. If more than one earthquake shock shall occur within one hundred sixty eight (168) hours during the term of this coverage, such shocks shall be deemed to be a single earthquake.

Electronic Data Processing Data is defined as all information stored on media devices, including facts, concepts, or computer programs converted to a form usable in a data processing operation.

Electronic Data Processing Equipment is defined as data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic data processing equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Electronic data processing equipment does not mean property in the course of manufacture or property you hold for sale or demonstration.

Electronic Data Processing Media is defined as all materials on which data is recorded including magnetic tapes, disc packs, paper tapes, and cards used in data processing equipment. **Electronic Data Processing Media** does not include any memory bank attached to production machinery or any property you hold for sale or demonstration.

Extra Expense means necessary expenses incurred by the **Named Assured** during the Period of Restoration that would not have incurred been if there had been no direct physical loss or damage to property caused by or resulting from a covered loss.

Flood shall mean surface waters, tide and tidal water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water or spray, whether wind driven or not, from any of the foregoing or by water which backs up through sewers or drains; or mudslide.

Loss of Income means the Net Income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses incurred, including payroll.

Money means currency, coin, bank notes and bullion.

Period of Restoration is defined as the period from the time of direct physical damage covered by this Property Coverage Section to the time when, with due diligence and dispatch, physically damaged property could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to such damage.

Securities mean negotiable and non negotiable instruments or contracts representing money.

Total Loss means complete physical destruction of the tangible property and/or its function.

Valuable Papers and Records are inscribed, printed or written: documents; manuscripts or records including abstracts; and, books, deeds, drawings, films, maps, or mortgages. Valuable Papers are not: money, securities and stamps; converted data programs or instructions used in the **Named Assured's** data processing operations; or, materials on which data is recorded.

E. Property Excluded

There shall be no coverage for loss or damage to the following property unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section:

1. Land, water, or any substance in or on land, pavement and roadways, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.
2. Underground mines and mining property located below the surface of the ground.
3. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.
4. Docks, piers, and wharves which are not a structural part of the building.
5. Furs and fur garments, jewels, jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys for loss caused by theft.
6. Currency, **money**, notes, **securities**, accounts, bills, tickets, tokens, evidences of debt, **Electronic Data Processing Media** and **Data**.

7. Satellites, property undergoing insulation tests, aircraft, and watercraft over fifty (50) feet in length. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and any drones or similar unmanned aerial vehicles. "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft.
8. Personal property in the custody of the **Assured** acting as a warehouseman, bailee for hire, or carrier for hire.

F. Perils Excluded

There shall be no coverage for loss or damage caused by any of the following perils, unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section; however, if loss or damage not excluded results, then that resulting loss or damage is covered.

1. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a covered peril or otherwise; loss caused by any legal proceeding.
2. Misappropriation, conversion, infidelity or any dishonest act; whether committed alone or in collusion with others at any time, on the part of the **Assured** or any additional interest, employees, directors, officers, or agents of the **Assured**, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the **Assured**, without the knowledge of the **Assured**, resulting in physical damage, is covered.
3. Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee. There will be no coverage for the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretense.
4. Explosion, rupture, bursting, cracking, burning or bulging of steam boilers, steam turbines, gas turbines and steam engines; rupture, bursting, cracking, burning or, bulging of: pressure vessels, or piping or apparatus; attached to any steam boilers, steam turbines, gas turbines and steam engines; while all such property is owned, operated or controlled by the **Assured** or under the **Assured's** obligation to cover. This Coverage Form will cover physical loss or damage resulting from: the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines; or within the flues or passages which conduct the gases of combustion therefrom. Loss by fire ensuing from any of the above is covered by this Property Coverage Section.
5. Centrifugal force on rotating or moving parts of machinery; electrical, mechanical, or structural breakdown of machinery or equipment, including moving or stationary parts within or forming an integral part of such machinery or equipment.
6. The lack of power or other incoming service supplied from off the described location, however caused. If physical loss or damage covered herein results to Covered Property at a location described in the Schedule of Locations, the resulting damage is covered.
7. **Earthquake** as defined in this Property Coverage Section.
8. **Flood** as defined in this Property Coverage Section.
9. Wear and tear, gradual deterioration, inherent vice, latent defect, vermin or insects.
10. Defects in materials, faulty workmanship (whether the product or process), faulty construction or faulty design.

11. Dampness or dryness of atmosphere; changes of temperature; freezing, except damage to fire protective equipment caused by freezing; heating; shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion.
12. Settling, cracking, shrinkage, bulging, or expansion of foundations, walls, floors, roofs, or ceilings.
This exclusion will not apply to loss or damage resulting from collapse of a building or structure or of a material part of a building or structure.
13. Exposure to rain, sleet, snow, sand or dust to personal property in the open.
14. Electronic or magnetic injury or disturbance of any kind.
15. Loss arising from errors in machine or systems programming or instructions to machines or systems, unless physical damage not excluded by this coverage results, and then only for direct loss or damage caused by such covered peril.
16. Direct physical loss or damage to tangible Covered Property resulting from seizure or destruction of property by order of governmental authority

G. Property Conditions

1. Notice to POOL:
The **Assured** will:
 - a) give immediate notice to the POOL of any loss involving Covered Property via the POOL's designated claims service organization.
 - b) protect the property from further loss or damage
 - c) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, Actual Cash Value, replacement value and amount of loss claimed.
 - d) as often as may be reasonably required, permit the POOL to inspect the property proving the loss or damage and examine the books and records of the **Assured**.
 - e) cooperate as requested by POOL in the POOL's investigation, adjustment, and valuation of any claim for loss or damage to Covered Property.
2. No Benefit to Bailee:
No person or organization, other than the **Assured**, having custody of **Assured** property will benefit from this coverage.
3. Vacant and Unoccupied Locations:
Permission is given to cease operations and for locations to be vacant or unoccupied for:
 - a. Sixty (60) consecutive days; or
 - b. More than sixty (60) consecutive days with the written consent of POOL;Provided that the **Assured** maintains the same degree of:
 - 1) Fire protection; and
 - 2) Watch and alarm service;As existed prior to the discontinuance of normal operations. POOL shall reduce the loss payable by 15% on any vacant or unoccupied building. Buildings under construction or renovation are not considered vacant.
3. Loss Payment:

POOL has the sole right to adjust, value, evaluate and pay claims for loss or damage to covered property on behalf of the **Assured**.

a. In the event of loss or damage to Covered Property, POOL, at its option, will either:

- 1) Pay the value of lost or damaged property;
- 2) Pay the cost of repairing or replacing the lost or damaged property;
- 3) Take all or any part of the property at an agreed or appraised value; or
- 4) Repair, rebuild or replace the property with other property of like kind and quality.

POOL will determine the value of lost or damaged property, or the cost of repair or replacement, in accordance with the applicable terms of paragraph 4, entitled "Basis of Valuation" or any applicable provision of this Coverage Form which amends or supersedes these valuation conditions.

b. POOL will give notice under paragraph 3.a within a reasonable time after receiving written notice of loss from the **Assured**.

4. Basis of Valuation:

Adjustment of loss amount(s) under this Property Coverage Section will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

The following property, unless endorsed, will be valued at the time of loss as follows:

a. On property of others: the amount for which the **Assured** is legally liable, but not exceeding the replacement cost.

b. Fine Arts are valued at the lesser of:

- 1.) The cost to repair or restore the article to the condition that existed immediately prior to the loss;
- 2.) The cost to replace the article; or
- 3.) The value designated for the article on the schedule of fine arts on file with POOL.

In case of physical loss or damage to an article that is part of a pair or a set, POOL will pay the full amount of the value of such pair or set only if the damaged article cannot be repaired or restored to its condition before the loss and the **Assured** surrenders the remaining article or articles of the pair or set to POOL.

c. Accounts receivable is valued at the sum due which the **Assured** is unable to collect from customers, and includes:

- 1.) Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected;
- 2.) Collection expenses in excess of normal collection cost; and
- 3.) Other reasonable expenses incurred by the **Assured** in recreating records of accounts receivable.

If the **Assured** is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:

- i. Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which loss occurs; and
- ii. Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.

Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted. After payment of loss by POOL, all amounts recovered by the **Assured** on accounts receivable for which the **Assured** has been indemnified will belong to and be paid to the POOL by the **Assured** up to the total amount of loss paid by the POOL. All recoveries in excess or such amounts will belong to the **Assured**.

d. **Automobiles** and mobile equipment are valued at actual cash value at the time of loss or the cost to repair, whichever is less; autos hired under a short-term rental car agreement will be covered for replacement cost.

e. **Emergency Operations Vehicles (Fire or Ambulance services):** If such vehicles are listed for replacement cost on the schedule of vehicles on file with the POOL and:

- 1) at the time of loss a vehicle is determined to be a **Total Loss**, or
- 2) a physically damaged vehicle is inspected and cannot be certified by a professional mechanic, certified in evaluating emergency vehicles, to be in safe operating condition as an emergency vehicle,

then the **Assured** may elect one of the following options:

- a. The fair market value as defined by NRS 487.730 or
- b. Only for a vehicle ten years old or less as of the effective date of this Coverage Form, the amount stated on the schedule of vehicles for replacement with a vehicle of like kind and quality, subject to payment of a **Maintenance Deductible** of 10% of the schedule replacement cost.
- c. Only for a vehicle over ten years old, but not more than twenty years old, as of the effective date of this Coverage Form, the amount stated on the schedule of vehicles for replacement with a vehicle of like kind and quality, subject to payment of a **Maintenance Deductible** of 20% of the scheduled replacement cost.

f. **Valuable Papers and Records** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored with other of like kind or quality, POOL will pay the blank value of such **Valuable Papers and Records**.

g. **Electronic Data Processing Media and Data** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored with other of like kind or quality, POOL will pay the blank value of such **electronic data processing media**.

gh. Property while in transit is valued as follows:

- 1) For property shipped to or for account of the **Assured**: the actual invoice to the **Assured**, together with such costs and charges (including the commission of the **Assured** as selling agent) as may have accrued and become legally due on such property.
- 2) For property that has been sold by the **Assured** and shipped to or for account of the purchaser (if covered by this Property Coverage Section): the amount of the **Assured's** selling invoice, including prepaid or advanced freight.
- 3) For property not under invoice: the actual cash market value at point of destination on the date of disaster, less any charges saved which would have become due and payable upon delivery at destination.

hi. **Money and Securities** is valued as follows:

Money is valued in Canadian currency for locations situated in Canada and in United States of America currency for all other locations, unless specified otherwise. **Money** issued in currencies other than Canadian and United States of America currency will be valued in United States dollar equivalent determined by the last rate of exchange quoted in the Wall Street Journal on the date of loss.

Securities are valued at:

- 1) The cost to replace or restore the security with other of like kind or quality including the cost of issuing duplicate **securities**, if replaced; or
 - 2) The value of each security as of the close of business on the date of loss, if the **securities** cannot be replaced or restored with other of like kind or quality;
- Provided the **Assured** must assign all rights, titles, and interest in such **securities** to POOL

ij. Property in Transit is valued as follows:

- 1) Property in transit; Actual invoice value, plus costs and charges (including commission as selling agent) which have accrued and are legally due.
- 2) Property shipped to or for the account of the **Assured**; selling invoice value, including prepaid or advanced freight, for property which has been sold by the **Assured**.

- 3) Property shipped to or for the account of the purchaser; **Actual Cash Value** at the point of destination on the date of loss or damage, less any charges saved which would have become due and payable upon delivery at destination for property not under invoice.

j.k. The **Assured** may:

- 1) In the event POOL opts to rebuild, have the property rebuilt at another site, provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.
- 2) Give notice of claim to be calculated on **Actual Cash Value** of the property lost or damaged until repair or replacement has been completed. The **Assured** may still claim for the additional coverage which replacement cost provides if notification of intention to do so is received by POOL within 180 days after the loss or damage.

k.l. Replacement cost is subject to all the terms, conditions and limitations of the POOL Coverage Form (including any endorsements) and the following additional provisions:

- 1) In no event will payment exceed the actual repairs, replacement, or the limit of liability stated in this Coverage Form, whichever is the lesser.
- 2) If during the term of this Coverage Form, any **Assured** real property is offered for sale, the value of loss or damage will not exceed the lesser of:
 - a. The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or,
 - b. The cost to repair or replace. If the **Assured** fails to comply with any of the valuation provisions or does not elect replacement cost within two (2) years from the date of loss, the basis of valuation will be limited to the **Actual Cash Value** as defined in this Coverage Form.

-m. Scheduled Property with an Agreed Value:

The POOL will pay the Agreed Value for property listed on the **Assured's** Agreed Value Schedule of Property, as agreed upon by the Assured and POOL, in the event of a **Total Loss** of the property which cannot be repaired or replaced. If the property can be repaired or replaced, the maximum liability shall not exceed the least of:

1. the cost to repair or restore the property to the condition that existed immediately before the loss; or
2. the cost to replace the property; or
3. the Agreed Value.

5. Appraisal:

If the **Assured** and POOL are unable to agree as to the amount necessary to rebuild, repair or replace the damaged or destroyed property or the actual value of loss, each party shall name a competent and disinterested appraiser and the two so chosen shall, before proceeding further, appoint a competent and disinterested umpire. The appraisers together shall obtain repair or replacement estimates, calculate the value of loss, and failing to agree shall submit their differences to the umpire. The award, in writing, duly verified by any two shall determine the points in question. Both parties shall pay the cost of their own appraisers and equally pro rate the cost of the umpire.

6. Suspension:

Upon discovery of a dangerous condition, POOL may immediately suspend the coverage with respect to any Covered Property by giving written notice to the **Assured**. The coverage that is suspended may be reinstated by POOL. If coverage is suspended, it will also be immediately suspended for any mortgagee, lender or additional named interest by written notice of suspension.

7. Conditions Applicable to Property Extension 8. Monies and Securities:

a. Cancellation as to Any Employee

1). This coverage is cancelled as to act of any employee immediately upon notice to or discovery by the **Named Assured** or any official or employee of the **Named Assured**

authorized to manage, govern or control employees (who is not in collusion with the employee) of theft or any other dishonest act committed by that employee whether before or after becoming employed by the **Named Assured**.

b. Discovery

1) Coverage applies for **loss** sustained through acts committed or events occurring at any time and discovered by the **Named Assured**

a) during the coverage period; or

b) one year after the date of cancellation, termination or expiration of this coverage period.

2) Discovery of loss occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) first becomes aware of facts from which a reasonable person would know or should know that a loss covered by this coverage has been or will be incurred even though the exact amount or details of loss may not then be known. Discovery also occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) receives notice of an actual or potential claim against the **Named Assured** alleging facts that if true would constitute a covered loss under this Coverage Form.

Section VI. LIABILITY COVERAGE

A. Liability Coverage Agreement (Note: Claims-Made for Wrongful Acts)

In consideration of the payment of the Contribution and subject to the Limits of Liability, exclusions, conditions and other terms of coverage, POOL agrees with the **Assured** to pay on behalf of the **Assured** the total sum of damages which the **Assured** becomes legally obligated to pay as damages resulting from an **Event**, such sum (including related medical and legal costs) being reached either through adjudication or compromise after proper deductions for all recoveries and salvages.

Coverage applies to damages due to an **Event** taking place anywhere in the world, provided that the **Assured**'s responsibility to pay damages arising out of such **Event** is determined in a suit on the merits in the United States of America or in a settlement of such suit agreed to by the POOL.

B. Liability Definitions

1. **Automobile** means any land motor vehicle, mobile equipment, trailer/semi-trailer, and attached equipment.
2. **Bodily Injury** means physical injury to any person, including death, sickness, disease or any mental anguish, shock or disability associated with or arising from such physical injury.
3. **Employment-based Benefit Plan Administration** means giving counsel or coverage interpretation to active or prospective benefit plan participants, handling of related records, or effecting enrollment, notification, revision, termination or cancellation of coverage under any employment-based benefit plan. Employment-based benefit plan includes life insurance, accident or health insurance, profit sharing plans, pension plans, stock subscription plans, workers' compensation, unemployment insurance, social security, disability benefits, vacation plans and any other similar employment-based benefit plans.
4. **Event** means one or more of the following:
 - a. an accident that causes **Bodily Injury** or **Property Damage** during this coverage period;
 - b. **Personal Injury** caused by an offense committed during this coverage period;
 - c. **Law Enforcement Activities** during this coverage period which cause **Bodily Injury**, **Property Damage**, **Personal Injury** or the violation of civil rights; however, any damages arising out of employment practices of the **Named Assured** (including discrimination related to recruitment, hiring, evaluation, training, promotion, demotion, discipline or termination of an employee) will be considered a **Wrongful Act** herein;
 - d. any injury caused by errors or omissions arising out of **Employment-based Benefit Plan Administration** committed during this coverage period;
 - e. a **Wrongful Act** taking place during this coverage period or on or after the retroactive date shown in the declarations page of this Coverage Form and reported to POOL during this coverage period or reported to POOL during any extended reporting period added to this coverage by endorsement, but a **Wrongful Act** does not include damages arising out of an **Event** as defined in a., b., c. or d. above.
5. **Law Enforcement Activities** means performance while acting within the scope of duty, including policy making, supervisory and executive functions relating to law enforcement, (a) as a law enforcement officer or reserve officer, (b) as an officer of a jail, (c) as any **Assured** representing a law enforcement agency, and (d) including activities performed for other than the **Named**

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Assured which are approved in advance by an authorized representative of the **Named Assured**.

6. **Personal Injury** means injury other than **Bodily Injury** arising out of one or more of the following offenses: False arrest, detention, or imprisonment; malicious prosecution; false or improper service of process; publication or utterance of libel or slander or disparaging material or a publication or utterance in violation of an individual's right to privacy; violation of right of public occupancy; wrongful eviction, wrongful entry, or invasion of premises; assault and/or battery; discrimination; piracy and infringement of copyright of property.
7. **Property Damage** means physical injury to or loss of use of tangible property of others including damage to structures or portions thereof rented to or leased to the **Assured**, including fixtures permanently attached thereto.
8. **Wrongful Act** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including misfeasance, malfeasance, and nonfeasance by the **Assured**. **Wrongful Act** includes actual or alleged violations of the United States Constitution or any State constitution, or any law affording protection for civil rights, provided coverage is otherwise afforded hereunder for such **Wrongful Act**.
9. The term **Sexual Abuse** as used hereunder shall mean any actual, attempted or alleged sexual conduct towards or to another person or persons, whether intentional, expected or unintentional, which causes physical and/or mental injuries. **Sexual Abuse** includes, but is not limited to: sexual molestation, sexual assault, sexual contact or touching and/or sexual exploitation or sexual injury.
Sexual Abuse does NOT include **Sexual Harassment** as defined in this Coverage Form.
10. The term **Sexual Harassment** as used hereunder shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature towards or to another person or ~~persons, which~~ persons, which causes physical and/or mental injuries. **Sexual Harassment** includes:
 - a. The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
 - b. The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

Sexual Harassment does NOT include **Sexual Abuse** as defined in this Coverage Form.

C. Liability Exclusions

1. Coverage does not apply to any claim for damages, whether direct or consequential, which is covered under any other Section of this Coverage Form. Coverage does not apply to property owned by the **Assured**, or to loss of use of tangible property owned by the **Assured**.
2. Coverage does not apply to any claim brought about or contributed to by acts intended or expected by the **Assured** to cause **Bodily Injury or Property Damage**. Any act of any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.
3. Coverage does not apply to any claim made against any **Assured** flowing from or originating out of the **Assured** gaining any profit or advantage to which they were not legally entitled including, but not limited to, any wrongful or erroneous collection of taxes, fees or other charges, by whatever name called.
4. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to \$50,000 in the aggregate for reasonable attorney fees and costs when incurred in the defense of any criminal proceeding arising out of what would otherwise be within the scope of the **Assured's** employment, provided the **Assured** is exonerated from all charges or all charges are subsequently withdrawn or dismissed. When an **Assured** is a defendant represented by the same attorney or law firm representing other defendants in the same criminal proceeding who are not an **Assured** under this Coverage Form, payment hereunder shall be limited to the **Assured's** proportionate share of the total of the reasonable attorney fees.

If the **Named Assured** is required by law to provide for an employee's legal defense in a criminal proceeding, this coverage will reimburse the **Assured** in accordance with such law.

Whenever coverage under this Coverage Form would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent or malicious conduct by any person covered hereunder, it is agreed that coverage as would otherwise be afforded herein shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct.

5. Coverage does not apply to liability arising out of the ownership, maintenance, loading or unloading, use, operation or entrustment to others of any aircraft, airfields, runways, hangers, buildings, or other properties in connection with aviation activities. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and any drones or similar unmanned aerial vehicles. "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft.

However, this exclusion does not apply to liability arising out of the use of **automobiles** of the **Assured** used in connection with the operation of an airport and on the premises of an airport owned, maintained, or operated by the **Assured**.

Also, this exclusion does not apply to **Wrongful Acts** arising out of airport ownership.

6. Coverage does not apply to any obligation for which the **Assured** may be held liable: (a) to any employee under the Fair Labor Standards Act (FLSA) or under any similar laws, however, coverage is extended for costs of defense of actions alleging violation of such laws; (b) under any workers' compensation, unemployment compensation, disability benefits, uninsured or underinsured motorists law, or under any similar laws; or (c) for bodily injuries to any employee of an **Assured** arising out of and in the course of employment by the **Assured** or arising out of

performing duties related to the conduct of the **Assured's** business or **Bodily Injury** to any family member of an employee arising out of such activities. The exclusion under (c) applies whether the **Assured** may be liable as an employer or in any other capacity and to any liability for indemnity or contribution brought by any party for **Bodily Injury**.

7. Coverage does not apply to any liability arising out of or in any way connected with the operation of the principles of eminent domain, condemnation, inverse condemnation, or taking of any real property interest, by whatever name(s) called, whether such liability accrues directly against the **Assured** or by virtue of any agreement entered into by or on behalf of the **Assured**.

This exclusion also applies to any liability arising out of or connected with allegations that the **Assured's** actions constitute a taking of any real property interest in violation of substantive due process, including but not limited to any allegations that the **Assured's** actions lack any substantial relation to the public health, safety or general welfare and/or that the **Assured's** actions are arbitrary, capricious, irrational or unreasonable and/or not related to any legitimate governmental purpose.

8. Coverage does not apply to any liability arising out of the rendering of or failure to render the following professional services (including furnishing of food or beverages in connection therewith):
- a. medical, surgical, dental x-ray or nursing service or treatment except by forensic medical examiners or coroners;
 - b. furnishing or dispensing of drugs or medical, dental or surgical supplies;
 - c. services by any person as a member of a formal accreditation or similar professional board or committee of the **Assured**, or as a person charged with the duty of executing directives of any such board or committee, except the administrative, certification, and training duties of an ambulance services medical director (including law enforcement and firefighting agencies as required by law).

Further, coverage does not apply in any way to liability arising out of the ownership, operation, management or oversight of any hospital.

This exclusion does not apply to incidental malpractice liability arising out of the rendering of, or failure to render, professional health care services by nurses, ambulance crews, emergency medical technicians, paramedics, firefighters or police officers. The scene of such medical services may be outside the scope of employment or outside the **Assured's** jurisdiction. However, this coverage will not apply if the individuals rendering medical services are doing so on behalf of and while working or volunteering for another medical services organization not an **Assured** under this coverage.

This exclusion does not apply to services by a public health official arising out of their official duties to protect the health and safety of the general public.

9. Coverage does not apply to any liability arising out of any breach of or failure to perform a contractual obligation including warranties of any kind and including labor agreements. However, this exclusion does not apply to employment related contracts other than labor agreements.

This exclusion does not apply to any statutory implied agreement between law enforcement agencies, in the absence of interlocal or cooperative agreement, to defend, hold harmless, and indemnify claims or liability arising out of the act or omission of the **Assured's** employee while participating in a request for assistance, under NRS 277.035 or Nevada law.

10. Coverage does not apply to any claim based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if such opinion, treatment, consultation or

service was rendered or failed to have been rendered while the **Assured** was engaged in any activity for which they received compensation from any source other than as **Named Assured**.

11. Coverage does not apply to any claim arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans.
12. Coverage does not apply to any claim for a **Wrongful Act** arising out of failure to supply a specific amount of electrical power or fuel due to interruption of the electrical power or fuel supply or transmission thereof.

However, an **Event** (other than a **Wrongful Act**) arising from interruption of the electrical power or fuel supply or transmission thereof is covered.

13. Coverage does not apply to any claim based upon or arising out of:
 - a. the issuance, modification or cancellation of debt instruments, including, but not limited to, loans or transfers, and interest payable, whether legal or illegal; the collection or payment of taxes, fees or other charges or the collection of or payment of taxes, fees or other charges, to or for any other entity, including, but not limited to, hospitals, schools, commissions, joint commissions, boards, agencies, internal or external funds, districts and authorities;
 - b. the failure or alleged failure to comply with any regulatory act or statute such as those governing Medicare or similar Federal programs, the Nevada State Indigent Accident Funds or similar State programs; or
 - c. any fiduciary obligation or duty imposed by the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefit Act, the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), or Section 89 of the Internal Revenue Code, or any amendments thereto or similar provisions of any federal, state, local, statutory, or common law.
14. Coverage does not apply to any liability arising out of the performance or non-performance of an investment.
15. Coverage does not apply to any damages, awards of interest, costs, civil fines, penalties, fees, including attorney's fees, or expenses that the **Assured** may become obligated to pay as a result of an adverse judgment for equitable, injunctive or declaratory relief. Coverage does not apply for any restitution, refund or reimbursement whether called damages or otherwise or to any cost or expense in processing such restitution, refund or reimbursement.
16. Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement action from any federal, state, or local government regulatory agency. However, defense costs related to such actions will be reimbursed for an amount not to exceed \$50,000 per **Event**.
17. Coverage does not apply to any criminal court sanctions, fines, penalties, fees, costs, expenses or interest awarded against an **Assured** or to any award of attorney's fees and litigation expenses to a prevailing party in a criminal case after a finding by the court that the **Assured's** position in pursuing the criminal action was vexatious, frivolous or in bad faith under NRS Chapter 41, state, or federal law.
18. Coverage does not apply to any liability arising out of:
 - a. Failure of performance of contract by any insurer;
 - b. Failure to procure insurance or the failure of such insurance to adequately cover risks.
19. Coverage does not apply to any liability with respect to **Employment Based Benefit Plan Administration** arising out of:

- a. Insufficiency of funds to meet any obligations under any plan included in the employment-based benefit plan;
- b. Errors in providing information on past performance of investment vehicles;
- c. Advice given to any person with respect to that person's decision to participate or not participate in any plan included in the employment-based benefit plan;
- d. Failure of any investment to perform as represented;
- e. Investment or non-investment of funds or the performance or nonperformance of any investment;
- f. Legal advice or investment advice given to an employee or beneficiary;
- g. Any loss resulting from the termination of any plan included in the employment-based benefit plan or termination of the employment-based benefit plan;
- h. Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law; or
- i. Any act or omission of a third party administrator, or any person other than an employee, who administers an employment-based benefit plan.

20. Coverage does not apply to any damages for **Bodily Injury, Property Damage, Personal Injury**, or other injury that is continuous or progressively deteriorating, and that is first manifest prior to the effective date or after the expiration of this Coverage Form. This exclusion applies even if such injury or damage continues or deteriorates during the term of this Coverage Form.

The most POOL will pay for **Bodily Injury, Property Damage, Personal Injury** and any other injury that is continuous or progressively deteriorating, and that is first manifest during the period of this Coverage Form, is the applicable limit of coverage shown in the Declarations of this Coverage Form. This is the only limit that applies to all related **Bodily Injury, Property Damage, Personal Injury** or other injury, regardless of whether such injury or damage existed before, or continues or progressively deteriorates after, the period of this Coverage Form.

Within the meaning of this exclusion, injury or damage is manifest when appreciable harm occurs that is or should be known to the **Assured** or the person or organization harmed.

21. Coverage does not apply to any claim arising out of **Sexual Abuse** by the **Assured**. Any act pertaining to any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.

It is agreed that coverage as would otherwise be afforded under this Coverage Form shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such **Sexual Abuse**. However, coverage shall not exceed the limit shown in the Declarations.

22. Coverage does not apply to liability of any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.
23. Coverage does not apply to any **Data Security Event** and **Privacy Response Expense** as defined in Section VII **Data Security Event and Privacy Response Expense**.

D. Liability Conditions

1. Duties of the **Assured** – If there is an **Event**, loss, incident, occurrence, demand, notice, summons or claim that might involve this coverage, the **Assured** shall submit written notice to POOL as soon as reasonably practicable via POOL's designated claims service organization including particulars sufficient to identify parties involved, time, place, circumstances, nature of any injury or damage, witnesses and any other pertinent information.
2. Cooperation – The POOL has no duty to defend, but may at its sole discretion defend an Assured against any claim for damages. Where the POOL has exercised its discretion to defend an **Assured**, the POOL has the sole right to investigate, defend or settle any claim against an **Assured** for damages. The **Assured** shall cooperate with POOL, its claims representatives and investigators, and attorneys assigned by POOL to represent the **Assured**, and if requested, attend hearings and trials, assist in securing and obtaining evidence, and obtaining the attendance of witnesses. The **Assured** shall not admit to any liability, assume any obligation, voluntarily make any payment or incur any expense other than first aid to others at the time of an accident. The **Assured** agrees to comply with all terms and conditions in all sections of this Coverage Form. The **Assureds** shall not waive any immunities granted to local governments.
3. Records - The records as kept by the **Assured** shall be made available to POOL or its representatives as necessary to determine the amount of loss or damage covered hereunder.
4. Appeal – If the **Assured** and POOL are unable to agree to appeal a judgment, a disinterested attorney, mutually agreeable to POOL and the **Assured**, shall be retained to render a written opinion concerning such appeal. Such written recommendation shall be binding on both the **Assured** and POOL. Fees of such retained attorney shall be borne equally by both parties.
5. Opportunity to Associate - It is understood that, when so requested, POOL may afford the **Assured** an opportunity to associate, at the **Assured's** own expense, with the POOL in the defense or control of any claim, suit or proceeding.
6. Severability of Certain Interests: If liability is incurred by reason of injury suffered by an employee of one **Assured**, which does not arise out of the injured employee's employment, for which another **Assured** is liable, then this coverage shall pay on behalf of the **Assured** for such liability in the same manner as if separate coverage documents had been issued to each **Assured**. If liability is incurred by reason of **Property Damage** to property belonging to any **Assured** for which another **Assured** is liable, then this coverage shall pay on behalf of such **Assured** in the same manner as if separate coverage documents had been issued to each **Assured**. Nothing contained in this Condition shall operate to increase POOL limits of liability or to provide coverage for any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal .
7. For the purpose of determining the limit of POOL's liability and the Maintenance Deductible of the **Named Assured**, all damages arising out of one or more related **Events** or arising out of a series of continuous, repeated or interrelated **Events** will be considered as arising out of one **Event**; furthermore, all such damages, whether attributable directly or indirectly to one **Event**, will be added together and the total amount of such damages shall be deemed one **Event**, regardless of the period of time or area over which the **Event** occurs.
8. If any **Event** other than a **Wrongful Act** includes allegations of and is associated with a **Wrongful Act** then all damages arising out of that **Event** and the **Wrongful Act** shall be deemed one **Event** at the time the claim is first made, and the only applicable coverage is that which is in effect at the time the claim is first made.

9. An **Event** with no associated **Wrongful Act** which takes place during more than one coverage period shall be deemed an **Event** during only one coverage period and only the most recent coverage period during which the **Event** took place shall apply.
10. If a **Wrongful Act** did not take place during this coverage period, but commenced on or after the retroactive date shown on the declarations page of this Coverage Form and prior to the beginning of this coverage period, and a claim on account of such **Wrongful Act** is made against the **Assured** and reported to POOL during this coverage period, this coverage is extended to damages resulting from such a **Wrongful Act**. Coverage does not apply to damages resulting from a **Wrongful Act** that commenced prior to the retroactive date.

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~~11. Coverage applies to damages due to an **Event** taking place anywhere in the world, but only if a suit arising out of such **Event** is brought in the United States of America.~~

~~12-11.~~ Extended Reporting Periods:

- a. POOL will provide one or more reporting periods, as described below, if this coverage is cancelled or not renewed for any reason other than nonpayment of loss fund contributions or any other amount owed to POOL.
- b. The reporting periods do not extend the coverage period or change the scope of coverage provided. The reporting periods apply only to claims first made against an **Assured** during the applicable reporting period for damages because of a **Wrongful Act** that occurred before the end of the coverage period.
- c. The reporting periods do not reinstate or increase the limits of liability.
- d. A Basic Reporting Period of 30 days from the effective date of cancellation or non-renewal of this form is automatically provided without an additional charge. Subject to the terms and conditions of this coverage, the Basic Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Basic Reporting Period.
- e. An Optional Extended Reporting Period will take effect on the effective date of cancellation or non-renewal of this coverage and will remain in effect for a period of one to five years, depending on which Optional Extended Reporting Period is purchased. Subject to the terms and conditions of this coverage, the Optional Extended Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Optional Extended Reporting Period. The additional Contribution for this Optional Extended Reporting Period will depend upon which option is chosen. POOL must receive a written request from the **Assured**, together with payment of Contribution due, within 60 days after the effective date of cancellation or non-renewal of this coverage if purchase of one of the Optional Extended Reporting Periods is desired. Once POOL acknowledges receipt of the additional Contribution, the Optional Extended Reporting Period may not be cancelled and the Contribution for the Optional Extended Reporting Period is fully earned.
- f. The Basic Reporting Period or the Optional Extended Reporting Period does not apply to claims covered under any other coverage purchased subsequent to or to replace this coverage.

**Section VII. DATA SECURITY EVENT
AND PRIVACY RESPONSE EXPENSE COVERAGE**

THIS IS CLAIMS MADE AND REPORTED COVERAGE

A. Data Security Event and Privacy Response Expense Coverage Agreement

1. Data Security Event

- a. POOL will pay those sums an **Assured** becomes legally obligated to pay as damages because of a **Data Security Event**.

The amount POOL will pay for damages and **Claim Expenses** is limited as described in Section C., Limits of Liability.

- b. This coverage applies to damages only if:
- i. The **Data Security Event** commenced on or after July 1, 2013 and before the end of the Coverage Period;
 - ii. A **Claim** for damages because of the **Data Security Event** is first made against an **Assured** during the Coverage Period.
 - iii. The **Named Assured** gives written notice of the **Claim** to POOL in accordance with Section D, Conditions.
- c. A **Claim** seeking damages will be deemed to have been made when notice of the **Claim** is received by the **Named Assured** or by POOL, whichever occurs first.

B. Privacy Response Expense

1. POOL will pay for **Privacy Response Expense** incurred by the **Named Assured** in connection with a **Data Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to **Personal Information**.

The amount POOL will pay for **Privacy Response Expense** is limited as described in Section C., Limits of Liability.

2. This coverage applies only if:
- a. The **Data Security Event** commenced on or after July 1, 2013 and before the end of the Coverage Period; and
 - b. The **Named Assured** gives written notice of the **Data Security Event** to POOL in accordance with Section D., Conditions.

C. Limits of Liability

1. The limits of liability stated in the Declarations establish the most POOL will pay regardless of the number of **Data Security Events**, **Assureds**, **Claims** made, **Suits** brought or individuals or entities making **Claims** or bringing **Suits**.
2. For each **Named Assured**, any **Data Security Event** that is continuous or part of a series of repeated or related **Data Security Events** will be considered to be a single **Data Security Event**

and will be considered to have commenced when the first such **Data Security Event** commenced regardless of:

- a. The number of Assureds, individuals or entities engaged in such **Data Security Events**;
 - b. The number of Assureds, individuals or entities affected by such **Data Security Events**;
 - c. The number of locations where such **Data Security Events** occurred; or
 - d. The number of such **Data Security Events** occurring or period of time over which they occur, even if subsequent **Data Security Events** take place after the Coverage Period.
3. The sublimit of liability for **Privacy Response Expense** stated in the Declarations is part of and not in addition to the **Data Liability Event** limit and annual aggregate limit.

D. CONDITIONS

1. POOL has no duty to defend, but may at its sole discretion defend an **Assured** against any **Suit** seeking damages to which this coverage applies. POOL may at its sole discretion investigate or defend any **Data Security Event** and settle any **Claim** or **Suit** that may result.
2. As a condition precedent to the obligations of POOL under this coverage, a **Named Assured** must give written notice to POOL of any **Claim** made against an **Assured** as soon as practicable, but in no event later than the end of the Coverage Period.
3. If during the Coverage Period, any **Assured** becomes aware of a **Data Security Event** that may reasonably be expected to give rise to a **Claim** against any **Assured** for damages or **Privacy Response Expenses**, the **Named Assured** must give written notice to POOL of such **Data Security Event** as soon as practicable, but in no event later than the end of the Coverage Period. Notice must include:
 - a. A specific description of the **Data Security Event**, including all relevant dates;
 - b. The names of persons involved in the **Data Security Event**, including names of potential claimants and a specific description of any **Personal Information** actually or reasonably suspected to have been subject to theft, loss or unauthorized access or disclosure;
 - c. The specific reasons for anticipating that a **Claim** may result from such **Data Security Event**;
 - d. The specific nature of the alleged or potential damages arising from such **Data Security Event**; and
 - e. The specific circumstances by which an **Assured** first became aware of the **Data Security Event**.

Any **Claim** subsequently made against any **Assured** arising out of such **Data Security Event** shall be deemed to be a **Claim** made during the Coverage Period in which the **Data Security Event** was first reported to POOL.

E. Data Security Event and Privacy Response Expense Coverage Exclusions

This coverage does not apply to any **Claim**, **Suit**, damages, **Claim Expense** or **Privacy Response Expense**:

1. For, arising out of, or resulting from **Bodily Injury** or **Property Damage**;

2. For, arising out of, or resulting from any **Claim, Suit**, investigation, hearing, proceeding or legal action brought by or on behalf of any governmental entity including but not limited to any civil or criminal penalty for which an **Assured** is responsible or injunctive relief obtained or imposed by any governmental entity;
3. For, arising out of, or resulting from any employer-employee relations, policies, practices, acts or omissions, or any actual or alleged refusal to employ any person, or an **Assured's** conduct with respect to employees (including but not limited to wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related **Claim**), whether such **Claim** or **Suit** is brought by an employee, former employee, applicant for employment, or relative or domestic partner of such person;
4. For, arising out of, or resulting from any contractual liability or obligation, or arising out of or resulting from breach of contract or agreement either oral or written; provided, however, that this exclusion shall not apply to the extent an **Assured** would have been liable in the absence of such contract or agreement;
5. For, arising out of, or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false or deceptive or misleading advertising or violation of the Sherman Anti-Trust Act, the Clayton Act, or the Robinson-Patman Act, as amended;
6. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to any **Claim** or loss covered under this endorsement that results from a theft, loss or unauthorized disclosure of or access to Personal Information;
7. For, arising out of or resulting from:
 - a. the actual or alleged unlawful collection or acquisition of **Personal Information** by or on behalf of an **Assured**; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (i.e., opt-in or opt-out) from the collection, disclosure or use of **Personal Information**; or
 - b. the distribution of unsolicited email, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping, recording or telemarketing is done by or on behalf of an **Assured**;
8. For, arising out of or resulting from any of the following conduct by an **Assured**:
 - a. any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as the Racketeer Influenced and Corrupt Organizations Act or RICO), as amended, or any regulation promulgated thereunder or any similar federal law or law of any state, locality or foreign government, whether such law is statutory, regulatory or common law;
 - b. any actual or alleged violation of any securities law, regulation or legislation, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, any state blue sky or securities law, any other federal securities law or legislation, or any other similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws;
 - c. any actual or alleged violation of the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970, the Employee Retirement Security Act of 1974 or any similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws; or

- d. any actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability or pregnancy;
9. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to \$50,000 in the aggregate for reasonable attorney fees and costs when incurred in the defense of any criminal proceeding arising out of what would otherwise be within the scope of the **Assured's** employment, provided the **Assured** is exonerated from all charges or all charges are subsequently withdrawn or dismissed. When an **Assured** is a defendant represented by the same attorney or law firm representing other defendants in the same criminal proceeding who are not an **Assured** under this Coverage Form, payment hereunder shall be limited to the **Assured's** proportionate share of the total of the reasonable attorney fees.

If the **Named Assured** is required by law to provide for an employee's legal defense in a criminal proceeding, this coverage will reimburse the **Assured** in accordance with such law.

Whenever coverage under this Coverage Form would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent or malicious conduct by any person covered hereunder, it is agreed that coverage as would otherwise be afforded herein shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct.

10. For, arising out of or resulting from any actual or alleged:
- a. infringement of patent or patent rights or misuse or abuse of patent; or
 - b. infringement of copyright arising from or related to software code or software products; or
 - c. use or misappropriation of any ideas or trade secrets by an **Assured** or on behalf of, or in collusion with an **Assured**;
11. Arising out of or resulting from any of the following:
- a. trading losses, trading liabilities or change in value of accounts;
 - b. any loss of monies, securities or tangible property of others in the care, custody or control of an **Assured**;
 - c. the monetary value of any electronic fund transfers or transactions by or on behalf of an **Assured** that is lost, diminished, or damaged during transfer from, to or between accounts; or
 - d. the value of coupons, price discounts, prizes awards, or any other valuable consideration given in excess of the total contracted or expected amount that is lost, diminished or damaged;
12. For damage to, destruction of, corruption of, or any loss of use by any **Assured** of any **Computer System** or data, including without limitation any costs or expenses to an **Assured** to repair or replace any **Computer System** or data;
13. For, arising out of or resulting from any threat, extortion or blackmail including but not limited to ransom payments.

14. Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement of action from any federal, state, or local government regulatory agency. However, defense costs related to such actions will be reimbursed for an amount not to exceed \$50,000 per **Event**.

F. Data Security Event and Privacy Response Expense Coverage Definitions:

The following definitions apply to this coverage:

1. **Bodily Injury** means physical injury, sickness or disease sustained by any person, including death resulting from these at any time. **Bodily Injury** also means mental illness, mental anguish or emotional distress, pain or suffering or shock sustained by any person, whether or not resulting from physical injury, sickness, disease or death of any person.
2. **Claim** means any demand or **Suit** for damages as the result of a **Data Security Event**. All **Claims** for damages because of a single **Data Security Event** will be deemed to be a single **Claim** and to have been made at the time the first such **Claim** is made against any **Assured**, regardless of the number of individuals or entities making such **Claims** or the time period over which such **Claims** are made, even if subsequent **Claims** are made after the Coverage Period.
3. **Claim Expenses** means:
 - a. Reasonable and necessary fees charged by attorneys designated by POOL to assist with the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** or **Suit**;
 - b. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** or **Suit** and incurred by POOL; and
 - c. Premiums on appeal bonds, attachment bonds or similar bonds; however, POOL is not obligated to apply for or furnish any such bond;

Provided, however, **Claims Expenses** do not include:

- a. any internal salary, administrative, overhead or other related expenses of any **Assured** or any charges by an **Assured** for time spent cooperating with the investigation and defense of any **Claim** or **Suit**; or
 - b. **Privacy Response Expense**.
4. **Computer System** means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:
 - a. operated by and either owned by or leased to an **Assured**; or
 - b. operated by a third party service provider and used to provide hosted computer application services to the **Named Assured** or for processing, maintaining, hosting or storing the **Named Assured's** electronic data pursuant to a written contract with the **Named Assured** for such services.
 5. **Data Security Event** means:
 - a. the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of an **Assured** or for which the **Assured** is legally responsible; or

- b. a violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial of service attack, or receipt or transmission of malicious code.

6. **Personal Information** means an individual's name in combination with one or more of the following:

- a. information concerning the individual that constitutes "nonpublic personal information" as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
- b. medical or health care information concerning the individual, including without limitation "protected health information" as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. the individual's Social Security number, driver's license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual's financial account information; or
- d. other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, **Personal Information** does not include information that is lawfully available to the public, including without limitation information lawfully available from any **Assured** or any local, state, federal or foreign governmental entity.

7. **Privacy Response Expense** means the following reasonable and necessary costs incurred by the **Named Assured** within one year of the discovery of a **Data Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of the **Named Assured** or for which the **Named Assured** is legally responsible:

- a. For the services of a computer security expert designated by POOL to determine the scope and cause of a Data Security Event and the extent to which Personal Information was disclosed to or accessed by unauthorized persons;
- b. For the services of consultants or attorneys designated by POOL to determine the **Named Assured's** obligations, if any, under applicable law to give notice to affected individuals;
- c. To notify affected individuals if required by applicable law or if the **Named Assured** voluntarily elects to give such notice, and for the services of a contractor designated by POOL to assist with providing such notice and responding to questions and concerns raised by individuals who are notified;
- d. For the services of a contractor designated by POOL to provide identity theft protection services to affected individuals if the **Named Assured** elects to provide such services; and
- e. For the services of a public relations consultant designated by POOL to avert or mitigate damage to the **Named Assured's** reputation as a result of the **Data Security Event**;

Provided, however, **Privacy Response Expense** does not include:

- a. any internal salary, administrative, overhead or other related expenses of any **Assured** or any charges by an **Assured** for time spent cooperating with the investigation and response to any **Data Security Event**; or

b. Claims Expenses.

8. **Property Damage** means physical injury to tangible property, including all resulting loss of use or loss of use of tangible property that is not physically injured. For purposes of this definition tangible property does not include information or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, compact disks, tapes, drives, cells, data processing devices or any other media that are used with electronically controlled equipment.
9. **Suit** means a civil proceeding in which damages are claimed arising out of a **Data Security Event** and includes an arbitration proceeding or other alternative dispute resolution proceeding in which such damages are claimed and to which an **Assured** must submit or does submit with the consent of POOL.

**Approved by Exec comm at 70% confidence level
3/22/2017 Approved by Board 4/___/2017**

Revenues		
Assessments Written	\$ 14,343,295	
Total Revenues	\$ 14,343,295	
Loss Fund Expenses		
Claims & Adjustment Expenses	\$ 4,878,000	34.0%
Program Expenses		
Reinsurance Premiums Ceded	\$ 5,008,247	34.9%
Agent Compensation	\$ 910,000	6.3%
Willis Pooling & Loss Control Fees	\$ 505,000	3.5%
ASC Claims Management Fees	\$ 715,089	5.0%
Member Education & Services	\$ 535,000	3.7%
Total Program Expenses:	\$ 7,673,336	53.5%
POOL Administration Expenses		
Management Services	\$ 504,840	3.5%
Casualty Insurance	\$ 41,000	0.3%
Operating Expenses	\$ 111,000	0.8%
Legal Services Fees	\$ 60,000	0.4%
Professional Services	\$ 56,000	0.4%
Consultants Appraisals	\$ 77,700	0.5%
HR Services Fees	\$ 779,350	5.4%
Total Administration Expenses	\$ 1,629,890	11.4%
Total Loss Fund, Program and Administration Expenses	\$ 14,181,226	98.9%
Net Operating Income	\$ 162,070	1.1%
Total Non-operating net investment revenues	\$ 500,000	3.5%

Revenues Building	
Rental Income	\$ 259,000
Technology Services Income	\$ 100,000
Other Income	\$ 14,500
	\$ 373,500
Building Expenses	\$ 268,293
NET BUILDING INCOME	\$ 105,207
OTHER EXPENSES:	
PRM Amortization Expense	\$ 1,726,706
TOTAL OTHER EXPENSES	\$ 1,726,706

Risk Management Grants:
2% of Net Assets per Policy \$ 697,248

POOL Counties

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	7/1/15- 6/30/16	7/1/15- 6/30/16	TOTAL	TOTAL	2011/2012- 2015/2016	2013/2014- 2015/2016
CARSON CITY (No Long	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
CHURCHILL COUNTY	10	\$ 527,623	6	\$ 9,818	9	\$ 43,440	2	\$ 12,623	3	\$ 16,653	30	\$ 610,158	\$ 122,032	\$ 24,239
DOUGLAS COUNTY	28	\$ 113,811	35	\$ 198,725	38	\$ 182,593	70	\$ 225,276	46	\$ 171,038	217	\$ 891,443	\$ 178,289	\$ 192,969
ELKO COUNTY	18	\$ 781,220	22	\$ 188,418	18	\$ 18,500	12	\$ 100,079	13	\$ 30,007	83	\$ 1,118,225	\$ 223,645	\$ 49,529
ESMERALDA COUNTY	0	\$ -	5	\$ 212,037	8	\$ 41,548	2	\$ 34,075	3	\$ 80,000	18	\$ 367,660	\$ 73,532	\$ 51,874
EUREKA COUNTY	5	\$ 41,591	13	\$ 82,581	5	\$ 77,461	8	\$ 45,858	13	\$ 8,142	44	\$ 255,634	\$ 51,127	\$ 43,821
HUMBOLDT COUNTY	11	\$ 5,546	11	\$ 330,271	17	\$ 372,706	14	\$ 65,461	8	\$ 22,084	61	\$ 796,067	\$ 159,213	\$ 153,417
LANDER COUNTY	6	\$ 163,980	8	\$ 183,968	10	\$ 82,948	1	\$ 3,636	11	\$ 256,738	36	\$ 691,270	\$ 138,254	\$ 114,441
LINCOLN COUNTY	5	\$ 23,920	3	\$ 22,956	6	\$ 19,842	3	\$ 10,973	3	\$ 86,273	20	\$ 163,964	\$ 32,793	\$ 39,029
LYON COUNTY	12	\$ 124,895	13	\$ 147,637	21	\$ 399,090	13	\$ 72,729	15	\$ 157,330	74	\$ 901,681	\$ 180,336	\$ 209,716
MINERAL COUNTY	11	\$ 26,851	6	\$ 62,849	7	\$ 24,952	10	\$ 110,964	8	\$ 34,757	42	\$ 260,373	\$ 52,075	\$ 56,891
NYE COUNTY	25	\$ 449,488	18	\$ 315,321	13	\$ 150,297	33	\$ 686,042	29	\$ 287,190	118	\$ 1,888,337	\$ 377,667	\$ 374,510
PERSHING COUNTY	3	\$ 1,316	5	\$ 70,388	9	\$ 7,235	5	\$ 15,161	2	\$ 2,864	24	\$ 96,963	\$ 19,393	\$ 8,420
STOREY COUNTY	4	\$ 10,221	9	\$ 96,390	7	\$ 198,315	5	\$ 28,179	8	\$ 193,090	33	\$ 526,195	\$ 105,239	\$ 139,861
WHITE PINE COUNTY	6	\$ 25,159	8	\$ 43,497	10	\$ 54,879	15	\$ 82,343	15	\$ 93,560	54	\$ 299,438	\$ 59,888	\$ 76,927
TOTAL	144	\$ 2,295,621	162	\$ 1,964,856	178	\$ 1,673,805	194	\$ 1,493,401	177	\$ 1,439,725	855	\$ 8,867,407	\$ 1,773,481	\$ 1,535,644

POOL Cities

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	7/1/15- 6/30/16	7/1/15- 6/30/16	TOTAL	TOTAL	2011/2012- 2015/2016	2013/2014- 2015/2016
BOULDER CITY	30	\$ 225,782	31	\$ 235,426	36	\$ 86,812	31	\$ 37,527	26	\$ 67,185	154	\$ 652,733	\$ 130,547	\$ 63,841
CALIENTE	6	\$ 258,655	0	\$ -	6	\$ 200,165	2	\$ 8,560	3	\$ 1,948	17	\$ 469,328	\$ 93,866	\$ 70,224
CARLIN CITY	1	\$ 61,264	3	\$ -	2	\$ 9,248	4	\$ 7,783	2	\$ 25,299	12	\$ 103,594	\$ 20,719	\$ 14,110
CITY OF ELKO	14	\$ 38,401	20	\$ 165,368	17	\$ 103,075	26	\$ 65,679	17	\$ 36,749	94	\$ 409,273	\$ 81,855	\$ 68,501
ELY CITY	8	\$ 10,266	8	\$ 6,546	6	\$ 43,931	5	\$ 47,385	9	\$ 16,840	36	\$ 124,968	\$ 24,994	\$ 36,052
CITY OF FERNLEY	6	\$ 8,071	7	\$ 54,375	8	\$ 6,539	8	\$ 35,380	6	\$ 39,500	35	\$ 143,866	\$ 28,773	\$ 27,140
CITY OF LOVELOCK	1	\$ 4,112	1	\$ 12,000	1	\$ -	3	\$ 10,010	0	\$ -	6	\$ 26,122	\$ 5,224	\$ 3,337
MESQUITE CITY (No Long	18	\$ 63,648	18	\$ 56,855	15	\$ 936,398	13	\$ 7,275	12	\$ 49,963	76	\$ 1,114,137	\$ 222,827	\$ 331,212
WELLS CITY	2	\$ 52,588	2	\$ 41	0	\$ -	2	\$ 9,834	1	\$ 3,786	7	\$ 66,249	\$ 13,250	\$ 4,540
WEST WENDOVER	7	\$ 28,311	2	\$ 7,508	4	\$ 2,099	2	\$ -	14	\$ 53,211	29	\$ 91,128	\$ 18,226	\$ 18,437
CITY OF WINNEMUCCA	5	\$ 52,114	1	\$ 2,457	1	\$ 20,462	5	\$ 7,917	6	\$ 34,845	18	\$ 117,795	\$ 23,559	\$ 21,075
CITY OF YERINGTON	1	\$ -		\$ -	3	\$ 32,520	2	\$ 3,189	1	\$ 2,500	7	\$ 38,209	\$ 7,642	\$ 12,736
TOTAL	99	\$ 803,213	93	\$ 540,577	99	\$ 1,441,251	103	\$ 240,537	97	\$ 331,825	491	\$ 3,357,402	\$ 671,480	\$ 671,204

POOL School Districts

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency			Costs	Costs
	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	7/1/15- 6/30/16	7/1/15- 6/30/16				2011/2012- 2015/2016	2013/2014- 2015/2016
CARSON CITY SCHOOL DISTRICT	7	\$ 59,905	21	\$ 5,699	10	\$ 760	10	\$ 287,996	10	\$ 87,749	58	\$ 442,109	\$ 88,422	\$ 125,502	
CHURCHILL COUNTY SCHOOL DISTRICT	14	\$ 68,635	12	\$ 117,442	1	\$ 5,000	8	\$ 175,218	2	\$ 12,028	37	\$ 378,322	\$ 75,664	\$ 64,082	
DOUGLAS COUNTY SCHOOL DISTRICT	22	\$ 23,846	24	\$ 47,747	20	\$ 27,616	45	\$ 130,359	16	\$ 50,857	127	\$ 280,426	\$ 56,085	\$ 69,611	
ELKO COUNTY SCHOOL DISTRICT	18	\$ 24,648	23	\$ 403,907	20	\$ 46,544	14	\$ 53,051	32	\$ 139,797	107	\$ 667,946	\$ 133,589	\$ 79,797	
ESMERALDA COUNTY SCHOOL DISTRICT	2	\$ 3,982	0	\$ -	1	\$ 19,484	3	\$ 22,766	0	\$ -	6	\$ 46,231	\$ 9,246	\$ 14,083	
EUREKA COUNTY SCHOOL DISTRICT	1	\$ 56,045	2	\$ -	0	\$ -	0	\$ -	0	\$ -	3	\$ 56,045	\$ 11,209	\$ -	
HUMBOLDT COUNTY SCHOOL DISTRICT	9	\$ 169,489	8	\$ 40,031	10	\$ 72,802	7	\$ 211,843	9	\$ 75,930	43	\$ 570,094	\$ 114,019	\$ 120,192	
LANDER COUNTY SCHOOL DISTRICT	1	\$ -	6	\$ 368,629	4	\$ 54,529	0	\$ -	5	\$ 48,518	16	\$ 471,675	\$ 94,335	\$ 34,349	
LINCOLN COUNTY SCHOOL DISTRICT	0	\$ -	4	\$ 43,783	3	\$ 13,188	1	\$ 10	8	\$ 303,280	16	\$ 360,261	\$ 72,052	\$ 105,493	
LYON COUNTY SCHOOL DISTRICT	14	\$ 68,392	15	\$ 19,446	12	\$ 14,346	16	\$ 63,138	15	\$ 27,349	72	\$ 192,671	\$ 38,534	\$ 34,944	
MINERAL COUNTY SCHOOL DISTRICT	3	\$ 172,656	5	\$ 70,600	10	\$ 239,177	4	\$ 215,130	5	\$ 47,000	27	\$ 744,563	\$ 148,913	\$ 167,102	
NYE COUNTY SCHOOL DISTRICT	13	\$ 105,458	15	\$ 78,996	10	\$ 78,647	7	\$ 10,502	6	\$ 53,940	51	\$ 327,543	\$ 65,509	\$ 47,696	
PERSHING COUNTY SCHOOL DISTRICT	0	\$ -	1	\$ 821	2	\$ 87,053	1	\$ 2,787	1	\$ 2,136	5	\$ 92,798	\$ 18,560	\$ 30,659	
STOREY COUNTY SCHOOL DISTRICT	0	\$ -	1	\$ 75	2	\$ 21,083	0	\$ -	2	\$ -	5	\$ 21,158	\$ 4,232	\$ 7,028	
WHITE PINE COUNTY SCHOOL DISTRICT	8	\$ 149,568	5	\$ 15,927	7	\$ 28,776	2	\$ 22,050	4	\$ 31,269	26	\$ 247,589	\$ 49,518	\$ 27,365	
TOTAL	112	\$ 902,623	142	\$ 1,213,103	112	\$ 709,005	118	\$ 1,194,850	115	\$ 879,854	563	\$ 4,537,888	\$ 979,887	\$ 927,903	

POOL Special Districts, Towns Others

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	7/1/15- 6/30/16	7/1/15- 6/30/16	TOTAL	TOTAL	2011/2012- 2015/2016	2013/2014- 2015/2016
CARSON CITY:														
CARSON WATER SUBCONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSN OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
NEVADA COMMISSION FOR RECONSTRUCTION OF V&T	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	0	\$ -	1	\$ 3,239	1	\$ 4,883	3	\$ 106,267	1	\$ 7,000	6	\$ 121,389	\$ 24,278	\$ 39,383
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CLARK COUNTY:														
MOAPA VALLEY WATER DISTRICT	1	\$ 4,538	2	\$ 6,222	0	\$ -	1	\$ 18,492	1	\$ -	5	\$ 29,252	\$ 5,850	\$ 6,164
SOUTHERN NEVADA AREA COMMUNICATIONS COUNCIL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	0	\$ -	4	\$ 3,592	0	\$ -	2	\$ 69,218	1	\$ 50,000	7	\$ 122,810	\$ 24,562	\$ 39,739
CHURCHILL COUNTY:														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	0	\$ -	2	\$ 801	1	\$ 10	0	\$ -	0	\$ -	3	\$ 811	\$ 162	\$ 3
DOUGLAS COUNTY:														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 12,950	1	\$ 12,950	\$ 2,590	\$ 4,317
DOUGLAS CO. REDEVELOPMENT AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS COUNTY SEWER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
EAST FORK SWIMMING POOL DISTRICT	3	\$ 1,130	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3	\$ 1,130	\$ 226	\$ -
TOWN OF GARDNERVILLE	2	\$ -	0	\$ -	2	\$ 5,116	1	\$ 3,184	3	\$ 325	8	\$ 8,625	\$ 1,725	\$ 2,875
GARDNERVILLE RANCHOS GID	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
TOWN OF GENOA	0	\$ -	1	\$ 4,455	1	\$ -	0	\$ -	0	\$ -	2	\$ 4,455	\$ 891	\$ -
INDIAN HILLS GID	0	\$ -	1	\$ 28,700	0	\$ -	1	\$ -	0	\$ -	2	\$ 28,700	\$ 5,740	\$ -
KINGSBURY GID	4	\$ 1,029	0	\$ -	2	\$ 57,000	0	\$ -	1	\$ 2,500	7	\$ 60,529	\$ 12,106	\$ 19,833
LAKERIDGE GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LOGAN CREEK ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF MINDEN	0	\$ -	0	\$ -	1	\$ 17	9	\$ 303,656	2	\$ 16,318	12	\$ 319,991	\$ 63,998	\$ 106,664
MINDEN GARDNERVILLE SANITATION DISTRICT	1	\$ -	0	\$ -	0	\$ -	2	\$ 2,664	1	\$ 20,000	4	\$ 22,664	\$ 4,533	\$ 7,555
NEVADA TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ROUND HILL GID (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SIERRA ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SKYLAND GID	0	\$ -	0	\$ -	0	\$ -	1	\$ 5	0	\$ -	1	\$ 5	\$ 1	\$ 2
TAHOE DOUGLAS DISTRICT	1	\$ -	1	\$ 27,000	2	\$ 1,287	2	\$ 12,000	1	\$ -	7	\$ 40,287	\$ 8,057	\$ 4,429
TAHOE DOUGLAS FIRE PROTECTION DIST	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
ELKO COUNTY:														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 19,000	1	\$ 19,000	\$ 3,800	\$ 6,333
ELKO CO. AGRICULTURAL ASSOCIATION	1	\$ -	2	\$ 93,068	0	\$ -	0	\$ -	0	\$ -	3	\$ 93,068	\$ 18,614	\$ -
ELKO CONVENTION & VISITORS AUTHORITY	1	\$ -	1	\$ -	1	\$ 1,498	0	\$ -	0	\$ -	3	\$ 1,498	\$ 300	\$ 499
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	1	\$ 1,486	3	\$ 1,173	1	\$ -	1	\$ -	4	\$ 210,561	10	\$ 213,219	\$ 42,644	\$ 70,187
ESMERALDA COUNTY:														
EUREKA COUNTY:														
COUNTY FISCAL OFFICERS ASSOCIATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CENTRAL NEVADA REGIONAL WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
HUMBOLDT COUNTY:														
HUMBOLDT RIVER BASIN WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY:														
LINCOLN COUNTY:														
ALAMO SEWER AND WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 25,000	0	\$ -	1	\$ 25,000	\$ 5,000	\$ 8,333
COYOTE SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LYON COUNTY:														
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,725	0	\$ -	1	\$ 1,725	\$ 345	\$ 575
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SILVER SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,330	1	\$ 3,330	\$ 666	\$ 1,110
STAGECOACH GID	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -

POOL Special Districts, Towns Others

US BOARD OF WATER COMMISSIONERS	0	\$ -	0	\$ -	1	\$ 3,299	1	\$ -	0	\$ -	2	\$ 3,299	\$ 660	\$ 1,100
WALKER RIVER IRRIGATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WESTERN NEVADA REGIONAL YOUTH CENTER	0	\$ -	0	\$ -	2	\$ 17,024	1	\$ 2,795	0	\$ -	3	\$ 19,819	\$ 3,964	\$ 6,606
NYE COUNTY:														
AMARGOSA VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BEATTY WATER & SANITATION	1	\$ 3,960	1	\$ 3,413	2	\$ 3,462	2	\$ 18,880	0	\$ -	6	\$ 29,714	\$ 5,943	\$ 7,447
TOWN OF PAHRUMP	7	\$ 121,139	2	\$ 142,525	4	\$ 59,352	5	\$ 769	3	\$ 1,100	21	\$ 324,885	\$ 64,977	\$ 20,407
PAHRUMP LIBRARY DISTRICT	0	\$ -	0	\$ -	1	\$ 1,885	0	\$ -	0	\$ -	1	\$ 1,885	\$ 377	\$ 628
PRIME CARE NEVADA	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ROUND MOUNTAIN TOWN	1	\$ 6,350	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,442	2	\$ 8,792	\$ 1,758	\$ 814
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF TONOPAH	0	\$ -	0	\$ -	1	\$ -	4	\$ 1,620	1	\$ 500	6	\$ 2,120	\$ 424	\$ 707
TONOPAH LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY:														
LOVELOCK MEADOWS WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	2	\$ 4,292	0	\$ -	2	\$ 4,292	\$ 858	\$ 1,431
PERSHING CO. TOURISM AUTHORITY (No Longer a Membr	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING CO WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STOREY COUNTY:														
CANYON GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STOREY RTC (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TAHOE RENO INDUSTRIAL GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
VIRGINIA CITY CONVENTION & TOURISM	1	\$ 1,040	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,040	\$ 208	\$ -
WASHOE COUNTY:														
CARSON TRUCKEE WATER CONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
INCLINE VILLAGE GID	12	\$ 82,544	10	\$ 83,710	7	\$ 19,599	9	\$ 7,001	10	\$ 41,901	48	\$ 234,755	\$ 46,951	\$ 22,834
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	3	\$ 1,055	1	\$ 3,249	2	\$ 17,174	0	\$ -	1	\$ 72,651	7	\$ 94,129	\$ 18,826	\$ 29,942
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
SIERRA FIRE PROTECTION DISTRICT	1	\$ 2,646	2	\$ 6,538	1	\$ 30	0	\$ -	1	\$ 2,500	5	\$ 11,714	\$ 2,343	\$ 843
SUN VALLEY GID	7	\$ 420	3	\$ 336	2	\$ 40,500	2	\$ 1,550	2	\$ 500	16	\$ 43,306	\$ 8,661	\$ 14,183
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	4	\$ 15	0	\$ -	6	\$ 6,630	1	\$ 11,027	6	\$ 128,235	17	\$ 145,907	\$ 29,181	\$ 48,631
TRUCKEE MEADOWS REGIONAL PLANNING AGENCY	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WASHOE COUNTY FIRE SUPPRESSION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WASHOE CO. WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY														
WHITE PINE CO. FIRE PROTECTION DISTRICT	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WHITE PINE CO. TOURISM & RECREATION BOARD	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,403	2	\$ 1,403	\$ 281	\$ 468
WILLIAM BEE RIRIE HOSPITAL (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOTAL	53	\$ 227,352	41	\$ 408,021	43	\$ 238,764	54	\$ 590,144	44	\$ 593,216	235	\$ 2,057,497	\$ 411,499	\$ 474,041

POOL Summary of All Claims
as of 6/30/16

Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	5 Year Ave Costs	3 Year Ave Costs
7/1/11- 6/30/12	7/1/11-6/30/12	7/1/12- 6/30/13	7/1/12-6/30/13	7/1/13- 6/30/14	7/1/13-6/30/14	7/1/14- 6/30/15	7/1/14-6/30/15	7/1/15- 6/30/16	7/1/15-6/30/16	TOTAL	TOTAL	2011/2012- 2015/2016	2013/2014- 2015/2016
408	\$ 4,228,809	438	\$ 4,126,555	432	\$ 4,062,825	469	\$ 3,518,932	433	\$ 3,244,619	2,180	\$ 19,181,740	\$ 3,836,348	\$ 3,608,792

POOL Executive Committee

	Re-election Term	Entity	Officers	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 2)	Special Districts (Total 1)
Cash Minor	2015-2017	Elko County	Chair		X		
Pat Whitten	2015-2017	Storey County		X			
Josh Foli	2015-2017	Lyon County	Vice Chair		X		
Lisa Jones	2015-2017	Eureka Co. School District				X	
Bev Conley	2016-2018	Eureka County		X			
Ann Wiswell	2016-2018	Carson City School District				X	
Gerry Eick	2016-2018	Incline Village GID	Fiscal Officer				X

Candidates

Incumbents terms

2017-2019

Voting Special Districts/Towns:

Bob Spellberg	Gardnerville Ranchos GID	X
Susan Severt or Garth Elliott	Sun Valley GID	X
Chris Mulkerns	Town of Tonopah	X
Gerry Eick or Steve Pinkerton	Incline Village GID	X
tbd	Southern Nevada Health District	X
tbd	Tahoe Douglas Fire Protection District	X